Mitsubishi Corporation

Annual Report 2009

for the year ended March 31, 2009

No Matter
How the World Is Changing,

Contents

Forward-Looking Statements
This annual report contains forward-looking statements about Mitsubishi Corporation's future plans, strategies, beliefs and performance that are not historical facts. They are based on current expectations, estimates, forecasts and projections about the industries in which Mitsubishi Corporation operates and beliefs and assumptions made by management. As the expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, they may cause actual results to differ materially from those projected. Mitsubishi Corporation, therefore, wishes to caution readers not to place undue reliance on forward-looking statements. Furthermore, the company undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments. Risks, uncertainties and assumptions mentioned above include, but are not limited to, commodity prices; exchange rates and economic conditions; the outcome of pending and future litigation; and the continued availability of financing, financial instruments and financial resources.

We're Always There.

Global Network

Mitsubishi Corporation (MC) is Japan's largest general trading company *(sogo shosha)* with over 200 bases of operations in approximately 80 countries around the world, including Japan. The MC Group is made up of more than 500 consolidated subsidiaries and equity-method affiliates and has a diverse workforce of approximately 60,000 employees of different nationalities.

Corporate Profile

MC promotes fair and sound business activities, guided by the Three Corporate Principles, the company's corporate philosophy since its foundation.

Organizational Structure

MC has strengthened its corporate development capabilities following the adoption of a revamped organizational structure in April 2009.

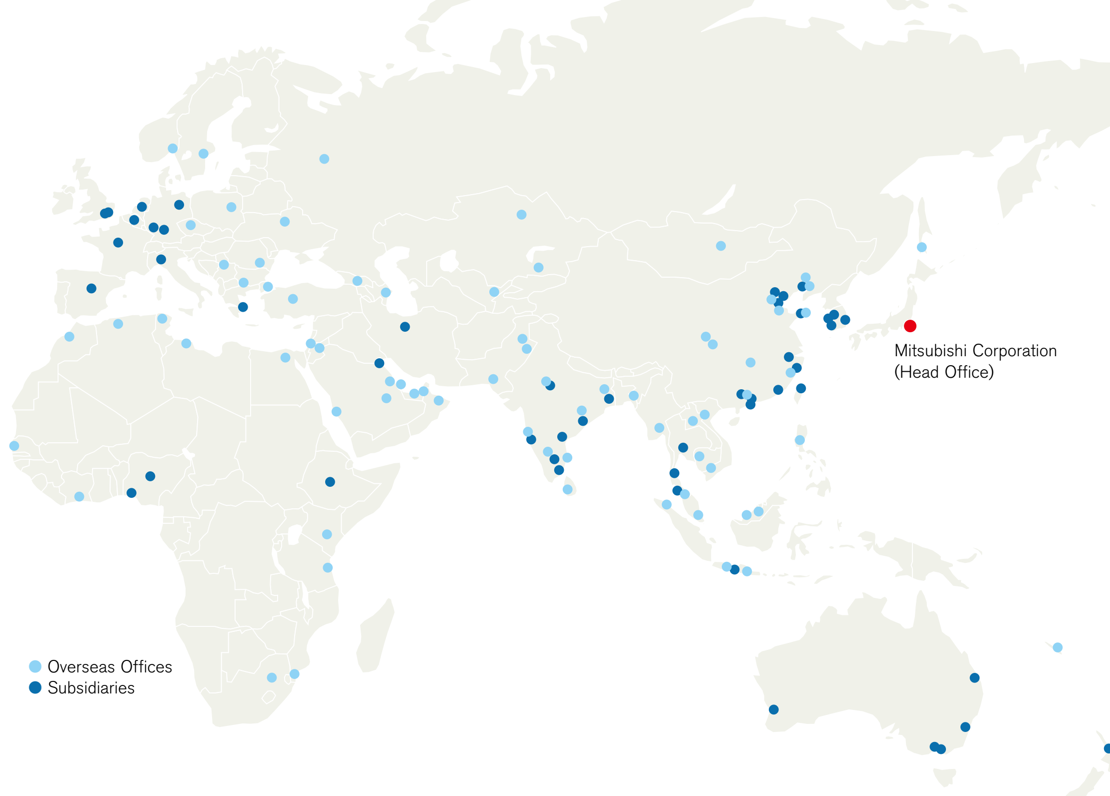
FY2009 Highlights

MC posted consolidated net income of ¥369.9 billion in the fiscal year ended March 31, 2009. While 21% down on the ¥470.9 billion recorded in the previous fiscal year, this result was still the third-highest bottom-line performance ever at MC.

Global Network

(As of May 1, 2009)

Including its offices in Japan, MC has more than 200 bases of operations in 80 countries around the world.



We’re

→ Global Network

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Head Office

Tokyo

Domestic Network (34)

Sapporo
Sendai
Nagoya
Niigata
Toyama
Shizuoka
Osaka
Takamatsu
Hiroshima
Fukuoka
Oita
Nagasaki
Naha

21 annexed offices in addition to the above

Overseas Network

(200 bases of operations, including 121 offices, 39 subsidiary headquarters, and 40 branches)

< North America >

Subsidiaries

Mitsubishi International Corporation
New York
San Francisco
Seattle
Silicon Valley
Los Angeles
Houston
Chicago
Washington, D.C.
Dallas
Pittsburgh
Boston
Tucson

Mitsubishi Canada Ltd.
Vancouver
Toronto

Mitsubishi de Mexico S.A. de C.V.
Mexico City

< Latin America >

Offices

Guatemala City
San Salvador
Quito
La Paz
Asunción

Subsidiaries

Mitsubishi International, S.A.
Panama City

Mitsubishi Peru S.A.
Lima

Mitsubishi Colombia Ltda.
Bogotá

Mitsubishi Chile Ltda.
Santiago

Mitsubishi Venezolana C.A.
Caracas
Puerto Ordaz

Mitsubishi Argentina S.A.C. y R.
Buenos Aires

Mitsubishi Corporation do Brasil, S.A.
São Paulo
Rio de Janeiro

< Europe >

Offices

Oslo
Prague
Stockholm
Warsaw
Bucharest
Beograd
Sofia
Istanbul
Ankara

Subsidiaries

Mitsubishi Corporation International N.V.
London

Mitsubishi España S.A.
Madrid

Mitsubishi Corporation (UK) PLC
London

Mitsubishi France S.A.S.
Paris

Mitsubishi Nederland B.V.
Amsterdam

Mitsubishi International G.m.b.H.
Düsseldorf
Frankfurt
Berlin
Brussels

Mitsubishi Italia S.p.A.
Milano

Mitsubishi Hellas A.E.E.
Athens

< CIS >

Offices

Kiev
Moscow
Yuzhno-Sakhalinsk
Baku
Tashkent
Astana
Almaty
Tbilisi

< Africa >

Offices

Johannesburg
Dakar
Casablanca
Abidjan
Algiers
Tunis
Maputo
Nairobi
Dar es Salaam

Subsidiaries

Mitsubishi Shoji Kaisha, (Nigeria) Ltd.
Abuja
Lagos

Mitsubishi Ethiopia Trading Private Limited Company
Addis Ababa

Number of Consolidated Employees, Consolidated Subsidiaries and Equity-Method Affiliates by Operating Segment (As of March 31, 2009)

	No. of Employees	No. of Consolidated Subsidiaries and Equity-Method Affiliates
Business Innovation Group	4,408	53
Industrial Finance, Logistics & Development Group	2,554	95
Energy Business Group	1,990	68
Metals Group	11,381	27
Machinery Group	9,816	140
Chemicals Group	3,279	50
Living Essentials Group	23,378	110
Corporate Staff Section	3,289	12
		Regional Subsidiaries 35
Total	60,095	590

• Number of employees at parent company: 5,690
• Companies affiliated with MC subsidiaries are not included in the number of consolidated subsidiaries and equity-method affiliates.

< Middle East >

Offices
Tripoli
Cairo
Tel Aviv
Ramallah
Amman
Riyadh
Jeddah
Al Khobar
Doha
Abu Dhabi
Dubai
Muscat

Subsidiaries
Al-Masat Al-Thalath Trading Company (Mitsubishi) K.S.C.
Kuwait
Mitsubishi International Corp. (Iran), Ltd.
Tehran

< Asia >

Offices
Karachi
Islamabad
Lahore
New Delhi
Mumbai
Kolkata
Chennai
Bangalore
Bhubaneswar
Colombo
Dhaka
Yangon
Kuala Lumpur
Vientiane
Bintulu
Singapore
Phnom Penh
Hanoi
Ho Chi Minh City
Jakarta
Medan
Surabaya
Bandar Seri Begawan (Brunei)
Manila
Ulaanbaatar
Beijing
Chengdu
Chongqin
Guangzhou
Tianjin
Qingdao
Shanghai
Dalian
Shenyang
Changsha

Subsidiaries
Mitsubishi Corporation India Pvt. Ltd.
New Delhi
Chennai
Mumbai
Kolkata
Bangalore
Hyderabad
Bhubaneswar
Mitsubishi Company (Thailand), Ltd.
Bangkok
Haadyai
Thai MC Company Ltd.
Bangkok
Haadyai
Sinar Berlian Sdn. Bhd.
Kuala Lumpur
PT. MC Indonesia
Jakarta
Mitsubishi Corporation China Co., Ltd.
Shanghai
Mitsubishi Corporation China Commerce Co., Ltd.
Beijing
Mitsubishi Corporation (Guangzhou) Ltd.
Guangzhou
Mitsubishi Corporation (Tianjin) Ltd.
Tianjin
Mitsubishi Corporation (Qingdao) Ltd.
Qingdao
Mitsubishi Corporation (Shanghai) Ltd.
Shanghai
Nanjing
Mitsubishi Corporation (Dalian) Ltd.
Dalian
Mitsubishi Corporation (Hong Kong) Ltd.
Hong Kong
Xiamen
Shenzhen
Mitsubishi Corporation (Taiwan) Ltd.
Taipei
Mitsubishi Corporation (Korea) Ltd.
Seoul
Kwangyang
Pohang
Dangjin

< Oceania >

Offices
Noumea

Subsidiaries
Mitsubishi Australia Ltd.
Melbourne
Sydney
Perth
Brisbane
Mount Waverley
Mitsubishi New Zealand Ltd.
Auckland

34 project offices in addition to the above

Corporate Profile

Mitsubishi Corporation (MC) is Japan's largest general trading company (*sogo shosha*) with over 200 bases of operations in approximately 80 countries around the world, including Japan. With six Business Groups and more than 500 subsidiaries and affiliates, MC serves customers around the world in virtually every industry.

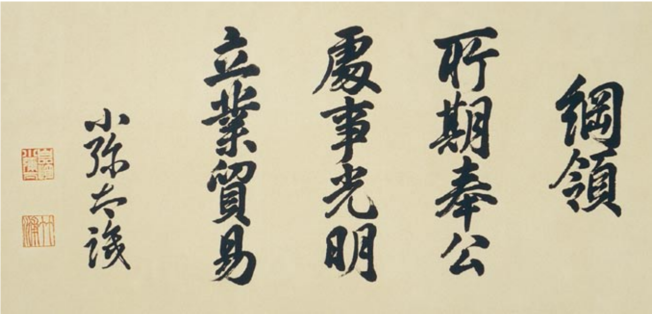
Moving forward, MC remains determined to grow even stronger while contributing to the enrichment of society through business activities firmly rooted in the principles of fairness and integrity.

Always

Corporate Profile

MC promotes fair and sound business activities, guided by the Three Corporate Principles, the company's corporate philosophy since its foundation.

Corporate Philosophy—Three Corporate Principles



Corporate Responsibility to Society "Shoki Hoko"
Strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.

Integrity and Fairness "Shoji Komei"
Maintain principles of transparency and openness, conducting business with integrity and fairness.

International Understanding through Trade "Ritsugyo Boeki"
Expand business, based on an all-encompassing global perspective.

(The modern day interpretation of the Three Corporate Principles, as agreed on at the Mitsubishi Kinyokai meeting of the companies that constitute the so-called Mitsubishi group in January 2001.)

The Three Corporate Principles were formulated in 1934, as the action guidelines of Mitsubishi Trading Company (Mitsubishi Shoji Kaisha), based on the teachings of Koyata Iwasaki, the fourth president of Mitsubishi. Although Mitsubishi Trading Company ceased to exist as of 1947, the principles were adopted as MC's corporate philosophy, and this spirit lives on in the actions of today's management and employees. The Three Corporate Principles also serve as the cornerstone of the management ethos of the so-called Mitsubishi group of companies. Active in many business fields and united by a common history and philosophy, the Mitsubishi group companies continue to grow through a strong spirit of friendly competition with one another.

Corporate History

Foundation to 1970s

In 1954 the new Mitsubishi Shoji was founded, and that same year was listed on both the Tokyo and Osaka stock exchanges. In 1967, the company announced its first management plan, and in 1968, in response to its expanding organizations and businesses, introduced its Business Division System. Also that year, the company committed to a large project in Brunei to develop LNG (liquefied natural gas). This was its first large-scale investment, and was undertaken to help secure a stable supply of energy to Japan. Not content with mere trade-based activities, the company began expanding its development and investment-based businesses on a global scale, as evidenced by iron-ore and metallurgical coal projects in Australia and Canada, and salt field business in Mexico. In 1971, the company made "Mitsubishi Corporation" its official English name. Two years later, in 1973, MC established what was ultimately to become its CSR & Environmental Affairs Office, clarifying a firm commitment to CSR (Corporate Social Responsibility).

The 1980s

The Japanese economy entered a recession due to the recent oil shock, meaning MC needed to construct new systems to generate profits. The company began streamlining its established businesses and developing more efficient operations. In 1986 the company firmly entrenched a new policy, shifting its focus from operating transactions to profits. That same year a new management plan was drawn up. The "K-PLAN" placed emphasis on rebuilding commercial rights, selecting key business domains, and developing high "value-added" functions. In 1989, MC was listed on the London Stock Exchange.

The 1990s

With the 1990s came accelerated globalization, and in 1992 MC announced a new management policy: namely to reinvent the company as a "Sound, Global Enterprise." MC began placing greater focus on its consolidated operations and increasing the value of its assets. More efforts were made to globalize the company's operations and its people. Amid uncertainty about Japan's financial system, MC established "MC2000" in 1998. The aim of this new management plan was "Self-reform for the 21st Century." MC2000 introduced a "Select & Focus" approach to business, strengthened strategic fields, and emphasized customer-oriented policies. The new plan was instrumental in shoring up the company's foundations and paving the way to a prosperous future.

Into the New Millennium

In 2001, MC updated its management plan in response to an increasingly global economy. "MC2003" came with a new theme: "Driven to Create Value." The new plan introduced an aggressive new blueprint for growth, involving an expansion of the company's value chains, a strengthening of its profitability, and focused strategies to create new businesses. The same year, the Business Unit (BU) System was introduced to the Business Groups, which clarified the strategic mission of each of their BUs, the smallest units for organizational control and earnings management. Meanwhile, a new standard, MCVA (Mitsubishi Corporation Value Added), was adopted to make performance evaluation more relevant, and the company's business portfolio was reshaped to allocate management resources more appropriately. In 2004, "INNOVATION 2007" was unveiled. This new management plan sought to establish MC as a "New Industry Innovator," with an aim to open up a new era and grow hand in hand with society. In 2007, MC newly established the Business Innovation Group and Industrial Finance, Logistics & Development Group. Then, in 2008, MC announced its latest management plan, "INNOVATION 2009". In April 2009, MC systematically reorganized the Business Innovation Group and established its Corporate Development Section.

There.

→ Organizational Structure

MC has strengthened its corporate development capabilities following the adoption of a revamped organizational structure in April 2009.

Organizational Structure

(As of July 1, 2009)

- **General Meeting of Shareholders**
  - **Corporate Auditors** — Corporate Auditors' Office
  - **Board of Corporate Auditors**
  - **Board of Directors**
    - **Governance Committee**
    - **International Advisory Committee**
    - **President**
    - **Executive Committee**
      - • CSR & Environmental Affairs Committee
      - • Compliance Committee
      - • Human Resources Development Committee
      - • Portfolio Management Committee
      - • Disclosure Committee
      - • IT Management Committee
      - • Food & Agricultural Resources Committee
      - • Consumer Market Strategies Committee
      - • Energy & Natural Resources Committee

- Internal Audit Dept.
- Assistant to Corporate Officers
- Corporate Section Controller Office
- **Corporate Staff Section**
  - Corporate Administration Dept.
  - Legal Dept.
  - Compliance Dept.
  - Human Resources Management Dept.
  - Center for Human Resources Development
  - Global Strategy & Coordination Dept.
  - Controller Office
  - Risk Management Dept.
  - Secretariat to the Portfolio Management Committee
  - Treasurer Office
  - BPI and Internal Control Dept.
- **Corporate Planning Div.**
  - Corporate Planning Dept.
  - MC Group Management Planning Dept.
  - Corporate Strategy & Research Dept.
  - Innovation Center
  - Corporate Communications Dept.
  - Investor Relations Office
- **Corporate Development Section**
  - IT Planning Dept.
  - **IT Services Development Div.**
  - **New Energy Development Div.**
  - **Environmental & Water Business Development Div.**

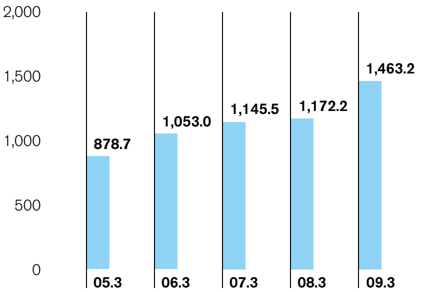
- **Industrial Finance, Logistics & Development Group**
  - Industrial Finance, Logistics & Development Group CEO Office
  - Industrial Finance, Logistics & Development Group Controller Office
  - **Merchant Banking, M&A Div.**
  - **Asset Finance & Business Development Div.**
  - **Development & Construction Project Div.**
  - **Logistics Services Div.**
- **Energy Business Group**
  - Energy Business Group CEO Office
  - Energy Business Group Controller Office
  - **Exploration & Production Unit**
  - **Energy Business Development Unit**
  - **Natural Gas Business Div. A**
  - **Natural Gas Business Div. B**
  - **Petroleum Business Div.**
  - **Carbon & LPG Business Div.**
- **Metals Group**
  - Metals Group CEO Office
  - Metals Group Controller Office
  - **Steel Business Div.**
  - **Ferrous Raw Materials Div.**
  - **Non-Ferrous Metals Div.**
- **Machinery Group**
  - Machinery Group CEO Office
  - Machinery Group Controller Office
  - **Power & Electrical Systems Div.**
  - **Plant & Industrial Machinery Business Div.**
  - **Ship, Aerospace & Transportation Systems Div.**
  - **Motor Vehicle Business Div.**
  - **Isuzu Business Div.**
- **Chemicals Group**
  - Chemicals Group CEO Office
  - Chemicals Group Controller Office
  - **Phoenix Unit**
  - **Saudi Petrochemical Project Unit**
  - **Commodity Chemicals Div.**
  - **Functional Chemicals Div.**
- **Living Essentials Group**
  - Living Essentials Group CEO Office
  - Living Essentials Group Controller Office
  - Living Essentials Group Information System Office
  - **Next Generation Business Development Unit**
  - **Human Care & Media Div.**
  - **Foods (Commodity) Div.**
  - **Foods (Products) Div.**
  - **Textiles Div.**
  - **General Merchandise Div.**

FY2009 Highlights

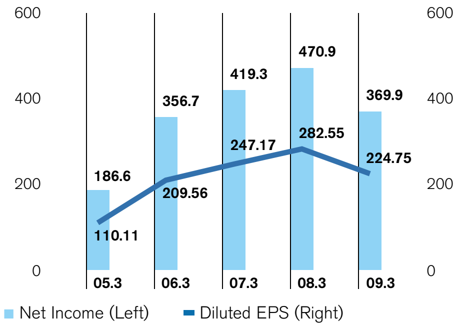
MC posted consolidated net income of ¥369.9 billion in the fiscal year ended March 31, 2009. While 21% down on the ¥470.9 billion recorded in the previous fiscal year, this result was still the third-highest bottom-line performance ever at MC.

FY2009 Highlights

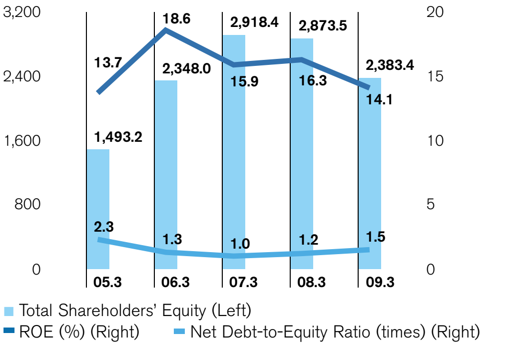
Gross Profit



Net Income and Diluted EPS



Total Shareholders' Equity, ROE and Net Debt-to-Equity Ratio



Rating Information

(As of June 1, 2009)

Credit Agency	Long-Term (Outlook)/ Short-Term
Rating and Investment Information, Inc. (R&I)	AA−/a-1+ (Outlook stable)
Moody's Investors Service	A1/P-1 (Outlook stable)
Standard and Poor's (S&P)	A+/A-1 (Outlook stable)

Overview

Consolidated net income falls for the first time in 7 years since fiscal year ended March 31, 2002

Consolidated net income dropped 21% year on year from the fiscal year ended March 31, 2008's record high of ¥470.9 billion to ¥369.9 billion. However, it remained at a high level, bettered only by the fiscal year ended March 31, 2007 and the fiscal year ended March 31, 2008. The decline in consolidated net income was the result of asset write-downs of some ¥180.0 billion, including ¥89.6 billion in listed share write-downs.

Major P/L earnings items—namely, gross profit, operating income, and core earnings—were all records.

Shareholders' equity declines

Shareholders' equity declined ¥490.1 billion from March 31, 2008 to ¥2,383.4 billion, despite retained earnings increasing because of the consolidated net income. The decline reflected a decrease in accumulated other comprehensive income due to forex fluctuations, share price changes, etc.

Based on this, ROE was 14.1%.

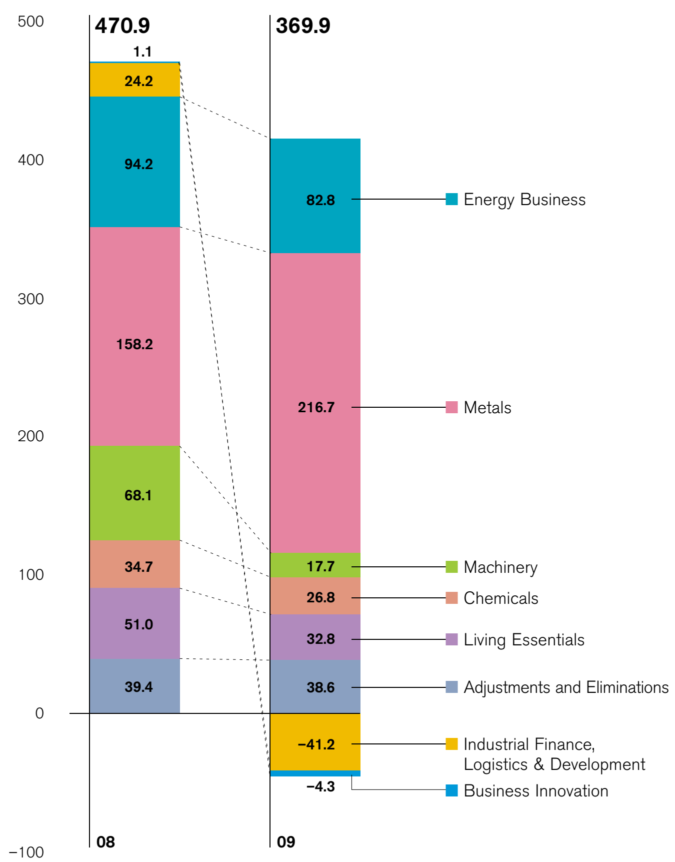
The net debt-to-equity ratio was 1.5.

¥52 cash dividend per share

MC paid an annual divided per common share applicable to the fiscal year ended March 31, 2009 of ¥52, ¥4 less than for the previous fiscal year. The consolidated payout ratio was 23.1%.

Consolidated Net Income (Loss) by Segment

(¥ billion)



< Major Changes >

Business Innovation

Down ¥5.3 billion. Reflects operating expenses accompanying business expansion and higher upfront expenses resulting from increased investments, etc.

Industrial Finance, Logistics & Development

Down ¥65.4 billion. Reflects listed share write-downs, and lower fund investment and real estate-related earnings.

Energy Business

Down ¥11.4 billion, or 12.1%. Higher dividend income and equity in earnings of overseas resource-related business investees due to higher crude oil prices in the first half of the fiscal year ended March 31, 2009 were outweighed by impairment losses on property at overseas resource-related subsidiaries and other factors, resulting in a year-on-year decrease in segment net income.

Metals

Up ¥58.4 billion, or 36.9%. Segment net income rose due to higher sales prices at an Australian resource-related subsidiary (coking coal), although the segment recorded listed share write-downs, lower dividend income due to falling metal resource prices and a drop in Metal One Corporation's earnings.

Machinery

Down ¥50.4 billion, or 73.9%. Segment net income declined due mainly to impairment losses on property and equipment and listed share write-downs, lower sales and the impact of forex fluctuations in overseas automobile operations, despite higher ship charter fee income.

Chemicals

Down ¥7.9 billion, or 22.8%. The lower segment net income reflects the absence of tax benefits from a higher equity interest in a petrochemical business-related company in the fiscal year ended March 31, 2008 and lower earnings on transactions at main regional subsidiaries.

Living Essentials

Down ¥18.1 billion, or 35.6%. Reflects listed share write-downs and lower earnings at general merchandise-related companies because of decreased sales, etc.

Financial Highlights

Mitsubishi Corporation and Subsidiaries Years Ended March 31

		2005.3
Performance Measure:		
Operating transactions*1		¥17,122,034
Results of Operations:		
Gross profit		878,707
Operating income		185,192
Income from continuing operations before income taxes		213,944
Equity in earnings of affiliated companies		99,624
Net income		186,641
Core earnings*2		336,905
Financial Position at Year-End:		
Total assets		9,048,561
Gross interest-bearing liabilities*3		4,040,199
Net interest-bearing liabilities*3		3,423,498
Total shareholders' equity		1,493,175
Cash Flows:		
Cash flows from operating activities		145,700
Cash flows from investing activities		6,597
Cash flows from financing activities		(60,414)
Amounts per Share (yen and dollars)**:**		
Net income per share:		
Basic	¥	119.21
Diluted		110.11
Shareholders' equity		953.65
Cash dividends		18.00
Payout ratio (%)		15.1
Common Stock (thousands of shares)**:**		
Number of shares outstanding at year-end*4		1,565,749
Financial Measures:		
Return on average shareholders' equity (%)		13.7
Return on average total assets (%)		2.5
Net debt-to-equity-ratio (times)		2.3
ROIC (core earnings) (%)		6.1
Dividend on equity ratio (%)		2.1
Stock Price Information:		
Stock price (year-end)	¥	1,389
Price Earnings Ratio (PER) (times)*5		11.65
Price Book-value Ratio (PBR) (times)*5		1.5

Notes: The U.S. dollar amounts represent translations, for convenience, of yen amounts at the rate of ¥99=$1.

*1 *Operating transactions is a voluntary disclosure commonly made by Japanese trading companies, and is not meant to represent sales or revenues in accordance with U.S. GAAP.*

*2 *Core earnings = Operating income (before the deduction of provision for doubtful receivables) + Interest expense (net of interest income) + Dividend income + Equity in earnings of affiliated companies*

*3 *Gross interest-bearing liabilities is defined as short-term debt and long-term debt, including current maturities, less the effect of markdowns on liabilities. Net interest-bearing liabilities is defined as gross interest-bearing liabilities minus cash and cash equivalents and time deposits.*

*4 *Excluding treasury stock held by the Company.*

*5 *PER and PBR are calculated based on market capitalization, as determined by multiplying the fiscal year-end share price by the number of shares issued at the fiscal year-end.*

Millions of Yen				Percent Change	Millions of U.S. Dollars
2006.3	2007.3	2008.3	**2009.3**	2009.3/2008.3	**2009.3**
¥19,069,181	¥20,526,570	¥23,103,043	**¥22,389,104**	−3.1%	**$226,153**
1,052,990	1,145,532	1,172,222	**1,463,152**	24.8	**14,779**
352,215	410,304	355,105	**588,896**	65.8	**5,948**
487,180	601,562	552,549	**388,228**	−29.7	**3,921**
124,797	152,208	155,008	**156,763**	1.1	**1,583**
356,734	419,273	470,859	**369,936**	−21.4	**3,737**
549,314	686,398	628,535	**855,785**	36.2	**8,644**
10,299,588	11,423,924	11,750,441	**10,918,003**	−7.1	**110,283**
3,802,586	3,813,763	4,183,592	**4,879,335**	16.6	**49,286**
3,148,662	3,046,251	3,421,924	**3,551,207**	3.8	**35,871**
2,348,000	2,918,386	2,873,510	**2,383,387**	−17.1	**24,075**
384,278	440,434	319,068	**550,441**	72.5	**5,560**
(91,851)	(294,617)	(356,659)	**(691,216)**	93.8	**(6,982)**
(239,415)	(109,791)	69,472	**650,546**	836.4	**6,571**
¥ 219.50	¥ 248.52	¥ 283.82	**¥ 225.24**	−20.6%	**$ 2.28**
209.56	247.17	282.55	**224.75**	−20.5	**2.27**
1,392.84	1,728.59	1,750.86	**1,450.72**	−17.1	**14.65**
35.00	46.00	56.00	**52.00**	−7.1	**0.53**
15.9	18.5	19.7	**23.1**		
1,685,767	1,688,303	1,641,203	**1,642,904**		
18.6	15.9	16.3	**14.1**		
5.0	5.5	4.8	**3.4**		
1.3	1.0	1.2	**1.5**		
10.0	11.5	10.0	**14.4**		
3.0	2.9	3.2	**3.2**		
¥ 2,680	¥ 2,735	¥ 3,010	**¥ 1,285**	−57.3%	**$ 12.98**
12.21	11.01	10.61	**5.71**		
1.9	1.6	1.7	**0.9**		

No Matter How the World Is Changing,

MC has built strong relationships with customers over many years and in the process has gained various information, contacts, human resources, experience and knowledge in all types of industries. MC is drawing on these intangible assets and its expertise to execute a value chain strategy of providing the company's functions where they are necessary across entire businesses. MC is evolving from a low-risk, low-return intermediary into a global business enterprise that aims to generate higher returns by running businesses ourselves while managing risk.

The functions we provide in value chains extend from the development and production of resources and products to their transportation and sale. We also create new demand by identifying consumer needs with our business partners. Through the provision of these functions we have played a useful role for our customers and other stakeholders, earning a solid reputation over many years and supporting our stable growth.

We Are Always There.

In this feature section, we explain how our role has evolved from the past to the present on the supply side, in terms of creating demand and in developing new energy. We also look at our direction moving forward.

MC's Value Chain Strategy

A value chain refers to a series of processes that adds value to products at every stage, including development, procurement, production, sales and services, until delivery to customers. Our value chain strategy seeks to provide high-value-added products and services to customers in the most efficient manner possible.

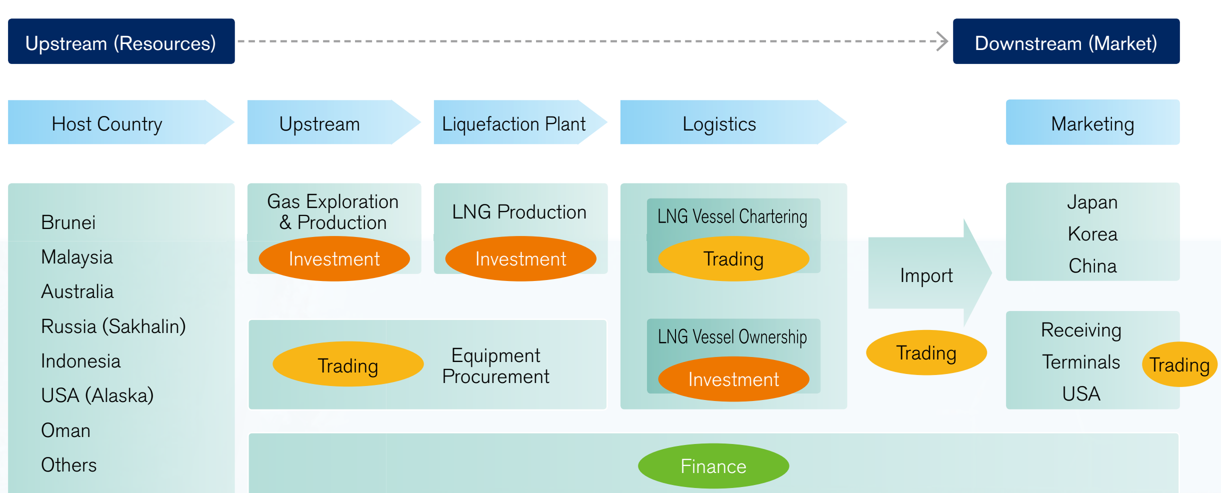
From upstream to downstream, we are involved in many different types of businesses. For instance, we invest in and manage resource development and logistics companies and participate in retail operations that have direct contact with consumers. We cast our eyes over entire business processes, providing our finance, information, logistics and marketing functions where they are needed to add value to products and services. Our efforts create frameworks that make it possible to supply products at stable prices when they are needed by customers in the required quantities, to supply products that stay in step with consumer needs, and to supply products at competitive prices by controlling costs.

If one focuses only on individual functions or specific businesses or fields, there is a tendency to optimize only parts of the value chain. MC endeavors to optimize the parts while also looking to optimize the whole value chain. And we display leadership by acting as an organizer to augment areas where we would be weak as a standalone company by forging alliances or cooperating with other companies.

The LNG business is a good example of our approach—value is added from production through supply to users. We help develop gas fields, produce (liquefy) gas, transport LNG and supply gas to users. MC provides functions at every stage of this value chain and at the same time it maximizes the efficiency of the whole process as best it can.

We are also working to build new value chains in fields such as solar photovoltaic power generation that are expected to continue growing in the future.

LNG BUSINESS VALUE CHAIN



Sup

MC has been providing stable supplies of metals, minerals, energy, foodstuffs and many other raw materials over decades not just to Japan, but also to countries across the world. By facilitating stable supplies of essential materials from resource-rich to resource-poor nations as a trading intermediary, MC has contributed to the development of the global economy and helped societies to become more affluent. With the

ply

developing countries expected to continue driving global economic growth over the medium and long term, MC's role in global trade is set to assume greater importance. In this section, we examine this role in ensuring stable supplies of materials and some of the associated challenges.

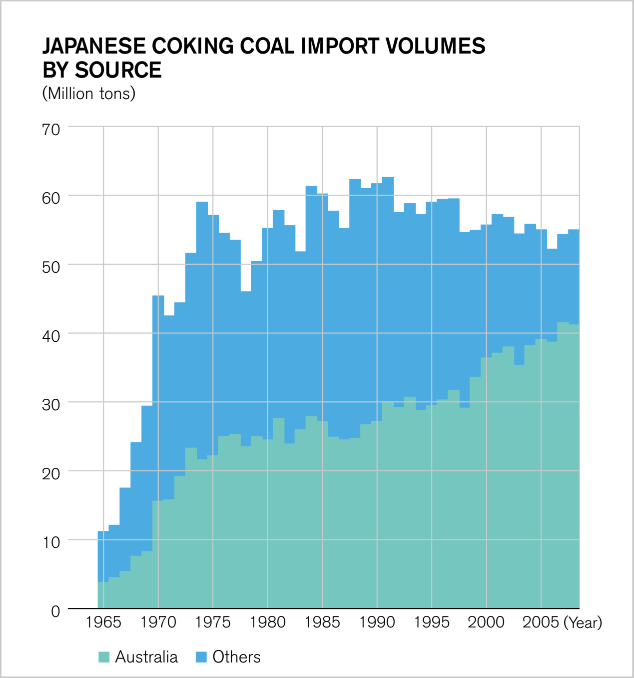
Case 1 Coking Coal

Our Business

Into the Australian Unknown

In the mid-1960s, Japan was enjoying a period of particularly strong economic growth. Building steel capacity was a national imperative that had led Japanese steelmakers to construct a series of new steel mills. This resulted in a tighter supply of coking coal, which is used to make the cokes essential to steel production. To meet the demands of the Japanese steel industry for coking coal, MC established an Australian subsidiary Mitsubishi Development Pty Ltd (MDP) in 1968. Through a local business partnership forged by MDP, we began sourcing coking coal from coalfields in the Bowen Basin in northeast Queensland, a region that at the time was unknown in Japan for resource development purposes. This marked our full-scale entry into the coking coal business.

Excavation costs at the Bowen coalfields in which MDP participates are low since the coal seams are close to the surface, and the grade of the coal is high. Port facilities are located nearby to ship the coal overseas. For all these reasons, the venture has been able to produce a stable, price-competitive stream of raw materials. Earnings have continued to grow steadily.



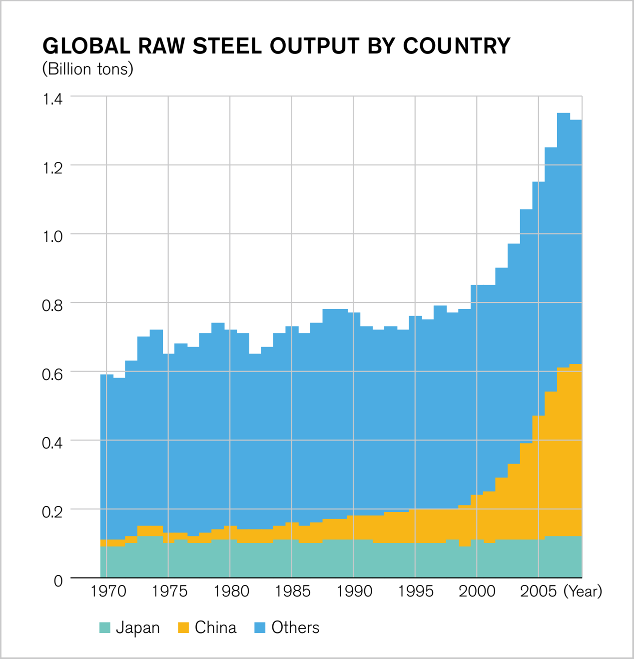
Source: Trade Statistics of Japan

Market Potential

Ensuring a Stable Global Supply of High-Grade Coking Coal

A major turning point for our coking coal business came in 2001. To boost our supplies of coking coal from this reliable source, we invested ¥100 billion through MDP to buy a 50% equity stake in mines in the Bowen coalfields as a joint venture, BMA, established with our local partner BHP Billiton Ltd. This massive investment exceeded our annual consolidated net income at the time. Today, BMA exports nearly 50 million tons per year of coal to some 30 countries around the world. BMA is also the leading player in the world market for high-grade hard coking coal* with a share of approximately one-third of global seaborne trade by volume. MC is therefore playing a major role in ensuring stable supplies not just to Japan, but to the rest of the world as well.

Global raw steel output has expanded by around 40% over the past 5 years, driven by the higher demand for steel generated by strong economic growth in China and other countries. Global economic conditions have deteriorated sharply since the collapse of Lehman Brothers, leading to a slump across the infrastructure and automobile sectors. Although this has caused a temporary dip in steel demand, over the medium and long term the ranks of large, high-growth developing economies will expand to include India,

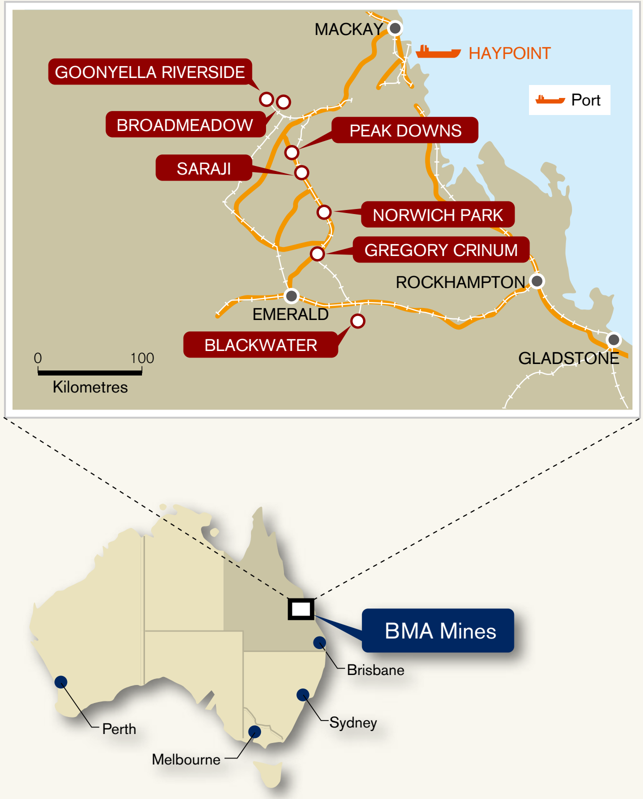


Source: World Steel Association

Brazil and other nations, as well as China. We expect demand for steel to recover with renewed investment particularly in infrastructure.

In 2008, we increased MC's working interest in the Bowen coalmining venture. We are seeking to develop new mines and expand our existing working interest to ensure that the operation can respond to global steel demand. We are also involved in a related project to expand the necessary port and related transport facilities. Going forward, our aim is to provide a stable supply of coking coal to customers throughout the world.

* Hard coking coal is a particularly high grade of coking coal, a raw material for cokes that are necessary for making steel.




BMA coal mine asset

Case 2 LNG

Our Business

A Trailblazing LNG Business

Japan has developed its industrial base using imports of oil and other fossil fuels from resource-rich nations. In 1969, MC facilitated the first imports of liquefied natural gas (LNG) to Japan from Alaska as part of a campaign to diversify resource supply routes and develop alternative energy sources. Natural gas turns into its liquid form when it is cooled to a temperature of minus 162˚C. Liquefaction reduces the volume by a factor of 600, making it possible to transport large volumes of the fuel from remote parts of the world by tanker. Although natural gas, including LNG, was perhaps one of the most ideal forms of energy for resource-poor Japan, at that time it represented no more than a few percent of Japan's primary energy supplies by volume. At MC, we were convinced of the fuel's future. In 1972, we decided to participate along with Shell in the Brunei LNG Project. It marked our first major capital investment in resource-related businesses. It was an ambitious undertaking: our ¥45 billion investment in the project exceeded our capital at the time.

In 1973, attention focused on LNG as a new energy source when war broke out again in the Middle East, precipitating the first oil shock.

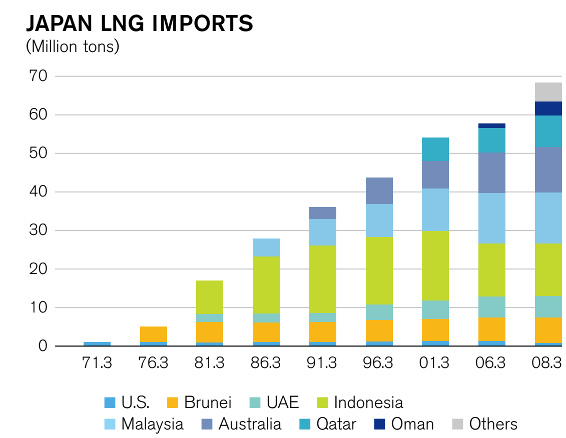
Market Potential

The Rising Importance of LNG Supplies

Since Brunei, we have steadily acquired working interests in LNG projects in Malaysia, Australia, Oman, Sakhalin and Indonesia. MC now handles about 40% of LNG imports by volume into Japan, which is the world's leading LNG importer nation. This LNG contributes to stable supplies of electric power and municipal gas, among other uses. Besides Japan, we have also begun supplying LNG to South Korea, Taiwan and Europe.

Compared to other fossil fuels, LNG is a fairly clean alternative from the perspective of environmental protection. It causes lower emissions of CO_2, a major factor in global warming; it leads to few emissions of nitrogen oxides, which are a cause of acid rain; and it emits no sulfur oxides whatsoever. This cleaner profile is the reason for the active adoption of LNG around the world. Taking into account the anticipated rise of emerging markets such as China and India, many forecasters expect global seaborne LNG trading volumes to double during the next 10 years.

To cater to this rising demand, we are ensuring access to tankers and receiving terminals as well as purchasing production interests in LNG projects such as Sakhalin II. Following our acquisition of rights to use receiving terminals in the U.S. Gulf of Mexico, we acquired an equity stake in U.S.-based energy marketing firm CIMA Energy Ltd. in 2008. All of these moves are aimed at expanding our LNG supply capabilities while also improving our ability to respond to shifts in supply and demand.



Source: Japan Exports & Imports

Raising Our Presence

Our near-term priority due to the global economic downturn that followed the collapse of Lehman Brothers is to maintain financial strength. In light of this, we will curb an increase in investment assets. With one eye on an expected recovery in markets, however, we are moving steadily forward with measures aimed at providing our global customer base with reliable supplies of materials.

Core Policies in Metals and Energy Resource Businesses

Diversification of Resource and Client Bases

MC has particular strengths in the metals and energy resources businesses. We are planning our portfolio of business interests in 2015 based on medium-term demand projections for 2030 from a number of different perspectives. In our portfolio planning, we have taken into account the view that new energy sources will come to play a greater role as the world seeks to shift to a low-carbon society as part of tackling global warming. We aim to formulate and implement the strategy needed to realize this plan so that we can continue to respond to demand for stable supplies of resources. (Please refer to the "Alternatives" part of the feature section from Page 18 for specific details regarding new energy.)

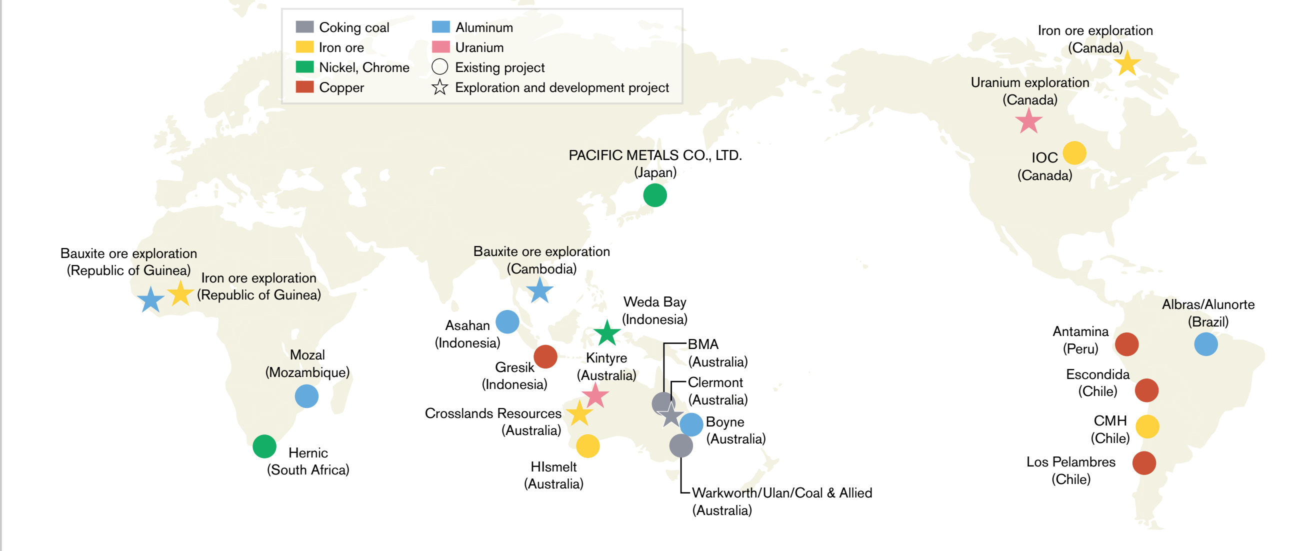
Diversification on both the procurement side and in our client base will be increasingly important. In terms of resource procurement, in addition to those regions where we already have a strong presence such as Australia, Indonesia, Malaysia and Brunei, we plan to upgrade our involvement in Middle Eastern countries including Oman, Qatar and Iraq; in Brazil, Venezuela, Chile and other parts of South America; and in various parts of Africa.

Further down the supply chain, we plan to raise our presence further in countries across the Asian region where demand is forecast to grow in the future. In specific terms, we are working to develop good relations with steelmakers, electric and gas utilities and other large sources of demand so that we can maintain and strengthen our business.

We are also looking to diversify the range of resources that we handle.

In the metal and mineral resources sector, we are looking to enhance our business in coal, iron ore, copper and aluminum by selectively targeting a stronger presence in rare metals such as uranium, platinum, palladium and lithium. Taking the long-term view, we are also participating in research and development

INVESTMENTS IN METALS RESOURCES

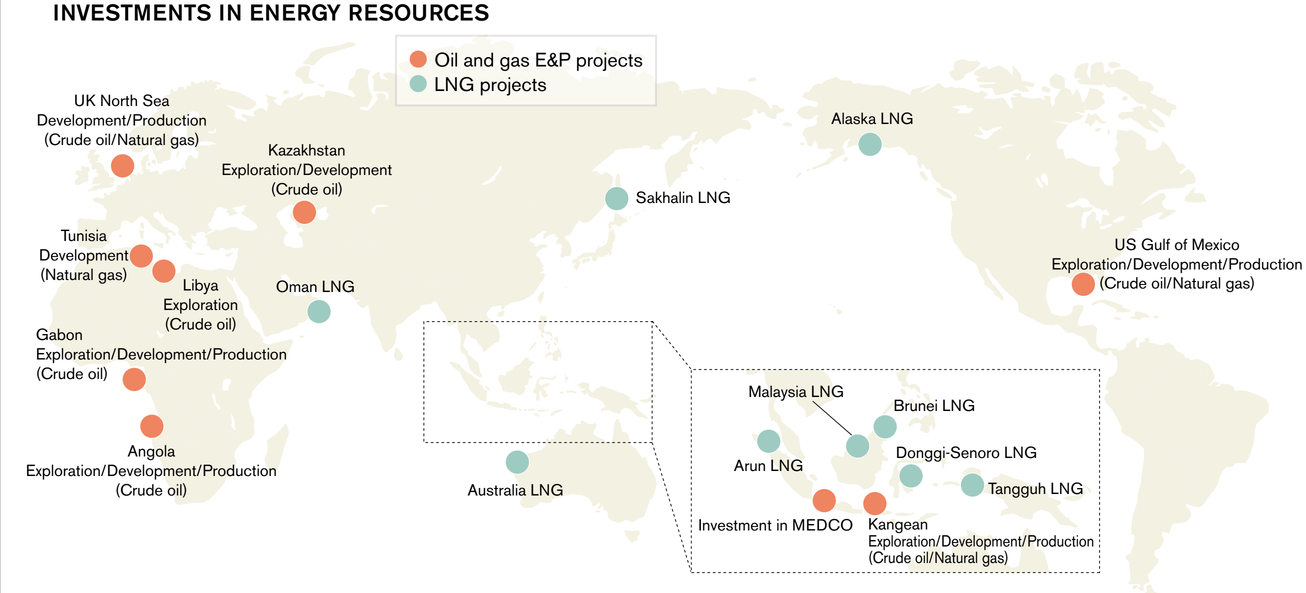


into ocean resources such as hydrothermal deposits on the seabed.

In the energy sector, attention is increasingly focusing on unconventional fossil fuels in light of the finite supply of and geopolitical risks with conventional fossil fuels. Potential new fuel sources include oil sands, oil shale, Orinoco tar, coal bed methane and methane hydrates. We are actively involved in trying to develop such unconventional fossil fuel resources.

Developing stronger relations with resource-rich countries is an important element of pursuing this business strategy. We are involved in numerous "nation-building" projects using our collective strengths that aim to help such countries in multiple aspects of development. Such efforts help to develop social infrastructure, to promote industrial development, to create opportunities in education and medicine, and to organize sports and cultural activities.

INVESTMENTS IN ENERGY RESOURCES



Case 3 Grains

Our Business

Building Up Our Grain Procurement Capabilities

We began importing foodstuffs to Japan after World War II and have since developed this business over many years. We have also worked on constructing food value chains within Japan, in the process contributing to the business expansion of many Japanese food manufacturers while supporting the supply of safe foods to people in Japan. Within the vast and diverse range of foods that we handle, the grain business is conducted on a world-class scale. We handle about 10 million tons of grain each year, including corn, wheat and soybeans.

One of our key priorities in the grain business is ensuring a reliable supply. This means making sure that our customers receive a stable supply of the high-quality product desired when they need it at a competitive price. To fulfill this role in the future, it is essential that we continue to expand handling and procurement networks in major grain-producing regions with growth potential such as North America, South America and Australia.

MC has been engaged in the grain storage business since the early 1970s in the grain belt of the U.S., the world's largest producer and exporter of grain. A central figure in these efforts has been subsidiary AGREX, Inc., a grain storage and marketing company. In 2007, we made an additional investment through this subsidiary in FGDI, LLC, another grain storage and marketing company that operates a grain export facility in Mobile, Alabama. With this additional investment, MC has upgraded its ability to procure grain in the U.S.

Market Potential

Meeting Expanding Demand in Asia

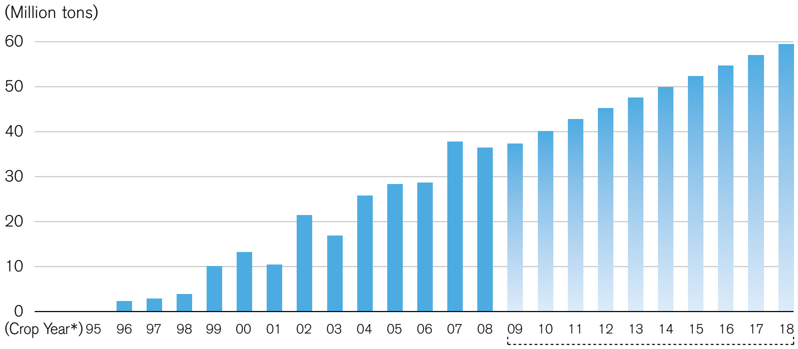
Economic development is accelerating in many developing countries such as China and India as populations expand. According to the U.S. Department of Agriculture, average growth in the global population will be 1.1% during the next 10 years, while GDP per head will increase by 3.2% on average. Consumption of the four leading grains of corn, wheat, soybeans and rice is expected to rise by at least 10% during this period, mainly due to higher consumption in developing Asian nations. Rising affluence tends to boost calorific intake, particularly due to higher consumption of meat. Grain consumption is expected to rise as meat production increases, with the result that demand for foodstuffs is likely to grow faster than population.

At MC, we are working to respond in a stable manner to growing demand in Asia, a region where most of the projected future growth is expected to occur. Building up the demand base increases purchasing power relative to the grain-supplying nations, which in turn helps to make the supply more reliable. In the fast-growing Chinese market, for example, we have invested in China Agri-Industries Holdings Limited (China Agri), which runs the agri-industrial business of China National Cereals, Oils & Foodstuffs Corporation (COFCO), one of China's largest food-related companies, strengthening our cooperation with the COFCO Group. In Southeast Asia, we are endeavoring to meet rising demand, centered on Singapore-headquartered Agrex Asia Pte. Ltd.

MC is determined to contribute to the stable supply of grain by strengthening procurement capabilities and is considering becoming involved in the production of grain itself to this end.

CHINA SOYBEAN IMPORTS

(Million tons)



* Refers to the period from September through August of the following year, e.g., 96 refers to the period from September 1996 through August 1997

Source: United States Department of Agriculture

Raising Our Presence

MC will continue working to ensure the stable procurement and supply of grains to Japan and Chinese and Southeast Asian grain markets, which are expected to see demand grow going forward. This will entail strengthening value chains beginning in major producer nations in the Americas and Australia.

Core Policies in Foods Business

Expanding Further Up the Value Chain

It is becoming increasingly difficult to achieve a balance in terms of supply and demand for food resources with demand expanding as the global population and incomes rise; speculative capital pushes up food prices; and producer nations impose export restraints, among other trends.

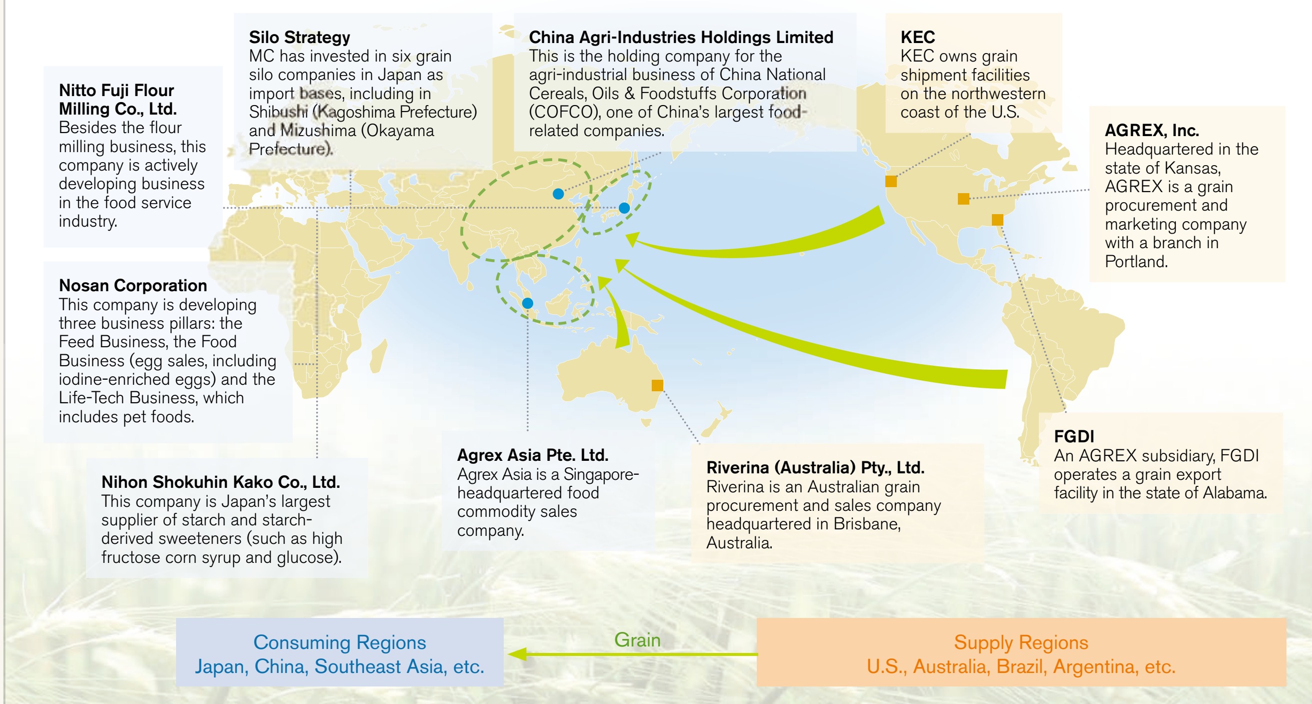
Against this backdrop, over the medium term we expect traditional producer countries with highly established distribution infrastructure, notably in North and South America and Australia, to try to increase their presence in the global food supply chain.

By expanding and upgrading our handling and procurement networks in such regions, we aim to strengthen our own presence up the value chain while at the same time seeking to maintain stable supplies of foods to Japan and other parts of Asia where demand is growing off a robust base.

As part of ensuring reliable supplies, we remain focused on reinforcing our procurement capabilities and trying to boost demand. We are also considering plans to participate in the grain production industry outside Japan.

Developing a Global Grain Business

MC is strengthening its ability to procure grain from supply countries and provide a stable supply to customers around the world.



Dem

Working with business partners in upstream, midstream and downstream sectors in Japan and overseas markets, MC has helped to deliver the products and services that consumers want.

While many consumer markets in advanced countries are already mature, a demand-side paradigm shift is currently strengthening the position of consumers due to fiercer competition on a global scale combined with the sharp downturn in the global economy.

and

This trend is occurring not just in advanced countries, but also in developing nations. Recognizing this change in the business environment, our aim at MC is to build value chains that are focused on consumer needs. In this section, we examine in detail our automobile operations in Thailand, one of our businesses where we have nurtured a strong connection with consumers. We also look at our efforts to stimulate demand and develop business in Japanese consumer markets.

Our Business

Case: Value Chain Strategy for Isuzu Business in Thailand —An Example of Creating Demand Overseas—

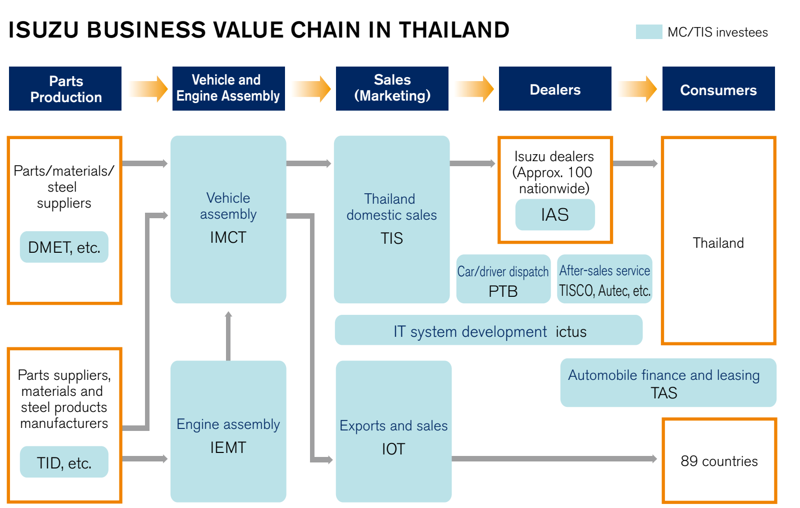
Our Isuzu business in Thailand dates back to 1957, when we began importing finished large trucks made by Isuzu Motors Limited into the country. Following the decision by the Thai government to promote the country's automobile industry in 1963, we constructed an assembly plant and began producing vehicles in Thailand. Isuzu Motors took a stake in this assembly plant to establish Isuzu Motors Co., (Thailand) Ltd. (IMCT). In 1974, the vehicle sales division of our subsidiary in Thailand was spun off to form a new firm, Tri Petch Isuzu Sales Co., Ltd. (TIS), in which MC has retained a capital stake.

A Close Eye on the Market

Since its inception, TIS has focused on the domestic market in Thailand. A unique set of conditions exists in the Thai automobile market. Roads in rural areas are generally highly uneven and muddy in the monsoon season. Vehicle users are fussy about fuel economy because they often drive up to 100,000 kilometers per year, and they also want a vehicle that with repairs can last up to 10 or 20 years. Alongside its sales network, TIS has also developed an after-sales system and spare parts distribution network to help owners get vehicles repaired quickly anywhere. TIS is constantly assessing these consumer requirements and sending relevant feedback to the manufacturing side.

When a small pickup truck was launched that is still the best-selling model in Thailand even today, there was healthy discussion between TIS on the marketing side and IMCT on the manufacturing side. This internal discussion has led to better products, and the process has been the driving force for making Isuzu products more competitive in terms of what consumers in Thailand want. Reflecting consumer preferences, this discussion has produced pickup trucks fitted with diesel engines, since these offered a mix of good durability with significantly better fuel economy than a conventional gasoline engine. Isuzu has since become one of the leading brands in pickup trucks, introducing a series of industry-first models. These innovations include the "Space Cab," which has captured the mainstream within the pickup market, the 4WD pickup and the "double cab" with two rows of seats. Sales of Isuzu pickups grew in Thailand from 1990 onward with the economy's rapid expansion, and the Isuzu brand established a leading position in the market for pickup trucks.

ISUZU BUSINESS VALUE CHAIN IN THAILAND



Overcoming the Asian Currency Crisis

The Isuzu business was hard hit in 1997 when the Thai economy was shaken by the Asian currency crisis. Although many Japanese companies exited Thailand at that time, both MC and Isuzu Motors decided in favor of maintaining local operations to continue building relations with Thai consumers. During that period, the "Isuzu Show" was introduced as a marketing activity aimed purely at local consumers in Thailand. This event helped to enhance the local presence of Isuzu Motors considerably; today, it has grown into a major event that whole families come along to enjoy. One of the most popular elements of the Isuzu Show is a dance contest organized for children from elementary and middle schools around the country. Besides the adults, this contest focuses on the children who will be the Isuzu fans of the future. The dance contest involves singing and dancing to the theme of an Isuzu commercial. Many participants take the event very seriously, creating homemade costumes for their routines. The winning team receives the honor of performing their dance routine at night on stage in front of a large audience.

The Isuzu Business in Thailand Going Forward

Our Isuzu business in Thailand seeks to boost product competitiveness and selling power by developing the business from a consumer-oriented perspective, and with a long-term management philosophy. In recent years, as well as selling to the domestic market, we have also started to export Isuzu pickup trucks manufactured in Thailand to markets around the world, including the Philippines, Malaysia, the three Benelux countries, Spain, Portugal, Germany, Austria, Mexico and Australia. MC's Isuzu brand vehicle manufacturing and sales operation has turned into a global business. We are confident that it plays a useful role by enriching the lives of consumers in many countries.

Market Potential

Case: Opportunities Created by Structural Paradigm Shift in Japan's Consumer Markets

Japan's consumer markets are currently undergoing major change. For any enterprise closely linked to retail and consumer businesses, adopting the consumer's standpoint in a bid to stimulate new demand is a key issue as markets continue to mature amid long-term population decline. To turn these market changes into business opportunities, we recognize that it is vital to make the value chains that we have constructed with business partners, such as suppliers and business investees, more sensitive to the needs of consumers.

Demographic Shifts and Population Decline in Japan

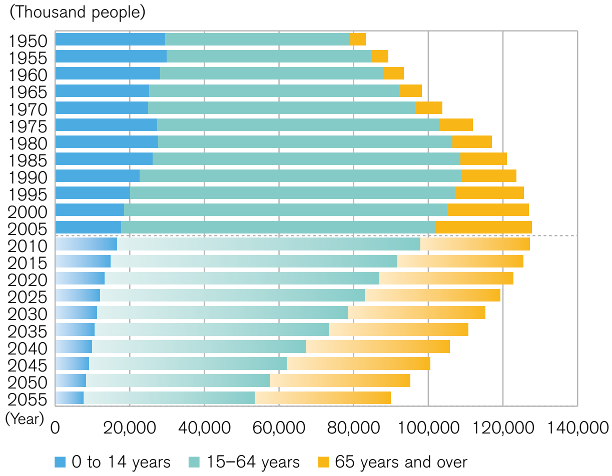
As the number of births has stalled, the young population (aged 0–14) has shrunk even as the aged population (aged 65+) has grown rapidly. The proportion of total population in Japan represented by the 0–14 segment is one of the lowest in the world. This makes the ongoing population decline a matter of particular concern. Japan's population is forecast to fall from 127.77 million in 2005 to 115.22 million in 2030, according to estimates published by the National Institute of Population and Social Security Research.

Changes in the Environment Surrounding Consumers

Major changes are also occurring in consumer spending patterns in Japan. Comparing items of consumer expenditure between 1984 and 2007, although total annual spending by consumers has increased slightly, the ratio of expenditures on services has risen from 32.6% to 41.5%. This structural change reflects a major shift in consumption away from manufactured goods to services due to various factors. These include greater diversity in lifestyles; the advance of Japanese women within society; mobile phones, the Internet and other products of the IT revolution; and the aging of society.

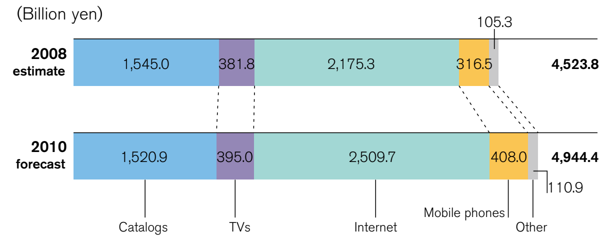
Service industries have expanded markedly as consumers have started spending more on services. Sectors that have grown noticeably are advertising, market research and information services. In advertising, there is an ongoing shift away from the traditional media of newspapers, magazines and television toward online media. The development of online and other information media has also manifested in a rapid expansion of the market for mail-order sales, including online transactions.

PROJECTED DEMOGRAPHIC CHANGES IN JAPAN
(Thousand people)



Population on October 1 every year according to "National Census," Statistics Bureau, Ministry of Internal Affairs and Communications (through 2005) and "Population Projections for Japan" (December 2006), National Institute of Population and Social Security Research (from 2010)

CHANGING STRUCTURE OF MAIL-ORDER SALES MARKET
(Billion yen)



Source: Produced from "Mail Order and E-commerce Business Now and in the Future 2008–2009 Market Report," Fuji-Keizai

Moving From an Era of Supplying Demand to One of Stimulating Demand Based on Knowledge of the Consumer

With Japan's population forecast to continue declining, the question for any company supplying consumer markets is how to stimulate demand to ensure future growth. This is a major issue that the corporate sector has not had to face before. Arguably, we are now entering an era in which the key to corporate survival will be to develop businesses that are completely focused on meeting consumer needs.

Raising Our Presence

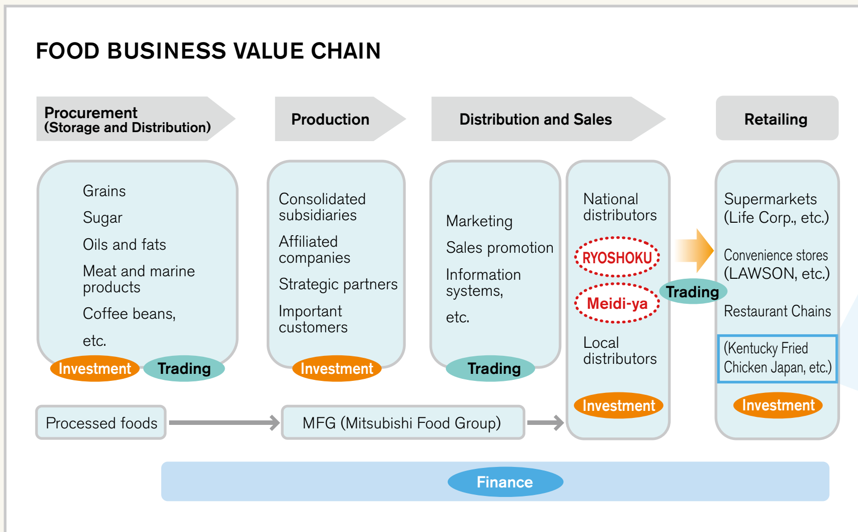
As discussed previously, the power in Japanese markets is gradually shifting from manufacturers, wholesalers and other businesses to consumers. This reflects greater diversity of consumption and market fragmentation even as markets tend to shrink in size. At MC, our strategy for responding to changes in consumer markets is to meet consumer expectations by working together with partners to devise new ways of addressing consumer needs.

Basic Strategy in Consumer Markets

Make Consumer Needs the Core Business Focus

To stimulate demand within consumer markets, we plan to devise ways of satisfying the needs of consumers within businesses in partnership with manufacturers, wholesalers and retailers. In April 2009, we set up the Next Generation Business Development Unit to oversee general strategic planning and business development proposals aimed at distribution and consumer markets. Drawing on cross-functional expertise from each of our consumer-related divisions, the new unit will report directly to the Group CEO of the Living Essentials Group. In another move aimed at speeding up efforts to construct new frameworks for responding to diversifying consumer needs, we have also created the Human Care & Media Division within the Living Essentials Group to take charge of fields relating to healthcare, the Internet and mail-order sales that were previously part of the Business Innovation Group.

In the retail business sector, MC's core strategic business investees include convenience store chain operator LAWSON, INC., supermarket chain Life Corporation and restaurant chain Kentucky Fried Chicken Japan Ltd. Since we own significant equity stakes in all of these companies, our aim is to find ways of maximizing the value of our investments. Going forward, in addition to the support we can provide based on the logistics and procurement expertise that we have accumulated over many years, we plan to continue improving our functions and services



MC's Domestic Agricultural Business Strategy —Boosting the Potential of New Agri-Industries—

The agricultural sector in Japan faces a range of problems. The population of farmers continues to fall, reflecting factors such as low returns from farming and the increasing average age of workers in the sector. Productive capacity is in decline as more farmers choose to abandon the land. Given that raising the degree of self-sufficiency in food is an issue of national importance, making farming more attractive and bringing greater numbers of people into domestic agriculture are challenges that are critical to Japanese society today.

We believe that customer-centric concepts are also essential in trying to reinvigorate the Japanese farming sector. Our domestic agricultural business strategy is based on key consumer-oriented themes such as safety and 'local produce for local consumption.' As well as our existing activities supplying agricultural producers with fertilizer, machinery and other products, we also aim to develop business opportunities that can stimulate demand for Japanese agricultural industry as a whole and boost productivity. In terms of specific actions, we plan to link up with ambitious, established production entities to devise ways of efficiently making and transporting produce that consumers want, based on our growing involvement with parts of the retailing sector that are highly sensitive to consumer needs.

tailored to the changes in market needs. Such support is based on the new knowledge that we are gaining about emerging sectors such as online services and mail-order sales. For example, we are looking at ways of making the retail experience more convenient for consumers by linking retail stores to online services such as entertainment, mail-order sales and points systems using various media.

By strengthening our collaboration with retailers and restaurant chains operating on the frontline of consumer business development, we aim to provide services that are closely tailored to consumer preferences. At the same time, we plan to incorporate the feedback gained from consumers into our construction and operation of value chains in partnership with subsidiaries and affiliates and partners involved in wholesaling and manufacturing. Such efforts will translate into the ongoing reinforcement of these value chains, which provide a platform for many MC businesses. We also see it as the optimal approach for responding to what consumers want.

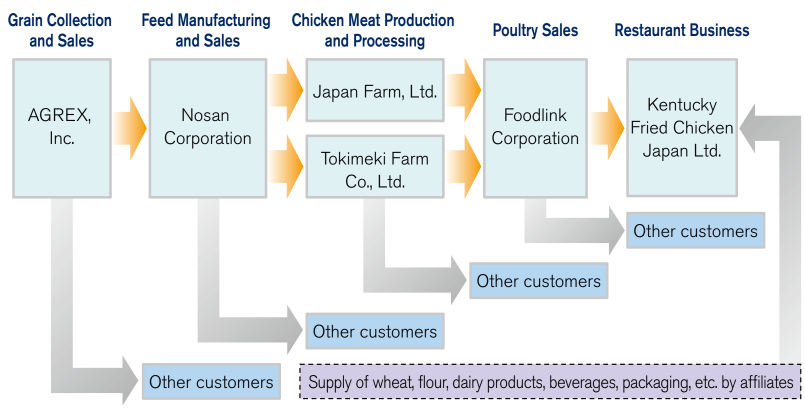
In January 2009, we concluded a comprehensive business alliance with Itoham Foods, Inc and YONEKYU CO., LTD. Itoham possesses a well-known brand and a strong development and production system for processed meat products for ordinary consumers, while YONEKYU develops distinctive processed meat products inspired by the corporate spirit of "Evoke a moving food experience." We plan to fuse these companies into our integrated value chain linking our global procurement capabilities in everything from grain for animal feed to meat with retail businesses and restaurant operations.

