Mitsubishi Corporation

Mitsubishi Corporation INVESTORS' NOTE

[Security code 8058]

JUN. 2009 No. 28

To Our Shareholders

"While giving top priority to maintaining our financial soundness, we won't let opportunities slip by to lay the foundation for future growth."

Yorihiko Kojima
President and CEO

Consolidated Operating Results

MC Still Posted Third-Highest Net Income Despite Difficult Business Environment

I'm pleased to report Mitsubishi Corporation's (MC) consolidated operating results for the fiscal year ended March 31, 2009 and outlook for the fiscal year ending March 31, 2010.

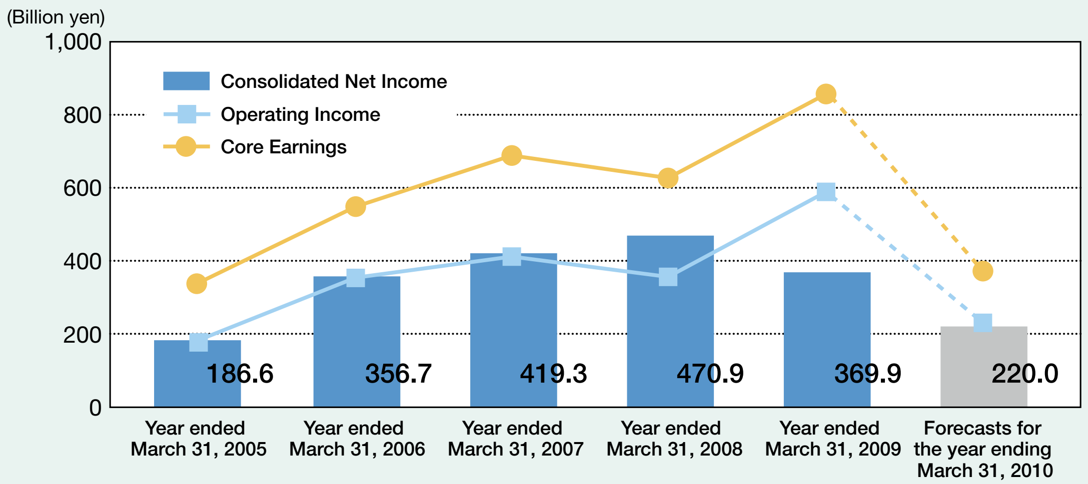
The past fiscal year saw dynamic change. The financial crisis that erupted in the U.S. spread like wildfire to real economies around the world, with the ensuing global recession becoming a drawn out affair. The Japanese economy lurched deeper into recession in the second half of the fiscal year as overseas demand withered and the yen surged.

Amid this turbulent business climate, we posted consolidated net income of ¥369.9 billion. While this result was 21% down on the ¥470.9 billion we recorded in the fiscal year ended March 31, 2008, it still represented our third-highest bottom-line performance, bettered only by our results in the previous two fiscal years. What's more, other key P/L earnings items—namely, gross profit, operating income and core earnings*—were all records. Our consolidated net income was dragged down by a total of approximately ¥180.0 billion in write-downs of non-performing assets, including ¥89.6 billion in write-downs of listed shares.

By disposing of these non-performing assets, however, I believe that we have cleaned up our balance sheet so that we are well positioned to act quickly when the economic environment improves.

That said, we are forecasting a 41% year-on-year decrease in consolidated net income to ¥220.0 billion for the fiscal year ending March 31, 2010 based on no prospects for a recovery in resource prices or the real economy in the short term.

Consolidated Net Income, Operating Income, Core Earnings



*Core earnings = Operating income + Interest expense (net of interest income) + Dividend income + Equity in earnings of affiliated companies

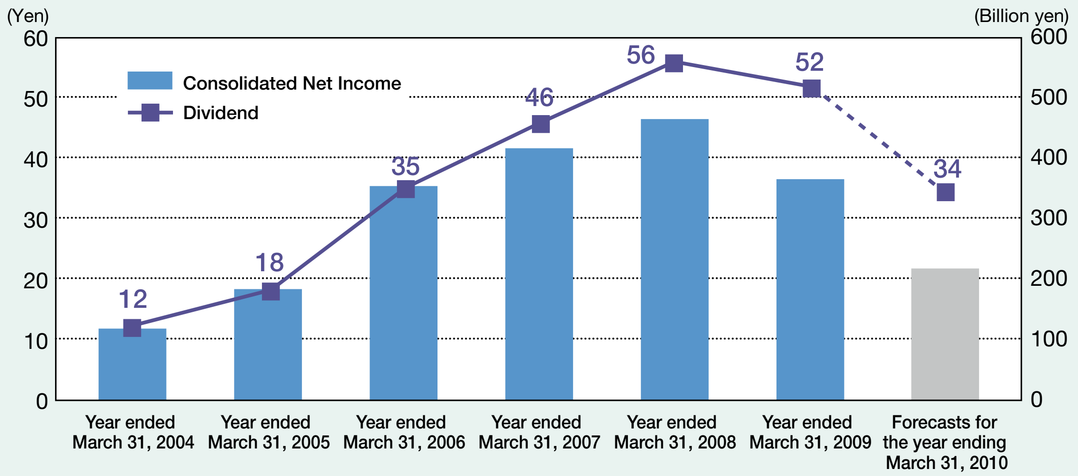
Dividend Policy

Comprehensively Taking Into Account Consolidated Net Income, the Investment Environment, Expectations for a Stable Dividend

We have linked our dividend to consolidated net income in each fiscal year, so that earnings are directly returned to shareholders and set a consolidated payout ratio of 20% up to now. However, due to 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 setting the consolidated dividend payout ratio in the range of 20% to 25%.

In line with this policy, we paid a dividend per common share applicable to the fiscal year ended March 31, 2009 of ¥52, which equates to a consolidated payout ratio of about 23%. For the fiscal year ending March 31, 2010, we plan to pay a dividend of ¥34 per common share, providing we achieve our current consolidated net income forecast of ¥220.0 billion. This would be equivalent to a consolidated payout ratio of roughly 25%.

