

# Business Innovation Group



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## Business Innovation Group Organizational Structure

Business Innovation Group CEO Office  
 Business Innovation Group Controller Office

### Innovation Center

- Technology & Business Development Dept. • ITS Project Planning Dept.
- Automotive-Related Business Innovation Office

### New Energy & Environment Business Division

- New Energy Business Unit • Emissions Reduction Business Unit
- Environment & Water Business Unit

### Information & Communication Technology Business Division

- IT Solution Unit • IT Business Unit • Network Service Business Unit
- Information Security Business Unit

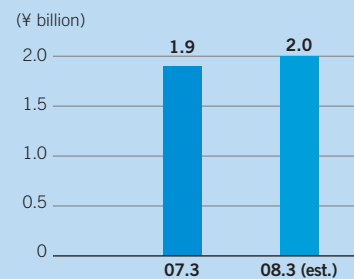
### Human Care Business Division

- Healthcare Business Unit • Hospital Solution Business Unit
- Life Care Business Unit • Food Service Business Unit

### Media Consumer Business Division

- Business Creation Unit • Human Service Business Unit
- Media Commerce Business Unit • Contents Business Unit
- Mobile Phone Business Unit

## Business Innovation Group Net Income



\* Figure restated based on new organization

## Group CEO's Message

### Formation of a New Business Group

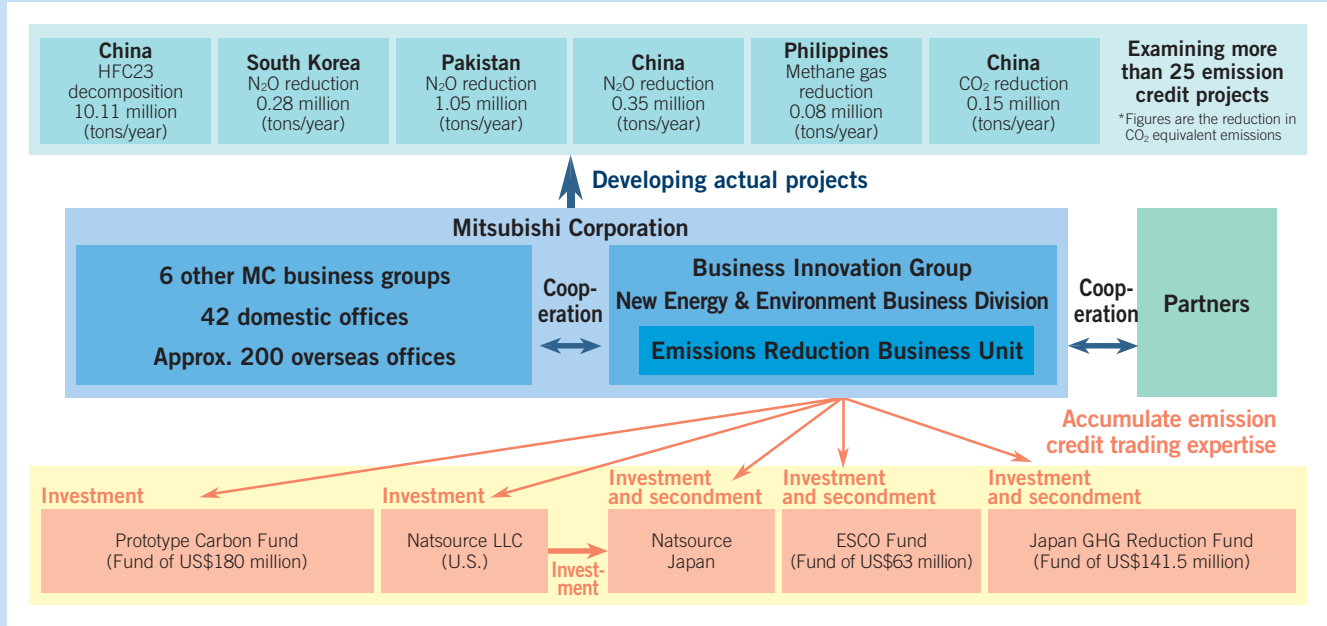
The Business Innovation Group was formed on April 1, 2007 from the progressive restructuring of the New Business Initiative Group. This new business group brings together the Information & Communication Technology (ICT) Business, Human Care Business, and Media Consumer Business divisions of the former New Business Initiative Group and new energy and environment-related businesses from the Energy Business, Metals and Machinery groups. It also includes the Innovation Center, which was formerly attached to the Corporate Staff Section. This group is thus

