

# Mitsubishi Corporation INVESTORS' NOTE

[Security code 8058]

JUN. 2010 No.

# 30



# Tackle Everything Head On

Ken Kobayashi

President and CEO

## Appointment as New President

It is my pleasure to write this letter following my confirmation as MC's new president as of June 24. I joined MC in 1971 and was consistently involved with our machinery businesses, particularly ship-related business, from the early days of my career through the middle stages up to my promotion to division COO. From 2001, I resided in Singapore, the key hub for information in Asia, as general manager of our Singapore Branch, and witnessed firsthand the dynamism of the Asian economy, particularly the rapid growth of the Chinese economy. Following my appointment in 2007 as an executive vice president, I focused on creating a new business model of *shosha*-type industrial finance as CEO of the Industrial Finance, Logistics & Development Group under the guidance of our former president Yorihiro Kojima. *Sogo-shosha* have long used financing as a tool in their business activities.



However, under this business model we began to target financing as a future nucleus of MC's overall operations by coordinating and cooperating with internal departments.

One principle I have learned through various kinds of work and stuck to throughout my career is to tackle things head on, without resorting to dubious wheeling and dealing. Even if somehow taking a less than acceptable approach brings success, it is bound to be short-lived. At MC, we rely on our general strengths to succeed in business, taking on tasks that lie ahead from a broad perspective. Amid tumultuous change in the global economy, we intend to challenge new business opportunities, seeking to help address various problems. Whatever the circumstances, I am determined to lead the MC Group to further growth by tackling things fairly and head on.

## Strengthening the Management Base, Developing Future Growth Drivers

Today, the global economy is facing structural change. Globalization, the growing prominence of emerging nations, changes in the balance of resource demand and supply, and various other dynamics are catalyzing a change from the cyclical structure of the past. Amid this structural change, we have entered an era in which management's judgment and decision-making ability is being put to the test. What business fields should be strengthened from a medium- to long-term standpoint? And what measures should a company take and when?

Through the INNOVATION 2007 and INNOVATION 2009 medium-term management plans over the past six years, we sought to achieve sustained growth, while balancing earnings growth, capital efficiency and financial soundness. Despite the testing economic environment, we succeeded at consistently generating net income of over ¥200.0 billion. We have also built up total shareholders' equity to a record level of close to ¥3 trillion. Based on these achievements, I believe we have created a strong earnings base and financial position for forging ahead in this new era.

I believe that my role is to further strengthen these bases as well as grow future earnings drivers.

We see new energy, the environment and the water business as growth fields that will drive earnings in the future. In order to develop these businesses, we launched the Global Environment Business Development Group, thereby bolstering our framework. This new group will harness our companywide expertise and knowhow to not only develop future earnings pillars in these fields but also to contribute to the continuous advancement of society.

### Appointment as Chairman of the Board



**Yorihiro Kojima**  
Chairman of the Board

On June 24, 2010, I retired as president and was appointed chairman of the Board.

During my six years as president, I worked to raise MC's corporate value on a consolidated basis, guided by the vision in our INNOVATION 2007 and INNOVATION 2009 plans of establishing MC as "A New Industry Innovator." One of my goals at the outset was to create a company that could consistently deliver net income of ¥200.0 billion. I think we achieved that goal.

MC's new president, Mr. Kobayashi, has experience managing one of our offices in fast-growing Asia, and also as CEO of the Industrial Finance, Logistics & Development Group. With this background, I believe he is well qualified to provide global leadership and to create new business models. I am confident that he will guide the MC Group to further growth and innovation.

Naturally, I will support him as chairman of the Board. I look forward to your continued support.

Strengthening group-wide management will also be important to driving the sustained growth of the MC Group. Since the late 1990s, we have worked to reform our business models. As a result of these efforts, we have shifted focus to business investments, to the extent that today business investees account for the lion's share of our earnings. For that reason, as we look ahead, we are once again enhancing and strengthening our group management foundations. One recent action in this regard was to establish the Business Service Group, which consolidates fields responsible for business infrastructure such as IT, logistics and insurance. The Business Service Group provides functions that support the businesses of the MC Group. How well we incorporate the information from our offices and MC Group companies—MC has more than 200 offices around the world and over 500 business investees—in the management of MC will be important. I believe that it is vital that we create a framework to ensure we fully absorb the valuable information that only local operations can provide and use it as a group strength.

I will announce my management vision, growth strategy and other information when we release our next medium-term management plan in the near future.

## Personal Data

### Ken Kobayashi

**Nickname:** Kobaken

**Date of birth:** February 14, 1949

**Personal motto:**

"Keep your ambitions high and your head down"

**Hobbies:** Reading, golf and *rakugo*\*

\*Japanese-style comic storytelling

Listening to *rakugo* by Shinsho while drinking a whiskey & water after work

#### Career Profile

Jul. 1971 Joined MC (Ship Sales Dept.), later stationed at the London Branch  
May 1998 GM, Ship & Industrial Project Dept.  
Apr. 2001 GM, Singapore Branch  
Successively held posts as COO, Plant Project Div., and COO, Ship, Aerospace & Transportation Systems Div.  
Apr. 2007 EVP; CEO, Industrial Finance, Logistics & Development Group  
Apr. 2010 SEVP; Executive Assistant to President  
Jun. 2010 President and CEO

With the support of our shareholders and other stakeholders, we succeeded in creating a strong management base under INNOVATION 2007 and INNOVATION 2009. The mission of the officers and employees of the MC Group is to generate the highest possible earnings and benefits from the assets with which we are entrusted. I want to create an environment that encourages all employees to tackle their work head on with a sense of reward and pride to deliver results and feel a sense of accomplishment. The sense of accomplishment of each and every individual will be the wellspring of greater MC Group corporate value, which in turn will have benefits for our shareholders and other stakeholders.