Consolidated Net Income, Dividend



Responding to a Changing Business Environment

Acting With Speed, Putting Utmost Priority on Financial Soundness

In October 2008, we established a task force to spearhead our response to the financial crisis to urgently address the rapid and sudden change in economic conditions from the fall of 2008. This task force spearheaded efforts to assess the actual state of our businesses in a timely manner and to implement unified countermeasures. In April this year, we held an extraordinary Management Strategy Meeting for all senior managers to discuss new issues that demanded an immediate response.

As a result of these meetings, we decided to position the fiscal year ending March 31, 2010 as “a year for corrective action”. Under strong leadership by top management, we moved quickly to implement a number of measures with the utmost priority on preserving our financial soundness. For one, we revised our investment plans. We also adopted management system for listed stocks, improved low-profit or loss-making businesses, and cut operating expenses. If necessary, we are prepared to quickly take additional steps on a Company-wide basis.

Outline of Urgent Measures

(1) Revise investment plans

Putting increased emphasis on financial soundness, we revised our investment plans, realigned our asset portfolio and took other actions to curb an increase in investment assets.

(2) Adopt management system for listed stocks

We adopted a system to decide whether to purchase, continue holding or sell listed stocks based on the holding purpose and profitability as a measure to mitigate the risk of impairment losses and changes in accumulated other comprehensive income.

(3) Improve low-profit or loss-making businesses

We will upgrade the monitoring of low-profit and loss-making businesses and formulate and implement action plans for improving earnings and restoring profitability in light of declining earnings due to deterioration of economic conditions.

(4) Cut operating expenses

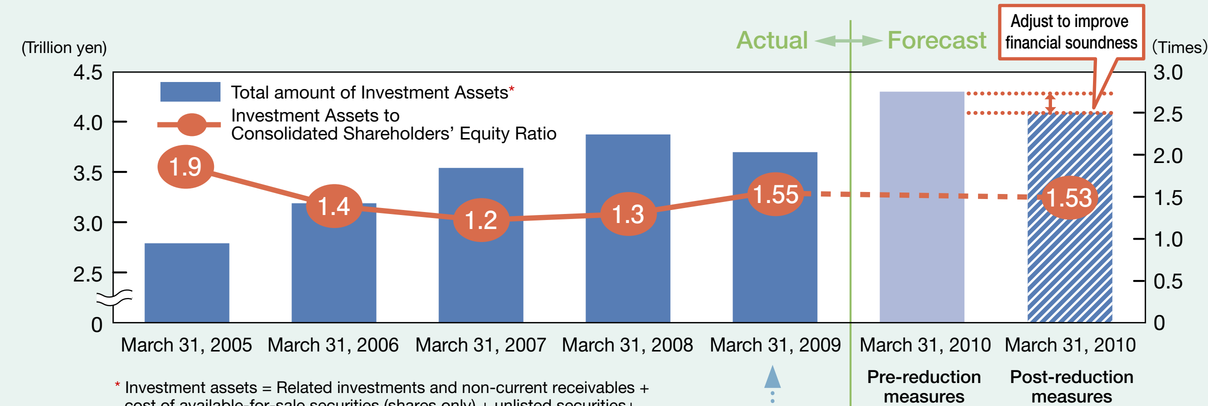
We will devise and implement a plan to cut general and administrative expenses such as business travel, transportation, and entertainment expenses.

Investment Plan

Progress With INNOVATION 2009 Investment Plan

[Investment by Field]	INNOVATION 2009 (Plan)	Year ended March 31, 2009 (Actual)	Year ending March 31, 2010 (Plan)
(1) Energy and Metals Resources: Energy, Metals resources	¥500 to ¥800 billion	Australian coking coal business-related investment (Saraji East), Western Australian uranium project, E&P business, including North Sea, CAP, Weda Bay Nickel Project, etc.	Strictly select projects and, in principle, realign existing asset portfolio for making new investments.
(2) Next-Generation Core Businesses: Finance, Medical Health Care, New Energy & the Environment	¥200 to ¥400 billion	Mitsubishi UFJ Lease & Finance, Mitsubishi Aircraft Corp., aircraft for leasing, fund-related investments, etc.	
(3) Machinery, Chemicals, Living Essentials and Other Fields: Expand existing businesses, Develop value chains, Develop globally	¥300 to ¥500 billion	Chiyoda Corp., Robertson, AEON, Itoham Foods, etc.	
		¥500 billion	¥400 billion
Total investments over 2 years	Maximum: Approx. ¥1,500 billion	Revised investment plan → Total investments over 2 years: Hold total investments to around ¥900 billion	

Revised Investment Plan



* 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

As of March 31, 2009, investment assets stood at approximately ¥3.7 trillion, while the investment assets to consolidated shareholders’ equity ratio had risen to 1.55 due to a decline in shareholders’ equity because of stock price falls and foreign currency movements.

We plan to limit net investments to around ¥400.0 billion in the fiscal year ending March 31, 2010 to get the investment assets to consolidated shareholders’ equity ratio as close to 1.5 as possible by the end of March 2010. We are projecting investment assets of ¥4.1 trillion and an investment assets to consolidated shareholders’ equity ratio of 1.53 as of March 31, 2010.

Measures Targeting the Medium and Long Terms

Corporate Development Section Established to Create Next Growth Drivers

While the business environment is increasingly difficult, it is also one that is expected to spawn new business opportunities amid the structural change that is occurring globally. Now is a perfect time, therefore, to create future growth drivers.

In April this year, we established the Corporate Development Section, which reports directly to me, in order to promote on a Company-wide basis actions to ensure that growth opportunities don’t slip through our fingers. We have designated four areas for corporate development: functional development, business sector development, regional development and customer relationship development. We see medium- and long-term growth prospects in fields such as new energy, and the environment and water businesses. IT business development is another area we will focus on because this can have a big impact on strengthening Company-wide functions. Then there are infrastructure projects and other regional development projects, which is a promising business field worldwide. Customer relationship development is an increasingly important domain from a medium- to long-term perspective, too, for extending points of contact with industry as industries undergo restructuring. These are all areas where we will concentrate on as a company to lay the foundations for future growth.