**Introduction to a Key Business—  
Emissions Reduction Project**

The Business Innovation Group recognizes the need for coexistence of the natural environment and economy using market mechanisms. Based on this recognition, MC has accumulated emission credit trading expertise since the late 1990s through investment in and/or sending employees to emission credit brokers

Natsource LLC of the U.S. and Natsource Japan, as well as various funds structured with the goal of reducing greenhouse gases (GHGs). Coupling this expertise with our overseas offices and an extensive worldwide network, we are already involved in UN-approved Clean Development Mechanism (CDM) projects that are reducing the equivalent of approximately 12 million tons of CO<sub>2</sub> per year. This makes us the

number-one among Japanese companies in this regard. Furthermore, we are currently examining more than 25 new emissions reduction projects in Asian countries, the Middle East, Europe, South America and elsewhere. The group will continue to develop the emissions reduction business to contribute to preservation of the Earth's natural environment from a medium- to long-term perspective.



made up of one center and four divisions—the Innovation Center, New Energy & Environment Business Division, Information & Communication Technology Business Division, Human Care Business Division, and Media Consumer Business Division—as well as group staff organizations. The Business Innovation Group has about 570 employees.

Today, we are seeing the structure of industry change dynamically on a global scale and continual technological advancement. The mission entrusted to this group is to create future earnings streams by developing, nurturing and expanding businesses that have strong earnings power as well as to contribute to society and the environment.

In fiscal 2007, the Business Innovation Group recorded net income of ¥1.9 billion based on restated business group figures under MC's new organizational structure. Corporate business development (R&D) and incubation expenses for developing business areas in the Innovation Center that are new to MC were covered by earnings from existing businesses in the four divisions of this business group.

**Group Strategy and Fiscal 2008 Outlook**

Corporate business development and incubation over the long term is important for MC. We will therefore continue to invest management

resources in these areas. Concurrent with this focus on future business development, we will work to increase earnings in our existing businesses. With this combination of activities we aim to elevate net income to ¥2.0 billion in fiscal 2008, our first year of operations.

In pursuing long-term corporate development and incubation, the Innovation Center collaborates with laboratories, universities, private-sector companies and other parties to make upfront investments in new technologies, materials and business models such as lithium-ion batteries. These efforts will continue to unearth and develop new business opportunities. We've already had success at converting our forward-looking work into earnings. A prime example is emission credit trading. Seeing the potential, we began acquiring expertise in this sector in the late 1990s when it was very much a frontier field. Today, we are using our head-start and knowledge to good effect.

The New Energy & Environment Business and Human Care Business divisions, meanwhile, are core organizations responsible for new energies & the environment and medical health care fields, two of the three fields MC has designated as Next-Generation Core Businesses. We will grow businesses in these fields, adopting a company-wide approach that fosters greater cooperation with other

business groups and also involves the strategic allocation of resources.

The ICT Business Division, responsible for information, communications and systems-related services, and the Media Consumer Business Division, responsible for content utilization and mobile phone sales businesses, will focus on developing core businesses while reshaping their business portfolios. An aggressive M&A strategy will form part of their approach as they pursue organic growth as well as growth through outside acquisitions.