We live in changing times, but opening up a new era is both challenging and meaningful. Thank you for your ongoing support for MC. We will do our very best to ensure that we live up to your expectations.

June 2010

Ken Kobayashi  
President and CEO






Net Income and Dividends

Net income: ¥273.1 billion (Down ¥96.8 billion, or 26%, year on year)

The Metals and Energy Business Groups saw earnings drop because of the impact of lower crude oil, coking coal and other resource prices. However, the Machinery, Chemicals and Living Essentials Groups, which are not heavily affected by resource prices, recorded higher earnings. Furthermore, the Industrial Finance, Logistics & Development Group recorded a much narrower loss. (Please refer to page 8 for net income for each business group.)

Annual ordinary dividend per share: ¥38 per share (Year-end dividend: ¥21 per share)

In accordance with our dividend policy, we declared an annual ordinary dividend per share of ¥38, ¥4 higher than the ¥34 initially forecast, because we exceeded our initial forecast for net income of ¥240.0 billion announced in October 2009 by ¥33.1 billion and our earnings are recovering. This dividend equated to a consolidated dividend payout ratio of approximately 23%.

Dividend Policy

Our policy is to link our dividend to net income in each fiscal period to directly return earnings to shareholders. We target a consolidated dividend payout ratio in the range of 20% to 25%.

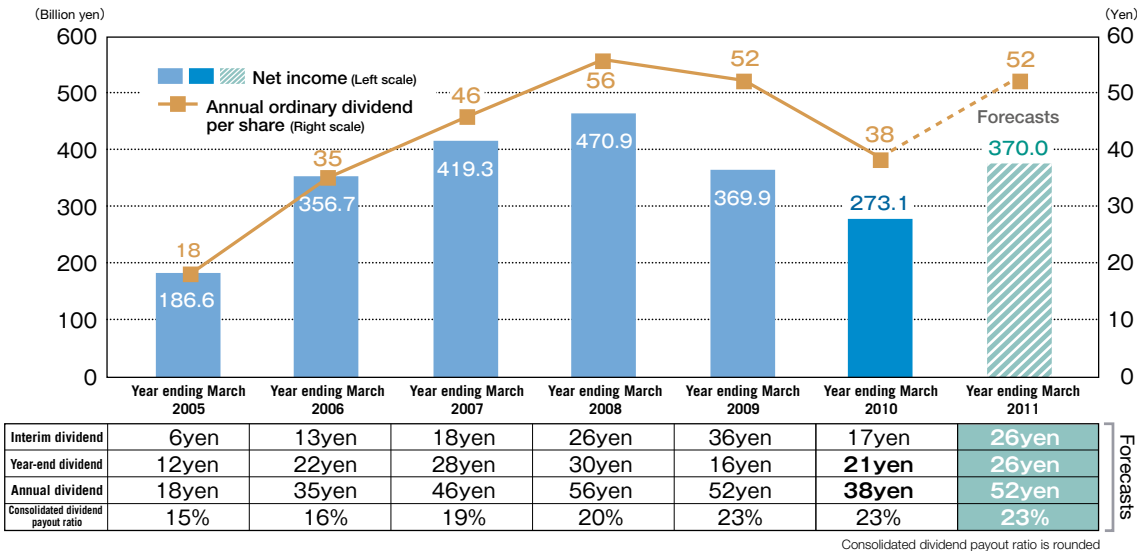
Year Ending March 2011 Forecasts

Net income: ¥370.0 billion (Up ¥96.9 billion, or 35%, year on year)

Annual ordinary dividend per share: ¥52 per share (Up ¥14 per share year on year)

We are forecasting net income of ¥370.0 billion for the year ending March 2011 based on recovering commodity prices and other factors. If we achieve this forecast, we plan to pay an annual ordinary dividend per share of ¥52, an increase of ¥14 per share year on year, and representing a consolidated dividend payout ratio of approximately 23%.