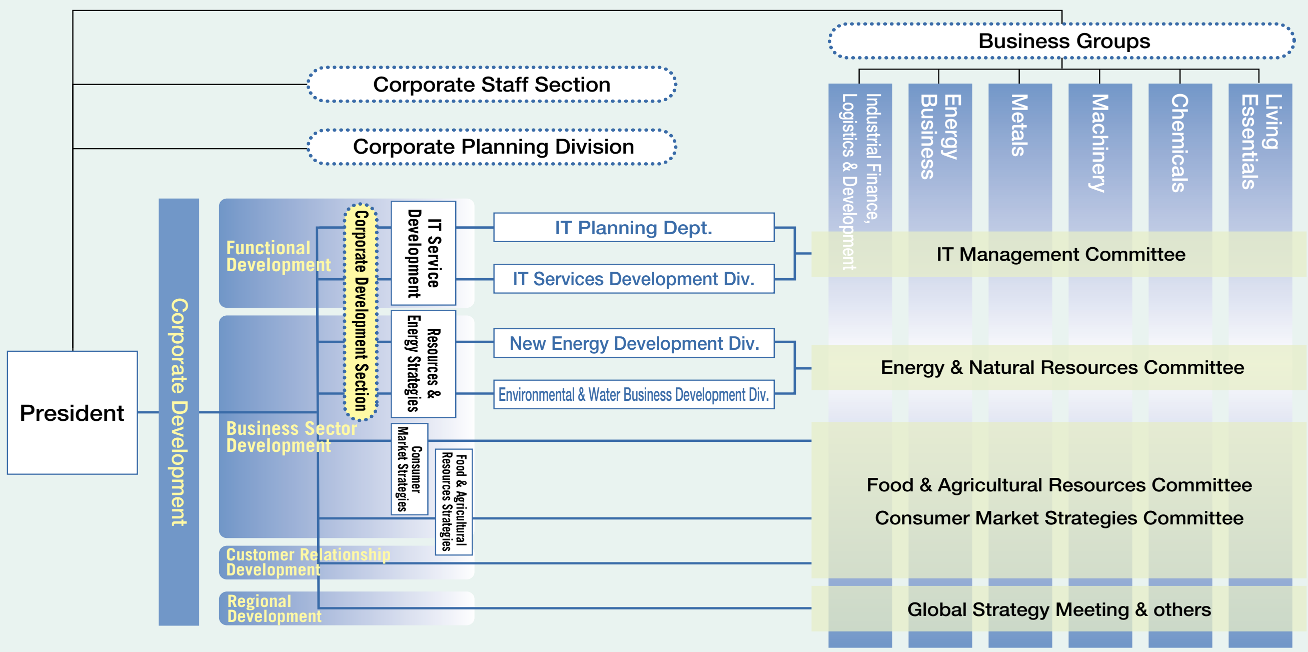
The fiscal year ending March 31, 2010 has started out as a difficult year. Nevertheless, we are focused on remaining a resilient, growth company, by pushing forward with ongoing efforts to improve the quality of our asset portfolio, while seeking to seize opportunities as best we can. Aiming to be recognized as “A New Industry Innovator” by shareholders and all other stakeholders, we will redouble our efforts across the MC Group. We appreciate your continued understanding and support.

June 2009

Yorihiko Kojima
President and CEO

Corporate Development Framework

We have established committees that extend horizontally across business groups in each of the areas of functional development, business sector development, regional development and customer relationship development. These committees will cooperate with related groups to plan and formulate Company-wide strategies and policies, and oversee overall progress.

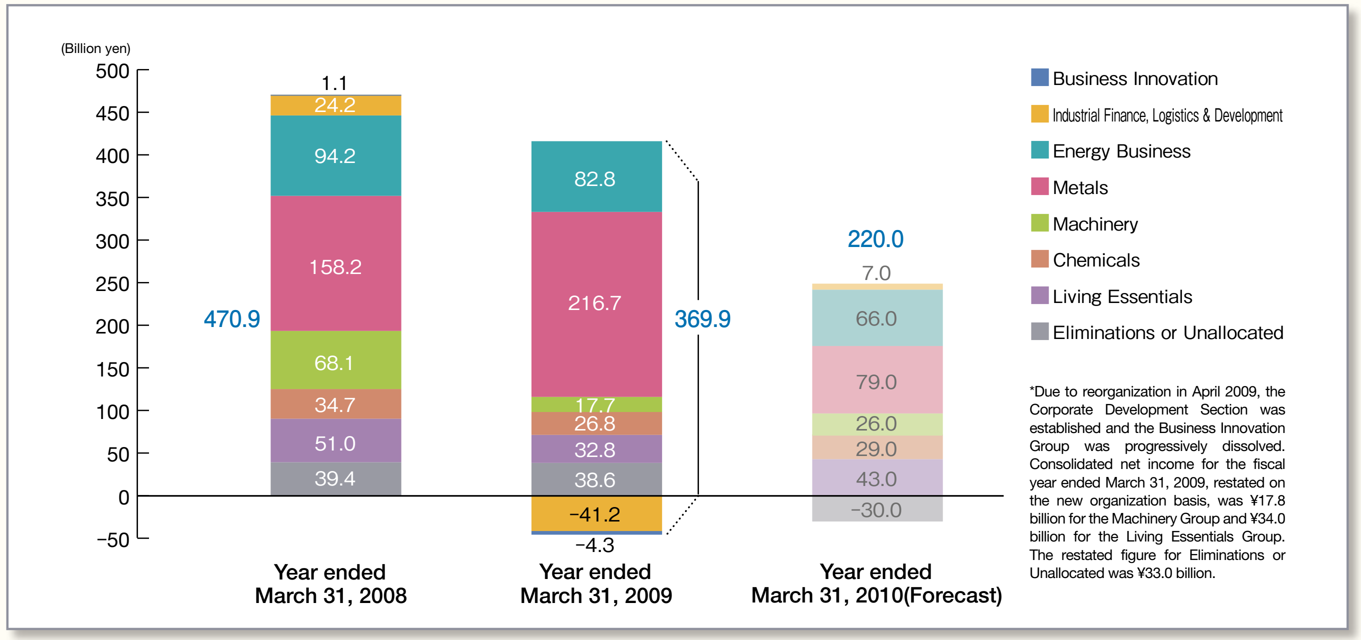


Fiscal Year Ended March 31, 2009 Operating Results

A report on MC's operating results for the fiscal year ended March 31, 2009.

