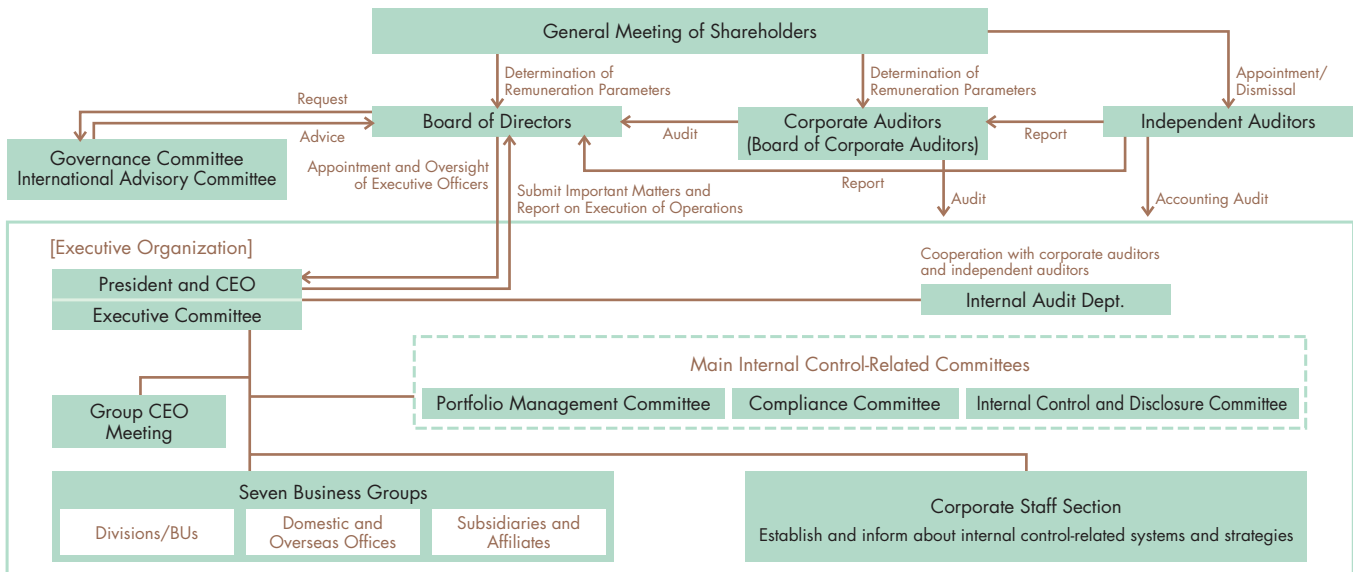


Corporate Governance and Internal Control System

MC's corporate philosophy is enshrined in the Three Corporate Principles—corporate responsibility to society, integrity and fairness, and international understanding through trade. Guided by this philosophy, we are strengthening our management system with the aim of achieving sustained growth. In addition to mandatory organizations and governance systems, MC is improving and strengthening its corporate governance system in various other ways. Actions include appointing outside directors, introducing the executive officer system and

setting up advisory committees to the Board of Directors.

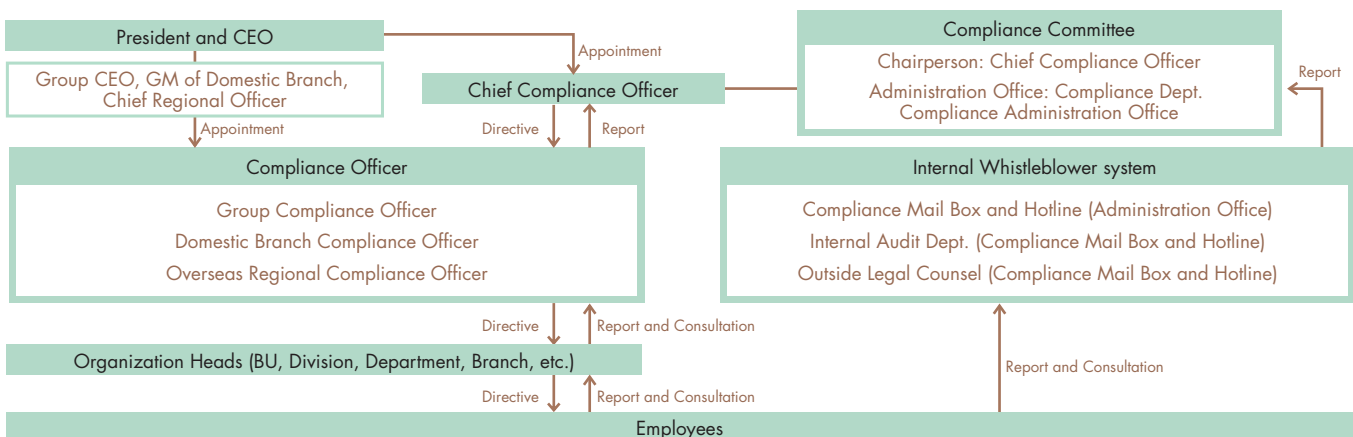
So as to ensure that business activities are conducted properly and in conformity with laws and the Articles of Incorporation, our efforts are ongoing to reform and improve an internal control system covering; efficient business execution; compliance; risk management; financial reporting; management and storage of information; ensuring proper operation in group management; internal auditing and monitoring; and our corporate auditors.