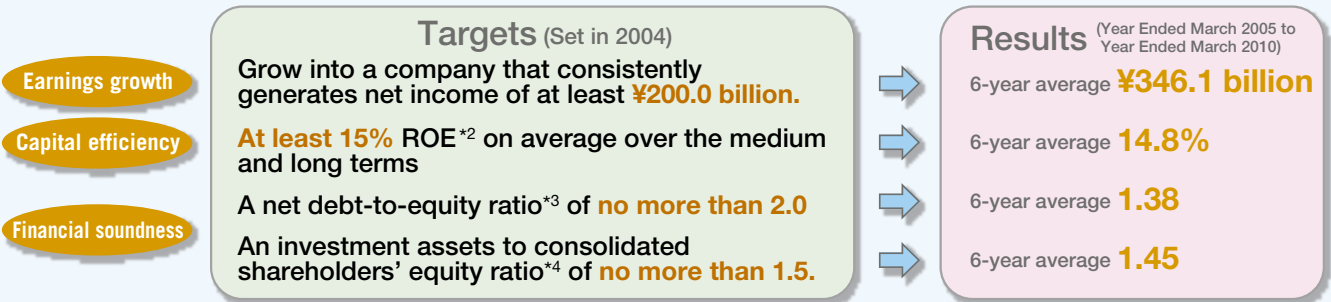
Net Income and Dividend per Share



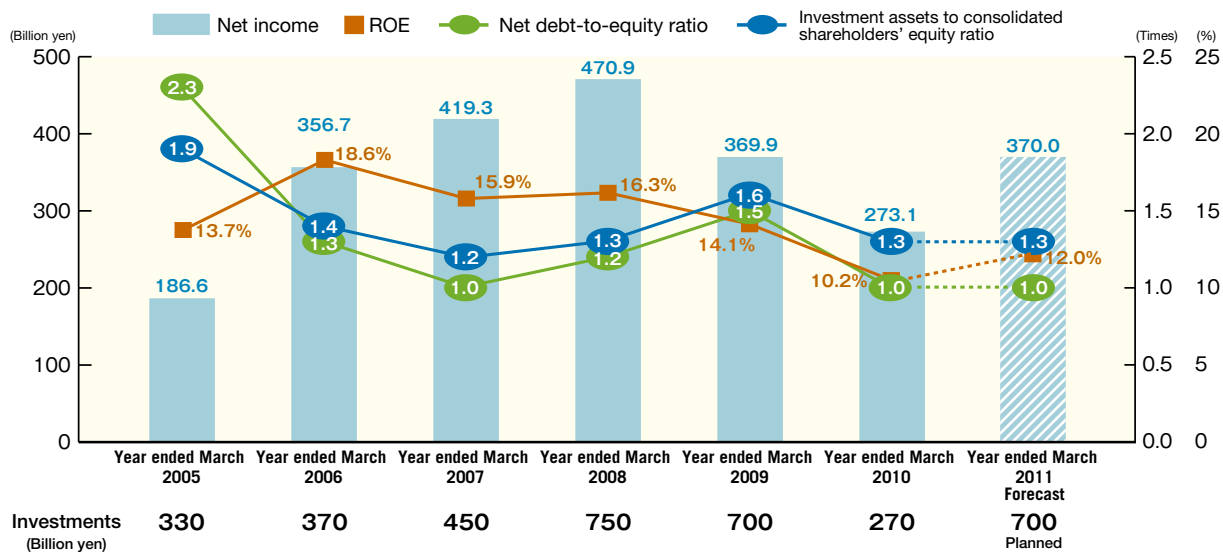
Looking Back on the Past 6 Years—Achievements of INNOVATION 2007 and INNOVATION 2009 Medium-Term Management Plans

Throughout the course of the INNOVATION 2007 and INNOVATION 2009 medium-term management plans, our basic policy for six years was to aim to achieve sustained growth, while balancing earnings growth, capital efficiency and financial soundness. While we faced a difficult business environment caused by the financial crisis that began in the U.S., we think we adequately achieved our initial goal of consistently generating net income of at least ¥200.0 billion.

For the period from the year ended March 2005 to the year ended March 2010 we made investments\*1 of approximately ¥2.9 trillion. Of this amount, we invested approximately ¥1.0 trillion in the energy and metal resources fields. The remaining approximate ¥1.9 trillion was invested in other fields. We believe that these investments made over the past six years have laid the foundations for growth over the medium and long terms.