Consolidated Net Income by Operating Segment

(Rounded to the nearest ¥1 million)



Business Innovation Group

The segment saw consolidated net income decrease ¥5.3 billion year on year, the result of higher selling, general and administrative expenses accompanying business expansion and higher upfront expenses resulting from new investments.

(In April 2009, the Business Innovation Group was progressively reorganized to form the new Corporate Development Section.)

Industrial Finance, Logistics & Development Group

The segment recorded a ¥65.4 billion drop in consolidated net income due to share write-downs, and lower fund investment and real estate-related earnings.

Energy Business Group

The segment posted a decline of ¥11.4 billion in consolidated net income 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.

Metals Group

The segment recorded a ¥58.4 billion year-on-year increase in consolidated net income, mainly due to higher sales prices for coking coal at an Australian resource-related subsidiary, although the segment recorded share write-downs, lower dividend income from overseas resource-related business investees due to falling resource prices, and a drop in subsidiary Metal One Corporation's earnings.

Machinery Group

The segment recorded a ¥50.4 billion drop in consolidated net income. While ship charter fee income from Company-owned ships increased, the overall decrease in earnings was attributable to impairment losses on property and equipment and share write-downs, lower sales and the impact of forex fluctuations in overseas automobile operations, and other factors.

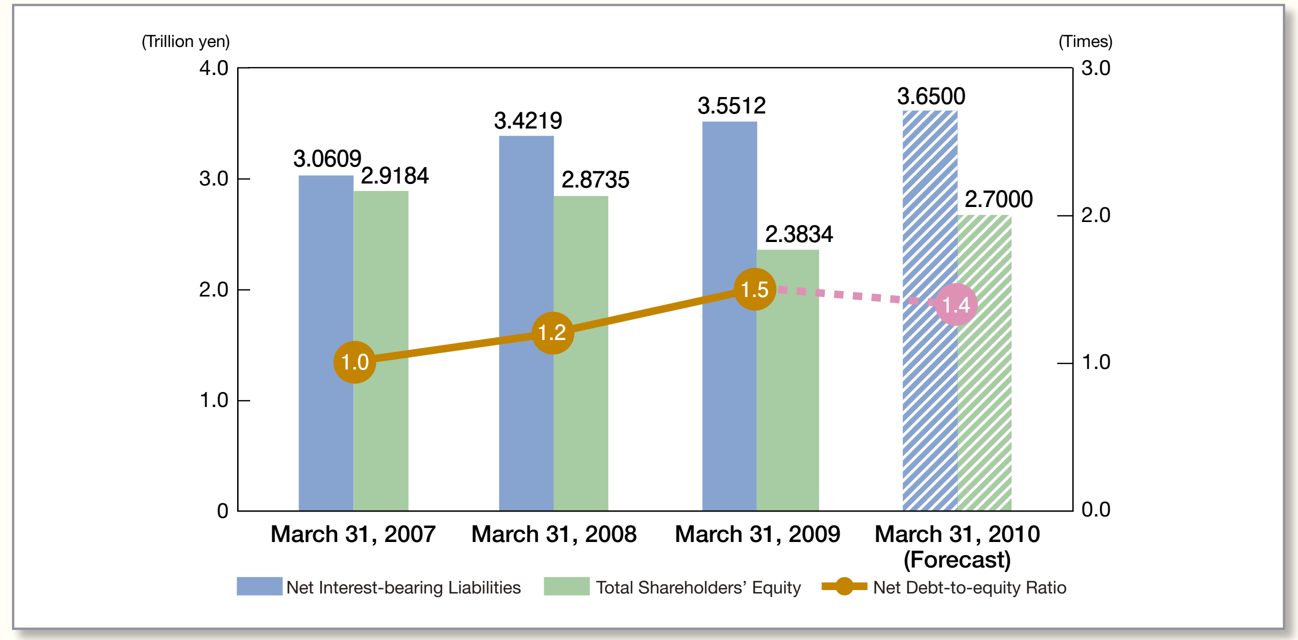
Chemicals Group

The segment recorded a ¥7.9 billion decrease in consolidated net income, reflecting 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.

Living Essentials Group

The segment posted an ¥18.1 billion decline in consolidated net income, mainly due to share write-downs and lower equity in earnings of general merchandise-related business investees because of lower sales.

Changes in Shareholders' Equity and Interest-Bearing Liabilities



Total shareholders' equity decreased ¥490.1 billion to ¥2,383.4 billion, despite the consolidated net income result. The decrease was due principally to a decline in net unrealized gains on securities available for sale resulting from a decrease in unrealized gains on listed shareholdings, as well as to a decrease in foreign currency translation adjustments because of the yen's appreciation.

Interest-bearing liabilities increased during the fiscal year ended March 31, 2009 because we raised funds to be prepared for financial market instability. As a result, net interest-bearing liabilities rose ¥129.3 billion from March 31, 2008 to ¥3,551.2 billion. The net debt-to-equity ratio, which is an indicator of financial soundness, rose 0.3 of a point to 1.5.

Main Reasons for Changes in Shareholders' Equity (Compared to March 31, 2008)

Consolidated net income
¥369.9 billion

Payment of dividend
-¥108.4 billion

Decrease in net unrealized gains on securities available for sale
-¥283.2 billion
→Decrease in unrealized gains on listed shareholdings due to falling stock prices

Decrease in foreign currency translation adjustments
-¥373.2 billion
→Impact of the yen' s appreciation

NEWS & TOPICS

In this section, we take a look at some important recent developments.

Sakhalin Ⅱ Project
LNG Exports Commence in March 2009

(Natural Gas Business Division B, Energy Business Group)

On March 29, 2009, Sakhalin Energy Investment Company Ltd., in which MC owns a 10% equity interest, began exporting LNG from the Sakhalin Ⅱ LNG production and export facilities based at Port Prigorodnoye (Sakhalin Island, Russian Federation). The Sakhalin Ⅱ Project is expected to produce up to 9.6 million tons of LNG per year, of which approximately 60% will be supplied to Japan under current plans.


LNG exports began in March 2009.

Sakhalin Ⅱ is Russia's first LNG project. At the same time, it has major strategic significance for Japan's energy security given the project's geographical proximity to the Russian Far East. This project is MC's first new large-scale LNG project in almost 20 years.