In developing the businesses of this group in the past, MC's approach has been to send people to a number of strategic subsidiaries to manage them directly. Moving forward, we will continue to develop and produce management personnel in a bid to establish an even more stable business foundation on a consolidated basis and increase earnings.

Koichi Komatsu  
Executive Vice President,  
Group CEO, Business Innovation Group

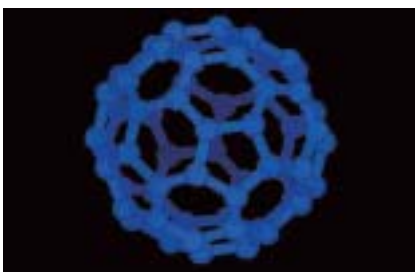
## Innovation Center

We develop new businesses harboring significant growth prospects from a medium- to long-term standpoint, as well as help other MC business groups to do the same.

We aim to develop new technologies and viable businesses by investing in them at an early stage before the markets are fully formed, viewing structural changes in industry and technological innovation as business opportunities.

We seek to launch new markets with our partners that will contribute to the advancement of industry. Illustrating these efforts are work to develop applications for nanomaterials such as fullerenes and nanotechnology-related businesses; new business development in the electronics industry; the planning and creation of businesses related to Intelligent Transport Systems (ITS); the development of lithium-ion batteries for electric vehicles; and support for development projects led by other MC business groups.

Battelle-Japan Corporation, a joint venture we established in March 2006 with Battelle Memorial Institute, a U.S.-based independent research institution, is creating the "seeds" for new businesses by developing innovative technologies. This development is being conducted in association with Battelle, one of the largest research institutions in the world, and leading Japanese corporations, universities and laboratories.



### Fullerenes

Composed of 60 carbon atoms, fullerenes are expected to facilitate the development of a host of innovative products. This state-of-the-art material already has commercial applications in the cosmetics industry.

## New Energy & Environment Business Division

We are engaged in new energy and environmental businesses that leverage MC's proven ability in energy-related businesses and global market reach.

Up to now, various MC groups and organizations, including the Innovation Center and Energy Business, Metals, Machinery, Chemicals and Living Essentials groups, have conducted environmental and new energy businesses based on diverse strategies. This division was formed in April 2007 to bring these scattered activities under one organizational body in MC. Behind this reorganization is the strong recognition that MC must actively engage in environmental businesses to maintain and increase its corporate value. Putting this importance into context is that the 21st Century is regarded by many as the Century of the Environment. We see our mission as helping to solve increasingly grave environmental issues through our businesses. We will concentrate on three fields in particular: the new energy business, emissions reduction business, and environment & water business.

In fiscal 2008, our inaugural year, we will develop solar energy, biofuels, emissions reduction, water-related and resource recycling businesses based on close scrutiny of medium- and long-term trends in regards to energy problems and global warming.



### Amorphous Solar Cells

Pictured is a 1.4MW solar power generation facility installed by Spanish engineering firm TSK in Toledo, Spain. MC supplied amorphous-type photovoltaic modules manufactured by Mitsubishi Heavy Industries for the plant.

## Information & Communication Technology Business Division

Our aim is to be a business solution partner focused on information and communication technology (ICT). Tapping MC's peerless business expertise, we will deliver wide-ranging ICT services.

We provide comprehensive solutions to client companies centered on consulting, system integration (SI), network integration (NI) and other services. These services are provided in conjunction with our own contact center, IT outsourcing and business process outsourcing (BPO) services.

One of our strategic subsidiaries in the SI field is IT Frontier Corporation (ITF). In fiscal 2008, ITF will continue its ongoing drive to grow as an IT management services company.

Two of the trends shaping our business environment are IT and network convergence, and next generation networks (NGN). Here, in the increasingly important NI domain, MC Group company Net One Systems Co., Ltd. is a leading player. We plan to strengthen collaboration with this company on expanding new business, including joint network services.