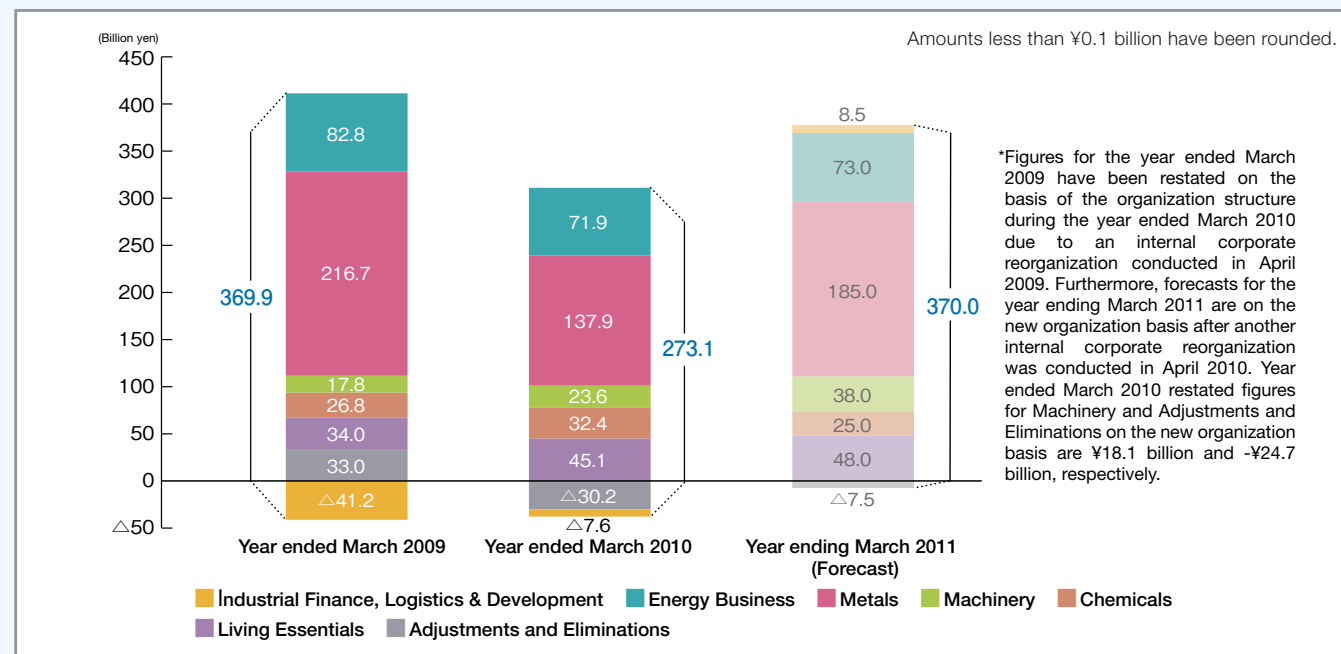


Indicators and Figures



\*1 Gross investments excluding asset realignments and depreciation, etc.  
\*2 Return on Equity = Net income divided by shareholders' equity  
\*3 Net interest-bearing liabilities = Gross interest-bearing liabilities (bank borrowings, corporate bonds, commercial paper, etc.) that must be repaid with interest, minus cash and cash equivalents. The ratio is in comparison to shareholders' equity.  
\*4 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

## Net Income by Business Group



### Industrial Finance, Logistics & Development Group

The segment net loss narrowed ¥33.6 billion year on year, despite the write-downs of Japan Airlines Corporation (JAL) and other shares. This improvement reflected decreased total share write-downs and increased fund investment-related earnings.

### Energy Business Group

Segment net income declined ¥10.9 billion year on year. Although impairment losses on property and equipment decreased at overseas resource-related subsidiaries, the segment recorded decreased earnings on transactions at overseas resource-related subsidiaries and lower equity-method earnings from overseas resource-related business investees due to lower crude oil prices and the stronger yen. Another factor was losses related to fuel derivative transactions for a JAL subsidiary.

### Metals Group

Segment net income declined ¥78.8 billion due to decreased earnings on transactions at an Australian resource-related subsidiary because of lower coking coal sales prices, and losses related to fuel derivative transactions for a JAL subsidiary. This was despite lower share write-downs.

### Machinery Group

Segment net income increased ¥5.8 billion, despite the write-down of Mitsubishi Motors Corporation preferred stock, lower ship charter rates, and lower transactions of machinery and equipment sold in large volumes. The increase mainly reflected higher earnings at overseas IPP\* businesses and lower share write-downs and impairment losses on property and equipment.

### Chemicals Group

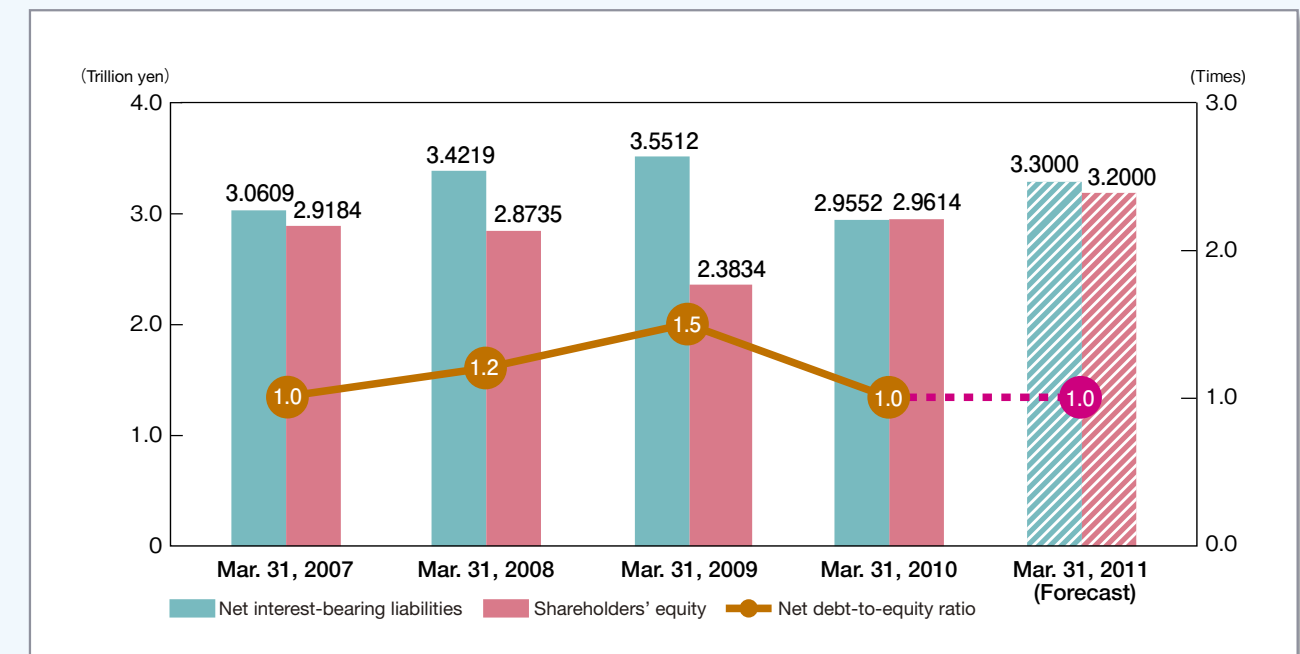
Segment net income increased ¥5.6 billion, despite lower earnings on transactions due to a decrease in chemical product prices. The higher earnings reflected lower share write-downs, and an increase in equity-method earnings due to the reversal of deferred tax liabilities of a petrochemical business-related company.