Urban Shopping Center
Mozo Wondercity Opens for Business

(Development & Construction Project Division, Industrial Finance, Logistics & Development Group)

On April 21, 2009, Mozo Wondercity, a Nagoya City shopping center redeveloped and constructed jointly by MC and AEON Mall Co., Ltd., opened its doors to the public. With leading Japanese retailer JUSCO as its anchor store, Mozo Wondercity is Nagoya City's largest mall, boasting approximately 230 shops and upwards of 5,000 parking spaces. It aims to attract 17 million shoppers in its first year.


Mozo Wondercity

MC subsidiary Diamond City Co., Ltd. (which merged with AEON Mall in 2007) had been operating a shopping center called "Wondercity" on the same site since 1994, but plans to redevelop the facility and create a new "Wondercity" were drawn up in order to respond to the changing needs of the surrounding community. The project is MC's largest investment project to be executed as a securitized development*.

* A method of finance involving the securitization of real estate that is under development.

mozo WONDER CITY

The project's developers are eager to see the shopping center lay down roots and grow together with the local community. These sentiments are reflected in the mall's new logo, which features a baby plant, as well as in the name of the shopping center, with the word "mozo" describing the sound something makes when it starts to move or is stirred to life.

One of the World's Biggest Undeveloped Nickel Mines
MC Takes a Stake in the Weda Bay Nickel Project

(Ferrous Raw Materials Division, Metals Group)

MC has acquired a roughly 30% ownership interest in the Weda Bay Nickel Project on the island of Halmahera in Indonesia. The Weda Bay deposit is estimated to be one of the largest undeveloped nickel projects in the world. The latest survey results suggest that the deposit has about 5.1 million tons of ore resources. The targeted annual production capacity is up to 65,000 tons of nickel.

Used as a raw material in stainless steel and batteries, nickel is expected to see increased demand over the medium and long terms in step with economic growth in China and newly emerging economies. MC plans to work with French alloys producer ERAMET S.A. to conduct the feasibility studies needed to make investment decisions.

Comprehensive Nuclear Fuel Business
Reestablishment of Mitsubishi Nuclear Fuel Co., Ltd.

(Power & Electrical Systems Division, Machinery Group)

MC has joined forces with Mitsubishi Heavy Industries, Ltd. (MHI), Mitsubishi Materials Corporation (MMC) and French nuclear power conglomerate AREVA to establish a comprehensive nuclear fuel fabrication company. Called Mitsubishi Nuclear Fuel Co., Ltd., this company will integrate design, development, manufacturing and sales of nuclear fuels.


Mitsubishi Nuclear Fuel Company


Nuclear fuel assemblies for PWRs. Approx. 4 meters in length.

Mitsubishi Nuclear Fuel will supply Japanese customers with uranium fuel assemblies and uranium-plutonium mixed oxide (MOX) fuel assemblies for common pressurized water reactors (PWR) and boiling water reactors (BWR), and uranium fuel assemblies for high-temperature gas-cooled reactors currently under development. There are also plans to provide related services, such as uranium re-conversion*. The new company will also look to enter overseas markets as an independent supplier from AREVA of MHI-designed fuel assemblies for PWRs.

With international efforts to combat global warming now gaining momentum, the importance of nuclear power has been growing worldwide, and the new company will strive to help ensure a steady supply of high-quality nuclear fuel.

* One process for producing uranium fuels.

Marunouchi Park Bldg. Completed
MC Has Two Headquarters Buildings in Marunouchi From May

April 2009 saw the completion of the Marunouchi Park Bldg., two years after construction began. MC moved part of its Headquarters to the new building on May 7. With this move, MC now has two Headquarters buildings in Marunouchi, after operations had previously been split between the Marunouchi and Shinagawa Headquarters. MC occupies the 22nd to the top 34th floor of the Marunouchi Park Bldg.

A Worldwide MC Business
Foods (Commodity) Division, Living Essentials Group

Grain Business

Demand for grain is set to expand over the medium and long terms as economies and populations grow and due to other trends, particularly in newly emerging economies. Framed against this backdrop, MC is stepping up efforts to secure a stable supply of grains centered on a value chain that extends from the procurement of raw materials upstream to the retail market downstream.

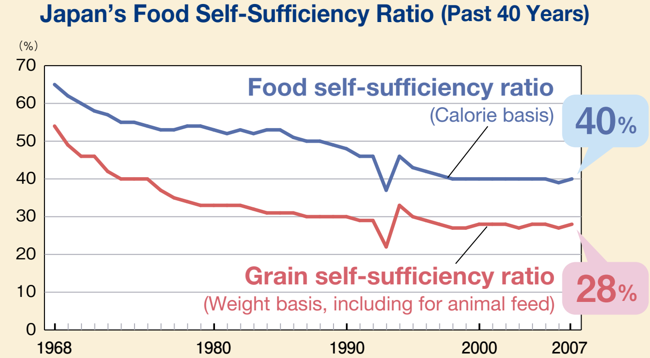
Expanding the Grain Procurement Structure

MC supplies key grains such as corn, wheat and soybeans to countries around the world, especially Japan. It handles some 10 million tons of grain annually, making it one of the largest players in the world's grain industry.

The highest priority for MC's grain business is to secure a stable supply, so that it can reliably deliver the high-quality produce customers desire at competitive prices when the grain is needed. In order to fulfill this responsibility, MC must strengthen its operations for procuring grain in North and South America as well as Australia, which are seen as important growing regions.

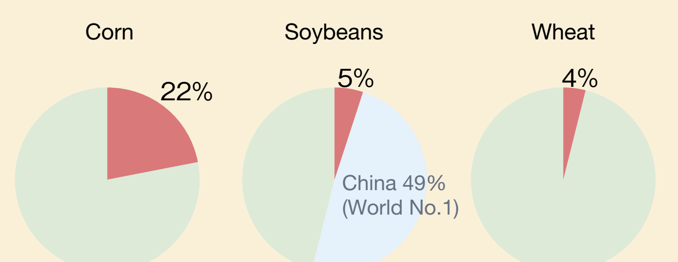
MC has been engaged in the grain procurement business since the early 1970s in the grain belt of the U.S., the world's largest producer and exporter of grain. A central figure in these efforts has been subsidiary AGREX Inc., a grain procurement and marketing company. In 2007, we made an additional investment through this subsidiary in FGDI, LLC, another grain procurement 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.

