

**Mitsubishi Corporation Given Approval to Centrally Manage its Foreign
Currency in China**

～Together with the Bank of Tokyo-Mitsubishi UFJ, a first for Japanese companies～

Mitsubishi Corporation (MC) and the Bank of Tokyo-Mitsubishi UFJ (MUFG) have been given permission by the Chinese authorities to centrally manage its foreign currency transactions, the first such approval to be given to a Japanese firm and a Japanese bank.

Mitsubishi Corporation China Co., Ltd., based in Shanghai, will act as the administrative agent and foreign currency retained by all of its subsidiaries in China will be pooled together and centrally controlled on a daily basis through MUFG's system, making it possible to streamline the treasury function that controls foreign currency reserves.

This approval has been based on Mitsubishi Corporation's need to consolidate its foreign currency transactions with MUFG's superior know-how. It is seen as a groundbreaking development, which will result in the streamlining of foreign currency management within China, which, until now, had operated under an inflexible system.

Prior to this, MC had already been centrally managing its yuan-denominated funds on a daily basis through MUFG, and this approval will mean that both yuan and foreign currency management within MC's subsidiaries in China will be made more efficient.

In October 2005, the National Foreign Currency Bureau, the Shanghai Bureau representative office and the Shanghai Municipal Government for the Pudong Xinqu business district announced their intention to restructure the system for foreign currency management to help multinational companies based in the district, and issued an announcement to state that a trial would go ahead.

This development is just one of 9 items listed in this statement, and makes it possible for multinational companies based in China to proceed with the central management of their group foreign currency on a daily basis, which will reduce loan commissions.

Significance of this approval:

First approval granted to a Japanese Firm and Bank

Until now, only large US, European and Chinese financial institutions had been given permission to implement this system by the Chinese authorities. This announcement marks the first such case for a Japanese company and bank.

A pioneering development for group foreign currency management

Foreign currency funds retained by companies in China were required to keep capital and recurring items in separate accounts, making it difficult to streamline the foreign currency management of group companies operating in the region. This new pioneering development will move the goal posts for Japanese companies looking to expand their activities in China.