### Living Essentials Group

Segment net income increased ¥11.1 billion year on year, despite lower earnings on transactions at food-related businesses and general merchandise-related subsidiaries, and losses at a LAWSON, INC. subsidiary. The overall segment result reflected lower share write-downs.

\*IPP (Independent Power Producer): An independent operator who generates electricity with proprietary facilities and sells it to power companies.

## Changes in Shareholders' Equity and Interest-Bearing Liabilities



Shareholders' equity rose ¥578.0 billion to a record-high level of ¥2,961.4 billion. In addition to the accumulation of net income, this reflected an increase in net unrealized gains on securities available for sale resulting from an increase in unrealized gains on listed shareholdings, and an improvement in foreign currency translation adjustments as a result of the yen's depreciation against the Australian dollar.

Net interest-bearing liabilities declined ¥596.0 billion from March 31, 2009 to ¥2,955.2 billion due to the lower demand for funds for working capital and other requirements. The net debt-to-equity ratio, a measure of financial soundness, was 1.0, a significant 0.5 point improvement from 1.5 at March 31, 2009.

### Main Reasons for Changes in Shareholders' Equity (Compared to March 31, 2009)

**Net income**  
(¥273.1 billion)

**Payment of dividends**  
(-¥54.2 billion)

**Increase in net unrealized gains on securities available for sale**  
(¥153.4 billion)

→ Increase in unrealized gains on listed shareholdings due to rising stock prices

**Improvement in foreign currency translation adjustments**  
(¥156.5 billion)

→ Impact of the yen's depreciation against the Australian dollar



# Aiming to Grow Further as a Global Business Enterprise

## An Enhanced Framework to Better Facilitate Our Growth Strategy

We conducted an internal corporate reorganization in April 2010 to facilitate stepped-up efforts to drive medium- and long-term growth in fields such as new energy, the environment and water, infrastructure and IT services.