Through this fusion process, we will help to make raw materials procurement, production and distribution of both companies more efficient.

Through the value chain that we create, we will be able to help develop products that better satisfy consumer requirements, leveraging the strengths of both Itoham and YONEKYU, and ensure reliable supplies of raw materials that meet high standards of safety.

KENTUCKY FRIED CHICKEN JAPAN LINKED WITH FEED AND MEAT BUSINESS VALUE CHAIN

- MC is creating a value chain involving MC Group companies, extending from upstream to downstream, in the area of feed and chicken meat.
- Other divisions and companies of other business groups are also helping with regard to other products.



Senior Executive Vice President, Food, Agricultural Resources & Consumer Market Strategies

I chair both the Food & Agricultural Resources Committee and the Consumer Market Strategies Committee. Since the fiscal year ended March 31, 2008, we have worked to devise and promote comprehensive Company-wide strategies in both the fields covered by these committees. Food resources are deeply intertwined with people's lives and lifestyles and we therefore see this as an area where we must give due consideration to various stakeholders. We are stepping up our efforts on an ongoing basis to provide support for stably procuring staples and improving distribution efficiency, taking into consideration environmental and CSR perspectives as well as food safety and security. We are also supporting agricultural production domestically in various ways to help improve Japan's food self-sufficiency. In terms of our consumer market strategy, we aim to create consumer-centric businesses that address the various changes taking place in society and the economy. This entails initiatives that fuse goods and services, and draw on our unique and comprehensive capabilities as a general trading company to step up activities in the retail sector. We are determined to solve problems and take strategic steps from the standpoint of both consumers and customers.

Takeshi Inoue
Member of the Board,
Senior Executive Vice President,
Food, Agricultural Resources &
Consumer Market Strategies

Altern

At MC, we regard changing times as potential opportunities. Our growth has come from the steady accumulation of results built on seizing such opportunities and taking up new challenges. New energy and other developments in the environmental field are urgent global issues from the perspectives of tackling global warming and ensuring energy security. The strategic challenges we have taken on in the past in our coking

atives

coal, LNG and other businesses have helped us to forge a strong identity. Leveraging this established reputation, we aim to make our contribution to addressing environmental issues through initiatives in areas such as solar photovoltaic power, biomass fuels and lithium-ion batteries.

Our Business

Activities in Large-Capacity Lithium-Ion Batteries

The electric vehicle (EV) is one of the most eco-friendly types of car, but problems such as limited range per charge and high price have tended to hamper its commercial adoption to date. MC is involved in efforts to solve these problems to encourage more widespread use of EVs through a joint business venture to develop and manufacture large-capacity lithium-ion batteries.

Large-Capacity Lithium-Ion Battery Business

In December 2007, MC established Lithium Energy Japan (LEJ) as a joint venture with GS Yuasa Corporation and Mitsubishi Motors Corporation (MMC). LEJ began mass production of batteries in April 2009.

LEJ's first customer was MMC, which entered the Japanese EV market in July 2009 with the sale of its "i-MiEV." Several other automakers are also planning to enter the EV market. LEJ is targeting its ongoing marketing activities to supply batteries to a number of car manufacturers with the aim of establishing its product as the de facto market standard.

In addition to EVs, lithium-ion batteries could be used in construction machinery and other general industrial applications, where they have the potential to contribute to substantial reductions in CO_2 emissions.

Also, we are in negotiations with the government of Bolivia in South America about the development of lithium mining operations in that country to provide the raw materials needed for battery production. Securing access to lithium resources would enable us to enter the market for battery electrode materials. Our overall aim is to develop a leading position in the lithium-ion battery business by building a value chain stretching from raw material procurement to the development, manufacture and sale of batteries.

A large-capacity lithium-ion battery

MMC's new-generation electric vehicle, i-MiEV

Senior Executive Vice President, Resources & Energy Strategies

The Energy & Natural Resources Committee, which was established on April 1, 2008 and of which I am chairperson, has formulated a vision, basic policies and a portfolio strategy for MC's resource and energy businesses from a medium- to long-term perspective and is drawing on MC's many strengths to bring them to fruition. On April 1, 2009, MC established the Corporate Development Section under the president and as the director in charge of this section, I am promoting efforts to turn new energy and environmental and water businesses into future growth drivers. The business environment surrounding the resource and energy fields has been changing considerably in recent times. Environmental problems concerning energy, food, water and in other areas cannot be ignored and are pressing issues that demand a united response from the international community. In light of current circumstances, in developing resource and energy businesses going forward, MC is determined to step up its efforts to contribute to the creation of a low-carbon society.

Hisanori Yoshimura
Member of the Board,
Senior Executive Vice President,
Resources & Energy Strategies

Market Potential

The Increasingly Attractive Business of Supplying New Energy

Traditional fuels such as oil and coal are not only in finite supply, but are also subject to the risk that future procurement prices may increase once the full cost of CO_2 emissions is taken into account. In contrast, there are few, if any, concerns about the depletion of solar power and biomass fuels and the cost of facilities for generating these new energy sources is coming down with technological innovation. Their CO_2 emissions are also limited. However, new energy still supplies only a small proportion of total energy needs, especially in Japan.

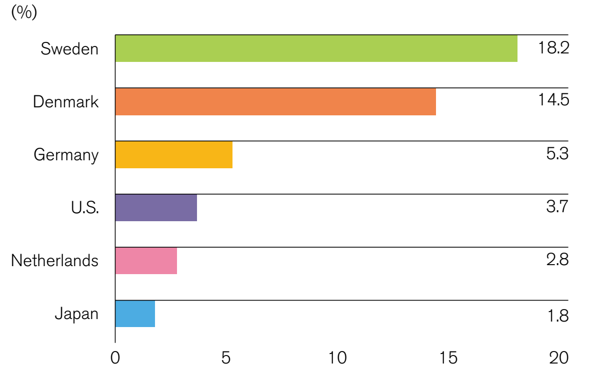
Public-Sector Efforts to Stimulate Demand Worldwide

Amid a worldwide economic crisis, many see new energy as the solution to the three critical global challenges of the economy, climate change and energy. In effect, such a solution would mean implementing a "Green New Deal" for the planet. In the United States, for example, governments are looking to find ways of protecting the environment and reviving the economy at the same time by investing in wind power, solar power and other forms of renewable energy to create employment opportunities. Plans are also being developed to connect the increasing number of alternative energy suppliers to the national power grid and undertake the full-scale development of plug-in hybrid vehicles that could be recharged using residential mains electricity. Besides the United States, initiatives to promote the development of renewable energy are proliferating in countries around the world.

Feed-In Tariff Subsidies

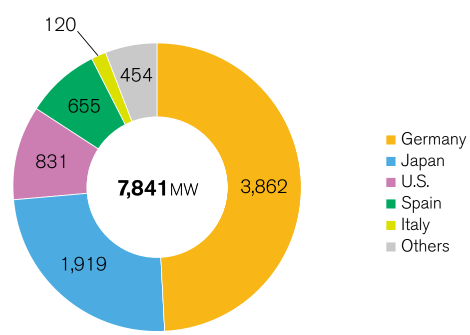
A Feed-in Tariff (FiT) system fixes prices for power generated from renewable sources. It subsidizes the costs of renewable power generation to promote widespread adoption. For instance, such a system can be used to ensure that energy generated from solar photovoltaic power is purchased for a higher price than conventional electricity. FiT systems first appeared in Europe and have since been adopted in several other parts of the world. Germany, for example, introduced such a system in 1990. Germany's renewable energy subsidies have stimulated the growth of solar power generation, to the point where the country's solar power generation now accounts for 49% of the global market. Spain has had a framework in place since 1980 that was the forerunner to the FiT system to promote the development of the renewable energy sector. As a result, Spain is now home to a number of international wind power and solar power enterprises.

SHARE OF PRIMARY ENERGY SUPPLY BY NEW ENERGY
(%)



Source: *White Paper on Energy 2009*, Agency for Natural Resources and Energy
As of December 31, 2006

SOLAR PHOTOVOLTAIC POWER GENERATION BY COUNTRY
(MW)



Source: *White Paper on Energy 2009*, Agency for Natural Resources and Energy
As of December 31, 2007

Raising Our Presence

With governments around the world seeking to take the lead in promoting renewable energy, MC established the Corporate Development Section, which is directly overseen by the president, in April 2009 as part of a new framework for developing new energy businesses. Going forward, we plan to expand our new energy business steadily by building strategic partnerships as well as making bold strategic investments in the sector. Adopting a medium- to long-term and global viewpoint, we plan to bring to bear MC's considerable resources in order to play a valuable role in tackling the important issues of global warming and energy security.

Basic Strategy in New Energy Business Sector

Construction of Value Chains and Contribution to Addressing Environmental and Energy Security Issues

MC's corporate philosophy is built around the Three Corporate Principles, one of which is 'corporate responsibility to society.' Based on this principle, we regard it as part of our corporate mission to help solve issues associated with global warming and to help countries and regions achieve energy security. New energy will play a key role in achieving this goal. Below we introduce some initiatives that we are undertaking in this sector.

Solar Photovoltaic Power, Concentrated Solar Power and Wind Power

In March 2009, we agreed to participate in a solar photovoltaic power generation project in Portugal developed by Spain-based ACCIONA S.A., one of the world's largest integrated renewable energy companies. Through a comprehensive strategic alliance with ACCIONA, we aim to create new energy-related projects worth a total of 2.0 billion euros around the world. The panels required for solar power generation are composed of many solar cells formed into modules. We are also formulating strategies for securing supplies of metallic silicon, poly-silicon and ingots and wafers, the raw materials needed to make cells, and expanding our solar cell and module sales business further down the value chain in the midstream sector. Our goal is to strengthen our solar power value chain.

Biofuels

We have established Forest Energy Hita Co., Ltd. in Oita Prefecture and Forest Energy Kadogawa Co., Ltd. in Miyazaki Prefecture, the first companies in Japan to produce biopellets*1 as a substitute for coal. These plants boast the largest pellet manufacturing capacity in Japan, each with an annual output of 25,000 tons.

In the field of bioethanol*2, through investee Hokkaido Bio Ethanol Co., Ltd. we are looking to increase production capacity of biofuel using feedstock such as sub-standard wheat that creates little competition for food resources.

Elsewhere, MC is already conducting an on-site (inside-the-fence) power generation business using a wood biomass-fueled power plant for Chugoku Lumber Co., Ltd. We plan to expand this business further going forward.

Forest Energy Hita (Oita Prefecture)


Wood biopellets

*1 Biopellets
Biopellets are a solid fuel, measuring around 2 to 3 centimeters in size, and are made by pulverizing, drying and then compacting under pressure bark or other biomass.

*2 Bioethanol
Ethyl alcohol made by fermenting plant resources.

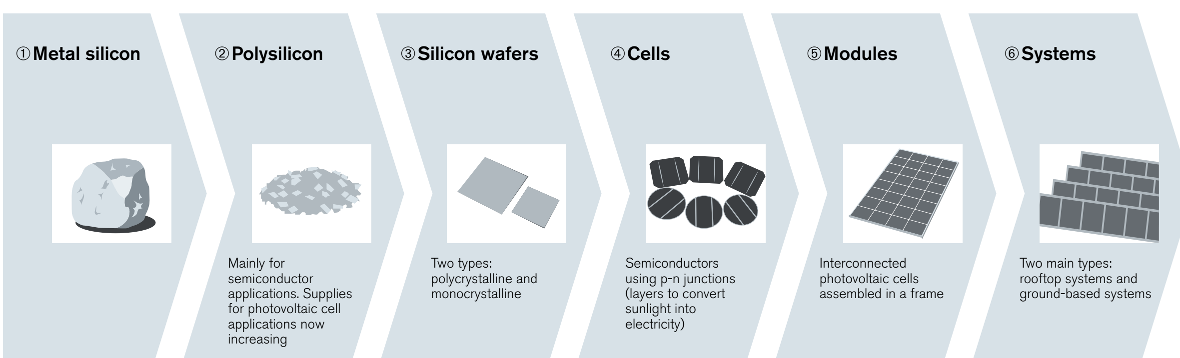
Boosting Our Presence in Solar Photovoltaic Power —Alliance With Industry Leader ACCIONA of Spain—

Attention is focusing on solar photovoltaic power as an environmentally clean method of generating electricity without causing greenhouse gas emissions or depleting resources. The market for this type of power is currently growing at 30–40% per year. Markets for power generated from wind, solar photovoltaic and solar thermal sources are all expanding rapidly, particularly in European countries where FiT systems were first introduced. These markets are expected to generate significant additional growth over the long term as well.

In March 2009, MC concluded an agreement with renewable energy industry leader ACCIONA S.A. of Spain to participate in solar photovoltaic power generation projects developed by the latter. One of the world's leading integrated renewable energy firms, ACCIONA is developing solar photovoltaic power as well as other types of renewable energy such as wind and solar thermal power. The first joint project is Amper Central Solar S.A., a solar photovoltaic power generation subsidiary of ACCIONA. Amper Central Solar is based in Portugal, one of the sunniest countries in the European Union. Commercial operations have already begun at a power plant sited in Moura. Under the system that Portugal has introduced, the power generated receives preferential pricing due to FiT subsidies. Through the alliance with ACCIONA, we aim to become a leading player in the renewable power industry. We will continue exploring new commercial possibilities as we seek to develop our global business in the new energy and the environmental sector.

Solar photovoltaic generation facility (Moura)

SOLAR PHOTOVOLTAIC BUSINESS VALUE CHAIN



Raw Materials

Promotion of transactions and cooperation with new and existing partners in raw materials; support for and investment in new technologies, etc.

- Trading of metal silicon and wafers for solar cells
- New technology activities (Metallurgical processes, silicon smelting business)
- Cooperation with polysilicon manufacturers

Products

Sales of cells and modules; development of and investment in new technologies for raising conversion efficiency

- Exports of polycrystalline and monocrystalline cells and modules to Europe and the U.S.
- Export of thin-film modules to Europe and the U.S.
- Development of parts and materials for concentrating solar photovoltaic power generation

Projects

Participation in power generation businesses; strengthen relationships with, invest in and consider acquiring promising EPC operators; joint development and ownership of assets in large projects with promising partners around the world

- Strengthen cooperation with raw materials and product teams

Meeting society's expectations from a solid management base.

To Our Stakeholders

The fiscal year ended March 31, 2009 saw us register our first drop in consolidated net income in seven years. The sudden global economic slowdown in the second half of the past fiscal year had a major impact on our performance. With this economic malaise likely to continue in the near term, we have positioned the current fiscal year as a year for implementing urgent measures to address the changing business environment. We are moving quickly to implement a host of countermeasures, with our utmost priority being to preserve our financial soundness. At the same time, we see the global structural changes now taking place as a perfect opportunity to create future growth drivers. We will, therefore, also take steps on a Company-wide basis to lay the foundations for growth in domains promising growth over the medium and long terms. We are determined to continue answering the demands of society going forward–including ensuring a stable supply of resources, creating demand, and developing new energy and environmental businesses. While maintaining a strong balance sheet and a high rate of growth, we aim to win recognition from all stakeholders as "A New Industry Innovator."*

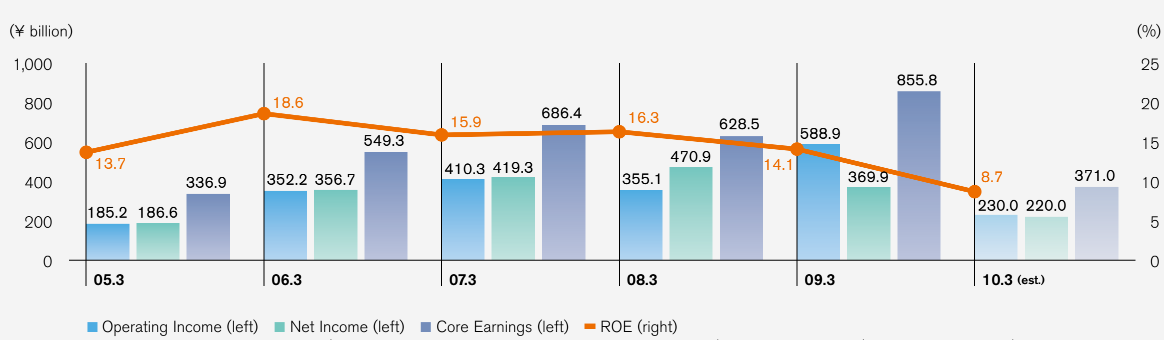
* Becoming "A New Industry Innovator" is our vision in our INNOVATION 2009 medium-term management plan. Essentially, we aim to sustain growth along with society by seizing upon global change to create new-era trends.

Fiscal Year Ended March 31, 2009 Results—Business earnings increased, but consolidated net income dropped due to write-downs of listed shares and property and equipment

Even though the subprime loan problem began in 2007, we were able to steadily grow our earnings for a while. In the aftermath of the so-called "Lehman Shock" in September 2008, however, the operating environment became extremely difficult in all business domains as the global economy deteriorated sharply. As a result of this, we saw consolidated net income drop 21% year on year from ¥470.9 billion to ¥369.9 billion for the fiscal year ended March 31, 2009. All of our operating segments recorded lower consolidated net income, with the exception of the Metals Group, which posted a ¥58.5 billion increase on the back of higher annual contract prices for coking coal.

I want to emphasize, however, that our consolidated net income still represented our third-highest bottom-line performance. Furthermore, certain other key income statement earnings items—namely, gross profit, operating income and core earnings—were all records. One of the main reasons for the decline in consolidated net income despite the higher operating income was asset write-downs amounting to ¥180.0 billion, including ¥89.6 billion in write-downs of listed shares. The current fiscal year looks set to remain challenging, but we must act quickly to invest and develop new businesses when an economic recovery arrives. By disposing of non-performing assets as much as possible in the past fiscal year, we are ready for this.

OPERATING INCOME/NET INCOME/CORE EARNINGS/ROE



Core earnings = Operating income (before the deduction of provision for doubtful receivables) + Interest expense (net of interest income) + Dividend income + Equity in earnings of affiliated companies

* "Consolidated net income" and "net income for the fiscal year ending March 31, 2010" as used on this page and subsequent pages is "Consolidated net income attributable to Mitsubishi Corporation" and is equivalent to consolidated net income through the fiscal year ended March 31, 2009.

Fiscal Year Ending March 31, 2010 Outlook

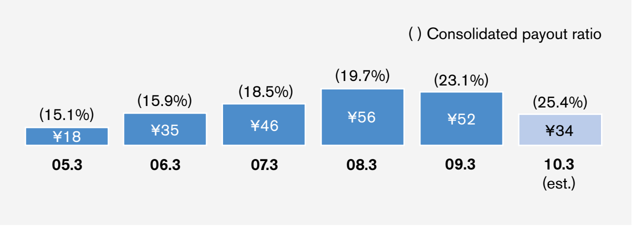
For the fiscal year ending March 31, 2010, we are projecting consolidated net income of ¥220.0 billion, representing an approximate ¥150.0 billion decrease year on year. In October 2008, we established a task force under my leadership to spearhead our response to the financial crisis. This task force received weekly updates from our business front lines, namely more than 200 offices in 80 countries across the globe. Subsequently, it has used this information to analyze in detail the economic environment. As a result, the task force has concluded that a full-scale recovery in the real economy will require considerable time, such was the severity of the downturn. The forecast is premised on lower commodity prices, mainly for oil and coking coal, which have a large impact on earnings in the Energy Business and Metals business groups. It also reflects the major impact of a weaker real economy on the Machinery, Chemicals and Living Essentials business groups.

We are projecting ROE of 8.7% in the fiscal year ending March 31, 2010. In this case, ROE will have averaged 14.5% for the 6 years from the fiscal year ended March 31, 2005 to the fiscal year ending March 31, 2010. Our medium- to long-term target for ROE is 15%, so we should be very close to it.

Change in Dividend Policy and Year Ending March 31, 2010 Dividend

We have linked our dividend to consolidated net income in each fiscal year. Given recent changes in the global investment environment, shareholder expectations for a stable dividend and other factors, we have changed our consolidated dividend payout ratio target from 20% previously to a range of 20% to 25%. Based on this revised policy, we decided to pay a dividend per common share applicable to the fiscal year ended March 31, 2009 of ¥52, which equates to a consolidated payout ratio of 23%. For the fiscal year ending March 31, 2010, we plan to pay a dividend of ¥34 per common share, provided we achieve our current consolidated net income forecast of ¥220.0 billion. This would be equivalent to a consolidated payout ratio of 25%.

CASH DIVIDENDS PER SHARE



Responding to a Changing Business Environment—Four Urgent Measures

In April 2008, we announced INNOVATION 2009, a new medium-term management plan ending in March 2010. Our goal under this plan is to contribute to the continuous advancement of society while sustaining our growth and raising consolidated corporate value as a global business enterprise. The global economic crisis triggered by the U.S. financial crisis in September 2008 has dramatically changed the macroeconomic landscape, however. Given the changes that have taken place, we partially revised this plan and are putting top priority for the time being on our financial soundness. That said, we will continue to pursue the vision and adhere to the basic concepts of the plan, as well as actively address environmental and CSR issues.

INNOVATION 2009 VISION AND BASIC CONCEPTS

In MC's aim to be "A New Industry Innovator," various initiatives have been devised and executed that continue to adhere to the following three basic concepts: "Grasping Change and Opening Up a New Era (Promoting Growth Strategy)," "Developing Human Assets (Developing and Utilizing Human Resources)," and "Solidifying Our Ground (Continuously Strengthening Management Foundations)."

Promoting Growth Strategy
Grasping Change and Opening Up a New Era

MC is taking steps to develop its business, from one corner of the world to another. Global trends are constantly changing, and the company is doing more on a unified, companywide basis to stay on top of these trends and propose strategies in response. In order to maximize efficiency, raise the overall quality of its business, and ensure sustainable growth, MC is shifting some of its management resources to key areas where such growth can be expected over the medium to long term. In April 2009, MC newly established its Corporate Development Section, which will specialize in these areas.

Developing & Utilizing Human Resources
Developing Human Assets

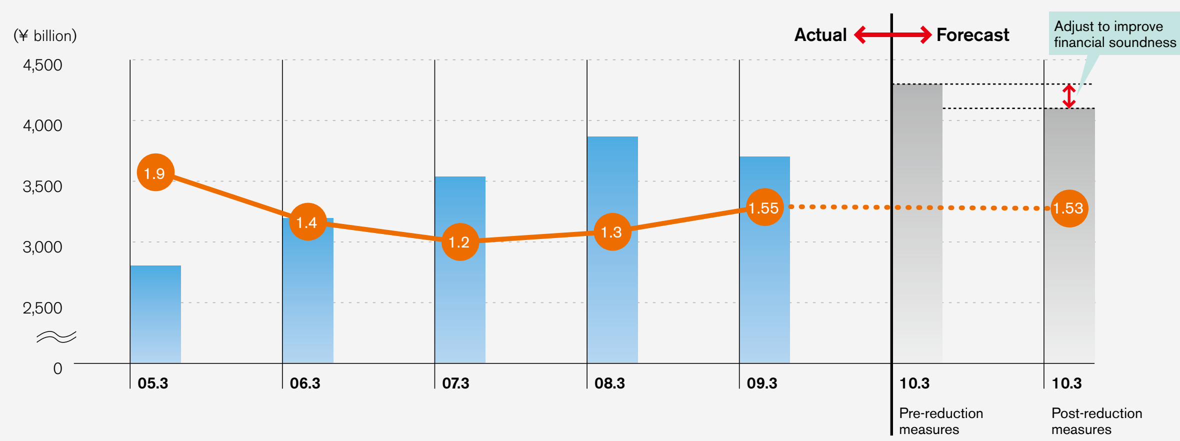
MC is committed to building systems and environments in which its unique, multi-skilled workforce can excel, across both consolidated and global operations. These systems and environments will aid MC in retaining and nurturing employees who can support its growth, and in motivating its people. Moreover, to effectively utilize a finite workforce, MC will deploy and reassign people with the necessary skills to areas and regions that are expected to grow. The hope is that this will stimulate both the organization and the career aspirations of its people.

Continuously Strengthening Management Foundations
Solidifying Our Ground

While fostering a greater sense of unity throughout the MC companies, MC is committed to creating a corporate group that is linked by a "chain of trust and responsibility," and to strengthening the management base of each company. To this end, MC will enhance the functions of its offices worldwide and further refine compliance, internal controls, process reforms and systems infrastructure on a Group-wide basis. The goal is to increase the overall corporate value of MC on a consolidated basis and sustain growth, and in this way contribute to the advancement of society.

In December 2008, we assembled senior management personnel from around the world and our business groups and, based on feedback from them, moved quickly to implement the necessary measures in response to the economic crisis. Another meeting was called again in April 2009 to discuss new issues that had emerged from the crisis after the earlier meeting. INNOVATION 2009's basic policy is to sustain growth and maximize corporate value while balancing earnings growth, capital efficiency and financial soundness. Due to the global economic crisis since 2008, however, we have positioned the fiscal year ending March 31, 2010 as a year for implementing urgent measures to address the changing business environment. Our number-one priority is financial soundness. We have quickly executed four urgent measures to address these difficult economic times. The four measures are: revise investment plans, adopt a management system for listed shares, improve low-profit or loss-making businesses, and cut operating expenses.

REVISION TO INVESTMENT PLANS

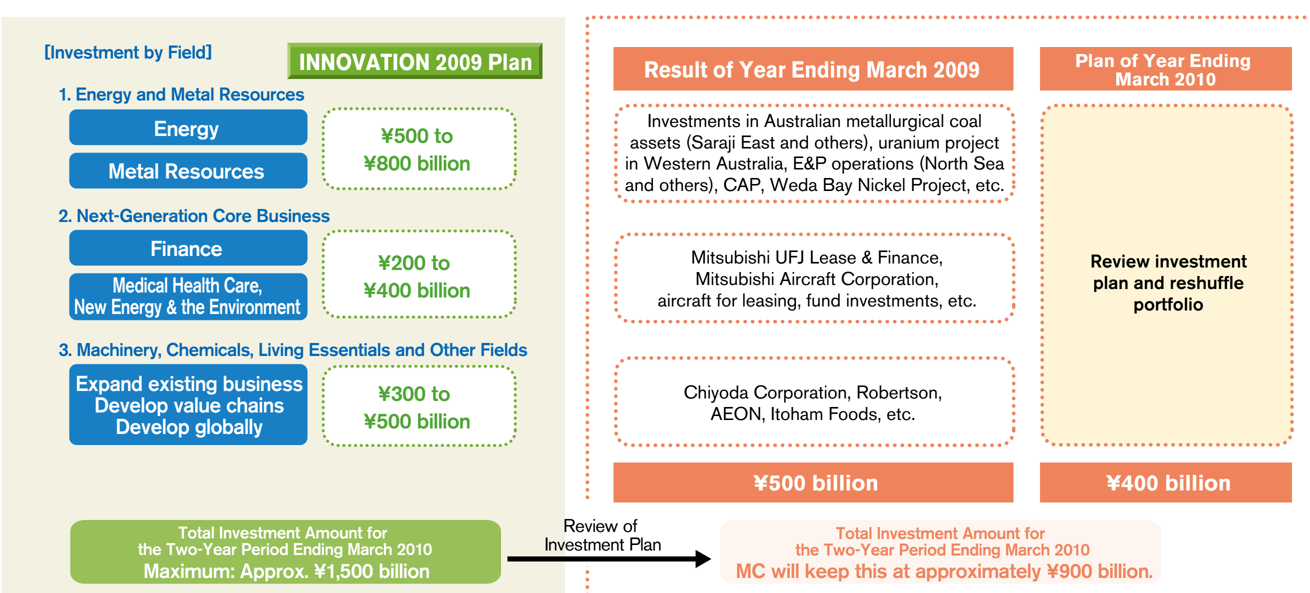


■ Total amount of Investment Assets ■ Investment Assets to Consolidated Shareholders' Equity Ratio

* Investment assets = Related investments and non-current receivables + cost of available-for-sale securities (shares only) + unlisted securities + property and equipment (excluding real estate held for development and resale) + intangible assets + goodwill

Revise Investment Plans » In terms of revisions to our INNOVATION 2009 investment plans, we plan to curb increases in investment assets in step with changes in the investment environment. As of March 31, 2009, investment assets stood at approximately ¥3,700.0 billion. On the other hand, the investment assets to consolidated shareholders' equity ratio had risen to 1.55, above our benchmark performance of 1.5, due to a decline in shareholders' equity mainly because of stock price falls and foreign currency movements. Shareholders' equity and investment assets are both affected by foreign currency movements and stock prices, so these accounts may fluctuate in the future, too. Our policy, therefore, is to control the build-up of investment assets so as to get the investment assets to consolidated shareholders' equity ratio close to 1.5 by the end of March 2010.

INVESTMENT PLAN



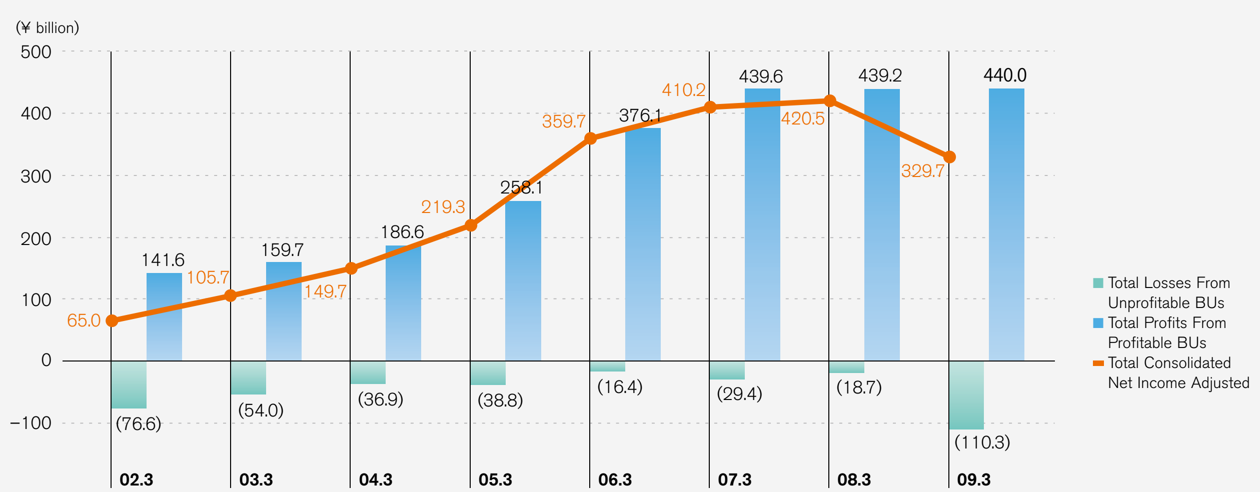
In the fiscal year ending March 31, 2010, we expect to make gross investments of around ¥600.0 billion, but net investments of ¥400.0 billion, taking into account a decline of roughly ¥200.0 billion from portfolio realignment, including depreciation and amortization. As before, there will be no change in our policy of earmarking no more than one-third of total planned investments for investments in resource-related fields. That said, management will strictly select and decide on projects. Over the 2 years of INNOVATION 2009, we had planned to invest up to roughly ¥1,500.0 billion. We now plan to contain investment to approximately ¥900.0 billion, due to the curtailment of investments in the fiscal year ending March 31, 2010. We are, therefore, projecting investment assets of ¥4,100.0 billion as of March 31, 2010. This would result in an investment assets to consolidated shareholders' equity ratio of 1.53, a slight improvement on 1.55 at the end of March 2009.

Adopt a Management System for Listed Shares » Holding listed shares exposes us to the risk of impairment losses due to sudden stock price declines as well as to the risk of changes in accumulated other comprehensive income (loss) due to stock price fluctuations. These fluctuations didn't only affect earnings in the fiscal year ended March 31, 2009. Net unrealized gains on securities available for sale declined ¥283.2 billion, affecting shareholders' equity. To address these risks, we have brought in a new system to decide whether to purchase, continue holding or sell listed shares based on strategic holding purpose and their profitability. This system should help us to more strictly manage listed shares we own.

Improve Low-Profit or Loss-Making Businesses » Aiming to drive further growth, we have invested substantial sums and expanded businesses over the past five years, on the back of sustained economic expansion. However, we have seen an increase in low-profit and loss-making businesses due to the rapid global economic downturn since last year. Improving the profitability of business units (BUs), our smallest organizational unit, is thus an urgent task. We plan to upgrade monitoring of the profitability of each BU as we take steps to improve the value of businesses and restore profitability to certain BUs.

Cut Operating Expenses » We aim to reduce costs by reviewing general and administrative expenses such as travel, transportation and entertainment expenses on a consolidated basis. This review does not include personnel expenses, equipment expenses and system expenses.

CONSOLIDATED NET INCOME ADJUSTED* BY PROFITABLE OR UNPROFITABLE BU

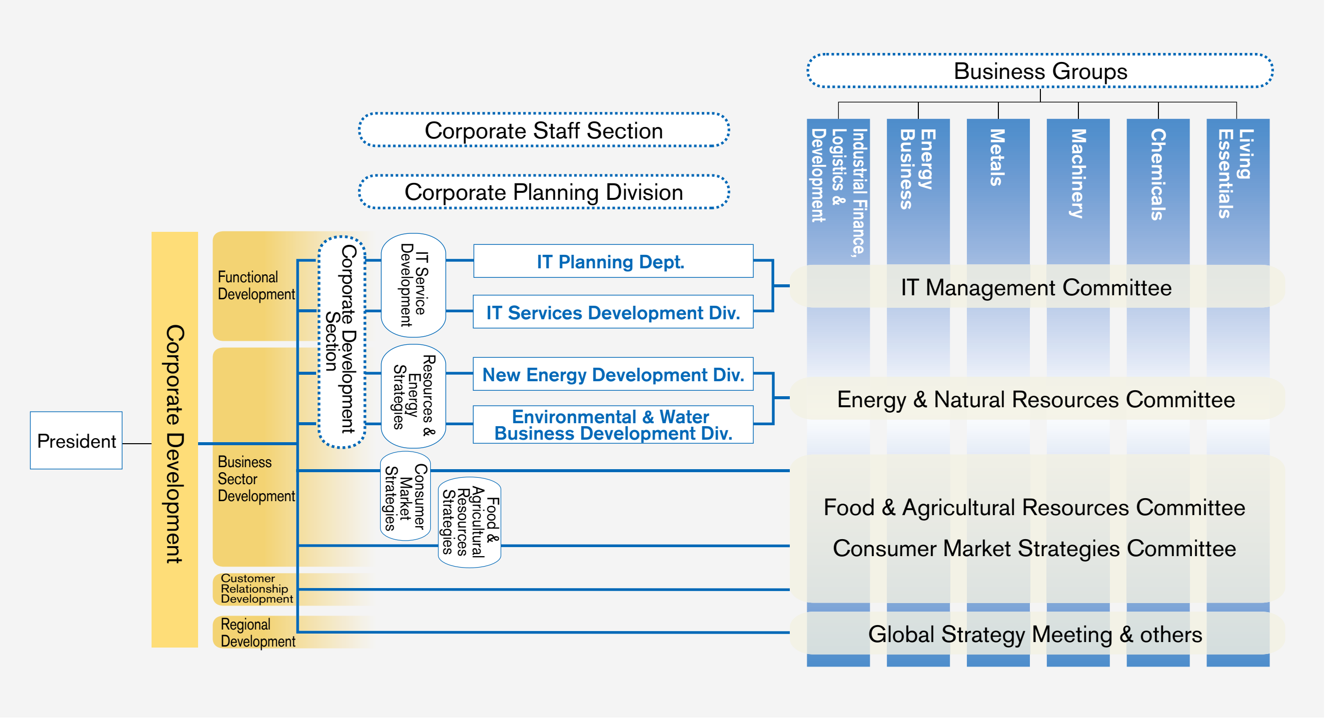


* Consolidated net income − Gains or losses on the sale of listed shares

Laying the Foundations for Future Growth—Four Areas for Corporate Development

While the business environment is increasingly difficult, it is also one that is expected to spawn new industry needs amid the structural change that is occurring globally. I believe that now is a perfect time to create future growth drivers. We are scaling back our plans somewhat as we emphasize financial soundness, but we still plan to promote on a Company-wide basis actions to lay the foundations for future growth and ensure that growth opportunities don't slip through our fingers. We have designated four areas for corporate development: functional, business sector, customer relationship, and regional. I will personally oversee this corporate development. Executives responsible for each area and various committees under them will direct efforts Company-wide to promote development in a flexible manner across business groups.

CORPORATE DEVELOPMENT STRUCTURE



Functional Development » Our main aims in terms of "functional development" are to strengthen our Company-wide IT infrastructure; to promote IT that can support the business activities of our business groups; and to develop next-generation business models in the field of IT. We must reinforce our IT platform for the future, in order to improve the efficiency and sophistication of management on a consolidated basis. Furthermore, it will be increasingly important for business groups to make full use of IT systems in creating new structures or proposals as part of their business activities. To this end, we will look to strengthen IT as part of the menu of services we offer our customers.

The IT Planning Department and the IT Services Development Division are in charge of spearheading "functional development." Together with IT Frontier Corporation, SIGMAXYZ and other MC

Group companies, they will upgrade IT, promoting horizontal integration across MC. In tandem with these efforts, they aim to develop new business models based on IT services. This will entail upgrading the MC Group's consulting and system integration capabilities.

Business Sector Development » In 2008, we established three committees—the Energy & Natural Resources Committee, the Food & Agricultural Resources Committee, and the Consumer Market Strategies Committee—that will delve deeper into the subject of developing business sectors.

The new energy business, and environmental and water business, in particular are not just business fields. I believe that they are also very important in the context of ensuring that future generations can enjoy at least the same sort of environment we have today and continuing to protect the Earth itself. We are targeting specific fields such as new energy, including solar photovoltaic, concentrated solar and wind power, and lithium-ion batteries for electric vehicles, where we can create and secure new energy sources and help solve environmental problems.

Big changes are also imminent in the areas of food resources and consumer markets worldwide at the same time. Interest is rising in food safety, quality and other respects and consumer needs are becoming more sophisticated and diverse. Given these trends, we intend to strengthen our efforts on many fronts in these fields.

Mitsubishi Motors Corporation

Following requests from Mitsubishi Motors Corporation (MMC), we injected equity totaling ¥140.0 billion in MMC from June 2004 through January 2006 by subscribing to private placements of MMC shares. As a result, our risk exposure to MMC was approximately ¥170.0 billion as of March 31, 2009.

For the fiscal year ended March 31, 2009, MMC posted consolidated sales of ¥1,973.6 billion, operating profit of ¥3.9 billion and a net loss of ¥54.9 billion in part due to the impact of the global financial crisis.

We cooperate with this automaker in countries around the world, particularly in Asia and Europe, to conduct businesses centered on local sales companies and downstream business fields. Our risk exposure in connection with these dealings, such as investments in businesses, finance, trade receivables and other related business was approximately ¥240.0 billion as of March 31, 2009.

Our total MMC-related risk exposure, including both the aforementioned risk exposure to MMC proper and our risk exposure to related business, was thus around ¥410.0 billion as of March 31, 2009.

Customer Relationship Development » Building relationships with customers is the starting point for all our activities as a general trading company. Many companies around the world are grappling with various issues precipitated by economic change that are completely different from the past. Amid this difficult economic environment, quite a few of them are looking to reform and transform their businesses.

MC boasts ties with wide-ranging industries, a vast global network, and well-developed corporate functions, as well as far-reaching knowledge and capabilities. Based on requests from customers, we will take their standpoint to accurately understand the overall nature of their businesses and the management issues they face. With this understanding, we will use our insight and capabilities to help customers and at the same time translate this into new businesses.

Regional Development » In terms of regional development, we will focus on new projects with high strategic importance in tandem with developing business sectors and customer relationships. We are seeing scattered cases of delayed infrastructure projects in some countries due to financial constraints stemming from the financial crisis. At the same time, as nations look to spur demand and reduce dependence on external demand, there are also countries and regions that are promoting infrastructure development as an economic measure. Over the medium and long terms, we foresee burgeoning demand for infrastructure, especially in developing countries. This spells significant opportunities for MC.

The infrastructure business is not a short-term undertaking; these projects require sustained efforts over long periods of time, from preparing tenders, to engineering operations and construction and eventual hand-over. Also, recently, more countries have been seeking firms that can participate in infrastructure operations over the long term. These projects include IPP, PPP and BOT* initiatives. The scope of these projects exceeds the reach of single business groups or divisions, meaning that we must fully utilize the knowledge and expertise of the whole company to meet the needs of each country or region. We are determined to work as one and stay the course to respond to infrastructure demand and secure resources.

* IPP (Independent Power Producer), PPP (Public Private Partnership), BOT (Build-Operate-Transfer)

The recent upheaval in the external environment tipped off by the financial crisis is regarded as a once-in-a-century event. Looking back at our history, we have leveraged change and grown considerably in tumultuous times. Our participation in Australian coking coal and LNG businesses, and our investment in LAWSON, INC. were all new undertakings that coincided with turning points in one way or another. Taking on new challenges is part of our makeup and identity and this economic crisis won't change that. Indeed, it is especially important under the prevailing environment that we forge ahead without losing sight of our vision to be "A New Industry Innovator," as set forth in our INNOVATION 2009 medium-term management plan; we will continue to sustain growth along with society by seizing upon global change to create new-era trends.

"A New Industry Innovator" needs to be useful to business partners and customers through activities such as those that ensure the stable supply of resources, create new demand and develop new businesses. This is how we earn their trust and they recognize us as their business partner and share key information with us. Together we can spot change and create the next new trend or business, or make existing businesses stronger. MC has earned the trust of suppliers and customers all over the world and has built strong income-generating investment assets over many years. Leveraging these strengths, we are eyeing the next stage of growth that lies ahead of the major changes happening in the business environment.

July 2009

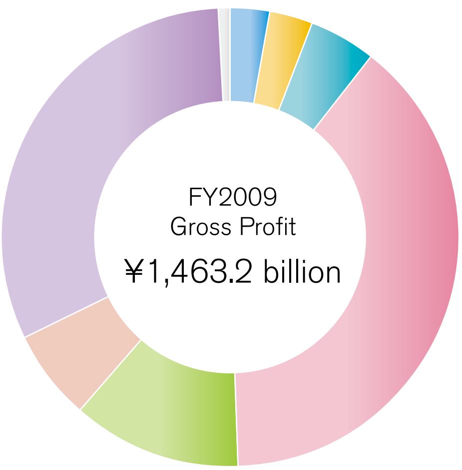
Y. Kojima

Yorihiko Kojima
Member of the Board,
President and CEO

Review of Operations
Fiscal 2009 Results of Business Groups

Share of Gross Profit

(%)



Business Innovation Group	2.9%
Industrial Finance, Logistics & Development Group	3.1%
Energy Business Group	4.7%
Metals Group	38.9%
Machinery Group	12.0%
Chemicals Group	6.5%
Living Essentials Group	31.4%
Adjustments and Eliminations	0.5%

Fiscal 2009 Results

Business Innovation Group

Operating transactions	¥ 292,881 million
Gross profit	¥ 42,200 million
Equity in earnings of affiliated companies	¥ 2,007 million
Net income	¥ (4,262) million
Segment assets	¥ 191,859 million
No. of employees*1:	
Consolidated	4,408
Parent company	405
No. of consolidated subsidiaries and equity-method affiliates*2	53

Industrial Finance, Logistics & Development Group

Operating transactions	¥ 235,065 million
Gross profit	¥ 45,002 million
Equity in earnings of affiliated companies	¥ 3,109 million
Net income	¥ (41,205) million
Segment assets	¥ 836,701 million
No. of employees*1:	
Consolidated	2,554
Parent company	391
No. of consolidated subsidiaries and equity-method affiliates*2	95

Energy Business Group

Operating transactions	¥5,163,085 million
Gross profit	¥ 68,832 million
Equity in earnings of affiliated companies	¥ 69,776 million
Net income	¥ 82,778 million
Segment assets	¥1,342,270 million
No. of employees*1:	
Consolidated	1,990
Parent company	480
No. of consolidated subsidiaries and equity-method affiliates*2	68

Metals Group

Operating transactions	¥5,456,704 million
Gross profit	¥ 569,650 million
Equity in earnings of affiliated companies	¥ 47,944 million
Net income	¥ 216,690 million
Segment assets	¥2,901,728 million
No. of employees*1:	
Consolidated	11,381
Parent company	354
No. of consolidated subsidiaries and equity-method affiliates*2	27

Machinery Group

Operating transactions	¥3,546,668 million
Gross profit	¥ 175,544 million
Equity in earnings of affiliated companies	¥ 5,896 million
Net income	¥ 17,742 million
Segment assets	¥2,009,585 million
No. of employees*1:	
Consolidated	9,816
Parent company	1,075
No. of consolidated subsidiaries and equity-method affiliates*2	140

Chemicals Group

Operating transactions	¥2,138,726 million
Gross profit	¥ 95,033 million
Equity in earnings of affiliated companies	¥ 10,772 million
Net income	¥ 26,797 million
Segment assets	¥ 629,690 million
No. of employees*1:	
Consolidated	3,279
Parent company	665
No. of consolidated subsidiaries and equity-method affiliates*2	50

Living Essentials Group

Operating transactions	¥5,586,320 million
Gross profit	¥ 458,908 million
Equity in earnings of affiliated companies	¥ 18,813 million
Net income	¥ 32,819 million
Segment assets	¥2,110,062 million
No. of employees*1:	
Consolidated	23,378
Parent company	872
No. of consolidated subsidiaries and equity-method affiliates*2	110

*1 Data as of March 31, 2009. The number of Corporate Staff Section employees not shown on this page was 3,289 on a consolidated basis and 1,448 on a parent company basis. Accordingly, the total number of employees was 60,095 on a consolidated basis and 5,690 on a parent company basis.

*2 Data as of March 31, 2009. Figures do not include companies consolidated by subsidiaries. The number of regional subsidiaries and the number of consolidated subsidiaries and equity-method affiliates of the Corporate Staff Section not shown on this page were 35 and 12, respectively. Accordingly, the total number of consolidated subsidiaries and equity-method affiliates was 590.

Gross Profit
(¥ billion)

Equity in Earnings of Affiliated Companies
(¥ billion)

Net Income
(¥ billion)

Segment Assets, ROA
(¥ billion, %)

*3 The Business Innovation Group and the Industrial Finance, Logistics & Development Group were formed in April 2007. Figures for the fiscal year ended March 31, 2007 are restated figures based on the new organizational structure after the formation of these two business groups.

Business Groups Profiles

In April 2009, MC initiated a progressive reorganization of the Business Innovation Group to strengthen corporate development, leaving it with six business groups.

Industrial Finance, Logistics & Development Group

→ page 38

The Industrial Finance, Logistics & Development Group is developing *shosha*-type industrial finance businesses. These include merchant banking and M&A businesses such as asset management and buyout investment; asset finance and business development businesses such as leasing businesses and real estate funds; and businesses in other fields including real estate development, ownership and management, and logistics services and insurance.

Main Products and Services

- Asset management business, buyout investment business
- Real estate and infrastructure funds-related business, leasing business, airline-related business, healthcare fund business, reinsurance and finance business
- Real estate development, income-generating property portfolio, commercial facility development and operation, sales of condominiums, urban development, construction, real estate consulting, equipment and energy saving solution through ESCO business, hospital revitalization, Private Finance Initiative (PFI) business, global real estate investment
- International integrated logistics, tramp chartering (bulkers), insurance business, others

Energy Business Group

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The Energy Business Group, in addition to developing and investing in oil and gas projects, conducts trading activities in areas such as crude oil, petroleum products, liquefied petroleum gas (LPG), liquefied natural gas (LNG), and carbon materials and products.

Main Products and Services

- LNG (liquefied natural gas), LPG (liquefied petroleum gas), crude oil, gasoline, naphtha, kerosene, diesel oil, fuel oil, lubricating oil, asphalt, other petroleum products, anthracite, coal coke, petroleum coke, carbon black feedstock, coal tar and tar products, carbon fibers and activated carbon, artificial graphite electrodes, oil and gas exploration and production, others

Metals Group

→ page 46

The Metals Group trades, develops businesses and invests in a range of fields. These include steel products such as steel sheets and thick plates, steel raw materials such as coking coal and iron ore, and non-ferrous raw materials and products such as copper and aluminum.

Main Products and Services

- Coking coal, thermal coal, iron ore, auxiliary materials, raw materials for stainless steel such as nickel and chrome, ferro-alloys, non-ferrous metal raw materials such as copper and aluminum, non-ferrous metals, precious metals, automotive body parts, pig iron, scrap steel, steel sheets and coils, steel tubes and pipes, stainless steel, other steel products, others

Machinery Group

→ page 50

The Machinery Group trades machinery in a broad range of fields, in which it also develops businesses and invests. These fields extend from large plants for producing essential industrial materials, including electricity, natural gas, petroleum, chemicals and steel, to equipment and machinery for transportation and distribution industries, including ships, trains and automobiles. It is also active in the aerospace and defense industries, and in general industrial equipment and machinery, including construction machinery, machine tools, and agricultural machinery.

Main Products and Services

- Power generation equipment, power transmission and transformer facilities, transport and import of nuclear fuel, elevators and escalators, overseas IPP business, retail electricity sales in Japan, on-site power generation business in Japan
- Plant equipment for oil, gas, chemical, steel, non-ferrous metals and cement industries, mining equipment, port facilities, off-shore marine structures, agricultural machinery, construction machinery, industrial machinery
- Ships and vessels, marine machinery, ship owning and management business, rolling stock and related infrastructure and equipment, railway project development, space-related equipment, defense-related equipment, satellite imagery and map business
- Motor vehicles (entire cars, assembly parts, spare parts), others

Chemicals Group

→ page 54

The Chemicals Group trades and invests in the commodity chemicals and functional chemicals fields. Commodity chemicals include petrochemicals, olefins and aromatics, methanol, ammonia, chlor-alkali, fertilizer and inorganic chemicals. Functional chemicals include plastics, functional materials, electronic materials, food ingredients, and fine chemicals.

Main Products and Services

- Petrochemical products, fertilizers, inorganic chemical products, synthetic plastics and plastic products, functional materials, electronic materials, food and feed additives, pharmaceutical and agricultural chemical intermediates manufacturing, life science business, advanced materials, others

Living Essentials Group

→ page 58

The Living Essentials Group focuses its activities in the fields of clothing, food and home-oriented living, as well as healthcare and media businesses. In areas from material procurement to the consumer market, we trade in products including foods, clothing, paper, packaging materials, cement, construction materials, and medical equipment and provide various services.

Main Products and Services

- Strategy planning, project planning of retail and wholesale business, retail support, marketing research, logistics engineering
- Outsourcing services and support businesses for hospitals, medical equipment, medical supplies, pharmaceuticals, dispensing pharmacy business, marketing and rental of nursing care equipment, service businesses related to disease prevention and health promotion, mail-order and marketing business, point-based loyalty programs, payment settlement and other finance-related service businesses, various businesses utilizing customer data, development and distribution of various consumer goods and services
- Rice, wheat, barley, wheat flour, corn, milo, fresh produce, marine products (tuna, shrimp, salmon & trout, octopus, squid etc.), sugar, starch, corn syrup and other sweeteners, corn grits, salt, brewing malt/hops, soybean, canola, sesame seed, oils & fats, oil and fat products, chicken, pork, beef, processed meat products, vegetable protein meals, animal protein meals, grain by-products, roughage
- Coffee ingredients, confectionery ingredients, fruit juices, raw tea products, cheese, dairy products, processed foods, frozen and chilled products, beverage, confectionery, canned foods, liquor, pet foods
- Brand business, fashion apparel, footwear, furniture and interior products, household goods, cotton, yarn, textile, knitted fabric, industrial materials, high-function materials
- Paper products (including papers for printing and information), paperboard (including corrugated containerboard and white paperboard), packaging materials (including food packaging), raw materials for paper (including wood chips and pulp), printing and photosensitive materials, printing-related materials and equipment, lumber, construction and building materials, silica sand, kaolin clay, cement and cement products, ready-mix concrete, tires, industrial rubber materials, air conditioners, others

Industrial Finance, Logistics & Development Group

front row from left

Ken Kobayashi
Executive Vice President,
Group CEO, Industrial Finance, Logistics & Development Group

Hideshi Takeuchi
Executive Vice President.
Group COO, Industrial Finance, Logistics & Development Group
(Concurrently)
Division COO, Merchant Banking, M&A Division

back row from left

Yasuyuki Sakata
Senior Vice President,
Division COO, Asset Finance & Business Development Division

Ichiro Miyahara
Senior Vice President,
Division COO, Development & Construction Project Division

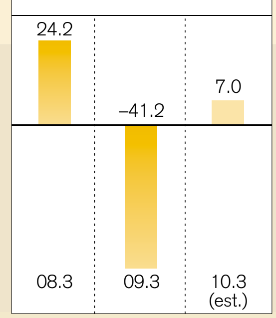
Shin Sasaki
Senior Vice President,
Division COO,
Logistics Services Division

Organizational Structure

- Industrial Finance, Logistics & Development Group CEO Office
- Industrial Finance, Logistics & Development Group Controller Office

- **Merchant Banking, M&A Division**
- **Asset Finance & Business Development Division**
- **Development & Construction Project Division**
- **Logistics Services Division**

Net Income (¥ billion)



Group CEO's Message

Fiscal Year Ended March 31, 2009 Performance

The Industrial Finance, Logistics & Development Group is developing *shosha*-type industrial finance businesses by integrating expertise in physical assets that MC has acquired as a *sogo shosha* with financial know-how. Our main businesses range from asset finance and corporate buyout investment to leasing, real estate (development and finance), logistics and insurance. As a major trading company, we have strengths that no financial institution can match in terms of our multi-industry contact network and the knowledge of businesses and assets that we can utilize in developing financial solutions for clients.

Group businesses are closely connected not only to financial markets but also to real economy sectors such as real estate and logistics. The financial and economic crisis that erupted in the fall of 2008 resulted in a sharp deterioration in market prices that had a substantial negative impact on these businesses. As a result, the group recorded a consolidated net loss of ¥41.2 billion in the fiscal year ended March 31, 2009, a decline in earnings of ¥65.4 billion in year-on-year terms. Excluding the dilution gain from changes in equity interest in Mitsubishi UFJ Lease & Finance Company Ltd. in the fiscal year ended March 31, 2008 and the write-down of investments in listed shares in the past fiscal year, the year-on-year drop in earnings was ¥37.4 billion. The main factors in this result were lower profits from fund investments and from our real estate-related businesses.

There were several notable achievements in the fiscal year ended March 31, 2009 as we continued to build up our operating base for finance-related businesses. We established Marunouchi Capital Co., Ltd. as an investment fund management company and purchased additional shares newly issued by Mitsubishi UFJ Lease & Finance Company Ltd. We also established a new subsidiary, MC Aviation Partners Inc., to enable the dynamic development of our global aircraft leasing business. In addition, we broadened the scope of strategic partnerships aimed at developing our asset management franchise with significant equity investments in Aladdin Capital Holdings LLC (ACH) in the U.S., Ant Capital Partners Co., Ltd. (formerly Nikko antfactory K.K.) in Japan, and Capula Investment Management LLP in the U.K. In the real estate-related sector, we renovated and reopened the "E-ma" shopping mall in Osaka that we had acquired earlier. This was the first in a series of urban renewal projects where our aim is to boost the value of existing property by leveraging MC's functional expertise in the development and operation of commercial retail space. The renewal process involved an overhaul of retail tenants as well as full refurbishment.

Fiscal Year Ending March 31, 2010 Outlook and INNOVATION 2009

We have seen some signs of gradual stabilization in the early part of the fiscal year ending March 31, 2010 after the financial market turmoil and deterioration in the real economy experienced over the past year. At the same time, however, we do not expect any significant recovery in conditions for some time.

Amid tough operating conditions, our aim in the current fiscal year is to strengthen and upgrade our market presence and functional capabilities in preparation for a recovery from the financial and economic crisis, while also seeking to maintain and bolster the value of our existing asset portfolio. In particular, we aim to build an organically integrated value chain in our real estate business that maximizes MC's strengths by realizing advanced functional capabilities spanning property development and management as well as logistics and finance.

One of our key initiatives so far in the fiscal year ending March 31, 2010 within our finance-related businesses is the creation of Pentelia Diamond Capital Management Ltd. in conjunction with leading industry player Pentelia Capital Management (Bermuda) Ltd. Integrating financial and insurance functions, this Bermuda-based management company, specializing in insurance-linked assets, marks the first full-scale venture by any Japanese firm into the insurance-linked asset fund management business. Elsewhere, Marunouchi Capital also recently made its first large buyout investment in TOMY COMPANY, LTD. In the real estate-related business sector, we opened a new urban shopping center in spring 2009 in Nagoya called "mozo wondercity" that we had redeveloped in partnership with AEON Mall Co., Ltd. This is another project whose commercial success we believe will showcase MC's functional talents within this area.

In line with these activities, we forecast consolidated net income for the business group of ¥7.0 billion in the fiscal year ending March 31, 2010. This projection is based on an expected return to profit by our fund management operations and businesses in the real estate sector.

Ken Kobayashi

Executive Vice President,
Group CEO, Industrial Finance,
Logistics & Development Group

Contributing to Our World Through Business

mozo wondercity—Designed for People and the Environment

mozo wondercity, a Nagoya shopping center redeveloped jointly by MC and AEON Mall Co., Ltd., opened its doors on April 21, 2009. Under the concept of creating a shopping center for people and the environment, MC and AEON Mall implemented various measures, such as embracing universal design principles.

A noteworthy feature of mozo wondercity is that it is designed to reduce annual CO_2 emissions by approximately 1,975 tons and equalize electricity consumption through the use of a highly efficient inverter turbo cooling system, and an ice thermal air-conditioning system proposed by a power utility. What's more, approximately 1,700 m^2 of exterior walls have been planted with greenery, which will also help to cut CO_2, hydrate the exterior walls and enable the building to better blend in with the local environment. In March 2009, a tree-planting ceremony was held on the grounds of the shopping center, with some 20,000 seedlings, mainly tree species suited to the area, planted by the roughly 2,500 locals who pitched in. In these ways, we are working to make the shopping center a green hub for the community.

mozo wondercity is a shopping center designed with people and the environment in mind.

Industrial Finance, Logistics & Development Group

Merchant Banking, M&A Division

- **Merchant Banking & Investment Unit**
- **Private Equity Investment Unit**

Amid varied changes in financial market conditions worldwide, MC is working to develop a financial intermediation and investment business based on multi-industry contacts, a global network and the expertise gained as a *sogo shosha*. The division caters to the needs of a varied client and investor base, principally through the two main businesses of asset management*[1] and buyout investments.*[2]

In the asset management business, following the acquisition in May 2008 of a 19.5% equity stake in Aladdin Capital Holdings, a U.S. investment management firm that specializes in credit-related securitized products, in October 2008 MC acquired a 5% equity stake in Capula Investment Management, a leading U.K.-based hedge fund manager that has established a strong reputation in interest-rate arbitrage.*[3]

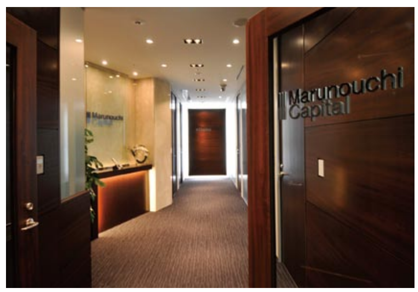
In the buyout investment business, MC established Marunouchi Capital as an investment fund management company in a joint venture with Mitsubishi UFJ Financial Group, Inc. in April 2008. In its first major investment, Marunouchi Capital concluded a strategic capital and business alliance with leading toymaker TOMY in May 2009. Under this agreement, the investment fund created by Marunouchi Capital acquired an equity stake of approximately 15% in TOMY. In other developments, in November 2008, MC invested in Ant Capital Partners (formerly Nikko antfactory). Separately, MC subsidiary Alternative Investment Capital Ltd. (AIC), which manages fund-of-funds vehicles investing in private equity funds*[4], entered into a capital and business tie-up in February 2009 with Sumitomo Mitsui Banking Corporation as part of ongoing efforts to reinforce and develop its asset management business.

*[1] This business involves MC acting as a financial intermediary to service customer and investor needs through the sale and purchase of all types of financial products.

*[2] This business involves MC generating returns on investments made in established companies by providing management support to help boost enterprise value.

*[3] An investment business that seeks to generate returns by exploiting the price distortions in markets for interest rate-related products such as government bonds, corporate bonds and municipal bonds.

*[4] This "gatekeeper" business involves the management of invested capital on behalf of institutional and other investors by selecting and monitoring funds that acquire equity stakes in unlisted companies and other entities and provide support to such firms.



Marunouchi Capital has established a ¥100 billion fund to invest mainly in Japanese companies.

Asset Finance & Business Development Division

- **Financial Services Unit**
- **Real Estate & Project Finance Unit**
- **Leasing & Finance Unit**
- **Airline Business Unit**

This division aims to create and expand *shosha*-type industrial finance businesses by combining MC's expertise in assets and services with asset management and finance know-how to seize business opportunities generated by varied financial requirements arising from ongoing structural changes in the global marketplace.

In the real estate finance sector, MC subsidiary Mitsubishi Corp.-UBS Realty Inc. manages two Japanese real estate investment trusts (J-REITs): Japan Retail Fund Investment Corporation, which specializes in retail facilities and leads the industry in terms of asset value under management; and Industrial & Infrastructure Fund Investment Corporation (IIF), which invests in a broad industrial real estate portfolio including logistics facilities and infrastructure. The wholly owned MC subsidiary Diamond Realty Management Inc. is also involved in the formation and operation of private real estate funds that invest in retail properties, rental housing, logistics facilities and other commercial property.

In the lease business sector, MC joined forces with Mitsubishi UFJ Lease & Finance in August 2008 to acquire a combined 45% equity stake in Ekim Turizm Ticaret Ve Sanayi A.S., a leading Turkish fleet leasing company that operates under the brand name Intercity. A separate development in Japan during the fiscal year ended March 31, 2009 was the integration of Central Auto Leasing Co., Ltd., a wholly owned subsidiary of Mitsubishi UFJ Lease & Finance, into Mitsubishi Auto Leasing Holdings Corporation, a joint venture between MC and Mitsubishi UFJ Lease & Finance. This was part of efforts to restructure the Japanese auto leasing business.

In the aviation sector, MC established a new subsidiary MC Aviation Partners in August 2008 to integrate the aircraft leasing business previously developed directly by MC with related service businesses run by subsidiaries. MC Aviation Partners is now the largest specialist aircraft leasing company in Japan with assets of around ¥200 billion and a managed fleet of over 100 aircraft.

In the reinsurance sector, MC has established Pentelia Diamond Capital Management as a management company specializing in insurance-linked funds in conjunction with leading industry player Pentelia Capital Management (Bermuda). This is the first joint venture for insurance-linked assets created by a Japanese firm. MC plans to make a full-scale entry into this sector by assigning personnel to the venture and by participating in its management.

The establishment of subsidiary MC Aviation Partners created a fully integrated aircraft leasing business.

Development & Construction Project Division

- Commercial Property Development & Management Unit
- Urban & Residential Development Unit
- Construction & Building Equipment Unit
- Global Real Estate Unit

The Development & Construction Project Division is building an integrated value chain that extends from development to asset securitization by adding finance to the development of diverse real estate assets in Japan and overseas, including commercial property, housing, office buildings, and healthcare and multipurpose facilities. The division is seeking to further reinforce and refine MC's value chain as an innovator in the fields of urban revitalization and property development.

In the property development field, MC is involved in development and management of commercial properties in urban locations in partnership with Mitsubishi Corporation Urban Development, Inc. The division is also actively promoting the real estate securitization business.

In the urban and residential development field, MC has traditionally had a presence in the condominium development business. The division also focuses on investment and management of income-generating properties, on the development of office buildings for short-term re-sale, and on provision of real estate planning and consulting services.

The division is developing a number of businesses in the construction and building equipment field. These include: building construction and equipment supply contracts relating to the construction of newspaper printing plants; the development of private finance initiative (PFI) projects and the medical solutions business; and the planning and construction of large-scale multipurpose facilities. The division is also actively developing MC's presence in the energy service company (ESCO) sector through strengthened cooperation with Japan Facility Solutions, Inc., a joint venture with Tokyo Electric Power Company, Inc.

Overseas, the division invests in apartment buildings and commercial property such as logistics facilities. One of MC's principal investment subsidiaries in this field is Diamond Realty Investments, Inc., which is based in North America.

Divisional achievements in the fiscal year ended March 31, 2009 included the opening of the renovated "E-ma" shopping mall in Umeda, Osaka, following the earlier acquisition of this retail facility by MC. Based on more than 30 years of experience in the development and operation of commercial retail space, MC applied in-house expertise and intelligence to upgrade this mall through the renewal of retail tenants and refurbishment of the building and its facilities. In Nagoya, meanwhile, MC has partnered with AEON Mall to redevelop one of the city's largest malls. The remodeled shopping center opened in April 2009 under the new name "mozo wondercity."

The "E-ma" mall in Osaka was the first retail development targeted by the division's urban renewal operations aimed at increasing the value of existing properties.

Logistics Services Division

- Risk Engineering Unit
- Logistics Business Unit
- Tramp Chartering Business Unit
- Tank Terminals Business Unit

The strength of the Logistics Services Division lies in the operational expertise that MC has accumulated over many years relating to logistics and insurance solutions delivered through the MC Group's integrated global network of operating bases. The division is seeking to develop high-value-added services integrating expertise gained from front-line logistics with financial know-how. It is also working with other group divisions in the operation of IIF, a J-REIT that invests in logistics facilities and other industrial property, and of Eolia Diamond Ltd., an insurance-linked asset management fund established in 2009 in the first such venture by a Japanese company.

MC subsidiary Mitsubishi Corporation LT, Inc. is the main operation in the division's logistics business. MC strives to improve customer satisfaction through the proposal and implementation of optimized supply chain solutions for consumer goods such as apparel, industrial goods such as vehicles and chemicals, as well as various other products and components.

In the tramp chartering business, the division works in close cooperation with MC's value chains to help Japan secure stable supplies of raw materials such as coal and grains via the operation of freighters chartered to transport specific cargoes or to ply specific routes.

MC is developing a number of businesses in the insurance sector, mainly through subsidiaries. The division is developing captive reinsurance operations through New Century Insurance Co., Ltd. Another subsidiary, MC Insurance Center, Ltd., provides insurance solutions for both corporate and consumer risks as a comprehensive risk consultant. Meanwhile, the new fund Eolia Diamond is attracting attention not only from institutional investors, but also from insurers and other companies. The fund offers corporate clients a means of hedging risks linked to natural disasters while at the same time fulfilling a role as an alternative investment vehicle.

In other areas, the division offers a range of services targeting the logistics industry, including asset financing, international shipping fleet ownership and operation, sea freight brokerage, risk consulting and trade insurance.

An important link in the group's overseas logistics network, Mitsubishi Corporation LT (Thailand) is developing MC's vehicle-related logistics business in Thailand.

Energy Business Group

front row from left

Masayuki Mizuno
Senior Vice President,
Division COO,
Petroleum Business Division

Seiji Kato
Executive Vice President,
Group CEO,
Energy Business Group

Jun Yanai
Executive Vice President,
Group COO,
Energy Business Group

back row from left

Tetsuro Kuwabara
Senior Vice President,
Division COO,
Natural Gas Business Division B

Ryoichi Hayashi
Senior Vice President,
Division COO,
Carbon & LPG Business Division

Takahiro Mazaki
Senior Vice President,
Officer for E&P,
Energy Business Group

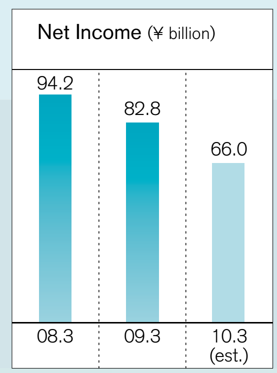
Kazuyuki Mori
Division COO,
Natural Gas Business Division A

Organizational Structure

- Energy Business Group CEO Office
- Energy Business Group Controller Office

- **Exploration & Production Unit**
- **Energy Business Development Unit**

- **Natural Gas Business Division A**
- **Natural Gas Business Division B**
- **Petroleum Business Division**
- **Carbon & LPG Business Division**



Group CEO's Message

Fiscal Year Ended March 31, 2009 Performance

The Energy Business Group aspires to make a valuable contribution to society by providing stable supplies of energy. Our business activities rely on wide-ranging partnerships developed over many years with users both in Japan and overseas, with countries that have oil and natural gas resources, and with the oil majors.

The business group posted consolidated net income of ¥82.8 billion in the fiscal year ended March 31, 2009, a year-on-year decline of ¥11.4 billion, despite prices of oil and natural gas soaring in the first half of the fiscal year. The overall result reflected a sudden downturn in the global economy following the collapse of U.S. investment bank Lehman Brothers in the second half of the fiscal year and the effect on earnings of overseas resource-related subsidiaries of fixed asset write-downs and other factors.

New business development efforts yielded several notable results in the fiscal year ended March 31, 2009. LNG shipments began from Sakhalin II (annual capacity: 9.6 million tonnes) and from the fifth liquefaction train at the North West Shelf (NWS) Project in Western Australia (annual capacity: 4.4 million tonnes). We also began full-scale marketing activities for natural gas following MC's earlier capital investment in U.S.-based energy marketing firm CIMA Energy Ltd.

Fiscal Year Ending March 31, 2010 Outlook and INNOVATION 2009

In our business philosophy, we aim "to create a rich energy society in everything we do—aiming to be a unique and sustainable energy business." This expresses our strong belief in realizing the energy society of tomorrow through MC's business activities today. These must focus on securing energy resources and ensuring stable supplies of energy while also taking the global environment into consideration.

The fiscal year ending March 31, 2010 is the final year of the INNOVATION 2009 medium-term business plan. Amid contraction in demand for oil and gas due to the global economic downturn, we are seeing moves to defer, revise or even shelve plans to develop high-cost oil and gas fields or to construct LNG trains, new oil refineries and other major projects that are no longer cost-competitive. Within this harsh business environment, the short-term focus of the Energy Business Group will be on maintaining and reinforcing existing operations based on a rigorous approach to risk management. We aim to make steady progress with new LNG projects in the development and planning phase at Tangguh and Donggi-Senoro in Indonesia. We will continue developing new LNG projects and unconventional natural gas-related businesses as well, in anticipation of a recovery in energy demand over the medium and long terms. In our petroleum, carbon and LPG trading businesses, we aim to continue expanding the scope of our trading operations by forging stronger relationships with business partners.

We expect the business group's consolidated net income to decline to ¥66.0 billion in the fiscal year ending March 31, 2010, which would represent a year-on-year fall of ¥16.8 billion. This forecast mainly reflects the projected impact of lower oil prices, although currency-related and other factors also imply a considerable degree of residual uncertainty.

Seiji Kato

Executive Vice President,
Group CEO,
Energy Business Group

Contributing to Our World Through Business

Brunei Solar Photovoltaic Power Generation Demonstration Project

In August 2008, MC and the Energy Division, Prime Minister's Office (EDPMO) of Brunei signed a memorandum of understanding to undertake a large-scale solar photovoltaic power generation demonstration project. This project involves installing a solar photovoltaic power generation system with a nominal capacity of 1.2 MW, the largest in Southeast Asia, at Seria Power Station in the Belait District, Brunei. EDPMO, the Department of Electrical Services and MC will jointly carry out verification tests and evaluations over a three-year period after commissioning. The installment of this system is the first such undertaking in Brunei. To help Brunei develop solar photovoltaic power generation, MC will provide capital for the demonstration project, as well as contribute through technology transfers and personnel training.

MC and Brunei have been conducting business together for many years. In fact, the business relationship stretches back 40 years to 1969 when MC was involved in Brunei's first LNG project. Aiming to build up its oil and gas reserves in Brunei, MC is also active in the E&P field in the country.

The signing ceremony for the joint solar photovoltaic power generation demonstration project.

Energy Business Group

Natural Gas Business Division A

- Brunei Project Unit
- Alaska Project Unit
- Malaysia Project Unit
- Australia Unit
- Indonesia Project Unit

This division handles around 40% of the LNG imported into Japan by volume. MC boasts strong capabilities in executing LNG projects based on experience gained over many years.

This division is developing business across many parts of the LNG value chain. MC produces and liquefies natural gas and ships the resulting LNG from the world's main exporting countries and regions of Alaska, Brunei, Malaysia, Australia and Indonesia (the Arun and Tangguh projects). MC is also an LNG import agent for the Japanese market. The aim is to continue building the earnings base from the LNG business by adding to gas reserves within the existing franchise while also seeking to enhance the division's functional strengths in the LNG value chain further.

Key achievements in the fiscal year ended March 31, 2009 included offshore exploration in the state of Sarawak, Malaysia, and the start of LNG production in September 2008 from the fifth train at the Karratha gas liquefaction facility in the NWS Project in Western Australia.

In other developments, MC is undertaking a large-scale solar photovoltaic power generation demonstration project in Brunei. As well as contributing capital for the demonstration project, MC also plans to help Brunei develop solar photovoltaic power generation through technology transfers and personnel training.

Increased production capacity at the NWS Project promises secure supplies of energy for regions such as Northeast Asia.

Natural Gas Business Division B

- Oman Project Unit
- Sakhalin Project Unit
- Business Development Unit
- Global Gas Unit
- Donggi-Senoro Project Unit

Besides involvement in gas projects in Russia (Sakhalin II) and Oman, this division is working to capitalize on growth in the global LNG market through the establishment of innovative business models.

Shipments of LNG from Sakhalin II began in March 2009. This project has an annual LNG production capacity of 9.6 million tonnes from 2 liquefaction trains, of which around 60% will be supplied to Japan. In Indonesia, MC has taken up the challenge of developing the Donggi-Senoro LNG project as the overall business operator. At the same time, the division is pursuing a number of new LNG business projects, not only in Asia/Oceania but also in South America, the Middle East and Africa. In addition, MC is actively developing unconventional sources of natural gas such as coal bed methane and oil shales as well as offshore LNG production based on the concept of FPSO (Floating, Production, Storage and Offloading system) technology.

In the fiscal year ended March 31, 2009, achievements included MC's acquisition in January 2009 of access rights to the Freeport LNG Terminal in Texas, U.S. Leveraging this with the 2008 investment in U.S.-based energy marketing firm CIMA Energy, MC is aiming to expand global trading in natural gas further.

LNG shipments from Sakhalin II have begun, offering the Asia-Pacific region stable supplies of energy from a greater diversity of sources.

Petroleum Business Division

- Petroleum Supply & Sales Unit
- Industrial Petroleum Marketing Unit
- Utility Feedstock Unit
- Orimulsion Unit
- Petroleum Feedstock Unit
- International Petroleum Unit

This division is engaged in diverse transactions in midstream and downstream petroleum businesses and boasts a substantial presence, especially in Japan and other markets in Asia.

MC is involved in the trading of crude oil and petroleum products; in petroleum refining on a contract basis through an equity stake in Showa Yokkaichi Sekiyu Co., Ltd., the operation of oil tankers and petroleum terminals, sales of petroleum products to electric utilities and industrial firms; and in the operation of a fuel retailing business through a national network of approximately 1,200 service stations (SS) in Japan owned by Mitsubishi Shoji Sekiyu Co., Ltd. and other subsidiaries. MC is thus developing a wide range of businesses across the entire value chain. In these operations, MC deals with overseas oil-producing nations and corporate oil majors as well as a wide range of domestic customers, including electric utilities, petroleum wholesalers, industrial firms, and service station operators.