Compliance Framework

In September 2000, MC formulated its Code of Conduct and established the post of Compliance Officer. In March 2006, the Code of Conduct was revised, and all officers and employees of MC, the parent company, are now required to sign a written commitment of adherence to this Code every year. This is part of ongoing actions to upgrade and reinforce the compliance system.

In April 2008, the Compliance Department was newly established in order to consolidate all compliance-related affairs. We are strengthening our MC-wide compliance framework to ensure that all employees of MC and its affiliates possess a thorough understanding of compliance requirements. This continues to be a key initiative to realize increased corporate value.



Medium Term Management Plan INNOVATION 2009 “Opening Up A New Era”

MC has unveiled a new medium term management plan called “INNOVATION 2009.” The new plan covers the 2-year period from April 2008 through March 2010. Carrying on the same basic stance as under “INNOVATION 2007,” MC aims to contribute to the continuous advancement of society while sustaining the company’s growth and raising consolidated corporate value as a global business enterprise. In an era high in uncertainty, MC regards the next two years as a period for both building on its achievements thus far and consolidating on its position for the future. In line with this thinking, it will create future growth drivers while enhancing the quality of its business portfolio by prioritizing resources more than ever before.

Vision and Basic Concepts

In its aim to be “a New Industry Innovator,” MC will devise and execute various initiatives that continue to adhere to the following three basic concepts: “Grasping Change and Opening Up a New Era for MC (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)

1. Tapping into Global Growth

MC has strengthened its companywide framework by appointing a Corporate Functional Officer (Global Strategy), whose job is to comprehensively identify constant change around the world and propose strategies based on this information, and Executive Vice Presidents (EVPs) for each region outside Japan and a Senior Executive Vice President (SEVP) for Japan, who will assist with those efforts from a management standpoint. MC has also appointed Chief Regional Officers, who will reflect information provided by front-line operations in a timely manner in business strategy.

2. Promoting Innovation in New Fields

To create future earnings pillars, MC is currently developing businesses centered on three fields it calls Next Generation Core Businesses: New Energy & the Environment, Medical Healthcare, and Finance. The company will continue to enhance its systems and structures to further facilitate actions in new fields.

3. Strengthening Structure & Systems in Support of Growth

From the perspective of strengthening companywide management functions, MC has appointed Senior Executive Vice Presidents (SEVPs) who will be responsible for important management themes as assistants to the President from an operational perspective. MC will also revamp the Executive Committee, Board of Directors and other management meetings. In another change, MC has reviewed the role of its Business Group CEOs (GCEOs) so as to create a framework that enables them to concentrate on management execution in their Business Groups. This involves handing more authority to GCEOs, thereby facilitating faster and enhanced management decision-making and execution. As a result, management and execution will be even more clearly demarcated at MC.

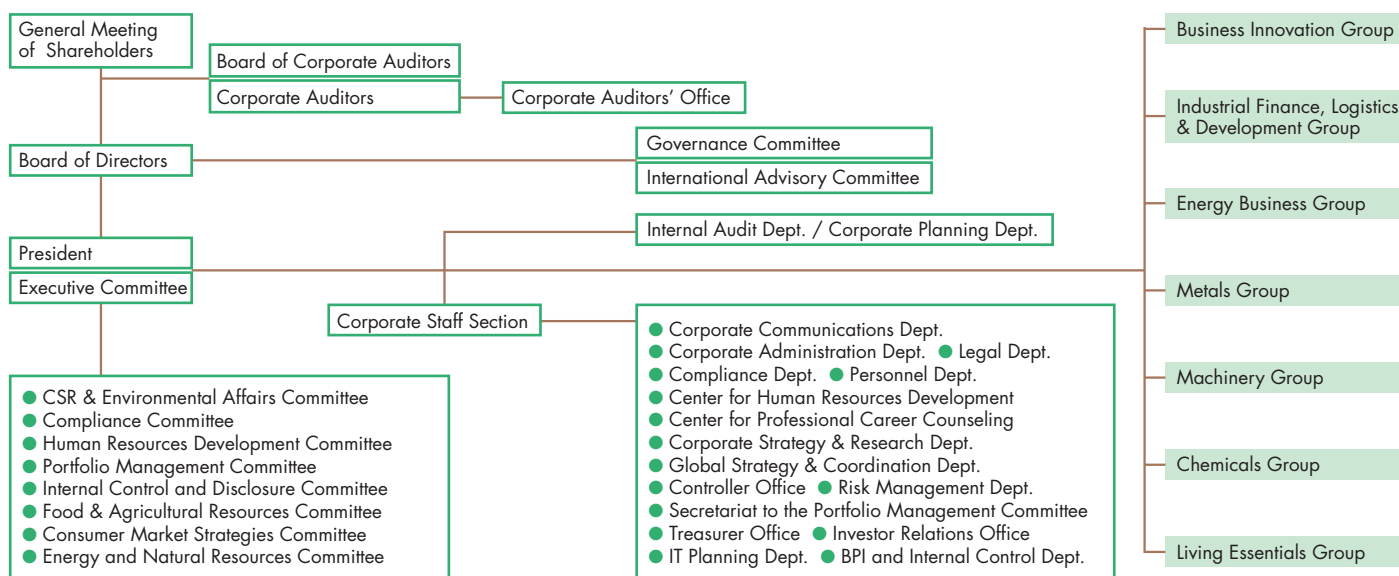
Developing & Utilizing Human Resources (Developing Human Assets)