### Global Environment Business Development Group and Business Service Group Launched

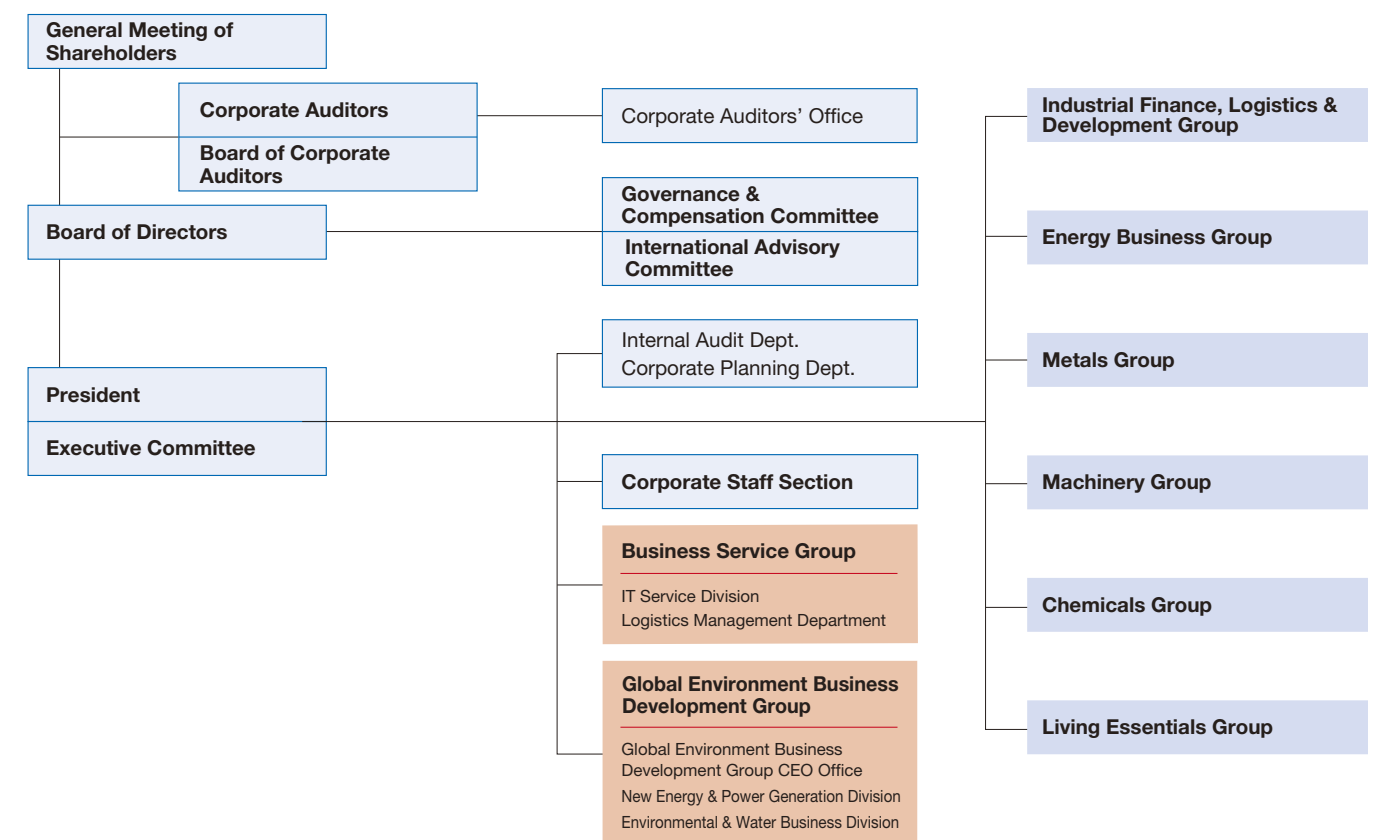
In April 2009, we designated four areas for corporate development: “Functional Development,” “Business Sector Development,” “Customer Relationship Development,” and “Regional Development.” Along with this, we also established the Corporate Development Section, which reports directly to MC’s president. This division plans and executes medium- to long-term growth strategies in each development area. It also monitors trends in the development of cutting-edge technologies and supported the development efforts of our business groups in the aforementioned four areas.

In the new energy, environmental and water businesses, which we have been developing under “Business Sector Development,” we are building momentum through investments and other concerted

actions. By strengthening our portfolio and fostering greater cooperation among our business groups, we aim to develop these businesses into future growth fields. To facilitate this, we recently established the Global Environment Business Development Group. This new organization has taken over the overseas power generation and energy solutions businesses from business groups. It is leading our efforts in the infrastructure business with a focus on the global environment, while endeavoring to establish new earnings models.

We have also established the Business Service Group, so as to provide specialist services in an integrated manner in business domains such as logistics, insurance and trade management as well as IT services, which until now have been carried out as part of “Functional Development.”

### Organizational Structure (As of April 1, 2010)





## Role of the Global Environment Business Development Group

This group aims to develop commercially viable businesses and establish earnings models in new energy, environmental and water, and power generation fields. It promotes these businesses as future growth fields and also engages in the infrastructure business in each of them.

This group also identifies cutting-edge technology trends and unearths, proposes and create new businesses to address rising needs for the creation of eco-friendly, low-carbon societies.

## Role of the Business Service Group

This group supports a sophisticated group management framework through the provision of specialist functional services such as IT. These services eye the advent of the cloud computing\* age and help raise the enterprise value of MC and its group companies, support business process reform, and provide assistance for business development.

And the knowhow it accumulates through these activities, will be used to provide services to existing and new MC customers as the Business Service Group seeks to create new business opportunities.

\*A way of using computers by making full use of networks. With cloud computing, users can use applications, servers, services and various other resources scattered across the Internet.

## Main Businesses and Activities

### New Energy Power Generation

We are promoting solar thermal, solar photovoltaic and wind power generation businesses and projects, as well as conducting trading activities in solar cells and silicon raw materials and promoting the wide uptake of fuel cells.

We are participating in a solar photovoltaic power generation project developed by Spanish company ACCIONA S.A., one of the world's foremost renewable energy companies.



### Global Power Generation & Marketing

We are promoting private-sector power generation businesses overseas centering on the IPP\* model.

\*IPP (Independent Power Producer): An independent operator who generates electricity with proprietary facilities and sells it to power companies.



⇨ Pictured is the Tuxpan V Power Station in Mexico. We are operating this power station and Tuxpan II with Kyushu Electric Power Co., Inc.

⇨ The Ho-Ping Power Station in Taiwan. Hong Kong-based Diamond Generating Asia Limited, an MC business investee developing an IPP business in the Southeast Asia region, operates this facility with another Hong Kong company called CLP Holdings Limited and Taiwan Cement Co., Ltd.



⇨ The Indigo Power Plant (pictured) in the U.S. is operated by Los Angeles-headquartered Diamond Generating Corporation, a business investee developing an IPP business.

### Automotive-Related Business

We are promoting a number of automobile-related businesses in Japan and overseas, including manufacturing lithium-ion batteries for electric vehicles.