Although demand is in structural decline in Japan due to factors such as a falling population and the orientation to a low-carbon society, demand for oil is projected to continue expanding in growth markets such as developing nations in Asia. While reinforcing its area of principal strength in sales of petroleum products within the Japanese market, the division also aims to leverage MC's unique network to expand trading of crude oil and petroleum products within the Asia-Pacific region.

MC is working to reinforce its transport capacity for crude oil through the operation of a fleet of supertankers such as *Diamond Aspire* (pictured). A second vessel that is owned by MC is expected to join the fleet in the fiscal year ending March 31, 2010.

Carbon & LPG Business Division

- Carbon Materials Unit
- Petroleum Coke Unit
- LPG Business Unit
- Namikata Terminal Business Unit

Carbon Business

The division handles a vast and varied range of carbon materials and products. MC's aim is to expand this business through involvement across the entire value chain.

In the carbon business, MC handles exports and imports as well as overseas trading and domestic trading transactions for a broad range of carbon materials and products, including petroleum cokes, coal cokes, tar and tar distillates. MC is pursuing a dual-track expansion strategy for this business based on increased trading of key products alongside business investments in high-value-added carbon materials and related products.

Major achievements during the fiscal year ended March 31, 2009 included progress in developing the business for aluminum-related carbon materials and products. MC established a joint venture with Zhenjiang Cokes Co., Ltd., China's largest specialist coke manufacturer, and preparations were made to begin producing anodes for aluminum smelting. In the carbon fiber insulation materials sector, MC's joint venture with Kureha Corporation increased production capacity for these products at one of its manufacturing bases.

LPG Business

The division is targeting further growth in the LPG (liquefied petroleum gas) business through Astomos Energy Corporation, which is the LPG industry leader in Japan. Building on the experience and know-how that MC has cultivated over many years, Astomos Energy is looking to expand its business overseas by marketing LPG as an environmentally superior fuel with high potential utility in times of disaster. The firm is also building on its strong partnerships with domestic distributors to develop operations in Japan.

Efforts are under way to boost demand for LPG in connection with the promotion of residential fuel cell systems under the ENE-FARM brand name. MC is actively promoting adoption of this system by Japanese households in an alliance of six companies comprising Astomos Energy, Tokyo Gas Co., Ltd., Osaka Gas Co., Ltd., Toho Gas Co., Ltd., Saibu Gas Co., Ltd. and Nippon Oil Corporation, which was announced in January 2009.

In a world-first initiative, Astomos Energy has partnered with leading companies such as Tokyo Gas to begin selling "ENE-FARM" residential fuel cell systems.

Exploration & Production Unit

The Energy Business Group is building MC's oil and natural gas exploration, development and production (E&P) operations around the world in conjunction with subsidiary Mitsubishi Corporation Exploration Co., Ltd. Oil and natural gas E&P operations are positioned as a core business in MC's INNOVATION 2009 plan. The aggressive development of these operations is aimed at establishing future earnings streams.

MC is conducting offshore E&P activities on the west coast of Africa near to Gabon and Angola, in the U.S. Gulf of Mexico, in the U.K. North Sea, and in Indonesia. MC has also taken an equity stake in P.T. Medco Energi Internasional, a leading Indonesian energy company.

During the fiscal year ended March 31, 2009, MC wholly owned subsidiary MPDC Gabon Co., Ltd. discovered the Loche East Marine oil field within the Ebene license off the southwest shores of Gabon. MPDC Gabon owns a 50% production interest in this license. Full-scale development work on the new field has begun, with production expected to surpass 2,000 barrels per day.


Recoverable reserves at the new oil field discovered in Gabon are projected to rise to around 7.5 million barrels within 10 years of initial production. Lifetime production estimates for the field are up to around 14 million barrels.

Energy Business Development Unit

Seizing opportunities created by major change in the energy business environment, MC is working to develop new energy-related business models.

The Energy Business Development Unit is actively engaged in the development of new businesses. These include the supply of secondary energy sources through the establishment of Frontier Energy Niigata and on-site power generation ventures; initiatives in sectors relating to both solid and liquid fuels; and businesses based on exploiting underutilized coal resources.

Biopellets are a solid biofuel that offer a useful means of helping to cut greenhouse gas emissions. Demand for this fuel is expected to grow in the future as an alternative to coal. In Japan, where coal-fired boilers burn around 100 million tonnes of coal every year, interest in switching to solid biofuels is expected to grow, especially among the electric utilities that are now legally obliged to introduce alternative forms of energy. Partnering with leading biopellet manufacturers and woodchip makers in Japan and overseas, the Energy Business Development Unit is working to stimulate demand for this emerging type of fuel.

Metals Group

front Jun Kinukawa
Executive Vice President,
Group CEO, Metals Group

back row from left

Mitsuyuki Takada
Division COO,
Steel Business Division

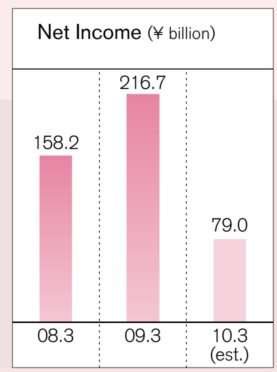
Iwao Toide
Division COO,
Ferrous Raw Materials Division

Kenji Tani
Senior Vice President,
Division COO,
Non-Ferrous Metals Division
(Concurrently)
General Manager, Non-Ferrous Metals Marketing and Risk Management Unit

Organizational Structure

- Metals Group CEO Office
- Metals Group Controller Office

- **Steel Business Division**
- **Ferrous Raw Materials Division**
- **Non-Ferrous Metals Division**



Group CEO's Message

Fiscal Year Ended March 31, 2009 Performance

The Metals Group is developing a variety of businesses on both the investment and trading sides in the sectors of steel products, ferrous raw materials and non-ferrous metals. One of the main strengths of the business group is that the investment and trading businesses function much like the two axles of a car.

Our major investment subsidiaries include Mitsubishi Development Pty Ltd (MDP), which invests in metal and mineral resource projects in Australia, notably coal, and also manages the production and marketing of these resources. Our upstream asset portfolio also includes production interests in copper mines in Chile and Peru. On the trading side, our principal businesses include Metal One Corporation, an MC subsidiary engaged in the sale and marketing of steel products, and Mitsubishi Corporation Unimetals Ltd., an MC subsidiary involved in trading non-ferrous metal ores and finished products.

The business group recorded consolidated net income of ¥216.7 billion in the fiscal year ended March 31, 2009, a year-on-year increase of ¥58.4 billion and a new record high. The major factor in this performance was a substantial increase in earnings at MDP as the result of higher coal prices. This offset the combined effects of write-downs on shares, a decline in dividend income due to lower non-ferrous metals prices, and a fall in earnings at Metal One caused by the economic downturn.

The onset of the global financial crisis in the fall of 2008 caused a slump in many commodity prices worldwide, and we expect these conditions to persist for a while. On the other hand, we see underlying demand remaining firm for metals resources and related products based mainly on steady growth in raw steel output and vehicle production, which will be supported by economic growth in China, India and other developing countries over the medium and long term. We plan to invest in working interests in resources on an ongoing basis so that we can build a stable base of supply to respond to growth in demand for metals resources over the longer term. In the fiscal year ended March 31, 2009, MDP acquired an interest in the Kintyre Uranium Project in Western Australia in partnership with Cameco Corporation of Canada. Also in Australia, BMA, in which MDP owns a 50% stake, acquired a 100% interest in Saraji East, an undeveloped coking coal project. Elsewhere, we purchased a 33.4% equity stake in

Strand Minerals (Indonesia) Pte Ltd, which owns 90% of the Indonesian mining firm PT Weda Bay Nickel.

Fiscal Year Ending March 31, 2010 Outlook and INNOVATION 2009

As discussed above, while we expect the global slump in commodity prices due to the financial crisis and other factors to persist in the short term, over the medium and long term we believe that demand conditions for metals resources and related products are likely to recover steadily.

MC has positioned the fiscal year ending March 31, 2010 as a year for implementing urgent measures to address the changing business environment. In line with this, we plan to carefully review our portfolio of existing assets and consider whether to institute any replacements, with a strong emphasis on maintaining a healthy balance sheet. At the same time, however, we will continue to focus on our basic management policies, including strengthening our presence in the metals resources field and the strategic trading field, and reinforcing the consolidated management base.

Our immediate focus will be on bringing to fruition the various world-class resource projects that we have acquired in recent years in coal, iron ore, uranium, nickel and other resources. We also plan to keep an eye out for good strategic investment opportunities so that we can continue to expand MC's portfolio of blue-chip production assets. In marketing and trading operations, we will focus on employing advanced trading strategies and on upgrading credit controls and other risk management functions.

We expect MDP to report lower profits in the fiscal year ending March 31, 2010 due to lower coal prices. Combined with the impact of declines in other commodity prices, we expect the business group's consolidated net income to fall to ¥79.0 billion, which would represent a year-on-year decline of ¥137.7 billion.

Jun Kinukawa
Executive Vice President,
Group CEO, Metals Group

Contributing to Our World Through Business

MOZAL and HERNIC Projects

The MC Group's Mozal S.A.R.L. (MOZAL) and Hernic Ferrochrome (Pty) Ltd. (HERNIC) projects in Africa are attracting attention not only in terms of expectations for business growth, but also for their strong social contribution.

Based in Maputo, the capital of Mozambique, MOZAL is one of the world's largest aluminum smelter projects. MC owns a 25% equity interest in this project. MOZAL has increased production volume since operations began in 2000, and along with it created more jobs for locals, helping drive the reconstruction of Mozambique. Indeed, today MOZAL generates around 20% of the country's GDP. Through Mozal Community Development Trust (MCDT), a non-profit organization established by the shareholders of MOZAL, this project gives back to the community by supporting small businesses, helping build social infrastructure and providing assistance for educational, public health and environmental, sports and cultural initiatives.

Meanwhile, HERNIC, based on the outskirts of Johannesburg, the Republic of South Africa, extracts chromium ore from which it produces and sells ferrochrome. MC is using its 51% controlling interest in HERNIC to pursue resource development and the smelting business. HERNIC and MC work together to provide assistance to primary schools, as well as to support an HIV/AIDS education program, offer occupational training, fund a scholarship program and foster the regional economy.

HERNIC has devised a Vegetable Garden Plan program, whereby it provides instruction and support for creating vegetable gardens in school grounds.

Metals Group

Steel Business Division

- Steel Products Business Unit
- Steel Investment and Business Development Unit
- Components Business Development Unit

Harnessing the collective capabilities of MC and working together with key subsidiary Metal One, a joint venture created in 2003 with the former Nissho Iwai Corporation (now Sojitz Corporation) that is the industry's largest trading firm specializing in steel products, the Steel Business Division is constructing and developing a global value chain for steel products. In the upstream sector of this value chain, the division is taking capital stakes in steel businesses in places such as Brazil and Chile as part of efforts to deepen ties with steelmakers. In the downstream sector, MC is developing operations for pressed steel auto parts in Thailand and Australia. Within the midstream steel distribution sector, the emphasis is on rationalizing and reinforcing the steel product distribution value chain through the operations of Metal One, a core contributor to divisional earnings. At the same time, MC is looking to develop the business by strengthening relations with key industries and by quickly anticipating market needs.

Metal One recorded consolidated net income of slightly over ¥20.0 billion in the fiscal year ended March 31, 2009, which was down from the previous fiscal year. Although rising resource prices and tight supplies of steel products pushed up prices of steel products during the first half of the year, steel product demand fell sharply in the second half due to the global economic downturn.

While market prices for steel products have fallen steeply since the fall of 2008 in tandem with the global economic downturn, prices are projected to firm over the medium and long term due to robust growth in demand from the BRICs and other developing nations. Metal One has both short-term and medium- and long-term strategies in place to meet the challenges of this fast-changing business environment.

Under the short-term strategy, Metal One views the fiscal year ending March 31, 2010 as a year of enduring a highly volatile business environment through strict management of risks and costs, combined with operational reforms. Over the medium and long term, Metal One plans to undertake further reorganization and rationalization of Japanese steel distribution operations. The company plans to expand steel product processing bases to meet increasing demand for steel products in the Americas, China, India and other markets. It will also develop fields that are a source of new demand such as the renewable energy sector.

Metal One took several steps to start executing this global development strategy in the fiscal year ended March 31, 2009. In China, a joint venture began supplying melt-cut and processed steel plates to local construction machinery manufacturers. Metal One also established a local subsidiary, Metal One Corporation India Pvt. Ltd., in India, with headquarters in New Delhi and branch offices in Mumbai, Chennai and Kolkata. Steel frame fabrication operations also commenced in Vietnam. Metal One plans to continue pursuing this value chain-oriented strategy by seeking to develop new operations and construct new business models in each of these markets, all of which have excellent growth potential.

Employees of Metal One volunteer each year to take part in environmental activities such as tree planting and cleaning up coastlines or urban areas.

Ferrous Raw Materials Division

- Ferrous Raw Materials Sales and Marketing Business Unit
- Thermal Coal Business Unit
- Iron Ore Business Unit
- Stainless and Specialty Steel Raw Materials Business Unit
- MDP Unit

This division is focusing efforts on reinforcing the business through investments in upstream resources as well as in downstream marketing operations.

The investment business provides the major pillar of sustained earnings growth for the division. MC's coking coal business in Australia owned through subsidiary MDP boasts the largest output in the world; plans call for further expansion in the future. MC also has substantial investments across a wide range of businesses, including the production of stainless steel raw materials and iron ore, as well as the production of coal and uranium for use as fuel for electricity generation. In particular, MC is expanding productive capacity at several projects in anticipation of future growth in global demand. These include ferrochrome production by Hernic Ferrochrome (Pty) Ltd. in South Africa and iron ore projects in Chile through Compañia Minera Huasco S.A. (CMH) and in Canada through Iron Ore Company of Canada (IOC).

In marketing operations, the division trades coking coal, thermal coal and iron ore as well as materials for production of stainless and specialty steels on a global basis.

Global demand for ferrous raw materials and fuel for power generation has declined since the fall of 2008 in line with the deterioration in the real economy. Growth in underlying demand in emerging economies remains firm, however, especially in Asia, and a projected recovery in demand over the medium to long term is expected to help drive global growth. Based on this projected demand trend, the division is focused on ensuring future stable supply capacity for materials and fuels, and strategic business development activities are ongoing.

Development is under way at the Clermont thermal coal mine in Australia ahead of the first planned shipments in 2010. Elsewhere in Australia, MC has also invested in a joint venture with local producer Murchison Metals Ltd. to develop an iron ore deposit at Jack Hills along with rail and port infrastructure for this major project.

In July 2008, in partnership with Canadian mining company Cameco, MC acquired an interest through MDP in the Kintyre uranium mine in Western Australia from Rio Tinto. In September 2008, BMA acquired a 100% interest in a large untapped deposit of high-grade coking coal at Saraji East (MC has a 50% stake in BMA through MDP). Situated to the east of and adjacent to the existing BMA coal mine at Saraji, this large deposit possesses major potential.

In February 2009, MC purchased a 33.4% equity stake in Singapore-based Strand Minerals from ERAMET S.A. of France. Strand Minerals owns 90% of PT Weda Bay Nickel, which is the project development and exploration company for the Weda Bay Nickel Project on the island of Halmahera in Indonesia. MC has undertaken to share the costs with ERAMET for assessing project feasibility for making investment decisions concerning future development.

The Kintyre uranium mine will provide Japan and other countries with a reliable supply of fuel for nuclear power stations at low cost. Nuclear power is gaining fresh popularity as a potential source of energy with minimal greenhouse gas emissions.

Non-Ferrous Metals Division

- **Base Metals Business Unit**
- **Aluminium Business Unit**
- **Bullion & Global Commodity Futures Business Unit**
- **Non-Ferrous Metals Marketing and Risk Management Unit**
- **Non-Ferrous Metals Business Development Unit**
- **TOT Project Unit**

Based on the three pillars of upstream resource interests, the metals trading business and futures trading operations, the Non-Ferrous Metals Division is working to expand MC's global business in non-ferrous metals, mainly copper, aluminum and precious metals such as gold, silver and platinum. In the upstream sector, MC aims to expand earnings by acquiring prime production assets. In metals trading, MC is working to develop the earnings base by strengthening sales functions for non-ferrous metals (both unrefined ores and finished products). In futures trading, MC is continuing to reinforce capabilities for trading futures and other derivatives.

MC possesses the largest equity interests in copper and aluminum production of any Japanese company. In copper, operational funding difficulties since the onset of the global financial crisis that was precipitated by the collapse of Lehman Brothers in September 2008 have forced many copper mining firms to revise plans to develop new mines or expand production at working mines. This has resulted in an excessive contraction in production that potentially threatens the ability to supply the projected growth in future demand. A similar situation exists in aluminum, where the financial crisis has led to steep falls in the price of the metal, creating harsh business conditions for aluminum smelters worldwide. MC owns interests in copper mines in Chile and Peru in South America—Escondida, Los Pelambres, and Antamina—that have another 20–50 years of extractable reserves. MC's business portfolio also contains blue-chip aluminum smelting assets—MOZAL and BOYNE—located in Mozambique in Africa, and Australia, respectively. In short, MC retains sufficient resources to maintain stable supplies in the event of a projected increase in demand over the medium and long term.

In trading of non-ferrous metal ores and finished products, the division continues to strengthen cooperation between its three offices in Tokyo, London and New York as part of efforts to reinforce and upgrade non-ferrous metals-related trading capacity in spot, futures and other derivatives markets. Going forward, MC plans to provide more sophisticated services to meet the increasingly diverse trading needs of customers.

In the futures trading business, the three MC subsidiaries of Triland Metals Ltd., Triland USA Inc. and Mitsubishi Corporation Futures & Securities Ltd. operate respectively on the leading commodity futures exchanges of the London Metal Exchange (LME), the New York Mercantile Exchange (NYMEX) and the Tokyo Commodity Exchange (TOCOM). The division continues to develop its global futures trading organization. Based on a wealth of trading experience and related expertise, the division is working to expand the revenue base and upgrade the functions of each futures trading subsidiary by applying advanced risk management techniques.

MC subsidiary Kinsho Corporation, which is a core part of trading operations in non-ferrous metal ores and finished products, changed its name to Mitsubishi Corporation Unimetals on April 1, 2009. The name change is aimed at reinforcing the sense of belonging to the MC Group as part of a policy of targeting further growth in this aspect of the business.

The largest copper mine in the world, the Escondida mine in Chile produces over 1 million tons of copper each year and has reserves for at least another 50 years of operation.

Machinery Group

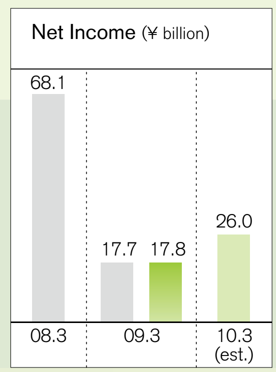
front row from left
Hajime Katsumura — Executive Vice President, Group CEO, Machinery Group
Hideyuki Nabeshima — Executive Vice President, Group CO-CEO, Machinery Group

back row from left
Hirotsugu Ishiyama — Division COO, Ship, Aerospace & Transportation Systems Division
Seiji Shiraki — Senior Vice President, Division COO, Plant & Industrial Machinery Business Division
Yasuo Nagai — Senior Vice President, Division COO, Power & Electrical Systems Division
Kozo Shiraji — Senior Vice President, Division COO, Motor Vehicle Business Division
Morikazu Chokki — Senior Vice President, Division COO, Isuzu Business Division

Organizational Structure

- Machinery Group CEO Office
- Machinery Group Controller Office

- **Power & Electrical Systems Division**
- **Plant & Industrial Machinery Business Division**
- **Ship, Aerospace & Transportation Systems Division**
- **Motor Vehicle Business Division**
- **Isuzu Business Division**



Former organization basis
New organization basis

* *Some facility transactions have been transferred from the Chemicals Group due to reorganization.*

Group CEO's Message

Fiscal Year Ended March 31, 2009 Performance

The Machinery Group handles machinery across many different sectors ranging from large-scale plants used to manufacture key industrial materials to equipment for general industrial applications and motor vehicles. Leveraging our track record as well as our extensive network, high credibility as a trading company and detailed knowledge of a host of fields, we aim to construct and expand value chains spanning machinery sales, finance, and distribution as well as business development and our extensive business investments.

Our overall business performed creditably in the first half of the year ended March 31, 2009 as the global economy continued to expand steadily, buoyed by robust demand in developing countries. Pricing conditions were good in markets for marine transport and shipbuilding amid high levels of economic activity. In the second half, however, global demand and prices of resources both slumped amid deterioration in the real economy after the emergence of the global financial crisis in September 2008. Our operating environment changed suddenly. Most of our key businesses in sectors, such as plants, industrial machinery, ships and motor vehicles, were severely affected by the ensuing global recession. Although ship charter fee income increased, our overall performance fell due to a combination of lower vehicle sales in overseas markets, the impact of foreign currency fluctuations, and losses stemming from the write-down of equity investments and fixed asset impairments. We posted consolidated net income (former organization basis) of ¥17.7 billion, a ¥50.4 billion decline compared with the previous year.

In the face of tough operating conditions, we also took measures aimed at ensuring growth over the medium and long terms. Specific actions included underwriting a third-party increase in capital at Chiyoda Corporation in April 2008; participating in a drill ship joint venture with PETRÓLEO BRASILEIRO S.A. ("Petrobras"), Brazil's national oil company; and establishing a motor vehicle sales company in China.

Fiscal Year Ending March 31, 2010 Outlook and INNOVATION 2009

We expect the current harsh operating environment to persist at least until the end of March 2010, which will make the current fiscal year another challenging one.

Our policies remain unchanged. Our strategy is, first, to prioritize investments of management resources in businesses operating in growth fields, while also continually upgrading and refining our trading* functions—the foundation of the Machinery Group. Second, we aim to develop new business models by effectively synchronizing our trading activities with business investments. Third, through such actions, we aim to provide customers and partners with more advanced functions and greater value. Through this three-pronged strategy, we are focused on reinforcing a stable earnings base not easily affected by resource price volatility. In the short term, however, our priority under the current economic environment is to fortify our operations. Our efforts are focused on strengthening risk management, cutting costs, and adjusting inventory levels and maintaining operational funding at existing MC business investees.

We also plan to continue implementing plans aimed at generating growth over the medium and long terms. Our basic policy is to target sectors and regions where we can leverage MC's strengths, generate a certain level of profits and create future growth. These include sectors such as infrastructure, resource and energy development, where global demand prospects remain firm. In our motor vehicle-related operations, we are also actively looking to develop business in new markets. Specific fields where we are looking to expand include electric power, nuclear power, renewable and alternative energy, plants, railways, ships, and industrial machinery. In the auto sector, we are targeting expansion into new developing country markets. We plan to continue making steady progress, depending on economic conditions.

We expect profits from ship-related operations to decline in the year ending March 31, 2010 due to a fall in rates in the chartered shipping market. We see business group consolidated net income (on the basis of our new organization structure) increasing by around ¥8.0 billion to ¥26.0 billion (compared with a figure of ¥17.8 billion for the year ended March 31, 2009 on the same organizational basis). In part, this projection assumes there will not be any repeat of losses stemming from the write-down of equity investments and fixed asset impairments.

* Trading includes trading transactions of various types of machinery, including plants, facilities, equipment, ships, rolling stock, motor vehicles and parts, and after-sales services relating to these transactions.

Hajime Katsumura
Executive Vice President,
Group CEO, Machinery Group

Hideyuki Nabeshima
Executive Vice President,
Group CO-CEO, Machinery Group

Contributing to Our World Through Business

Participation in Official Development Assistance (ODA) Initiatives

The Japanese government entered into the ODA program in 1954. Having received aid in the aftermath of WWII, Japan hoped to make a contribution to international peace and social development while also supporting security and prosperity at home.

As a *sogo shosha* engaged in international business development, MC has obligations to contribute to society as a member of the international community as well. MC is involved in ODA-funded projects that aim to promote sustainable economic growth in developing nations to raise living standards in these countries.

Grant Aid is particularly aimed at financing the construction of social infrastructure in developing countries, including roads, bridges, environmental and water systems, electrification facilities, and at the medical, broadcasting, meteorological and cultural fields. MC is promoting a variety of development projects across a wide range of sectors.

The Three Corporate Principles, MC's corporate philosophy, include "Shoki Hoko," which means 'corporate responsibility to society.' Based on this philosophy, MC will continue being involved in ODA projects for the mutual benefit of Japan and developing nations worldwide.

Water and sewage project in Luapula Province, Republic of Zambia. Children rejoice at the first well dug in the village.

Machinery Group

Power & Electrical Systems Division

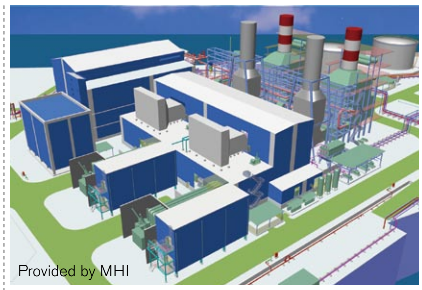
- Power Systems Unit
- Power Systems Export Unit
- Elevator & Escalator Operation & Marketing Unit
- Power Generation & Marketing, International Unit
- Power Marketing, Japan Unit

Supported by 32 offices worldwide, this division is involved in global trading of power generation plants, elevators and other equipment. MC also actively promotes the sale of power at both the wholesale and retail levels.

Although business conditions in the past fiscal year were affected by the global financial crisis and economic downturn, demand for power remained firm in Japan and other parts of the world. The division's EPC*[1] and trading businesses generated relatively steady growth, as did on-site (inside-the-fence) power generation operations in Japan. The main drag on divisional performance was share write-downs.

MC does not expect any rapid recovery in the external operating environment in the current fiscal year. However, a mild improvement is expected in some sectors as the global recession eases.

Given these conditions, MC plans to focus on maintaining and expanding its EPC and trading businesses while seeking to diversify supply sources for generating facilities and related equipment and further reinforcing solutions-providing functions. In relation to business investments within the overseas IPP*[2] and domestic on-site power generation sectors, the division plans to implement measures aimed at driving growth while seeking to optimize its business investment portfolio. MC also plans to continue its domestic electricity retailing business, while optimizing its power source portfolio. Elsewhere, while continuing to develop MC's portfolio of European wind power assets through a fund established in the Netherlands in 2008, the division also plans to actively promote businesses aimed at realizing a low-carbon society through an increasing involvement in businesses based on new technologies such as CO_2 capture and storage. In the elevator business, the division is looking to expand these operations in global partnership with Mitsubishi Electric Corporation.



Provided by MHI

MC, Mitsubishi Heavy Industries, Ltd. (MHI) and others have jointly won an order from Indonesia's state-owned electric utility for a 750 MW gas turbine combined cycle (GTCC) thermal power plant to be built at the existing Tanjung Priok site. This project involves renovating an aging facility using a more eco-friendly solution.

Plant & Industrial Machinery Business Division

- Energy & Chemical Projects Unit
- Heavy Machinery & Steel Structures Unit
- Industrial Machinery & Equipment Business Unit
- Construction & Mining Equipment Project Unit

Working in the basic industry and social infrastructure sectors, this division seeks to leverage MC's resources and capabilities to offer optimal solutions to help customers worldwide realize capital investment plans.

Buoyant appetite for capital investment resulted in favorable growth in the plant business and business where we sell machinery and equipment in large volumes during the first half of the past fiscal year. In the second half, however, many companies deferred or froze capital spending plans in response to the economic downturn. This caused a drop in demand for machinery and equipment sold in large volumes. With conditions expected to remain harsh in the year ending March 31, 2010, MC's policy is first to prioritize supporting core operations. In the plant business, MC plans to continue executing ongoing projects while imposing strict credit management controls. In machinery and equipment sold in large volumes, MC aims to reinforce the base at core business investments such as Mitsubishi Corporation Technos and rental services provider Nikken Corporation.

EPC*[1] and trading businesses, and business investments are the twin engines propelling the growth of this division. This is in line with a fundamental policy of contributing to the development of the Japanese economy and the rest of the world in cooperation with customers, business partners and other parts of MC. The division is committed to taking the necessary actions to target growth going forward.

Specific aims include (1) boosting enterprise value at Chiyoda Corporation; (2) upgrading MC's involvement in areas relating to new technologies and resources; and (3) developing new business projects with more diverse supply sources, particularly among Chinese manufacturers.

In its first full-scale cooperative venture with a China-based producer, the division is selling equipment for transporting ores to major metal resources companies. The first installation (pictured) will be at one of the world's largest mines.

Ship, Aerospace & Transportation Systems Division

- Ship Unit
- Transportation Systems Unit
- Defense Systems Unit
- Space & Integrated Defense Systems Unit

This division's broad-based operations span equipment used in land, sea and air transportation, defense and aerospace systems, and products with applications related to positional or spatial information.

Ship-related operations reported year-on-year gains in performance despite the global financial crisis in the second half of the year, due mainly to the strength of prices in the marine transport market during the first half. In the railway sector, MC's rail-related operations generated strong growth due to rising demand for rail transportation worldwide. In the defense and aerospace sector, performance dipped temporarily due to factors related to the timing of major projects. As a result, divisional profits were largely unchanged.

Going forward, MC aims to continue expanding divisional operations to take advantage of business opportunities once economies recover. In the ship-related business, MC is focusing on initiatives aimed at building a more stable earnings base by making operations more resilient to market fluctuations. In the railway sector, MC aims to expand EPC*[1] and trading operations alongside business investments to capture rising demand for railways. In the defense and aerospace sector, MC is looking to develop new businesses to cater to emerging social needs in areas such as national security and the utilization of space for various purposes.

Construction of the first urban transport system in the Middle East is under way in Dubai, with a scheduled opening date in September 2009. MC aims to make use of the experience gained in this project to expand sales of railway systems.

Motor Vehicle Business Division

- **Motor Vehicle ASEAN & South West Asia Unit**
- **Motor Vehicle North Asia Unit**
- **Motor Vehicle Europe, Middle East & Africa Unit**
- **Motor Vehicle Americas & Australia Unit**
- **Motor Vehicle Domestic Operation Unit**

Through business investments in the manufacture and sales of motor vehicles supplied by Mitsubishi Motors Corporation (MMC) and other manufacturers, this division aims to enhance the value added by building broad-based value chains.

Motor vehicle sales volumes declined worldwide in the second half of the year ended March 31, 2009 due to the financial crisis. The yen's appreciation was another factor.

Although sales held up well in the early part of 2008 in Indonesia, growth slowed in the latter part of the year ended March 31, 2009 due to the effects of the global financial crisis. Markets across Western Europe remained depressed from the start of the year, and growth tapered off in Russia and Ukraine, two markets that had performed well in the previous year.

In China, MC targeted higher sales of imported built-up vehicles with the establishment of Mitsubishi Motor Sales (China) Co., Ltd., an importing and sales joint venture with MMC.

In the U.K., MC made The Colt Car Company Ltd. (CCC) and Spitalgate Dealer Services Ltd. (SDS), a provider of vehicle sales finance, wholly owned subsidiaries.

In South Korea, MC participated in the establishment of MMSK Corporation to sell motor vehicles in this market.

Business conditions are expected to remain harsh in the fiscal year ending March 31, 2010. MC is working to reinforce and develop existing operations that span approximately 20 countries around the world.

Mitsubishi Motor Sales (China) is an importing and sales joint venture with MMC. MC aims to expand sales of imported built-up vehicles in China while also building an automobile business value chain within the country.

Isuzu Business Division

- **Thai Business Unit**
- **Europe, Middle East & Africa, Americas Business Unit**
- **Asia & Oceania Business Unit**

This division has investments in businesses that manufacture and sell Isuzu Motors vehicles and parts, mainly in Thailand, and also export these products overseas.

The fiscal year ended March 31, 2009 saw a sharp decline in the global automobile market as a result of the financial crisis.

In Thailand, the division's key market, MC is developing a broad-based value chain spanning parts manufacture and vehicle assembly as well as retail sales and finance operations. MC's sales of vehicles in the domestic Thai market fell 14% in year-on-year terms to around 130,000 units. This marked the third consecutive drop in annual sales. Exports of vehicles from Thailand were roughly flat at around 60,000 units.

The division also has existing operations in other markets in Europe, Mexico and the ASEAN region. In 2008, MC established a new company called Isuzu UTE Australia Pty Ltd to sell Isuzu pickup trucks in Australia. Based on a close cooperative relationship with Isuzu Motors, the division aims to expand operations further, using business experience and know-how gained in Thailand to sell more vehicles made by Isuzu Motors in markets worldwide.

While MC expects the global financial crisis to continue depressing vehicle markets, it also presents a valuable opportunity to strengthen the division's existing presence. MC plans to reinforce its existing business investment portfolio, not only in Thailand but also in other countries. With global competition in the auto industry expected to intensify, MC plans to work with Isuzu Motors to boost the competitiveness of the product range as well as reinforce sales capabilities with the aim of benefiting from the eventual market recovery.

Established to make inroads into the Australian market for pickup trucks, Isuzu UTE Australia began selling these products in October 2008. MC has plans to expand this business further.

*[1] EPC: Engineering, Procurement and Construction
*[2] IPP: Independent Power Producer

Chemicals Group

front: **Takahisa Miyauchi**
Executive Vice President,
Group CEO, Chemicals Group

back row from left: **Hidekazu Sakurai**
Senior Vice President,
Division COO,
Commodity Chemicals Division

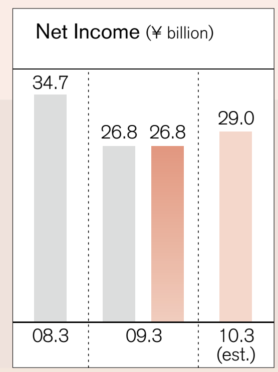
Tadahiko Igarashi
Senior Vice President,
Division COO,
Functional Chemicals Division

Organizational Structure

- Chemicals Group CEO Office
- Chemicals Group Controller Office

- **Phoenix Unit**
- **Saudi Petrochemical Project Unit**

- **Commodity Chemicals Division**
- **Functional Chemicals Division**



Former organization basis
New organization basis
* *Some facility transactions have been transferred to the Machinery Group due to reorganization.*

Group CEO's Message

Fiscal Year Ended March 31, 2009 Performance

The Chemicals Group trades and invests in the commodity chemicals and functional chemicals fields. Commodity chemicals include petrochemicals, olefins and aromatics, methanol, ammonia, chlor-alkali, fertilizer and inorganic chemicals. Functional chemicals include plastics, functional materials, electronic materials, food ingredients, and fine chemicals.

Our basic strategy is to tap into global market growth by trading various products in value chains stretching from upstream to mid-stream and downstream sectors and making business investments that strengthen and expand those trading activities.

In the fiscal year ended March 31, 2009, this business group posted consolidated net income of ¥26.8 billion (former organization basis), down ¥7.9 billion year on year. One reason for this decline was the absence of tax benefits recorded in the previous fiscal year from raising our equity interest to over 30% in SPDC Ltd. through the purchase of additional shares in this company. Another factor was lower earnings from trading at overseas regional subsidiaries in the U.S. and elsewhere in line with a rapid drop in chemicals prices during the second half of the past fiscal year.

Key moves during the fiscal year ended March 31, 2009 included establishing MC Ferticom Co., Ltd. in August 2008 through the integration of five subsidiaries engaged in the domestic manufacture and sale of fertilizer in Japan. MC owns a 72.8% stake in this firm which aims to meet the needs of the diversifying fertilizer market and agricultural sites in Japan. In an unrelated development, in January 2009, MC consolidated subsidiaries Mitsubishi Shoji Plastics Corp. and Fujisangyo Co., Ltd. merged in a move designed to further strengthen and expand the plastics business.

Fiscal Year Ending March 31, 2010 Outlook and INNOVATION 2009

During the past fiscal year, the global financial crisis spread to the real economy, catalyzing large falls in crude oil and naphtha prices. This in turn led to much lower prices for chemical products worldwide in the second half of 2008. Demand has also contracted in the wake of the real economic growth downturn. In China, a recovery trend has since been seen in some sectors, but the longer-term outlook is unpredictable. At the same time, competitive new or expanded facilities are being constructed in the Middle East and will be completed and become fully operational soon. With the timing of a recovery in demand uncertain, our business environment is thus expected to remain difficult.

In the face of these conditions, we will more vigorously scrutinize projects, narrowing our investment targets to fields where we have expertise and can fully leverage our functions. In the fiscal year ending March 31, 2010, SHARQ, a polyethylene and ethylene glycol manufacturer in which SPDC has a 50% equity interest, is expected to complete expansion work to double its production capacity. At Metanol de Oriente, METOR, S.A. (METOR), a Venezuela-based methanol producer in which MC has a 25% equity interest, an ongoing expansion project is expected to boost capacity by 850,000 tons/year; this new facility is expected to begin commercial operations in the first half of 2010.

For the fiscal year ending March 31, 2010, the Chemicals Group is projecting consolidated net income (new organization basis) of ¥29.0 billion, ¥2.2 billion up on the ¥26.8 billion (new organization basis) recorded in the past fiscal year. This forecast assumes lower earnings from transactions, reflecting lower chemical prices, but higher equity in earnings due to the recording of taxation reform benefits at SPDC.

On April 1, 2009, this business group underwent a reorganization, which saw the Saudi Petrochemical Project Unit put on an independent footing from the Functional Chemicals Division; it is now managed directly by me. Furthermore, the Advanced Sciences & Technologies Division has been progressively disbanded and integrated into the Functional Chemicals Division.

Takahisa Miyauchi

Executive Vice President,
Group CEO, Chemicals Group

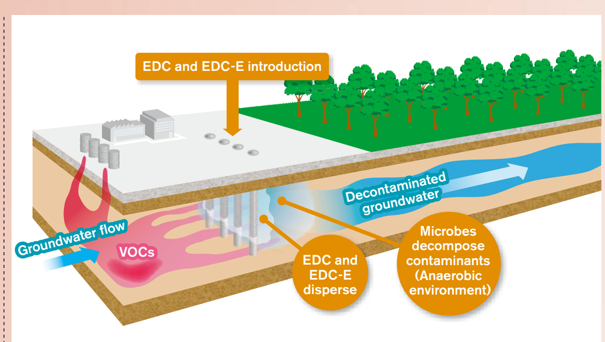
Contributing to Our World Through Business

CO_2 Polymer

Working with industry and academia, including The University of Tokyo, MC is developing technology for manufacturing plastic using carbon dioxide. Compared to conventional plastics made from oil, CO_2 emissions are reduced by more than 30%. This plastic is expected to find wide-ranging application such as in solar cell panels and automotive glass.

Electron Donor Compounds

Since 2004, MC has been selling electron donor compounds (EDC) developed and produced by EcoCycle Corporation as the exclusive sales agent. For example, EDCs are sold to engineering firms for soil remediation. A product that harnesses the power of bio-technology, EDCs are distinctive for their low environmental impact and low cost. EDCs act like medicine to safely remediate soil and groundwater polluted by volatile organic compounds (VOCs) and hexavalent chromium, and have won high marks from a broad range of customers.



EDC Introduction
EDCs are mixed with water and added to contaminated soil, promoting the propagation and activity of microbes in the soil, which degrade VOCs.
* EDC-E is a supplementary strengthening agent and when used with EDCs leads to enhanced action and continuity.

Chemicals Group

Commodity Chemicals Division

- Olefins & Aromatics Unit
- Petrochemical Intermediates Unit
- Polyester Unit
- Methanol Unit
- Ammonia Unit
- Fertilizer Unit
- Inorganic Chemicals Unit
- Chlor-Alkali Unit

This division trades in petrochemicals, methanol, ammonia, chlor-alkali, inorganic chemicals and fertilizers, and also invests in businesses related to these activities. Moving forward, the division aims to increase transaction volumes and its share in the trade field, and in products and fields where there is an increasing imbalance between supply and demand.

We also plan to make business investments to strengthen trading, as well as upgrade logistics capabilities.

Key business investees in this division are Venezuelan methanol producer Metanol de Oriente, METOR (METOR), Malaysian aromatics (benzene and paraxylene) manufacturer Aromatics Malaysia Sdn. Bhd., Indonesian ammonia manufacturer PT. Kaltim Parna Industri (KPI), and Mexican solar salt manufacturer Exportadora de Sal, S.A. de C.V. (ESSA).

Overseas activities in terms of both trading and business investment are accounting for an increasing share of the division's overall activities, and our geographic reach is also widening. In order to meet customers' needs, we will trade and make investments underpinned by a high degree of specialization and ability to accurately "read" supply-demand dynamics. At the same time, we are working to develop an extensive worldwide network and build up our expertise.

In the fiscal year ended March 31, 2009, we established MC Ferticom in August 2008 by integrating five domestic subsidiaries engaged in the manufacture and sale of fertilizer. MC has a 72.8% equity interest in this company. MC's aim is to ensure a stable supply of fertilizer raw materials, which are unevenly distributed overseas, to Japan and growth markets around the world, as well as to meet the needs of the diversifying Japanese fertilizer market and agricultural sites.

METOR is currently constructing an 850,000 ton/year facility adjoining an existing plant that is capable of producing 750,000 tons of methanol a year. Commercial operations at the new facility are scheduled to begin in the first quarter of 2010.

Functional Chemicals Division

- Plastics Unit
- PVC Unit
- Functional Materials Unit
- Coating Chemicals Unit
- Functional Polymers Unit
- Electronics Materials Unit
- Bio-Fine Chemicals Unit
- Life Science Products Unit

This division conducts trading activities and makes business investments to reinforce those activities to strengthen and expand value chains globally in the midstream and downstream sections of the chemicals industry. Value chains extend from raw materials and other materials used in plastics, functional products, food science and bio-technology and fine chemicals fields, to components and finished products.

A feature of this division is the breadth of the industries it serves. Besides plastics, we handle fine titanium oxide particles, abrasives and other chemicals for the chemical treatment of mineral resources. Another notable feature is the global nature of our trading activities. We are currently working to globalize value chains in all areas where we are active. To illustrate the value chain, resin produced in the Middle East is processed into plastic shopping bags in China for use at LAWSON convenience stores and other retail outlets in Japan.

In the fields of office equipment and LCD TVs, Japanese and other finished product manufacturers and component makers are increasingly conducting business overseas. Along with the offshore relocation of manufacturing and processing businesses, these companies are seeking to procure basic materials globally. For this reason, the ability to supply products of a uniform quality worldwide to locations requested by customers is essential. At the same time as business opportunities are expanding, especially outside of Japan, a shakeout is under way in the chemicals industry, with survival depending on one's strengths, regardless of whether you are a trading company or a manufacturer. To make MC even stronger, we believe that we must offer detailed services that manufacturers are incapable of providing alone.

In terms of noteworthy developments in the fiscal year ended March 31, 2009, MC synthetic resin consolidated subsidiaries Mitsubishi Shoji Plastics and Fujisangyo merged in January 2009 to form the new Mitsubishi Shoji Plastics Corp. Strengthening and expanding the synthetic resins business is an important theme for this division. This merger should enhance our competitiveness and upgrade our services. We aim to expand the synthetic resins business by leveraging the strengths of both companies and MC's extensive worldwide network to the fullest extent possible to develop the value chain.

The ceremony establishing the new Mitsubishi Shoji Plastics was held at the Marunouchi headquarters.

Saudi Petrochemical Project Unit

MC owns an equity interest of just over 30% in SPDC Ltd., which is a shareholder in Eastern Petrochemical Co. (SHARQ), a Saudi Arabian polyethylene and ethylene glycol producer. The petrochemical operations of SPDC are one of our most important businesses as a source of raw materials in the upstream part of the value chain in the packaging, film and PET resins fields.

SHARQ is currently in the midst of third-phase expansion work scheduled for completion before the end of 2009. This expansion project will almost double annual production capacity. MC sells the polyethylene resin produced by SHARQ to customers in China and elsewhere in Asia as well as Europe. As part of measures to strengthen sales of resin, we are investing in film, plastic bag and other processing businesses in the downstream part of the value chain. In tandem with this, these cost-competitive products are imported and sold to Japanese users through our subsidiary Mitsubishi Shoji Plastics in the packaging materials value chain.

In terms of sales in Japan, we are working to expand transactions through close cooperation with the Living Essentials Group, including Mitsubishi Shoji Packaging Corporation.

We plan to continue strengthening and expanding the value chain from basic materials to finished products and further expand sales to take advantage of SHARQ's increased production capacity.

After the completion of stage expansion, SHARQ will have the capacity to produce 2.5 million tons of ethylene, 1.6 million tons of polyethylene, and 1.5 million tons of ethylene glycol per year, almost double the existing capacity. This will represent the largest annual production capacity for a single plant in the world.

Living Essentials Group

front row from left
Masahide Yano
Executive Vice President,
Group CEO, Living Essentials Group

Toru Moriyama
Senior Vice President,
Senior Assistant to Group CEO, Living Essentials Group (Concurrently)
General Manager,
Next Generation Business Development Unit

back row from left
Kazuyasu Misu
Division COO,
Foods (Products) Division

Takehiko Kakiuchi
Division COO,
Foods (Commodity) Division

Michio Kaga
Senior Vice President,
Division COO,
General Merchandise Division

Morinobu Obata
Senior Vice President,
Division COO,
Textiles Division

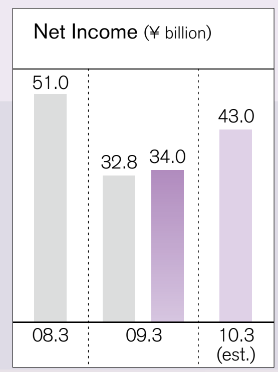
Sumio Ariyoshi
Senior Vice President,
Division COO, Human Care & Media Division

Organizational Structure

- Living Essentials Group CEO Office
- Living Essentials Group Controller Office
- Living Essentials Group Information System Office

- **Next Generation Business Development Unit**

- **Human Care & Media Division**
- **Foods (Commodity) Division**
- **Foods (Products) Division**
- **Textiles Division**
- **General Merchandise Division**



Former organization basis
New organization basis
* *The Human Care and Media Consumer businesses have been transferred to this business group from the former Business Innovation Group due to an internal reorganization.*

Group CEO's Message

Fiscal Year Ended March 31, 2009 Performance

The Living Essentials Group continues to create frameworks in the fields of food, clothing and housing to ensure that it can consistently procure and provide the high-quality products and services consumers desire. In a broad range of domains, extending from the procurement of raw materials to retail sales, we handle products as diverse as food, apparel, paper and packaging, and cement and construction materials. Our strength also lies in building value chains that extend from the upstream sector to the downstream sector. Through ongoing efforts to upgrade and increase functions and services in each business domain, we are strengthening value chains, further fortifying our earnings base.

In the fiscal year ended March 31, 2009, we posted consolidated net income (former organization basis) of ¥32.8 billion, an ¥18.1 billion drop year on year. This was due mainly to share write-downs and lower sales at general merchandise-related companies amid the widespread economic slump.

Despite the difficult business environment, we took a number of steps in the fiscal year ended March 31, 2009 in line with our three basic management policies in this business group: strengthen our raw materials procurement capabilities, bolster value chains and address industry restructuring, and target overseas markets. One action concerned Australian grain procurement and sales company Riverina (Australia) Pty., Ltd., which opened an office in Western Australia. This was just one of a number of ongoing moves to improve our grain collection and storage and processing bases. In another development, we made Itoham Foods, Inc an equity-method affiliate, and concluded a comprehensive business alliance with it and YONEKYU CO., LTD., which is also an MC equity-method affiliate. We inked a comprehensive business alliance agreement with AEON Co., Ltd., too, which increased our equity stake in this major retailer. Outside of Japan, MC subsidiary Princes Limited, a leading food manufacturer in Europe, expanded business. The commencement of full-scale operations of our tire business in emerging economies and other developments during the past fiscal year have steadily strengthened our business base.

Fiscal Year Ending March 31, 2010 Outlook and INNOVATION 2009

The financial crisis has caused a slump in consumption and catalyzed further diversification in consumer values. Coupled with heightened interest in product safety and environmental protection and other trends, our business environment is undergoing major change. The retail industry in Japan in particular is facing a number of issues, such as a declining birthrate and aging population, sluggish consumer sentiment, price competition and service diversification. Changes in consumer behavior and values impact on the Living Essentials Group's business models and therefore require new responses. That's why in April 2009 we established the Next Generation Business Development Unit to provide a stronger coordinated and cohesive response to these issues in the retail industry. In the past, our response had been very much along vertical organizational lines. The unit will promote cross-divisional strategies and respond to consumer markets, addressing pressing issues faced by all divisions.

In another organizational change, the Human Care & Media Division was created within this group to provide various services relating to healthcare and media that were formerly the responsibility of the now-disbanded Business Innovation Group. Almost all of MC's consumer-oriented businesses are now integrated in this business group. Using this new division as a platform, our intention is to organically combine its service and infrastructure businesses with the businesses the Living Essentials Group has engaged in up to now. This coalescence of businesses together with a speedy response to the constant changes in the consumer market should translate into more growth for the Living Essentials Group.

For the fiscal year ending March 31, 2010, we are projecting consolidated net income in this segment of ¥43.0 billion (on the basis of our new organization structure). Our target is challenging given the economic downturn, but this would represent an approximate ¥10.0 billion increase on our consolidated net income in the fiscal year ended March 31, 2009 of ¥34.0 billion (new organization basis). This forecast is based in part on the assumption that the group will not see the write-downs of listed shares that it booked in the fiscal year ended March 31, 2009.

Masahide Yano
Executive Vice President,
Group CEO, Living Essentials Group

Contributing to Our World Through Business

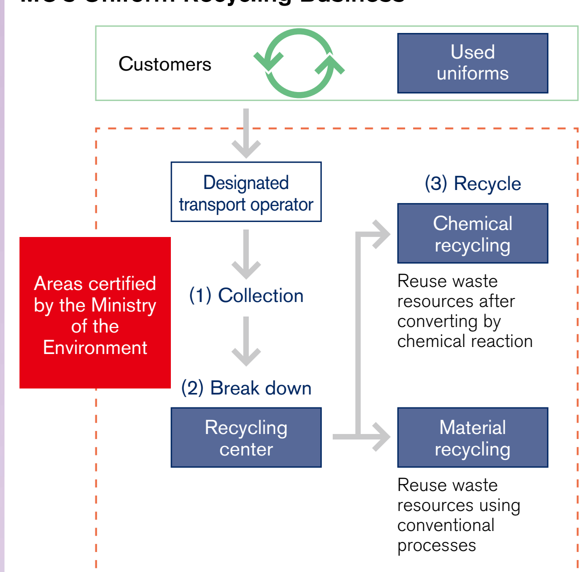
Used Uniform Recycling Business

The Living Essentials Group is engaged in a business that recycles used uniforms. The business uses chemical recycling technology to chemically break down waste to the molecular level so that 100% of the waste is recycled with no waste residue.

The used uniforms that are broken down at the recycling center are incinerated in steelmakers' coke ovens and turned into useful products such as coke oven gas, hydrocarbon oil and cokes for use as fuel in steelmaker power generators, plastic raw materials and iron ore reducing agents and so forth. All waste is therefore effectively reused.

Having received approval from the Japanese Ministry of the Environment under the wide area certification system for promoting regional and nationwide waste disposal and recycling, MC is collecting and recycling used uniforms in multiple prefectures across Japan.

MC's Uniform Recycling Business



Living Essentials Group

Human Care & Media Division

- Healthcare Unit
- Hospital Solution Unit
- Lifecare Unit
- New Channel Development Unit
- Consumer Service Unit
- Media Contents Unit

This division provides total solutions from management support to peripheral services in the fields of medical care and nursing care, which are experiencing deregulation and an infusion of vitality from private enterprise. Through these activities, we are contributing to improved service quality and greater efficiency in these fields.

Through diverse media channels, such as TV, magazines, the Internet, and mobile phones, MC comes into contact with many consumers. In addition to providing consumers with information and media content that matches their needs, we will offer sales promotion methods that utilize point-based loyalty programs and media content as well as offer payment settlement schemes that consumers feel safe using.

In October 2008, we established NexPAS Inc. in conjunction with mixi, Inc., provider of Japan's largest SNS (Social Networking Service). NexPAS will provide highly convenient online settlement services for Internet users.

©Takafumi Adachi, MFBBProject, TV Tokyo

"Beyblade," a TV animation series produced by MC subsidiary d-rights Inc. in collaboration with TOMY COMPANY, LTD., which makes a modern spinning-top toy of the same name, has been aired in more than 100 countries worldwide since 2001. In April 2009, a new TV series called "Metal Fight Beyblade" went on air.

Foods (Commodity) Division

- Produce Unit
- Grain Unit
- Marine Products Unit
- Sweetener & Starch Products Unit
- Oil & Fats Unit
- Feed & Meat Business Unit

The Foods (Commodity) Division handles grains, rice, fresh produce, marine products, sweeteners and starch products, oils and fats, feed and meat, and other products, and is working to develop an integrated value chain, extending from the collection and handling of raw materials at farms to transportation, processing and distribution of products.

In Japan, we are strengthening our business base in raw materials processing, centered on subsidiaries Nitto Fuji Flour Milling Co., Ltd., Nihon Shokuhin Kako Co., Ltd. and Nosan Corporation. In the meat-related field, meanwhile, we are expanding our business by developing a business model that extends all the way from the farm to the processing and distribution of products. In key growing regions like North America, South America and Australia, we are working to ensure a stable supply by strengthening our procurement capabilities and expanding procurement sources.

In July 2008, we purchased a 33.4% equity interest in major rice company The Mitsuhashi, Inc. Our aim is to work with this company to build an integrated value chain for supplying safe polished rice.

Another important move during the past fiscal year saw us purchase additional shares in Itoham Foods, Inc to become its leading shareholder with a stake of 20.06%. At the same time, we entered into a comprehensive business alliance with Itoham Foods, Inc and YONEKYU CO., LTD. Specific initiatives will be developed in terms of procurement, production, distribution and other areas to increase the corporate value of the three companies.

In January 2009, MC became the leading shareholder in Itoham Foods and also inked a comprehensive business alliance agreement with this company and YONEKYU.

Foods (Products) Division

- Beverage Materials Unit
- Dairy Foods Unit
- Processed Foods A Unit
- Processed Foods B Unit

This division has an expansive network in Japan and overseas, extending from the procurement of food raw materials to product sales. This network allows us to meet diverse consumer needs. Key operating companies in this division are confectionery wholesaler San-Esu Inc. and major U.K. food manufacturing subsidiary Princes Limited.

At the same time as the Japanese market is contracting, consumer buying behavior is changing due to the sudden economic slump. Combined with the rising importance of food safety, the food industry is experiencing major change. This division has worked to bolster quality management and ensure a stable and continuous supply of raw materials like coffee, juice and dairy products. Through trading in raw materials and product sales, we also support customers on all fronts.

Overseas, we are upgrading the operating bases of business investees such as Princes, while also teaming up with leading business partners in promising growth markets like Asia. In this way, we conduct business in a way that meets the needs of each market.

San-Esu is a leading player in the confectionery and snack foods wholesaling industry in Japan. It leverages its unique network as a wholesaler specializing in confectionery and snack foods to provide various types of products from across Japan and throughout the world.

Textiles Division

- Brand & Apparel Unit
- S.P.A. A Unit
- S.P.A. B Unit
- S.P.A. & Functional Material Unit

This division provides wide-ranging products and comprehensive services to customers in Japan and overseas. We handle not only lifestyle-related products such as fashion apparel, shoes, furniture and household goods, but also fiber, yarn, fabrics and high-function materials like optical fiber.

Our mainstay business is OEM (Original Equipment Manufacturing) for products such as apparel and household goods for the Japanese market, which involves supplying products under counterparties' brands. We see it as our mission to offer Japanese consumers a richer choice of fashion by consistently delivering in a timely manner high-quality apparel from around the world, including China, and of course Japan.

Overseas, in addition to developing the OEM capabilities we have honed in Japan, we will continue to expand business in growth markets in high-function material fields such as environment-related products and optical communications materials.

Moving forward, our aim is to develop a business model capable of responding flexibly and quickly to industry trends.

MC has signed a contract giving it the exclusive rights to import U.S. brand Tory Burch products to Japan. LOOK INC. has acquired exclusive sales rights in Japan and in September 2009 will begin selling products at department stores, specialty stores and other retailers.

General Merchandise Division

- Living Materials Unit
- Paper & Packaging Unit
- Housing & Construction Materials Unit

This division has three mainstay businesses: the paper-related business, the cement business, and the tire business. In the paper-related field, we are developing an integrated business that extends from upstream raw materials provided by pulp producer Alpac Forest Products Inc. of Canada and other entities, to the manufacture of paper and paperboard through downstream product distribution and sales handled by Mitsubishi Shoji Packaging Corporation. In the cement business, we have a number of entities, including U.S.-based Mitsubishi Cement Corporation, MCC Development Corporation, and Yantai Mitsubishi Cement Co., Ltd. in China, which are joint ventures with Mitsubishi Materials Corporation. Cement sales in Japan are conducted by Mitsubishi Shoji Construction Materials Corporation, a comprehensive construction materials trading company. Our tire business is conducted through joint ventures in Europe, China and elsewhere in Asia.

In the fiscal year ended March 31, 2009, we strengthened our export and sales structure for paper products and made an additional investment in a U.S.-based cement business. In Russia, we established a joint venture to sell tires. These and other moves should propel our growth going forward. Over the medium and long terms, demand for paper, cement and tires—key products for this division—is expected to grow in North America, and emerging economies such as China and Russia. In light of this outlook, we will continue taking steps to strengthen our businesses.

MC has started a tree planting joint venture business in South Africa, which joins similar businesses already operating in Australia and Chile. These businesses aim to secure wood resources in an environmentally friendly manner.

Next Generation Business Development Unit

The Japanese consumer market is changing rapidly and dynamically as it matures and due to factors such as a low birthrate and aging population as well as the recent global economic downturn. This unit was established to respond quickly to these dynamic changes. We felt that it was necessary to establish an organizational body that would provide a consumer-centric group-wide response to complement our existing vertical organizational structure along product lines.

The core business investees for this unit are convenience store chain operator LAWSON, INC., supermarket chain Life Corporation, and restaurant chain Kentucky Fried Chicken Japan Ltd. These companies will play a central role in the unit's strategy of developing businesses that comprehensively target consumers. The unit also plans to upgrade MC's functions in a way that cuts across the organization. This includes retailing and intermediary distribution, including online and mail-order sales that don't have bricks-and-mortar outlets. In particular, the unit will target the procurement of fresh products and agriculture in Japan where demand is rising from the retail sector.

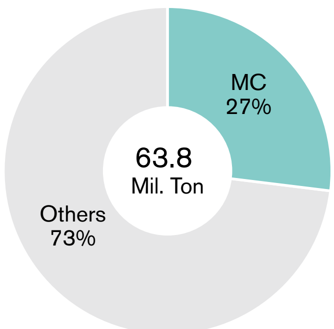
In September 2008, LAWSON made convenience store operator Ninety-nine Plus Inc. a subsidiary through a tender offer. Ninety-nine Plus is well-known in Japan for offering mainly food, including fresh food, at a single price.

Metals and Energy Resource Data

Coal Business

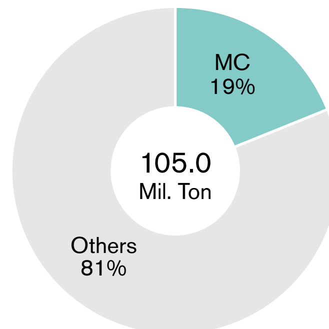
Imports to Japan and MC's Share*

Coal (Coking Coal)



(Year ended December 31, 2008)

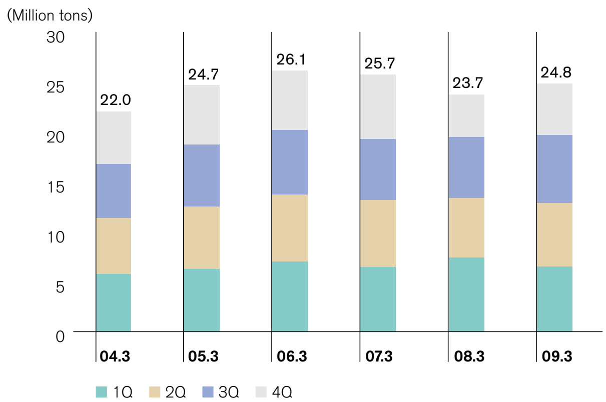
Coal (Thermal Coal)



(Year ended December 31, 2008)

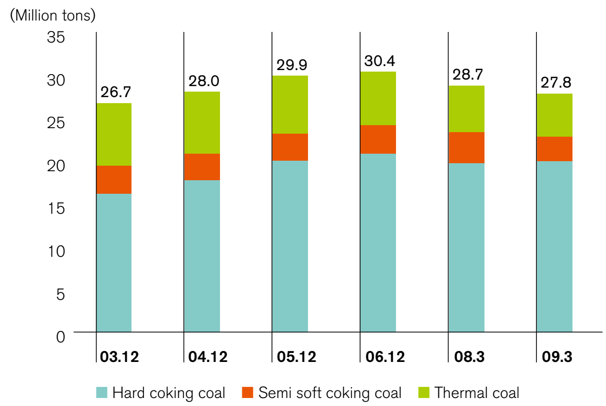
* MC's share includes imports where MC's only involvement is trading.

BMA Annual Production Volume (50% Basis)



* Total production volume is for the one-year period from April to March in each fiscal year.

MDP Annual Sales Volume

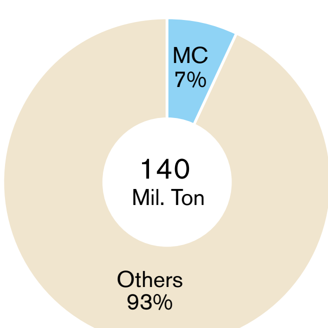


* Includes equity share of thermal coal sales volume other than from BMA.
** Totals for the year ended December 31, 2006 and prior years are for the one-year period from January to December in each year, while totals for the year ended March 31, 2008 and thereafter are for the one-year period from April to March.

Other Metals Resources Business

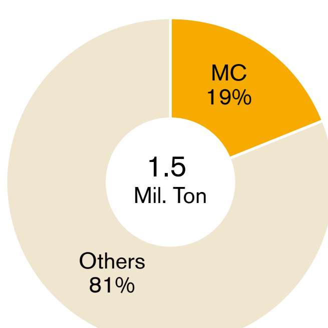
Imports to Japan and MC's Share*

Iron Ore



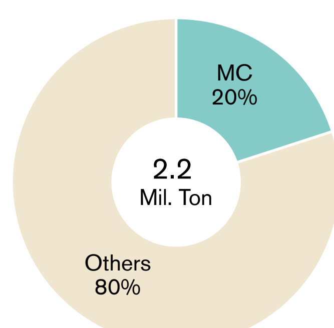
(Year ended December 31, 2008)

Copper



(Year ended December 31, 2008)

Aluminum



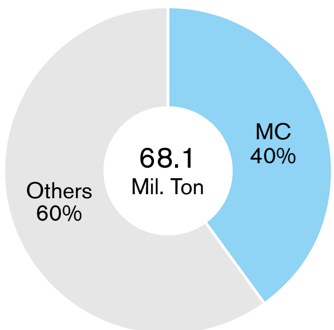
(Year ended December 31, 2008)

* MC's share includes imports where MC's only involvement is trading.

Energy Resources Business

Imports to Japan and MC's Share*

(%)

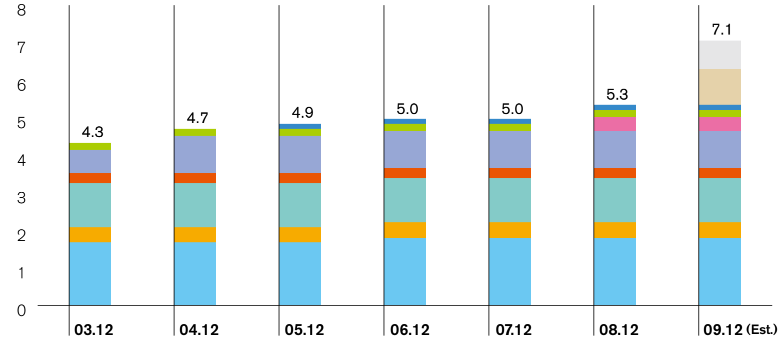


(Year ended March 31, 2009)

* MC's share includes imports where MC's only involvement is trading.

Equity Share of LNG Production

(Million ton/year)

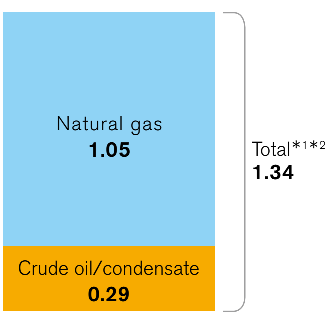


Brunei Malaysia I Malaysia II Malaysia III* Western Australia* Western Australia T5* Oman Qalhat (Oman) Sakhalin II* Tangguh*

* Owns upstream working interest

MC's Reserves

(Billion BBL)



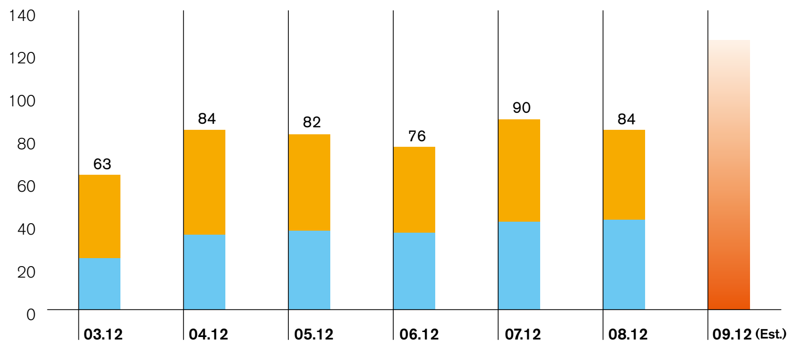
(As of December 31, 2008)

*1 Oil equivalent. Includes consolidated subsidiaries and equity-method affiliates

*2 Participating interest equivalent. Includes reserves based on original standards set by MC (non-U.S. GAAP).

Equity Share of Oil and Gas Production (Yearly Average)*

(Thousand BBL/Day)



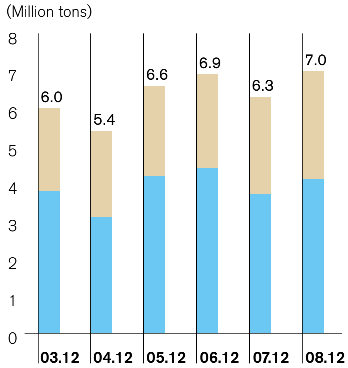
Natural gas Crude oil/condensate

* Oil equivalent. Includes consolidated subsidiaries and equity-method affiliates

Equity Share of Production

Iron Ore

(Million tons)

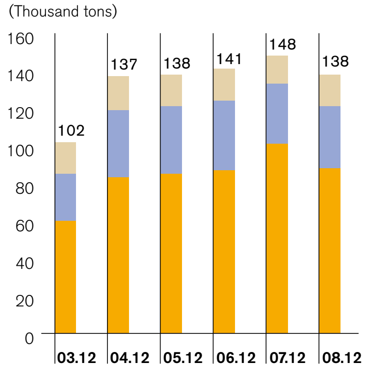


IOC CMH

* Year ended December 31, 2008

Copper

(Thousand tons)

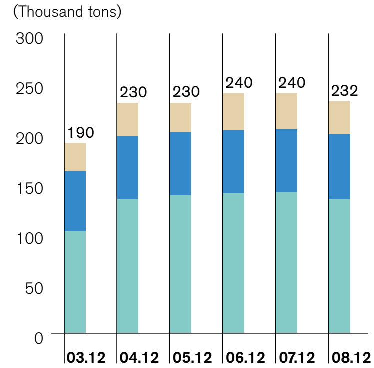


Escondida Antamina Los Pelambres

* Year ended December 31, 2008

Aluminum

(Thousand tons)



Mozal Boyne Others

* Year ended December 31, 2008

Global Strategy

1 Osamu Komiya
Member of the Board,
Executive Vice President,
Regional Strategy (Japan)

2 Koichi Komatsu
Executive Vice President,
Regional CEO, Americas

3 Takeshi Inoue
Member of the Board,
Senior Executive
Vice President,
Regional Strategy (Japan)

4 Osamu Sasaki
Senior Vice President,
Chief Regional Officer,
Latin America

5 Tetsuro Terada
Executive Vice President,
Regional CEO,
Europe-CIS,
Middle East & Africa

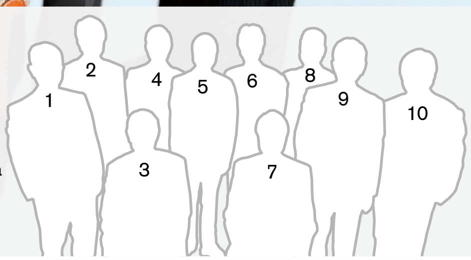
6 Tetsuro Imai
Senior Vice President,
Chief Regional Officer,
Middle East

7 Hideto Nakahara
Member of the Board,
Executive Vice President,
Global Strategy

8 Hiroyuki Tarumi
Senior Vice President,
Chief Regional Officer,
Africa

9 Tsunao Kijima
Executive Vice President,
Chief Representative
for China

10 Motonobu Teramura
Executive Vice President,
Regional CEO,
Asia & Oceania

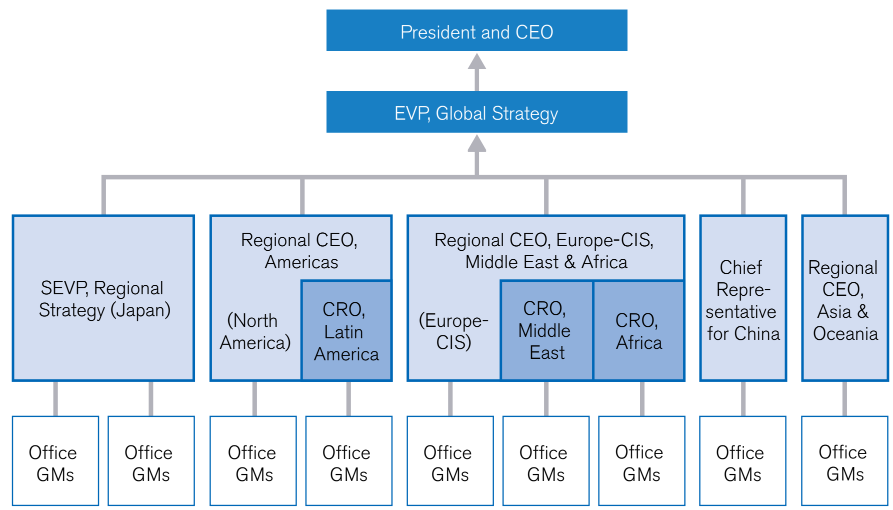


Message From Executive Vice President, Global Strategy

The economic environment has been changing on a daily basis in the aftermath of the financial crisis. We are undoubtedly entering a difficult period filled with much uncertainty. In the context of our global strategy, the most important theme in times like these is to enhance our management structure on a consolidated basis to capture growth in each region while controlling risk. In order to achieve this goal and to accurately grasp conditions and make management decisions, we adopted a new global management structure on June 1, 2009, which involved partially revamping the system to promote global strategy we introduced in 2008. Specifically, in addition to Japan, we have divided the world into four regions (Americas; Europe-CIS, Middle East & Africa; China; and Asia & Oceania). A Regional CEO is assigned to each region. Each Regional CEO will try to ensure that optimal activities are conducted on a consolidated basis in each region by overseeing regional offices. With Americas, and Europe-CIS, Middle East & Africa there will be a CRO (Chief Regional Officer) responsible for Latin America, Middle East and Africa as before. Under this new framework, we will improve the dissemination of information from each region, including Japan, with the goal of developing a more sophisticated global strategy on a consolidated basis.

Hideto Nakahara
Member of the Board,
Executive Vice President,
Global Strategy

Structure to Promote Global Strategy



Japan

One of the strengths of MC's operations in Japan is the domestic branches that deal with customers on a daily basis and feel their changes directly.

We take advantage of this strength to respond to the various needs of regional industries and customers. To improve our response to customers, we are working to upgrade our proposal capabilities in cooperation with MC Group companies.

By strengthening customer relationships in this way, we are bolstering our core businesses as well as developing promising businesses.

North America

The U.S. has slipped into recession due to the financial crisis that began in September 2008. However, the Obama Administration has moved to rebuild the country, centered on initiatives in the environment and new energy fields. While establishing a firmer footing in existing businesses, we will focus on developing businesses in anticipation of changes in the structure of U.S. industry going forward.

Latin America

Latin America is blessed with an abundance of metals and energy resources, as well as food resources. As a result, its presence is rising as a region for supplying the world with natural resources. Besides continuing to unearth business opportunities in these existing fields, we plan to focus on new energy, environment and water-related businesses as well as other activities that help create a sustainable society in the region.

Europe & CIS

In Western Europe, MC is maintaining and strengthening its core businesses in metals, machinery, chemicals, living essentials and other areas. In Central & Eastern Europe, Turkey, Russia, Ukraine and elsewhere, meanwhile, we are working hard to develop new projects. Key fields we are concentrating on include solar, wind and other renewable energy, electric vehicles and next-generation batteries.

Middle East

In addition to developing and trading energy resources, we continue to engage in machinery, chemical products and other businesses. With countries in the Middle East introducing new energies as part of their national strategies, we also see opportunities in the infrastructure and environmental businesses.

Africa

In addition to developing commercial transactions in automobiles, general merchandise, foods, chemical raw materials and other products, we are active in infrastructure development, which will be essential to regional growth. We are also focusing on projects that may come to fruition in the future with an eye on securing metals and energy resources. Aiming to better coexist with local communities, we are also making considerable contributions to activities that help build a more sustainable society.

China

MC is expanding transactions in growing domestic markets in China, exporting competitive Chinese-made products and engaging in other activities in China in cooperation with leading companies. We are aiming to create businesses in a variety of fields, such as infrastructure, where the Chinese government has been focused, as well as medicine, education, the environment, energy conservation and the service industry.

Asia & Oceania

Despite the difficult economic environment, we are working to promote infrastructure projects, as well as businesses that target domestic demand in the region, which are relatively strong and still growing. At the same time, we continue to develop the resource and energy fields and are strengthening our hand in the environment and new energy, agriculture and other new fields, laying the foundations for future growth. Ongoing efforts to bolster partnerships with important customers are another aspect of our strategy in the region.

Corporate Governance and Internal Control

Corporate Governance at Mitsubishi Corporation

DISCUSSION
Between
Chairman
Mikio Sasaki and
Outside Director
Kunio Ito

As the world economy undergoes major change, corporate governance is becoming increasingly important for MC as a global company developing businesses across a broad range of industry sectors. For that reason, MC must elicit even deeper understanding of its corporate governance. In this section, MC's chairman Mikio Sasaki and outside director Kunio Ito, a professor of Graduate School of Commerce and Management at Hitotsubashi University, discuss how MC must foster this deeper understanding.