In terms of new domains, subsidiary Infosec Corporation aims to expand information security-related business. At the same time, leveraging key overseas operating bases—iVision Shanghai Co., Ltd. in China, MIC Business Solutions, Inc. in the U.S., AccesStage S/A and MC1 Tecnologia Ltda. in Brazil, Mitsubishi International Corporation's Silicon Valley office and other locations—we will support our client's global business, promote offshore development which has cost advantages and identify new technologies abroad.



**IT Frontier Corporation**

ITF aims to be clients' true IT partner. From the planning and establishment of IT strategy to system design, development and operation, ITF provides total support.

**Human Care Business Division**

Underpinned by our strength in management support and outsourcing services for hospitals, we are building a value chain in the healthcare field.

This division's business domain was previously confined solely to healthcare and peripheral fields. In April 2007, we extended our reach to the foodservice field.

In the healthcare field, we are building a value chain for supporting hospital management through a group of strategic subsidiaries. One is MC Medical, Inc., which imports and sells domestically advanced medical equipment from overseas. Nihon Hospital Service Co., Ltd., meanwhile, buys medical supplies in bulk for hospitals and manages associated supply centers. Apprecia, Inc., on the other hand, offers consulting services for the procurement of medical equipment when hospitals rebuild or relocate. And Lifetime Partners Inc. (LTP) provides consulting services for reforming hospital business processes and procuring funds.

In order to provide new forms of support for hospital management, we will develop various other businesses. Examples include health-care funds, an information systems business aimed at improving hospital administration, and a food delivery service for patients afflicted by lifestyle diseases.

In the nursing care field, subsidiary Nippon Care Supply Co., Ltd. is engaged in the wholesale and rental of nursing care equipment. It is now also developing new nursing-care related businesses.

In the foodservice industry, Create Restaurants Inc. is developing a restaurant chain based on new formats, while LEOC JAPAN Co., Ltd. provides meals to hospitals, nursing care facilities and other customers. From this base, we plan to leverage the strengths of this division to conduct a foodservice business that seeks to capitalize on industry restructuring.



**JR Sapporo Railway Hospital**

This was the first case among the company-owned hospitals in Japan which raised funds for rebuilding through securitization. MC used its financial, development and other capabilities to win the order for rebuilding and operating the hospital.

**Media Consumer Business Division**

We develop and invest in businesses with a consumer focus in various lifestyle fields.

In the media field, through subsidiary d-rights Inc. and other entities, we plan, produce and screen anime as well as develop and sell related products. Our activities also extend to mail-order sales using TV shopping, catalogs and other formats, along with other businesses. In addition, we develop various customer-centric businesses that incorporate our marketing capabilities. One uses JAL air miles as an incentive to promote sales, while another connects LAWSON convenience stores with customers via the Internet and mobile phones.

The mobile field is another business area for which this division is responsible. Here too we conduct various businesses either ourselves or through group companies. MS Communications Co., Ltd., for example, sells mobile phones and develops new services for mobile phones. Bewith, Inc. plays a vital role in ensuring smooth communications between companies and their customers through its contact center operations. Moreover, another business sees dietitians provide nutritional guidance for patients suffering from lifestyle diseases and other people with health concerns. Other new business models include services targeted at baby boomers and the creation of mechanisms to enhance the convenience of electronic settlement, and FeliCa contactless IC card technology.

Temporary staffing also falls within the remit of this division. Subsidiary Mates Co., Ltd. aims to develop into a provider of comprehensive human resources, including specialists in all fields.

In fiscal 2008, we will continue to strengthen existing businesses on an individual basis. But we also plan to make dramatic advances in consumer-centric business fields by coupling our various businesses in a way that only MC can, thus differentiating them in the marketplace.



**Venture Republic Inc.**

This MC subsidiary operates "coneco.net," which offers consumers price comparisons for various categories of products and services, and a similar website focused on travel called "Travel.co.jp."