Kyoto-based business investee Lithium Energy Japan (LEJ) mass produces lithium-ion batteries. Its batteries are used in Mitsubishi Motors Corporation's new electric vehicle, the i-MiEV. In April 2010, LEJ decided to build a new plant that is scheduled to begin commercial operation at the beginning of the year ended March 2013.



### Water Business

We are conducting water-related businesses, including operating water treatment plants, in Japan and overseas.



Shown here is a water and wastewater treatment facility in Zimbabwe for which Ebara Engineering Services Co., Ltd. (EES) provided the machinery and power equipment. MC and JGC Corporation have each acquired a 33.3% equity interest in EES, a water business subsidiary of EBARA CORPORATION. The three shareholders aim to expand jointly operated businesses in Japan and overseas.

### Bio Energy Business

We are developing and promoting biomass fuel businesses, biomass fuel-related funds and other activities.

We produce wood biopellets, like those pictured, at plants in Japan and Europe (Germany). We have also teamed up with Weyerhaeuser Company (Washington State, U.S.A.), one of the world's leading forestry products companies, to conduct a commercial feasibility study for a proposed manufacturing facility in the U.S.



### Environmental Solutions Business

In Japan and overseas, we are engaged in environmental, energy-saving and recycling-related businesses.

Pictured is an energy center at the Isehara campus of Tokai University, Japan. Our business investee Japan Facility Solutions, Inc. is providing onsite energy supply services at this energy center, which it designed and built with energy-saving engineering expertise acquired through its ESCO (Energy Service Company) business\*.



\*A business that provides one-stop services extending from building energy diagnosis and energy-saving design, to construction, finance, maintenance, and guarantee and validation of energy-saving results.

### Consulting & SI\* Businesses

We are developing and expanding business consulting services, strengthening our SI business and developing an information security-related business.

\*System Integration: The integration and operation of information systems.



IT Frontier Corporation, which provides IT-related business solutions, SI services and other IT services, and SIGMAXYZ Inc., which provides business consulting services using information and telecommunications technology, are creating new businesses with IT.



# BUSINESS HIGHLIGHT

## Major Recent News

### ■ Development of a Low-Carbon-Emitting Condominium— TERRACE TOYOCHO NXTOWER

We actively develop eco-friendly condominiums. The TERRACE TOYOCHO NXTOWER in Tokyo's Koto Ward, whose condominiums we began selling in fall 2009, boasts equipment with outstanding energy efficiency, contributing to reduced CO<sub>2</sub> emissions. What's more, an enlarged area set aside for greenery has enhanced living and surrounding environments and use of recycled materials and water-saving equipment contribute to efficient resource use.

Beyond the building itself, we are contributing to better living and surrounding environments by offering various services, including a car sharing scheme using MMC-made i-MiEV electric vehicles<sup>\*1</sup>.

<sup>\*1</sup> A scheme involving the joint use of one vehicle among multiple registered members

<sup>\*2</sup> Comprehensive Assessment System for Building Environmental Efficiency (CASBEE): A system that comprehensively assesses the environmental performance of buildings.



This condominium emits approximately 27% less CO<sub>2</sub> than the CASBEE<sup>\*2</sup> standard for CO<sub>2</sub> emissions.

Information on MC's housing business can be found on the MC Style website (Japanese only)

<http://www.mcstyle.com/>

### ■ Cards Issued and Services Begin for Ponta Multi-Partner Loyalty Program

Wholly owned MC subsidiary Loyalty Marketing, Inc. began rolling out a multi-partner loyalty program in March 2010 with LAWSON, INC., Showa Shell Sekiyu K.K. and GEO Corporation. This program enables users to collect and redeem points at partner stores. For customers, Ponta makes it easy to build up points with a single point card, whereas partner companies should be able to build larger customer bases. At present, 18 companies are participating in this program.



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### ■ Joint CSR Activities With Inter-American Development Bank

MC announced that it will cooperate with Inter-American Development Bank (IDB) to support the social and economic development of small-medium rural agricultural producers in the state of Bahia, Brazil.

This project is being executed by an NGO under the umbrella of Odebrecht Holdings, one of Brazil's largest conglomerates. At the same time as helping farmers achieve independence, the project will spread knowledge regarding the sustainable production and sale of agricultural produce through education and training on environmental protection.

MC plans to contribute US\$150,000 per year for up to 3 years, subject to annual review of the achievements and results of the project.



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### ■ Participation in Uranium Exploration Projects

MC has agreed to participate in uranium exploration projects in Mongolia being conducted by AREVA, a French nuclear energy company. AREVA holds 36 uranium exploration licenses on more than 14,000 km<sup>2</sup> of land in Mongolia.

In other news, in February 2010 we acquired a 50% interest in the West McArthur uranium exploration project in Canada's Saskatchewan Province. We will support exploration activities through a joint venture formed with Canadian exploration company CanAlaska Uranium Ltd.