Corporate Governance at MC

Mr. Ito: The global recession has impacted companies to varying degrees. In this context, corporate management must practice management that gels with the prevailing environment, and not be independent from it. And management shouldn't be short-sighted. It's extremely important that management takes actions that on the one hand will improve earnings in the short term while on the other contribute to medium- to long-term improvement.

Mr. Sasaki: I think corporate governance should also be discussed from various perspectives. There has been much discussion in recent times about the various styles of corporate governance, including corporate governance practices in the U.S., U.K. and Japan. I don't think it is wise to reject one outright or for that matter just to mimic another. One must thoroughly analyze the merits of all approaches and embrace the good aspects of each. Of course, one must vociferously discuss and consider corporate governance also in the context of the Japanese legal system and company circumstances.

Mr. Ito: With the business environment changing by the day, companies must have a well-grounded management policy. As a director, I'm always conscious of helping raise medium- and long-term corporate value. Corporate value in the narrow sense of the word refers to shareholder value and market capitalization. In a wider sense, however, it means stakeholder value. You can't hope to raise corporate value unless you have the support of employees, customers, local communities around the world, and of course shareholders and other investors. Overemphasizing the interests of any particular stakeholder group won't create a positive cycle of overall growth. Particularly as MC is developing business globally, it must garner the acceptance of local communities. That's vital for MC.

Mr. Sasaki: MC's approach to management is guided by the Three Corporate Principles. Essentially, under this corporate philosophy, MC strives to contribute to the sustained development of society by endeavoring to continuously raise its corporate value through activities rooted in the principles of fairness and integrity. This constitutes MC's overriding management philosophy. Practicing appropriate management in line with the Three Corporate Principles is the basis for corporate governance at MC.

I believe that it is essential to craft a highly transparent and convincing governance system from the standpoint of all stakeholders. A feature of the Japanese legal system is that it allows a company a relative degree of freedom in designing its governance framework. With the relative freedom afforded by Japanese law, it is important to create the most effective governance structure meshing with the company's circumstances at the time.

The Governance Committee's Role

Mr. Ito: MC has certainly changed its governance structure from time to time to match the business environment, enacting various initiatives.

Mr. Sasaki: As I'm sure you are aware, MC has continuously strengthened its governance framework in the course of executing its medium-term management plans from three main perspectives: enhancing management oversight, separating management oversight and business execution, and improving the speed and efficiency of decision-making.

With regard to oversight, the company has proactively brought in an outside perspective by increasing the number of outside directors and outside corporate auditors, as well as by establishing the Governance Committee as an advisory body.

Mr. Ito: MC has five outside directors, who make up one-third of all directors. This is a relatively high ratio among companies with governance systems based on corporate auditors and it has enhanced oversight of management. Management oversight is also an important function of the Governance Committee. From the very beginning, the committee was called the Governance Committee and not a management advisory committee, underscoring the importance that MC's top management places on governance. I believe the strength of this commitment is the reason why the committee has maintained an important function over many years.

Mikio Sasaki

2004 to present
Chairman of the Board
1960 Joined Mitsubishi Corporation

" I believe that it is essential to craft a highly transparent and convincing governance system from the standpoint of all stakeholders. A feature of the Japanese legal system is that it allows a company a relative degree of freedom in designing its governance framework. With the relative freedom afforded by Japanese law, it is important to create the most effective governance structure meshing with the company's circumstances at the time."

Mr. Sasaki: Because so much emphasis is put on the role of outside directors and outside corporate auditors at MC, the Governance Committee discusses the type of person who should be appointed and has established selection criteria for these directors and corporate auditors. To quote from the standards, "Outside directors are elected from among those individuals who have an eye for practicality founded on a wealth of experience as corporate managers, as well as an objective and specialist viewpoint based on extensive insight regarding global conditions and social and economic trends. Through their diverse perspectives, outside directors help ensure levels of decision-making and management oversight appropriate to the Board of Directors." All five outside directors proactively participate in discussions at Board of Directors' meetings and express their opinions from various perspectives, drawing on their respective areas of expertise. In this way, they help MC to make proper decisions and oversee management.

Mr. Ito: Yes, each outside director or outside corporate auditor has his or her own area of expertise and this exchange of opinions from various perspectives is very important for MC. Naturally, it is vital to also have a structure that makes full use of this diversity. The Board of Directors, the Governance Committee and other structures at MC facilitate valuable discussion that does indeed draw on each member's expertise.

Mr. Sasaki: The Governance Committee discusses MC's governance framework as well as the remuneration system for directors and corporate auditors, and the size of the Board and its composition. It actually functions also like a compensation committee and nomination committee. This is an example of how MC has incorporated a good aspect of the committees system of corporate governance. As I said before, the selection criteria for outside directors and outside corporate auditors was formulated as a result of discussions concerning the role and independence required of these directors and corporate auditors.

Mr. Ito: Your point about the Governance Committee discussing the compensation structure for directors and corporate auditors is one of the important functions of the committee. MC links the bonuses of directors to its performance. However, a distinguishing feature of MC's bonus system is that the evaluation standard is based on how the company raises its value, not simply on whether the company posts a profit. That means that remuneration is linked to corporate value. I think there are few Japanese companies that link director and corporate auditor remuneration to corporate value to this extent.

Kunio Ito

2007 to present
Member of the Board,
Mitsubishi Corporation

2006 *to present*
Professor, Graduate School of Commerce and Management, Hitotsubashi University

1992 Professor, Department of Commerce and Management, Hitotsubashi University

"Japan is setting the pace in environmental technologies, but if these technologies are not incorporated as part of larger businesses, nothing big will come of it… Now is precisely the time that the capabilities of trading company personnel, who have much to give, are needed. I think that MC should get more involved in incorporating Japan's environmental technologies in businesses overseas to contribute to countries and regions around the world."

Director and Corporate Auditor Remuneration

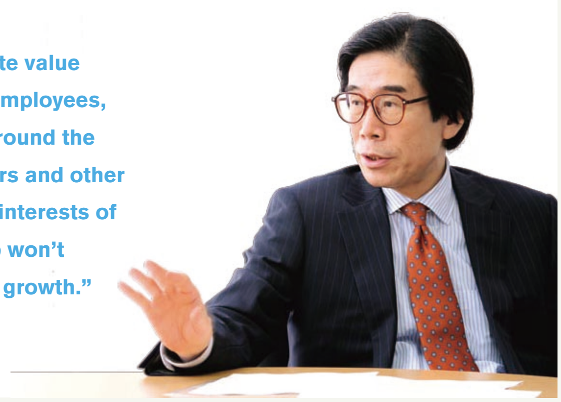
Mr. Sasaki: I'm delighted you think so highly of MC's remuneration system. For that matter, what are other Japanese companies doing in terms of director and corporate auditor remuneration?

Mr. Ito: Remuneration at Japanese companies is lower than at U.S. and European companies, with fewer incentives. Personally, I think a higher level of remuneration is justified considering the diversity and global nature of MC's business.

That said, the level of top management remuneration and commitment to management aren't necessarily proportional. It would be a mistake to assume that the level of commitment is low because remuneration is low.

Mr. Sasaki: I agree completely. I don't think remuneration is the only incentive. Many senior managers in Japanese companies have risen through the ranks of their company. They therefore feel a strong sense of responsibility to keep developing the company they have helped grow as well as a responsibility to society, including employees and business partners. I believe they are strongly motivated by this. Looking globally, I think this mindset will gradually win recognition again.

"You can't hope to raise corporate value unless you have the support of employees, customers, local communities around the world, and of course shareholders and other investors. Overemphasizing the interests of any particular stakeholder group won't create a positive cycle of overall growth."
Mr. Ito.



What's important for MC is whether directors and corporate auditors are being sufficiently compensated commensurate with their responsibilities and performance. Also, this compensation must be of a level that shareholders and all other stakeholders can agree with. That's in fact why the remuneration of MC's directors and corporate auditors is composed of four types: a monthly payment, a directors' bonus linked with consolidated performance, stock options to align directors' interests with those of shareholders and to motivate them to improve medium- and long-term company performance, and reserved retirement remuneration.

Themes for MC Going Forward

Mr. Sasaki: Mr. Ito, you have been deeply involved in management of MC as a member of the Board of Directors and Governance Committee. What do you see as some of the key issues for MC going forward from your vantage point as an outside director?

Mr. Ito: One is that I think MC could be a little more selective about its businesses, although it is a general trading company and has a broad business portfolio by nature. The business environment has continued to change dramatically since the beginning of the 21st century. We have seen the dawn of a new era in which major business opportunities will be spawned by tackling environmental issues head-on. The 21st century is being considered as a century for new energy. I believe MC should actively get involved in this field more than ever. Japan is setting the pace in environmental technologies, but if these technologies are not incorporated as part of larger businesses, nothing big will come of it. Take filters for desalinating seawater, for example. A substantial business will only take shape when this advanced technology is incorporated into the water business. Now is precisely the time that the capabilities of trading company personnel, who have much to give, are needed. I think that MC should get more involved in incorporating Japan's environmental technologies in businesses overseas to contribute to countries and regions around the world.

I would like to help MC however I can to optimize its management as a whole.

Mr. Sasaki: Thank you for your valuable opinion. I believe that what is strongly required of MC in these times of global recession is to create new industries worldwide.

At the same time, various key issues that MC must be mindful of as it widens its business reach in Japan and overseas are increasing every year. These include human rights and labor issues in supply chains, and climate change and other environmental problems. Going forward, we will continue to take on board the views of experts from Japan and overseas expressed in our International Advisory Committee, CSR & Environmental Affairs Advisory Committee and other forums and use them in making management decisions.

We will continue to pursue the style of corporate governance most suited to MC and not merely follow form for form's sake.

Letter from International Advisory Committee Member

"I hope that my insight and experience, coupled with that of the other Committee members, will be helpful in navigating MC through the crisis and in executing the right strategies both globally and regionally as it pursues growth opportunities."

Sir John Bond
Chairman, Vodafone Group Plc (U.K.)

June 2009

Dear Stakeholders

The International Advisory Committee meets once a year to exchange global economic and political views, as well as to discuss management issues at MC in its advisory capacity to the Board of Directors. We met for the eighth time on October 20, 2008, which turned out to be my second time to join this meeting, shortly after the financial crisis began shaking the very foundations of the world economy. We discussed the challenges facing the global economy, how MC is placed to ride out the crisis, and how it should respond going forward.

My view is that these difficult times brought on by the recent financial and economic crisis will really test the true value of corporate management. Global corporations must constantly scan the horizon and be prepared to respond quickly to abrupt changes in the business environment around the world.

MC has already re-oriented INNOVATION 2009, including its investment plans, for the remaining period of the company's medium-term management plan. Given the global economic outlook, such a change in direction is in a sense an obvious course of action, as is a focus on maintaining financial soundness given the global turmoil. However, I also feel that there are many opportunities for growth in both existing and new business areas, including renewable energies such as solar power, lithium-ion batteries and biopellets. MC should not step back from opportunities nor abandon its investment plans or growth ambitions. In fact, the prevailing economic climate is sure to spawn investment opportunities.

The meeting was an invaluable occasion to hear from MC executives about opportunities in energy and natural resources, food and agricultural resources, and alternative or renewable energy, MC's strategy in these areas and concrete steps it is taking. I was impressed by the forthright actions the company is taking for the future and by the contribution these endeavors will surely make to society over the medium and long terms.

For example, MC has a profound macro-economic perspective of global supply-demand dynamics in a wide range of fields, and thus has an important role to play in building systems to bridge the gap between countries with plentiful resources and those without. And this fits with MC's core principle of serving society around the world.

I hope that my insight and experience, coupled with that of the other Committee members, will be helpful in navigating MC through the crisis and in executing the right strategies both globally and regionally as it pursues growth opportunities.

Yours sincerely,

Sir John Bond
Chairman, Vodafone Group Plc (U.K.)

Members of the Board

(As of July 1, 2009)

Mikio Sasaki

2004 *to present*
Chairman of the Board
1960 Joined Mitsubishi Corporation

Yorihiko Kojima*

2004 *to present*
President, Chief Executive Officer
1965 Joined Mitsubishi Corporation

Ryoichi Ueda*

2009 Chief Financial Officer
2006 *to present*
Executive Vice President
1973 Joined Mitsubishi Corporation

Hideto Nakahara

2009 Global Strategy, Regional Development
2007 *to present*
Executive Vice President
1973 Joined Mitsubishi Corporation

Tomio Tsutsumi**

2004 *to present*
Member of the Board, Mitsubishi Corporation
1996 Retired from the Ministry of International Trade and Industry
1962 Joined the Ministry of International Trade and Industry

Tamotsu Nomakuchi**

2009 President, National Institute of Advanced Industrial Science and Technology
2007 *to present*
Member of the Board, Mitsubishi Corporation
2006 Chairman, Mitsubishi Electric Corporation
(April 2009: Director, Mitsubishi Electric Corporation)
1965 Joined Mitsubishi Electric Corporation

* Indicates a representative director.
** Indicates an outside director as provided for in Article 2-15 of the Companies Act.

Yukio Ueno*

2009 Corporate Administration & Legal, Chief Compliance Officer, CSR & Environmental Affairs, IT Service Development
2005 *to present*
Senior Executive Vice President
1968 Joined Mitsubishi Corporation

Takeshi Inoue*

2009 Food, Agricultural Resources & Consumer Market Strategies, Customer Relations Management, Regional Strategy (Japan)
2006 *to present*
Senior Executive Vice President
1970 Joined Mitsubishi Corporation

Hisanori Yoshimura*

2009 Resources & Energy Strategies
2007 *to present*
Senior Executive Vice President
1968 Joined Mitsubishi Corporation

Tsuneo Iyobe

2008 *to present*
Executive Vice President, Human Resources
1973 Joined Mitsubishi Corporation

Kiyoshi Fujimura

2009 BPI and Internal Control, Chief Information Officer
2008 *to present*
Executive Vice President
1972 Joined Mitsubishi Corporation

Osamu Komiya*

2009 Executive Vice President, Regional Strategy (Japan), (Concurrently)
General Manager, Kansai Branch
1973 Joined Mitsubishi Corporation

Kunio Ito**

2007 *to present*
Member of the Board, Mitsubishi Corporation
2006 *to present*
Professor, Graduate School of Commerce and Management, Hitotsubashi University
1992 Professor, Department of Commerce and Management, Hitotsubashi University

Kazuo Tsukuda**

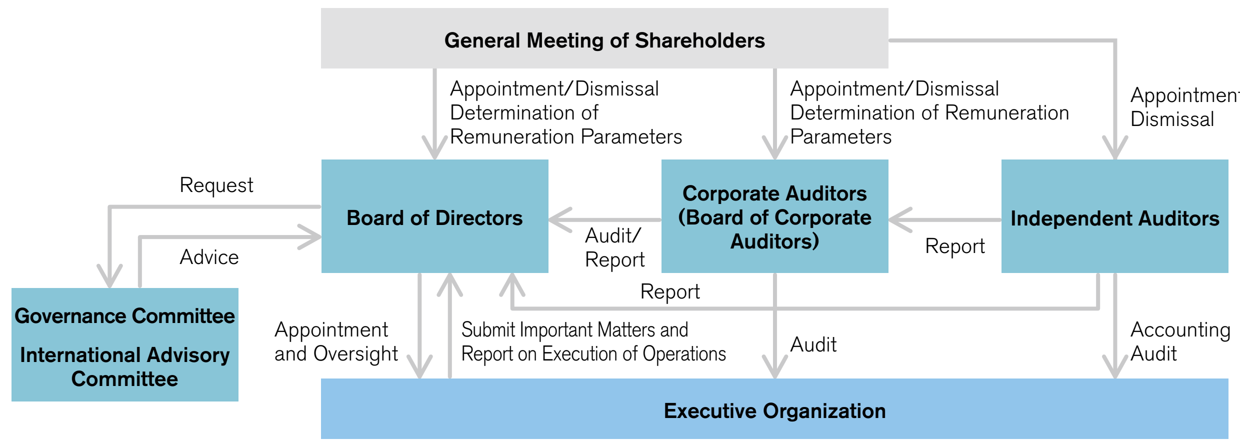
2008 *to present*
Member of the Board, Mitsubishi Corporation, Chairman, Mitsubishi Heavy Industries, Ltd.
1968 Joined Mitsubishi Heavy Industries, Ltd.

Ryozo Kato**

2009 Member of the Board, Mitsubishi Corporation
2008 Retired from the Ministry of Foreign Affairs of Japan
to present
Commissioner, Nippon Professional Baseball
1965 Joined the Ministry of Foreign Affairs of Japan

Corporate Governance Framework

Corporate Governance Framework



Refer to page 78

MC's corporate philosophy is enshrined in the Three Corporate Principles—Corporate Responsibility to Society, Integrity and Fairness, and International Understanding through Trade. Through corporate activities rooted in the principles of fairness and integrity, MC strives to continuously raise corporate value. The Company believes that by helping to enrich society, both materially and spiritually, it will also meet the expectations of shareholders, customers and all other stakeholders.

A key management theme in achieving these goals is to strengthen corporate management on an ongoing basis, as the foundation for ensuring sound, transparent and efficient management. MC is thus working to build a corporate governance system, based on the Corporate Auditor System, that is even more effective. To this end, the Company has strengthened supervision by appointing more outside directors, and also separated management and execution further by introducing the executive officer system.

Specifically, MC has established selection criteria for outside directors and outside corporate auditors to clarify the roles and selection policy for these directors and corporate auditors. Outside directors selected in accordance with these standards presently represent one-third of all directors.

MC also has a Governance Committee and an International Advisory Committee as advisory bodies to the Board of Directors. These committees are made up mostly of outside directors and corporate auditors as well as other experts from outside the Company. The Governance Committee discusses a wide range of issues relating to corporate governance, including how the Board of Directors functions, and the appropriateness of director and corporate auditor remuneration levels. The International Advisory Committee advises Company management from a global perspective.

Actions to Strengthen Corporate Governance

2001	Introduced the executive officer system, further clarifying the roles and responsibilities of directors and executive officers. Established Governance Committee. Established International Advisory Committee.
2004	Reduced term of directors from two years to one year to provide greater flexibility in determining the composition of the Board of Directors.
2007	Established selection criteria for outside directors and corporate auditors to clarify and strengthen the function of outside directors and outside corporate auditors. Increased the number of outside directors.
2008	Reduced the number of directors, strengthening the Board's oversight function.

Based on the discussions of these advisory committees and other considerations, in June 2008, MC limited the number of in-house directors to corporate officers with Company-wide responsibilities in order to strengthen Company-wide management functions and promote faster and more efficient business execution. In the same vein, more discretional authority was handed to Group CEOs responsible for business execution.

MC's Board of Directors has 15 members, 5 of whom are outside directors. As a rule, the Board convenes once a month and is responsible for making decisions concerning important management issues and overseeing business execution.

The president, as the Company's Chief Executive Officer, manages the Company's business through the Executive Committee, a decision-making body of executive officers. Important management issues are first determined by the Executive Committee, which meets around twice a month, and then referred to the Board of Directors for deliberation and final determination.

The Governance Committee meets twice a year to discuss issues relating to corporate governance. In the fiscal year ended March 31, 2009, the Governance Committee discussed the running of the Ordinary General Meeting of Shareholders and the Board of Directors, as well as the remuneration systems for directors and corporate auditors, among other topics. The International Advisory Committee discusses issues related to globalization of the Company's operations. This committee meets around once a year.

The five corporate auditors, including three outside corporate auditors, utilize staff members of the Corporate Auditors' Office, which is under their direct control, in conducting their audits. At the same time, the corporate auditors attend meetings of the Board of Directors and other important meetings and hold discussions with internal departments, including important offices in Japan and overseas, as well as visit main subsidiaries that are important from the perspective of Group management to conduct audits.

Regarding internal audits, the Internal Audit Dept. conducts audits of the Company, overseas subsidiaries and affiliated companies from a Company-wide perspective. The Internal Audit Dept.'s audits are based on annual audit plans and conducted after selecting audit targets. The results of audits are reported each time to the president, corporate auditors and other concerned parties. They are also reported regularly to the Board of Directors and the Executive Committee.

In addition, each business group has established its own internal audit organization and, based on objectives that have been set to suit, as necessary, the specific group characteristics, these organizations audit the operations that fall under their respective group's organization.

Selection Criteria for Outside Directors and Outside Corporate Auditors

Selection Criteria for Outside Directors

1. Outside directors are elected from among those individuals who have an eye for practicality founded on a wealth of experience as corporate executives, as well as an objective and expert's viewpoint based on extensive insight regarding the global situation and social and economic trends. Through their diverse perspectives, outside directors help ensure levels of decision-making and management oversight appropriate to our Board of Directors.
2. To enable outside directors to fulfill their assigned task, attention is given to maintaining their independence; individuals incapable of preserving independence will not be selected to serve as outside directors.
3. MC operations span a broad range of business domains; hence there may be cases of conflict of interest stemming from business relationships with firms in which the corporate executives appointed as outside directors of MC have executive authority. MC copes with this potential issue through appropriate procedures meant to exclude the possibility of such conflict of interest, and maintains an appropriate level of governance by preserving a variety of viewpoints through the selection of numerous outside directors.

Selection Criteria for Outside Corporate Auditors

1. Outside corporate auditors are selected from among individuals possessing a wealth of knowledge and experience across various fields that is helpful in performing neutral and objective audits which, in turn, will help to ensure sound management.
2. To enable outside corporate auditors to fulfill their assigned task, attention is given to maintaining their independence; individuals incapable of preserving this independence will not be selected to serve as outside corporate auditors.

International Advisory Committee

(Fiscal Year Ended March 31, 2009)

front row from left

Herminio Blanco Mendoza
Former Secretary of Trade & Industry (Mexico)

Ratan N. Tata
Chairman, Tata Sons Limited (India)

Thomas S. Foley
Former U.S. Ambassador to Japan (America)

Sir John Bond
Chairman, Vodafone Group Plc (U.K.)

Jaime Augusto Zobel de Ayala
Chairman and CEO, Ayala Corporation (Philippines)

back row from left

Tomio Tsutsumi
(Member of the Board)

Minoru Makihara
(Senior Corporate Advisor)

Mikio Sasaki
(Chairman of the Board)

Yorihiko Kojima
(Member of the Board, President & CEO)

Tatsuo Arima
(Member of the Board)

Directors' and Corporate Auditors' Remuneration

<table>
<tr><th>Title</th><th>No. of People</th><th>Remuneration</th><th>Remarks</th></tr>
<tr><td>Directors
(Incl. Outside Directors)</td><td>23
(6)</td><td>(¥ million)
1,665
(114)</td><td rowspan="3">1. The figures to the left include 8 directors (including 1 outside director) and 2 outside corporate auditors who resigned at the close of the June 25, 2008 Ordinary General Meeting of Shareholders.
Furthermore, in the number of people, there were 15 directors (including 5 outside directors) and 5 corporate auditors (including 3 outside corporate auditors) at March 31, 2009.
2. The amounts of remuneration to the left are made up as follows for the fiscal year ended March 31, 2009.
(1) Monthly remuneration paid during the fiscal year ended March 31, 2009
The Company paid ¥866 million to 23 directors, including ¥114 million to the 6 outside directors.
The Company paid ¥161 million to the 7 corporate auditors, including ¥37 million to the 5 outside corporate auditors.
(2) Stock option-based remuneration (recognized as an expense in the fiscal year ended March 31, 2009)
The Company appropriated ¥419 million for stock options allotted to 17 directors, excluding 6 outside directors.
(3) Directors' bonuses approved by the June 24, 2009 Ordinary General Meeting of Shareholders
The Company will pay bonuses totaling ¥250 million to the 10 directors at March 31, 2009 (the 5 outside directors are ineligible for bonuses).
(4) Reserved retirement remuneration approved by the June 24, 2009 Ordinary General Meeting of Shareholders
The Company will pay ¥129 million to the 10 directors at March 31, 2009 (the 5 outside directors are ineligible for payments).
3. In addition to the amounts to the left, the Company paid executive pensions to retired directors and corporate auditors. The amounts paid in the fiscal year ended March 31, 2009 were as follows:
The retirement bonus system, including executive pensions for directors and corporate auditors, was abolished at the close of the 2007 Ordinary General Meeting of Shareholders.
The Company paid ¥244 million to 132 directors (outside directors were ineligible for payment).
The Company paid ¥25 million to 13 corporate auditors (outside corporate auditors were ineligible for payment).</td></tr>
<tr><td>Corporate Auditors
(Incl. Outside Corporate Auditors)</td><td>7
(5)</td><td>161
(37)</td></tr>
<tr><td>Total
(Incl. Outside Directors and Outside Corporate Auditors)</td><td>30
(11)</td><td>1,826
(151)</td></tr>
</table>

(Amounts have been rounded down to the nearest ¥1 million.)

Corporate Auditors

(As of July 1, 2009)

Yuzo Shinkai

2001 *to present*
Senior Corporate Auditor
1962 Joined Mitsubishi Corporation

Eiji Oshima

2007 *to present*
Corporate Auditor
1973 Joined Mitsubishi Corporation

Shigeru Nakajima*

2004 *to present*
Corporate Auditor, Mitsubishi Corporation
1984 Admitted to the Japan Patent Attorneys Association
1983 Founded Nakajima Transactional Law Office
1979 Admitted to the Japan Bar

Eiko Tsujiyama*

2008 Corporate Auditor, Mitsubishi Corporation
2003 *to present*
Professor, Graduate School of Commerce, Waseda University

Eisuke Nagatomo*

2008 Corporate Auditor, Mitsubishi Corporation
Visiting Professor, Graduate School of Commerce, Waseda University
2007 *to present*
President, Chief Executive Officer, EN Associates Co., Ltd., retired from Tokyo Stock Exchange Inc.
2003 Managing Director, Tokyo Stock Exchange Inc.
1971 Joined Tokyo Stock Exchange

* Indicates an outside corporate auditor as provided for in Article 2-16 of the Companies Act.

Message From the Senior Corporate Auditor

Yuzo Shinkai, Senior Corporate Auditor

MC has two full-time and three outside corporate auditors, all of whom have a wealth of experience in their respective fields. The senior corporate auditor heads the Board of Corporate Auditors and is also the specified corporate auditor stipulated by the law. Corporate auditors are assisted by the 5-member Corporate Auditors' Office, which is an independent organizational body.

Corporate auditors and staff of the Corporate Auditors' Office attend important in-house meetings, so as to keep channels of communication open with people in the company. Furthermore, we work to stay abreast of the company's circumstances through close contact and regular meetings with MC's independent auditors and Internal Audit Department. We also regularly exchange information with full-time auditors of main subsidiaries and affiliates in our efforts to create an environment conducive to auditing the corporate group. At the same time, we hold regular discussions with respected individuals from outside the company who give us their expert opinions.

MC is striving to sustain healthy growth while answering society's demands, and in this regard we want to contribute to strengthening the company's management base.

Message From Outside Corporate Auditor

Shigeru Nakajima, Corporate Auditor

I'm mindful of two things in particular as an outside corporate auditor. One is to objectively and fairly monitor MC's business operations as an "outsider." Second is to connect with people in the company and understand the passion of people at the frontline as an auditor. I believe that only by approaching this responsibility from these two perspectives, can one accomplish the mission entrusted to an outside corporate auditor.

I meet regularly with the other corporate auditors and independent auditors and talk with the president and other executives whenever the opportunity arises. I also attend, as much as possible, meetings where corporate auditors of MC Group companies exchange information.

Based on insight into information gathered in this way, I use my attendance at Board of Directors' meetings to ask directors to take a closer look at certain points or recommend further discussion from a different perspective. Going forward, I am determined to play my part, however small, in helping to raise society's level of trust in MC.

Internal Control System

MC is building and operating an internal control system, as discussed below, so as to ensure that business activities are conducted properly and in conformity with laws and its Articles of Incorporation. Efforts are ongoing to reform and improve this system.

Efficient Business Execution

The president delineates basic management policies and sets specific management goals. At the same time, the president formulates management plans and oversees progress in achieving targets efficiently. The organization is realigned and resources deployed as necessary so as to achieve management targets in the most efficient manner possible. Furthermore, the organizational chain of command is clearly laid out and authority is delegated to managers and staff of organizational bodies to the extent necessary to accomplish targets. These people are required to submit reports regularly.

The fiscal year ended March 31, 2009 was the first year of the Company's INNOVATION 2009 medium-term management plan. However, the Company partially revamped this plan, given the major changes that have taken place in the macroeconomic environment due to the worldwide economic crisis that began as a financial crisis in the U.S. in September 2008.

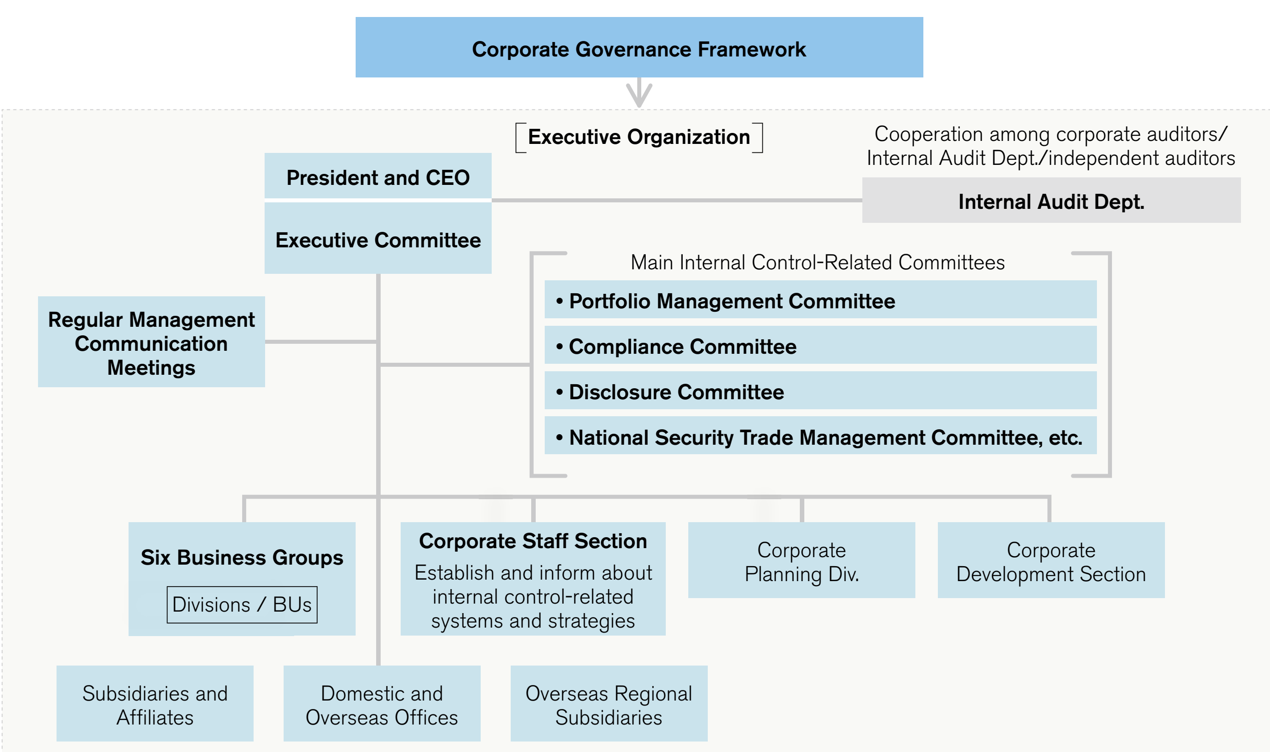
Compliance

Compliance, which is defined as acting in compliance with laws and regulations and in conformity with social norms, is regarded as a matter of the highest priority in conducting business activities. MC has formulated a Code of Conduct for all officers and employees, which specifies basic matters in relation to compliance. Efforts are made to ensure that all officers and employees are familiar with the Code of Conduct and that the Company's corporate philosophy is understood and practiced.

To promote compliance, MC has established a cross-organizational framework headed by the Chief Compliance Officer. MC is also taking preventive and corrective measures such as offering training regarding various laws and regulations and has established a dedicated compliance organization.

Regarding the status of compliance, in addition to a framework for receiving reports from all organizations throughout the Company, MC has established an internal whistleblower system. Through these structures and systems, MC identifies problems and shares information. Regular reports are also made to the Board of Directors on the status of compliance.

Internal Control Framework



Refer to page 74

Risk Management

Regarding risks associated with business activities, MC has designated categories of risk—such as credit, market, business investment, country, compliance, legal, information management, environmental, and natural disaster-related risks—and has established departments responsible for each category. MC also has in place policies, systems and procedures for managing risk. Furthermore, MC responds to new risks by immediately designating a responsible department to manage such risks.

With respect to individual projects, the person responsible for the applicable department makes decisions within the scope of their prescribed authority after analyzing and assessing the risk-return profile of each project in accordance with Company-wide policies and procedures. Projects are executed and managed on an individual basis in accordance with this approach.

In addition to managing risk on an individual project basis, MC assesses risk for the Company as a whole with respect to risks that are capable of being monitored quantitatively and manages these risks properly, making reassessments as necessary.

Management and Storage of Information

Regarding information related to business activities, personnel responsible for managing business activities classify information individually in accordance with its degree of importance. These individuals also instruct users on the handling of this information. The aim is to ensure information security while promoting efficient administrative processing and the sharing of information.

Responsible personnel store for a predetermined period documents that must be stored by law and information that the Company specifies as important in terms of internal management. For all other information, responsible personnel determine the necessity and period for storage of information and store such information accordingly.

Ensuring Proper Business in Group Management

MC specifies a responsible department for the oversight of each subsidiary and affiliate and quantitatively monitors business performance, management efficiency and other operational aspects of each company every year. Efforts are also made to monitor qualitative issues such as compliance and risk management.

MC strives to ensure proper business conduct by subsidiaries and affiliates by sending directors to sit on their boards, executing joint venture agreements, exercising its voting rights and in other ways. In this way, and through various initiatives designed to sustain growth at each company, MC aims to raise corporate value on a consolidated basis.

In April 2009, MC established a dedicated internal organization to coordinate the formulation of basic policy concerning consolidated management and to discuss specific measures.

Auditing and Monitoring

Each organization takes responsibility for reviewing and improving its business activities on a regular basis. In addition, to more objectively review and evaluate the business activities of each organization, MC conducts regular audits through an internal audit organization.

Corporate Auditors

Corporate auditors attend and express opinions at meetings of the Board of Directors and other important management meetings. In addition, corporate auditors gather information and conduct surveys, keeping channels of communication open with directors, employees and others who cooperate with these efforts.

If there is a risk of a certain level of financial loss or a major problem, the person responsible for the department concerned is required to immediately report to corporate auditors in accordance with predetermined standards and procedures.

To raise the effectiveness of audits conducted by corporate auditors, personnel are appointed to assist corporate auditors in carrying out their duties. Mindful of the need for independence, the opinions of corporate auditors are respected and other factors taken into consideration when evaluating and selecting people to assist them.

Financial Reporting

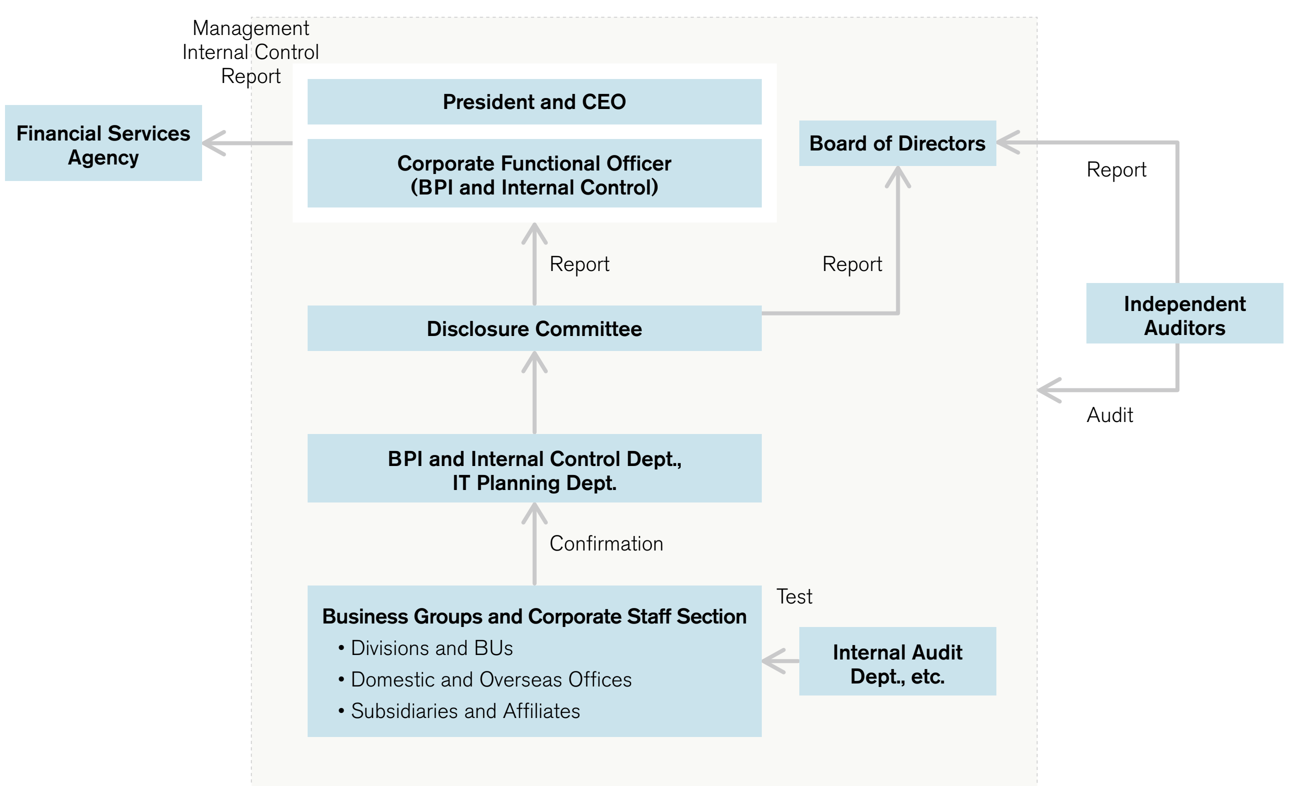
To ensure the proper and timely reporting of financial statements, MC has appointed personnel responsible for financial reporting and prepares financial statements in conformity with legal requirements and accounting standards. These financial statements are released after being discussed and confirmed by the committee responsible for financial reporting.

Regarding the internal controls over financial reporting, MC has a dedicated internal organization, which documents, evaluates and improves Company-wide internal controls and administrative processes at important business locations in accordance with the internal control reporting system based on the Financial Instruments and Exchange Act of Japan. The goal is to further increase the reliability of financial reporting on a consolidated basis.

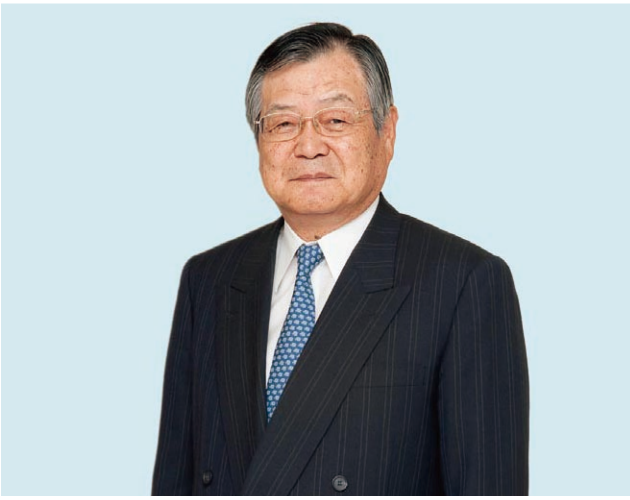
The fiscal year ended March 31, 2009 was the first year for introduction of the internal control reporting system based on the Financial Instruments and Exchange Act. The Company developed activities on a Group-wide basis to ensure the effectiveness of internal controls over financial reporting. It conducted internal control activities and monitored internal controls, with efforts led by a dedicated internal organization. As a result, MC concluded that its internal control system over financial reporting was functioning properly and was effective, and this was stated in the management internal control report.

This management internal control report is subject to an external audit by the independent auditors. MC received an Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan and this report was included in MC's securities report.

Internal Control Evaluation System for Financial Reporting



Compliance Framework



MC has long engaged in creating a framework to ensure that it continues to conduct proper and fair business activities, in addition to upholding legal and regulatory compliance. This longstanding commitment is based on the Three Corporate Principles, which encapsulate our corporate philosophy, and is stipulated in our Corporate Standards of Conduct. In September 2000, we formulated a Code of Conduct, and all officers and employees are required to carry a booklet containing this code. In addition, every year all officers and employees are required to sign a written commitment to this Code. Through these measures, we are ensuring legal and regulatory compliance by each and every employee, as well as instilling an awareness of proper conduct that reflects social norms. In another initiative, we introduced the Compliance Officer post and compliance officers have been appointed in all business groups and all regions in Japan and overseas. To assist their activities, we have also appointed compliance-related staff. Together, these people work to foster compliance in daily activities.

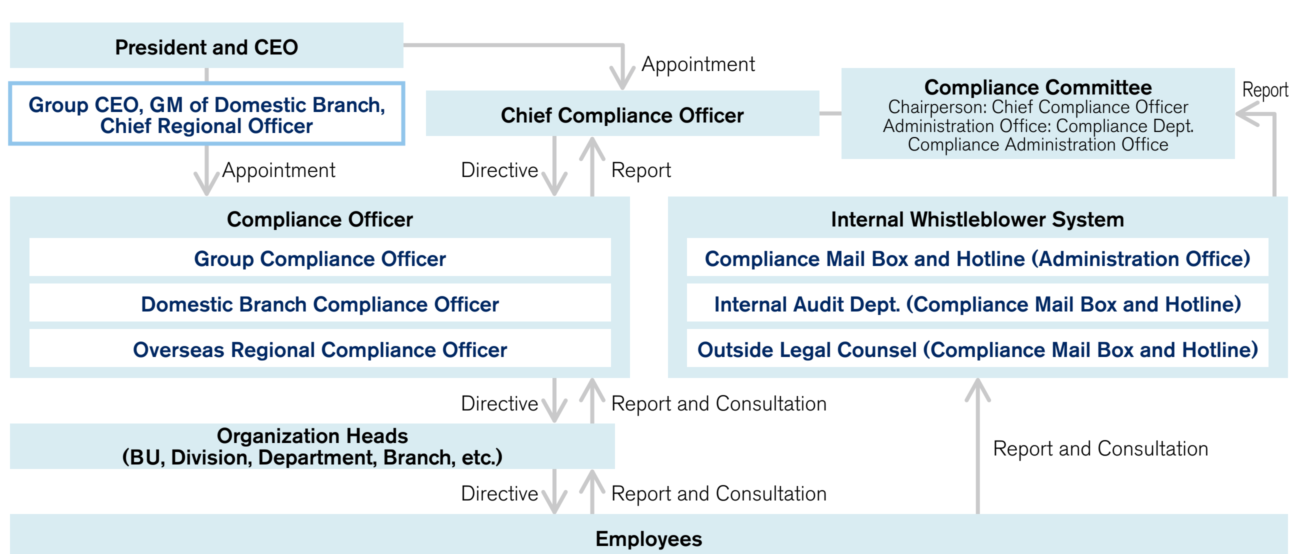
In the fiscal year ended March 31, 2009, as part of these enforcement activities, we analyzed compliance risk in each Head Office organization of business groups. And we surveyed all officers and employees about their understanding of compliance, at which time we asked them to make proposals for future compliance activities, which we have taken into account in our various activities.

The compliance activities of all officers and employees are the basis upon which we conduct all our corporate activities, as well as an important strategy for raising corporate value on a consolidated basis. From the base of the compliance activities conducted thus far, we will continue to upgrade and reinforce compliance initiatives that are effective at instilling awareness of compliance issues in each and every officer and employee of MC and employees of MC's subsidiaries and affiliated companies.

Yukio Ueno

Member of the Board,
Senior Executive Vice President,
Chief Compliance Officer

Compliance Framework



CSR (Corporate Social Responsibility) & Environmental Affairs

MC is promoting a wide range of environmental and CSR focused activities that cover various fields and geographical regions in order to grow together with the communities that it works in and to help build a sustainable and prosperous society for the future. Greater expectations from society have motivated MC to further strengthen these efforts, and to further develop businesses aimed at sustainable growth and development.

In order to handle CSR and environmental issues, MC established the CSR & Environmental Affairs Committee as a sub-committee of the Company's Executive Committee. Under this sub-committee sits the CSR & Environmental Affairs Review Committee, which discusses MC's basic policies concerning CSR and environmental affairs, risk management and other issues. The same committee also reviews the current year's social contribution activities and decides on the following year's activities.

MC also has a CSR & Environmental Affairs Advisory Committee, which provides advice and proposals on MC's environmental and CSR activities. MC established this committee because it felt that it was necessary to factor in the opinions of outside experts as it continues to develop its operations on a global scale and in concert with the needs of its stakeholders. Made up of eight external experts, this committee meets throughout the year and offers a wide range of advice on issues related to CSR, environmental trends and social contribution activities.

Members of the CSR & Environmental Affairs Advisory Committee
(Fiscal Year Ended March 31, 2009)

front row from left

Keiko Katsu
(Freelance Newscaster)

Mizue Unno
(Managing Director, So-Tech Consulting, Inc.)

Peter D. Pedersen
(Chief Executive, E-Square)

James E. Brumm
(Executive Advisor, Mitsubishi International Corporation)

back row from left

Eiichiro Adachi
(Research Chief, The Japan Research Institute, Ltd.)

Hiroshi Kito
(Professor of Economic History and Historical Demography, Sophia University)

Takejiro Sueyoshi
(Special Advisor to the UNEP Finance Initiatives in the Asia Pacific Region)

Yasushi Hibi
(Director of Japan Program, Conservation International)

Yukio Ueno
(Member of the Board, Senior Executive Vice President)

Overview of the Organization Framework

Executive Committee

CSR & Environmental Affairs Committee

Discussions on basic environmental and CSR policies, for proposal to MC's Executive Committee

CSR & Environmental Affairs Advisory Committee

Consultative body on MC Group's CSR and environmental activities

CSR & Environmental Affairs Review Committee

Discussions on basic environmental and CSR policies, risk management and other issues; reviews of current fiscal year's social contributions and decisions on contributions for next fiscal year.

Examples of MC Activities

In the environmental field, MC recognizes climate change as an important issue to address and is working within its own capacity to reduce its own CO_2 emissions as well as Group company emissions. In terms of businesses, in April 2009, MC established the Corporate Development Section in order to engage in businesses that will drive the Company's growth in the years ahead. Through the development of clean energy, including solar and wind power, and biomass fuel businesses, MC will continue to contribute in many ways to the realization of a low-carbon society.

In terms of social contribution activities, MC is actively promoting activities in four key fields: ongoing social contribution activities conceived and conducted voluntarily by employees (Friendship Camp for Mothers and Children, etc.); programs that contribute to various regions around the world (Malaysia tree-planting program, etc.); activities in the public welfare and education fields (Exchange student scholarships, etc.); and activities related to art and culture (Mitsubishi Corporation Art Gate Program).

MC also believes that it is important for each and every employee to heighten their own awareness towards contributing to society. In order to encourage and help facilitate this enhanced consciousness, MC runs various programs that encourage employees to participate in volunteer activities.

Friendship Camp for Mothers and Children

Malaysia tree-planting program

Mitsubishi Corporation Art Gate Program

Inclusion in Socially Responsible Investment (SRI) Indices and SRI Funds

MC has earned a solid reputation for its CSR initiatives and transparency in the disclosure of information. Underscoring this is MC's inclusion in various socially responsible investment (SRI) indices. These include FTSE4Good, an SRI index compiled by FTSE Group, a joint venture between the Financial Times of the U.K. and the London Stock Exchange; and the Morningstar Socially Responsible Investment Index (MS-SRI) of Morningstar Japan K.K.

FTSE4Good

MS-SRI

Sustainability Report

Further information on MC's approach to CSR and environmental affairs can be found in our sustainability report as well as on our website at:
http://www.mitsubishicorp.com/jp/en/csr/library/

Executive Officers

(As of July 1, 2009)

Yorihiko Kojima*
President,
Chief Executive Officer

[Senior Executive Vice Presidents]

Yukio Ueno*
Corporate Administration & Legal,
Chief Compliance Officer,
CSR & Environmental Affairs,
IT Service Development

Takeshi Inoue*
Food, Agricultural Resources &
Consumer Market Strategies,
Customer Relations Management,
Regional Strategy (Japan)

Hisanori Yoshimura*
Resources & Energy Strategies

[Executive Vice Presidents]

Hajime Katsumura
Group CEO,
Machinery Group,
Regional Development

Tsunao Kijima
Chief Representative for China,
(Concurrently)
President, Mitsubishi Corporation
China Co., Ltd.

Ryoichi Ueda*
Chief Financial Officer

Koichi Komatsu
Regional CEO, Americas,
(Concurrently)
President, Mitsubishi International
Corporation

Masahide Yano
Group CEO,
Living Essentials Group

Hideshi Takeuchi
Group COO,
Industrial Finance, Logistics
& Development Group,
(Concurrently)
Division COO,
Merchant Banking, M&A Division

Seiji Kato
Group CEO,
Energy Business Group

Ken Kobayashi
Group CEO,
Industrial Finance, Logistics
& Development Group

Hideyuki Nabeshima
Group CO-CEO,
Machinery Group

Hideto Nakahara*
Global Strategy,
Regional Development

Motonobu Teramura
Regional CEO, Asia & Oceania,
(Concurrently)
General Manager,
Jakarta Liaison Office

Tsuneo Iyobe*
Human Resources

Jun Yanai
Group COO,
Energy Business Group

Shosuke Yasuda
General Manager,
Nagoya Branch

Jun Kinukawa
Group CEO,
Metals Group

Kiyoshi Fujimura*
BPI & Internal Control,
Chief Information Officer

Osamu Komiya*
Regional Strategy (Japan),
(Concurrently)
General Manager,
Kansai Branch

Seiei Ono
Division COO,
Corporate Planning Division

Takahisa Miyauchi
Group CEO,
Chemicals Group

Tetsuro Terada
Regional CEO, Europe-CIS,
Middle East & Africa,
(Concurrently)
Chairman and Managing Director,
Mitsubishi Corporation
International N.V.,
(Concurrently)
Managing Director,
Mitsubishi Corporation (UK) PLC

[Senior Vice Presidents]

Nobuaki Kojima
Division COO,
New Energy Business Development
Division

Tetsuro Kuwabara
Division COO,
Natural Gas Business Division B

Masayuki Mizuno
Division COO,
Petroleum Business Division

Hiroyuki Tarumi
Chief Regional Officer, Africa,
(Concurrently)
General Manager,
Johannesburg Branch

Seiji Shiraki
Division COO,
Plant & Industrial Machinery
Business Division

Sumio Ariyoshi
Division COO,
Human Care & Media Division

Minoru Takei
President, Mitsubishi Corporation
Financial & Management Services
(Japan) Ltd.

Tetsuo Nishiumi
Executive Vice President,
Mitsubishi International Corporation

Chikara Yamaguchi
Deputy Chief Representative
for China,
(Concurrently)
President, Mitsubishi Corporation
Shanghai Limited

Hironobu Abe
Deputy General Manager,
Kansai Branch,
(Concurrently)
General Manager, Chugoku Branch

Ichiro Ando
Controller

Michio Kaga
Division COO,
General Merchandise Division

Tomohiko Fujiyama
General Manager,
Corporate Strategy & Research
Department,
Corporate Planning Division

Shigeaki Yoshikawa
General Manager,
Global Strategy & Coordination
Department

Koichi Narita
General Manager,
Living Essentials Group
CEO Office

Keiichi Nakagaki
Chairman & Managing Director,
Mitsubishi Corporation India
Private Ltd.

Eiichi Tanabe
Treasurer

Toru Moriyama
Senior Assistant to Group CEO,
Living Essentials Group,
(Concurrently)
General Manager,
Next Generation Business
Development Unit

Takahiro Mazaki
Officer for E&P,
Energy Business Group

Yasuyuki Sakata
Division COO,
Asset Finance & Business
Development Division

Yasuyuki Sugiura
General Manager,
Corporate Communications
Department,
Corporate Planning Division

Shuma Uchino
Senior Executive Officer,
Mitsubishi Motors Corporation

Toshimitsu Urabe
Deputy Chief Representative
for China,
(Concurrently)
President, Mitsubishi Corporation
(Hong Kong) Ltd.

Morikazu Chokki
Division COO,
Isuzu Business Division

Keiichi Asai
General Manager,
Energy Business Group
CEO Office

Ichiro Miyahara
Division COO,
Development & Construction
Project Division

Kozo Shiraji
Division COO,
Motor Vehicle Business Division

Shunichi Matsui
President,
Mitsubishi International G.m.b.H.,
(Concurrently)
Senior Assistant to Regional CEO,
Europe-CIS, Middle East & Africa

Morinobu Obata
Division COO,
Textiles Division

Kenji Tani
Division COO,
Non-Ferrous Metals Division

* Represents members of the Board

Corporate Section

General Information

Share Data

(1) Authorized share capital: 2,500,000,000 shares of common stock

(2) Number of shares issued and number of shareholders as of March 31, 2009

	Number of shares issued	Number of shareholders
As of March 31, 2008	1,694,323,909	161,590
Change	1,722,775	120,117
As of March 31, 2009	1,696,046,684	281,707

Note: The increase in the number of shares issued was due to the exercise of stock options and stock acquisition rights of bonds with acquisition rights during the fiscal year ended March 31, 2009.

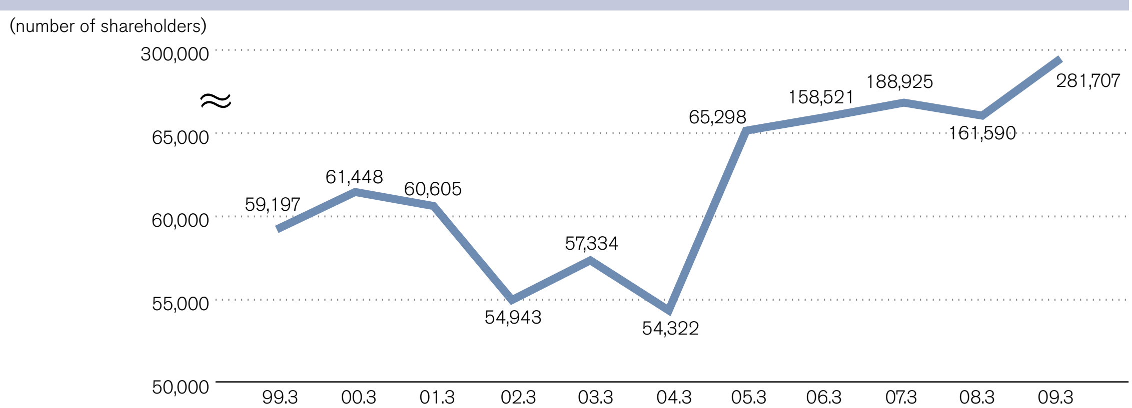
(3) The Company decided to reduce its Unit Stock from 1,000 shares to 100 shares on September 1, 2004.

Principal Shareholders

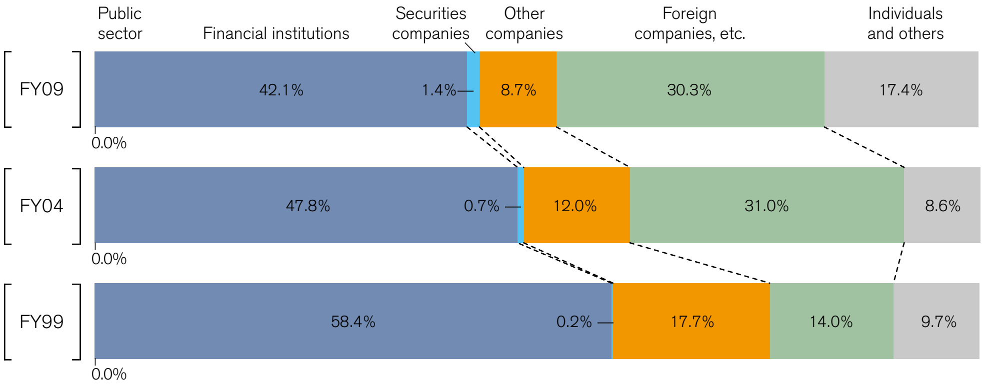
	Shareholding (Rounded down to the nearest thousand shares)	
Name	Number of shares (thousands)	Shareholding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	98,227	5.97
Tokio Marine & Nichido Fire Insurance Co., Ltd.	93,167	5.67
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	80,428	4.89
The Master Trust Bank of Japan, Ltd. (Trust Account)	73,484	4.47
Meiji Yasuda Life Insurance Company	72,052	4.38
The Master Trust Bank of Japan, Ltd. (Pension Benefit Trust Account—Mitsubishi Heavy Industries, Ltd.)	48,920	2.97
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	42,701	2.59
The Chase Manhattan Bank, N.A. London, S.L. Omnibus Account	26,493	1.61
The Nomura Trust and Banking Co., Ltd. (Pension Benefit Trust Account—Mitsubishi UFJ Trust and Banking Corporation)	22,088	1.34
State Street Bank and Trust Company 505225	18,117	1.10

Shareholding was computed excluding total treasury stock of 52,916,114 shares.

Number of Shareholders



Shareholder Composition

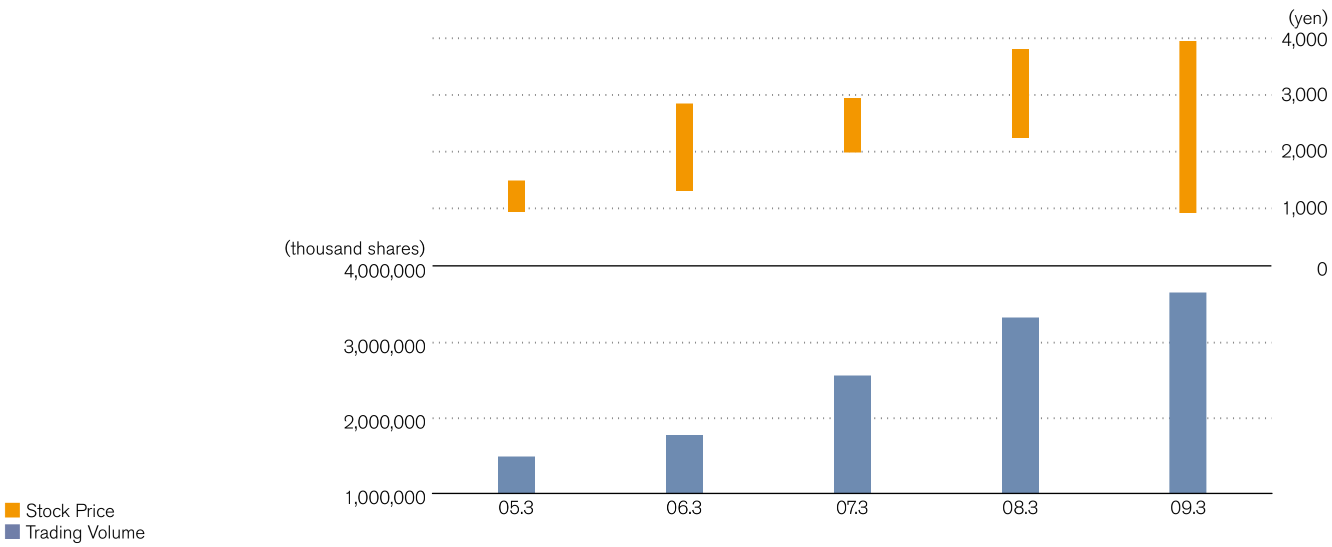


(One Unit Stock)

	Public sector	Financial institutions	Securities companies	Other companies	Foreign companies, etc.	Individuals and others	Total
Fiscal 2009	538	7,137,045	245,256	1,482,023	5,133,099	2,956,715	16,954,676
Fiscal 2004	0	745,192	10,584	187,893	483,190	133,526	1,560,385
Fiscal 1999	40	910,851	2,977	276,051	217,618	150,879	1,558,416

Note: Figures for fiscal 2009 represent Unit Stock (tangen), with 1 tangen equaling 100 shares.

Stock Price Range and Trading Volume



	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
Trading volume (thousand shares)	1,493,690	1,778,788	2,562,875	3,332,397	3,661,608
High (yen)	1,490	2,850	2,940	3,810	3,950
Low (yen)	936	1,313	1,984	2,245	923

Note: The stock price range and trading volume are based on stock prices and volumes, respectively, on the Tokyo Stock Exchange (First Section).

Stock Acquisition Rights

(1) Stock Options

Fiscal Year Granted	August 7, 2000	August 1, 2001	August 15, 2002	August 15, 2003	August 13, 2004	August 10, 2005	August 10, 2006
Number of stock acquisition rights	–	–	148	576	719	10,459	13,424
Class and number of shares to be issued for the purpose of issuing stock acquisition rights	25,000 shares of Mitsubishi Corporation's common stock	430,000 shares of Mitsubishi Corporation's common stock	148,000 shares of Mitsubishi Corporation's common stock	576,000 shares of Mitsubishi Corporation's common stock	719,000 shares of Mitsubishi Corporation's common stock	1,045,900 shares of Mitsubishi Corporation's common stock	1,342,400 shares of Mitsubishi Corporation's common stock
Issue price of stock acquisition rights	Issued in gratis	Issued in gratis	Issued in gratis	Issued in gratis	Issued in gratis	Issued in gratis	Issued in gratis
Price per share due upon exercise of stock acquisition rights (Exercise Price)	¥903	¥1,002	¥809	¥958	¥1,090	¥1,691	¥2,435
Exercise period	From June 30, 2002 through June 29, 2010	From June 29, 2003 through June 28, 2011	From June 28, 2004 through June 27, 2012	From June 28, 2005 through June 27, 2013	From June 25, 2006 through June 24, 2014	From June 25, 2007 through June 24, 2015	From July 22, 2008 through June 27, 2016

Notes: 1. The Exercise Price may be adjusted in accordance with terms specified at the time of issue.
2. The "Number of stock acquisition rights" is the number remaining as of March 31, 2009.
3. The number of shares to be issued per stock acquisition right with regard to stock options from 2005 is 100 shares.

(2) Stock Options for a Stock-Linked Compensation Plan

Fiscal Year Granted	August 10, 2005	April 28, 2006	August 10, 2006	August 6, 2007	June 2, 2008	August 4, 2008	June 1, 2009
Number of stock acquisition rights	2,672	138	1,579	3,646	266	4,031	614
Class and number of shares to be issued for the purpose of issuing stock acquisition rights	267,200 shares of Mitsubishi Corporation's common stock	13,800 shares of Mitsubishi Corporation's common stock	157,900 shares of Mitsubishi Corporation's common stock	364,600 shares of Mitsubishi Corporation's common stock	26,600 shares of Mitsubishi Corporation's common stock	403,100 shares of Mitsubishi Corporation's common stock	61,400 shares of Mitsubishi Corporation's common stock
Issue price of stock acquisition rights	Issued in gratis	Issued in gratis	Issued in gratis	Issued in gratis	Issued in gratis	Issued in gratis	Issued in gratis
Price per share due upon exercise of stock acquisition rights (Exercise Price)	¥1	¥1	¥1	¥1	¥1	¥1	¥1
Exercise period	August 11, 2005 through June 24, 2035	April 29, 2006 through June 24, 2035	August 11, 2006 through June 27, 2036	August 7, 2007 through June 26, 2037	June 3, 2008 through June 26, 2037	August 5, 2008 through June 25, 2038	June 2, 2009 through June 25, 2038

Notes: 1. Regarding grants in 2005 and 2006, eligible persons may exercise their stock acquisition rights, provided this is done within 10 years from the day after losing their position as either a director or executive officer of the Company. Regarding 2007 and June 2008 grants, eligible persons may exercise their stock acquisition rights from the earlier of June 27, 2009 or the day after losing their position as either a director, executive officer or senior vice president ("riji") of the Company. However, if 10 years have passed from the day after losing their position as either a director, executive officer or senior vice president ("riji") of the Company, they cannot exercise such rights. Regarding August 2008 and June 2009 grants, eligible persons may exercise their stock acquisition rights from the earlier of June 26, 2010 or the day after losing their position as either a director, executive officer or senior vice president ("riji") of the Company. However, if 10 years have passed from the day after losing their position as either a director, executive officer or senior vice president ("riji") of the Company, they cannot exercise such rights.
2. The "Number of stock acquisition rights" is the number remaining as of March 31, 2009.

(3) Stock Acquisition Rights of Bonds With Acquisition Rights

Yen-Denominated Zero Interest Convertible Bonds With Acquisition Rights Due 2011

Issue date	June 17, 2002
Number of stock acquisition rights	191
Class and number of shares to be issued for the purpose of issuing stock acquisition rights	803,872 shares of Mitsubishi Corporation's common stock
Issue price of stock acquisition rights	Issued in gratis
Price per share due upon exercise of stock acquisition rights (Conversion price)	¥1,188
Exercise period	From July 1, 2002 through June 3, 2011

Notes: 1. The conversion price may be adjusted in accordance with terms specified at the time of issue.
2. The "Number of stock acquisition rights" is the number remaining as of March 31, 2009.

Directors' and Corporate Auditors' Shareholdings

Title	Name	Number of shares held (thousands)	Title	Name	Number of shares held (thousands)
Chairman of the Board	Mikio Sasaki	147	Director	Tomio Tsutsumi	12
President, Chief Executive Officer	Yorihiko Kojima	114	Director	Tamotsu Nomakuchi	3
Director	Yukio Ueno	77	Director	Kunio Ito	–
Director	Takeshi Inoue	88	Director	Kazuo Tsukuda	3
Director	Hisanori Yoshimura	78	Director	Ryozo Kato	–
Director	Ryoichi Ueda	31	Senior Corporate Auditor	Yuzo Shinkai	30
Director	Hideto Nakahara	24	Corporate Auditor	Eiji Oshima	5
Director	Tsuneo Iyobe	25	Corporate Auditor	Shigeru Nakajima	–
Director	Kiyoshi Fujimura	15	Corporate Auditor	Eiko Tsujiyama	–
Director	Osamu Komiya	22	Corporate Auditor	Eisuke Nagatomo	–

Note: The number of shares held is as of June 24, 2009. Shares have been rounded down to the nearest thousand shares.

General Meeting of Shareholders

The ordinary general meeting of the Company's shareholders is convened in June each year. An extraordinary general meeting of shareholders is immediately convened whenever necessary.

Dividends

(1) Record date for payment of final dividend: March 31
(2) Record date for payment of interim cash dividend: September 30
(3) The Company is not obliged to pay any final or interim dividends unclaimed for a period of three years after the date on which they are first made available by the Company.

Handling of Shares

Regarding the procedures for handling shares, shareholders with a trading account at a securities company or other institution should contact that securities company or other institution, while shareholders who have not opened an account with a securities company or other institution should contact the following Account Management Institution regarding special accounts. Non-resident shareholders are required to appoint and notify the Company of a standing proxy in Japan.

(Special Accounts, Account Management Institution)
Mitsubishi UFJ Trust and Banking Corporation
Stock Transfer Agency Department
10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan
Telephone: 0120-232-711 (within Japan)

IR Site

Mitsubishi Corporation makes investor information available on its website. Please use the following URLs.

(English)
http://www.mitsubishicorp.com/jp/en/ir/
(Japanese)
http://www.mitsubishicorp.com/jp/ja/ir/

Principal Subsidiaries and Affiliates

(As of March 31, 2009)

Business Innovation Group

COMPANY NAME	VOTING RIGHTS (%)	MAIN BUSINESS
<Subsidiaries>		
■ Bewith, Inc. (Japan)	100.00	Outsourcing Service provider (Contact Center)
■ d-rights Inc. (Japan)	100.00	Production of animation and other contents, sale of broadcasting rights and licensing business
■ IT Frontier Corporation (Japan)	100.00	IT-related business solutions, system integration services, IT management services and product marketing, etc.
■ Mates Holdings Co., Ltd. (Japan)	66.67	Personnel placement business
■ MC Medical, Inc. (Japan)	100.00	Export and import as well as domestic sales of medical equipment and devices
■ MC Merchant Services Co., Ltd. (Japan)	100.00	Payment service to merchants via multi-payment methods such as credit card, bank accounting and next generation web payment
■ MC Silicon Valley, Inc. (U.S.A.)	100.00	Management of marketable securities
■ Nihon Hospital Service Co., Ltd. (Japan)	66.00	Procurement of medical supplies, management of supply centers and back-office support for hospital management
■ Nippon Care Supply Co., Ltd. (Japan)	65.54	Rental and sales of nursing care equipment and items
<Equity-method affiliates>		
■ Create Restaurants Inc. (Japan)	41.04	Operation of restaurants based on various concepts under different brands in Japan
■ Frontier Carbon Corporation (Japan)	50.00	Production and sales of fullerenes
■ T-Gaia Corporation (Japan)	22.78	Handling of subscriber contracts for various communication services, sales of handsets and equipment

Due to reorganization on April 1, 2009, ■ *were transferred to the Corporate Development Section while* ■ *were transferred to the Living Essentials Group.*

Industrial Finance, Logistics & Development Group

COMPANY NAME	VOTING RIGHTS (%)	MAIN BUSINESS
<Subsidiaries>		
Alternative Investment Capital Ltd. (Japan)	51.00	Private equity fund investments
Diamond Realty Investments, Inc. (U.S.A.)	100.00	Real estate investment
Diamond Realty Management Inc. (Japan)	100.00	Asset management company for private funds, consulting and outsourcing services
Healthcare Management Partners, Inc. (Japan)	66.00	Fund management company
Lifetime Partners, Inc. (Japan)	97.92	Management support for hospitals and nursing care providers
MC Aviation Financial Services (Europe) B.V. (The Netherlands)	100.00	Aircraft leasing and finance
MC Aviation Partners Inc. (Japan)	100.00	Aircraft leasing and management services
MC Capital Europe Ltd. (U.K.)	100.00	Investment and related activities
MC Capital Inc. (U.S.A.)	100.00	Investment and related activities
MC Finance International B.V. (The Netherlands)	100.00	Financial investment company
MC Financial Services Ltd. (U.S.A.)	100.00	M&A advisory and private equity investment
MC GLOBAL VOYAGER FUND LIMITED (Cayman Islands, British overseas territory)	100.00	Fund of funds
MC Insurance Center, Ltd. (Japan)	100.00	Insurance agency
MC Terminal Co., Ltd. (Japan)	100.00	Tankyard operation
MCAP EUROPE LIMITED (Ireland)	100.00	Aircraft leasing and management services
Mitsubishi Corporation Capital Ltd. (Japan)	100.00	Investment banking and asset management
Mitsubishi Corporation LT, Inc. (Japan)	100.00	Warehousing and total logistics services
Mitsubishi Corp.-UBS Realty Inc. (Japan)	51.00	Asset manager of a Japanese real estate investment trust
New Century Insurance Co., Ltd. (Bermuda, British overseas territory)	98.80	Insurance business
PORT SOUTH AIRCRAFT LEASING CO., LTD. (Japan)	100.00	Aircraft leasing and finance
Seto Futo Co., Ltd. (Japan)	61.65	Dry bulk terminal business, warehousing business
SKYPORT SERVICE CORPORATION (Japan)	100.00	Airport ground-handling services
TRM AIRCRAFT LEASING CO., LTD. (Japan)	100.00	Aircraft leasing and finance
YEBISU LIMITED (Cayman Islands, British overseas territory)	100.00	Aircraft leasing and finance
ZONNET AVIATION FINANCIAL SERVICES CO., LTD. (Japan)	100.00	Aircraft leasing and finance
<Equity-method affiliates>		
Mitsubishi Auto Leasing Holdings Corporation (Japan)	50.00	Auto leases, installment sales and other financial services through subsidiaries
Mitsubishi UFJ Lease & Finance Company Ltd. (Japan)	20.00	Leasing, installment sales, other financing
Mitsubishi Ore Transport Co., Ltd. (Japan)	39.32	Operation and chartering of bulkers for coking coal, iron ore, automobiles and other products

Energy Business Group

COMPANY NAME	VOTING RIGHTS (%)	MAIN BUSINESS
<Subsidiaries>		
Ajoco Exploration Co., Ltd. (Japan)	55.00	Development and production of oil in Angola
Ajoco'91 Exploration Co., Ltd. (Japan)	55.00	Development and production of oil in Angola
Angola Japan Oil Co., Ltd. (Japan)	51.00	Exploration, development and production of oil in Angola
Diamond Gas Resources Pty. Ltd. (Australia)	100.00	Sales agent of JALP crude oil and condensate, reinvestment company
DIAMOND GAS SAKHALIN B.V. (The Netherlands)	100.00	Stockholding company for Sakhalin II project in Russia
Diamond Tanker Pte. Ltd. (Singapore)	100.00	Marine transportation, etc.
MC Energy, Inc. (Japan)	100.00	Marketing and sales of asphalt and petroleum products
MCX Exploration (USA) Ltd. (U.S.A.)	100.00	Exploration, development and production of oil and natural gas
Mitsubishi Shoji Sekiyu Co., Ltd. (Japan)	100.00	Marketing and sales of petroleum products

MPDC Gabon Co., Ltd. (Japan)	100.00	Exploration, development and production of oil in Gabon
Onahama Petroleum Co., Ltd. (Japan)	80.00	Oil import, storage and sales as well as land and facility leasing
Pacific Orchid Shipping S.A. (Panama)	100.00	Ownership of tankers for transporting crude and heavy oil
Petro-Diamond Japan Corporation (Japan)	100.00	Marketing and sales of petroleum products
Petro-Diamond Inc. (U.S.A.)	100.00	Marketing and sales of petroleum products
Petro-Diamond Singapore (Pte) Ltd. (Singapore)	100.00	Marketing and sales of petroleum products
<Equity-method affiliates>		
Astomos Energy Corporation (Japan)	49.00	Import, trading, domestic distribution and sales of LPG
Brunei LNG Sendirian Berhad (Brunei)	25.00	Manufacturing and sales of LNG
Brunei Shell Tankers Sendirian Berhad (Brunei)	25.00	Ownership of LNG tankers
ENCORE ENERGY PTE. LTD. (Singapore)	39.40	Stockholding company for the company engaged in exploration, development, and production of oil and natural gas mainly in Indonesia
ENERGI MEGA PRATAMA INC. (Indonesia)	25.00	Stockholding company for the companies engaged in exploration, development, and production of oil and natural gas in Indonesia
Japan Australia LNG (MIMI) Pty. Ltd. (Australia)	50.00	Development and sales of resources (LNG, LPG, condensate and crude oil)

Metals Group

COMPANY NAME	VOTING RIGHTS (%)	MAIN BUSINESS
<Subsidiaries>		
Hernic Ferrochrome (Pty) Ltd. (Republic of South Africa)	50.98	Production and sales of ferrochrome in South Africa
JECO Corporation (Japan)	70.00	Investment company for Minera Escondida Ltda. copper mines in Chile
Kinsho Corporation (Japan)	100.00	Trading company
M.C. Inversiones Limitada (Chile)	100.00	Investment company for Los Colorados iron ore mine
MC Copper Holdings B.V. (The Netherlands)	100.00	Investment company for Los Pelambres copper mine in Chile
Mitsubishi Corporation Futures & Securities Ltd. (Japan)	100.00	Commodity broker
MC Iron Ore Sales Inc. (U.S.A.)	100.00	Partner in partnership (IOC OS) selling Iron Ore Company of Canada iron ore
MC Resources Trade & Logistics (Japan)	100.00	Sales of ferrous raw materials and service business
Metal One Corporation (Japan)	60.00	Steel products operations
Mitsubishi Development Pty Ltd (Australia)	100.00	Investment, production and sales of coals and other metals resources
Mitsubishi Shoji Light Metal Sales Corporation (Japan)	100.00	Trading of aluminum ingots and scrap
Petro-Diamond Risk Management Ltd. (U.K.)	100.00	Energy risk management
Ryowa Development Pty., Ltd. (Australia)	100.00	Investment company for BOYNE aluminum smelter and sales of aluminum
Ryowa Development II Pty., Ltd. (Australia)	100.00	Investment company for BOYNE aluminum smelter and sales of aluminum
Siam MCT Telecom Ltd. (Thailand)	100.00	Leasing of telecommunications equipment
Triland Metals Ltd. (U.K.)	100.00	Commodity broker on the London Metal Exchange (LME)
Triland USA Inc. (U.S.A.)	100.00	Commodity broker
<Equity-method affiliates>		
Iron Ore Company of Canada (Canada)	26.18	Iron ore production and sales
Mozal S.A.R.L. (Mozambique)	25.00	Production and sales of aluminum ingots
NIKKEI MC ALUMINIUM CO., LTD. (Japan)	45.00	Manufacturing and sales of secondary aluminum alloy ingots
<Metal One Subsidiaries>		
Isuzu Corporation (Japan)	56.60	Steel processing and sales
Kyushu Steel Corporation (Japan)	55.00	Steel (building materials) manufacturing
Kyushu Steel Center Co., Ltd. (Japan)	55.29	Steel (thick plates) processing
MC Metal Service Asia (Thailand) Co., Ltd. (Thailand)	100.00	Steel processing and sales
Metal One Holdings America, Inc. (U.S.A.)	80.00	Holding company of steel processing and sales business
Metal One SSS West Japan, Ltd. (Japan)	100.00	Steel (building materials) processing and sales
Metal One Ryowa Corporation (Japan)	100.00	Steel processing and sales
Metal One Specialty Steel Corporation (Japan)	100.00	Special steel processing and sales
Metal One Stainless (Asia) Pte. Ltd. (Singapore)	96.70	Steel (stainless) processing and sales
Metal One Steel Service Corporation (Japan)	67.33	Steel processing and sales
Metal One Structural Steel & Resource Corporation (Japan)	100.00	Steel (building materials) processing and sales
OTOFUJI Corporation (Japan)	100.00	Sales of steel pipes and accessories
Sus-Tech Corporation (Japan)	64.48	Steel (stainless) processing and sales
Tamatsukuri Corporation (Japan)	93.74	Steel (thick plates) processing and sales
<Metal One Equity-method affiliates>		
Koho CD Bars Service Center Co., Ltd. (Japan)	33.33	Steel (cold finished steel bars, special steel, etc.) sales
M.O. TEC CORPORATION (Japan)	39.24	Construction materials rentals and sales
Sanwa Tekko Co., Ltd. (Japan)	39.79	Steel processing and sales
Siam Hi-Tech Steel Center Co., Ltd. (Thailand)	50.00	Steel processing and sales

Kinsho Corporation was renamed Mitsubishi Corporation Unimetals Ltd. on April 1, 2009.