Japan's Food Self-Sufficiency Ratio (Past 40 Years)



Japan has the lowest grain self-sufficiency ratio of major countries (124th)

Japan's Share of World's Grain Trade (2008/2009 Grain Forecasts)



Corn	Soybeans	Wheat
Total trade volume: Approx. 77 million tons	Total trade volume: Approx. 73 million tons	Total trade volume: Approx. 128 million tons
Japan: 16.5 million tons (World No.1)	Japan: 3.7 million tons (World No.3)	Japan: 5.5 million tons (World No.5)

Sources: Ministry of Agriculture, Forestry and Fisheries of Japan, United States Department of Agriculture

Expanding the Demand Base in Asia

With Asia tipped to become a central region for demand going forward, MC is pushing ahead with steps to secure and expand stable demand volume in the region. By expanding the demand base, MC will increase its buying power with supply countries, and as a result ensure an even more stable supply.

The greatest strength of MC's grain business—its value chain—has a pivotal role to play in this regard. With business investees in all domains, extending from the production and storage of raw materials to transportation and processing, and distribution and retailing of products, MC manages an integrated value chain. In 2007, we made Nitto Fuji Flour Milling Co., Ltd., Nihon Shokuhin Kako Co., Ltd. and Nosan Corporation subsidiaries, strengthening our hand in the raw materials processing field for turning procured grains into products such as flour, starch and animal feed.

MC also has a large number of stable customers across all of Asia and is working to expand this partner base further. 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 the China's largest food-related companies, strengthening our cooperation with the COFCO Group. In Southeast Asia, where demand is also growing, we are endeavoring to expand our demand base, centered on Singapore-headquartered Agrex Asia Pte. Ltd.

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

Eyeing the Future of Food —Food and Agricultural Resources Committee

Takeshi Inoue
Senior Executive Vice President
(Food, Agricultural Resources & Consumer Market Strategies)

The Food and Agricultural Resources Committee, which MC established last year and I chair, is taking the lead in developing and promoting a comprehensive policy and strategies for MC for the food and agricultural resources business. Food and agriculture problems have a deep relationship to human life and people's lifestyles and it is therefore necessary to view them as long-term issues for the whole world. MC is involved in a broad range of fields in the food business, including grain, marine products, meat and dairy products, to ensure it can reliably procure food and agricultural resources. Drawing on the strengths it has developed in existing businesses to date, MC is committed to helping solve social issues through trading and its businesses, considering food and agricultural resource issues from a broad perspective. These include revitalizing Japanese agriculture, ensuring food safety and security, and addressing environmental problems.

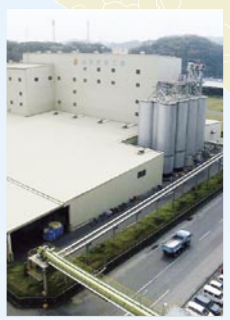
A Global Grain Business

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

Nitto Fuji Flour Milling Co., Ltd.

This company was created by a merger in April 2006 of Nitto Flour Milling Co., Ltd. and Fuji Flour Milling Co., Ltd. Besides the flour milling business, Nitto Fuji Flour Milling is actively developing the food services industry in conjunction with group companies to contribute to the advancement of Japan's food culture, mainly with flour products.

Nosan Corporation



This company is developing a total spectrum of businesses related to "food," with emphasis on the keywords of the environment, safety, assurance and health. The pillars of its operations are the Feed Business, the Food Business (egg sales, including iodine-enriched eggs) and the Life-Tech Business, which includes pet foods.

Nihon Shokuhin Kako Co., Ltd.

Nihon Shokuhin Kako is Japan's largest supplier of starch and starch-derived sweeteners (such as high fructose corn syrup and glucose). Leveraging its extensive expertise and technological capabilities, the company has created a host of starch-related products, and provides services and solutions through a proposal-based sales approach in a wide range of fields, including food, paper milling and pharmaceuticals.

Silo Strategy

MC has invested in six grain silo companies in Japan, including in Shibushi (Kagoshima Prefecture) and Mizushima (Okayama Prefecture). These import bases allow large vessels to berth and grain is

transported by conveyer directly from silos to animal feed, starch and other types of factories in their vicinity, thereby rationalizing grain distribution.

China Agri-Industries Holdings Limited

China Agri was established in 2007 as the holding company for the agri-industrial business of China National Cereals, Oils & Foodstuffs Corporation (COFCO), one of China's largest food-related companies. MC acquired a stake in China Agri as a strategic business partner based on an agreement with COFCO.

Agrex Asia Pte. Ltd.

Agrex Asia is a Singapore-headquartered food commodity sales company. As a strategic base in Southeast Asia, the company's mission is to expand the demand base in Asia.

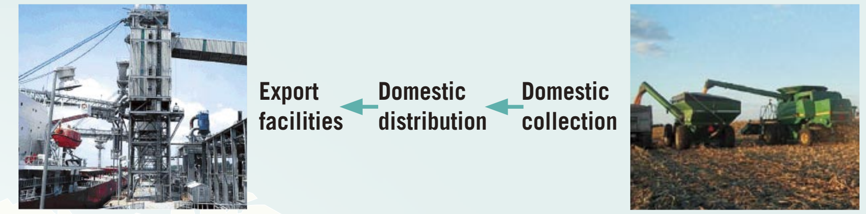
KEC

A joint venture with grain major Archer Daniels Midland Company (ADM) and other partners, KEC owns grain shipment facilities on the northwestern coast of the U.S.

Riverina (Australia) Pty. Ltd.

Riverina is an Australian grain procurement and sales company headquartered in Brisbane, Queensland. The company exports grains and oilseeds, including barley, wheat, rapeseed and milo. It also makes and sells feed in Australia. Riverina opened an office in Perth in 2009, aiming to strengthen relationships with local grain companies and growers in tandem with liberalization of the export of bulk wheat from Australia.