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 dynamically deploy and reassign people with the necessary skills to areas and regions that are expected to grow. MC hopes 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 as a group of companies, MC is committed to creating a corporate group linked by a “chain of trust and responsibility,” and 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 reform and system 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.

Organizational Structure (As of July 1, 2008)



Introduction to Business Groups

<p>Business Innovation Group</p> 	<p>Operating transactions: ¥287,960 million</p> <p>Net income: ¥1,080 million</p> <p>Segment assets: ¥197,017 million</p>	<p>Amid rapid changes in the natural environment, structure of global industry, and development of advanced technologies, the Business Innovation Group is developing proactive, innovative and competitive businesses in high-growth industries. Providing significant benefits to society, our initiatives have great potential for future growth.</p> <p>Business Innovation Group CEO Office / Business Innovation Group Controller Office / ITS Business Unit / Automotive-Related Business Unit / Innovation Center / New Energy & Environment Business Div. / Information & Communication Technology Business Div. / Human Care Business Div. / Media Consumer Business Div.</p>
<p>Industrial Finance, Logistics & Development Group</p> 	<p>Operating transactions: ¥282,588 million</p> <p>Net income: ¥17,686 million</p> <p>Segment assets: ¥799,698 million</p>	<p>By MC's expertise in finance, real estate, construction, and logistics, the Industrial Finance, Logistics & Development Group is building a new model of industrial finance—one that, as a New Industry Innovator, responds to rapid changes underway in the business structure and environment on a worldwide basis.</p> <p>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.</p>
<p>Energy Business Group</p> 	<p>Operating transactions: ¥5,011,967 million</p> <p>Net income: ¥94,206 million</p> <p>Segment assets: ¥1,705,803 million</p>	<p>In addition to developing and investing in oil and gas projects, the Energy Business Group trades in crude oil, petroleum products, LPG, LNG, carbon products and other products.</p> <p>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.</p>
<p>Metals Group</p> 	<p>Operating transactions: ¥5,713,773 million</p> <p>Net income: ¥158,241 million</p> <p>Segment assets: ¥3,281,536 million</p>	<p>The Metals Group is building integrated value chains, from upstream raw materials to downstream products, and developing its business through trading</p> <p>Metals Group CEO Office / Metals Group Controller Office / Steel Business Div. / Ferrous Raw Materials Div. / Non-Ferrous Metals Div.</p>
<p>Machinery Group</p> 	<p>Operating transactions: ¥3,903,645 million</p> <p>Net income: ¥66,532 million</p> <p>Segment assets: ¥2,215,642 million</p>	<p>Applying its network, credibility and expertise on wide-ranging business domains, the Machinery Group is broadening its value chains, from sales and financing, to business development and investment.</p> <p>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.</p>
<p>Chemicals Group</p> 	<p>Operating transactions: ¥2,480,473 million</p> <p>Net income: ¥34,728 million</p> <p>Segment assets: ¥831,746 million</p>	<p>The Chemicals Group contributes to the creation of an affluent society by supplying essential chemicals and chemical products to numerous industries. These chemicals include raw materials for synthetic resins and fibers, chemical fertilizers, inorganic raw materials, industrial salts, plastics, electronics materials, and life science products.</p> <p>Chemicals Group CEO Office / Chemicals Group Controller Office / Aristech Unit / Phoenix Unit / Commodity Chemicals Div. / Functional Chemicals Div. / Advanced Sciences & Technologies Div.</p>
<p>Living Essentials Group</p> 	<p>Operating transactions: ¥5,486,922 million</p> <p>Net income: ¥50,966 million</p> <p>Segment assets: ¥2,274,109 million</p>	<p>The Living Essentials Group handles food products and commodities, textiles, and materials, developing its businesses in a wide range of fields related primarily to food, clothing and housing, and thereby supporting the daily lives of consumers.</p> <p>Living Essentials Group CEO Office / Living Essentials Group Controller Office / Living Essentials Group Internal Audit Office / Retail Business Unit / Foods (Commodity) Div. / Foods (Products) Div. / Textiles Div. / General Merchandise Div.</p>

*Operating transactions, Net income, and Segment assets are Fiscal 2008 Results.