Machinery Group

COMPANY NAME	VOTING RIGHTS (%)	MAIN BUSINESS
<Subsidiaries>		
Auto Technic (Thailand) Co., Ltd. (Thailand)	100.00	Automobile maintenance
Constructora Geotermoelectrica Del Pacifico, S.A. de C.V. (Mexico)	100.00	Construction and leasing of power plants
Diamond Camellia S.A. (Panama)	100.00	Ship owning & chartering
Diamond Generating Corporation (U.S.A.)	100.00	Independent power producer
Diamond Power Corporation (Japan)	100.00	Electricity retailing

Isuzu Operations (Thailand) Co., Ltd. (Thailand)	80.00	Distribution of automobiles
MAC Funding Corporation (U.S.A.)	100.00	Industrial machinery sales finance
MC Automobile (Europe) N.V. (The Netherlands)	100.00	Company overseeing European automobile operations
MC Automobile Holding Asia B.V. (The Netherlands)	100.00	Company overseeing Asia-ASEAN automobile operations
MC Machinery Systems, Inc. (U.S.A.)	100.00	Sales and service of machine tools and industrial machinery
MCE Bank GmbH (Germany)	100.00	Automobile finance
MC-V Beteiligung Verwaltungs GmbH (Germany)	100.00	Automobile-related holding company
Mitsubishi Corporation Machinery, Inc. (Japan)	100.00	Export, import and domestic trading of machine parts
Mitsubishi Corporation Technos (Japan)	100.00	Sales of machine tools and industrial machinery
MMC Automoviles Espana S.A. (Spain)	75.00	Distribution of automobiles
MMC Car Poland Sp. z o.o. (Poland)	100.00	Distribution of automobiles
MSK FARM MACHINERY CORPORATION (Japan)	100.00	Sales and service of agricultural machinery and facilities
Nikken Corporation (Japan)	96.83	Rental and sales of construction machinery and other equipment
Norelec Del Norte, S.A. de C.V. (Mexico)	100.00	Construction and leasing of power plants
Orient Gas Transport Inc. (Liberia)	100.00	Ship finance
PT. Dipo Star Finance (Indonesia)	85.00	Automobile finance
PT. Tigaberlian Auto Finance (Indonesia)	85.00	Automobile finance
Petro Dia I S.A. (Panama)	100.00	Ship finance
Petro Dia Two S.A. (Panama)	100.00	Ship finance
Spitalgate Dealer Services Ltd. (U.K.)	100.00	Automobile finance
Sun Symphony S.A. (Panama)	100.00	Ship finance
TeaM Diamond Holding Corporation (Philippines)	51.21	Independent power producer
Thai Auto Sales Co., Ltd. (Thailand)	93.50	Automobile finance
The Colt Car Company Ltd. (U.K.)	100.00	Distribution of automobiles
Tri Petch Isuzu Sales Co., Ltd. (Thailand)	88.73	Distribution of automobiles
<Equity-method affiliates>		
Chiyoda Corporation	33.75	Plant engineering business
Curaçao Energy Company, Ltd. (Cayman Islands, British overseas territory)	50.00	Independent power producer
Electricidad Aguila de Tuxpan, S. de R.L. de C.V. (Mexico)	50.00	Independent power producer
Isuzu Engine Manufacturing Co., (Thailand) Ltd. (Thailand)	15.00	Manufacturing of automotive engines
Isuzu Motors Co., (Thailand) Ltd. (Thailand)	27.50	Manufacturing of automobiles
Isuzu Philippines Corporation (Philippines)	35.00	Import, manufacture, and sales of automobiles
Kualapura (M) Sdn. Bhd. (Malaysia)	25.00	Automobile-related holding company
Mitsubishi Elevator Hong Kong Company Limited (Hong Kong)	25.00	Elevator import, sales, installation and maintenance
MMC Chile S.A. (Chile)	40.00	Distribution of automobiles
Mitsubishi Motors de Portugal, S.A. (Portugal)	50.00	Distribution of automobiles
OneEnergy Limited (Cayman Islands, British overseas territory)	50.00	Independent power producer
PT. Krama Yudha Tiga Berlian Motors (Indonesia)	40.00	Distribution of automobiles
PT. Mitsubishi Krama Yudha Motors and Manufacturing (Indonesia)	32.28	Manufacturing and distribution of automobile engines and sheet metal parts
Vina Star Motors Corporation (Vietnam)	25.00	Automobile assembly and distribution

Chemicals Group

COMPANY NAME	VOTING RIGHTS (%)	MAIN BUSINESS
<Subsidiaries>		
Chuo Kasei Co., Ltd. (Japan)	100.00	Manufacturing and marketing of chemical products
KIBIKASEI CO., LTD. (Japan)	96.55	Wholesale and trading of synthetic resin raw materials and products made from these materials as well as industrial chemicals
Kohjin Co., Ltd. (Japan)	73.09	Manufacturing of specialty papers, plastic films, biochemicals and fine chemicals
MC Ferticom Co., Ltd.	72.83	Manufacturing and marketing of fertilizer
MC Life Science Ventures, Inc. (U.S.A.)	100.00	Corporate venture capital and business incubation
Mitsubishi Shoji Chemical Corp. (Japan)	100.00	Marketing of solvents, coating resins, flame retardants and monomers
Mitsubishi Shoji Food Tech Co., Ltd. (Japan)	100.00	Manufacturing and marketing of functional food ingredients
Mitsubishi Shoji Plastics Corp. (Japan)	100.00	Marketing of synthetic raw materials and plastics
<Equity-method affiliates>		
Aromatics Malaysia Sdn. Bhd. (Malaysia)	30.00	Manufacturing and marketing of benzene and paraxylene
Exportadora de Sal, S.A. de C.V. (Mexico)	49.00	Manufacturing of solar salt
Meiwa Corporation (Japan)	33.15	Trading company
Metanol de Oriente, METOR, S.A. (Venezuela)	25.00	Manufacturing and marketing of methanol
Nippon Resibon Corporation (Japan)	20.00	Grinding wheels, coated abrasive products, machinery and tools, materials and other businesses
PT. Kaltim Parna Industri (Indonesia)	50.00	Manufacturing of ammonia
SPDC Ltd. (Japan)	30.39	Investment and petroleum and petrochemicals-related businesses

Living Essentials Group

COMPANY NAME	VOTING RIGHTS (%)	MAIN BUSINESS
<Subsidiaries>		
AGREX, Inc. (U.S.A.)	100.00	Storage and marketing of grain
Alpac Forest Products Inc. (Canada)	70.00	Manufacturing and sales of wood pulp
Alpac Pulp Sales Inc. (Canada)	100.00	Sales of wood pulp

California Oils Corporation (U.S.A.)	100.00	Manufacturing and sales of specialty vegetable oils and fats
Cape Flattery Silica Mines Pty., Ltd. (Australia)	100.00	Mining and sales of silica sand
Dai-Nippon Meiji Sugar Co., Ltd. (Japan)	100.00	Manufacturing and wholesale of sugar products
Food Service Network Co., Ltd. (Japan)	100.00	Food wholesaling business for convenience stores
Foodlink Corporation (Japan)	99.39	Sales of meat and meat products
Green Houser Co., Ltd. (Japan)	100.00	Sales of wood products, construction materials and housing equipment
Indiana Packers Corporation (U.S.A.)	80.00	Processing and sales of pork
Kentucky Fried Chicken Japan Ltd. (Japan)	65.03	Fast-food restaurant chain and home-delivery pizza stores
Life Gear Corporation (Japan)	100.00	Sales and marketing of footwear
MC Knit Corporation (Japan)	100.00	Manufacturing and marketing of knitwear and wholesale of yarn for knitwear
M.C. Textile Co., Ltd. (Japan)	100.00	Marketing and sales of textiles
Meidi-ya Corporation (Japan)	80.00	Wholesale of food products
Mitsubishi Shoji Construction Materials Corporation (Japan)	100.00	Marketing of construction materials and construction work
Mitsubishi Shoji Packaging Corporation (Japan)	88.22	Sales and marketing of packaging materials, paper, paperboard and corrugated containerboard, as well as export of paper and paperboard
MRS Corporation (Japan)	100.00	Operation of ultra-low temperature transport vessels
Nihon Shokuhin Kako Co., Ltd. (Japan)	59.77	Manufacturing of corn starch and related processed products
Nitto Fuji Flour Milling Co., Ltd. (Japan)	64.02	Flour miller
Nosan Corporation (Japan)	56.22	Manufacturing and marketing of livestock feed
Princes Limited (U.K.)	100.00	Manufacturing of food products and soft drinks
Riverina (Australia) Pty., Ltd. (Australia)	100.00	Marketing of grains and manufacturing of animal feed and its marketing
RYOSHOKU LIMITED (Japan)	51.16	Wholesale of food products
San-Esu Inc. (Japan)	91.93	Wholesale of confectionery
Sanyo Foods Co., Ltd. (Japan)	100.00	Manufacturing and sales of food products
TH FOODS, Inc. (U.S.A.)	53.16	Manufacturing of rice crackers
TOSHO Co., Ltd. (Japan)	100.00	Wholesale of pet food and pet care products
Toyo Reizo Co., Ltd. (Japan)	80.82	Processing and sales of marine products
Tredia Fashion Co., Ltd. (China)	100.00	Sales and production control of textile products
<Equity-method affiliates>		
Atunes De Levante, S.A. (Spain)	49.00	Farming of tuna
Coca-Cola Central Japan Co., Ltd. (Japan)	22.71	Manufacturing and sales of soft drinks
Ensuiko Sugar Refining Co., Ltd. (Japan)	31.26	Manufacturing and wholesale of sugar products
Hokkaido Sugar Co., Ltd. (Japan)	27.16	Manufacturing of beet sugar
Hokuetsu Paper Mills, Ltd. (Japan)	24.09	Manufacturing, processing and sales of paper and pulp
Itoham Foods, Inc (Japan)	20.06	Manufacturing and sales of meats and processed foods
Kadoya Sesame Mills, Inc. (Japan)	27.40	Manufacturing and sales of sesame oil and sesame
Kirin MC Danone Waters Co., Ltd. (Japan)	24.00	Manufacturing and sales of bottled mineral water
LAWSON, INC. (Japan)	32.67	Franchise chain of LAWSON convenience stores
Life Corporation (Japan)	21.29	Supermarket chain stores
Maruichi Co., Ltd. (Japan)	20.00	Wholesale of food products
Matsutani Chemical Industry Co., Ltd. (Japan)	30.00	Processing of starch
MCC Development Corporation (U.S.A.)	30.00	Holding company of ready-mixed concrete companies
Mitsubishi Cement Corporation (U.S.A.)	28.71	Manufacturing and marketing of cement
The Nisshin OilliO Group, Ltd. (Japan)	16.63	Oils and meal, healthy foods and fine chemicals businesses
TOYO TYRE & RUBBER AUSTRALIA LIMITED (Australia)	25.60	Importing and sales of tyres
YONEKYU CO., LTD. (Japan)	23.55	Sales of meats, manufacture and sales of processed foods

Corporate Staff Section

COMPANY NAME	VOTING RIGHTS (%)	MAIN BUSINESS
<Subsidiaries>		
Business Trip International Inc. (Japan)	100.00	Travel agency
Human Link Corporation (Japan)	100.00	Personnel operation outsourcing services and consulting
MC Facilities Co., Ltd. (Japan)	100.00	Office building management and operation services
MC Finance & Consulting Asia Pte. Ltd. (Singapore)	100.00	Professional services
Mitsubishi Corporation Finance PLC (U.K.)	100.00	Treasury services
Mitsubishi Corporation Financial & Management Services (Japan) Ltd. (Japan)	100.00	Accounting, financial and foreign exchange services, credit control and management consulting
RED DIAMOND CAPITAL PARTNERS, LP (U.S.A.)	100.00	Investment fund

** On April 1, 2009, RED DIAMOND CAPITAL PARTNERS was transferred to the Industrial Finance, Logistics & Development Group.*

Main Regional Subsidiaries

COMPANY NAME	VOTING RIGHTS (%)	MAIN BUSINESS
<Subsidiaries>		
Mitsubishi Corporation International N.V.	100.00	Holding company for European subsidiaries
Mitsubishi Australia Limited	100.00	Trading
Mitsubishi Corporation (Hong Kong) Ltd.	100.00	Trading
Mitsubishi Corporation (UK) PLC	100.00	Trading
Mitsubishi Corporation (Korea) Ltd.	100.00	Trading
Mitsubishi International Corporation	100.00	Trading
Mitsubishi International G.m.b.H.	100.00	Trading
Mitsubishi Corporation (Taiwan) Ltd.	100.00	Trading
Thai MC Company Limited	67.80	Trading

Financial Section

The Three Corporate Principles and the Corporate Standards of Conduct, the cornerstones of our corporate philosophy, underpin our system for ensuring the fairness of financial information. These are the basis upon which we have established internal regulations and ensure that all employees comply with these regulations. Furthermore, we have made public a Corporate Disclosure Policy that prescribes our basic position with respect to the release of significant information in accordance with laws such as the Financial Instruments and Exchange Act and the Companies Act in Japan and regulations of the Tokyo Stock Exchange.

Furthermore, we maintain an effective framework for deciding on important management issues. Such issues are first discussed and decisions are reached by the Executive Committee, MC's highest-ranking decision-making body of executive officers, and then passed on to the Board of Directors for a final resolution. Moreover, the status of business execution and other important management information is reported to the Executive Committee and the Board of Directors. Regarding business processes and the status of management, the Internal Audit Dept. and internal audit organizations of individual business groups and overseas offices conduct internal audits, including of affiliated companies. The results of each internal audit are reported to the president, corporate auditors and other concerned parties as well as to the Board of Directors and Executive Committee.

Based on this internal framework, we have clarified the division of duties and responsibilities for preparing financial information. Accounting procedures are performed in accordance with internal regulations based on the maintenance of an adequate administrative system in each responsible division.

MC has had a Disclosure Committee, which evaluated the information contained in the financial section of this annual report for the year ended March 31, 2009 and confirmed that the content is adequate.

Regarding the consolidated financial statements included in this annual report, we received an unqualified audit report from the independent auditors following a strict external audit.

Management is responsible for establishing adequate systems of internal control and financial reporting as above.

Ryoichi Ueda

Member of the Board,
Executive Vice President,
Chief Financial Officer

Management's Discussion and Analysis of Financial Condition and Results of Operations

1. Results of Operations

In the fiscal year ended March 31, 2009, the economic environment was extremely tough due to the worldwide spread of the financial crisis that originated in the U.S. Not only did the financial crisis cause major turmoil in financial markets, it rapidly spread to the real economy, catalyzing a sudden contraction of demand, which in turn led to a global downturn in production and trade. Major volatility was also seen, with large fluctuations witnessed in foreign currencies, highlighted by the yen appreciating and euro weakening. International commodity prices also dropped.

The Japanese economy, meanwhile, had to contend with a fall in overseas demand and a stronger yen because of the global financial crisis. Exports, which had driven Japan's economy until midway through the fiscal year, plummeted in the second half, precipitating significant production cutbacks. As a result, the Japanese economy lurched deeper into recession as business sentiment rapidly deteriorated, most notably in the manufacturing industry.

Against this economic backdrop, we recorded consolidated net income of ¥369.9 billion in the fiscal year ended March 31, 2009. This represented a year-on-year decline of ¥100.9 billion, or 21.4%, and reflected lower earnings in all business groups with the exception of the Metals Group, which posted a ¥58.5 billion increase in consolidated net income thanks largely to higher Australian coking coal prices. While the decline in consolidated net income was our first in seven fiscal years, consolidated net income was still our third highest ever.

Gross profit at ¥1,463.2 billion and operating income at ¥588.9 billion were record highs. These record performances reflected higher coking coal prices, high prices for crude oil up to the end of September 2008, and stable consolidated net income in chemicals, living essentials and elsewhere. However, consolidated net income was dragged down by deterioration in foreign exchange gains and losses accompanying volatility in foreign currency markets, sharp deterioration in net loss on marketable securities and investments due mainly to write-offs of listed shares resulting from falling stock prices, and deterioration in loss on property and equipment due to impairment losses. For the fiscal year ended March 31, 2009, we booked total write-offs of non-performing assets of approximately ¥180.0 billion, including listed share write-offs of ¥89.6 billion (after-tax). By recording these non-performing asset write-offs, however, we believe that we have cleaned up our balance sheet, so we are now well positioned to act quickly when the economic environment improves.

Core earnings[*1] for the fiscal year ended March 31, 2009 were ¥855.8 billion, a record high like gross profit and operating income.

Total shareholders' equity declined ¥490.1 billion from March 31, 2008 to ¥2,383.4 billion at March 31, 2009 despite the accumulation of consolidated net income up to the third quarter of the fiscal year. The decline reflected a decrease in net unrealized gains on securities available for sale resulting from the economic turbulence sparked by the financial crisis, as well as an increase in foreign currency translation adjustments on overseas investments due to the yen's appreciation. The decline in shareholders' equity also reflected the payment of dividends. Over the past year, we continued to raise funds to secure liquidity so that we could ride out the instability in financial markets. This led to higher interest-bearing liabilities. Net interest-bearing liabilities were ¥3,551.2 billion at March 31, 2009, ¥129.3 billion, or 3.8%, higher than at March 31, 2008. The net debt-to-equity ratio rose from 1.2 times a year ago to 1.5 times.

Free cash flows were a negative ¥140.8 billion as we made substantial investments during the past fiscal year, although net cash provided by operating activities was higher year on year. Financing activities provided net cash of ¥650.5 billion, the result of raising funds ahead of schedule in order to ensure greater liquidity to ride out financial market instability. Net cash provided by financing activities rose sharply from the fiscal year ended March 31, 2008.

In terms of our forecasts for the fiscal year ending March 31, 2010, we are projecting consolidated net income[*2] of ¥220.0 billion, down ¥149.9 billion, or 41%, year on year. This is despite the absence of the approximate ¥180.0 billion charge for non-performing asset write-offs that we incurred in the fiscal year ended March 31, 2009, as we do not expect any short-term recovery in foreign currencies and commodity prices and the real economy. This forecast conservatively assumes a Nikkei Average of around ¥9,000 for the fiscal year. Based on this assumption, we have factored a write-off of marketable securities available for sale of ¥20.0 billion into our forecast. We estimate that for every ¥1,000 change in the Nikkei Average at the end of each quarter from ¥9,000, there will be a change in write-offs of around ¥20.0 billion (after-tax). However, because write-offs are booked according to changes in individual share prices, if changes in the prices of shares we hold are not linked to changes in the Nikkei Average, this sensitivity assumption will not necessarily apply.

*1 Core Earnings = Operating income (before the deduction of credit (provision) for doubtful receivables) + Interest expense (net of interest income) + Dividend income + Equity in earnings of affiliated companies
Operating income reflects companies' (a) gross profit, (b) selling, general and administrative expenses, and (c) (provision) credit for doubtful receivables.

*2 "Consolidated net income" and "net income for the fiscal year ending March 31, 2010" as used on this page and subsequent pages is "Consolidated net income attributable to Mitsubishi Corporation" and is equivalent to consolidated net income through the fiscal year ended March 31, 2009.

Note: Earnings forecasts and other forward-looking statements in this annual report are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual results to differ materially from those projected.

Core Earnings

	Millions of Yen				
	2005.3	2006.3	2007.3	2008.3	**2009.3**
Gross profit — SG&A expenses	¥194,732	¥356,861	¥411,602	¥351,196	**¥597,677**
Interest expense (net of interest income)	(1,732)	(4,409)	(14,411)	(12,292)	**(23,318)**
Dividend income	44,281	72,065	136,999	134,623	**124,663**
Equity in earnings of affiliated companies	99,624	124,797	152,208	155,008	**156,763**
Core earnings	¥336,905	¥549,314	¥686,398	¥628,535	**¥855,785**

Fiscal Year Ended March 31, 2009 vs. Fiscal Year Ended March 31, 2008

1) Total Revenues

Consolidated total revenues were ¥6,146.4 billion, up ¥115.6 billion, or 1.9%, from the fiscal year ended March 31, 2008. There was a ¥164.2 billion, or 3.1%, year-on-year increase in revenues from trading, manufacturing and other activities to ¥5,444.3 billion, despite lower commodity prices having a negative effect on revenues at the parent company. The rise was mostly the result of increased revenues due to higher commodity prices at subsidiaries.

Trading margins and commissions on trading transactions decreased ¥48.6 billion, or 6.5%, to ¥702.1 billion.

The main reasons for changes by segment were as follows:

- The Industrial Finance, Logistics & Development Group saw revenues decrease ¥81.8 billion year on year due mainly to lower transactions in the real estate-related business.
- The Metals Group recorded a ¥342.9 billion increase in revenues due to higher sales prices at an Australian resource-related subsidiary (coking coal).
- The Machinery Group saw revenues decline ¥239.5 billion from the fiscal year ended March 31, 2008 on account of lower sales in overseas automobile operations and the effect of deconsolidating some subsidiaries.
- The Chemicals Group posted a ¥132.7 billion year-on-year decline in revenues, principally due to decreased revenues from lower commodity prices at the parent company.
- The Living Essentials Group recorded an increase of ¥183.1 billion in revenues due mainly to new consolidations of subsidiaries at the parent company.

2) Gross Profit

Gross profit increased ¥290.9 billion, or 24.8%, to a record high of ¥1,463.2 billion. This all-time-high result mainly reflected higher earnings on transactions due to increased sales prices at an Australian resource-related subsidiary (coking coal) and increased earnings from new consolidations.

3) Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses rose ¥44.4 billion, or 5.4%, to ¥865.5 billion, mainly due to increased pension expenses at the parent company and new consolidations. The increase came despite reduced personnel expenses at overseas subsidiaries.

4) Provision for Doubtful Receivables

The provision for doubtful receivables in the fiscal year ended March 31, 2009 was ¥8.8 billion, ¥12.7 billion worse than the credit for doubtful receivables recorded in the previous fiscal year when there was a partial reversal of provisions and other factors.

5) Interest Expense (net of interest income)

Net interest expense was ¥23.3 billion, ¥11.0 billion higher year on year. This was the result of increased fundraising expenses accompanying higher yen interest and higher interest expenses at subsidiaries.

6) Dividend Income

Dividend income decreased ¥10.0 billion, or 7.4%, to ¥124.7 billion. The main reason was a drop in dividend income particularly from non-ferrous metals-related businesses in line with falling commodity prices.

7) Loss on Marketable Securities and Investments—Net

In the fiscal year ended March 31, 2009, we recorded a net loss of ¥155.8 billion, ¥213.3 billion worse than the net gain recorded in the previous fiscal year. In addition to lower gains on the sales of shares, this reflected increased write-offs of listed shares due to falling share prices across the board.

8) Loss on Property and Equipment—Net

We recorded a net loss on property and equipment of ¥45.2 billion, ¥39.4 billion more than the net loss recorded in the fiscal year ended March 31, 2008. This increase reflected mainly impairment losses on property and equipment at overseas resource-related projects.

9) Other Income (Expense)—Net

We recorded net other expense of ¥100.9 billion, ¥124.5 billion worse than the net other income recorded in the fiscal year ended March 31, 2008. This mainly reflected deterioration in foreign exchange gains and losses of overseas subsidiaries commensurate with gross profit.

10) Income From Continuing Operations Before Income Taxes

Income from continuing operations before income taxes decreased ¥164.3 billion, or 29.7%, to ¥388.2 billion. Although gross profit increased ¥290.9 billion year on year to a record high, the overall decline reflected the net loss on marketable securities and investments due to falling share prices, the higher net loss on property and equipment, increased SG&A expenses, and the drop in net other income to net other expenses because of foreign currency movements.

11) Income Taxes

Income taxes decreased ¥32.8 billion to ¥148.9 billion. This was due mainly to the decline in pre-tax income. As a result, our effective tax rate was approximately 38%.

12) Minority Interests in Income of Consolidated Subsidiaries

Minority interests in income of consolidated subsidiaries decreased ¥20.7 billion to ¥30.7 billion.

Dividend Income, Equity in Earnings of Affiliated Companies, Interest Expenses (net of interest income)

	Billions of Yen		
	2007.3	2008.3	**2009.3**
Dividend income	¥137.0	¥134.6	**¥124.7**
Equity in earnings of affiliated companies	152.2	155.0	**156.8**
Interest expenses (net of interest income)	(14.4)	(12.3)	**(23.3)**

13) Equity in Earnings of Affiliated Companies

Equity in earnings of affiliated companies rose ¥1.8 billion, or 1.1%, to ¥156.8 billion, although these earnings were depressed by the booking of listed share write-offs at an overseas IPP business. The main reason for the overall increase was higher earnings at overseas energy resource-related businesses which benefited from strong crude oil and other commodity prices in the first six months of the fiscal year ended March 31, 2009.

14) Net Income

Net income decreased ¥100.9 billion, or 21.4%, to ¥369.9 billion. As a result, ROE declined 2.2 percentage points from 16.3% to 14.1%.

Net Income per Share (Diluted EPS), Cash Dividends, Return on Equity (ROE), Price Earnings Ratio (PER), Price Book-value Ratio (PBR)

	2007.3	2008.3	**2009.3**
Diluted EPS (yen)	¥247.17	¥282.55	**¥224.75**
Cash dividends (yen)	46.00	56.00	**52.00**
ROE (%)	15.9	16.3	**14.1**
PER (times)	11.01	10.61	**5.71**
PBR (times)	1.6	1.7	**0.9**

Fiscal Year Ended March 31, 2008 vs. Fiscal Year Ended March 31, 2007

1) Total Revenues

Consolidated total revenues were ¥6,030.8 billion, up ¥962.1 billion, or 19.0%, year on year. There was a ¥935.2 billion, or 21.5%, year-on-year increase in revenues from trading, manufacturing and other activities and a ¥26.9 billion, or 3.7%, rise in trading margins and commissions on trading transactions. The increase in revenues was mainly due to the following factors:

- The Energy Business Group saw revenues increase ¥304.3 billion, the result of higher revenues from trading, manufacturing and other activities due mainly to increased oil-related transactions at the parent company on the back of rising crude oil prices and the effect of new consolidation.
- The Machinery Group recorded a rise of ¥115.4 billion in revenues due to higher revenues from trading, manufacturing and other activities in Asian and European automobile businesses.
- The Chemicals Group posted a ¥167.1 billion rise in revenues, reflecting higher revenues from trading, manufacturing and other activities thanks to increased petrochemical products transactions at the parent company on the back of rising prices.
- The Living Essentials Group recorded an increase of ¥247.1 billion in revenues, the result of higher revenues from trading, manufacturing and other activities due to new food-related company consolidations and other factors.

2) Gross Profit

Gross profit increased ¥26.7 billion, or 2.3%, to a record ¥1,172.2 billion, despite the impact of a lower coking coal price. This growth was mainly due to generally firm commodity prices as well as new consolidations of food-related companies in the Living Essentials Group.

3) Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses rose ¥87.1 billion, or 11.9%, to ¥821.0 billion. In addition to the impact of new consolidations, this was mainly due to higher personnel expenses in line with business expansion.

4) Credit (Provision) for Doubtful Receivables

Credit for doubtful receivables was ¥3.9 billion, a ¥5.2 billion improvement on the provision in the previous fiscal year. This improvement reflected the partial reversal of provisions and other factors.

5) Interest Expense (net of interest income)

Net interest expense was ¥12.3 billion, a ¥2.1 billion improvement on the fiscal year ended March 31, 2007. While rising yen interest rates increased interest expenses, higher interest income at overseas subsidiaries had a major impact, resulting in lower net interest expense.

6) Dividend Income

Dividend income decreased ¥2.4 billion, or 1.7%, to ¥134.6 billion. The main reason for this decline was lower dividends from resource-related projects.

7) Gain on Marketable Securities and Investments—Net

In the fiscal year ended March 31, 2008, we recorded a net gain of ¥57.4 billion, down ¥28.2 billion from the fiscal year ended March 31, 2007, when we booked a ¥43.8 billion gain on sale of Diamond City Co., Ltd. shares.

8) Loss on Property and Equipment—Net

We recorded a net loss on property and equipment of ¥5.9 billion, ¥2.8 billion more than the net loss recorded in the fiscal year ended March 31, 2007, when we booked gains on the sale of land, ships and other property and equipment.

9) Other Expense (Income)—Net

We posted other income—net of ¥23.6 billion, a ¥37.4 billion improvement on the fiscal year ended March 31, 2007. This result was principally attributable to an improvement in foreign currency gains and losses at overseas subsidiaries.

10) Income From Continuing Operations Before Income Taxes

Income from continuing operations before income taxes decreased ¥49.0 billion, or 8.1%, from the fiscal year ended March 31, 2007 to ¥552.5 billion, despite the increase in gross profit, and improved net interest expense and other income—net. The overall decline reflected higher SG&A expenses, lower dividend income and decreased net gain on marketable securities and investments, and increased net loss on property and equipment.

11) Income Taxes

Income taxes decreased ¥102.4 billion compared with the fiscal year ended March 31, 2007. This was due to the decline in pretax income, the absence of the tax burden on large dividends in the fiscal year ended March 31, 2007 and tax credits in the fiscal year ended March 31, 2008. As a result, our effective tax rate was approximately 33%, down from the fiscal year ended March 31, 2007.

12) Minority Interests in Income of Consolidated Subsidiaries

Minority interests in income of consolidated subsidiaries rose ¥6.2 billion year on year to ¥51.4 billion, mainly as a consequence of new consolidations in the Living Essentials Group.

13) Equity in Earnings of Affiliated Companies

Equity in earnings of affiliated companies rose ¥2.8 billion, or 1.8%, to ¥155.0 billion due to business expansion in overseas IPP businesses and strong performances at petrochemical business-related companies.

14) Net Income

Net income climbed ¥51.6 billion, or 12.3%, to ¥470.9 billion, bettering the fiscal year ended March 31, 2007 record result. As a result, ROE increased slightly from 15.9% to 16.3%.

2. Fiscal Year Ended March 31, 2009 Segment Information

Operating Segments

1) Business Innovation Group

The Business Innovation Group develops businesses in high-growth industries that have significant benefits for society to create future earnings streams. The Business Innovation Group's businesses include new energy and the environment, medical healthcare, ICT (information and communications technology) and media consumer businesses.

In the fiscal year ended March 31, 2009, the segment recorded a consolidated net loss of ¥4.3 billion, a decrease of ¥5.3 billion year on year. This was the result of higher selling, general and administrative expenses accompanying business expansion and higher upfront expenses resulting from increased investments.

2) Industrial Finance, Logistics & Development Group

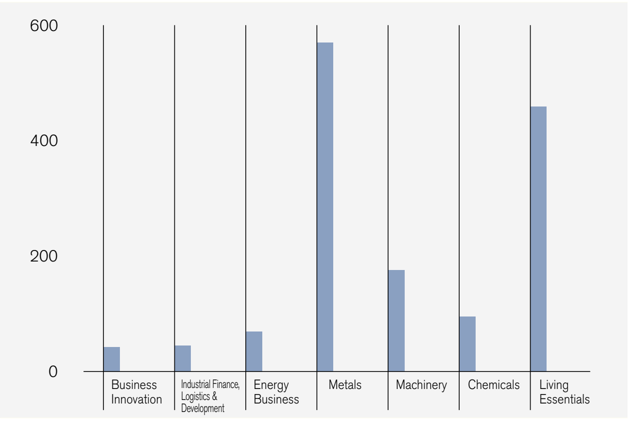
The Industrial Finance, Logistics & Development Group is developing *shosha*-type industrial finance businesses. These include merchant banking and M&A businesses such as asset management and buyout investment; asset finance and business development businesses such as leasing businesses and real estate funds; and businesses in other fields including real estate development, ownership and management, and logistics services and insurance.

The segment recorded a consolidated net loss of ¥41.2 billion, ¥65.4 billion worse than the previous fiscal year's consolidated net income. This was the result of share write-offs, and lower fund investment and real estate-related earnings.

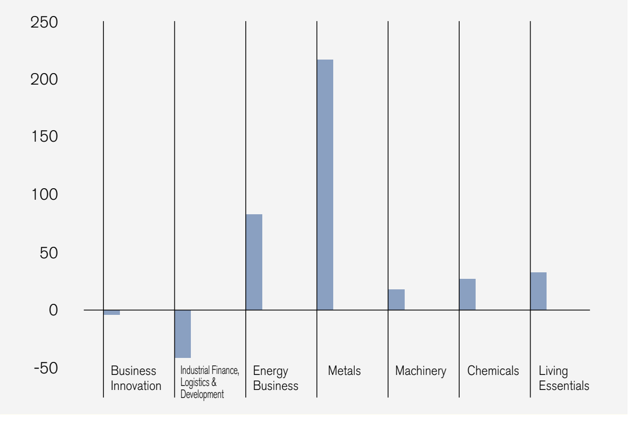
3) Energy Business Group

The Energy Business Group, in addition to developing and investing in oil and gas projects, conducts trading activities in areas such as crude oil, petroleum products, liquefied petroleum gas (LPG), liquefied natural gas (LNG), and carbon materials and products.

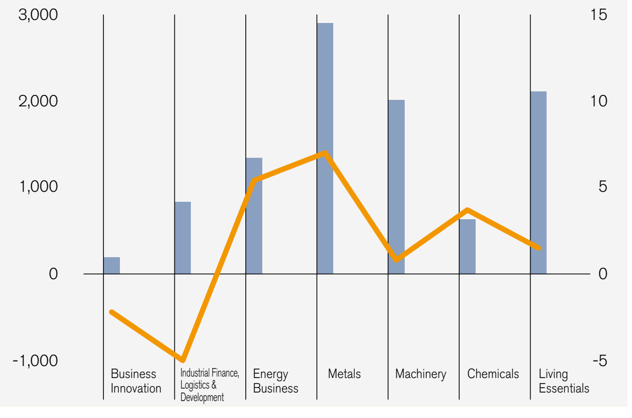
Gross Profit by Operating Segment (Year Ended March 31, 2009)
(¥ billion)



Net Income (Loss) by Operating Segment (Year Ended March 31, 2009)
(¥ billion)



Total Assets and Return on Assets by Operating Segment
(As of March 31, 2009)
(¥ billion) (%)



Total Assets by Operating Segment (Left)
Return on Assets by Operating Segment (Right)

The segment posted consolidated net income of ¥82.8 billion, a decline of ¥11.4 billion, or 12.1%, from the previous fiscal year, despite higher dividend income and equity in earnings of overseas resource-related business investees due to higher crude oil prices in the first six months of the fiscal year ended March 31, 2009. The overall decline in segment consolidated net income principally reflected impairment losses on property and plant at overseas resource-related subsidiaries.

4) Metals Group

The Metals Group trades, develops businesses and invests in a range of fields. These include steel products such as steel sheets and thick plates, steel raw materials such as coking coal and iron ore, and non-ferrous raw materials and products such as copper and aluminum.

The segment recorded consolidated net income of ¥216.7 billion, up ¥58.4 billion, or 36.9%, year on year. Segment consolidated net income rose mainly due to higher sales prices at an Australian resource-related subsidiary (coking coal), although the segment recorded share write-offs, lower dividend income due to falling resource prices and a drop in Metal One Corporation's earnings.

5) Machinery Group

The Machinery Group trades machinery in a broad range of fields, in which it also develops businesses and invests. These fields extend from large plants for producing essential industrial materials, including electricity, natural gas, petroleum, chemicals and steel, to equipment and machinery for transportation and distribution industries, including ships, trains and automobiles. It is also active in the aerospace and defense industries, and in general industrial equipment and machinery, including construction machinery, machine tools, and agricultural machinery.

The segment recorded consolidated net income of ¥17.7 billion, down ¥50.4 billion, or 73.9%, year on year. While ship charter fee income increased, the overall decrease in earnings was attributable to impairment losses on property and equipment and share write-offs, lower sales and the impact of forex fluctuations in overseas automobile operations, and other factors.

6) Chemicals Group

The Chemicals Group trades and invests in the commodity chemicals and functional chemicals fields. Commodity chemicals include petrochemicals, olefins and aromatics, methanol, ammonia, chlor-alkali, fertilizer and inorganic chemicals. Functional chemicals include plastics, functional materials, electronic materials, food ingredients, and fine chemicals.

The segment recorded consolidated net income of ¥26.8 billion, down ¥7.9 billion, or 22.8%. The lower segment consolidated net income reflected the absence of tax benefits from a higher equity interest in a petrochemical business-related company in the fiscal year ended March 31, 2008 and lower earnings on transactions at overseas regional subsidiaries.

7) Living Essentials Group

The Living Essentials Group provides products and services in wide-ranging fields related to foods (commodity), foods (products), textiles and general merchandise. These fields extend from the procurement of raw materials to the consumer market.

The segment posted consolidated net income of ¥32.8 billion, ¥18.1 billion, or 35.6%, lower year on year. The lower earnings were mainly due to share write-offs and lower equity in earnings of general merchandise-related business investees because of lower sales and other factors.

Performance of Consolidated Subsidiaries and Affiliates

	Billions of Yen		
	2007.3	2008.3	**2009.3**
Total profits	¥423.0	¥429.8	**¥518.1**
No. of companies reporting profits	459	456	**433**
Total losses	¥ (30.4)	¥ (29.9)	**¥ (94.8)**
No. of companies reporting losses	116	129	**157**
Percentage of profitable group companies	80%	78%	**73%**

Geographic Information

1) Japan

Operating transactions edged down ¥5.1 billion from ¥18,150.6 billion to ¥18,145.5 billion due to a decrease in metals- and chemical products-related transactions at the parent company because of falling prices, although energy-related transactions rose at the parent company and transactions rose at Metal One. Gross profit increased ¥29.0 billion, or 3.8%, to ¥795.4 billion due mainly to the effect of new consolidations of food-related subsidiaries.

2) U.S.A.

Operating transactions decreased ¥311.5 billion, or 19.5%, to ¥1,289.3 billion, despite a boost from new consolidations of food-related companies. The decrease reflected the impact of lower commodity prices and foreign currency movements at overseas regional subsidiaries. Gross profit decreased ¥8.7 billion, or 11.2%, to ¥68.7 billion, despite a boost from new consolidations of food-related companies. The decrease was mainly due to the deconsolidation of some overseas regional subsidiaries and the effect of foreign currency movements.

3) Australia

Operating transactions increased sharply by ¥319.5 billion, or 85.0%, to ¥695.5 billion, the result mainly of higher sales prices at an Australian resource-related subsidiary (coking coal). Gross profit increased ¥287.9 billion, or 327.7%, to ¥375.8 billion for similar reasons.

4) Other

Operating transactions decreased ¥716.9 billion, or 24.1%, to ¥2,258.8 billion. In addition to a decrease in operating transactions at overseas regional subsidiaries in the U.K. and Germany due to falling commodity prices and foreign currency movements, operating transactions decreased in Thai and European automobile operations due to lower sales units and foreign currency movements. Gross profit decreased ¥17.3 billion, or 7.2%, to ¥223.3 billion due mainly to lower sales units and foreign currency movements in Thai and European automobile operations.

Note: "Operating transactions" is a voluntary disclosure solely for the convenience of Japanese investors (see Note 1 in the accompanying notes to the consolidated financial statements).

3. Fiscal Year Ended March 31, 2008 Segment Information

Operating Segments

1) Business Innovation Group

The group recorded consolidated net income of ¥1.1 billion, down ¥0.8 billion, or 43.6%, from the fiscal year ended March 31, 2007. While the conversion of a temporary staffing affiliated company into a subsidiary and healthy transactions at IT-related subsidiaries had a beneficial impact on earnings, the overall bottom-line result mainly reflected the absence of gains on share sales recorded in the fiscal year ended March 31, 2007.

2) Industrial Finance, Logistics & Development Group

This group posted consolidated net income of ¥24.2 billion, down ¥10.0 billion, or 29.3%, year on year, despite recording higher gains on the sale of developed real estate and higher REIT-related earnings, as well as a strong overall performance in the logistics business. The decline mainly reflected the absence of the gain on the sale of Diamond City shares in the fiscal year ended March 31, 2007.

3) Energy Business Group

The Energy Business Group recorded consolidated net income of ¥94.2 billion, ¥20.1 billion, or 27.1% higher year on year, the result chiefly of a gain on the effect of rising crude oil prices at overseas resource-related subsidiaries, the sale of part of equity interest in the Sakhalin II Project, and some foreign tax credits on overseas dividends.

4) Metals Group

The Metals Group posted consolidated net income of ¥158.2 billion, down ¥28.2 billion, or 15.1%, from the fiscal year ended March 31, 2007, the result mainly of a large decline in net income at an Australian resource-related subsidiary (coking coal) due to a lower coking coal price and other factors. However, the decline in consolidated net income was limited by higher earnings at companies involved with other metal resources such as copper and ferrochrome.

5) Machinery Group

This group posted consolidated net income of ¥68.1 billion, ¥8.7 billion, or 14.7% more than in the fiscal year ended March 31, 2007, due to new consolidations in the overseas IPP business, as well as recovery of the auto market in Asia and foreign exchange rate movements. Limiting an even higher increase was the absence of gains on the sales of shares recorded in the fiscal year ended March 31, 2007.

6) Chemicals Group

This group recorded consolidated net income of ¥34.7 billion, ¥14.7 billion, or 73.7% more than in the fiscal year ended March 31, 2007. The increase was due to tax benefits from a higher equity interest in a petrochemical business-related company and strong transactions at overseas regional subsidiaries.

7) Living Essentials Group

The group posted consolidated net income of ¥51.0 billion, ¥2.7 billion, or 5.6% higher year on year, the result of strong performances in food-related businesses, including the effect of making some affiliated companies subsidiaries, and the effect of applying the equity method of accounting to a general merchandise-related company.

Geographic Information

1) Japan

Operating transactions rose ¥1,940.3 billion, or 12.0%, to ¥18,150.6 billion due to higher metals- and machinery-related transactions at the parent company, increased transactions at Metal One and the effect of new consolidations. Gross profit rose ¥72.2 billion, or 10.4%, to ¥766.3 billion, reflecting mainly the effect of new consolidations of food-related subsidiaries.

2) U.S.A.

Operating transactions climbed ¥221.0 billion, or 16.0%, to ¥1,600.8 billion due mainly to the effect of converting some food-related companies into subsidiaries. Gross profit increased ¥11.5 billion, or 17.5%, to ¥77.4 billion due mainly to higher chemical product transactions at U.S. regional subsidiaries and the effect of new consolidations.

3) Other

Operating transactions increased ¥415.2 billion, or 14.1%, to ¥3,351.6 billion, the result of higher automobile-related transactions at Chinese regional subsidiaries and European subsidiaries, as well as the impact of a weaker yen on the yen-conversion of results at Thai automobile-related subsidiaries. Gross profit decreased ¥57.1 billion, or 14.8%, to ¥328.5 billion, primarily reflecting a lower coking coal price at an Australian resource-related subsidiary (coking coal).

Note: "Operating transactions" is a voluntary disclosure solely for the convenience of Japanese investors (see Note 1 in the accompanying notes to the consolidated financial statements).

4. Fiscal Year Ended March 31, 2009 Operating Environment and Fiscal Year Ending March 31, 2010 Outlook by Operating Segment

Effective April 1, 2009, MC implemented a progressive reorganization of the Business Innovation Group to establish the new Corporate Development Section, leaving the following six business groups.

1) Industrial Finance, Logistics & Development Group

The Industrial Finance, Logistics & Development Group was formed on April 1, 2007. It is developing a *shosha*-type industrial finance business in areas such as asset finance*1, by integrating expertise in assets and businesses that MC has obtained as a *sogo shosha* with financial expertise.

In the first six months of the fiscal year ended March 31, 2009, we took a number of initiatives aimed at medium- and long-term growth. We established Marunouchi Capital Co., Ltd., an investment fund management company to strengthen our buyout investment*2 business in Japan, and structured a buyout investment fund of ¥100.0 billion. In addition, we subscribed to a private placement of shares to raise capital by Mitsubishi UFJ Lease & Finance Company Limited to strengthen our cooperation with this company in the leasing business at home and abroad. In another development, we established MC Aviation Partners Inc. with the goal of flexibly promoting our aircraft leasing business on a global scale.

In the second half of the fiscal year ended March 31, 2009, the financial crisis that began in the U.S. spread quickly to the rest of the world, leading to falling stocks, and then had a major impact on real economies.

The Industrial Finance, Logistics & Development Group's key business domains are the financial and real estate markets. As such, this business group felt the direct and significant effects of trends in each market. Due to write-downs of shares, and lower fund investment- and real estate-related earnings, we posted a

Performance at Principal Subsidiaries and Affiliates (Profits over ¥1.0 billion or losses over ¥1.0 billion)

Companies Reporting Profits

Group	Company Name	Shareholding (%)	Equity in earnings (¥ Billion) Fiscal Year Ended March 31, 2009 Full Year	Fiscal Year Ended March 31, 2008 Full Year	Main Business
Domestic:					
Metals	JECO Corporation	70.00	14.0	26.1	Investment company for Minera Escondida Ltda. copper mines
Metals	Metal One Corporation	60.00	13.3	21.0	Steel products operations
Living Essentials	LAWSON, INC.	32.67	8.2	7.0	Franchise chain of LAWSON convenience stores
Chemicals	SPDC Ltd.	30.39	8.0	8.5	Investment and petroleum and petrochemicals-related business
Energy	MPDC Gabon Co., Ltd.	100.00	5.0	5.6	Exploration, development and production of oil in Gabon
Industrial Finance, Logistics & Development	Mitsubishi UFJ Lease & Finance Company Ltd.	20.00	3.1	3.4	Leasing, installment sales, other financing
Energy	Astomos Energy Corporation	49.00	2.0	1.8	Import, trading, domestic distribution and sales of LPG
Metals	MC Resources Trade & Logistics	100.00	2.0	1.5	Sales of ferrous raw materials and services business
Living Essentials	RYOSHOKU LIMITED	51.16	1.8	1.3	Wholesale of food products
Business Innovation	IT Frontier Corporation	100.00	1.6	1.6	IT-related business solutions, system integration services, IT management services and product marketing, etc.
Industrial Finance, Logistics & Development	Mitsubishi Corporation LT, Inc.	100.00	1.6	1.7	Warehousing, leasing and real estate operations
Energy	Angola Japan Oil Co., Ltd.	51.00	1.5	1.1	Exploration, development and production of oil in Angola
Living Essentials	San-Esu Inc.	91.93	1.4	1.0	Wholesale of confectionary products
Living Essentials	Mitsubishi Shoji Packaging Corporation	88.22	1.3	1.4	Marketing of packaging materials and paper, kraft liner boards, and cardboard as well as import and export of paper and paperboard
Chemicals	Mitsubishi Shoji Plastics Corp.	100.00	1.2	1.5	Marketing of synthetic raw material and plastics
Living Essentials	Dai-Nippon Meiji Sugar Co., Ltd.	100.00	1.2	1.3	Manufacturing and wholesale of sugar products
Machinery	Mitsubishi Corporation Technos	100.00	1.2	1.4	Sales of machine tools and industrial machinery
Metals	Mitsubishi Shoji Light Metal Sales Corporation	100.00	1.1	0.3	Trading of aluminum ingots and other non ferrous metal ingots
Living Essentials	Life Corporation	20.84	1.1	0.9	Supermarket chain stores
Living Essentials	Nihon Shokuhin Kako Co., Ltd.	59.77	1.1	0.3	Manufacturing of corn starch and related processed products
Business Innovation	T-Gaia Corporation	22.78	1.1	0.0	Handling of subscriber contracts for various communication services, sales of handsets and equipment

Note: MS Communications Co., Ltd. merged with Telepark Corp. in the fiscal year ended March 31, 2009. The latter was the surviving company and was subsequently renamed T-Gaia Corporation.

Group	Company Name	Shareholding (%)	FY Ended March 31, 2009 Full Year	FY Ended March 31, 2008 Full Year	Main Business
Overseas:					
Metals	Mitsubishi Development Pty Ltd (Australia)	100.00	191.7	61.7	Investment in as well as production and sales of metal resources, mainly coal
Metals	Iron Ore Company of Canada (Canada)	26.18	14.5	5.9	Iron ore production and sales
Metals	M.C. Inversiones Limitada (Chile)	100.00	12.6	7.9	Investment company for Los Colorados iron ore mine
Metals	MCA Metals Holding GMBH (Austria)	100.00	10.4	13.9	Investment company for Mozambican MOZAL aluminum smelter
Machinery	Tri Petch Isuzu Sales Co., Ltd. (Thailand)	88.73	5.1	11.1	Importing and distribution of automobiles
Metals	MC Copper Holdings B.V. (The Netherlands)	100.00	4.5	7.5	Investment company for Chilean Los Pelambres copper mine
Corporate Staff	Mitsubishi Corporation International N.V. (U.K.)	100.00	4.3	1.6	Trading
Living Essentials	Princes Limited (U.K.)	100.00	4.2	5.4	Manufacturing and wholesale of food products
Energy	Diamond Gas Resources Pty. Ltd. (Australia)	100.00	4.1	11.3	Sales of crude oil and condensate
Metals	Hernic Ferrochrome (Pty) Ltd. (Republic of South Africa)	50.98	4.0	2.2	Production and sales of ferrochrome in South Africa
Machinery	Isuzu Operations (Thailand) Co., Ltd. (Thailand)	80.00	3.8	4.8	Exporting and distribution of automobiles
Machinery	Diamond Generating Corporation (U.S.A.)	100.00	2.9	2.3	Independent power producer in North America
Metals	Triland Metals Ltd. (U.K.)	100.00	2.8	2.6	London Metal Exchange (LME) broker
Machinery	Isuzu Motors Co., (Thailand) Ltd. (Thailand)	27.50	2.7	3.9	Manufacturing of automobiles
Metals	Ryowa Development II Pty., Ltd. (Australia)	100.00	2.7	2.3	Investment company for BOYNE aluminum smelter and sales of aluminum
Corporate Staff	Mitsubishi International Corporation (U.S.A.)	100.00	2.2	11.0	Trading
Industrial Finance, Logistics & Development	MC Aviation Financial Services (Europe) B.V. (The Netherlands)	100.00	1.8	0.5	Aircraft leasing and finance
Metals	Petro-Diamond Risk Management Ltd. (U.K.)	100.00	1.6	0.7	Energy-related commodity risk management
Corporate Staff	Mitsubishi Corporation (Shanghai) Ltd. (China)	100.00	1.6	3.1	Trading
Energy	Diamond Tanker Pte. Ltd. (Singapore)	100.00	1.5	1.4	Marine transportation, etc.
Metals	Ryowa Development Pty., Ltd. (Australia)	100.00	1.5	1.3	Investment company for BOYNE aluminum smelter and sales of aluminum
Living Essentials	Indiana Packers Corporation (U.S.A.)	80.00	1.5	0.8	Processing and sales of pork
Living Essentials	AGREX, Inc. (U.S.A.)	100.00	1.4	1.9	Storage and marketing of grain
Machinery	TeaM Diamond Holding Corporation (Philippines)	51.21	1.3	1.0	Management of power generation assets at Ilijan, Philippines
Energy	Petro-Diamond Inc. (U.S.A.)	100.00	1.2	0.8	Marketing and sales of petroleum products
Living Essentials	MCC Development Corporation (U.S.A.)	30.00	1.2	2.6	Holding company of ready-mixed concrete companies
Chemicals	Metanol de Oriente, METOR, S.A. (Venezuela)	25.00	1.1	2.6	Manufacturing and marketing of methanol
Corporate Staff	Mitsubishi Australia Limited (Australia)	100.00	1.0	1.4	Trading
Corporate Staff	Mitsubishi Corporation (Taiwan) Ltd. (Taiwan)	100.00	1.0	1.0	Trading

Companies Reporting Loss

Group	Company Name	Share-holding (%)	Equity in earnings (¥ Billion) Fiscal Year Ended March 31, 2009 Full Year	Equity in earnings (¥ Billion) Fiscal Year Ended March 31, 2008 Full Year	Main Business
Domestic:					
Living Essentials	Meidi-ya Corporation	80.00	(1.1)	(2.5)	Wholesale of food products
Metals	NIKKEI MC ALUMINIUM CO., LTD.	45.00	(1.4)	0.3	Manufacturing and sales of secondary aluminum alloy ingots
Chemicals	Kohjin Co., Ltd.	73.09	(1.4)	0.3	Manufacturing of special papers, plastic films, biochemicals and fine chemicals
Metals	Mitsubishi Corporation Futures & Securities Ltd.	100.00	(1.5)	(0.4)	Commodity broker
Overseas:					
Energy	MC KRUENG MANE LIMITED (U.K.)	100.00	(1.1)	-	Exploration of crude oil and natural gas
Energy	ENERGI MEGA PRATAMA INC. (Indonesia)	25.00	(1.1)	0.6	Stockholding company for the companies engaged in exploration, development, and production of oil and natural gas in Indonesia
Industrial Finance, Logistics & Development	MC Capital Inc. (U.S.A.)	100.00	(1.4)	(0.6)	Investment and related activities
Machinery	MMC Automoviles Espana S.A. (Spain)	75.00	(1.6)	0.7	Importing and distribution of automobiles
Industrial Finance, Logistics & Development	Diamond Realty Investments UK (U.K.)	100.00	(1.7)	(0.1)	Real estate fund investment company
Machinery	The Colt Car Company Ltd. (U.K.)	100.00	(1.7)	0.4	Importing and distribution of automobiles
Industrial Finance, Logistics & Development	Diamond Realty Investments, Inc. (U.S.A.)	100.00	(5.3)	1.3	Real estate investment
Metals	MC Iron and Steel Pty Ltd. (Australia)	100.00	(5.4)	(1.5)	Steel manufacturing using the direct iron ore smelting reduction process
Machinery	OneEnergy Limited (Cayman Islands, British overseas territory)	50.00	(6.2)	4.2	Independent power producer in Southeast Asia and Taiwan
Energy	MCX Exploration (USA) Ltd. (U.S.A.)	100.00	(18.6)	0.7	Exploration, development and production of oil and natural gas

consolidated net loss of ¥41.2 billion in this business group in the fiscal year ended March 31, 2009.

Some time will be needed before the turmoil caused by the financial and economic crises abates and market conditions stabilize. However, eyeing a return to the medium- and long-term trends shaping the financial market environment in Japan, we will push steadily ahead with strategies to establish a solid business base for responding to a changing market environment. These trends include the emergence of institutions other than banks that are meeting corporate finance needs, such as non-banks and funds; the increasing propensity of Japanese households to invest rather than save their money; and the flow of private-sector capital into the public sector.

In the fiscal year ending March 31, 2010, we plan to further strengthen and refine the necessary functions for developing our *shosha*-type industrial finance business in the finance, development and construction and logistics services fields.

In the Merchant Banking, M&A Division, we will continue to make buyout investments in Japan through Marunouchi Capital, and reinforce our financial product asset management business. In the lease business, we plan to step up cooperation with Mitsubishi UFJ Lease & Finance Company and expand our aircraft leasing business. In the real estate-related business, we aim to build an organic value chain by strengthening and fusing Group functions in finance, development and construction and logistics services.

*1 Asset finance: a technique for raising funds by selling, securitizing or otherwise liquidating real estate, accounts receivable or other assets.

*2 Buyout investment: an investment technique for earning an investment return by investing in an existing company and providing management support to increase the invested company's corporate value.

2) Energy Business Group

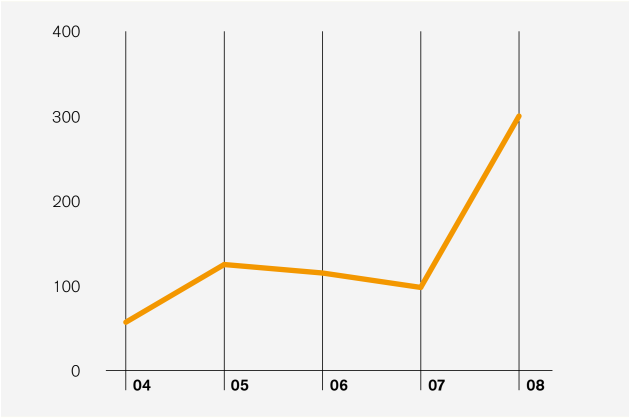
In the first half of 2008, crude oil prices rose steeply, on concerns over tight supplies. These concerns were stoked by limited surplus production capacity among OPEC (Organization of the Petroleum Exporting Countries) member countries and no spare capacity among non-OPEC members to meet robust crude oil demand fueled by high global economic growth. Due also to the inflow of speculative money into commodity markets, including crude oil, as an inflation hedge against the weak U.S. dollar in the wake of the U.S. subprime loan problem, the price per barrel of crude oil rocketed from around US$90 at the beginning of 2008 to a historic high of US$147.27 in July 2008. While the price per barrel of crude oil subsequently drifted lower, the defining moment for the year came with the collapse of Lehman Brothers in September. The ensuing financial unease and economic downturn that enveloped the world resulted in the crude oil price plummeting to US$32.40 per barrel in December 2008, a freefall of more than US$100.

Since the beginning of 2009, amid an ongoing decline in demand for crude oil due to the economic downturn, the crude oil price in the first half of 2009 has been propped up by a reduction in OPEC crude oil production of 4.2 million barrels per day that was decided in stages from September to December 2008, as well as by policies implemented on a global scale to eliminate financial unease and stimulate economies. More recently, the crude oil price has risen from its low, with speculative money once again entering the commodity markets due to fears that quantitative easing will ignite inflation. Increasing signs that economic activity has bottomed out have also supported the recent rise in the crude oil price.

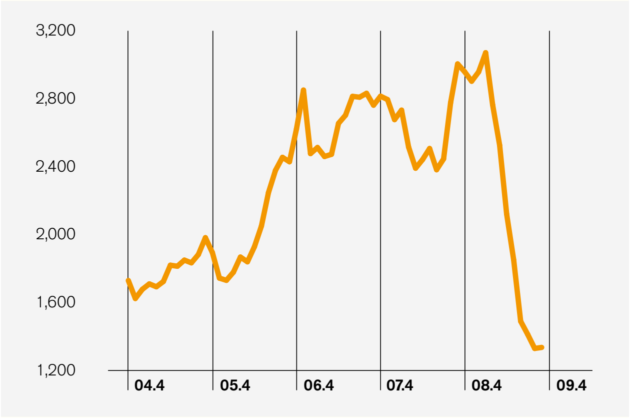
On the other hand, with oil inventories rising worldwide because of persistently weak demand for oil amid the economic recession, a higher crude oil price is difficult to imagine as long as there is no recovery in oil demand, since OPEC production cutbacks have created surplus production capacity on the supply side.

Our consolidated net income projection for the fiscal year ending March 31, 2010 for this business group assumes a crude oil price of US$50/BBL (Dubai spot price). The Energy Business Group owns upstream rights to LNG and oil and liquefaction facilities in Western Australia, Malaysia, Brunei, the U.S., including the Gulf of Mexico, Gabon, Angola and other parts of the world. Therefore, our operating results are subject to the effect of fluctuations in the price of crude oil. A US$1/BBL change in the price of crude oil has an approximate ¥1.0 billion effect on our consolidated net income, mainly through a change in equity method earnings. However, because of timing differences, this price fluctuation might not be immediately reflected in our operating results in the fiscal year in which it occurs.

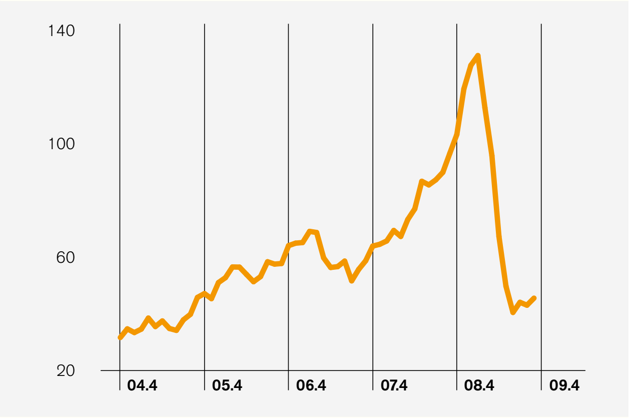
FOB Price of Australian Coking Coal Shipped to Japan
(US$/MT)



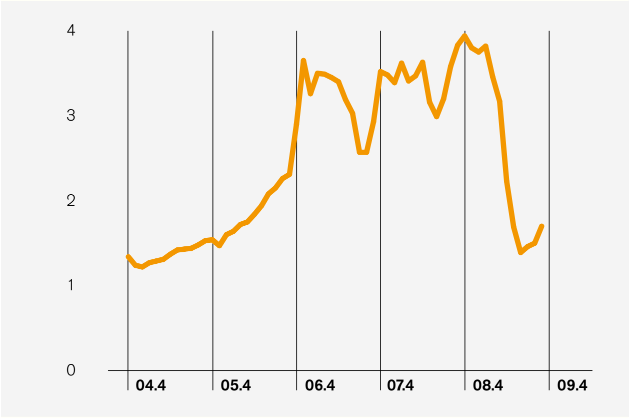
Aluminum Price
(US$/MT)



Crude Oil Price (Dubai Spot Price)
(US$/BBL)



Copper Price
(US$/lb)



3) Metals Group

In the metal resources business, supplies of metals resources, which have remained tight since the latter half of 2003, experienced a reversal due to the global economic slowdown during the second half of the fiscal year ended March 31, 2009 that accompanied the financial crisis. Demand dropped sharply, commodity prices nosedived and the business environment deteriorated markedly. In non-ferrous metals, particularly copper and aluminum, prices went into a tailspin as the crude oil price plummeted and speculative money fled the market. Prices remained low thereafter during the second half of the fiscal year ended March 31, 2009. The average annual price of copper cathode fell from US$3.44 per pound for the fiscal year ended March 31, 2008 to US$2.66 per pound for the fiscal year ended March 31, 2009. Meanwhile, the price of primary aluminum ingots was US$2,227 per MT, down from US$2,624 per MT for the fiscal year ended March 31, 2008. Reflecting these price falls and stock price declines accompanying the economic slowdown, dividend income from copper- and aluminum-related business investees dropped sharply, and we recorded write-downs on listed shares. Even so, consolidated net income in the metal resources business rose on account of a large year-on-year increase in net income of ¥130.0 billion to ¥191.7 billion at key Australian resource-related subsidiary MDP due mainly to higher coking coal prices.

At present, mines are cutting back production in the metal resources field due to lower demand and lower commodity prices. Because a recovery in demand is expected to take some time, the outlook for supply and demand in 2009 remains uncertain. In terms of projected results for the metal resources business in the fiscal year ending March 31, 2010, we are unfortunately expecting to see a large decline in consolidated net income because of sharply lower earnings at MDP in line with lower coking coal prices, in addition to continued low commodity prices.

In the steel products business, world raw steel production in 2008 declined for the first time in 10 years by 1.2% to 1.33 billion tonnes due to a sharp drop in demand accompanying the worldwide economic slowdown during the second half of the fiscal year ended March 31, 2009. With the price of steel products also falling, Metal One Corporation, which was established in January 2003 by joint investment of Mitsubishi Corporation (60%) and Sojitz Corporation (40%), recorded a drop in net income for the fiscal year ended March 31, 2009 to ¥22.1 billion, from ¥35.1 billion in the fiscal year ended December 31, 2007. Metal One's net income reflected lower volumes mainly due to lower demand and stock price and inventory write-downs.

For the fiscal year ending March 31, 2010, the forecast for Metal One's earnings is unclear in light of the continued uncertainty surrounding demand.

4) Machinery Group

The Machinery Group's operating environment was strong overall in the first six months of the fiscal year ended March 31, 2009, as it benefited from a generally robust world economy, characterized by brisk demand in newly emerging countries and elsewhere, and buoyant shipping and shipbuilding markets. In the second half, however, a rapid and dramatic change in the economic environment, highlighted by slumping global demand and falling resource prices as real economies deteriorated in the wake of the financial crisis, had a significant impact on all businesses of the Machinery Group, including plant, the sale of machinery and equipment in large volumes, shipping and automobile operations.

In the plant business, in the first six months of the fiscal year under review, on the strength of continued favorable conditions, mainly in Asia, Europe and Latin America, we won a large number of orders for power generation plants, steelmaking plants and other plants. We also diversified our suppliers. After the financial crisis erupted, we saw orders fall as new projects were postponed or frozen, resulting in plant orders for the fiscal year ended March 31, 2009 of just over ¥800.0 billion, which was lower than the previous fiscal year. Although the business environment is expected to remain difficult for the time being, we will work to generate earnings by focusing on high-priority projects that are highly likely to come to fruition.

In our business where we sell machinery and equipment in large volumes, the business environment was severe, particularly in the wake of the financial crisis as demand dropped and the yen appreciated. In the face of these conditions, we will work to strengthen our operations to ensure we are ready for an economic recovery.

The shipping-related business, meanwhile, performed better than the previous fiscal year, despite a rapid fall in market prices during the second half of the fiscal year. This overall increase year on year was the result of conditions remaining favorable in the maritime shipping and shipbuilding markets and brisk inquiries for building new ships in the first six months of the fiscal year. The operating environment is expected to remain tough for the foreseeable future, but we plan to take steps to create an earnings structure that is less susceptible to changes in market prices.

In business related to Mitsubishi Motors Corporation (MMC) brand automobiles, the business environment was harsh after the financial crisis broke, as sales fell in overseas automobile operations, tracking contraction in the worldwide auto market. Volatility in foreign currency markets also negatively shaped the business environment. For the time being, at the same time as strengthening our existing business base in Indonesia and Western European countries, we will take actions in Russia, China and other newly emerging countries, which are strategic from a medium- to long-term perspective.

In business related to Isuzu Motors Limited (Isuzu) brand automobiles, the business environment was similarly difficult after the financial crisis began. For the time being, we intend to strengthen the foundations of our existing businesses, including a manufacturing and sales business for commercial vehicles in Thailand that is operated as a joint venture with Isuzu Motors. At the same time, we will focus on expanding the export business of completed vehicles from Thailand to other countries as a medium- to long-term strategy.

5) Chemicals Group

During the past fiscal year, the global financial crisis spread to the real economy, catalyzing large falls in crude oil and naphtha prices. This in turn led to much lower prices for chemical products worldwide in the second half of 2008. Demand has also contracted in the wake of the real economic downturn.

In China, a recovery trend has been seen in some sectors thanks to the success of government measures to stimulate domestic demand and inventory adjustments after the Chinese New Year in 2009. However, the longer-term outlook is unpredictable. At the same time, new facilities being constructed by Middle Eastern oil-producing countries to harness their overwhelming competitive edge in natural gas to produce petrochemical products—the so-called “2008–2009 Problem”—will be completed soon and are expected to become fully operational as early as the second half of 2009.

In Asia, a key product market, companies operating in petrochemical industries in Japan and neighboring countries will determine their supply positions in neighboring markets while adjusting capacity utilization to reflect worldwide raw materials and fuel trends, market conditions and economic potential. Accordingly, the industry as a whole is expected to see further conversion, closure and consolidation of surplus facilities.

Furthermore, as environmental problems increase, we expect to see accelerated development of future energy sources, resulting in greater focus on chemical products as key materials. With efforts already under way to develop and mass-produce materials in a bid to cut costs, we expect to see various moves on a global basis to secure the necessary resources and to develop product technologies.

In light of these economic and chemical industry trends, we plan to focus on strengthening transactions locally in growth markets.

At the same time as strengthening core businesses, namely Saudi Arabian petrochemical operations, Venezuelan methanol business and aromatics in Malaysia, we will continue to develop the value chain in midstream and downstream sectors and strengthen consolidated businesses. We will also continue to take up the challenge of entering environment-related products, life science and other fields that respond to increasing needs. And we plan to strengthen trading and make more related business investments.

6) Living Essentials Group

The Living Essentials Group is seeing major changes in economic conditions. In addition to sluggish consumption caused by the recent financial crisis and diversifying consumer values, we are witnessing increasing interest in food safety and environmental preservation. Major changes are also taking place in terms of the global supply and demand of primary produce such as food and forestry resources amid economic development and population growth in emerging nations and increasing demand for biofuels. This has ignited fierce competition for procuring resources. Competition among companies has also grown more intense in this business environment. We therefore expect to see the pace of change quicken going forward, with companies prioritizing their businesses and more consolidations that transcend business models.

The Living Essentials Group sees business opportunities in all this change and will flexibly and swiftly respond to these shifting market conditions by actively reforming its existing business models and developing new businesses. This should result in more growth for this business group.

In the food field, with tight supplies expected to continue worldwide, we will push ahead with efforts to strengthen our framework for procuring raw materials globally in order to respond to market needs, such as for the stable supply of food and for quality products. At the same time, we plan to build and reinforce integrated value chains extending from raw materials to transportation and processing, and product distribution and sales. These value chains will revolve around core subsidiaries in each field. And we will continue to actively target our efforts at growth markets overseas. The functions of AGREX, Inc., a U.S. subsidiary engaged in storage and marketing of grain, and Princes Limited, a U.K. subsidiary of manufacturing of food products and soft drinks, will play a pivotal role here.

The Textiles Division faces a challenging business environment in which personal consumption is slowing and competition based on low prices is escalating, including with foreign competitors. However, we are providing outstanding products worldwide based on more sophisticated OEM functions in the apparel field and under solid alliances with SPA companies (specialty store retailers of private label apparel). And we will continue looking to actively sell environment-related products and materials for optical communications, among other functional materials.

The General Merchandise Division felt the full impact of the economic crisis, most notably in its U.S. cement operations. However, the Division will bolster paper-related businesses, centered on Hokuetsu Paper Mills, Ltd., Mitsubishi Shoji Packaging Corporation and Canadian subsidiary Alpac Forest Products Inc. Moreover, we will upgrade the basic capabilities of our cement businesses in the U.S. and China so that they are well placed to benefit from an economic recovery going forward. And we will steadily expand sales of tires in overseas growth markets.

The Living Essentials Group established two new organizations in April 2009. One was the Next Generation Business Development Unit. Directly managed by the CEO of the Living Essentials Group, this new unit was established with the goal of developing future new businesses. It will do this by promoting cross-divisional strategies related to retailing and food intermediary distribution, as well as by strengthening functions in the consumer market. The other newly established organizational body is the Human Care & Media Division. This Division will develop business in the health care field, which is expected to grow in size as a market along with the aging of Japan's population and increasing awareness of lifestyle diseases. It is also active in the media field, providing services that cater to changing market needs to consumers as well as retail businesses.

5. R&D Activities

Research and development costs in the fiscal year ended March 31, 2009 were ¥2.6 billion. Included in these costs are product development expenses in the animal feed business at food-related consolidated subsidiary Nosan Corporation ("Nosan"); and development expenses for foodservice and home-use products for confectionery and breadmaking manufacturers, deep-frozen food manufacturers and fast-food booked at another food-related consolidated subsidiary Nitto Fuji Flour Milling Co., Ltd. It also included product development and application development expenses for sugar alcohols, seasonings and other products at chemical products-related consolidated subsidiary Mitsubishi Shoji Food Tech Co., Ltd.