Grain—from storage to shipment

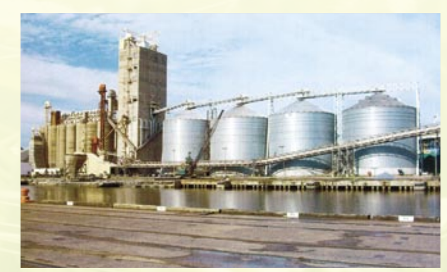


AGREX Inc.

Headquartered in the state of Kansas, the center of the U.S. grain belt, and with a branch in Portland, AGREX is a grain procurement and marketing company. It handles corn, soybeans, wheat, soybean meal and other commodities.

FGDI

An AGREX subsidiary, FGDI is an Ohio-based grain procurement and marketing company. With a strong grain storage capability, it operates a grain export facility in the U.S. state of Alabama.



Consuming Regions
Japan, China, Southeast Asia, etc.

← **Grain** —

Growing Regions
U.S., Australia, Brazil, Argentina, etc.

Special Feature

Environment-Related Businesses

MC sees environment-related businesses as future growth drivers, and is thus actively engaged in various fields. In April 2009, MC established the Corporate Development Section under the auspices of the president, to spearhead efforts to quickly seize new business opportunities from a company-wide perspective in environmental businesses previously undertaken by the Business Innovation Group.

Responsible Division and Business Groups

- Corporate Development Section
- Industrial Finance, Logistics & Development Group
- Machinery Group
- Chemicals Group

Power station in Moura, Portugal
Around 260,000 solar cell panels are laid out over an approximately 250 hectare site.

*Cells refer to individual solar cells, whereas modules refer to a package of cells arranged in the required number.

New Energy

Solar Power Generation

MC is building businesses across the entire value chain in the solar power generation field, extending from the procurement of raw materials to the sale of solar cells and modules*, and power generation itself.

In March 2009, MC agreed to acquire a stake in a solar photovoltaic project developed by Spain-based ACCIONA S.A. ("ACCIONA"), one of the world's largest renewable energy companies. The first project is a 45.8 megawatt power station project in Moura, Portugal, that will have the world's largest solar photovoltaic generation capacity.

Bio-Pellets

MC is developing a bio-pellet manufacturing and sales business through two companies established in Japan: Forest Energy Hita Co., Ltd. in Oita Prefecture, and Forest Energy Kadogawa Co., Ltd. in Miyazaki Prefecture. Both companies boast the largest production capacity in Japan, and their products are sold mainly as an alternative fuel to coal. Overseas, MC is participating in the management of Vis Nova Trading GmbH (VNT), a major German bio-pellet manufacturing and sales company, signaling its full-scale entry into the European market, where demand growth is expected.

Bio-pellets (wood pellets) are a solid fuel made from materials such as bark.

Bioethanol

Hokkaido Bioethanol Co., Ltd., established by MC, the JA Group Hokkaido and other parties, is developing Japan's largest business for producing bioethanol for transportation fuel, using sub-standard agricultural produce as feedstock.

Hokkaido Bio Ethanol's plant in Shimizu town,Hokkaido prefecture commenced operations in March 2009. This new facility is expected to produce 15,000 kiloliters of bioethanol per year.

Power Generation by Methane Fermentation

MC business investee San-R Co., Ltd. has invested in Bioenergy Corp., which is recycling food waste as a feedstock for generating electric power by methane fermentation. The facility, the largest of its type in Japan, complies with Japan's Food Recycling Law.

Methane fermentation power plant in Tokyo's Ota Ward

Wind Power Generation

MC has teamed up with The Sumitomo Trust and Banking Co., Ltd., Nippon Life Insurance Company, and Development Bank of Japan Inc. to invest in Green Power Investment Corporation, which has established a ¥20 billion private investment fund in the Netherlands to develop wind energy projects globally. Contributions will be made successively over the next 5 years with the goal of achieving a combined generation capacity from wind power of 1,000 megawatt.

Lithium-ion Batteries

MC, GS Yuasa Corporation and Mitsubishi Motors Corporation (MMC) established Lithium Energy Japan to help create cars that are friendly on the environment. This joint venture is developing and manufacturing large-capacity and high-performance lithium-ion batteries ideally suited for electric vehicles. These lithium-ion batteries are already being used in new-generation electric vehicles, "i MiEV". Plans call for the annual production of enough lithium-ion batteries to power the equivalent of around 2,000 i MiEV cars from 2009.

In conjunction with the Tokyo Institute of Technology, MC is also working on the Renewable Energy for Electric Vehicles (RE-EV) Project, which aims to develop an infrastructure system for charging electric cars that generates electricity using renewable energies.

A large-capacity and high-performance lithium-ion battery

MMC's new-generation electric vehicle, i MiEV

Energy Conservation

On-site Power Generation

On-site electricity generation is a business model involving the construction of a proprietary power generation facility on the grounds of a customer's factory, and operating, maintaining and managing the facility for an extended period of time to help reduce factory CO_2 emissions, conserve energy and save costs. MC has already developed on-site power generation businesses for Kirin Brewery Company, Limited, Mazda Motor Corporation, Mitsubishi Chemical Corporation, and Chugoku Lumber Co.

In July 2008, Gonoike Bioenergy Corporation, which was established by MC and Chugoku Lumber, commenced operations. The standout feature of this company is that it is using only biomass such as tree bark for fuel. It boasts one of the largest generation capacities (21,000 kilowatts) for a wood biomass-fueled power plant in Japan.

ESCO

JFS began providing ESCO services to Tokyo Metropolitan Hiroo Hospital in 2006 and has achieved energy savings of over 27%.

The ESCO business is an "Energy Service Company" which helps the operators of buildings, hospitals, factories and other structures install more energy-efficient equipment in order to reduce the amount of energy they consume, and thus cut CO_2 emissions. Japan Facility Solutions, Inc. (JFS), which was established with Tokyo Electric Power Company, Inc. and others, offers a comprehensive package of services for saving energy. It is already operating some 80 ESCO projects and in 2007 reduced CO_2 emissions by 21,000 tons for the year.

Emission Credits

Emissions Reduction Business

MC was one of the early entrants into the emission credit arena. In 2001, for example, it established Natsource Japan Co., Ltd. in a joint venture with U.S. firm Natsource LLC, a pioneer in the emissions trading business, and others. MC has gone on to put in place a framework for comprehensively offering all services necessary for an emissions reduction business.

