

## Basis of Consolidated Financial Statements

### 1. Basic Accounting Policies

The accompanying consolidated financial statements of Mitsubishi Corporation (*the Company*) and its subsidiaries (collectively, *the companies*) have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The significant differences between U.S. and Japanese accounting standards applicable to the companies relate to the followings:

- (1) Valuation of investments
- (2) Deferral of gain on sales of properties for tax purpose (Not permitted under U.S. GAAP)
- (3) Derivative instruments and hedge accounting
- (4) Pension and retirement benefit accounting (Underfunded obligations and overfunded obligation are recognized as assets, liabilities and other comprehensive income (loss) for U.S. GAAP)
- (5) Accounting for business combinations and goodwill and other intangible assets

Regarding the accounting policies, the section has been omitted because there have been no major changes to the information in Mitsubishi Corporation's most recent financial report (*Yukashoken Hokokusho*), which was submitted on June 26, 2007.

### 2. Scope of Consolidation and Application of the Equity Method

#### (1) Number of consolidated subsidiaries and equity-method affiliates

	As of Sept. 30, 2007	As of Mar.31, 2007	Increase or [-] decrease
Consolidated subsidiaries	386	379	7
Equity-method affiliates	187	194	-7
Total	573	573	-

Note: The total number of consolidated subsidiaries and equity-method affiliates represents companies which the Company directly consolidates or to which it applies the equity method. 505 companies and 469 companies directly consolidated by subsidiaries as of September 30, 2007 and March 31, 2007, respectively, are excluded from this total..

#### (2) Changes in scope of consolidation and application of the equity method

##### [Consolidated subsidiaries]

New: NOSAN CORPORATION(transferred from equity-method affiliates) and others (20 companies in total)

Excluded: MURAKAWA and others (13 companies in total)

##### [Equity-method affiliates]

New: YONEKYU CO., NIKKEI MC ALUMINUM (transferred from subsidiary),  
ENERGI MEGA PRATAMA and others (8 companies in total)

Excluded: SAKHALIN ENERGY INVESTMENT and others (15 companies in total)

### 3. Change in Fiscal Year ends of Subsidiaries

In fiscal year ended March 2007, certain subsidiaries changed their fiscal year ends to March 31 mainly from December 31, to increase the timeliness and clarity of the companies' consolidated financial position and results of operations. The periodic accounting of earnings and losses for the months that exceeds 12 months were directly credited or charged through the unappropriated retained earnings in order to maintain the comparability of periodic earnings.