6. Liquidity and Capital Resources

1) Fund Procurement and Liquidity Management

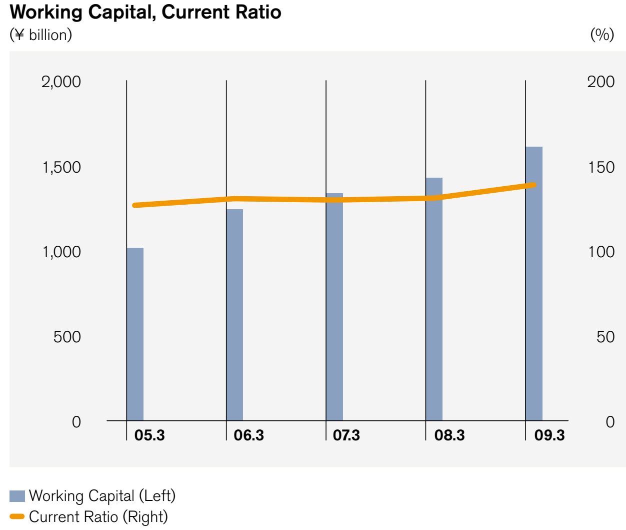
Our basic policy concerning the procurement of funds to support business activities is to raise funds in a stable and cost-effective manner. For fundraising purposes, we select and utilize, as needed, both direct financing, such as commercial paper and corporate bonds, and indirect financing, including bank loans. We seek to use the most advantageous means, according to market conditions at the time. We have a strong reputation in capital markets. Regarding indirect financing, we maintain good relationships with a broad range of financial institutions in addition to our main banks, including foreign-owned banks, life insurance companies and regional banks. This diversity allows us to procure funds on terms that are cost competitive.

In the fiscal year ended March 31, 2009, the world witnessed a credit crunch and concerns about liquidity. In this environment, we sought to diversify our fundraising sources. Assuming that the financial crisis would worsen, we also secured liquidity in yen and U.S. dollars, two key safe haven currencies, at an early stage.

As a result of these fundraising activities, on March 31, 2009, gross interest-bearing liabilities stood at approximately ¥4,900.0 billion, approximately ¥700.0 billion higher than March 31, 2008. Of these gross interest-bearing liabilities, approximately 79% represented long-term financing. Gross interest-bearing liabilities at Mitsubishi Corporation were approximately ¥3,500.0 billion, of which approximately 85% represented long-term financing, and the average remaining period was about 5 years.

In the fiscal year ending March 31, 2010, our top priority is to maintain our financial soundness given the drastically changing

Working Capital, Current Ratio



business environment. We plan to continue raising funds mainly through long-term financing. Furthermore, so as to prepare for future demand for funds, we will seek to diversify funding sources and at the same time look to continue raising funding efficiency on a consolidated basis. Furthermore, because financial markets remain unpredictable, we will remain vigilant and secure sufficient cash and deposits, as well as increase our bank commitment lines to enhance our liquidity further.

Regarding management of funds on a consolidated basis, we have a group financing policy in which funds are raised principally by Mitsubishi Corporation, as well as domestic and overseas finance companies and overseas regional subsidiaries, and distributed to other subsidiaries. As of March 31, 2009, group financing accounted for around 66% of the gross interest-bearing liabilities of subsidiaries subject to this policy. Looking ahead, we plan to enhance our fund management system on a consolidated basis, especially in light of our stated management policy of continuously upgrading consolidated management.

The current ratio as of March 31, 2009 was 139% on a consolidated basis. In terms of liquidity, management has judged that Mitsubishi Corporation has a high level of financial soundness. Mitsubishi Corporation, Mitsubishi International Corporation (U.S.A.) and Mitsubishi Corporation Finance PLC (U.K.) as of March 31, 2009 had ¥857.8 billion in short-term debt, namely commercial paper and bonds scheduled for repayment within a year. But, since the sum of cash and deposits and bond investments due to mature within a year together with a commitment line amount to ¥1,364.6 billion, we believe we have a sufficient level of liquidity to meet current obligations. The coverage ratio for short-term debt is 159%. Mitsubishi Corporation has a yen-denominated commitment line of ¥510.0 billion with major Japanese banks, a commitment line of US$1.0 billion with leading U.S. and European banks, and a soft currency facility with major U.S. and European banks equivalent to US$0.3 billion.

To raise funds in global financial markets and ensure smooth business operations, we obtain ratings from three agencies: Rating and Investment Information, Inc. (R&I), Moody's Investors Service and Standard and Poor's (S&P). Our current ratings (long-term/short-term) are AA–/a-1+ (outlook stable) by R&I, A1/P-1 (outlook stable) by Moody's, and A+/A-1 (outlook stable) by S&P.

Rating Information (As of June 1, 2009)

Credit Agency	Long-term/Short-term
Rating and Investment Information, Inc. (R&I)	AA–/a-1+ (outlook stable)
Moody's Investors Service	A1/P-1 (outlook stable)
Standard and Poor's (S&P)	A+/A-1 (outlook stable)

Interest Coverage Ratio

	Billions of Yen		
	2007.3	2008.3	**2009.3**
Operating income	¥410.3	¥355.1	**¥588.9**
Interest income	59.9	74.3	**59.1**
Dividend income	137.0	134.6	**124.7**
Total	607.2	564.0	**772.7**
Interest expense	(74.3)	(86.6)	**(82.5)**
Interest coverage ratio (times)	8.2	6.5	**9.4**

* Operating income = Gross profit – (Selling, general and administrative expenses + Provision for doubtful receivables)

2) Total Assets, Liabilities and Shareholders' Equity

Total assets as of March 31, 2009 were ¥10,918.0 billion, down ¥832.4 billion, or 7.1%, from March 31, 2008.

Current assets decreased ¥289.5 billion, or 4.8%, from March 31, 2008 to ¥5,801.9 billion at March 31, 2009. Cash and deposits increased as we raised funds to increase liquidity so that we could weather instability in the financial markets. Derivative assets also increased due to changes in market prices. However, the overall decrease in current assets was on account of a large decline in trade receivables due to falling crude oil and other commodity prices and foreign currency movements.

Total investments and non-current receivables decreased ¥585.6 billion, or 15.8%, from March 31, 2008 to ¥3,120.2 billion at March 31, 2009. This mainly reflected a decrease in unrealized gains on listed shares held by Mitsubishi Corporation and overseas resource-related subsidiaries.

Property and equipment—net decreased ¥33.6 billion, or 2.1%, to ¥1,577.0 billion.

Total liabilities decreased ¥313.0 billion, or 3.7%, to ¥8,229.5 billion.

Current liabilities decreased ¥471.8 billion, or 10.1%, to ¥4,188.9 billion, despite an increase in fundraising at Mitsubishi Corporation and finance subsidiaries to make sure we were prepared for financial market instability. The overall decline was principally the result of lower trade payables due to falling crude oil and other commodity prices and foreign currency movements.

Long-term liabilities increased ¥158.8 billion, or 4.1%, to ¥4,040.5 billion, although deferred income taxes decreased due to a decline in unrealized gains on shareholdings. The increase was largely the result of fundraising at Mitsubishi Corporation and finance subsidiaries to insulate us from financial market instability.

Minority interests decreased ¥29.4 billion, or 8.8%, to ¥305.2 billion, the result of a decrease commensurate with unrealized gains and losses at consolidated subsidiaries and so forth.

Total shareholders' equity decreased ¥490.1 billion, or 17.1%, to ¥2,383.4 billion, despite the consolidated net income result. In addition to the payment of dividends and a decrease in net unrealized gains on securities available for sale resulting from a decrease in unrealized gains on listed shareholdings, this reflected a decrease in foreign currency translation adjustments as a result of a decline in net assets denominated in U.S. dollars, Australian dollars, the euro, the British pound and the Thai baht due to the yen's rapid appreciation.

Net interest-bearing liabilities, gross interest-bearing liabilities minus cash, cash equivalents, and time deposits, at March 31, 2009 were ¥3,551.2 billion, an increase of ¥129.3 billion, or 3.8%, from March 31, 2008. As a result, the net debt-to-equity ratio, which is net interest-bearing liabilities divided by total shareholders' equity of ¥2,383.4 billion at year-end, increased from 1.2 times at March 31, 2008 to 1.5 times.

Interest-Bearing Liabilities, Net Debt-to-Equity Ratio, Return on Invested Capital (ROIC)

	Billions of Yen		
	2007.3	2008.3	**2009.3**
Short-term borrowings	¥ 958.9	¥1,126.9	**¥ 1,464.9**
Long-term borrowings	2,854.8	3,056.7	**3,414.4**
Cash and deposits	(767.5)	(761.7)	**(1,328.1)**
Interest-bearing liabilities (net)	3,046.2	3,421.9	**3,551.2**
Total shareholders' equity	2,918.4	2,873.5	**2,383.4**
Net debt-to-equity ratio (times)	1.0	1.2	**1.5**
ROIC (core earnings) (%)	11.5	10.0	**14.4**

Notes: 1. Interest-bearing liabilities excludes the impact of adopting SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities."
2. Short-term borrowings above is the total of short-term debt, commercial paper and current maturities of long-term debt. Long-term borrowings is the total of long-term debt and long-term bonds.
3. ROIC (core earnings) = Core earnings / (Total shareholders' equity + Interest-bearing liabilities)

3) Cash Flows

Cash and cash equivalents at March 31, 2009 were ¥1,215.1 billion, up ¥465.0 billion, or 62.0%, from March 31, 2008.

Net cash provided by operating activities was ¥550.4 billion. Cash was chiefly provided by increased cash flows from transactions at resource-related subsidiaries and firm growth in dividend income from business investments, mainly resource-related companies. Another factor was a decline in working capital requirements.

There was a ¥231.3 billion, or 72.5%, year-on-year increase in cash flows from operating activities in the fiscal year ended March 31, 2009 due to a year-on-year increase in cash flows from operating transactions and a decline in working capital requirements.

Net cash used in investing activities was ¥691.2 billion. In addition to cash used for the purchase of additional shares in Chiyoda Corporation and Mitsubishi UFJ Lease & Finance Company Limited via subscription to a private placement, cash was used for the acquisition of new rights in a coking coal project by an overseas resource-related subsidiary.

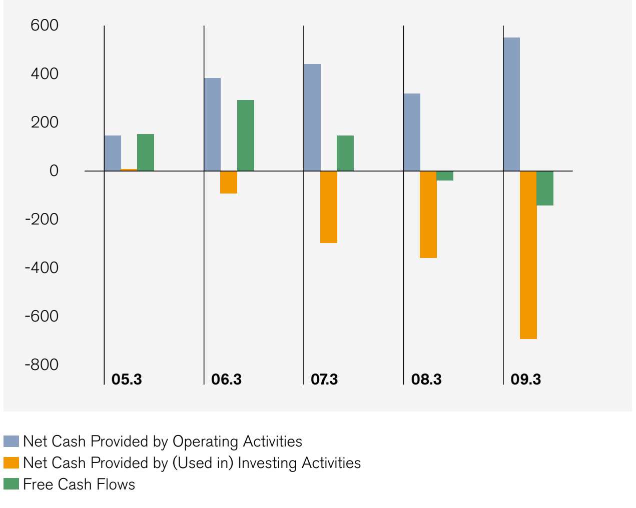
Net cash used in investing activities increased ¥334.6 billion, or 93.8%, from the fiscal year ended March 31, 2008. This reflected the absence of proceeds from the sale of some of Mitsubishi Corporation's equity interest in the Sakhalin II Project in the fiscal year ended March 31, 2008, as well as the acquisition of new working interests in a coking coal project in Australia.

As a result of the above, free cash flow, the sum of operating and investing cash flows, was a negative ¥140.8 billion.

Net cash provided by financing activities was ¥650.5 billion. One of the main uses of cash was for the payment of dividends at the parent company. The net cash inflow, however, reflected fund procurement to meet increased requirements for new investments, etc., as well as to ensure we were prepared for financial market instability.

Financing activities in the fiscal year ended March 31, 2009 provided ¥581.1 billion, or 836.4% more cash than in the fiscal year ended March 31, 2008. This reflected share buybacks in the fiscal year ended March 31, 2008 as well as the aforementioned reasons.

Cash Flows
(¥ billion)



7. Strategic Issues

1) Management Issues and Plans

■ Medium-Term Management Plan—INNOVATION 2009

In April 2008, Mitsubishi Corporation launched a two-year medium-term management plan ending in March 2010 called INNOVATION 2009. Carrying on from its four-year predecessor, INNOVATION 2007, this plan envisioned the Company as "A New Industry Innovator." Under this plan, Mitsubishi Corporation had been executing management initiatives to realize three basic concepts: Grasp Change and Open Up A New Era (Develop Growth Strategy); Develop Human Assets (Utilize and Develop Human Assets); and Reinforce Internal Systems (Continuously Strengthen the Management System).

However, the Mitsubishi Corporation Group's business environment has increasingly deteriorated, with the global economy entering a period of protracted sluggishness after the financial crisis that originated in the U.S. in the fall of 2008 spread rapidly to real economies worldwide.

As an urgent measure to counter this deteriorating business environment, Mitsubishi Corporation in October 2008 formed the president-led Financial Crisis Response Taskforce. This taskforce was charged with assessing in a timely manner conditions at the business frontlines, including the condition of large suppliers, the management status of business investees, and cash flows of the Mitsubishi Corporation Group. A framework was established to provide a unified response and necessary countermeasures were implemented.

After having adhered to the three basic concepts of its INNOVATION 2009 medium-term management plan, Mitsubishi Corporation reviewed its response to a changing business landscape and decided to prioritize its financial soundness for the time being.

In accordance with this stance, Mitsubishi Corporation decided to limit the growth in investments under its prevailing investment plan. Positioning the fiscal year ending March 31, 2010 as a year for responding immediately to changes in its business environment, Mitsubishi Corporation will work as a whole to address management issues with a sense of urgency. Among other actions, the Company will improve monitoring of low-profit businesses and cut costs.

While the business environment is difficult, Mitsubishi Corporation believes that the structural changes taking place globally will give rise to new industry needs, which will present a perfect opportunity for the Company to create new growth drivers for the future.

In April 2009, Mitsubishi Corporation initiated a progressive reorganization of the Business Innovation Group to establish the new Corporate Development Section. This new section, which reports directly to the Company's president, has designated four areas for corporate development so that the Company does not let growth opportunities slip through its fingers: "Functional Development," "Business Sector Development," "Customer Relationship Development" and "Regional Development." We will engage in business development on a Companywide basis in the new energy and the environment and water fields, where we expect to successfully create new growth drivers over the medium and long terms, and fields related to IT, which is an essential part of the Company's systems infrastructure. In terms of "Regional Development," the Corporate Development Section will engage in infrastructure projects, which is a promising business field worldwide, among other areas. "Customer Relationship Development," meanwhile, is an increasingly important domain from a medium- to long-term perspective for extending points of contact with industry in industries undergoing restructuring. The Corporate Development Section will concentrate on all these areas on a Companywide basis to lay the foundations for future growth, including making investments of a certain size.

The Mitsubishi Corporation Group's business environment may be increasingly challenging, but the Company sees growth opportunities in these changing conditions. Mitsubishi Corporation is determined to create a company that wins recognition from shareholders, customers and all other stakeholders and realizes its vision of being "A New Industry Innovator" that contributes to society.

INNOVATION 2009's Basic Concepts and Management Initiatives

1. Grasp Change and Open Up A New Era for MC (Develop Growth Strategy)

Mitsubishi Corporation is implementing measures to develop businesses globally. These will include strengthening functions for identifying ever-changing global trends in an integrated fashion, and proposing strategy. Furthermore, in order to ensure that the Company effectively utilizes its business resources to enhance the quality of its business portfolio and drive growth over the medium and long terms, Mitsubishi Corporation will continue to reallocate business resources to fields where more growth can be expected over the medium and long terms such as the newly established Corporate Development Section.

2. Develop Human Assets (Utilize and Develop Human Assets)

Mitsubishi Corporation will continue to build systems and environments in which its unique, multi-skilled workforce can excel, across both consolidated and global operations. The Company will also assign and relocate its people, ensuring that the right employees are at the ready in those fields and regions where growth is expected. In this way, Mitsubishi Corporation will make the most effective, Companywide use of limited resources. From hereon Mitsubishi Corporation will work to further invigorate each organization and employee.

3. Reinforce Internal Systems
(Continuously Strengthen the Management System)

Mitsubishi Corporation will develop a stronger sense of unity throughout its consolidated companies, shore up its management foundations, and build a corporate group that is strengthened by bonds of "trust and responsibility." This goal is to increase the overall corporate value of MC on a consolidated basis and sustain growth and in this way contribute to the advancement of society. To this end, the Company will enhance the functions of its offices worldwide and further refine compliance, internal controls, process reform and system infrastructure on a Group-wide basis.

2) Basic Policy Regarding the Appropriation of Profits

■ Investment Plans

We plan to invest in the resources and energy fields, which we expect to remain key earnings drivers, as well as corporate development fields (including New Energy & the Environment), which we see as future sources of earnings. We will also invest in the finance, machinery, chemicals, living essentials and other fields. All investments will be made with the aim of sustaining our growth.

Given the major deterioration in the business environment due to the worldwide economic crisis that began as a financial crisis in the U.S. in September 2008, we have partially revamped our investment plans. For the time being, we will prioritize our financial soundness. Regarding new investments, in principle, we will realign our existing asset portfolio.

■ Capital Structure Policy and Dividend Policy

Our basic policy is to sustain growth and maximize corporate value by balancing earnings growth, capital efficiency and financial soundness. For this, we will continue to utilize retained earnings for investments to drive growth, with the aim of achieving average ROE of at least 15% over the medium and long terms.

However, given the backdrop of the persistent economic crisis since last year, we will give utmost priority to maintaining our financial soundness among the three aforementioned targets.

In terms of our dividend policy, our basic policy is to increase the annual dividend per share through earnings growth. However, comprehensively considering recent changes in the global investment environment, and to answer shareholders' expectations for a stable dividend, among other factors, we plan to reward shareholders by raising the targeted consolidated payout ratio from 20% to between 20% and 25%. We will also purchase treasury stock flexibly depending on earnings growth, progress with our investment plans and other factors.

Although consolidated net income at ¥369.9 billion was lower than the forecast announced in January this year, we paid a dividend per common share applicable to the fiscal year ended March 31, 2009 of ¥52, the same as previously forecast. (The interim dividend applicable to the fiscal year ended March 31, 2009 was ¥36 per share, making the year-end dividend ¥16 per share.)

In accordance with the aforementioned policy, we plan to pay a dividend of ¥34 per share for the fiscal year ending March 31, 2010, providing we achieve our current consolidated net income* forecast of ¥220.0 billion and thereby raise the dividend payout ratio to 25%.

* Refers to "Consolidated net income attributable to Mitsubishi Corporation," which is equivalent to consolidated net income through the fiscal year ended March 31, 2009.

[For Reference: Annual Ordinary Dividends]

Fiscal year ended March 31, 2003 = ¥8 per common share
Fiscal year ended March 31, 2004 = ¥12 per common share
Fiscal year ended March 31, 2005 = ¥18 per common share
Fiscal year ended March 31, 2006 = ¥35 per common share
Fiscal year ended March 31, 2007 = ¥46 per common share
Fiscal year ended March 31, 2008 = ¥56 per common share
Fiscal year ended March 31, 2009 = ¥52 per common share

3) Main Investment Activities

In April 2008, Mitsubishi Corporation subscribed to a private placement of shares to raise capital by Mitsubishi UFJ Lease & Finance Company Limited, increasing its shareholding to 20.00% of Mitsubishi UFJ Lease & Finance Company's issued shares. As a result, Mitsubishi UFJ Lease & Finance Company became an equity-method affiliate.

MC and Mitsubishi UFJ Lease & Finance Company have been cooperating closely for a long time on the expansion of domestic businesses and launch of overseas businesses. For example, recently we established an auto-leasing joint venture company, entered into general leasing business in Saudi Arabia and also entered into the fleet leasing business in Turkey. We determined that the maintenance and further development of our relationship would help accelerate growth of our Industrial Finance, Logistics & Development businesses and cultivate large-scale businesses. We therefore decided to subscribe to the private placement because it was seen as an extremely effective strategy.

We see the leasing business as a financial services business focused on assets and services in which we can leverage our unique general trading company expertise. Looking ahead, by combining the respective expertise of MC and Mitsubishi UFJ Lease & Finance Company, we plan to develop joint businesses in business domains in Japan and overseas.

In September 2008, BMA acquired 100% of the Saraji East project, an undeveloped metallurgical coal resource located near Dysart in the Bowen Basin, Queensland, Australia, from New Hope Corporation Limited. BMA is a coking coal joint venture in which Mitsubishi Corporation holds a 50% interest through its subsidiary Mitsubishi Development Pty Ltd. The remaining 50% interest is held by BHP Billiton Ltd.

As a result of drilling before the acquisition of this interest, the Saraji East project has found extensive high-quality metallurgical coal inferred resources. Furthermore, due to the proximity of the Saraji East coking coal project adjacent to the Saraji Mine already owned by BMA, significant synergies are expected with existing coking coal operations.

In April 2008, Mitsubishi Corporation subscribed to a private placement of shares to raise capital by Chiyoda Corporation, raising its shareholding ratio from 10.27% to 33.40%. As a result, Chiyoda Corp. was accounted for as an equity-method affiliate from the fiscal year ended March 31, 2009. Chiyoda Corp. is a leading company in the chemical plant engineering industry. It has a track record of constructing large projects, including LNG plants, and is well known and respected among overseas customers.

MC and Chiyoda Corp. have cooperated in a wide range of activities, including tendering for projects, construction and procuring construction materials and equipment over many years. We believe that by subscribing to the shares offered by Chiyoda Corp. through the private placement, we will build an even stronger relationship with this company than before. And by drawing on our strengths such as our extensive network and know-how in the energy and chemical product fields, we are committed to working with Chiyoda Corp. to drive further growth in both companies.

In December 2008, we inked a comprehensive business alliance agreement with AEON Co., Ltd. and increased our shareholding in this company to 5.05% of its issued shares. Under the alliance agreement, MC and AEON will work to modernize and streamline distribution mechanisms, create systems for procuring products offering quality and prices that satisfy consumers, and implement initiatives in finance, IT and marketing designed to maximize consumer convenience. MC and AEON enjoy a friendly business relationship, having cooperated in various fields, such as shopping center development and product procurement, from the founding days of JUSCO Co., Ltd., the forerunner to AEON. The comprehensive business alliance is thus based on a relationship of trust cultivated over many years. MC and AEON will take advantage of each other's networks—AEON's store and customer network and MC's global procurement and information network—with the aim of raising corporate value at both companies over the medium and long term.

4) Outlook for Fiscal Year Ending March 31, 2010

We are forecasting consolidated operating transactions of ¥17,000.0 billion, ¥5,389.1 billion down on the fiscal year ended March 31, 2009 due to an expected drop in transaction volumes because of falling commodities markets and a deteriorating real economy. Gross profit is forecast to decline ¥353.2 billion to ¥1,110.0 billion due to lower coking coal prices and other factors. Combined with the fact that selling, general and administrative expenses are projected to remain on a par with the fiscal year ended March 31, 2009, operating income is forecast to decline ¥358.9 billion to ¥230.0 billion. In other items, we are forecasting lower dividend income and equity-method earnings from business investees, although we are expecting an improvement in gain (loss) on marketable securities and investments—net given the share write-offs booked in the fiscal year ended March 31, 2009.

As a result, "Consolidated net income attributable to Mitsubishi Corporation"* is projected at ¥220.0 billion, a decrease of ¥149.9 billion year on year. Projections are based on the following assumptions.

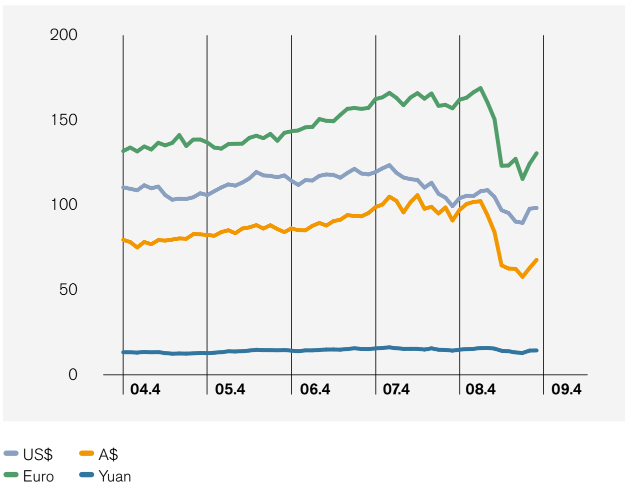
* Consolidated net income attributable to Mitsubishi Corporation is equivalent to consolidated net income through the fiscal year ended March 31, 2009.

Reference: Change of basic assumptions

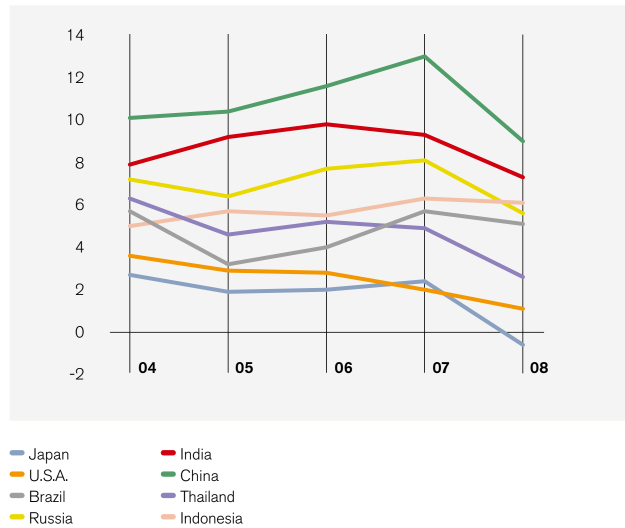
	2010.3 (Est.)	2009.3 (Act.)	Change
Exchange rate (¥/US$)	¥100.0/US$1	¥100.7/US$1	–¥0.7/US$1
Crude oil price (US$/BBL)	US$50.0/BBL	US$81.8/BBL	–US$31.8/BBL
Interest rate (TIBOR, %)	0.70%	0.82%	–0.12%

Note: Earnings forecasts and other forward-looking statements in this annual report are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual results to differ materially from those projected.

Exchange Rates of Major Currencies
(¥)



Real GDP Growth Rates of Major Countries / Regions
(%)



8. Business Risks

1) Risks of Changes in Global Macroeconomic Conditions

As we conduct businesses on a global scale, there is a relationship between our operating results and economic trends in major countries around the world. Economic trends in Japan are undeniably important, but the impact of economic trends in overseas countries on our operating results has also become significant.

The financial crisis, which was triggered by the collapse of a major U.S. financial institution in September 2008, has reverberated rapidly and affected real economies around the world. The resulting decline in corporate activity and consumer sentiment dealt a major blow to the world economy in the fiscal year ended March 31, 2009. Japan's economy experienced a fall in overseas demand and a stronger yen in the wake of the global financial crisis. As a result, the Japanese economy lurched deeper into recession, with a rapid drop-off in exports, which had driven Japan's economy, precipitating significant production cutbacks.

A continued decline in prices for energy and metal resources due to falling global demand going forward could further affect our resource-related import transactions and earnings from business investments. Furthermore, the worldwide economic slowdown could affect our entire export-related business, including plants, construction machinery parts, automobiles, steel products, ferrous raw materials, chemical products, and other products.

In Thailand and Indonesia, we have various automobile businesses, including automobile assembly plants, distribution and sales companies and financial services companies jointly established with Japanese automakers. Because automobile sales volume reflects internal demand in each of these countries, economic trends in both Thailand and Indonesia may have a significant bearing on earnings from our automobile operations.

2) Market Risks

(Unless otherwise stated, calculations of effects on future consolidated net income are based on consolidated net income for the fiscal year ended March 31, 2009. Consolidated net income, as used hereinafter, refers to "Consolidated net income attributable to Mitsubishi Corporation," which is equivalent to consolidated net income through the fiscal year ended March 31, 2009.)

(1) Commodity Market Risk

In the course of our business activities, we are exposed to various risks relating to movements in prices of commodities as a trader, an owner of rights to natural and energy resources, and a producer and seller of industrial products of our investees. Product categories that may have a large impact on our operating results are as follows:

(Energy Resources)

We hold upstream rights to LNG and crude oil, and/or liquefaction facilities in Western Australia, Malaysia, Brunei, Gabon and other regions. Movements in LNG and crude oil prices may have a significant impact on operating results in these businesses.

Fundamentally, LNG prices are linked to crude oil prices. As an estimate, a US$1/BBL fluctuation in the price of crude oil would have an approximate ¥1 billion effect on consolidated net income for LNG and crude oil combined, mainly through a change in equity-method earnings. However, fluctuations in the price of LNG and crude oil might not be immediately reflected in our operating results because of timing differences.

(Metal Resources)

Through wholly owned Australian subsidiary Mitsubishi Development Pty Ltd (MDP), we sell around 28 million tons of coal per year, mainly coking coal, a ferrous raw material. Fluctuations in the price of coking coal may affect our consolidated operating results through MDP's earnings. The majority of the coking coal is sold on the basis of annual contracts, and the price is set once a year through negotiations with purchasers and becomes the price that is used for shipments in the applicable fiscal year. Therefore, movements in the price of coking coal during a fiscal year are expected to have only a small impact on our operating results for that fiscal year. However, MDP's operating results cannot be determined by the coal price alone since MDP's operating results are also significantly affected by other factors besides coal prices, such as fluctuations in exchange rates for the Australian dollar, U.S. dollar and yen, production costs, and sales volumes.

In addition, as a producer, we are exposed to the risk of price fluctuations in copper and aluminum. Regarding copper, we estimated that a US$100 fluctuation in the price per MT of copper would have a roughly ¥0.8 billion effect on consolidated net income during the fiscal year ended March 31, 2008. However, a reexamination of conditions in the fiscal year ended March 31, 2009 has shown that other variables besides price fluctuations can have a large impact on earnings. These include the grade of mined ore, the status of production operations, and reinvestment plans (capital expenditures).

This makes a similar sensitivity estimate for copper difficult at present. Regarding aluminum, a US$100 fluctuation in the price per MT of aluminum would have a ¥1.0 billion effect on our consolidated net income.

(Petrochemical Products)

We are engaged in a broad range of trading activities for petrochemical products manufactured from raw materials such as naphtha and natural gas. The prices of petrochemical products are largely determined for each product on an individual basis based on the prices of the above raw materials, supply-demand dynamics and other factors. Fluctuations in the prices of these raw materials may affect earnings from these trading transactions.

We have made investments in manufacturing and sales companies for petrochemicals such as ethylene glycol, paraxylene and methanol in Saudi Arabia, Malaysia and Venezuela. Our equity-method earnings would be affected by changes in the operating results of these companies due to price movements.

(2) Foreign Currency Risk

We bear some risk of fluctuations in foreign currency rates relative to the yen in the course of our trading activities, such as export, import and offshore trading. While we use forward contracts and other hedging strategies, there is no assurance that we can completely avoid foreign currency risk.

In addition, dividends received from overseas businesses and equity in earnings of overseas consolidated subsidiaries and equity-method affiliates are relatively high in proportion to our consolidated net income. Because most of these earnings are denominated in foreign currencies, which are converted to yen solely for reporting purposes, an appreciation in the yen relative to foreign currencies has a negative impact on consolidated net income. In terms of sensitivity, a ¥1 change relative to the U.S. dollar would have an approximate ¥1.6 billion effect on consolidated net income.

Regarding our investments in overseas businesses, an appreciation in the yen poses the risk of lowering shareholders' equity through a negative effect on the foreign currency translation adjustments account. Consequently, we implement various measures to prevent increased exposure to foreign currency risk on investments, such as by hedging foreign currency risks with respect to new large investments. However, there is no assurance that we can completely avoid these risks.

(3) Stock Price Risk

As of March 31, 2009, we owned approximately ¥1,200.0 billion (market value basis) of marketable securities, mostly equity issues of customers, suppliers and affiliated companies. These investments expose us to the risk of fluctuations in stock prices. As of the same date, we had net unrealized gains of approximately ¥290.0 billion based on market prices, a figure that could change depending on future trends in stock prices.

In our corporate pension fund, some of the pension assets managed are marketable stocks. Accordingly, a fall in stock prices could cause an increase in pension expenses by reducing pension assets.

(4) Interest Rate Risk

As of March 31, 2009, we had gross interest-bearing liabilities of approximately ¥4,879.3 billion. Because almost all of these liabilities bear floating interest rates, there is a risk of an increase in interest expenses caused by a rise in interest rates.

However, the vast majority of these interest-bearing liabilities are related to trade receivables, loans receivable and other operating assets that are positively affected by changes in interest rates. Consequently, because a rise in interest rates produces an increase in income from these assets, while there is a time lag, interest rate risk is offset. For the remaining interest-bearing liabilities exposed to interest rate risk without such offsets, commensurate asset holdings such as investment securities, property and equipment generate trading income as well as other income streams such as dividends that are strongly correlated with economic cycles. Accordingly, even if interest rates increase as the economy improves, leading to higher interest expenses, we believe that these expenses would be offset by an increase in income from the corresponding asset holdings.

However, our operating results may be negatively affected temporarily if there is a rapid rise in interest rates because increased income from commensurate asset holdings would fail to offset the effects of a preceding increase in interest expenses.

To monitor market movements in interest rates and respond flexibly to market risks, we established the ALM (Asset Liability Management) Committee. This committee establishes fund procurement strategy and manages the risk of interest rate fluctuations.

3) Credit Risk

We extend credit to customers in the form of trade credit, including accounts receivables and advance payments, finance, guarantees and investments due to our various operating transactions. We are therefore exposed to credit risk in the form of losses arising from deterioration in the credit of or bankruptcy of customers. Furthermore, we utilize derivative instruments, primarily swaps, options and futures, for the purpose of hedging risks. In this case, we are exposed to the credit risk of the counterparties to these derivative instruments.

To manage this risk, we have established credit and transaction limits for each customer as well as introduced an internal rating system. Based on internal rules determined by internal ratings and the amount of credit, we also hedge risk by requiring collateral or a guarantee depending on the credit profile of the counterparty.

However, there is no guarantee that we will be able to completely avoid credit risk with these risk hedging strategies. We reduce transactions and take measures to protect our receivables when there is deterioration in the credit condition of customers. We also have a policy for dealing with bankrupt customers and work to collect receivables. However, failure to collect receivables and other credit would affect our operating results.

4) Country Risk

We bear country risk in relation to transactions and investments with overseas companies in the form of delays or inability to collect money or conduct business activities due to socioeconomic conditions in the countries where they are domiciled.

We take appropriate risk hedging measures that involve, in principle, hedges via third parties through such means as taking out insurance, depending on the nature of the project. Furthermore, we have established a Country Risk Committee, under which country risk is managed through a country risk countermeasure system. The country risk countermeasure system classifies countries with which we trade into six categories based on risk money in terms of the sum total of the amount of investments, advances, and guarantees, and the amount of trade receivables, net of hedges, as well as creditworthiness by country (country rating). Country risk is controlled through the establishment of risk limits for each category.

However, even with these risk hedging measures, it is difficult to completely avoid risks caused by deterioration in the political, economic, or social conditions in the countries or regions where our customers, portfolio companies or we have ongoing projects. Such eventualities may have a significant impact on our operating results.

5) Business Investment Risk

We participate in the management of various companies by acquiring equity and other types of interests. These business investment activities are carried out with the aim of increasing our commercial rights and deriving capital gains. However, we bear various risks related to business investments, such as the possible inability to recover our investments and exit losses and being unable to earn the planned profits. Regarding the management of business investment risk, in the case of new business investments, we clarify the investment meaning and purpose, quantitatively grasp the downside risk of investments and evaluate whether the investment return exceeds the minimum expected rate of return, which is determined internally according to the extent of the risk. After investing, we manage risk on an individual basis with respect to business investments to achieve the investment goals set forth in the business plan formulated every year. Furthermore, we apply exit rules for the early sale of our equity interest or the liquidation of the investee in order to efficiently replace assets in our portfolio.

While we follow strict standards for the selection and management of investments, it is impossible to completely avoid the risk of investments not delivering the expected profits. Therefore, we may incur losses resulting from such actions as the withdrawal from an investment.

6) Risks Related to Specific Investments

Investment in and Operations with Mitsubishi Motors Corporation

Following requests from Mitsubishi Motors Corporation (MMC), we injected equity totaling ¥140.0 billion in MMC from June 2004 through January 2006 by subscribing to private placements of MMC shares. As a result, our risk exposure to MMC was approximately ¥170.0 billion as of March 31, 2009.

For the fiscal year ended March 31, 2009, MMC posted consolidated sales of ¥1,973.6 billion, operating profit of ¥3.9 billion and a net loss of ¥54.9 billion in part due to the impact of the global financial crisis.

We cooperate with this automaker in countries around the world, particularly in Asia and Europe, to conduct businesses centered on local sales companies and downstream business fields. Our risk exposure in connection with these dealings, such as investments in businesses, finance, trade receivables and other related business was approximately ¥240.0 billion as of March 31, 2009.

Our total MMC-related risk exposure, including both the aforementioned risk exposure to MMC proper and our risk exposure to related business, was thus around ¥410.0 billion as of March 31, 2009.

7) Risks Related to Compliance

We are engaged in businesses in all industries through our many offices around the world. These activities subject us to a wide variety of laws and regulations. Specifically, we must comply with the Companies Act, tax laws, Financial Instruments and Exchange Act, anti-monopoly laws, trade-related laws, environmental laws and various business laws in Japan. In addition, in the course of conducting business overseas, we must abide by the laws and regulations in the countries and regions where we operate.

We have established a Compliance Committee, which is headed by a Chief Compliance Officer, who is at the forefront of our efforts to raise awareness of compliance. This officer also directs and supervises compliance with laws and regulations on a consolidated basis.

Notwithstanding these initiatives, compliance risks cannot be completely avoided. Failure to fulfill our obligations under related laws and regulations could affect our businesses and operating results.

8) Risks From Natural Disasters

A natural disaster, such as an earthquake, heavy rain or flood, that damages our offices, facilities or systems and affects employees could hinder sales and production activities.

We have established adequate countermeasures, having prepared an employee safety check system; disaster contingency manual for business continuity plan (BCP) execution; earthquake-proof measures for buildings, facilities or systems (including backup of data); and introduced a program of disaster prevention drills. However, no amount of preparation of this sort can completely avoid the risk of damage caused by a natural disaster. Accordingly, damage from a natural disaster could affect the Company's operating results.

Note: Earnings forecasts and other forward-looking statements in this annual report are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual results to differ materially from those projected.

9. Critical Accounting Policies and Estimates

The preparation of these consolidated financial statements requires management to make estimates that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the fiscal year-end and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management reviews its estimates and judgments, including the valuation of receivables, investments, long-lived assets, inventories, revenue recognition, income taxes, financing activities, restructuring costs, pension benefits, contingencies, litigation and others. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Management believes the following are our critical accounting policies and estimates. These policies and estimates were considered "critical" because:

- the estimate requires us to make assumptions about matters that are highly uncertain at the time the estimate is made, and
- different assumptions that we reasonably could have used in the current period could have a material impact on the presentation of our financial condition, changes in financial condition, or results of operations.

1) Valuation of Receivables

The valuation of receivables is a critical accounting estimate, as the balance of our trade receivables, notes and loans is significant. We perform ongoing credit valuations of our customers and adjust credit limits based upon the customer's payment history and current credit worthiness, as determined by our review of the customer's current credit information. We continuously monitor collections and payments from our customers. We establish credit limits and an allowance for doubtful accounts based upon factors surrounding specific customer collection issues that we have identified, past credit loss experience, historical trends, evaluation of potential losses in the receivables outstanding, credit ratings from applicable agencies and other information.

For each of our customers, we monitor financial condition, credit level and collections on receivables as part of an effort to reach an appropriate accounting estimate for the allowance for doubtful accounts. Also, for the valuation of long-term loans receivables, we use the discounted cash flow method, which is based on assumptions such as an estimate of the future repayment plan and discount rates.

For the year ended March 31, 2008, we decreased our total allowance for doubtful accounts by ¥11.4 billion, or 13.9%, to ¥70.5 billion.

For the year ended March 31, 2009, we decreased our total allowance for doubtful accounts by ¥7.8 billion, or 11.1%, to ¥62.7 billion. The allowance for doubtful accounts represented approximately 1.6% and 1.8% of our total receivables (current and non-current) as of March 31, 2008 and 2009, respectively.

Management believes that the evaluation of receivables is reasonable, the balance of the allowance for doubtful accounts is adequate and the receivables are presented at net realizable value; however, these valuations include uncertainties that may result in the need for the company to increase the allowance for doubtful accounts in the future.

2) Valuation of Investments

The valuation of investments is a critical accounting estimate because fair value is susceptible to change from period to period, and also because the outstanding balance of our investments is significant.

We assess impairment of investments by considering whether a decline in value is other-than-temporary based on, among others, the length of time and the extent to which the fair value has been less than the carrying value and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in fair value. We assess impairment of available-for-sale securities based on their market values, while equity-method investments and other investments are assessed by considering their market values, financial condition, performance, business circumstance, near-term prospects and future cash flows of the issuer.

If the decline in value is judged to be other-than-temporary, the carrying value of the investment is written down to fair value.

In each of the last three years, we have assessed investments for impairment using similar methods and determined that, based on our assumptions, certain investments have been other-than-temporarily impaired. For the years ended March 31, 2007, 2008 and 2009, impairment losses of ¥4.3 billion, ¥14.9 billion, and ¥166.1 billion respectively, were recognized in "(Gain) loss on marketable securities and investments—net" in the consolidated statements of income to reflect the declines in fair value of certain available-for-sale securities, investments in affiliated companies and other investments that were considered to be other-than-temporary.

Management believes that the carrying value of its investments and evaluation of its investments determined not to be other-than-temporarily impaired is reasonable. However, these valuations are subject to a number of uncertainties which may require further write-downs in the future.

3) Impairment of Long-Lived Assets

We review the carrying value of our long-lived asset or asset group, other than goodwill and other intangible assets, to be held and used, and to be disposed of, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable.

Recoverability of an asset or asset group to be held and used is measured by comparing the carrying amount of the asset or group to undiscounted future cash flows expected to be generated by the asset. A long-lived asset to be disposed of by sale is reported at the lower of the carrying amount or fair value less costs to sell, and is no longer depreciated. A long-lived asset to be disposed of other than by sale is considered as held and used until disposed of.

If the carrying value of the asset is considered impaired, an impairment loss is recorded for the amount by which the carrying value of the asset exceeds its estimated fair value.

Estimated fair values of assets are primarily determined based on independent appraisals and discounted cash flow analysis. These evaluations use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilization of the assets, discount rates and other factors.

In each of the last three years, we have determined that, based on our estimates and assumptions, certain long-lived assets were impaired. These amounts were included in "Loss on property and equipment—net" in the consolidated statements of income. For the years ended March 31, 2007, 2008 and 2009, such impairment losses amounted to ¥9.5 billion, ¥7.9 billion and ¥45.6 billion respectively.

During the year ended March 31, 2009, due to lower oil reserves estimates and oil price decline, we recognized impairment losses for long-lived assets, including oil and gas properties owned by a subsidiary included in Energy Business and Machinery segments.

Management believes that the estimates of discounted cash flows and fair values are reasonable; however, these valuations are subject to a number of uncertainties that may change the valuation of the long-lived assets due to unforeseen changes in business assumptions. As a result, we may be required to recognize further impairment in the future.

4) Pension Benefit Costs and Obligations

Employee pension benefit costs and obligations are dependent on assumptions used by actuaries in calculating such amounts. The discount rate and the expected long-term rate of return on plan assets are two critical assumptions in determining periodic pension benefit costs and pension liabilities. We evaluate these assumptions annually or when events occur that may have an impact on these critical assumptions.

The discount rate assumptions are determined on the rate available on high-quality fixed-income investments with a duration that approximately matches our employees' estimated period of service and benefit payments at the respective measurement dates of each plan. We increased the weighted average discount rate to 3.1%, an increase of 0.1 of a percentage point for the year ended March 31, 2008. For the year ended March 31, 2009, we set the weighted average discount rate at 3.1%, equal to the previous year.

The assumption for the expected long-term return on plan assets is determined after considering the investment policy, long-term historical returns, asset allocation, and future estimates of long-term investment returns. We used the expected long-term rate of return of 3.7% for the year ended March 31, 2008. As there was a downturn in investment returns, due mainly to a sharp decline in the domestic equity market, we calculated pension benefit costs for the year ended March 31, 2009 using a rate of return of 3.4%, a decrease of 0.3 of a percentage point from the previous year.

In accordance with U.S. GAAP, the difference between actual results and assumptions is accumulated and amortized over future periods. Therefore, actual results generally affect the expenses recognized in future periods. Management believes that the actuarial assumptions and methods used are appropriate in the circumstances. However, differences in actual experience or changes in assumptions may affect the pension obligations and future expenses.

5) Revenue Recognition

We are engaged in business activities such as buying and selling of various commodities worldwide, providing financing for customers and suppliers relating to such activities, and organizing and coordinating industrial projects through our global business networks. We conduct import, export, offshore and domestic production, sales, marketing and distribution of a wide variety of products, including steel resources and non-ferrous metals, oil and gas products, machinery, information technology and electronics, chemicals, food products and general consumer merchandise. We also perform various services such as consulting, information technology services, technical support, transportation and logistics. Revenue recognition policies require difficult judgments on complex matters that are often subject to multiple sources of authoritative guidance applied to individually complex transactions. In general, we recognize revenues when they are realized or realizable and earned. Revenues are realized or realizable and earned when we have persuasive evidence of an arrangement, the goods have been delivered or the services have been rendered to the customer, the sales price is fixed or determinable and collectibility is reasonably assured. In addition to this general policy, the following are specific revenue recognition policies.

Revenues from trading, manufacturing and other activities—We earn revenues from trading, manufacturing and other activities. Manufacturing and other activities are typically conducted through consolidated subsidiaries.

Trading activities—We earn revenues from various trading transactions in which we act as a principal, carry commodity inventory, and make a profit or loss on the spread between bid and asked prices for commodities.

Manufacturing activities—Manufacturing activities include the manufacture of a wide variety of products, such as electronics, metals, machinery, chemicals and general consumer merchandise, and the development of natural resources.

Revenues from trading and manufacturing activities are recognized at the time the delivery conditions, as agreed to by customers, are met. These conditions are usually considered to have been met when the goods have been delivered to and accepted by the customer, title to the warehouse receipts have been transferred, or the implementation testing has been duly completed.

For long-term construction businesses, depending on the nature of the contract, revenues from long-term construction projects are accounted for by the completed contract method, unless costs to complete and extent of progress toward completion of long-term contracts are reasonably dependable, in which case we use the percentage of completion method.

Other activities—Other activities consist of services, and rental or leasing activities. Service-related activities include performance of various services such as financial and logistics services, information and communications, technical support and other service-related activities. We are also engaged in certain rental activities or leasing of properties, including office buildings, aircraft and other industrial assets.

Revenues from service-related activities are recognized when the contracted services have been rendered to third party customers pursuant to the agreements. Revenues from rental or leasing activities are recognized over the terms of the underlying leases on a straight-line basis.

Trading margins and commissions on trading transactions—We earn margins and commissions related to various trading transactions in which we act as a principal or an agent. Through our trading activities, we facilitate our customers' purchases and sales of commodities and other products and earn a commission for this service. The trading margins and commissions are recognized when we have met the general policy conditions as stated above.

6) Derivatives

We utilize derivative instruments primarily to manage interest rate risks, to reduce exposure to movements in foreign exchange rates, and to hedge various inventory and trading commitments. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, No. 149 and No. 155 (collectively "SFAS No. 133"), all derivative instruments are reported on the balance sheet at fair value. SFAS No. 133 establishes criteria for designation and effectiveness of hedging relationships.

With the adoption of SFAS No. 133, we are required to make assumptions in order to estimate the fair value of derivative instruments for which quoted market prices are not available and related hedged items.

Generally, on the date on which the derivative contract is executed, we designate such derivative as either a fair value hedge or a cash flow hedge to the extent that hedging criteria are met. Changes in fair values of derivatives that are designated as fair value hedges are recognized in earnings as offsets to the changes in fair value of related hedged assets, liabilities and firm commitments. Derivative instruments designated as cash flow hedges include interest rate swaps to convert floating liabilities to fixed rate liabilities and foreign currency swaps to mitigate variability of the functional currency equivalent cash flows of certain debt obligations. Changes in fair values of derivatives that are designated as cash flow hedges are deferred and recorded as a component of accumulated other comprehensive income (loss) until the hedged transactions occur and are recognized in earnings.

7) Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations," ("SFAS No. 141R"). SFAS No. 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS No. 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS No. 141R is effective for fiscal years beginning after December 15, 2008. The companies will adopt SFAS No. 141R as of April 1, 2009. The impact of the adoption of SFAS No. 141R on the companies' consolidated financial position and results of operations will be largely dependent on the size and nature of the business combinations completed after the adoption of this statement.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51." SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008. The companies will adopt SFAS No. 160 as of April 1, 2009. The adoption of SFAS No. 160 will impact the presentation of the companies' consolidated balance sheets and consolidated statements of income; however, it will not have a material impact on the companies' consolidated financial position and results of operations.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events." The objective of SFAS No. 165 is to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Entities are required to disclose the date through which subsequent events were evaluated as well as the rationale for why that date was selected. SFAS No. 165 is effective for interim and annual periods ending after June 15, 2009.

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140." SFAS No. 166 is a revision to SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," which removes the concept of a qualifying special-purpose entity, changes the requirements for derecognizing financial assets, and requires additional disclosures. SFAS No. 166 is effective for the reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The companies will adopt SFAS No. 166 as of April 1, 2010. The companies are currently evaluating SFAS No. 166 to determine its impact on the companies' consolidated financial position and results of operations.

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)." SFAS No. 167 is a revision to FIN No. 46R, and changes how a company determines whether an entity that is insufficiently capitalized or is not controlled through voting rights (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. SFAS No. 167 is effective for the reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The companies will adopt SFAS No. 167 as of April 1, 2010. The companies are currently evaluating SFAS No. 167 to determine its impact on the companies' consolidated financial position and results of operations.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments ("OTTI")." FSP No. FAS 115-2 and FAS 124-2 modifies existing OTTI model for investments in debt securities. Under the FSP No. FAS 115-2 and FAS 124-2, the primary change to the OTTI model for debt securities is the change in focus from an entity's intent and ability to hold a security until recovery. Instead, an OTTI is triggered if (1) an entity has the intent to sell the security, (2) it is more-likely-than-not that it will be required to sell the security before recovery, (3) it does not expect to recover its entire amortized cost basis of the security. In addition, the FSP No. FAS 115-2 and FAS 124-2 changes the presentation of an OTTI in the income statement. If the companies have the intent to sell the security or it is more-likely-than-not that it will be required to sell the security, the entire impairment will be recognized in earnings. However, if the companies do not intend to sell the security and it is not more-likely-than-not that it will be required to sell the security, but the security has suffered a credit loss, the impairment charge will be separated into the credit loss component, which is recorded in earnings, and the remainder of the impairment charge, which is recorded in other comprehensive income. FSP No. FAS 115-2 and FAS 124-2 is effective for fiscal years beginning after June 15, 2009. The companies will adopt FSP No. FAS 115-2 and FAS 124-2 as of April 1, 2009. The impact of the adoption of FSP No. FAS 115-2 and FAS 124-2 on the companies' consolidated financial position and results of operations will be largely dependent on the fair value of the investments in debt securities at each interim and fiscal year end.

Six-Year Financial Summary

Mitsubishi Corporation and Subsidiaries
Years ended March 31

	2004 As Adjusted*3	2005 As Adjusted*3
Performance Measure:		
Operating transactions*1	¥15,177,367	¥17,122,034
Results of Operations:		
Revenues	¥ 3,475,848	¥ 4,133,338
Gross profit	766,080	878,707
Net income from continuing operations	116,675	188,433
Net income	117,556	186,641
Financial Position at Year-End:		
Total assets	¥ 8,397,868	¥ 9,048,561
Working capital	828,971	1,017,681
Long-term debt, less current maturities	3,033,276	2,975,701
Total shareholders' equity	1,224,256	1,493,175
Amounts per Share:		
Net income from continuing operations per share:		
Basic EPS	¥74.52	¥120.36
Diluted EPS	68.78	111.17
Net income per share:		
Basic EPS	75.09	119.21
Diluted EPS	69.31	110.11
Cash dividends declared for the year	12.00	18.00
Common Stock:		
Number of shares outstanding at year-end*2	1,565,557	1,565,749
Exchange Rates into U.S. Currency:		
(Per the Federal Reserve Bank of New York)		
At year-end	¥104.18	¥107.22
Average for the year	112.75	107.28
Range:		
Low	120.55	114.30
High	104.18	102.26

Notes: The U.S. dollar amounts represent translations, for convenience, of yen amounts at the rate of ¥99=$1.

**1 Operating transactions is a voluntary disclosure commonly made by Japanese trading companies, and is not meant to represent sales or revenues in accordance with U.S. GAAP. See Note 1.*

**2 Treasury stock is not included.*

**3 In accordance with APB No. 18, the parent company has retrospectively adjusted the prior years' figures, since the parent company acquired additional investments in cost method investees for the year ended March 31, 2009, and accounted for the parent company's ownership interest in the investees under the equity method.*

Millions of Yen				Millions of U.S. Dollars
2006 As Adjusted[*3]	2007 As Adjusted[*3]	2008 As Adjusted[*3]	**2009**	**2009**
¥19,069,181	¥20,526,570	¥23,103,043	**¥22,389,104**	**$226,153**
¥ 4,812,087	¥ 5,068,749	¥ 6,030,806	**¥ 6,146,406**	**$ 62,085**
1,052,990	1,145,532	1,172,222	**1,463,152**	**14,779**
360,397	424,500	474,463	**365,366**	**3,691**
356,734	419,273	470,859	**369,936**	**3,737**
¥10,299,588	¥11,423,924	¥11,750,441	**¥10,918,003**	**$110,283**
1,246,194	1,339,852	1,430,739	**1,612,979**	**16,293**
2,875,398	2,862,408	3,096,818	**3,467,766**	**35,028**
2,348,000	2,918,386	2,873,510	**2,383,387**	**24,075**
Yen				U.S. Dollars
¥221.75	¥251.62	¥285.99	**¥222.46**	**$2.25**
211.72	250.25	284.71	**221.97**	**2.24**
219.50	248.52	283.82	**225.24**	**2.28**
209.56	247.17	282.55	**224.75**	**2.27**
35.00	46.00	56.00	**52.00**	**0.53**
Thousands of Shares				
1,685,767	1,688,303	1,641,203	**1,642,904**	
Yen per U.S. Dollar				
¥117.48	¥117.56	¥ 99.85	**¥ 99.15**	
113.67	116.55	113.61	**100.85**	
120.93	121.81	124.09	**110.48**	
104.41	110.07	96.88	**87.80**	

Consolidated Balance Sheets

Mitsubishi Corporation and Subsidiaries
March 31, 2008 and 2009

ASSETS	Millions of Yen 2008	Millions of Yen 2009	Millions of U.S. Dollars (Note 1) 2009
Current assets:			
Cash and cash equivalents (Notes 2.x, 4 and 11)	¥ 750,128	**¥ 1,215,099**	**$ 12,274**
Time deposits	11,540	**113,029**	**1,142**
Short-term investments (Notes 4 and 11)	87,862	**60,058**	**607**
Receivables—trade (Notes 8 and 23):			
Notes and loans	587,150	**491,577**	**4,965**
Accounts	2,955,325	**2,186,044**	**22,081**
Affiliated companies	211,556	**162,298**	**1,639**
Allowance for doubtful receivables (Note 6)	(29,948)	**(29,029)**	**(293)**
Inventories	1,075,563	**1,005,934**	**10,161**
Advance payments to suppliers	129,469	**136,270**	**1,376**
Deferred income taxes (Note 14)	62,573	**63,301**	**639**
Assets held for sale (Note 17)	6,526		
Other current assets (Notes 10, 11 and 15)	243,651	**397,339**	**4,014**
Total current assets	6,091,395	**5,801,920**	**58,605**
Investments and non-current receivables:			
Investments in and advances to affiliated companies (Notes 5 and 11)	1,128,387	**1,085,349**	**10,963**
Other investments (Notes 4, 8 and 11)	2,102,726	**1,523,364**	**15,388**
Non-current notes, loans and accounts receivable—trade (Notes 8 and 23)	515,202	**545,096**	**5,506**
Allowance for doubtful receivables (Note 6)	(40,580)	**(33,651)**	**(340)**
Total investments and non-current receivables	3,705,735	**3,120,158**	**31,517**
Property and equipment—net (Notes 7, 8 and 23)	1,610,621	**1,576,985**	**15,929**
Goodwill (Note 9)	54,089	**49,017**	**495**
Other intangible assets—net (Note 9)	73,532	**73,383**	**741**
Other assets (Notes 10, 11, 14 and 15)	215,069	**296,540**	**2,996**
Total assets	¥11,750,441	**¥10,918,003**	**$110,283**

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2008	Millions of Yen 2009	Millions of U.S. Dollars (Note 1) 2009
Current liabilities:			
Short-term debt (Notes 8 and 13)	¥ 742,421	**¥ 1,038,926**	**$ 10,494**
Current maturities of long-term debt (Notes 8 and 13)	384,810	**427,225**	**4,315**
Payables—trade:			
Notes and acceptances	197,302	**156,396**	**1,580**
Accounts	2,509,533	**1,812,793**	**18,311**
Affiliated companies	124,796	**86,151**	**870**
Advances from customers	134,880	**149,868**	**1,514**
Accrued income taxes	62,309	**42,397**	**428**
Other accrued expenses (Note 15)	158,626	**108,451**	**1,096**
Liabilities held for sale (Note 17)	2,081		
Other current liabilities (Notes 10, 11, 14 and 16)	343,898	**366,734**	**3,705**
Total current liabilities	4,660,656	**4,188,941**	**42,313**
Long-term liabilities:			
Long-term debt (Notes 8 and 13)	3,096,818	**3,467,766**	**35,028**
Accrued pension and severance liabilities (Note 15)	51,724	**85,181**	**860**
Deferred income taxes (Note 14)	400,944	**107,272**	**1,084**
Other long-term liabilities (Notes 10, 11 and 16)	332,277	**380,299**	**3,841**
Total long-term liabilities	3,881,763	**4,040,518**	**40,813**
Total liabilities	8,542,419	**8,229,459**	**83,126**
Minority interests	334,512	**305,157**	**3,082**
Commitments and contingent liabilities (Note 26)			
Shareholders' equity (Notes 18, 19 and 27)**:**			
Common stock—authorized, 2,500,000,000 shares; issued, 2008— 1,694,323,909 shares and 2009— 1,696,046,684 shares; outstanding, 2008— 1,641,203,155 shares and 2009— 1,642,903,585 shares	201,825	**202,817**	**2,049**
Additional paid-in capital	259,571	**261,828**	**2,645**
Retained earnings:			
Appropriated for legal reserve	41,295	**42,136**	**426**
Unappropriated	2,226,695	**2,487,404**	**25,125**
Accumulated other comprehensive income (loss):			
Net unrealized gains on securities available for sale	429,796	**146,638**	**1,481**
Net unrealized gains (losses) on derivatives	12,505	**(23,464)**	**(237)**
Defined benefit pension plans	(38,927)	**(101,513)**	**(1,025)**
Foreign currency translation adjustments	(107,746)	**(480,911)**	**(4,858)**
Subtotal	295,628	**(459,250)**	**(4,639)**
Less treasury stock—at cost, 53,120,754 shares in 2008 and 53,143,099 shares in 2009	(151,504)	**(151,548)**	**(1,531)**
Total shareholders' equity	2,873,510	**2,383,387**	**24,075**
Total liabilities and shareholders' equity	¥11,750,441	**¥10,918,003**	**$110,283**

Consolidated Statements of Income

Mitsubishi Corporation and Subsidiaries
Years Ended March 31, 2007, 2008 and 2009

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2007	2008	**2009**	**2009**
Revenues (Notes 10 and 11)**:**				
Revenues from trading, manufacturing and other activities	¥4,345,002	¥5,280,155	**¥5,444,326**	**$54,993**
Trading margins and commissions on trading transactions	723,747	750,651	**702,080**	**7,092**
Total revenues	5,068,749	6,030,806	**6,146,406**	**62,085**
Operating transactions (Notes 1, 5 and 21): 2007—¥20,526,570 million; 2008—¥23,103,043 million; 2009—¥22,389,104 million—$226,153 million				
Cost of revenues from trading, manufacturing and other activities (Notes 10 and 11)	3,923,217	4,858,584	**4,683,254**	**47,306**
Gross profit (Note 21)	1,145,532	1,172,222	**1,463,152**	**14,779**
Other expenses (income):				
Selling, general and administrative (Note 15)	733,930	821,026	**865,475**	**8,742**
Provision (credit) for doubtful receivables (Note 6)	1,298	(3,909)	**8,781**	**89**
Interest expense (net of interest income: 2007—¥59,882 million; 2008—¥74,293 million; 2009—¥59,144 million—$597 million) (Note 10)	14,411	12,292	**23,318**	**236**
Dividend income	(136,999)	(134,623)	**(124,663)**	**(1,259)**
(Gain) loss on marketable securities and investments—net (Notes 4, 11 and 21)	(85,649)	(57,440)	**155,849**	**1,574**
Loss on property and equipment—net (Notes 7 and 9)	3,086	5,882	**45,236**	**457**
Other expense (income)—net (Notes 9, 10 and 22)	13,893	(23,555)	**100,928**	**1,019**
Total	543,970	619,673	**1,074,924**	**10,858**
Income from continuing operations before income taxes	601,562	552,549	**388,228**	**3,921**
Income taxes (Note 14)**:**				
Current	246,998	205,529	**186,746**	**1,886**
Deferred	37,033	(23,863)	**(37,842)**	**(382)**
Total	284,031	181,666	**148,904**	**1,504**
Income from continuing operations	317,531	370,883	**239,324**	**2,417**
Minority interests in income of consolidated subsidiaries	(45,239)	(51,428)	**(30,721)**	**(310)**
Equity in earnings of affiliated companies (Notes 5, 10 and 21)	152,208	155,008	**156,763**	**1,584**
Net income from continuing operations	424,500	474,463	**365,366**	**3,691**
(Loss) income from discontinued operations (net of tax) (Note 17)	(5,227)	(3,604)	**4,570**	**46**
Net income	¥ 419,273	¥ 470,859	**¥ 369,936**	**$ 3,737**

	Yen			U.S. Dollars (Note 1)
Net income per share (Note 20)**:**				
Basic	¥248.52	¥283.82	**¥225.24**	**$2.28**
Diluted	247.17	282.55	**224.75**	**2.27**

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)

Mitsubishi Corporation and Subsidiaries
Years Ended March 31, 2007, 2008 and 2009

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2007	2008	2009	2009
Net income	¥419,273	¥470,859	**¥369,936**	**$3,737**
Other comprehensive income (loss):				
Net unrealized gains (losses) on securities available for sale (Note 4):				
Net unrealized holding gains (losses) during the year	160,928	(241,976)	**(557,449)**	**(5,631)**
Reclassification adjustments for net (gains) losses included in net income	(31,960)	(16,347)	**79,639**	**805**
Net change during the year	128,968	(258,323)	**(477,810)**	**(4,826)**
Income tax (expense) benefit (Note 14)	(52,883)	108,841	**194,652**	**1,966**
Total	76,085	(149,482)	**(283,158)**	**(2,860)**
Net unrealized gains (losses) on derivatives (Note 10):				
Net unrealized gains (losses) during the year	7,523	14,242	**(52,633)**	**(531)**
Reclassification adjustments for net losses (gains) included in net income	6,363	3,343	**(3,849)**	**(39)**
Net change during the year	13,886	17,585	**(56,482)**	**(570)**
Income tax (expense) benefit (Note 14)	(3,969)	(7,839)	**20,513**	**207**
Total	9,917	9,746	**(35,969)**	**(363)**
Minimum pension liability adjustments (Note 15)	1,626			
Income tax expense (Note 14)	(20)			
Total	1,606			
Defined benefit pension plans (Note 15)				
Net unrealized losses during the year		(73,676)	**(110,555)**	**(1,117)**
Reclassification adjustments for net losses included in net income		1,611	**5,038**	**51**
Net change during the year		(72,065)	**(105,517)**	**(1,066)**
Income tax benefit (Note 14)		31,138	**42,931**	**434**
Total		(40,927)	**(62,586)**	**(632)**
Foreign currency translation adjustments:				
Translation adjustments during the year	88,106	(106,805)	**(417,451)**	**(4,217)**
Reclassification adjustments for net losses included in net income	1	135	**798**	**8**
Net change during the year	88,107	(106,670)	**(416,653)**	**(4,209)**
Income tax (expense) benefit (Note 14)	(7,939)	3,861	**43,488**	**439**
Total	80,168	(102,809)	**(373,165)**	**(3,770)**
Total other comprehensive income (loss)	167,776	(283,472)	**(754,878)**	**(7,625)**
Comprehensive income (loss)	¥587,049	¥187,387	**¥(384,942)**	**$(3,888)**

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Mitsubishi Corporation and Subsidiaries
Years Ended March 31, 2007, 2008 and 2009

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2007	2008	**2009**	**2009**
Common stock:				
Balance, beginning of year—Shares issued, 2007—1,687,347,445 shares, 2008—1,689,902,896 shares, 2009—1,694,323,909 shares	¥ 197,818	¥ 199,228	**¥ 201,825**	**$ 2,039**
Issuance of common stock and reclassification adjustment from additional paid-in capital upon exercise of stock options— 2007—893,000 shares, 2008—902,500 shares, 2009—531,700 shares (Note 24)	423	507	**284**	**3**
Issuance of common stock upon conversion of convertible bonds— 2007—1,662,451 shares, 2008—3,518,513 shares, 2009—1,191,075 shares (Notes 2.x and 13)	987	2,090	**708**	**7**
Balance, end of year—Shares issued, 2007—1,689,902,896 shares, 2008—1,694,323,909 shares, 2009—1,696,046,684 shares	¥ 199,228	¥ 201,825	**¥ 202,817**	**$ 2,049**
Additional paid-in capital:				
Balance, beginning of year	¥ 251,598	¥ 254,376	**¥ 259,571**	**$ 2,622**
Compensation costs related to stock options (Note 24)	1,302	1,608	**1,303**	**13**
Issuance of common stock and reclassification adjustment to common stock upon exercise of stock options (Note 24)	423	506	**252**	**3**
Repurchase of granted stock options (Note 24)	(56)			
Issuance of common stock upon conversion of convertible bonds (Notes 2.x and 13)	987	2,090	**707**	**7**
Gain (loss) on sales of treasury stock	122	991	**(5)**	
Balance, end of year	¥ 254,376	¥ 259,571	**¥ 261,828**	**$ 2,645**
Retained earnings appropriated for legal reserve:				
Balance, beginning of year	¥ 37,704	¥ 38,649	**¥ 41,295**	**$ 417**
Transfer from unappropriated retained earnings	945	2,646	**841**	**9**
Balance, end of year	¥ 38,649	¥ 41,295	**¥ 42,136**	**$ 426**
Unappropriated retained earnings:				
Balance, beginning of year	¥1,462,703	¥1,848,419	**¥2,226,695**	**$22,492**
Cumulative effect of changes in accounting principles, net of tax (Notes 2.l and 14)	(4,563)			
Net income	419,273	470,859	**369,936**	**3,737**
Total	1,877,413	2,319,278	**2,596,631**	**26,229**
Deduct:				
Cash dividends paid (annual rate per share: 2007—¥40.0; 2008—¥54.0; 2009—¥66.0—$0.67)	67,475	89,937	**108,386**	**1,095**
Transfer to retained earnings appropriated for legal reserve	945	2,646	**841**	**9**
Total	68,420	92,583	**109,227**	**1,104**
The effect of change in fiscal year-end of certain subsidiaries, net of tax (Notes 2.ac and 14)	39,426			
Balance, end of year	¥1,848,419	¥2,226,695	**¥2,487,404**	**$25,125**
Accumulated other comprehensive income (loss) (net of tax):				
Balance, beginning of year	¥ 399,294	¥ 579,100	**¥ 295,628**	**$ 2,986**
Other comprehensive income (loss)	167,776	(283,472)	**(754,878)**	**(7,625)**
Adjustment to initially apply SFAS No. 158 (Notes 2.m and 14)	2,948			
The effect of change in fiscal year-end of certain subsidiaries (Notes 2.ac and 14)	9,082			
Balance, end of year	¥ 579,100	¥ 295,628	**¥ (459,250)**	**$ (4,639)**
Treasury stock:				
Balance, beginning of year	¥ (1,117)	¥ (1,386)	**¥ (151,504)**	**$ (1,530)**
Purchases—net (Note 19)	(269)	(150,118)	**(44)**	**(1)**
Balance, end of year	¥ (1,386)	¥ (151,504)	**¥ (151,548)**	**$ (1,531)**
Total shareholders' equity	¥2,918,386	¥2,873,510	**¥2,383,387**	**$24,075**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsubishi Corporation and Subsidiaries
Years Ended March 31, 2007, 2008 and 2009

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2007	2008	**2009**	**2009**
Operating activities:				
Net income	¥419,273	¥470,859	**¥ 369,936**	**$ 3,737**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	135,631	154,277	**149,584**	**1,511**
Provision (credit) for doubtful receivables	1,298	(3,909)	**8,781**	**89**
Provision for accrued pension and severance liabilities	16,391	16,633	**21,283**	**215**
(Gain) loss on marketable securities and investments—net	(85,649)	(57,440)	**155,849**	**1,574**
Loss on property and equipment—net	3,086	5,882	**45,236**	**457**
Equity in earnings of affiliated companies, less dividends received	(66,381)	(48,895)	**(36,691)**	**(371)**
Deferred income taxes	37,033	(23,863)	**(37,842)**	**(382)**
Minority interests in income of consolidated subsidiaries	45,239	51,428	**30,721**	**310**
Changes in operating assets and liabilities:				
Short-term investments—trading securities	24,692	6,005	**20,171**	**204**
Notes and accounts receivable—trade	(203,183)	(64,876)	**687,974**	**6,949**
Inventories	(74,316)	(156,063)	**(54,843)**	**(554)**
Notes, acceptances and accounts payable—trade	185,846	4,437	**(570,756)**	**(5,765)**
Advance payments to suppliers	(1,473)	(24,082)	**(61,179)**	**(618)**
Advances from customers	(6,528)	40,262	**64,482**	**651**
Other accounts receivable	27,866	(35,425)	**23,487**	**237**
Other accounts payable	(17,313)	34,165	**(1,773)**	**(18)**
Other accrued expenses	267	4,073	**1,919**	**20**
Other current assets	(16,372)	(64,219)	**(116,324)**	**(1,175)**
Other current liabilities	47,101	(6,837)	**(117,228)**	**(1,184)**
Other long-term liabilities	(4,170)	32,081	**(14,998)**	**(152)**
Other—net	(27,904)	(15,425)	**(17,348)**	**(175)**
Net cash provided by operating activities	440,434	319,068	**550,441**	**5,560**
Investing activities:				
Expenditures for property and equipment and other assets	(166,104)	(358,205)	**(381,172)**	**(3,850)**
Proceeds from sales of property and equipment	46,763	32,028	**23,866**	**241**
Investments in and advances to affiliated companies	(215,762)	(239,267)	**(215,363)**	**(2,175)**
Collection of advances to affiliated companies	120,065	290,416	**50,096**	**506**
Purchases of available-for-sale securities	(251,372)	(97,860)	**(84,151)**	**(850)**
Proceeds from sales and maturities of available-for-sale securities	162,100	115,945	**40,830**	**412**
Purchases of other investments	(26,561)	(103,010)	**(62,152)**	**(628)**
Proceeds from sales of other investments	34,342	29,825	**41,684**	**421**
Increase in loans receivable	(189,748)	(240,556)	**(214,252)**	**(2,164)**
Collection of loans receivable	194,417	221,615	**216,290**	**2,185**
Net increase in time deposits	(2,757)	(7,590)	**(106,892)**	**(1,080)**
Net cash used in investing activities	(294,617)	(356,659)	**(691,216)**	**(6,982)**
Financing activities:				
Net (decrease) increase in short-term debt	(8,290)	134,189	**400,152**	**4,042**
Proceeds from long-term debt—net of issuance cost	487,006	659,979	**902,493**	**9,116**
Repayment of long-term debt	(497,099)	(464,745)	**(519,051)**	**(5,243)**
Payment of dividends	(67,475)	(89,937)	**(108,386)**	**(1,095)**
Payment of dividends to minority interests	(24,675)	(22,342)	**(25,158)**	**(254)**
Proceeds from issuing common stocks upon exercise of stock options	846	1,013	**536**	**5**
Payment due to repurchase of granted stock options (Note 24)	(56)			
Purchase of treasury stock	(48)	(148,685)	**(40)**	
Net cash (used in) provided by financing activities	(109,791)	69,472	**650,546**	**6,571**
Effect of exchange rate changes on cash and cash equivalents	18,716	(35,443)	**(44,800)**	**(452)**
Effect of change in fiscal year-end of certain subsidiaries (Note 2.ac)	49,846			
Net increase (decrease) in cash and cash equivalents	104,588	(3,562)	**464,971**	**4,697**
Cash and cash equivalents, beginning of year	649,102	753,690	**750,128**	**7,577**
Cash and cash equivalents, end of year	¥753,690	¥750,128	**¥1,215,099**	**$12,274**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Mitsubishi Corporation and Subsidiaries

1. NATURE OF OPERATIONS AND BASIS OF FINANCIAL STATEMENTS

Nature of Operations—Mitsubishi Corporation (the "parent company"), together with its consolidated domestic and foreign subsidiaries (together, the "companies") is a diversified organization engaged in a wide variety of business activities, providing various types of products and services on a global basis. Through the companies' domestic and overseas network, the companies are engaged in general trading, including the purchasing, supplying and manufacturing of a wide range of products related to energy, metals, machinery, chemicals and living essentials products, in addition to financial businesses and development of natural resources and other projects. The companies are also engaged in other businesses such as development of new business models in the new energy and environmental fields, and new technology related businesses.

Basis of Financial Statements—The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which the parent company is incorporated and principally operates. The translation of Japanese yen amounts into United States dollar amounts with respect to the year ended March 31, 2009 is included solely for the convenience of readers outside Japan and has been made at the rate of ¥99=$1, the rate of exchange on March 31, 2009. Such translation should not be construed as a representation that the Japanese yen amounts could be converted into United States dollars at the above or any other rate.

The parent company and its subsidiaries in Japan maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan while its foreign subsidiaries maintain their records and prepare their financial statements in conformity with accounting principles generally accepted in the countries of their respective domiciles. Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements in order to conform with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These adjustments have not been recorded in the statutory books of account.

"Operating transactions," as presented in the consolidated statements of income, is a voluntary disclosure commonly made by Japanese trading companies and represents the gross transaction volume or the aggregate nominal value of the sales contracts in which the companies act as principal and transactions in which the companies serve as agent. Operating transactions exclude the contract value of transactions in which the companies' role is limited to that of a broker. Operating transactions are not meant to represent sales or revenues in accordance with U.S. GAAP and should not be construed as equivalent to, or a substitute or proxy for, revenues. However, Emerging Issues Task Force ("EITF"), in its discussion of the conclusions reached in EITF Issue No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent," stated: "Some Task Force members observed that the voluntary disclosure of operating transactions for those revenues reported net may be useful to users of financial statements." Management believes operating transactions information is useful to users of the financial statements.