As of March 2009, MC was involved in over 100 projects, making it the third-largest developer of emissions reduction projects in the world.

Carbon Offsets

MC investee Mitsubishi Auto Leasing Corporation has begun carbon offset activities, whereby greenhouse gases emitted from vehicles leased by corporate clients are offset using an emission credit trust. This company also offers a vehicle fleet operation and maintenance service called Telematics Service in which it consults with corporate clients about reducing vehicle emissions and driving in an eco-conscious manner.

Water

Waterworks Business

MC helped improve water services in Manila, the Philippines.

MC's waterworks business began with the privatization in 1997 of a public water utility that supplied water to 5 million people in the east concessionaire in Manila, the Philippines. At the time, only 26% of the connected households in the concessionaire had a 24-hour water supply. By 2007, this had been raised to 99%, underscoring the success of the project and MC's major contribution to a stable water supply.

In Japan, MC established Japan Water Corporation as a private-sector water utility in 2000. This marked the first time in Japan that we undertook the operation and management of a waterworks, taking on the statutory responsibility. Since then, Japan Water has extended its involvement in privatizing the country's waterworks. This has seen Japan Water undertake construction and renovation work as well as operation and management of facilities under turn-key agreements. As of April 2009, Japan Water was providing waterworks services on contract at 20 locations throughout Japan.

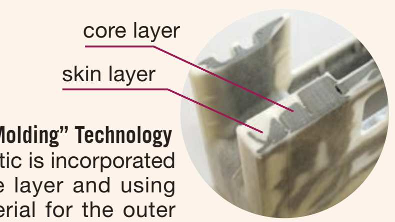
Other Activities

Waste Plastic Recycling

Since April 2009, MC business investee M M Plastic Co., Ltd. has been manufacturing pallets used in distribution, made from recycled waste plastic collected in Japan under the Containers and Packaging Recycling Law. These pallets make use of "sandwich molding" technology to incorporate recycled plastic in the core layer, overcoming issues associated with pallets made from recycled materials in terms of structural strength and so forth. These pallets are of a high quality similar to existing products and are expected to reduce CO_2 emissions by 27 kilograms per pallet*, compared to the situation where waste plastic is incinerated and pallets are made from new materials.

* Estimate for a thick plastic pallet weighing 20 kilograms.

M M Plastic can produce 130,000 pallets per year.



"Sandwich Molding" Technology
Waste plastic is incorporated in the core layer and using virgin material for the outer skin layer, a high level of quality is achieved.

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 (EDC)

Electron donor compounds (EDC), which were developed by EcoCycle Corporation, harness the power of bio-technology, to decontaminate polluted soil and groundwater. MC sells these compounds worldwide as the exclusive sales agent.

"Thousand Year Forest" Project

—Preserving Forest Lands in Aki City, Birthplace of Mitsubishi Founder Yataro Iwasaki

MC has been promoting forest development for some time around the world, such as through the Tropical Forest Regeneration Experimental Project. This year in Japan, MC launched the "Thousand Year Forest" Project in Aki City, Kochi Prefecture, and will engage in activities to protect local forests.

MC chose Aki City because it is the birthplace of Mitsubishi founder Yataro Iwasaki. MC is breaking new ground by taking forest land in Aki City into its care as a company-owned forest. In addition, a 212-hectare expanse of forest, which includes some Aki City-owned lands, has been named the Mitsubishi Corporation "Thousand Year Forest." MC will conduct forest preservation activities going forward in this stretch of forest, which will also be known as "Yataro's Forest."

Kochi Prefecture is Japan's most heavily forested prefecture, with approximately 84% of its land covered by forests. The prefecture is taking active steps to preserve the forest environment, such as by instituting the first local tax aimed at safeguarding forests anywhere in Japan. On February 3, 2009, MC, Kochi Prefecture, Aki City and Aki Branch of the Kochi Tobu Forestry Association signed a forest preservation partnership agreement, after MC joined a program established by the prefecture to promote collaborative forest restoration with environmentally progressive companies. The "Thousand Year Forest" is a product of this agreement.

The Thousand Year Forest is located in the Becchaku area close to the border with Tokushima Prefecture and serves as the watershed for Aki City's water supply. The forest boasts rich diversity; in addition to cedar, beech and Japanese cypress, it is also home to species such as fir and mizunara oak.

Looking ahead, besides engaging in activities to preserve forests and thereby enhance the water conservation function, MC also intends to utilize the "Thousand Year Forest" as a place for environmental education and for volunteer activities and forest thinning operations conducted by MC Group employees and local residents.

Aki City is the Birthplace of Mitsubishi founder Yataro Iwasaki

The birthplace of Yataro Iwasaki remains even to this day in Aki City and a bronze statue of him stands proudly in the city center.

Partnership Agreement Signing Ceremony Held at the Kochi Prefectural Offices
(From left) Aki Branch of the Kochi Tobu Forestry Association Director Shigekatsu Masaki (then), Aki Mayor Kenji Matsumoto, MC Senior EVP Yukio Ueno and Kochi Governor Masanao Ozaki.

Q & A

In this section, we answer a question frequently posed by shareholders.

Q I often hear MC use the term "value chain," but what does it mean?

A Value chain refers to a series of processes whereby value is added to products and services from development to procurement, production, sales and services. It's a chain of added value if you will.

When we engage in a business, we first identify latent customer needs, and then set about delivering products and services offering even higher added value to customers in the most efficient manner. To achieve this goal, we cast our eyes over the entire process, looking closely to see where we can take advantage of our functions and expertise to add value. The LNG business is a good example of this approach—value is added from production through supply to users. We help develop gas fields, produce (liquefy) gas, transport LNG, and receive LNG at special terminals where it is gasified for final supply to users. MC provides functions at every stage throughout this chain and at the same time it raises the efficiency of the whole process as best it can.

If one focuses only on individual functions or specific businesses or fields, there is a tendency to optimize only the parts. 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.

In the past, our business model centered on providing trading functions, namely procurement and sales. Today, however, we manage value chains to optimize the entire value chain from raw materials upstream to the retail field downstream by refining our functions or providing multiple functions by linking trade with business investment.

LNG Business Value Chain