

## **[Qualitative Information and Financial Position]**

### **1. Qualitative Information Concerning Consolidated Operating Results**

#### **(1) Summary of Fiscal 2009 Nine-Month Results (April 1, 2008 to December 31, 2008)**

During the first nine months of fiscal 2009, the U.S. subprime loan problem spiraled into a worldwide financial crisis and economic malaise spread to emerging economies, not just industrialized economies, which were already experiencing a deeper slowdown. International commodity prices, which rose steeply until around July 2008, plummeted as speculators pulled out of the market and demand fell away due to the slowing world economy.

The Japanese economy deteriorated as economic growth slowed further. Exports also turned downward due to falling overseas demand. In addition, industrial output declined rapidly as demand dropped, reflecting sluggish consumer spending, and inventory levels rose.

Under these conditions, consolidated operating transactions for the nine-month period ended December 31, 2008 rose 1,291.8 billion yen, or 7.5%, year on year to 18,418.2 billion yen on the back of higher commodity prices than in the previous fiscal year, as well as new consolidations, among other factors. Gross profit increased 281.1 billion yen, or 31.8%, to 1,166.6 billion yen, reflecting the impact of higher sales prices at an Australian coking coal business, in addition to new consolidations and other factors.

Selling, general and administrative expenses increased 47.2 billion yen, or 7.8%, to 654.4 billion yen, mainly due to new consolidations.

Regarding expenses and other, gain (loss) on marketable securities and investments (net) deteriorated because of share write-downs and the absence of gains on sale of marketable securities recorded in the previous fiscal year, and other income (net) decreased due to the booking of foreign exchange losses. On the other hand, dividend income increased from investments related to resources in the Energy Business Group.

As a result, income from continuing operations before income taxes increased 45.5 billion yen, or 10.5%, to 480.9 billion yen.

Equity in earnings of affiliated companies increased 34.3 billion yen, or 30.6%, to 146.3 billion yen, due to strong growth in earnings at overseas resource-related companies and other factors.

Accordingly, Mitsubishi Corporation posted consolidated net income of 388.8 billion yen, up 34.1 billion yen, or 9.6%, year on year.

## **(2) Segment Information**

### **1) Business Innovation Group**

This business group recorded a net loss of 2.1 billion yen, 1.2 billion yen more than the same period of the previous fiscal year. This wider loss was principally attributable to operating expenses accompanying business expansion and higher upfront expenses resulting from increased investments.

### **2) Industrial Finance, Logistics & Development Group**

This group recorded a net loss of 4.6 billion yen, 20.9 billion yen worse than the net income posted in the same period of the previous fiscal year. The main factors for this decrease were the absence of a dilution gain from changes in equity interest in Mitsubishi UFJ Lease & Finance Company Limited recorded in the same period of the previous fiscal year and lower fund investment- and real estate-related earnings.

### **3) Energy Business Group**

This group recorded net income of 82.1 billion yen, 21.2 billion yen higher year on year. Higher crude oil prices lifted equity in earnings of overseas resource-related business investees and dividend income, contributing to the increased segment net income.

### **4) Metals Group**

The Metals Group posted net income of 223.7 billion yen, up 95.4 billion yen year on year, despite the negative impact on earnings of write-downs of marketable securities available for sale and lower dividend income from copper-related businesses. The increased segment net income was the result mainly of higher gross profit due to higher resource prices at an Australian resource-related (coking coal) subsidiary and higher equity in earnings of iron ore-related businesses.

## **5) Machinery Group**

This group posted net income of 26.3 billion yen, down 27.5 billion yen year on year. While ship charter income increased, the overall decrease in earnings was attributable to impairment losses on property and equipment and share write-downs, lower sales in overseas automobile operations, foreign currency effects, and decreased equity in earnings due to the sale of a European automobile-related company and lower earnings in overseas IPP businesses.

## **6) Chemicals Group**

This group recorded net income of 26.2 billion yen, down 1.7 billion yen year on year. Although there was an increase in earnings from commodity chemical transactions at the parent company, the overall decrease in earnings reflected the absence of tax benefits from a higher equity interest in a petrochemical business-related company received in the same period of the previous fiscal year.

## **7) Living Essentials Group**

This business group posted net income of 31.1 billion yen, 9.8 billion yen lower year on year, despite increased gross profit from making subsidiaries out of foodstuffs-related companies. The year-on-year decrease in net income was mainly due to write-downs of listed shares and the absence of gains on sales of shares recorded in the same period of the previous fiscal year.

## **2. Qualitative Information Concerning Consolidated Financial Position**

### **(1) Changes in Assets, Liabilities and Shareholders' Equity**

Total assets at December 31, 2008 were 12,135.0 billion yen, up 384.6 billion yen from March 31, 2008. One reason for this was an increase in cash and deposits as Mitsubishi Corporation secured liquidity to ensure it could weather turmoil in financial markets and to fund new investments. Another reason was additional investments in affiliated companies through subscription to private placements of shares to increase their capital. The overall increase in total assets was despite a decrease in unrealized gains on listed shares at the parent company and other entities.

Total liabilities were 9,354.4 billion yen, up 812.0 billion yen from March 31, 2008. This reflected an increase in interest-bearing liabilities as Mitsubishi Corporation procured funds to ensure it was prepared for turmoil in financial markets and due to