Certain reclassifications of prior years' amounts have been made to conform to the presentation for 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of the accompanying consolidated financial statements are summarized below:

a. Consolidation and Investments in Subsidiaries and Affiliated Companies—The consolidated financial statements include the accounts of the parent company and its majority-owned domestic and foreign subsidiaries. In addition, the companies consolidate variable interest entities ("VIEs") where the companies are the primary beneficiary, which will absorb a majority of the VIE's expected losses or residual returns if they occur, under the Financial Accounting Standards Board ("FASB") Interpretation ("FIN") No. 46, "Consolidation of Variable Interest Entities," as revised in December 2003 ("FIN No. 46R"). See Note 25 for additional information of the companies' involvement in VIEs. Unincorporated joint ventures, where the companies hold an undivided interest in the assets and are proportionately liable for the liabilities, are proportionately consolidated by the companies. Affiliated companies consist of companies owned 20% to 50%, certain companies owned less than 20% over which the companies exert significant influence, and corporate joint ventures. Investments in affiliated companies are accounted for by the equity method. If the decline in value of investments in affiliated companies accounted for by the equity method is judged to be other-than-temporary, an impairment loss is recognized based on the fair value in accordance with APB No. 18, "The Equity Method for accounting for Investments in Common Stock." Certain entities are also accounted for by the equity method where the companies hold majority voting interests but minority shareholders have substantive participating rights to significant decisions that would be expected to be related to the entities' ordinary course of business, in accordance with EITF Issue No. 96-16, "Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights." See Note 5. All significant intercompany accounts and transactions have been eliminated.

The accounts of certain subsidiaries with a fiscal year-end on or after December 31, but prior to the parent company's fiscal year-end of March 31, are consolidated on the basis of the subsidiaries' respective fiscal year-end. There were no significant events that occurred during the intervening period that would require adjustment to or disclosure in the accompanying consolidated financial statements.

A subsidiary or affiliated company may issue its shares to third parties at amounts per share in excess of or less than the companies' average per share carrying value. With respect to such transactions, the resulting gains or losses arising from the change in ownership are recorded in income in the year in which such shares are issued.

For the year ended March 31, 2009, the parent company acquired additional interests which increased their shareholding ratio of Mitsubishi UFJ Lease & Finance Company Limited and Chiyoda Corporation, former securities available for sale of the parent company, to 20.00% and 33.40% respectively. In addition, the parent company had the ability to exert significant influence over the operations of both companies and therefore applied the equity method to the investments for the year ended March 31, 2009. The equity method was applied in a manner consistent with the accounting for a step-by-step acquisition in accordance with APB No. 18. Accordingly, the investments in Mitsubishi UFJ Lease & Finance Company Limited and Chiyoda Corporation and retained earnings of the parent company in prior years have been adjusted retrospectively.

The effect of the retrospective application was as follows:

	Millions of Yen			
	2007		2008	
	As Originally Reported	As Adjusted	As Originally Reported	As Adjusted
Consolidated Balance Sheets:				
Investments in and advances to affiliated companies	¥1,304,949	¥1,335,629	¥1,084,393	¥1,128,387
Other investments	2,187,327	2,085,044	2,150,718	2,102,726
Long-term liabilities—Deferred income taxes	566,706	534,445	405,242	400,944
Retained earnings—Unappropriated	1,838,742	1,848,419	2,208,947	2,226,695
Net unrealized gains on securities available for sale	627,922	579,278	446,941	429,796
Consolidated Statements of Income:				
(Gain) loss on marketable securities and investments—net			(48,743)	(57,440)
Dividend income	(137,544)	(136,999)	(135,276)	(134,623)
Equity in earnings of affiliated companies	146,855	152,208	148,958	155,008
Income taxes	(282,978)	(284,031)	(175,643)	(181,666)
Net income	415,518	419,273	462,788	470,859
	Yen			
Earnings per share:				
Net income from continuing operations				
Basic	¥249.39	¥251.62	¥281.13	¥285.99
Diluted	248.04	250.25	279.87	284.71
Net income				
Basic	246.30	248.52	278.95	283.82
Diluted	244.96	247.17	277.71	282.55

b. Foreign Currency Translation—Foreign currency financial statements have been translated in accordance with Statement of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation." Pursuant to this statement, the assets and liabilities of foreign subsidiaries and affiliated companies are translated into Japanese yen at the respective year-end exchange rates. All income and expense accounts are translated at average rates of exchange. The resulting translation adjustments, net of tax, are included in accumulated other comprehensive income (loss) ("AOCI"). Foreign currency receivables and payables are translated into Japanese yen at year-end exchange rates and resulting exchange gains or losses are recognized in earnings, which are included in "Other expense (income) —net" in the consolidated statements of income.

c. Short-term Investments and Other Investments—All debt securities and marketable equity securities are classified under the provisions of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" as: trading securities, which are accounted for at fair value with unrealized gains and losses included in earnings, or available-for-sale securities, which are accounted for at fair value with unrealized gains and losses excluded from earnings and reported, net of tax, in AOCI until realized. The appropriateness of the classification is reassessed at each balance sheet date in accordance with SFAS No. 115.

The cost of debt and marketable securities sold is determined based on the moving-average cost method.

The companies review the fair value of available-for-sale investments on a regular basis to determine if the fair value of any individual investment has declined below its cost and if such decline is other-than-temporary. If the decline in value is judged to be other-than-temporary, the cost basis of the investment is written down to fair value. Other-than-temporary declines in value are evaluated based on various factors such as the length of the time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer, and the intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value. The resulting realized loss is included in the consolidated statements of income in the period in which the decline was deemed to be other-than-temporary.

d. Allowance for Doubtful Receivables—An allowance for doubtful receivables is established in amounts considered to be appropriate based primarily upon the companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

For loans receivables, an allowance for doubtful receivables is recognized when it is probable that the companies will be unable to collect all amounts due according to the contractual terms of the agreement. The impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate (or, alternatively, at the observable market price of the receivable or the fair value of the underlying collateral).

e. Inventories—Inventories, which mainly consist of commodities and materials, are stated at the lower of cost (principally on a moving-average basis or a specific-identification basis) or market (based on current replacement cost).

f. Property and Equipment—Property and equipment are stated at cost. Depreciation of property and equipment other than mineral rights is computed principally under the declining-balance method for assets held by the parent company and domestic subsidiaries and under the straight-line method for assets held by foreign subsidiaries, based on the estimated useful lives of the assets ranging principally from 10 to 50 years for buildings, from 5 to 20 years for machinery and equipment and from 12 to 24 years for aircrafts and vessels. Mineral rights are amortized using the unit-of-production method based on the estimated proven or probable reserves. Leasehold improvements are amortized over the lesser of the useful life of the improvement or the term of the underlying lease. Significant renewals and additions are capitalized at cost. Maintenance and repairs, and minor renewals and betterments are charged to income as incurred.

g. Leases—The companies lease properties under arrangements which are classified as direct financing leases and operating leases. For direct financing leases, unearned income is amortized to income over the lease term at a constant periodic rate of return on the net investment. Operating lease income is recognized over the term of underlying leases on a straight-line basis.

The companies are also lessees of various assets. For capital leases, leased assets and capital lease obligations are recognized by the present value of net minimum lease payments. Rental expenses under operating leases are recognized over the respective lease terms using a straight-line method.

h. Impairment of Long-lived Assets—In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the companies review long-lived assets 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 the estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated discounted future cash flows, an impairment loss is recognized in the amount by which the carrying amount of the assets exceeds the fair value of the assets. A long-lived asset to be disposed of by sale is reported at the lower of the carrying amount or fair value less costs to sell, and is no longer depreciated. A long-lived asset to be disposed of other than by sale is considered as held and used until disposed of.

i. Business Combinations—In accordance with SFAS No. 141, "Business Combinations," all business combinations are accounted for by the purchase method. The companies separately recognize and report acquired intangible assets as goodwill or intangible assets.

j. Goodwill and Other Intangible Assets—Under SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill and intangible assets with indefinite useful lives are not amortized, but are tested for impairment at least annually. Other intangible assets with finite useful lives are amortized over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 144.

k. Oil and Gas Exploration and Development—Oil and gas exploration and development costs are accounted for by the successful efforts method of accounting. The costs of acquiring properties, drilling and equipping exploratory wells, and development wells and related plants and equipment are capitalized and amortized using the unit-of-production method. Should the efforts to produce commercial reserves be determined unsuccessful, the exploratory well costs are charged to expense. Other exploration costs such as geological and geophysical costs are expensed as incurred. Proved properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with SFAS No. 144. If the proved properties are determined to be impaired, an impairment loss is recognized based on the fair value. Unproved properties are assessed at least annually for impairment in accordance with the guidance in SFAS No. 19, "Financial Accounting and Reporting by Oil and Gas Producing Companies," with any impairment charged to expense.

l. Mining Operations—Mining exploration costs are expensed as incurred until the mining project has been established as commercially viable by a final feasibility study. Once established as commercially viable, costs are capitalized as development costs and are amortized using the unit-of-production method based on the proven and probable reserves.

In accordance with EITF Issue No. 04-6, "Accounting for Stripping Costs Incurred During Production in the Mining Industry," the stripping costs incurred during the production phase of the mine are accounted for as variable production costs that should be included in the costs of the inventory produced during the period that the stripping costs are incurred. In accordance with EITF Issue No. 04-6, the cumulative effect of initially adopting this consensus was accounted for as an adjustment to the opening balance of unappropriated retained earnings in the year ended March 31, 2007. As a result, "Unappropriated retained earnings" as of March 31, 2007, decreased by ¥4,563 million.

m. Employees' Benefit Plans—The companies have defined benefit pension plans, defined contribution pension plans and/or unfunded severance indemnity plans. The costs of defined benefit pension plans are accrued based on amounts determined using actuarial methods. The costs of severance indemnity plans are principally accrued based on the vested benefit obligation, which is the amount required to be paid if all employees covered by the severance indemnity plans voluntarily terminated their employment at each balance sheet date.

Effective March 31, 2007, the companies adopted SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)." The companies recognize the funded status of the benefit plans, which is the difference between the fair value of plan assets and benefit obligations. By adopting SFAS No. 158, the companies recognized previous unrecognized gains (losses) and prior service costs (credits) as a component of AOCI, net of tax, on March 31, 2007. As a result, "Accumulated other comprehensive income (loss) (net of tax)," as of March 31, 2007, increased by ¥2,948 million.

n. Asset Retirement Obligations—In accordance with SFAS No. 143, "Accounting for Asset Retirement Obligations," the companies record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and a corresponding increase in the related long-lived asset, if a reasonable estimate can be made. Over time, the liability is accreted to its present value each period and the asset is depreciated over its useful life.

o. Costs Associated with Exit or Disposal Activities—Costs associated with an exit or disposal activity are accounted for in accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." Under this Statement, a liability for a cost associated with an exit or disposal activity is recognized when the liability is incurred rather than the date of an entity's commitment to an exit plan.

p. Stock-based Compensation—The companies recognize compensation cost in accordance with SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123R"). Stock-based compensation cost is measured at grant date, based on the estimated fair value of the award and recognizes the cost on a straight-line basis over the employee's requisite service period. The fair value of stock options is estimated using a Black-Sholes option pricing model.

q. Revenue Recognition—The companies recognize revenues when they are realized or realizable and earned. Revenues are realized or realizable and earned when the companies have persuasive evidence of an arrangement, the goods have been delivered or the services have been rendered to the customer, the sales price is fixed or determinable and collectibility is reasonably assured. In addition to this general policy, the following are specific revenue recognition policies.

Revenues from trading, manufacturing and other activities—
The companies earn revenues from trading, manufacturing and other activities. Manufacturing and other activities are typically conducted through consolidated subsidiaries.

Trading Activities—The companies earn revenues from various trading transactions in which they act as a principal, carry commodity inventory, and make a profit or loss on the spread between bid and asked prices for commodities.

Manufacturing Activities—Manufacturing activities include the manufacture of a wide variety of products, such as electronics, metals, machinery, chemicals and general consumer merchandise, and the development of natural resources.

Revenues from trading and manufacturing activities are recognized at the time the delivery conditions as agreed to by customers are met. These conditions are usually considered to have been met when the goods have been delivered to and accepted by the customer, title to the warehouse receipts has been transferred, or the implementation testing has been duly completed.

For long-term construction businesses, depending on the nature of the contract, revenues from long-term construction projects are accounted for by the completed contract method, unless costs to complete and extent of progress toward completion of long-term contracts are reasonably dependable, in which case the companies use the percentage-of-completion method.

Other Activities—Other activities consist of services, and rental or leasing activities. Service-related activities include performance of various services such as financial and logistics services, information and communications, technical support and other service-related activities.

The companies are also engaged in certain rental activities or leasing of properties, including office buildings, aircrafts and other industrial assets.

Revenues from service-related activities are recognized when the contracted services have been rendered to third-party customers pursuant to the agreement. Revenues from rental or leasing activities are recognized over the terms of the underlying leases on a straight-line basis.

Trading margins and commissions on trading transactions—
The companies earn revenues from margins and commissions related to various trading transactions in which they act as a principal or an agent. Through the companies' trading activities, they facilitate their customers' purchases and sales of commodities and other products and earn a commission for this service. The trading margins and commissions are recognized when the companies have met the general policy conditions as stated above.

r. Advertising Costs—Advertising costs are expensed when incurred. Advertising costs for the years ended March 31, 2007, 2008 and 2009 were ¥9,504 million, ¥17,070 million and ¥16,335 million ($165 million), respectively.

s. Research and Development Costs—Research and development costs are charged to expense when incurred. Research and development costs for the years ended March 31, 2007, 2008 and 2009 were ¥2,734 million, ¥3, 213 million and ¥2,604 million ($26 million), respectively.

t. Income Taxes—The provision for income taxes is computed based on "Income from continuing operations before income taxes" in the accompanying consolidated statements of income. The tax effects of temporary differences between the financial statements and income tax basis of assets and liabilities as well as operating loss carryforwards are recognized as deferred income taxes, using enacted tax rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is provided for any portion of the deferred tax assets where it is considered more-likely-than-not that they will not be realized.

In accordance with FIN No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109," the companies recognize the financial statement effects of tax positions when they are 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 50% likely of being realized upon settlement. Interest and penalties accrued related to unrecognized tax benefits are included in income taxes in the consolidated statements of income.

u. Derivatives—The companies utilize derivative instruments primarily to manage interest rate risks, reduce exposure to movements in foreign exchange rates, and to hedge various inventory and trading commitments. In accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, No. 149 and No. 155 (collectively, "SFAS No. 133"), all derivative instruments are reported on the balance sheet at fair value. SFAS No. 133 establishes criteria for designation and effectiveness of hedging relationships.

Generally, on the date on which the derivative contract is executed, the companies designate such derivative as either a fair value hedge or a cash flow hedge to the extent that hedging criteria are met. Changes in the fair values of derivatives that are designated as fair value hedges are recognized in earnings as offsets to the changes in fair value of related hedged assets, liabilities and firm commitments. Changes in the fair values of derivatives that are designated as cash flow hedges are deferred and recorded as a component of AOCI until the hedged transactions occur and are recognized in earnings. Changes in fair value of derivatives not designated as hedging instruments and those held or issued for trading purposes are recorded currently in earnings. See Note 10.

In April 2007, the FASB issued Staff Position ("FSP") No. 39-1, "Amendment of FASB Interpretation No. 39" ("FSP No. FIN 39-1"). FSP No. FIN 39-1 amended certain provisions of FIN No. 39, "Offsetting of Amounts Related to Certain Contracts" and clarified the acceptability of the existing market practice of offsetting the amounts recognized for cash collateral against the amounts recognized for net derivative positions executed with the same counterparty under the same master netting arrangement. As it was consistent with the companies' previous accounting practice, this amendment did not affect the companies' consolidated financial statements as of March 31, 2009.

v. Use of Estimates in the Preparation of the Financial Statements—The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates. Significant estimates underlying the accompanying consolidated financial statements include the allowance for doubtful accounts, valuation of investments, valuation of long-lived assets, pension, asset retirement obligations and uncertain tax positions.

w. Earnings per Share ("EPS")—Basic EPS is computed by dividing net income by the weighted-average number of common shares outstanding during each year. Diluted EPS is computed by using the weighted-average number of common shares outstanding adjusted to include the potentially dilutive effect of stock options and convertible bonds that were outstanding during the year. See Note 20.

x. Consolidated Statements of Cash Flows—For purposes of the consolidated statements of cash flows, cash equivalents are defined as highly liquid investments, including short-term time deposits with original maturities of three months or less, which are readily convertible into cash and have no significant risk of changes in value.

Additional cash flow information was as follows:

	Millions of Yen			Millions of U.S. Dollars
	2007	2008	**2009**	**2009**
Cash paid during the year for:				
Interest (net of amounts capitalized)	¥ 73,536	¥ 83,010	**¥ 84,918**	**$ 858**
Income taxes	195,661	283,242	**201,522**	**2,036**
Non-cash investing and financing activities:				
Exchange of shares in connection with business combinations and reorganizations involving investees:				
Fair market value of shares received	4,060	896	**12,431**	**126**
Cost of shares surrendered	888	105	**5,374**	**54**
Acquisition of subsidiaries:				
Fair value of assets acquired (including goodwill)	143,541	243,647	**53,622**	**542**
Fair value of liabilities assumed	102,069	165,866	**42,052**	**425**
Minority interests assumed	11,162	43,648	**443**	**5**
Cash paid, net	30,310	34,133	**11,127**	**112**
Acquisition of investment by business split-off:				
Transferred assets	77,296			
Transferred liabilities	68,609			
Acquired investment	8,687			
Issuance of common stock upon conversion of convertible bonds	1,974	4,180	**1,415**	**14**

y. Guarantees—In accordance with FIN No. 45, "Guarantor's Accounting and Disclosure Requirement for Guarantees, Including Indirect Guarantees of Indebtedness of Others—an Interpretation of FASB Statements No. 5, 57 and 107 and rescission of FASB Interpretation No. 34," the companies recognize, at the inception of a guarantee, a liability for fair value of the obligation undertaken for the guarantee.

z. Discontinued Operations—In accordance with SFAS No. 144, the companies present the results of discontinued operations as a separate line item in the Consolidated Statements of Income under loss from discontinued operations, net of taxes. See Note 17.

aa. Fair Value Measurements—Effective April 1, 2008, the companies adopted SFAS No. 157, "Fair Value Measurements". SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In accordance with the provisions of FSP No. FAS157-2, "Effective Date of FASB Statement No. 157," the companies have decided to defer adoption of SFAS No. 157 for one year for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. See Note 11.

ab. Fair Value Option—Effective April 1, 2008, the companies adopted SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, Including an amendment of SFAS No. 115." SFAS No. 159 provides companies with an option to report selected financial assets and financial liabilities with fair value. The companies have not elected to measure any financial assets and financial liabilities at fair value which were not previously required to be measured at fair value.

ac. Change of Subsidiaries' Fiscal Year Ends—In the years ended March 31, 2007 and 2008, certain subsidiaries changed their fiscal year ends to March 31, primarily from December 31, to conform the subsidiaries' year ends to that of the parent company.

For the year ended March 31, 2007, the earnings or losses of the subsidiaries for the stub period in excess of 12 months were directly credited or charged to "Unappropriated retained earnings." The other comprehensive income and cash flows of the subsidiaries for the stub period are separately presented in the consolidated statements of shareholders' equity and the consolidated statements of cash flows, respectively.

In accordance with EITF Issue No. 06-9, "Reporting a Change in (or the Elimination of) a Previously Existing Difference Between the Fiscal Year-End of a Parent Company and That of a Consolidated Entity or Between the Reporting Period of an Investor and That of an Equity Method Investee," the parent company reported the elimination of a previously existing difference between the parent company's reporting period and the reporting period of a consolidated entity in the parent company's consolidated financial statements as a change in accounting principle in accordance with provisions of SFAS No. 154, "Accounting Changes and Error Corrections—a replacement of APB Opinion No. 20 and FASB Statement No. 3." Accordingly, the parent company has retrospectively adjusted the prior periods' consolidated financial statements to reflect the effect of the change of the subsidiaries' fiscal year ends which occurred for the year ended March 31, 2008.

ad. New Accounting Standards—In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141R"). SFAS No. 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS No. 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS No. 141R is effective for fiscal years beginning after December 15, 2008. The companies will adopt SFAS No. 141R as of April 1, 2009. The impact of the adoption of SFAS No. 141R on the companies' consolidated financial position and results of operations will be largely dependent on the size and nature of the business combinations completed after the adoption of this statement.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51." SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008. The companies will adopt SFAS No. 160 as of April 1, 2009. The adoption of SFAS No. 160 will impact the presentation of the companies' consolidated balance sheets and consolidated statements of income; however, it will not have a material impact on the companies' consolidated financial position and results of operations.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events." The objective of SFAS No. 165 is to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Entities are required to disclose the date through which subsequent events were evaluated as well as the rationale for why that date was selected. SFAS No. 165 is effective for interim and annual periods ending after June 15, 2009.

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140." SFAS No. 166 is a revision to SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," which removes the concept of qualifying special-purpose entity, changes the requirements for derecognizing financial assets, and requires additional disclosures. SFAS No. 166 is effective for the reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The companies will adopt SFAS No. 166 as of April 1, 2010. The companies are currently evaluating SFAS No. 166 to determine its impact on the companies' consolidated financial position and results of operations.

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)." SFAS No. 167 is a revision to FIN No. 46R, and changes how a company determines whether an entity that is insufficiently capitalized or is not controlled through voting rights (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. SFAS No. 167 is effective for the reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The companies will adopt SFAS No. 167 as of April 1, 2010. The companies are currently evaluating SFAS No. 167 to determine its impact on the companies' consolidated financial position and results of operations.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments ("OTTI")." FSP No. FAS 115-2 and FAS 124-2 modifies the existing OTTI model for investments in debt securities. Under the FSP No. FAS 115-2 and FAS 124-2, the primary change to the OTTI model for debt securities is the change in focus from an entity's intent and ability to hold a security until recovery. Instead, an OTTI is triggered if (1) an entity has the intent to sell the security, (2) it is more-likely-than-not that it will be required to sell the security before recovery, (3) it does not expect to recover its entire amortized cost basis of the security. In addition, the FSP No. FAS 115-2 and FAS 124-2 changes the presentation of an OTTI in the income statement. If the companies have the intent to sell the security or it is more-likely-than-not that it will be required to sell the security, the entire impairment will be recognized in earnings. However, if the companies do not intend to sell the security and it is not more-likely-than-not that it will be required to sell the security, but the security has suffered a credit loss, the impairment charge will be separated into the credit loss component, which is recorded in earnings, and the remainder of the impairment charge, which is recorded in other comprehensive income. FSP No. FAS 115-2 and FAS 124-2 is effective for fiscal years beginning after June 15, 2009. The companies will adopt FSP No. FAS 115-2 and FAS 124-2 as of April 1, 2009. The impact of the adoption of FSP No. FAS 115-2 and FAS 124-2 on the companies' consolidated financial position and results of operations will be largely dependent on the fair value of the investments in debt securities at each interim and fiscal year end.

3. ACQUISITIONS

Private Equity Portfolio Companies in North America—One of the U.S. subsidiaries, which is in the business of acquiring private equity portfolio companies, acquired the following two companies during the year ended March 31, 2007: (1) Avon Automotive Holdings, Inc., a company involved in the manufacture of rubber and polymer products primarily for the automotive industry, and (2) P&O Packaging, Ltd., a company involved in the manufacture and marketing of polyethylene film for sale to the packaging and film converting industries.

The aggregate fair value of the acquired net assets was ¥12,974 million and the aggregate purchase price was ¥16,873 million. The value assigned to the acquired intangible assets was ¥1,362 million which consisted primarily of customer relationships of ¥1,199 million, and is being amortized on a straight-line basis ranging between 13 and 15 years. Goodwill of ¥3,899 million was recognized at the date of acquisition. The goodwill has been assigned to the Other segment.

Nosan Corporation—In June 2007, the parent company acquired a 34.05% equity interest in Nosan Corporation, a company mainly involved in manufacturing assorted feed for livestock, through its tender offer. Prior to the acquisition, the companies owned a 22.17% interest of Nosan Corporation which was accounted for by the equity method. As a result of the tender offer, the companies' controlling interest of Nosan Corporation increased to 56.22% making it a consolidated subsidiary. The acquisition will enable the companies to further strengthen the integrated business structure from upstream to downstream by leveraging the advantages of Nosan Corporation's expertise in animal feed technology development and production technology as well as production infrastructure, together with the companies' expertise in procuring raw materials for animal feed, meat production and processing technology as well as expertise in selling meat.

For the year ended March 31, 2008, the acquisition was accounted for in accordance with SFAS No. 141, and accordingly, the acquisition cost of ¥15,793 million has been allocated to the assets acquired and the liabilities assumed based on their respective fair values at the date of acquisition. Total amounts assigned to the acquired assets and the assumed liabilities at the date of acquisition were ¥74,406 million and ¥42,412 million, respectively. The companies also recognized goodwill of ¥8,028 million at the date of acquisition. The goodwill has been assigned to the Living Essentials segment. The acquisition cost was determined based on the overall assessment, including evaluation report by the financial advisor, using the discounted cash flow method and others, and the results of due diligence on Nosan Corporation. The results of operations of Nosan Corporation have been included in the companies' consolidated statement of income since the acquisition date.

Kentucky Fried Chicken Japan—In December 2007, the parent company acquired a 33.15% equity interest in Kentucky Fried Chicken Japan, a company involved in distribution of fried chicken, processed chicken and pizza, through its tender offer. Prior to the acquisition, the companies owned a 31.11% interest of Kentucky Fried Chicken Japan which was accounted for by the equity method. As a result of the tender offer, the companies' controlling interest of Kentucky Fried Chicken Japan increased to 64.26% making it a consolidated subsidiary. The acquisition will enable the companies to further expand profits and improve corporate value of Kentucky Fried Chicken Japan by enhancing human resources, supporting raw material procurement, logistics, product development, marketing and pursuing synergies with the companies.

For the year ended March 31, 2008, the acquisition was accounted for in accordance with SFAS No. 141, and accordingly, the acquisition cost of ¥14,971 million has been allocated to the assets acquired and the liabilities assumed based on their respective fair values at the date of acquisition. Total amounts assigned to the acquired assets and the assumed liabilities at the date of acquisition were ¥48,386 million and ¥17,594 million, respectively. In connection with the acquisition, the companies recognized intangible assets subject to amortization which are franchise agreements of ¥7,274 million. The franchise agreements will continue to be amortized on a straight-line basis over their estimated useful lives of 17 years. The companies also recognized goodwill of ¥3,315 million at the date of acquisition. The goodwill has been assigned to the Living Essentials segment. The acquisition cost was determined based on the evaluation report on Kentucky Fried Chicken Japan by the financial advisor, using the market price analysis and others. The results of operations of Kentucky Fried Chicken Japan have been included in the companies' consolidated statement of income since the acquisition date.

Automotive Brake Hose Business—In January 2008, the parent company acquired the three companies, Flexitech Europe SAS (France), Flexitech RO S.R.L. (Romania) and Flexitech, Inc. (USA), which are involved in the automotive brake hose business, through a newly established holding company in Japan. These acquisitions will enable the companies to play a leading role in the movement toward worldwide reorganization of the automotive brake hose business.

The aggregate fair value of the acquired net assets was ¥2,119 million, excluding the minority interest of ¥711 million, and the aggregate purchase price was ¥7,301 million. Goodwill of ¥5,182 million was recognized at the date of acquisition. The goodwill has been assigned to the Industrial Finance, Logistics & Development segment.

4. SHORT-TERM INVESTMENTS AND OTHER INVESTMENTS

Debt and Marketable Equity Securities—Pursuant to SFAS No. 115, substantially all of the companies' debt securities, principally corporate bonds and commercial paper, and marketable equity securities, were classified as available-for-sale except for certain items categorized as trading securities. Information regarding each category of securities classified as trading and available-for-sale at March 31, 2008 and 2009 was as follows:

March 31, 2008	Millions of Yen: Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 63,135
Available-for-sale:				
Equity securities	¥578,618	¥807,196	¥(24,187)	1,361,627
Debt securities	316,453	765	(7,824)	309,394

March 31, 2009	Millions of Yen: Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities classified as:				
Trading				**¥ 26,965**
Available-for-sale:				
Equity securities	**¥552,360**	**¥357,861**	**¥(39,562)**	**870,659**
Debt securities	**339,908**	**309**	**(26,268)**	**313,949**

March 31, 2009	Millions of U.S. Dollars: Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities classified as:				
Trading				**$ 272**
Available-for-sale:				
Equity securities	**$5,580**	**$3,615**	**$(400)**	**8,795**
Debt securities	**3,433**	**3**	**(265)**	**3,171**

The carrying amounts of available-for-sale securities with original maturities of three months or less included in cash and cash equivalents in the consolidated balance sheets were ¥127,620 million and ¥183,111 million ($1,850 million) for the years ended March 31, 2008 and 2009, respectively.

The carrying values of debt securities classified as available-for-sale at March 31, 2009, by contractual maturity, were as follows:

	Millions of Yen	Millions of U.S. Dollars
Due in one year or less	**¥216,194**	**$2,184**
Due after one year through five years	**70,114**	**708**
Due after five years through ten years	**25,458**	**257**
Due after ten years	**2,183**	**22**
Total	**¥313,949**	**$3,171**

Proceeds from sales and gross realized gains and losses on available-for-sale securities for the years ended March 31, 2007, 2008 and 2009 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2007	2008	**2009**	**2009**
Proceeds from sales	¥162,100	¥115,945	**¥40,830**	**$412**
Gross realized gains	¥ 35,652	¥ 27,106	**¥ 5,082**	**$ 51**
Gross realized losses	(345)	(1,102)	**(1,048)**	**(10)**
Net realized gains	¥ 35,307	¥ 26,004	**¥ 4,034**	**$ 41**

The changes in net unrealized holding gains and losses on trading securities that were included in earnings were gains of ¥1,874 million, ¥2,894 million and losses of ¥5,604 million ($57 million), for the years ended March 31, 2007, 2008 and 2009, respectively.

For the years ended March 31, 2007, 2008 and 2009, losses of ¥2,568 million, ¥9,382 million and ¥85,432 million ($863 million), respectively, were recognized on write-downs of available-for-sale securities to reflect the decline in market value considered to be other-than-temporary.

The following table sets forth gross unrealized losses and the fair value of the companies' investments which have unrealized losses that are not deemed to be other-than-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, 2008 and 2009:

	Millions of Yen					
	Less than 12 Months		12 Months or Longer		Total	
March 31, 2008	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Marketable equity securities	¥101,030	¥(23,684)	¥ 2,319	¥(503)	¥103,349	¥(24,187)
Debt securities	110,269	(7,351)	12,404	(473)	122,673	(7,824)
Total	¥211,299	¥(31,035)	¥14,723	¥(976)	¥226,022	¥(32,011)

	Millions of Yen					
	Less than 12 Months		12 Months or Longer		Total	
March 31, 2009	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Marketable equity securities	**¥101,690**	**¥(38,531)**	**¥ 2,938**	**¥ (1,031)**	**¥104,628**	**¥(39,562)**
Debt securities	**39,480**	**(14,140)**	**49,872**	**(12,128)**	**89,352**	**(26,268)**
Total	**¥141,170**	**¥(52,671)**	**¥52,810**	**¥(13,159)**	**¥193,980**	**¥(65,830)**

	Millions of U.S. Dollars					
	Less than 12 Months		12 Months or Longer		Total	
March 31, 2009	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Marketable equity securities	**$1,027**	**$(389)**	**$ 30**	**$ (10)**	**$1,057**	**$(400)**
Debt securities	**399**	**(143)**	**503**	**(123)**	**902**	**(265)**
Total	**$1,426**	**$(532)**	**$533**	**$(133)**	**$1,959**	**$(665)**

Marketable equity securities—The companies' unrealized losses on investments in marketable equity securities mainly relate to common stock of approximately 360 customers and suppliers of the companies. The unrealized losses were due to changes in market prices. The fair value of individual investments is approximately 1% to 49% less than cost. The market conditions became worse than those of the prior year, as a result of increasing financial uncertainty triggered by the failures of major financial institutions in the United States. However, based on the companies' ability and intent to hold the investment for a reasonable period of time sufficient for a recovery of fair value and the fact that the domestic stock markets have gradually showed a certain level of recovery after the year-end, the companies do not consider these investments to be other-than-temporarily impaired at March 31, 2009.

Debt securities—The companies' unrealized losses on investments in debt securities, which relate to approximately 80 corporate bonds with individual fair value of approximately 1% to 68% less than cost, were ¥26,268 million ($265 million) at March 31, 2009. The unrealized losses were mainly caused by the worsened market conditions as mentioned above. However, the companies have their ongoing review process which includes consideration of the investment rating, the contractual nature of the investments, the underlying collateral, the rights to and priority of the investment's cash flows, and the condition of the issuers. Based on that review and the companies' ability and intent to hold these investments for a period of time sufficient for a recovery of fair value, the companies do not consider these investments to be other-than-temporarily impaired at March 31, 2009.

In connection with certain business combinations and reorganizations undertaken by entities in which the parent company held shares, in accordance with EITF No. 91-5, "Nonmonetary Exchange of Cost-Method Investments," the parent company recognized gains or losses on the exchange of its investment for the acquiree's shares, based on the difference between the fair value of the acquirer's shares and the recorded basis of the shares surrendered, amounting to net gains of ¥3,172 million and ¥791 million for the years ended March 31, 2007 and 2008, respectively. No gain or loss was recorded for the year ended March 31, 2009.

Investments Other than Debt and Marketable Equity Securities—Other investments include investments in non-marketable equity securities of unaffiliated customers, suppliers and certain financial institutions, which include certain preferred stocks, amounting to ¥508,983 million and ¥480,231 million ($4,851 million) at March 31, 2008 and 2009, respectively. Other investments also include guarantee deposits, investments in non-current time deposits, etc., amounting to ¥75,069 million and ¥74,729 million ($755 million) at March 31, 2008 and 2009, respectively.

Investments in non-marketable equity securities of unaffiliated companies are carried at cost ("cost-method investments"), as fair value is not readily determinable. However, if there are identified events or circumstances that have a significant adverse effect on the fair value of an investment, the fair value is estimated to have declined and such decline is judged to be other-than-temporary, the investment is written down to its estimated fair value.

Cost-method investments of ¥505,782 million and ¥469,524 million ($4,743 million) at March 31, 2008 and 2009, respectively, were not evaluated for impairment since there were no identified events or circumstances that could have had a significant adverse effect on fair values of investments and the companies determined that it was not practicable to estimate the fair values of the investments.

Impairment losses recognized for cost-method investments were ¥1,698 million, ¥5,518 million and ¥19,444 million ($196 million) for the years ended March 31, 2007, 2008 and 2009, respectively.

5. INVESTMENTS IN AND ADVANCES TO AFFILIATED COMPANIES

Affiliated companies are accounted for using the equity method of accounting and consist of 20% to 50% owned and certain less-than-20% owned companies over which the companies are able to exert significant influence over the operating and financial decisions, and corporate joint ventures.

Affiliated companies include, among others, LAWSON, INC. ("LAWSON," 32.67%), Japan Australia LNG (MIMI) Pty, Ltd. (50.00%), OneEnergy Limited (50.00%), MI Berau B.V. ("MI Berau," 56.00%), Hokuetsu Paper Mills, Ltd. (24.09%), SPDC Ltd. (30.39%), Mozal S.A.R.L. (25.00%), ENCORE ENERGY PTE. LTD. (39.40%), Chiyoda Corporation (33.75%) and Mitsubishi UFJ Lease & Finance Co., Ltd. (20.00%).

The companies hold a 56% ownership interest in MI Berau, a Netherlands corporation. MI Berau is a joint venture, participating in the Tangguh LNG Project in Indonesia, established with INPEX CORPORATION ("INPEX"), a minority shareholder holding a 44% ownership interest. Under the joint venture agreement with INPEX, significant decisions regarding MI Berau's operations require unanimous consent by the companies and INPEX. The rights given to INPEX in the joint venture agreement are considered substantive participating rights, and control over the operations or assets of MI Berau do not rest with the companies. Accordingly, the companies account for investment in MI Berau using the equity method in accordance with EITF Issue No. 96-16, "Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights."

The affiliated companies operate mainly in the manufacturing, resource development and service industries, and significantly participate in the companies' operating transactions as either purchasers or suppliers. They principally operate in Japan, Asia, Oceania, Europe and North America.

Investments in and advances to affiliated companies at March 31, 2008 and 2009 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Investments in affiliated companies	¥1,084,569	**¥1,048,744**	**$10,593**
Advances	43,818	**36,605**	**370**
Total	¥1,128,387	**¥1,085,349**	**$10,963**

The difference between the carrying value of the investments in affiliated companies and the companies' equity in the underlying net assets of such affiliated companies was principally composed of equity method goodwill of ¥119,596 million and ¥169,533 million ($1,712 million) at March 31, 2008 and 2009, respectively.

Investments in affiliated companies included investments in marketable equity securities with carrying amounts of ¥304,151 million and ¥369,356 million ($3,731 million) at March 31, 2008 and 2009, respectively. Corresponding aggregate quoted market values were ¥292,067 million and ¥335,846 million ($3,392 million), respectively. Included in such amounts were investment in LAWSON of ¥134,563 million and ¥138,354 million ($1,398 million) with quoted market values of ¥142,881 million and ¥132,189 million ($1,335 million) at March 31, 2008 and 2009, respectively.

Summarized financial information with respect to the affiliated companies accounted for using the equity method for the years ended March 31, 2007, 2008 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Current assets	¥ 6,380,688	**¥ 6,575,455**	**$ 66,418**
Property and equipment—net	2,938,579	**2,798,704**	**28,270**
Other assets	1,807,578	**1,722,588**	**17,400**
Total assets	¥11,126,845	**¥11,096,747**	**$112,088**
Current liabilities	¥ 4,970,139	**¥ 5,143,419**	**$ 51,954**
Non-current liabilities	2,861,789	**2,816,474**	**28,449**
Minority interest	185,691	**128,132**	**1,294**
Shareholders' equity	3,109,226	**3,008,722**	**30,391**
Total liabilities and shareholders' equity	¥11,126,845	**¥11,096,747**	**$112,088**

	Millions of Yen			Millions of U.S. Dollars
	2007	2008	**2009**	**2009**
Revenues	¥5,759,996	¥6,581,882	**¥6,944,164**	**$70,143**
Gross profit	¥1,661,456	¥1,727,406	**¥1,977,492**	**$19,975**
Net income	¥ 510,383	¥ 527,088	**¥ 526,735**	**$ 5,321**

Revenues from affiliated companies for the years ended March 31, 2007, 2008 and 2009 were ¥307,672 million, ¥363,217 million and ¥383,069 million ($3,869 million), respectively. Purchases from affiliated companies for the years ended March 31, 2007, 2008 and 2009 were ¥552,419 million, ¥666,893 million and ¥523,306 million ($5,286 million), respectively.

Dividends received from affiliated companies for the years ended March 31, 2007, 2008 and 2009 were ¥85,827 million, ¥106,113 million and ¥120,072 million ($1,213 million), respectively.

Impairment losses recognized for investments in affiliated companies was ¥61,221 million ($619 million) for the year ended March 31, 2009. See Note 11.

6. ALLOWANCE FOR DOUBTFUL RECEIVABLES

Analyses of the allowance for doubtful receivables for the years ended March 31, 2007, 2008 and 2009 are as follows:

	Millions of Yen			Millions of U.S. Dollars
	2007	2008	**2009**	**2009**
Balance at beginning of year	¥96,866	¥81,946	**¥70,528**	**$712**
Provision (credit) for doubtful receivables	1,298	(3,909)	**8,781**	**89**
Net charge-offs:				
Charge-offs	(20,683)	(13,303)	**(15,489)**	**(156)**
Recoveries	4,517	4,940	**3,516**	**35**
Total net charge-offs	(16,166)	(8,363)	**(11,973)**	**(121)**
Other*	(52)	854	**(4,656)**	**(47)**
Balance at end of year	¥81,946	¥70,528	**¥62,680**	**$633**

* "Other" principally includes the effect of consolidation/deconsolidation of certain subsidiaries and the effect of changes in foreign currency exchange rates.

At March 31, 2008 and 2009, the total recorded investment in loans that were considered to be impaired under SFAS No. 114 and amended by SFAS No. 118, "Accounting by Creditors for Impairment of a Loan," including those trade receivables with terms exceeding one year, was ¥38,470 million and ¥41,570 million ($420 million), respectively, and the related allowance for credit losses provided at each year-end was ¥33,969 million and ¥39,233 million ($396 million), respectively.

The average amounts of impaired loans during the years ended March 31, 2007, 2008 and 2009 were ¥57,751 million, ¥43,136 million and ¥40,020 million ($404 million), respectively.

Interest income on impaired loans recognized for each of the three years in the period ended March 31, 2009 was not material. The companies generally recognize interest income on impaired loans on a cash basis.

7. PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2008 and 2009 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Real estate held for development and resale	¥ 96,432	**¥ 105,450**	**$ 1,065**
Land	293,956	**293,459**	**2,964**
Buildings, including leasehold improvements	696,462	**679,717**	**6,866**
Machinery and equipment	899,523	**801,992**	**8,101**
Aircrafts and vessels	429,014	**436,856**	**4,413**
Mineral rights	261,365	**279,718**	**2,825**
Projects in progress	59,628	**59,859**	**605**
Total	2,736,380	**2,657,051**	**26,839**
Less accumulated depreciation	(1,125,759)	**(1,080,066)**	**(10,910)**
Property and equipment—net	¥1,610,621	**¥1,576,985**	**$15,929**

Depreciation expense for the years ended March 31, 2007, 2008 and 2009 was ¥111,110 million, ¥132,443 million and ¥128,625 million ($1,299 million), respectively.

The impairment loss on long-lived assets for the year ended March 31, 2009 related principally to oil and gas properties owned by subsidiaries included in Energy Business and Machinery segments due to lower oil and the gas reserves estimates and oil price decline. For the years ended March 31, 2007 and 2008, these losses were principally due to chemical products manufacturing equipment owned by a subsidiary, distribution centers, warehouses and land for lease owned by a subsidiary, and equipment used in connection with a phone line project carried out by a subsidiary. These impairments for the years ended March 31, 2007 and 2008 mainly related to declining profitability resulting from the deterioration of business environment caused by an increase in competition, and to changes in management policies of subsidiaries.

Impairment losses recognized for the years ended March 31, 2007, 2008 and 2009 were applicable to the following segments:

	Millions of Yen			Millions of U.S. Dollars
Segment	2007	2008	**2009**	**2009**
Business Innovation	¥ 26	¥ 641	**¥ 8**	
Industrial Finance, Logistics & Development	603		**690**	**$ 7**
Energy Business	1,227	2,759	**28,624**	**289**
Metals	6,066	739	**4,464**	**45**
Machinery	1,278	797	**9,682**	**98**
Chemicals	4,621	4,892	**1,885**	**19**
Living Essentials	277	1,047	**264**	**3**
Other*	(4,620)	(2,954)		
Total	¥9,478	¥7,921	**¥45,617**	**$461**

* "Other" represents impairment losses attributable to the assets for corporate use which have not been allocated to specific operating segments, and reclassification to "(Loss) Income from discontinued operations (net of tax)."

These impairment losses were included in "Loss on property and equipment—net" in the accompanying consolidated statements of income and were determined by the difference between the carrying value and the estimated fair value of these assets. The companies assess whether the carrying amount of long-lived assets are recoverable by using undiscounted cash flows, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Estimated fair values of assets were primarily determined based on independent appraisals and discounted cash flows.

Capitalized interest was ¥42 million, ¥223 million and ¥732 million ($7 million) for the years ended March 31, 2007, 2008 and 2009, respectively.

8. PLEDGED ASSETS

At March 31, 2009, assets pledged as collateral for short-term debt, long-term debt and guarantees of contracts and others of the companies were as follows:

	Millions of Yen	Millions of U.S. Dollars
Notes, loans and accounts receivable—trade (current and non-current)	**¥ 39,389**	**$ 398**
Non-current investment securities (carrying value)	**169,580**	**1,713**
Property and equipment (net of accumulated depreciation)	**240,728**	**2,431**
Other	**25,724**	**260**
Total	**¥475,421**	**$4,802**

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

	Millions of Yen	Millions of U.S. Dollars
Short-term debt	**¥ 38,774**	**$ 391**
Long-term debt	**243,621**	**2,461**
Guarantees of contracts and others	**193,026**	**1,950**
Total	**¥475,421**	**$4,802**

Trust receipts issued under customary import financing arrangements give banks a security interest in the merchandise imported and/or sales proceeds resulting from the sale of such merchandise. The companies follow the practice of repaying the related notes and acceptances payable at maturity without applying the sales proceeds to specific notes or acceptances. The large number of transactions makes it impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts.

See Note 13 for a description of the right of the lending banks to require the companies to provide collateral (or additional collateral) not included in pledged assets summarized in the first paragraph of this note.

9. GOODWILL AND OTHER INTANGIBLE ASSETS

Under SFAS No. 142, goodwill and other intangible assets with indefinite useful lives are not amortized and other intangible assets with finite useful lives are amortized over their respective estimated useful lives. The fair value for the basis of determining the impairment loss of goodwill and other intangible assets was calculated based on the discounted future cash flow method.

Other Intangible Assets

The following tables present information regarding carrying amounts and accumulated amortization balances of other intangible assets by major asset class at March 31, 2008 and 2009:

	Millions of Yen		
March 31, 2008	Gross Carrying Amount	Accumulated Amortization	Net
Intangible assets subject to amortization:			
Software	¥ 80,308	¥(43,536)	¥36,772
Manufacturing, sales and services licenses, and trademarks	53,886	(35,819)	18,067
Customer relationship	1,564	(29)	1,535
Other	12,105	(6,428)	5,677
Total	¥147,863	¥(85,812)	¥62,051
Intangible assets not subject to amortization:			
Trade names			¥ 2,934
Rights to use land			2,691
Customer relationship			2,365
Other			3,491
Total			¥11,481

	Millions of Yen			Millions of U.S. Dollars		
March 31, 2009	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Intangible assets subject to amortization:						
Software	**¥ 90,074**	**¥(48,020)**	**¥42,054**	**$ 910**	**$(485)**	**$425**
Manufacturing, sales and services licenses, and trademarks	**47,624**	**(34,536)**	**13,088**	**481**	**(349)**	**132**
Customer relationship	**2,021**	**(452)**	**1,569**	**20**	**(5)**	**15**
Other	**11,276**	**(5,278)**	**5,998**	**114**	**(53)**	**61**
Total	**¥150,995**	**¥(88,286)**	**¥62,709**	**$1,525**	**$(892)**	**$633**
Intangible assets not subject to amortization:						
Trade names			**¥ 3,359**			**$ 34**
Rights to use land			**2,643**			**27**
Customer relationship			**2,365**			**24**
Other			**2,307**			**23**
Total			**¥10,674**			**$108**

Intangible assets subject to amortization acquired during the year ended March 31, 2008 amounted to ¥25,494 million, which primarily consisted of ¥15,691 million of software and ¥7,274 million of franchise agreements related to Kentucky Fried Chicken Japan included in "Manufacturing, sales and services licenses, and trademarks." The weighted-average amortization period for software is 5 years. The amortization period for the franchise agreements related to Kentucky Fried Chicken Japan is 17 years.

Intangible assets subject to amortization acquired during the year ended March 31, 2009 amounted to ¥22,789 million ($230 million), which primarily consisted of ¥17,626 million ($178 million) of software. The weighted-average amortization period for intangible assets subject to amortization acquired during the year ended March 31, 2009 is 6 years. The weighted-average amortization period for software is 5 years.

Intangible assets not subject to amortization acquired during the years ended March 31, 2008 and 2009 totaled ¥191 million and ¥1,499 million ($15 million), respectively.

Amortization expense for intangible assets subject to amortization was ¥18,089 million, ¥17,161 million and ¥17,078 million ($173 million) for the years ended March 31, 2007, 2008 and 2009, respectively.

As of March 31, 2009, estimated amortization expense in each of the next five years is as follows:

	Millions of Yen	Millions of U.S. Dollars
Year ending March 31:		
2010	¥14,807	$149
2011	12,256	124
2012	9,604	97
2013	7,299	74
2014	3,854	39

Based on the results of the impairment testing, impairment losses of ¥1,688 million, ¥151 million and ¥313 million ($3 million) were recorded for the years ended March 31, 2007, 2008 and 2009, respectively.

These impairment losses are included in "Loss on property and equipment—net."

Goodwill

The following tables show changes in the carrying amount of goodwill by reporting operating segment for the years ended March 31, 2008 and 2009:

	March 31, 2008				
	Millions of Yen				
Segment	Balance, Beginning of Year	Goodwill Additions	Impairment Losses	Other*	Balance, End of Year
Business Innovation	¥ 693	¥ 1,491		¥ 66	¥ 2,250
Industrial Finance, Logistics & Development	96	5,523		(96)	5,523
Energy Business					
Metals	8,655	4,409		(136)	12,928
Machinery	1,303	1,076			2,379
Chemicals	662			(28)	634
Living Essentials	14,176	13,444	¥(99)	(858)	26,663
Other	9,159	(431)		(5,016)	3,712
Total	¥34,744	¥25,512	¥(99)	¥(6,068)	¥54,089

	March 31, 2009									
	Millions of Yen					Millions of U.S. Dollars				
Segment	Balance, Beginning of Year	Goodwill Additions	Impairment Losses	Other*	Balance, End of Year	Balance, Beginning of Year	Goodwill Additions	Impairment Losses	Other*	Balance, End of Year
Business Innovation	**¥ 2,250**	**¥ 353**		**¥ (11)**	**¥ 2,592**	**$ 23**	**$ 3**			**$ 26**
Industrial Finance, Logistics & Development	**5,523**			**(784)**	**4,739**	**56**			**$ (8)**	**48**
Energy Business										
Metals	**12,928**	**589**	**¥(1,446)**	**(53)**	**12,018**	**130**	**6**	**$(14)**	**(1)**	**121**
Machinery	**2,379**	**506**		**(16)**	**2,869**	**24**	**5**			**29**
Chemicals	**634**			**(267)**	**367**	**6**			**(2)**	**4**
Living Essentials	**26,663**	**573**	**(298)**	**(1,455)**	**25,483**	**269**	**6**	**(3)**	**(15)**	**257**
Other	**3,712**	**100**	**(2,842)**	**(21)**	**949**	**38**	**1**	**(29)**		**10**
Total	**¥54,089**	**¥2,121**	**¥(4,586)**	**¥(2,607)**	**¥49,017**	**$546**	**$21**	**$(46)**	**$(26)**	**$495**

* "Other" includes effects of divestitures and foreign currency exchange rate changes.

During the years ended March 31, 2007, 2008 and 2009, the companies recognized impairment losses of ¥838 million, ¥99 million and ¥4,586 million ($46 million), respectively, which are included in "Other expense (income)—net." See Note 22.

10. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Overall Risk Management—The companies, in the normal course of business, are exposed to market risks from changes in interest rates, foreign exchange rates and commodity prices. To manage the exposures to these risks, the companies generally identify their net exposures and take advantage of natural offsets. Additionally, the companies enter into various derivative transactions pursuant to the companies' risk management policies in response to counterparty exposure and to hedge specific risks.

The primary types of derivatives used by the companies are interest rate swaps, forward exchange contracts, currency swaps and commodity futures contracts. The changes in fair value of these hedging instruments are offset in part or in whole by corresponding changes in the fair value or cash flows of the underlying exposures being hedged. Whenever practical, designation is performed on a specific exposure basis to qualify for hedge accounting. In these circumstances, the companies assess, 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 values or cash flows of hedged items. Should it be determined that a derivative is not highly effective as a hedge, the companies will discontinue hedge accounting.

The companies do not enter into derivative instruments that contain credit risk related contingent features.

Interest Rate Risk Management—The companies' financing, investing and cash management activities are exposed to market risk from changes in interest rates. In order to manage these exposures, the companies have entered into interest rate swap contracts. Interest rate swaps are used, in most instances, to convert fixed rate assets or debts to floating rate assets or debts, as well as convert some floating rate assets or debts to a fixed basis. The objective of maintaining this mix of fixed and floating rate assets and debt allows the companies to manage the overall value of cash flows attributable to certain assets and debt instruments.

Foreign Currency Risk Management—The companies operate globally and are exposed to foreign currency risks related to purchasing, selling, financing and investing in currencies other than the local currencies in which the companies operate. The companies' strategy to manage foreign currency risks is to net foreign currency exposures on recognized assets, liabilities and unrecognized firm commitments by taking advantage of natural offsets, and purchase forward exchange contracts and other contracts to preserve the economic value of cash flows in non-functional currencies. The companies believe that in circumstances where these foreign currency contracts have not been designated as hedging instruments under SFAS No. 133, such contracts effectively hedge the impact of the variability in exchange rates. Principal currencies hedged include the U.S. dollar, the Euro and the Australian dollar.

Commodity Price Risk Management—The companies are exposed to price fluctuations of various commodities used in their trading and other operating activities. The companies enter into commodity futures, forwards, options and swaps contracts, to hedge the variability in commodity prices in accordance with their risk management procedures. Except in certain cases where these contracts have been designated as a cash flow hedge, they are generally not designated as hedging instruments under SFAS No. 133.

Fair Value Hedge—Derivative instruments designated as fair value hedges primarily relate to interest rate swaps used to convert fixed rate assets or debt obligations to floating rate assets or debts. Changes in fair values of hedged assets and debt obligations, and hedging derivative instruments are recognized in earnings in "Other expense (income)—net." The amount of hedge ineffectiveness recognized on fair value hedges was losses of ¥79 million and ¥29 million for the years ended March 31, 2007 and 2008, respectively, and gains of ¥222 million ($2 million) for the year ended March 31, 2009. During the same periods, there was no gain or loss recognized in earnings as the result of a hedged firm commitment no longer qualifying as a fair value hedge.

Cash Flow Hedge—Derivative instruments designated as cash flow hedges include interest rate swaps to convert floating rate liabilities to fixed rate liabilities and foreign currency swap contracts to eliminate variability in functional-currency-equivalent cash flows on certain debt obligations. Additionally, commodity swaps and futures contracts are utilized and qualify as cash flow hedges. Current open contracts hedge forecasted transactions until 2020. Derivative gains and losses included in AOCI are reclassified into earnings at the time that the associated hedged transactions impact the income statement. Approximately ¥14,400 million ($145 million) of these net derivative losses, net of tax, included in AOCI at March 31, 2009 will be reclassified into earnings within 12 months from that date. During the year ended March 31, 2009, there was no gain or loss reclassified from AOCI at March 31, 2008, into earnings as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions will not occur by the end of the originally specified time period.

Hedge of the Net Investment in Foreign Operations—The parent company enters into foreign exchange forward contracts to hedge the foreign currency exposures of its net investments in foreign operations. Changes in fair values of hedging instruments have been included in foreign currency translation adjustments within "Other comprehensive income." The net amount of gains or losses included in the foreign currency translation adjustments was losses of ¥20,508 million for the year ended March 31, 2007, and gains of ¥9,718 million and ¥47,069 million ($475 million) for the years ended March 31, 2008 and 2009, respectively.

Derivative Instruments Used for Other than Hedging Activities—The parent company and certain subsidiaries enter into derivative financial instruments as a part of their trading activities. The companies clearly distinguish derivatives used in trading activities from derivatives used for risk management purposes. As part of their internal control policies, the companies have set strict limits on the positions which can be taken in order to minimize potential losses for these derivative transactions and periodically monitor the open positions for compliance.

Impact of Derivatives on the Consolidated Balance Sheets—The following table summarizes the fair value of derivative instruments designated as accounting hedges under SFAS No.133, and the fair value of derivative instruments not designated as accounting hedges by type of derivative contract on a gross basis at March 31, 2009.

	Millions of Yen			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as accounting hedges				
Interest rate contracts	Other current assets	**¥ 1,217**	Other current liabilities	**¥ 318**
	Other assets	**52,531**	Other long-term liabilities	**3,972**
Foreign exchange contracts	Other current assets	**6,523**	Other current liabilities	**24,673**
	Other assets	**9,506**	Other long-term liabilities	**1,210**
Commodity contracts	Other current assets	**233**	Other current liabilities	**901**
	Other assets	**4,180**	Other long-term liabilities	**2,787**
Total derivatives designated as accounting hedges		**¥ 74,190**		**¥ 33,861**
Derivatives not designated as accounting hedges				
Interest rate contracts	Other current assets	**¥ 3,080**	Other current liabilities	**¥ 4,299**
	Other assets	**12,178**	Other long-term liabilities	**17,682**
Foreign exchange contracts	Other current assets	**59,897**	Other current liabilities	**47,207**
	Other assets	**41,786**	Other long-term liabilities	**9,700**
Commodity contracts	Other current assets	**561,775**	Other current liabilities	**464,766**
	Other assets	**187,803**	Other long-term liabilities	**156,442**
Total derivatives not designated as accounting hedges		**¥ 866,519**		**¥ 700,096**
Total Derivatives (gross basis)		**¥ 940,709**		**¥ 733,957**
FIN No. 39 Netting*		**¥(567,612)**		**¥(601,853)**
Derivatives on Consolidated Balance Sheet				
	Other current assets	**¥ 197,951**	Other current liabilities	**¥ 104,766**
	Other assets	**175,146**	Other long-term liabilities	**27,338**
Total Derivatives on Consolidated Balance Sheet		**¥ 373,097**		**¥ 132,104**

	Millions of U.S. Dollars			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair value	Balance Sheet Location	Fair value
Derivatives designated as accounting hedges				
Interest rate contracts	Other current assets	**$ 12**	Other current liabilities	**$ 3**
	Other assets	**531**	Other long-term liabilities	**40**
Foreign exchange contracts	Other current assets	**66**	Other current liabilities	**249**
	Other assets	**96**	Other long-term liabilities	**12**
Commodity contracts	Other current assets	**2**	Other current liabilities	**9**
	Other assets	**42**	Other long-term liabilities	**28**
Total derivatives designated as accounting hedges		**$ 749**		**$ 341**
Derivatives not designated as accounting hedges				
Interest rate contracts	Other current assets	**$ 31**	Other current liabilities	**$ 43**
	Other assets	**123**	Other long-term liabilities	**179**
Foreign Exchange contracts	Other current assets	**605**	Other current liabilities	**477**
	Other assets	**422**	Other long-term liabilities	**98**
Commodity contracts	Other current assets	**5,674**	Other current liabilities	**4,695**
	Other assets	**1,897**	Other long-term liabilities	**1,580**
Total derivatives not designated as accounting hedges		**$ 8,752**		**$ 7,072**
Total Derivatives (gross basis)		**$ 9,501**		**$ 7,413**
FIN No. 39 Netting*		**$(5,732)**		**$(6,079)**
Derivatives on Consolidated Balance Sheet				
	Other current assets	**$ 2,000**	Other current liabilities	**$ 1,058**
	Other assets	**1,769**	Other long-term liabilities	**276**
Total Derivatives on Consolidated Balance Sheet		**$ 3,769**		**$ 1,334**

* FIN No. 39 permits the netting of derivative assets and derivative liabilities and the related cash collateral received and paid when a legally enforceable master netting agreement exists between the companies and a derivative counterparty.
At March 31, 2009, the amounts of the cash collateral paid and received that were offset based on FIN No. 39 were ¥84,271 million ($852 million) and ¥50,030 million ($505 million), respectively. The amounts of the cash collateral paid and received that were not offset were ¥21,955 million ($222 million) and ¥32,840 million ($332 million), respectively.

Impact of Derivatives and Hedged Items on the Consolidated Statements of Income and on Other Comprehensive Income—The following tables summarize the pretax gains or losses reported on derivative instruments designated and qualifying as accounting hedges for the quarter ended March 31, 2009 (from January 1, 2009 to March 31, 2009).

Derivatives Designated as Fair Value Hedge

Derivative type	Location of Gain or (Loss) Recognized in Earnings on Derivative/ Hedged Item	Amount of Gain or (Loss) Recognized in Earnings on Derivative		Amount of Gain or (Loss) Recognized in Earnings on Hedged Item	
		Millions of Yen	Millions of U.S. Dollars	Millions of Yen	Millions of U.S. Dollars
Interest rate contracts	Other expense (income)	**¥(3,046)**	**$(31)**	**¥3,047**	**$31**
Foreign exchange contracts	Other expense (income)	**(5,638)**	**(57)**	**5,567**	**56**

Derivatives Designated as Cash Flow Hedge

Derivative type	Amount of Gain or (Loss) Recognized in OCI (effective portion*)		Location of Gain or (Loss) Reclassified from AOCI into Earnings	Amount of Gain or (Loss) Reclassified from AOCI into Earnings (effective portion*)	
	Millions of Yen	Millions of U.S. Dollars		Millions of Yen	Millions of U.S. Dollars
Interest rate contracts	**¥(1,516)**	**$(15)**	Interest expense	**¥ (98)**	**$ (1)**
			Equity in earnings of affiliated companies	**(115)**	**(1)**
Foreign exchange contracts	**2,273**	**23**	Other expense (income)	**(26,492)**	**(268)**
Commodity contracts	**3,070**	**31**	Revenues/(cost of revenues)	**(1,722)**	**(17)**
			Equity in earnings of affiliated companies	**(131)**	**(1)**

* Amounts related to ineffective portion and excluded from hedge effective testing are immaterial.

During the quarter ended March 31, 2009 (from January 1, 2009 to March 31, 2009), the amount reclassified from AOCI at December 31, 2008, into earnings as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions will not occur by the end of the originally specified time period was losses of ¥11,884 million ($120 million).

Derivatives Designated as Net Investment Hedge

Derivative type	Amount of Gain or (Loss) Recognized in OCI (effective portion*)	
	Millions of Yen	Millions of U.S. Dollars
Foreign exchange contracts	**¥18,691**	**$189**

* Amounts related to ineffective portion and excluded from hedge effective testing are immaterial. No gains or (losses) were reclassified from AOCI into earnings for the quarter ended March 31, 2009.

11. FAIR VALUE MEASUREMENTS

Effective April 1, 2008, the companies adopted SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 establishes a three-level valuation hierarchy that prioritizes the inputs used to measure fair value as follows:

Level 1—Inputs are quoted prices for identical assets or liabilities in active markets.

Level 2—Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities.

Level 3—Unobservable inputs that reflect the entity's own assumptions.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents information regarding assets and liabilities that are measured at fair value on a recurring basis at March 31, 2009:

	Millions of Yen					Millions of U.S. Dollars				
	Level 1	Level 2	Level 3	Netting*	Total	Level 1	Level 2	Level 3	Netting*	Total
Assets:										
Cash equivalents		**¥ 183,111**			**¥ 183,111**		**$ 1,850**			**$ 1,850**
Investments	**¥878,655**	**122,861**	**¥26,946**		**1,028,462**	**$8,875**	**1,241**	**$272**		**10,388**
Derivative assets	**55,741**	**879,175**	**5,793**	**¥(567,612)**	**373,097**	**563**	**8,880**	**58**	**$(5,732)**	**3,769**
Total assets	**¥934,396**	**¥1,185,147**	**¥32,739**	**¥(567,612)**	**¥1,584,670**	**$9,438**	**$11,971**	**$330**	**$(5,732)**	**$16,007**
Liabilities:										
Derivative liabilities	**¥ 13,480**	**¥ 714,761**	**¥ 5,716**	**¥(601,853)**	**¥ 132,104**	**$ 136**	**$ 7,220**	**$ 57**	**$(6,079)**	**$ 1,334**
Total liabilities	**¥ 13,480**	**¥ 714,761**	**¥ 5,716**	**¥(601,853)**	**¥ 132,104**	**$ 136**	**$ 7,220**	**$ 57**	**$(6,079)**	**$ 1,334**

* FIN No. 39 "Offsetting of Amounts Related to Certain Contracts," permits the netting of derivative assets and derivative liabilities and the related cash collateral received and paid when a legally enforceable master netting agreement exists between the companies and a derivative counterparty. See Note 10.

Investments classified in Level 1 are comprised principally of equity securities, which are valued using quoted market prices in active markets. Investments and Cash equivalents classified in Level 2 are valued using quoted market prices for similar assets in active markets, or quoted prices for identical or similar assets in markets that are not active. This category includes corporate bonds and commercial papers. Investments classified in Level 3 are valued based on unobservable inputs, such as net assets of the investees and estimated cash flows for discounted future cash flow method. This category includes the majority of fund investments.

Derivatives are comprised of financial derivatives and commodity derivatives. Derivatives classified in Level 1 are traded either on exchanges or liquid over-the-counter markets, which are valued using quoted prices. Derivatives classified in Level 2 are valued by pricing models using observable market inputs, such as interest rates and foreign currency exchange rates. Derivatives classified in Level 3 are comprised principally of more structured derivatives, which are valued based on unobservable inputs that reflect the companies' own assumptions.

The following table presents the changes in Level 3 assets and liabilities that are measured at fair value on a recurring basis for the year ended March 31, 2009.

	Millions of Yen					
	Balance at Beginning of Year	Net Realized/ Unrealized Gains (Losses) Included in Earnings	Net Realized/ Unrealized Gains (Losses) Included in Other Comprehensive Income (Loss)	Purchases, Issuances, and Settlements	Balance at End of Year	Net Change in Unrealized Gains (Losses) Related to Assets Still Held at End of Year
Investments	**¥62,700**	**¥(13,207)**	**¥(3,395)**	**¥(19,152)**	**¥26,946**	**¥(8,773)**
Derivatives, net*	**46**	**59**	**(46)**	**18**	**77**	**77**
Total	**¥62,746**	**¥(13,148)**	**¥(3,441)**	**¥(19,134)**	**¥27,023**	**¥(8,696)**

	Millions of U.S. Dollars					
	Balance at Beginning of Year	Net Realized/ Unrealized Gains (Losses) Included in Earnings	Net Realized/ Unrealized Gains (Losses) Included in Other Comprehensive Income (Loss)	Purchases, Issuances, and Settlements	Balance at End of Year	Net Change in Unrealized Gains (Losses) Related to Assets Still Held at End of Year
Investments	**$633**	**$(133)**	**$(35)**	**$(193)**	**$272**	**$(89)**
Derivatives, net*		**1**			**1**	**1**
Total	**$633**	**$(132)**	**$(35)**	**$(193)**	**$273**	**$(88)**

* Total Level 3 derivative exposures have been netted on these tables for presentation purpose only.

All gains and losses included in earnings are reported in "(Gain) loss on marketable securities and investments—net" for investments and "Revenues/(Cost of revenues)" for derivative assets and liabilities in the consolidated statements of income.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The following table presents assets and liabilities measured at fair value on a nonrecurring basis for the year ended March 31, 2009:

	Millions of Yen				
	Fair Value Measurement Amount	Level 1	Level 2	Level 3	Total Gains (Losses)
Investments*	**¥96,285**	**¥81,101**	**¥904**	**¥14,280**	**¥(80,689)**

	Millions of U.S. Dollars				
	Fair Value Measurement Amount	Level 1	Level 2	Level 3	Total Gains (Losses)
Investments*	**$973**	**$819**	**$9**	**$145**	**$(815)**

* Fair value measurement amount of "Investments" includes investments in affiliated companies of ¥81,101 million ($819 million) and cost-method investments of ¥15,184 million ($154 million). Total gains (losses) of "Investments" includes impairment losses recognized for investments in affiliated companies of ¥61,221 million ($619 million) and impairment losses recognized for cost-method investments of ¥19,444 million ($196 million).

Investments presented above are measured at fair value on a nonrecurring basis as a result of other-than-temporary impairments. The fair value of the investments classified as Level 1 instruments above are determined using quoted prices in active markets. The fair value of the investments classified as Level 3 instruments above are determined using unobservable inputs such as net assets of the investees and estimated cash flows for the discounted future cash flow method.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The companies, in the normal course of their business, are parties to various financial instruments. The companies engage in operating transactions with a significant number of customers in a wide variety of industries all over the world, and their receivables from and guarantees to such parties are broadly diversified. Consequently, in management's opinion, no significant concentration of credit risk exists for the companies. 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. The companies require collateral to the extent considered necessary.

The estimated fair value of financial instruments has been determined using available market information or valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value; therefore, the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. The effect of using different market assumptions and/or estimation methodologies may be material to the estimated fair value amounts.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Current Financial Assets and Current Financial Liabilities—The estimated fair values of cash, time deposits with original maturities of three months or less included in cash equivalents, time deposits, trade receivables and payables, and short-term debt approximate their carrying amounts due to the relatively short maturities of these instruments. See Note 11 for the valuation methodology of the fair value of available-for-sale securities with original maturities of three months or less included in cash equivalents.

Short-term Investments and Other Investments—The fair values of marketable investments included in "Short-term investments" and "Other investments" are estimated using the valuation methodology set forth in Note 11. It is not practicable to estimate the fair values of the non-marketable investments, which consist of approximately one thousand small investments in customers and suppliers, as such estimation was not readily determinable. However, the fair values of the non-marketable investments which are estimated to have declined and such decline is judged to be other-than-temporary are estimated using the valuation methodology set forth in Note 11.

Non-current Notes, Loans, Accounts Receivable and Advances to Affiliated Companies—The fair values of these items are estimated by discounting estimated future cash flows using a rate which is commensurate with the risks involved.

Long-term Debt—The fair values of the companies' debt are estimated based on the present value of estimated future cash flows computed using interest rates that are currently available to the companies for debt with similar terms and remaining maturities.

Derivative Instruments—The fair values of the derivative instruments are estimated using the valuation methodology set forth in Note 11.

The following table presents the carrying amounts and estimated fair values of financial instruments valued under SFAS No. 107, "Disclosures about Fair Value of Financial Instruments" at March 31, 2008 and 2009. Accordingly, certain amounts which are not considered financial instruments are excluded from the table. The fair value of the derivative instruments is excluded from the table below as written in Note 10.

	Millions of Yen				Millions of U.S. Dollars	
	2008		**2009**		**2009**	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:						
Current financial assets other than short-term investments, net of allowance for doubtful receivables	¥4,485,751	¥4,485,751	**¥4,139,018**	**¥4,139,018**	**$41,808**	**$41,808**
Short-term investments and other investments, for which it is:						
Practicable to estimate fair value	1,610,652	1,610,652	**1,039,869**	**1,039,869**	**10,504**	**10,504**
Not practicable to estimate fair value	579,936		**543,553**		**5,490**	
Non-current notes, loans and accounts receivable and advances to affiliated companies, net of allowance for doubtful receivables	418,564	422,313	**410,042**	**394,597**	**4,142**	**3,986**
Financial liabilities:						
Current financial liabilities	3,794,987	3,794,987	**3,202,717**	**3,202,717**	**32,351**	**32,351**
Long-term debt, including current maturities, and non-current trade payables, included in "Other long-term liabilities"	3,695,209	3,694,358	**4,100,803**	**4,034,045**	**41,422**	**40,748**

13. SHORT-TERM AND LONG-TERM DEBT

Short-term debt at March 31, 2008 and 2009 consisted of the following:

	2008		**2009**		**2009**
	Millions of Yen	Interest Rate	Millions of Yen	Interest Rate	Millions of U.S. Dollars
Bank loans	¥632,029	2.4%	**¥ 740,406**	**1.7%**	**$ 7,479**
Commercial paper	110,392	1.8	**298,520**	**0.5**	**3,015**
Total	¥742,421		**¥1,038,926**		**$10,494**

The interest rates represent weighted average rates on outstanding balances at March 31, 2008 and 2009. As for short-term debt with collateral, see Note 8.

Long-term debt at March 31, 2008 and 2009 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Long-term debt with collateral (see Note 8):			
Banks and insurance companies, maturing serially through 2034—principally 1%–2.9%	¥ 108,026	**¥ 97,996**	**$ 990**
Government-owned banks and government agencies, maturing serially through 2022—principally 1%–2.9%	23,124	**15,564**	**157**
Banks and others, maturing serially through 2017 (payable in foreign currencies)—principally 1%–6.9%	40,794	**30,582**	**309**
Government-owned bank, maturing serially through 2014 (payable in foreign currency)—principally 5%–6.9%	11,242	**12,784**	**129**
Japanese yen bonds (fixed rate 0.56% to 1.5%, due 2008–2009)	1,100	**500**	**5**
Japanese yen bonds (floating rate 0.91% to 2.77%, due 2010–2013)	2,600	**4,820**	**49**
U.S. dollar bonds (fixed rate 6.07%, due 2021)	8,339	**6,342**	**64**
Total	195,225	**168,588**	**1,703**
Long-term debt without collateral:			
Banks and insurance companies, maturing serially through 2027—principally 0%–1.9%	1,725,755	**2,026,832**	**20,473**
Government-owned banks and government agencies, maturing serially through 2023—principally 0%–1.9%	95,794	**113,470**	**1,146**
Government-owned banks, maturing serially through 2019 (payable in foreign currency)—principally 1%–2.9%	66,651	**47,615**	**481**
Banks and others, maturing serially through 2020 (payable in foreign currencies)—principally 1%–5.9%	235,608	**182,237**	**1,841**
Japanese yen callable bonds (floating rate 1.2% as of March 31, 2009, due 2015)	10,000	**10,000**	**101**
Japanese yen callable bonds (adjustable fixed rate 0.6%, due 2008)	10,000		
Japanese yen callable bonds (adjustable fixed rate 1.04%, due 2014)	15,000		
Japanese yen callable bonds (adjustable fixed rate 0.9%, due 2015)	10,000	**10,000**	**101**
Japanese yen extensible bonds (floating rate 0.938% as of March 31, 2009, due 2009)	34,400	**34,400**	**347**
Japanese yen bonds (floating rate 1.01%–1.89% as of March 31, 2009, due 2009–2010)	57,100	**57,000**	**576**
Japanese yen bonds (floating rate 1.18%–2.1% as of March 31, 2009, due 2013–2014)	65,000	**65,000**	**657**
Japanese yen bonds (floating rate 1.317%–3.0% as of March 31, 2009, due 2015–2016)	55,000	**55,000**	**556**
Japanese yen bonds (floating rate 0.852%–2.65% as of March 31, 2009, due 2017)	30,000	**30,000**	**303**
Japanese yen bonds (fixed rate 2.11% to 2.125%, due 2008)	60,000		
Japanese yen bonds (fixed rate 2.08% to 2.425%, due 2009)	120,000	**85,000**	**858**
Japanese yen bonds (fixed rate 2.07% to 2.24%, due 2010)		**85,000**	**858**
Japanese yen bonds (fixed rate 0.618% to 3.18%, due 2010–2019)	252,000	**469,000**	**4,737**
Japanese yen bonds (fixed rate 0.2% to 1.02%, due 2009–2011)	10,650	**10,280**	**104**
Japanese yen bonds (fixed rate 0.91% to 1.43%, due 2011–2015)	57,160	**120**	**1**
Thai baht bonds (fixed rate 5.84%, due 2009)	10,931	**5,520**	**56**
Reverse dual currency Japanese yen/U.S. dollar bonds (fixed rate 3%, due 2009)	15,000		
Japanese yen convertible bond (zero coupon, due 2011)	2,370	**955**	**10**
Medium-term notes (payable in Japanese yen), due 2008–2019—0.38%–3.05% in 2008 and due 2009–2028—0.48%–3.05% in 2009	85,341	**66,905**	**676**
Medium-term notes (payable in U.S. dollars), due 2008–2018—3.2%–5.5% in 2008 and due 2009–2018—2.84%–5.00% in 2009	10,945	**7,872**	**80**
Commercial paper (payable in Japanese yen), with average interest rate of 0.47%	210,000	**310,000**	**3,131**
Total	3,244,705	**3,672,206**	**37,093**
Total	3,439,930	**3,840,794**	**38,796**
Add unamortized issue premium	(17)	**(63)**	
Add mark to market adjustment—under SFAS No. 133	41,715	**54,260**	**547**
Total	3,481,628	**3,894,991**	**39,343**
Less current maturities	(384,477)	**(426,019)**	**(4,303)**
Less mark to market adjustment related to "current maturities"—under SFAS No. 133	(333)	**(1,206)**	**(12)**
Long-term debt, less current maturities	¥3,096,818	**¥3,467,766**	**$35,028**

On June 17, 2002, the parent company completed an offering of ¥150,000 million zero coupon convertible bonds with stock acquisition rights due 2011 (the "Convertible Bonds"), receiving net proceeds of approximately ¥149,910 million. The bonds are convertible, at the option of the holder, into the parent company's common stock at a conversion price of ¥1,188 per share, exercisable on or after July 1, 2002, subject to computational provisions in the related indenture. The bonds are redeemable at the option of the parent company commencing June 17, 2007 through June 16, 2008 at the redemption price of 103% (102% commencing June 17, 2008 through June 16, 2009) of the principal. During the years ended March 31, 2008 and 2009, ¥4,180 million and ¥1,415 million ($14 million) of the Convertible Bonds were converted into common stock, at a conversion price of ¥1,188 per share. The bonds were sold at a premium of ¥3,750 million which has been recorded as part of the bond payable and amortized over the term of the bonds. The parent company paid ¥3,750 million for debt issuance costs related to the bonds. The debt issuance costs have been included in other assets and are being amortized to interest expense over the term of the bonds.

Annual maturities of long-term debt as of March 31, 2009, based on their contractual terms, are as follows, excluding the effect of the SFAS No. 133 mark to market adjustment:

	Millions of Yen	Millions of U.S. Dollars
Year ending March 31:		
2010 (included in current liabilities)	¥ 426,019	$ 4,303
2011	369,059	3,728
2012	435,021	4,394
2013	401,401	4,055
2014	896,256	9,053
2015 and thereafter	1,313,038	13,263
Total	¥3,840,794	$38,796

The companies entered into interest rate swap and currency swap contracts for certain short-term and long-term debt to manage interest rate and foreign currency exposure. The effective interest rates after giving effect to such swap agreements were generally based on the three month LIBOR (London Interbank Offered Rate).

The companies maintain lines of credit with various banks, including Japanese yen facilities of ¥510,000 million ($5,152 million) held by the parent company and ¥114,007 million ($1,152 million) held by a domestic subsidiary, and a U.S. dollar facility of $1,290 million which the parent company and a U.S. subsidiary held at March 31, 2009. The parent company, the domestic subsidiary and the U.S. subsidiary compensate banks for these facilities in the form of commitment fees, which were insignificant in each of the past three years. Certain commitment fees on the lines of credit are based on the parent company's current debt rating. The parent company, the domestic subsidiary and the U.S. subsidiary are required to maintain certain financial covenants to keep the facilities. The short-term and long-term portions of unused lines of credit, including over draft contracts as well as the above committed lines, totaled ¥952,532 million ($9,622 million) and ¥413,562 million ($4,177 million), respectively, at March 31, 2009, compared with ¥1,029,317 million and ¥352,827 million, respectively, at March 31, 2008.

The parent company has the intent to utilize its unused long-term lines of credit, discussed above, totaling ¥310,000 million and maturing in December 2013, solely in support of the parent company's commercial paper program of ¥310,000 million. The commercial paper program is used from time to time to fund working capital and other general corporate requirements. The outstanding commercial paper of ¥210,000 million at March 31, 2008 and ¥310,000 million ($3,131 million) at March 31, 2009 was classified as long-term debt on the consolidated balance sheets since the parent company has the intent and ability to refinance these borrowings on a long-term basis through continued commercial paper borrowings, supported by the available lines of credit.

Substantially all of the short-term and long-term loans from banks are made under agreements which, as is customary in Japan, provide that the bank may, under certain conditions, require the borrower to provide collateral (or additional collateral) or guarantors with respect to the loans, and that the bank may treat any collateral, whether furnished as security for short-term or long-term loans or otherwise, as collateral for all indebtedness to such bank. Certain agreements relating to long-term bank loans provide that the bank may require the borrower to submit proposals as to the payment of dividends and other appropriations of earnings for the bank's review and approval before presentation to the shareholders. Default provisions of certain agreements grant certain rights of possession to the banks. Under certain agreements, principally with government-owned financial institutions, the borrower is required, upon request of the lender, to reduce outstanding loans before scheduled maturity dates when the lender considers that the companies are able to reduce such loans through increased earnings or by additional cash flow raised through stock issuances or bond offerings. During the years ended March 31, 2008 and 2009, the companies have not received any request of the kind described above and do not expect that any such request will be made.

14. INCOME TAXES

Income taxes in Japan applicable to the companies, imposed by the national, prefectural and municipal governments, in the aggregate, resulted in a normal effective statutory rate of approximately 41% for the years ended March 31, 2007, 2008 and 2009. A tax reform bill was passed by the Diet and new tax laws were enacted in Japan on March 31, 2009. Under the new tax laws, dividends received from a foreign company, as defined, by a domestic corporation will be primarily excluded from its taxable income. The deferred tax liabilities balances for undistributed earnings of certain foreign subsidiaries and affiliated companies have been reversed to reflect the new tax laws, which decreased income taxes and increased net income by ¥29,243 million for the year ended March 31, 2009. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

A reconciliation of the combined statutory income tax rates applied to income from continuing operations for the years ended March 31, 2007, 2008 and 2009 to the effective income tax rates on income from continuing operations reflected in the accompanying consolidated statements of income was as follows:

	2007	2008	**2009**
Combined statutory income tax rate applied to income from continuing operations	41.0%	41.0%	**41.0%**
Expenses not deductible for income tax purposes	1.0	0.8	**1.1**
Operating losses of certain subsidiaries	1.4	1.3	**6.5**
Tax benefits on losses of subsidiaries	(0.4)	(0.7)	**(1.6)**
Lower income tax rates applicable to income in certain foreign countries	(4.5)	(4.8)	**(10.2)**
Tax effect on earnings or losses of equity method investees	2.1	(2.0)	**0.5**
Effect of taxation on dividends	7.1	1.8	**3.0**
Reversal of valuation allowance for certain deferred tax assets	(0.9)		
Tax assessments		(3.2)	**(2.2)**
Other—net	0.4	(1.3)	**0.3**
Effective income tax rate on income from continuing operations	47.2%	32.9%	**38.4%**

Amounts provided for income taxes for the years ended March 31, 2007, 2008 and 2009 were allocated as follows:

	Millions of Yen			Millions of U.S. Dollars
	2007	2008	**2009**	**2009**
Income tax expense on income from continuing operation	¥284,031	¥ 181,666	**¥ 148,904**	**$ 1,504**
(Loss) income from discontinued operations	320	194	**(9,266)**	**(93)**
Other comprehensive income (loss)	64,811	(136,001)	**(301,584)**	**(3,046)**
Directly charged to unappropriated retained earnings	17,156			
Directly charged to accumulated other comprehensive income (loss)	4,502			
Total income tax expense (benefit)	¥370,820	¥ 45,859	**¥(161,946)**	**$(1,635)**

Significant components of deferred tax assets and liabilities at March 31, 2008 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Assets:			
Allowance for doubtful receivables	¥ 5,854	**¥ 13,429**	**$ 136**
Pension and severance	21,976	**58,683**	**593**
Impairment loss on property and equipment	4,145	**11,483**	**116**
Net operating loss carryforwards	26,520	**38,711**	**391**
Accruals and other	105,730	**95,357**	**963**
Gross deferred tax assets	164,225	**217,663**	**2,199**
Less valuation allowance	(26,471)	**(43,912)**	**(444)**
Deferred tax assets—less valuation allowance	137,754	**173,751**	**1,755**
Liabilities:			
Depreciation	32,613	**55,501**	**561**
Investments	316,065	**14,042**	**142**
Property and intangible fixed assets	55,335	**42,477**	**429**
Pension and severance	3,365	**1,008**	**10**
Other	48,263	**27,268**	**275**
Gross deferred tax liabilities	455,641	**140,296**	**1,417**
Net deferred tax (liabilities) assets	¥(317,887)	**¥ 33,455**	**$ 338**

A valuation allowance is established to reduce certain deferred tax assets related to deductible temporary differences and net operating loss carryforwards where it is more likely than not that they will not be realized. The total valuation allowance increased by ¥4,393 million for the year ended March 31, 2007, decreased by ¥4,773 million for the year ended March 31, 2008, and increased by ¥17,441 million ($176 million) for the year ended March 31, 2009. The increase of the valuation allowance for the year ended March 31, 2009 primarily reflected a decrease in the amount of deferred tax assets considered realizable in certain subsidiaries under the severe economic environment.

Net deferred tax liabilities were included in the consolidated balance sheets at March 31, 2008 and 2009 as follows:

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Current assets—Deferred income taxes	¥ 62,573	**¥ 63,301**	**$ 639**
Other assets	25,704	**78,688**	**795**
Other current liabilities	(5,220)	**(1,262)**	**(12)**
Long-term liabilities—Deferred income taxes	(400,944)	**(107,272)**	**(1,084)**
Net deferred tax (liabilities) assets	¥(317,887)	**¥ 33,455**	**$ 338**

No provision for income taxes is recognized on the undistributed earnings of subsidiaries where the parent company considers that such earnings are not expected to be remitted in the foreseeable future. At March 31, 2008 and 2009, the amount of undistributed earnings of subsidiaries on which a deferred tax liability has not been recognized in the accompanying consolidated financial statements aggregated ¥983,689 million and ¥807,147 million ($8,153 million), respectively. Determination of the deferred tax liability related to the undistributed earnings of foreign subsidiaries is not practicable.

At March 31, 2009, the companies had aggregate operating loss carryforwards of approximately ¥102,700 million ($1,037 million) which may be used as a deduction in the determination of taxable income in future periods. If not utilized, such loss carryforwards expire as follows:

	Millions of Yen	Millions of U.S. Dollars
Year ending March 31:		
2010	¥ 4,262	$ 43
2011	9,082	92
2012	2,724	27
2013	3,671	37
2014	29,771	301
2015 through 2019	35,532	359
2020 through 2024	2,281	23
2025 and thereafter	15,377	155
Total	¥102,700	$1,037

Income from continuing operations before income taxes for the years ended March 31, 2007, 2008 and 2009 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars		
	The Parent Company and Its Domestic Subsidiaries	Foreign Subsidiaries	Total	The Parent Company and Its Domestic Subsidiaries	Foreign Subsidiaries	Total
Year ended March 31, 2007	¥326,379	¥275,183	¥601,562			
Year ended March 31, 2008	¥271,946	¥280,603	¥552,549			
Year ended March 31, 2009	**¥ 42,242**	**¥345,986**	**¥388,228**	**$426**	**$3,495**	**$3,921**

Income taxes on income from continuing operations for the years ended March 31, 2007, 2008 and 2009 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars		
	The Parent Company and Its Domestic Subsidiaries	Foreign Subsidiaries	Total	The Parent Company and Its Domestic Subsidiaries	Foreign Subsidiaries	Total
Year ended March 31, 2007:						
Current	¥162,385	¥84,613	¥246,998			
Deferred	39,313	(2,280)	37,033			
Total	¥201,698	¥82,333	¥284,031			
Year ended March 31, 2008:						
Current	¥124,103	¥81,426	¥205,529			
Deferred	(20,953)	(2,910)	(23,863)			
Total	¥103,150	¥78,516	¥181,666			
Year ended March 31, 2009:						
Current	**¥ 94,054**	**¥ 92,692**	**¥186,746**	**$ 950**	**$ 936**	**$1,886**
Deferred	**(59,647)**	**21,805**	**(37,842)**	**(602)**	**220**	**(382)**
Total	**¥ 34,407**	**¥114,497**	**¥148,904**	**$ 348**	**$1,156**	**$1,504**

Effective April 1, 2007, the companies adopted FIN No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109."

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Balance at beginning of year	¥ 32,269	**¥ 15,639**	**$ 158**
Additions for tax positions of the current year	198		
Additions for tax positions of prior years	940	**253**	**3**
Reductions for tax positions of prior years	(12,770)	**(19)**	
Settlements	(5,058)	**(11,865)**	**(120)**
Other	60	**(53)**	**(1)**
Balance at end of year	¥ 15,639	**¥ 3,955**	**$ 40**

The amount of unrecognized tax benefits at March 31, 2008 and 2009 that would affect the effective tax rate, if recognized, were ¥15,353 million and ¥3,697 million ($37 million), respectively.

The companies do not believe it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease during the next twelve months.

The companies recognize interest and penalties associated with uncertain tax positions as a component of income taxes in the consolidated statement of income. For the year ended March 31, 2008 and 2009, interest and penalties recognized as a component of accrued income taxes and other long-term liabilities in the consolidated financial position and results of operations are not material.

The companies file income tax returns in Japan and various foreign tax jurisdictions. In Japan, regular examinations by tax authorities have been completed for years before 2006. Apart from regular income tax examinations, tax authorities in Japan have the authority to conduct transfer pricing examinations for years after 2002.

15. ACCRUED PENSION AND SEVERANCE LIABILITIES

The parent company and certain of its subsidiaries have defined benefit pension plans covering substantially all employees other than directors. The primary defined benefit pension plans are the Corporate Pension Funds under the Defined Benefit Corporate Pension Law. The benefits for these plans are based upon years of service, compensation at the time of severance and other factors.

From April 2006, the parent company has started to convert certain portions of the Corporate Pension Funds into a defined contribution plan in phases.

In addition to the pension plans, most of the domestic subsidiaries have unfunded severance indemnity plans under which their employees, other than directors, are entitled, under most circumstances, to lump-sum severance indemnities upon mandatory retirement at normal retirement age or earlier termination of employment. The benefits for these plans are based upon years of service, compensation at the time of severance and other factors.

The following table sets forth the reconciliation of benefit obligation, plan assets and the funded status of the plans:

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Change in benefit obligation:			
Benefit obligation at beginning of year	¥411,579	**¥ 431,734**	**$ 4,361**
Service cost	12,358	**12,207**	**124**
Interest cost	12,382	**12,325**	**124**
Employee contributions	243	**231**	**2**
Plan amendments	302	**(6)**	
Actuarial gain	(7,385)	**(15,197)**	**(154)**
Benefits paid	(16,931)	**(19,853)**	**(201)**
Settlements	(2,843)	**(3,270)**	**(33)**
Acquisitions/divestitures and other—net	27,100	**3,427**	**35**
Change in foreign currency exchange rates	(5,071)	**(9,651)**	**(97)**
Benefit obligation at end of year	431,734	**411,947**	**4,161**
Change in plan assets:			
Fair value of plan assets at beginning of year	500,407	**453,155**	**4,577**
Actual loss on plan assets	(70,028)	**(115,041)**	**(1,162)**
Employer contributions	25,010	**25,625**	**259**
Employee contributions	243	**231**	**2**
Benefits paid	(14,504)	**(15,448)**	**(156)**
Settlements	(2,843)	**(3,270)**	**(33)**
Acquisitions/divestitures and other—net	20,344	**3,487**	**35**
Change in foreign currency exchange rates	(5,474)	**(9,683)**	**(98)**
Fair value of plan assets at end of year	453,155	**339,056**	**3,424**
Funded status at end of year	¥ 21,421	**¥ (72,891)**	**$ (737)**
Amounts recognized in the consolidated balance sheets consist of:			
Prepaid pension cost included in other current assets and other assets	¥ 67,542	**¥ 8,936**	**$ 90**
Other accrued expenses	(947)	**(1,173)**	**(12)**
Accrued pension liability	(45,174)	**(80,654)**	**(815)**
Net amount recognized	¥ 21,421	**¥ (72,891)**	**$ (737)**

The following table presents the pre-tax net loss and prior service cost recognized in AOCI for the years ended March 31, 2008 and 2009:

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Net loss	¥(59,452)	**¥(163,418)**	**$(1,651)**
Prior service cost	(4,912)	**(4,522)**	**(46)**
Accumulated other comprehensive income (loss)	¥(64,364)	**¥(167,940)**	**$(1,697)**

Net periodic pension costs related to the parent company's and its subsidiaries' pension and indemnity plans for the years ended March 31, 2007, 2008 and 2009 include the following components:

	Millions of Yen			Millions of U.S. Dollars
	2007	2008	**2009**	**2009**
Service cost—benefits earned during the period	¥ 12,425	¥ 12,358	**¥12,207**	**$124**
Interest cost on projected benefit obligation	10,866	12,382	**12,325**	**124**
Expected return on plan assets	(11,126)	(10,910)	**(9,205)**	**(93)**
Recognized net actuarial loss	2,755	557	**3,027**	**30**
Amortization of unrecognized prior service cost	334	654	**383**	**4**
Settlement (gain) loss	(349)	362	**1,799**	**18**
Net periodic pension cost	¥ 14,905	¥ 15,403	**¥20,536**	**$207**

Other changes in plan assets and benefit obligation recognized in other comprehensive income for the years ended March 31, 2008 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Current year actuarial loss	¥72,527	**¥108,792**	**$1,099**
Recognized net actuarial loss	(557)	**(3,027)**	**(31)**
Settlement loss	(362)	**(1,799)**	**(18)**
Prior service cost due to amendments	216	**(7)**	
Amortization of unrecognized prior service cost	(654)	**(383)**	**(4)**
Total recognized in other comprehensive income	¥71,170	**¥103,576**	**$1,046**

The following table presents the estimated net loss and prior service cost that will be amortized from AOCI into net periodic cost for the year ending March 31, 2010:

	Millions of Yen	Millions of U.S. Dollars
	2010	2010
Net loss	¥10,445	$105
Prior service cost	393	4
Total	¥10,838	$109

The total accumulated benefit obligation for the companies' defined benefit pension plans was ¥403,484 million and ¥386,995 million ($3,909 million) as of March 31, 2008 and 2009, respectively.

The aggregate projected benefit obligation, aggregate accumulated benefit obligation and aggregate fair value of plan assets where accumulated benefit obligations exceeded plan assets as of March 31, 2008 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Projected benefit obligation	¥89,760	**¥352,319**	**$3,559**
Accumulated benefit obligation	82,795	**332,926**	**3,363**
Fair value of plan assets	47,832	**272,521**	**2,753**

Plan Assets

The companies' weighted average asset allocation for its defined benefit pension plans for the years ended March 31, 2008 and 2009 was as follows:

	Asset Allocation	
	2008	**2009**
Asset category:		
Equity securities	55%	**44%**
Debt securities	17	**31**
Alternative investments	17	**7**
Cash and cash equivalent	10	**16**
Other	1	**2**
Total	100%	**100%**

Investment Policies

The companies' investment policy for the defined benefit pension plan is to procure an adequate return to provide future payments of pension benefits over the long term by optimizing the risk tolerance and formulating a well-diversified portfolio such as equity securities, debt securities and alternative assets.

Considering the funded status of the pension plans and surrounding economic environments of investments, the companies' investment policy would be revised as needed. Moreover, the companies continuously monitor and pay extra attention to the diversification of strategies and investment managers for the purpose of risk controlling and thereby pursuing the efficiency of management.

Assumptions

The weighted average assumptions used to determine benefit obligations at March 31, 2008 and 2009 were as follows:

	2008	**2009**
Weighted average discount rate	3.1%	**3.1%**
Average rate of increase in future compensation levels	2.6	**2.6**

The weighted average assumptions used to determine net periodic benefit cost for the years ended March 31, 2007, 2008 and 2009 were as follows:

	2007	2008	**2009**
Weighted average discount rate	2.6%	3.0%	**3.1%**
Average rate of increase in future compensation levels	2.4	2.6	**2.6**
Expected long-term rate of return on plan assets	4.2	3.7	**3.4**

The companies determine assumptions for the expected long-term return on plan assets considering the investment policy, the historical returns, asset allocation and future estimates of long-term investment returns.

Contribution

The companies' funding policy is mainly to contribute an amount deductible for income tax purposes. Contributions are intended to provide not only for benefits attributable to service to date but also for those expected to be earned in the future.

The companies expect to contribute approximately ¥27,000 million ($273 million) to their defined benefit pension plans during the year ending March 31, 2010.

Estimated Future Benefit Payments

Estimated future benefit payments are as follows:

	Millions of Yen	Millions of U.S. Dollars
Year ending March 31:		
2010	¥ 23,592	$ 238
2011	22,471	227
2012	23,322	236
2013	22,138	224
2014	21,551	218
2015 through 2019	114,634	1,158

Expense For Defined Contribution Plans

The parent company and certain of its subsidiaries have defined contribution plans. The expense for these defined contribution plans was ¥2,029 million, ¥1,717 million and ¥2,143 million ($22 million) for the years ended March 31, 2007, 2008 and 2009, respectively.

Early Retirement Program

The parent company has offered an early retirement program to its employees. At March 31, 2008 and 2009, the liability for applicants to the program, discounted to reflect the present value of the expected cash flows, was ¥9,758 million and ¥7,165 million ($72 million), respectively. Such liability is allocated between "Other accrued expenses" and "Accrued pension and severance liabilities" in the accompanying consolidated balance sheets, depending on when the additional benefit payment is expected to be made. Related expenses recognized by the parent company for the years ended March 31, 2007, 2008 and 2009, included in "Selling, general and administrative" expenses in the accompanying consolidated statements of income, were ¥1,486 million, ¥1,230 million and ¥747 million ($8 million), respectively.

16. ASSET RETIREMENT OBLIGATIONS

The companies account for asset retirement obligations ("AROs"), consisting primarily of costs associated with mine reclamation, landfills and dismantlement of facilities under SFAS No. 143, "Accounting for Asset Retirement Obligations." These costs reflect the legal obligations associated with the normal operation of the companies' coal mining and oil and gas facilities. These liabilities are included in "Other current liabilities" and "Other long-term liabilities" in the consolidated balance sheets. Additionally, the companies capitalized asset retirement costs by increasing the carrying amount of related long-lived assets, and recorded associated accumulated depreciation from the time the original assets are placed into service.

The changes in the carrying amount of AROs for the years ended March 31, 2008 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Balance at beginning of year	¥25,815	**¥ 30,281**	**$ 306**
Accretion expense	1,809	**2,000**	**20**
Payments	(665)	**(1,265)**	**(13)**
Liabilities incurred	4,879	**17,746**	**179**
Revisions in estimated cash flow		**(63)**	**(1)**
Other*	(1,557)	**(10,284)**	**(103)**
Balance at end of year	¥30,281	**¥ 38,415**	**$ 388**

* "Other" principally includes the effect of changes in foreign currency exchange rates and the effect of divestitures of certain subsidiaries.

17. DISCONTINUED OPERATIONS

In accordance with SFAS No. 144, the companies present the results of discontinued operations as a separate line item in the consolidated statements of income under (loss) income from discontinued operations (net of tax).

In March 2008, the companies decided to sell a U.S. chemical products manufacturing operation in the Chemicals segment, and the operation was classified as discontinued operations. The figures of the consolidated statements of income and the related notes for the prior years related to the discontinued operations were reclassified during the year ended March 31, 2008. The companies sold the operation during the year ended March 31, 2009, and had no carrying amount of assets and liabilities reclassified as held for sale related to the operation at March 31, 2009.

Summarized selected financial information for the years ended March 31, 2007, 2008 and 2009 for the discontinued operations reclassified during the year ended March 31, 2008, and descriptions of assets and liabilities classified as held for sale at March 31, 2008, were as follows:

	Millions of Yen			Millions of U.S. Dollars
(Loss) income from discontinued operation	2007	2008	**2009**	**2009**
Revenues	¥18,196	¥16,332		
Loss from discontinued operations before income taxes	(5,452)	(3,410)	**¥(4,696)**	**$(47)**
Income taxes	(320)	(194)	**9,266**	**93**
Minority interests in (loss) income from discontinued operations	545			
(Loss) income from discontinued operations (net of tax)	(5,227)	(3,604)	**4,570**	**46**

	Millions of Yen
Description of assets and liabilities classified as held for sale	2008
Receivables—trade	¥2,050
Inventories	3,082
Property and equipment—net	1,338
Other	56
Total assets held for sale	¥6,526
Payables—trade	¥ 937
Other	1,144
Total liabilities held for sale	¥2,081

18. COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

The Companies Act of Japan (the "Companies Act") requires in principle that the amount of payment for shares and assets delivered shall be the amount of common stock. However, the Companies Act permits, as an exception that an amount not exceeding 50% of such amount of payment and assets is able to be incorporated into the additional paid-in capital.

Under the Companies Act, Japanese companies are allowed to purchase and dispose of their treasury stock by resolution of the Board of Directors. However, the disbursement amount for acquiring treasury stock cannot exceed the amount available for dividends to the shareholders, which is calculated by a specific formula in accordance with the Companies Act.

The Companies Act provides that subject to certain conditions, such as a resolution of the shareholders' meeting, common stock, reserves and surplus can be transferred among each other.

19. RETAINED EARNINGS AND DIVIDENDS

Retained Earnings Appropriated for Legal Reserve—The Companies Act requires that an amount equal to 10% of dividends from the retained earnings to be paid shall be appropriated and set aside as legal reserve until the total of additional paid-in capital and legal reserve amounts to 25% of the common stock account.

Dividends—Under the Companies Act, the total amount for dividends and acquisition or purchase of treasury stock may not exceed the distributable amount of the parent company, which is calculated based on the amount of the retained earnings recorded in the parent company's general books of accounts maintained in accordance with generally accepted Japanese accounting practices. The adjustments to the consolidated financial statements to conform with U.S. GAAP have no effect on the determination of the distributable amount under the Companies Act. The distributable amount was ¥710,298 million ($7,174 million) as of March 31, 2009. The distributable amount under the Companies Act may fluctuate until the effective date for the distribution of dividends.

The Companies Act permits to pay dividends at any time during the fiscal year upon resolution at the shareholders' meeting. Furthermore, the parent company is also allowed to distribute a semiannual interim dividend by resolution of the Board of Directors.

In the accompanying consolidated statements of shareholders' equity, dividends and appropriations to the legal reserve shown for each year represent dividends paid out during the year and the appropriation to the legal reserve made in relation to the respective dividends.

Purchase of Treasury Stock—Under the Companies Act, the parent company is allowed to purchase treasury stock through market transactions by resolution of the Board of Directors.

In August 2007, the Board of Directors of the parent company decided to purchase treasury stock to implement a flexible capital structure policy according to changes in the business environment. As a result, the parent company purchased 51,759,000 shares of treasury stock through market transactions.

20. EARNINGS PER SHARE

The following table presents the reconciliation of the numerators and the denominators of the basic and diluted EPS computations:

	Millions of Yen			Millions of U.S. Dollars
	2007	2008	**2009**	**2009**
Numerator:				
Net income from continuing operations	¥424,500	¥474,463	**¥365,366**	**$3,691**
Effect of dilutive securities—Japanese yen convertible bonds	(29)	(32)	**(11)**	
Diluted income from continuing operations	¥424,471	¥474,431	**¥365,355**	**$3,691**
(Loss) income from discontinued operations (net of tax)	(5,227)	(3,604)	**4,570**	**46**
Net income	¥419,273	¥470,859	**¥369,936**	**$3,737**
Effect of dilutive securities—Japanese yen convertible bonds	(29)	(32)	**(11)**	
Diluted income	¥419,244	¥470,827	**¥369,925**	**$3,737**

	Thousands of Shares		
	2007	2008	**2009**
Denominator:			
Basic weighted average common shares outstanding	1,687,066	1,659,008	**1,642,386**
Effect of dilutive securities:			
Stock options	2,933	3,456	**2,564**
Japanese yen convertible bonds	6,184	3,873	**1,020**
Diluted outstanding shares	1,696,183	1,666,337	**1,645,969**

	Yen			U.S. Dollars
	2007	2008	**2009**	**2009**
Per share amount:				
Net income from continuing operations				
Basic	¥251.62	¥285.99	**¥222.46**	**$2.25**
Diluted	250.25	284.71	**221.97**	**2.24**
(Loss) income from discontinued operations (net of tax)				
Basic	(3.10)	(2.17)	**2.78**	**0.03**
Diluted	(3.08)	(2.16)	**2.78**	**0.03**
Net income				
Basic	¥248.52	¥283.82	**¥225.24**	**$2.28**
Diluted	247.17	282.55	**224.75**	**2.27**

21. SEGMENT INFORMATION

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," establishes standards for reporting information about operating segments in financial statements. Operating segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The operating segments were determined based on the nature of the products and services offered. The companies' reportable operating segments consist of the following seven business groups:

Business Innovation—The Business Innovation group is engaged in R&D of new business fields, investments and trading activities in fields such as new energy, environment, human care business, information & communication technology-related business and the media consumer business.

Industrial Finance, Logistics & Development—The Industrial Finance, Logistics & Development group develops shosha-type industrial finance businesses, such as asset management, buyout investment, leasing business, REIT, investment to real estate, real estate development and logistics service.

Energy Business—The Energy Business group identifies and invests in oil and gas projects and focuses its trading activities on crude oil, petroleum products, liquefied petroleum gas, liquefied natural gas, and carbon materials and products.

Metals—The Metals group is mainly engaged in developing, manufacturing, marketing and distribution of metal and non-ferrous metal products such as steel, aluminum and copper.

Machinery—The Machinery group is engaged in investment, project development and trading activities in a variety of business fields such as electricity, ships, 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 such as synthetic fiber materials, petrochemicals, non-organic chemicals, fertilizers and specialty chemicals.

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

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies except that the disaggregated financial information has been prepared using a management approach, in which management internally disaggregates financial information for the purpose of assisting in making internal operating decisions. Management evaluates segment performance based on several factors, of which the primary financial measure is net income (loss). In addition, management utilizes internally developed mechanisms for the purpose of internal operating decisions.

Intersegment transactions are priced with reference to prices applicable to transactions with unaffiliated parties.

Effective April 1, 2009, the companies have implemented a progressive reorganization of the "Business Innovation Group" to establish the "Corporate Development Section," in a move aimed at strengthening our corporate development and promotion framework.

The companies' operating segment information at and for the years ended March 31, 2007, 2008 and 2009 was as follows:

	Millions of Yen										
2007	Business Innovation	Industrial Finance, Logistics & Development(6)	Energy Business	Metals	Machinery(6)	Chemicals	Living Essentials	Total	Other(1)	Adjustments and(2) Eliminations(4)(5)	Consolidated
Revenue	¥70,976	¥108,724	¥1,246,837	¥ 919,828	¥ 702,123	¥ 837,236	¥1,191,536	¥ 5,077,260	¥ 9,547	¥ (18,058)	¥ 5,068,749
Gross profit	36,258	44,264	80,907	365,719	176,530	86,252	348,655	1,138,585	9,523	(2,576)	1,145,532
Equity in earnings of affiliated companies	2,135	6,113	49,745	43,227	20,218	13,456	19,399	154,293	274	(2,359)	152,208
Net income (loss)	1,914	34,203	74,109	186,429	59,382	19,994	48,286	424,317	(5,050)	6	419,273
Segment assets	153,247	682,797	1,556,896	3,199,298	2,232,828	831,606	2,153,026	10,809,698	1,269,665	(655,439)	11,423,924
Investments in affiliated companies	21,490	67,065	511,654	114,555	190,670	87,152	297,863	1,290,449	3,051	3,347	1,296,847
Depreciation and amortization	3,929	16,005	12,950	34,541	25,716	5,224	17,400	115,765	19,706	160	135,631
Capital expenditures for long-lived assets	2,391	9,698	19,106	54,886	28,863	4,828	19,490	139,262	9,973	1,299	150,534
Operating transactions(3):											
External customers	¥224,484	¥183,482	¥4,370,967	¥5,228,948	¥3,308,534	¥2,196,880	¥4,946,527	¥20,459,822	¥ 57,914	¥ 8,834	¥20,526,570
Intersegment	18,702	28,199	6,243	6,718	1,534	5,642	6,721	73,759	2,233	(75,992)	
Total	¥243,186	¥211,681	¥4,377,210	¥5,235,666	¥3,310,068	¥2,202,522	¥4,953,248	¥20,533,581	¥ 60,147	¥ (67,158)	¥20,526,570

	Millions of Yen										
2008	Business Innovation	Industrial Finance, Logistics & Development(6)	Energy Business	Metals	Machinery(6)	Chemicals	Living Essentials	Total	Other(1)	Adjustments and(2) Eliminations(4)(5)	Consolidated
Revenue	¥ 69,068	¥194,795	¥1,551,052	¥ 980,544	¥ 817,455	¥1,004,349	¥1,438,572	¥ 6,055,835	¥ 13,473	¥ (38,502)	¥ 6,030,806
Gross profit	44,599	60,471	81,641	282,010	192,639	97,903	411,978	1,171,241	13,450	(12,469)	1,172,222
Equity in earnings of affiliated companies	1,802	6,033	45,410	41,679	27,815	11,965	21,129	155,833	146	(971)	155,008
Net income	1,080	24,185	94,206	158,241	68,104	34,728	50,966	431,510	34,802	4,547	470,859
Segment assets	197,017	804,305	1,705,803	3,281,536	2,207,037	831,746	2,274,109	11,301,553	1,206,029	(757,141)	11,750,441
Investments in affiliated companies	22,493	81,952	244,432	140,041	191,578	113,357	290,985	1,084,838	1,421	(1,690)	1,084,569
Depreciation and amortization	3,054	15,990	15,355	40,173	29,363	5,516	24,781	134,232	20,045		154,277
Capital expenditures for long-lived assets	5,716	99,186	93,510	58,416	44,878	4,039	27,178	332,923	3,822	(3,762)	332,983
Operating transactions(3):											
External customers	¥255,553	¥253,233	¥5,000,063	¥5,707,493	¥3,900,738	¥2,472,522	¥5,478,620	¥23,068,222	¥ 71,379	¥ (36,558)	¥23,103,043
Intersegment	32,407	29,355	11,904	6,280	2,907	7,951	8,302	99,106	2,706	(101,812)	
Total	¥287,960	¥282,588	¥5,011,967	¥5,713,773	¥3,903,645	¥2,480,473	¥5,486,922	¥23,167,328	¥ 74,085	¥(138,370)	¥23,103,043

2009	Millions of Yen										
	Business Innovation	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other[1]	Adjustments and Eliminations[2]	Consolidated
Revenue	¥ 67,284	¥113,003	¥1,554,131	¥1,323,490	¥ 577,916	¥ 871,604	¥1,621,643	¥ 6,129,071	¥ 7,022	¥ 10,313	¥ 6,146,406
Gross profit	42,200	45,002	68,832	569,650	175,544	95,033	458,908	1,455,169	6,981	1,002	1,463,152
Equity in earnings of affiliated companies	2,007	3,109	69,776	47,944	5,896	10,772	18,813	158,317	(1,852)	298	156,763
Net (loss) income[7]	(4,262)	(41,205)	82,778	216,690	17,742	26,797	32,819	331,359	37,132	1,445	369,936
Segment assets	191,859	836,701	1,342,270	2,901,728	2,009,585	629,690	2,110,062	10,021,895	1,934,536	(1,038,428)	10,918,003
Investments in affiliated companies	25,003	90,912	204,688	128,309	203,496	93,487	301,875	1,047,770	684	290	1,048,744
Depreciation and amortization	4,541	18,866	16,301	36,466	25,320	4,432	27,365	133,291	16,293		149,584
Capital expenditures for long-lived assets	10,831	54,421	33,974	182,267	44,560	3,922	26,000	355,975	5,649	(1,372)	360,252
Operating transactions[3]:											
External customers	¥257,840	¥205,467	¥5,152,350	¥5,448,600	¥3,537,889	¥2,129,799	¥5,576,598	¥22,308,543	¥ 69,502	¥ 11,059	¥22,389,104
Intersegment	35,041	29,598	10,735	8,104	8,779	8,927	9,722	110,906	2,787	(113,693)	
Total	¥292,881	¥235,065	¥5,163,085	¥5,456,704	¥3,546,668	¥2,138,726	¥5,586,320	¥22,419,449	¥ 72,289	¥ (102,634)	¥22,389,104

2009	Millions of U.S. Dollars										
	Business Innovation	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other[1]	Adjustments and Eliminations[2]	Consolidated
Revenue	$ 680	$1,141	$15,698	$13,369	$ 5,838	$ 8,804	$16,380	$ 61,910	$ 71	$ 104	$ 62,085
Gross profit	426	455	695	5,754	1,773	960	4,635	14,698	71	10	14,779
Equity in earnings of affiliated companies	20	31	705	484	60	109	190	1,599	(19)	3	1,583
Net (loss) income[7]	(43)	(416)	836	2,189	179	271	332	3,348	375	14	3,737
Segment assets	1,938	8,452	13,558	29,310	20,299	6,361	21,314	101,232	19,541	(10,490)	110,283
Investments in affiliated companies	253	918	2,068	1,296	2,056	944	3,049	10,584	7	2	10,593
Depreciation and amortization	46	191	165	368	256	45	276	1,347	164		1,511
Capital expenditures for long-lived assets	109	550	343	1,841	450	40	263	3,596	57	(14)	3,639
Operating transactions[3]:											
External customers	$2,604	$2,075	$52,044	$55,036	$35,736	$21,513	$56,329	$225,337	$ 702	$ 114	$226,153
Intersegment	354	299	108	82	89	90	98	1,120	28	(1,148)	
Total	$2,958	$2,374	$52,152	$55,118	$35,825	$21,603	$56,427	$226,457	$ 730	$ (1,034)	$226,153

(1) "Other" represents corporate departments which primarily provide services and operational support to the companies and affiliated companies. This column also includes certain revenue and expenses from business activities related to financing and human resource services that are not allocated to reportable operating segments. In perspective of efficiency of fund operations, the parent company received extra dividends from undistributed earnings of certain foreign subsidiaries for the year ended March 31, 2007, and taxes on those extra dividends received are also included in net income (loss) of "Other." Unallocated corporate assets categorized in "Other" were ¥1,269,665 million, ¥1,206,029 million and ¥1,934,536 million ($19,541 million) at March 31, 2007, 2008 and 2009, respectively, which consist primarily of cash, time deposits and securities for financial and investment activities.

(2) "Adjustments and Eliminations" include certain income and expense items that are not allocated to reportable operating segments and intersegment eliminations.

(3) "Operating transactions" is a voluntary disclosure commonly made by Japanese trading companies, and is not meant to represent sales or revenues in accordance with U.S. GAAP. See Note 1.

(4) In accordance with EITF Issue No. 06-9 and SFAS No. 154, the parent company has retrospectively adjusted the prior periods' consolidated financial statements to reflect the effect of the change of the subsidiaries' fiscal year ends which occurred for the year ended March 31, 2008. The effects of the retrospective application are included in "Adjustments and Eliminations."

(5) In accordance with SFAS No. 144, the figures of "Consolidated" for the years ended March 31, 2007 and 2008 have been reclassified to conform to the last year presentation for discontinued operations. The reclassifications to "Loss from discontinued operations (net of tax)" are included in "Adjustments and Eliminations."

(6) In accordance with APB No. 18, the parent company has retrospectively adjusted the prior periods' operating segment information of "Industrial Finance, Logistics & Development" and "Machinery" for the years ended March 31, 2007 and 2008, since the parent company acquired additional investments in cost method investees for the year ended March 31, 2009, and accounted for the parent company's ownership interest in the investees under the equity method.

(7) The amount includes other-than-temporary impairment of investment (before tax) in "Industrial Finance, Logistics & Development," "Metals," "Machinery," and "Living Essentials" of ¥47,715 million ($482 million), ¥55,773 million ($563 million), ¥20,900 million ($211 million), and ¥21,117 million ($213 million), respectively.

Geographic Information

Operating transactions are attributed to geographic areas based on the location of the assets producing such revenues. Operating transactions, gross profit and long-lived assets at and for the years ended March 31, 2007, 2008 and 2009 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2007	2008	**2009**	**2009**
Operating transactions*:				
Japan	¥16,210,290	¥18,150,592	**¥18,145,484**	**$183,288**
U.S.A.	1,379,801	1,600,815	**1,289,333**	**13,024**
Australia	421,531	375,988	**695,545**	**7,026**
Other	2,514,948	2,975,648	**2,258,742**	**22,815**
Total	¥20,526,570	¥23,103,043	**¥22,389,104**	**$226,153**
Gross profit:				
Japan	¥ 694,070	¥ 766,336	**¥ 795,363**	**$ 8,034**
Australia	178,641	87,860	**375,791**	**3,796**
U.S.A.	65,919	77,436	**68,747**	**694**
Other	206,902	240,590	**223,251**	**2,255**
Total	¥ 1,145,532	¥ 1,172,222	**¥ 1,463,152**	**$ 14,779**
Long-lived assets:				
Japan	¥ 614,991	¥ 712,280	**¥ 689,322**	**$ 6,963**
Australia	294,685	301,152	**333,168**	**3,365**
U.S.A.	97,649	168,524	**122,860**	**1,241**
Canada	69,987	82,233	**52,057**	**526**
Other	223,096	250,000	**274,128**	**2,769**
Total	¥ 1,300,408	¥ 1,514,189	**¥ 1,471,535**	**$ 14,864**

* "Operating transactions" is a voluntary disclosure commonly made by Japanese trading companies, and is not meant to represent sales or revenues in accordance with U.S. GAAP. See Note 1.

Neither the companies nor any of their segments depended on any single customer, small group of customers, or government for more than 10% of their revenues for the years ended March 31, 2007, 2008 and 2009.

22. OTHER EXPENSE (INCOME)—NET

"Other expense (income)—net" for the years ended March 31, 2007, 2008 and 2009 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2007	2008	**2009**	**2009**
Net foreign exchange losses (gains)	¥17,446	¥(18,242)	**¥101,073**	**$1,021**
Impairment loss of goodwill (See Note 9)	838	99	**4,586**	**46**
Miscellaneous	(4,391)	(5,412)	**(4,731)**	**(48)**
Total	¥13,893	¥(23,555)	**¥100,928**	**$1,019**

23. LEASES

Lessor

The companies lease vehicles, vessels, and other industrial machinery and equipment under arrangements which are classified as direct financing leases under SFAS No. 13, "Accounting for Leases."

Net investments in direct financing leases at March 31, 2008 and 2009, included in "Receivables—trade" and "Non-current notes, loans and accounts receivable—trade" in the accompanying consolidated balance sheets, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Total minimum lease payments to be received	¥252,171	**¥255,733**	**$2,583**
Estimated unguaranteed residual value of leased assets	2,291	**2,040**	**21**
Less—unearned income	(35,790)	**(43,033)**	**(435)**
Investment in direct financing leases	218,672	**214,740**	**2,169**
Less—allowance for doubtful receivables	(1,168)	**(1,223)**	**(12)**
Net investment in direct financing leases	¥217,504	**¥213,517**	**$2,157**

The companies also lease aircrafts, vessels and other industrial assets under operating leases.

The following provides an analysis of the companies' investment in property on operating leases and property held for lease by classes at March 31, 2009:

	Millions of Yen			Millions of U.S. Dollars		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Land	**¥ 25,486**		**¥ 25,486**	**$ 257**		**$ 257**
Buildings	**46,444**	**¥ (8,393)**	**38,051**	**469**	**$ (85)**	**384**
Machinery and equipment	**54,669**	**(31,292)**	**23,377**	**552**	**(316)**	**236**
Aircrafts and vessels	**380,192**	**(148,662)**	**231,530**	**3,841**	**(1,501)**	**2,340**
Total	**¥506,791**	**¥(188,347)**	**¥318,444**	**$5,119**	**$(1,902)**	**$3,217**

Future minimum lease payments to be received as of March 31, 2009 are as follows:

	Millions of Yen			Millions of U.S. Dollars
	Direct Financing Leases	Operating Leases	Total	Total
2010	¥ 79,804	¥ 39,219	¥119,023	$1,202
2011	62,723	33,143	95,866	968
2012	37,093	27,842	64,935	656
2013	21,029	24,350	45,379	458
2014	12,718	24,218	36,936	374
2015 and thereafter	42,366	69,188	111,554	1,127
Total	¥255,733	¥217,960	¥473,693	$4,785

Lessee

The companies lease equipment, real estate and others under capital leases. The following provides an analysis of the companies' leased assets recorded under capital leases by classes as of March 31, 2008 and 2009:

	Millions of Yen		
2008	Cost	Accumulated Depreciation	Net
Buildings	¥ 6,074	¥ (2,649)	¥ 3,425
Machinery	29,814	(13,040)	16,774
Vessels and vehicles	8,739	(5,165)	3,574
Equipment and fixtures	30,008	(15,646)	14,362
Total	¥74,635	¥(36,500)	¥38,135

2009	Millions of Yen Cost	Accumulated Depreciation	Net	Millions of U.S. Dollars Cost	Accumulated Depreciation	Net
Buildings	**¥ 5,682**	**¥ (2,059)**	**¥ 3,623**	**$ 57**	**$ (20)**	**$ 37**
Machinery	**27,123**	**(13,872)**	**13,251**	**274**	**(140)**	**134**
Vessels and vehicles	**5,576**	**(3,293)**	**2,283**	**57**	**(34)**	**23**
Equipment and fixtures	**22,693**	**(12,587)**	**10,106**	**229**	**(127)**	**102**
Total	**¥61,074**	**¥(31,811)**	**¥29,263**	**$617**	**$(321)**	**$296**

The following is a schedule by years of future minimum lease payments under capital leases together with components of the present value of the net minimum lease payments as of March 31, 2009. Minimum payments have not been reduced by minimum sublease revenues of ¥18,261 million ($184 million) due in the future under subleases:

	Millions of Yen	Millions of U.S. Dollars
2010	¥ 10,487	$ 106
2011	10,235	104
2012	8,940	90
2013	6,797	69
2014	4,563	46
2015 and thereafter	22,896	231
Total minimum lease payments	¥ 63,918	$ 646
Less amount representing interest	(5,224)	(53)
Present value of net minimum lease payments	58,694	593
Less current capital lease obligations	(10,611)	(107)
Long-term capital lease obligations	¥ 48,083	$ 486

During the year ended March 31, 2005, the companies sold the Shinagawa Mitsubishi Building for ¥110,178 million, part of which was leased back from the purchaser for a period of approximately four and a half years. The lease was classified and accounted for as an operating lease. The gain equivalent to the present value of the future minimum lease payment resulting from the sale-leaseback transaction was deferred and has been amortized to offset rental expenses over the lease payment.

The companies also lease office space and certain other assets under operating leases. Total rental expenses under operating leases, including the assets subject to the sale-leaseback transaction discussed above, for the years ended March 31, 2007, 2008 and 2009 were ¥32,245 million, ¥36,494 million and ¥44,553 million ($450 million), respectively. Sublease rental income for the years ended March 31, 2007, 2008 and 2009 were ¥5,096 million, ¥5,214 million and ¥3,837 million ($39 million), respectively.

Future minimum lease payments under noncancelable leases as of March 31, 2009 are as follows. Minimum payments have not been reduced by minimum sublease rentals of ¥23,442 million ($237 million) due in the future under noncancelable subleases:

	Millions of Yen	Millions of U.S. Dollars
2010	¥ 33,917	$ 343
2011	88,778	897
2012	17,543	177
2013	14,934	151
2014	13,013	131
2015 and thereafter	74,672	754
Total	¥242,857	$2,453

24. STOCK-BASED COMPENSATION

The parent company had two types of stock option plans, stock option Class A and Class B, for certain directors and executive officers, however, the parent company resolved to unify the plan at the Board of Directors' meeting held on July 20, 2007.

The stock option plans resolved by the Board of Directors' meetings held in and before June 2007.

Under the Class A plan, the right to purchase the shares of the parent company is granted at an exercise price determined based on the greater of the quoted price of the shares on the Tokyo Stock Exchange on the grant date or the average quoted price for a month prior to the grant date. The stock options are vested and immediately exercisable after 23 months from the grant date, and exercisable periods are 8 years from the vested day.

Under the Class B plan, the right to purchase the shares of the parent company is granted at an exercise price of ¥1 per share. The contractual term of the Class B stock option is 30 years. The stock option holders may exercise their stock acquisition right during the 10-year period starting on the day after leaving their position as either director or executive officer of the parent company. Notwithstanding the above, if the stock option holders do not leave their position as either director or executive officer of the parent company, they may exercise their right from the day after 25 years from the grant date. If they leave their position as either director or executive officer of the parent company before the next June 30 after the grant date, the exercisable number is discounted in accordance with the tenure months from the grant date.

The stock option plans resolved by the Board of Directors' meetings held in and after July 2007.

Under the unified plan, the right to purchase the shares of the parent company is granted at an exercise price of ¥1 per share. The contractual term of the stock option is 30 years. The stock options are vested and exercisable from the earlier of either the day after 23 months from the grant date or the day after leaving their position as either director or executive officer of the parent company. The stock option holders may exercise their stock acquisition right during the 10-year period starting on the day after leaving their position as either director or executive officer of the parent company. If they leave their position as either director or executive officer of the parent company before the next June 30 after the grant date, the exercisable number is discounted in accordance with the tenure months from the grant date.

The total stock-based compensation cost recognized for the years ended March 31, 2007, 2008 and 2009 was ¥1,302 million, ¥1,608 million and ¥1,303 million ($13 million), respectively. The total tax benefit recognized related thereto for the years ended March 31, 2008 and 2009 was ¥383 million and ¥475 million ($5 million), respectively. The tax benefit realized from stock options exercised for the year ended March 31, 2009 was ¥7 million ($0 million). No stock-based compensation cost was capitalized for the years ended March 31, 2007, 2008 and 2009.

The weighted-average fair value of options granted under the parent company's stock option plan for the years ended March 31, 2007, 2008 and 2009 was ¥977, ¥3,062 and ¥2,645 ($26.71) per share, respectively.

The fair value of these stock options is estimated using the Black Scholes option pricing model prospectively, that uses the assumptions noted in the following table. Risk-free interest rate is based on the yield of government bond in effect at the time of grant having a remaining life equal to the option's expected life. Expected volatilities are based on the historical volatility of the parent company's stock for the period equal to the option's expected life from the grant date. Expected dividend is based on the actual dividend in the prior year. Expected life represents the period of time that the options granted are expected to be outstanding.

	2007	2008	**2009**
Risk-free interest rate	1.69%	1.50%	**1.17%–1.54%**
Expected volatility	35.67%	33.74%	**35.78%–35.91%**
Expected dividend yield	1.44%–3,500%	4,600%	**5,600%**
Weighted-average dividend yield	1.63%	4,600%	**5,600%**
Expected life	7.00 years	7.00 years	**7.00 years**

The following table summarizes information about stock option activities for the years ended March 31, 2007, 2008 and 2009:

	2007		2008		**2009**		
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	
Years Ended March 31		Yen		Yen		Yen	U.S. Dollars
Outstanding at beginning of the fiscal year	5,543,800	¥1,093	6,159,600	¥1,379	**5,621,500**	**¥1,331**	**$13.4**
Granted	1,539,800	2,151	367,600	1	**434,200**	**1**	
Repurchased	(31,000)	944					
Canceled or expired			(3,200)	1	**(4,500)**	**1**	
Exercised	(893,000)	947	(902,500)	1,123	**(531,700)**	**1,007**	**10.2**
Outstanding at end of the fiscal year	6,159,600	1,379	5,621,500	1,331	**5,519,500**	**1,259**	**12.7**
Exercisable at end of the fiscal year	3,065,200	985	3,531,800	1,181	**4,415,900**	**1,573**	**15.9**

The following table summarizes information for options outstanding and exercisable at March 31, 2009:

	Exercise Price Range	Number of Shares	Weighted Average Remaining Life	Aggregate Intrinsic Value	
	Yen		Years	Millions of Yen	Millions of U.S. Dollars
Outstanding	**¥1–2,435**	**5,519,500**	**10.2**	**¥144**	**$1**
Exercisable	**¥1–2,435**	**4,415,900**	**5.7**		

The total intrinsic value of options exercised for the years ended March 31, 2007, 2008 and 2009 was ¥1,283 million, ¥1,797 million and ¥687 million ($7 million), respectively. As of March 31, 2009, the total unrecognized compensation cost related to non-vested stock options granted under the plans was ¥253 million ($3 million). That cost is expected to be recognized over a weighted-average period of 0.3 years.

In March 2007, the parent company repurchased the stock options granted to a director. The total amount of the repurchase was ¥56 million determined by the estimated fair market value at the date of the transaction.

25. VARIABLE INTEREST ENTITIES

In accordance with FIN No. 46R, the companies evaluate their involvement with VIEs, and conclude that the companies are the primary beneficiary in arrangements where the companies absorb a majority of the VIE's expected losses. Even in cases where no single party absorbs a majority of the VIE's expected losses, the companies are determined to be the primary beneficiary if the companies receive a majority of the VIE's expected residual returns.

Following is the information regarding the VIEs that are consolidated by the companies as the companies are the primary beneficiary and those entities that the companies do not consolidate as the companies are not the primary beneficiary although the companies have significant interests in such VIEs.

VIEs Consolidated

The companies utilize VIEs primarily in the real estate development business. The companies purchase real estate and beneficial interests in real estate for the purpose of resale after enhancing its value by developing real estate properties. The companies utilize these VIEs to obtain nonrecourse loans from third parties to limit the companies' risks on activities related to the real estate development and real estate investment trusts business.

The total amounts of equity investments without voting rights in these VIEs were ¥48,312 million and ¥81,630 million ($825 million) at March 31, 2008 and 2009, respectively. Consolidated total assets of these VIEs totaled ¥102,205 million and ¥134,819 million ($1,362 million) and liabilities of these VIEs totaled ¥87,651 million and ¥131,568 million ($1,329 million) at March 31, 2008 and 2009, respectively. The assets consisted of mainly property and equipment and the liabilities consisted of mainly long-term debt.

A portion of the assets is pledged as collateral for these VIEs' long-term debt. The carrying amount at March 31, 2009 was ¥56,237 million ($568 million), and was classified as property and equipment in the Consolidated Balance Sheets.

VIEs Not Consolidated

The companies have significant variable interests, in the form of equity investments, guarantees and loans, in VIEs involved in various businesses that the companies are not the primary beneficiary.

One of the significant VIEs, in which the companies have had significant variable interests since its establishment in the 2000s, is an entity established to execute project finance in the infrastructure business.

The following table summarizes the total assets and liabilities of these VIEs, and the companies' maximum exposures to loss as a result of the companies' involvement in these VIEs, at March 31, 2008 and 2009, respectively. The assets consisted of mainly property and equipment and the liabilities consisted of mainly long-term debt.

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Total assets	¥389,831	**¥386,246**	**$3,901**
Total liabilities		**351,569**	**3,551**
Maximum exposures to loss	43,025	**74,335**	**751**

The companies' maximum exposures to loss, which primarily consisted of loans and guarantees, usually did not relate to the loss generally anticipated from the companies' involvement with the VIEs but is believed to exceed the anticipated loss considerably.

26. COMMITMENTS AND CONTINGENT LIABILITIES

Long-term Commitments

The companies, in the normal course of trading operations, enter into substantial long-term purchase commitments for various commodities, principally metals, machinery, and chemical products at fixed prices or basis prices adjustable to market. Such purchase commitments are in most instances matched with counterparty sales contracts. At March 31, 2009, the outstanding long-term purchase commitments amounted to ¥4,137,937 million ($41,797 million) of which deliveries are at various dates through 2038.

The companies also had long-term financing commitments aggregating ¥258,086 million ($2,607 million) at March 31, 2009 for loans, investments in equity capital and financing on a deferred-payment basis for the cost of equipment to be purchased by customers.

Guarantees

The companies are parties to various agreements under which they have undertaken obligations resulting from the issuance of certain guarantees. The guarantees have been issued for the companies' affiliates, customers and suppliers of the companies.

Credit Guarantees

As of March 31, 2008 and 2009, the companies provided ¥195,443 million and ¥275,058 million ($2,778 million), respectively, of credit guarantees for certain customers and suppliers, and ¥56,304 million and ¥52,124 million ($527 million), respectively, for affiliates, in a form of standby letters of credit and performance guarantees. These credit guarantees enable our customers, suppliers, and affiliates to execute transactions or obtain desired financing arrangements with third parties. Most of these guarantees outstanding at March 31, 2009 will expire within ten years, with certain credit guarantees expiring by the end of 2033. Should the customers, suppliers, and affiliates fail to perform under the terms of the transaction or financing arrangement, the companies would be required to perform on their behalf.

The companies have set internal ratings based on various information, such as the guaranteed party's financial statements, and manage risks of credit guarantees by establishing limits on guarantees for each guaranteed party based on these internal ratings and require collateral or a reassurance as necessary.

At March 31, 2008 and 2009, the secured amount of credit guarantees was ¥8,379 million and ¥32,020 million ($323 million), respectively.

The liabilities for these credit guarantees were ¥4,450 million and ¥6,124 million ($62 million) at March 31, 2008 and 2009, respectively.

As of March 31, 2009, there were no credit guarantees with a high probability of resulting in a significant loss due to the enforcement of a guarantee.

Indemnification

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

Product Warranties

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

The changes in the accrued product warranty cost for the years ended March 31, 2008 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2008	**2009**	**2009**
Balance at beginning of year	¥5,149	**¥3,784**	**$38**
Accrued cost	2,058	**1,875**	**19**
Payments	(1,243)	**(1,968)**	**(20)**
Other*	(2,180)	**(119)**	**(1)**
Balance at end of year	¥3,784	**¥3,572**	**$36**

* "Other" principally includes the effect of changes in foreign currency exchange rates.

Litigation

The companies are parties to litigation arising in the ordinary course of business. In the opinion of management, the liability of the companies, if any, when ultimately determined from the progress of the litigation will not have a materially adverse effect on the operating results or financial position of the companies.

27. SUBSEQUENT EVENTS

Dividends and Stock Option Plan

At the general shareholders' meeting held on June 24, 2009, the parent company's shareholders approved the following dividend payment and stock options grants:

Dividends—The parent company was authorized to pay a cash dividend of ¥16 ($0.16) per share, or a total of ¥26,290 million ($266 million) to shareholders of record on March 31, 2009.

Stock option plan—The parent company was authorized to grant additional options to certain directors to purchase up to 341,800 shares of the parent company's common stock in the period from June 25, 2009 to June 24, 2039, with payment due upon exercise of the stock acquisition right being ¥1 per share.

In addition, the parent company's Board of Directors' meeting held on May 15, 2009, approved to grant the same type of options to executive officers to purchase up to 1,080,200 shares of the parent company's common stock.

SUPPLEMENTAL OIL AND GAS INFORMATION (Unaudited)

The companies' oil and gas exploration, development and production activities are conducted through subsidiaries and equity method investees in offshore and onshore areas of the Pacific Rim, America, Africa and Europe. Supplementary information on the subsidiaries and on the companies' share of affiliated companies presented below is prepared in accordance with the requirements prescribed by SFAS No. 69, "Disclosures about Oil and Gas Producing Activities," as of and for the years ended March 31, 2007, 2008 and 2009:

Table 1: Capitalized Costs Relating to Oil and Gas Producing Activities

	Millions of Yen			Millions of U.S. Dollars
	2007	2008	**2009**	**2009**
Unproved oil and gas properties	¥ 2,703	¥ 52,685	**¥ 21,352**	**$ 216**
Proved oil and gas properties	42,133	78,845	**104,137**	**1,052**
Subtotal	44,836	131,530	**125,489**	**1,268**
Accumulated depreciation, depletion, amortization and valuation allowances	(13,454)	(24,300)	**(32,847)**	**(332)**
Net capitalized costs	¥ 31,382	¥107,230	**¥ 92,642**	**$ 936**
The companies' share of affiliated companies' net capitalized costs*1	¥441,292	¥219,285	**¥197,240**	**$1,992**

Table 2: Costs Incurred in Oil and Gas Property Acquisition, Exploration and Development Activities

	Millions of Yen			Millions of U.S. Dollars
	2007	2008	**2009**	**2009**
Acquisition of proved properties	¥ 18	¥ 20,565	**¥ 3,772**	**$ 38**
Acquisition of unproved properties	78	50,423	**245**	**2**
Exploration costs	3,534	8,547	**6,630**	**67**
Development costs	15,749	14,718	**19,869**	**201**
Total costs incurred	¥19,379	¥ 94,253	**¥30,516**	**$308**
The companies' share of affiliated companies' costs of property acquisition, exploration and development*1	¥98,561	¥109,406	**¥65,720**	**$664**

Table 3: Results of Operations for Producing Activities

	Millions of Yen			Millions of U.S. Dollars
	2007	2008	**2009**	**2009**
Revenues:				
Sales to external customers	¥21,707	¥44,534	**¥ 38,503**	**$ 389**
Sales to intersegment	11,570	12,273	**15,569**	**157**
Expenses:				
Production costs	11,202	19,604	**20,738**	**210**
Exploration expenses	2,947	7,030	**5,727**	**58**
Depreciation, depletion, amortization and valuation allowances	6,283	10,890	**39,240**	**396**
Income tax expenses	5,503	7,746	**2,485**	**25**
Results of operations from producing activities (excluding corporate overhead and interest costs)	¥ 7,342	¥11,537	**¥(14,118)**	**$(143)**
The companies' share of affiliated companies' results of operations from producing activities*2	¥32,695	¥31,554	**¥ 46,112**	**$ 466**

Table 4: Reserve Quantity Information

In accordance with U.S. GAAP, proved gas reserves are constrained to those volumes that are related to firm sales commitments. The natural gas reserves at the end of each year are therefore only a fraction of the volume that is expected to be committed to sales over time and upon which the decision to proceed with development was based. The proved oil reserves at March 31, 2007, 2008 and 2009 include only a small fraction of the volume that is calculated by a simple method.

	Crude Oil and Natural Gas Liquids (Millions of Barrels)			Natural Gas (Billions of Cubic Feet)		
	2007	2008	**2009**	2007	2008	**2009**
Proved developed and undeveloped reserves:						
Beginning of year	31	22	**45**	38	39	**39**
Revisions of previous estimates	(5)	17	**5**	(14)	(3)	**(14)**
Extensions and discoveries		7		14	5	**36**
Purchases		5	**7**	7	3	**10**
Production	(4)	(6)	**(4)**	(6)	(5)	**(4)**
End of year	22	45	**53**	39	39	**67**
Proved developed reserves—end of year	22	31	**44**	18	20	**19**
The companies' proportional interest in reserves of affiliated companies—end of year	105	56	**50**	2,640	1,595	**1,509**

Table 5: Standardized Measure of Discounted Future Net Cash Flows and Changes therein Relating to Proved Oil and Gas Reserves

In accordance with U.S. GAAP, a standardized measure of discounted future net cash flows relating to the proved reserve quantities is based on prices and costs at the end of each year, currently enacted tax rates and a 10% annual discount factor. The natural gas activities' standardized measure of discounted future net cash flows includes the full committed costs of development and operation for the asset under the integrated Production Sharing Agreement. On the other hand, revenues are registered only in relation to the currently estimated proved reserves stated in Table 4 (Reserve Quantity Information). The proved gas reserves are constrained to those volumes that are related to firm sales commitments. The natural gas reserves at the end of each year are therefore only a fraction of the volume that is expected to be committed to sales over time and upon which the decision to proceed with development was based. Estimates of proved reserve quantities may change over time as new sales commitments become available. Consequently, the information provided here does not represent management's estimate of the companies' expected future cash flows or value of the proved reserves.

(1) Standardized Measure of Discounted Future Net Cash Flows	Millions of Yen			Millions of U.S. Dollars
	2007	2008	**2009**	**2009**
Future cash inflows	¥180,306	¥440,708	**¥260,522**	**$2,632**
Future production costs	(83,968)	(203,946)	**(130,043)**	**(1,314)**
Future development costs	(18,560)	(56,433)	**(75,367)**	**(761)**
Future income tax expenses	(25,643)	(47,522)	**(14,965)**	**(151)**
Undiscounted future net cash flows	52,135	132,807	**40,147**	**406**
10% annual discount for estimated timing of cash flows	(14,642)	(42,895)	**(17,264)**	**(175)**
Standardized measure of discounted future net cash flows	¥ 37,493	¥ 89,912	**¥ 22,883**	**$ 231**
The companies' share of affiliated companies' standardized measure of discounted future net cash flows*2	¥431,753	¥348,072	**¥149,944**	**$1,515**

(2) Details of Changes for the Year	Millions of Yen			Millions of U.S. Dollars
	2007	2008	**2009**	**2009**
Discounted future net cash flows at April 1	¥52,824	¥37,493	**¥89,912**	**$908**
Sales and transfer of oil and gas produced, net of production costs	(15,316)	(36,758)	**(28,340)**	**(286)**
Development costs incurred	13,368	12,195	**14,399**	**145**
Purchases of reserves		19,920	**(1,490)**	**(15)**
Net changes in prices, development and production costs	9,370	38,273	**(88,784)**	**(897)**
Extensions, discoveries and improved recovery, less related costs	5,016	12,740	**6,870**	**69**
Revisions of previous quantity estimates	(46,094)	9,937	**13,922**	**141**
Accretion of discount (10%)	5,117	4,946	**9,410**	**95**
Net change in income taxes	12,882	(7,838)	**16,396**	**166**
Difference of foreign exchange rates	326	(996)	**(9,412)**	**(95)**
Discounted future net cash flows at March 31	¥37,493	¥89,912	**¥22,883**	**$231**

*1 Natural gas activities include costs related to the production of LNG.
*2 Natural gas activities include revenues and costs related to the production of LNG.

Independent Auditors' Report

Deloitte.

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To the Board of Directors and Shareholders of Mitsubishi Corporation
(Mitsubishi Shoji Kabushiki Kaisha):

We have audited the accompanying consolidated balance sheets of Mitsubishi Corporation (Mitsubishi Shoji Kabushiki Kaisha) and subsidiaries (the "Company") as of March 31, 2008 and 2009, and the related consolidated statements of income, comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2009 (all expressed in Japanese yen). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States 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 in accordance with attestation standards established by the American Institute of Certified Public Accountants on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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 consolidated financial position of Mitsubishi Corporation and subsidiaries as of March 31, 2008 and 2009, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the accompanying consolidated financial statements with respect to the years ended March 31, 2007 and 2008 have been retrospectively adjusted for the change in accounting related to the investments that qualified for the equity method of accounting during the year ended March 31, 2009.

Our audits also comprehended the translation of Japanese yen amounts into United States dollar amounts included in the consolidated financial statements with respect to the year ended March 31, 2009 and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such United States dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 19, 2009 (June 24, 2009 as to the matters discussed in Note 27)

Member of
Deloitte Touche Tohmatsu

NOTE TO READERS:

Notwithstanding the second paragraph of the Independent Auditors' Report, Deloitte Touche Tohmatsu ("DTT") has performed an audit of management's report on internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act of Japan. A translated copy of management's report on ICFR along with a translated copy of DTT's report is included within this annual report as information for readers.

Supplementary Explanation

Internal Controls Over Financial Reporting in Japan

The Financial Instruments and Exchange Act in Japan ("the Act") requires the management of Japanese public companies to annually evaluate whether internal controls over financial reporting ("ICFR") are effective as of each fiscal year-end and to disclose the assessment to investors in "Management Internal Control Report." The Act also requires that the independent auditors of the financial statements of these companies report on management's assessment of the effectiveness of ICFR in an Independent Auditors' Report ("indirect reporting"). Under the Act these reports are required for fiscal years beginning on or after April 1, 2008.

We have thus evaluated its internal controls over financial reporting as of March 31, 2009 in accordance with "The Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting" published by the Business Accounting Council.

As a result of conducting an evaluation of internal controls over financial reporting in the fiscal year ended March 31, 2009, we concluded that its internal control system over financial reporting as of March 31, 2009 was effective and reported such in its Management Internal Control Report.

Our Independent Auditors, Deloitte Touche Tohmatsu, performed an audit of the Management Internal Control Report under the Act.

An English translation of the Management Internal Control Report and the Independent Auditors' Report filed under the Act is attached on the following pages.

Mitsubishi Corporation

Management Internal Control Report (Translation)

NOTE TO READERS:

Following is an English translation of management's report on internal control over financial reporting ("ICFR") filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between management assessment of ICFR under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA").

In management assessment of ICFR under FIEA, there is detailed guidance on the scope of management assessment of ICFR such as quantitative guidance on business location selection and/or account selection. In management assessment of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance. Accordingly, based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business processes, we used a measure of approximately 70% of total assets and income before income taxes for the selection of significant location and business units.

(TRANSLATION)

1 [Matters relating to the basic framework for internal control over financial reporting]

Yorihiko Kojima, President and CEO, and Kiyoshi Fujimura, Director and Executive Vice President, are responsible for designing and operating effective internal control over financial reporting of our company (the "Company") and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "The Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2 [Matters relating to the scope of assessment, the basic date of assessment and the assessment procedures]

The assessment of internal control over financial reporting was performed as of March 31, 2009, which is the end of this fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on our entire financial reporting on a consolidation ("company-level controls."). And we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of the Company's financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal controls of the Company.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of their financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliated companies. We did not include those consolidated subsidiaries and equity-method affiliated companies which do not have any material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we accumulated locations and business units in descending order of total assets (before elimination of intercompany accounts) and income before income taxes (before elimination of intercompany transactions) for the prior fiscal year, and those locations and business units whose combined amount of total assets reaches approximately 70% of total assets on a consolidated basis and those locations and business units whose combined amount of income before income taxes reaches approximately 70% of consolidated income before income taxes on a consolidated basis were selected as "significant locations and business unit." At the selected significant locations and business units, we included, in the scope of assessment, (i) those business processes leading to sales or revenue, accounts receivable and inventories, and those leading to investments and loans, as significant accounts that may have a material impact on the business objectives of the Company, and (ii) those business processes leading to other quantitatively material accounts. Further, not only at selected significant locations and business units but also at other locations and business units, we added to the scope of assessment, as business processes having greater materiality considering their impact on the financial reporting, (i) those business processes relating to greater likelihood of material misstatements and significant accounts involving estimates and the management's judgment, and (ii) those business processes relating to businesses or operations dealing with high-risk transactions.

3 [Matters relating to the results of the assessment]

As a result of the assessment described above, we concluded that the Company's internal control over financial reporting was effective as of the end of this fiscal year.

4 [Supplementary information]

Not applicable

5 [Special information]

Not applicable

Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan (Translation)

NOTE TO READERS:

Following is an English translation of Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between an audit of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA").

In an audit of ICFR under FIEA, the auditors express an opinion on management's report on ICFR, and do not express an opinion on the Company's ICFR directly. In an audit of ICFR under the attestation standards established by the AICPA, the auditors express an opinion on the Company's ICFR directly. Also in an audit of ICFR under FIEA, there is detailed guidance on the scope of an audit of ICFR, such as quantitative guidance on business location selection and/or account selection. In an audit of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance. Accordingly, based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business processes, we used a measure of approximately 70% of total assets and income before taxes for the selection of significant location and business units.

(TRANSLATION)

Independent Auditors' Report
(filed under the Financial Instruments and Exchange Act of Japan)

June 24, 2009

To the Board of Directors of Mitsubishi Corporation

Deloitte Touche Tohmatsu

Designated Partner,
Engagement Partner,
Certified Public Accountant: Masahiro Watanabe

Designated Partner,
Engagement Partner,
Certified Public Accountant: Shigeo Ogi

Designated Partner,
Engagement Partner,
Certified Public Accountant: Shuko Shimoe

Designated Partner,
Engagement Partner,
Certified Public Accountant: Takashi Mine

Designated Partner,
Engagement Partner,
Certified Public Accountant: Sachiko Yoshimizu

Designated Partner,
Engagement Partner,
Certified Public Accountant: Kazuaki Furuuchi

< Audit of Financial Statements >

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2009 of Mitsubishi Corporation (the "Company") and consolidated subsidiaries, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the fiscal year from April 1, 2008 to March 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mitsubishi Corporation and consolidated subsidiaries as of March 31, 2009, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America (Refer to "Preparing of consolidated financial statements").

< Audit of Internal Control over Financial Reporting >

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Mitsubishi Corporation as of March 31, 2009. The Company's management is responsible for designing and operating effective internal control over financial reporting and preparing its report on internal control over financial reporting. Our responsibility is to express an opinion on management's report on internal control over financial reporting based on our audit. There is a possibility that material misstatements will not completely be prevented or detected by internal control over financial reporting.

We conducted our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control over financial reporting is free of material misstatement. An audit includes examining, on a test basis, the scope, procedures and results of assessment of internal control made by management, as well as evaluating the overall presentation of the management's report on internal control over financial reporting. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Mitsubishi Corporation as of March 31, 2009 is effectively maintained, presents fairly, in all material respects, the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law.

(The above represents a translation, for convenience only, of the original report issued in the Japanese language.)

Responsibility Statement

June 24, 2009

Responsibility Statement

The following responsibility statement is made solely to comply with the requirements of DTR 4.1.12 of the Disclosure Rules and the Transparency Rules of the United Kingdom Financial Services Authority in its capacity as the United Kingdom Listing Authority, which apply to Mitsubishi Corporation as an issuer whose financial instruments are admitted to trading on the London Stock Exchange.

Yorihiko Kojima, President and CEO, confirms that, to the best of his knowledge, the financial statements were prepared fairly in all material respects in accordance with accounting principles generally accepted in the United States of America and that, to the best of his knowledge, the management report was prepared fairly in all material respects including the information about the development and performance of the business and the position of Mitsubishi Corporation and the undertakings included in the consolidation taken as a whole, together with the principal risks and uncertainties that they face.

Corporate Data

(As of March 31, 2009)

Mitsubishi Corporation

Date Established: April 1, 1950

Capital: ¥202,816,563,728

Shares of Common Stock Issued:
1,696,046,684

Head Office:
Mitsubishi Shoji Building
3-1, Marunouchi 2-chome,
Chiyoda-ku, Tokyo, 100-8086, Japan
(Registered address of our company)
Telephone: +81-3-3210-2121

Marunouchi Park Building
6-1, Marunouchi 2-chome,
Chiyoda-ku, Tokyo, 100-8086, Japan

Number of Employees:
Parent company: 5,690
Consolidated: 60,095

Independent Auditors:
Deloitte Touche Tohmatsu /
Tohmatsu & Co.

Number of Shareholders: 281,707

Stock Listings:
Tokyo, Osaka, Nagoya, London

Transfer Agent for the Shares:
Mitsubishi UFJ Trust and Banking Corporation
Stock Transfer Agency Department
10-11, Higashisuna 7-chome, Koto-ku,
Tokyo 137-8081, Japan
Telephone: 0120-232-711-696 (within Japan)

American Depositary Receipts:
Ratio (ADR:ORD): 1:2
Exchange: OTC (Over-the-Counter)
Symbol: MSBHY
CUSIP: 606769305

Depositary:
The Bank of New York Mellon
101 Barclay Street,
New York, NY 10286, U.S.A.
Telephone: (201) 680-6825
U.S. toll free: 888-269-2377 (888-BNY-ADRS)
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Internet

Mitsubishi Corporation's latest annual reports, financial reports and news releases are available on the Investor Relations homepage.

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Mitsubishi Corporation

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