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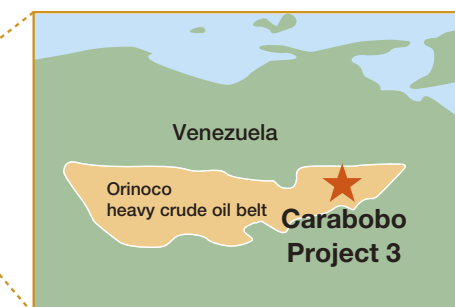
### ■ MC and Weyerhaeuser Company to Conduct Commercial Feasibility Study in the Biofuel Field (See page 13)

### ■ EBARA, MC and JGC Agree to a Joint Venture in the Water Business (See page 13)

### ■ MC to Participate in an Oilfield Development Project in Venezuela's Orinoco Belt

MC, U.S. company Chevron, Inpex Corporation, and Venezuela's Suelopetrol have acquired rights to develop heavy crude oil\* in the Carabobo blocks situated along Orinoco River. A Joint Venture Agreement was signed in May 2010 with the Venezuelan national oil company. The project aims to produce 400,000 barrels of oil per day for sale.

\*Refers to oil with a high viscosity and specific gravity.



### ■ MC Healthcare, Inc. Established by Integrating Nihon Hospital Service Co., Ltd., Apprecia, Inc. and MC Medical, Inc.

MC announced the integration of three business investees into one company. These business investees procured pharmaceuticals and medical supplies and medical equipment for hospitals as well as imported and distributed medical devices. The aim of integrating the previously dispersed functions is to become a total solutions partner for medical and healthcare institutions.

### ■ Merger of Mitsubishi Corporation Unimetals Ltd. and Mitsubishi Shoji Light Metal Sales Corporation

MC decided to merge Mitsubishi Shoji Light Metal Sales Corporation, which has trading expertise mainly in aluminum, and Mitsubishi Corporation Unimetals Ltd., which is a core company for MC in the midstream and downstream sectors of the non-ferrous metals business. This move is aimed at growing the non-ferrous metals business and increasing customer satisfaction.

### ■ MC and Shinmei Agree to a Business and Capital Alliance

MC formed a business alliance with Shinmei Co., Ltd., which operates rice mills and a processing and distribution network in Kanto, Kansai and Kyushu and boasts an advanced quality control system. As part of this alliance, MC acquired a 20% equity interest in Shinmei. MC's goal is to provide safe, high-quality and great-tasting rice and spur increased consumption.

### ■ MC Acquires Additional Ownership Interest in Escondida Copper Mine in Chile

A joint venture established by MC, Nippon Mining & Metals Co., Ltd. and Mitsubishi Materials Corporation acquired an additional ownership interest from International Finance Corporation in the Escondida copper mine, which produced 1,078,000 tons of fine payable copper in 2009, making it the world's largest copper mine. This increased MC's ownership interest from 7.0% to 8.25%.



### ■ Operations Commence at One of Australia's Largest Coal Mines

Clermont Mine, located in Queensland, Australia, commenced operations. MC holds a 31.4% interest in this thermal coal mine through its wholly owned subsidiary Mitsubishi Development Pty Ltd (MDP), which invests in, produces and sells metal resources. Plans call for the mine to reach its full capacity of 12.2 million tonnes per annum of thermal coal for power plants by 2013.

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### ■ Lithium Energy Japan Commits to Construction of a New Plant

(See page 13)

### “MC Volunteer Activity!” Social Contribution Report for the Year Ended March 2010 Released

Since the year ended March 2006, MC has been running “MC Volunteer Activity!,” a program designed to promote volunteer activities among employees. Under this program, corporate officers and employees are encouraged to take part in volunteer activities at least once a year, earning a “token” worth a corporate donation of ¥500 every time they volunteer.

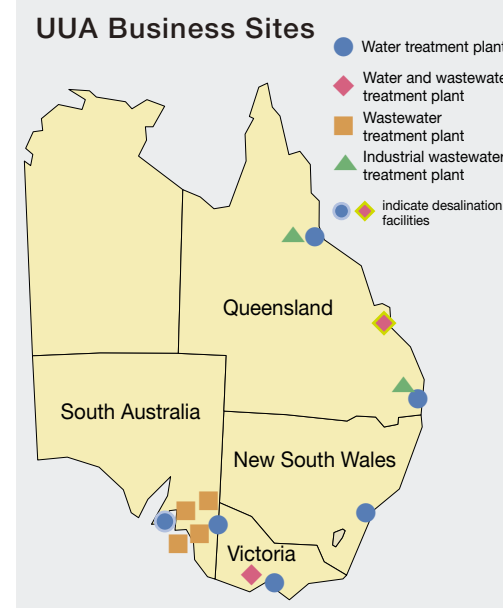
In the year ended March 2010, a total of 11,000 tokens were earned. Based on this result, MC made donations amounting to ¥5.5 million to 6 groups, including NGOs in the fields of public welfare, education and the environment. MC also made donations to a scholarship fund in Laos to help children throughout their elementary education, and a project constructing child educational facilities in Tanzania, Africa. Moreover, donations from employees totaling ¥206,840 were used to provide 104 picture books to childcare facilities across the country.



MAY

### ■ Private-Public Consortium Acquires Australian Water Company

MC, Innovation Network Corporation of Japan, JGC Corporation and Manila Water Company, Inc. (an MC investee) teamed up to acquire United Utilities Australia Pty Limited and its Australian related entities (UUA). UUA is a water company established in 1991 by United Utilities PLC (United Utilities), one of the U.K.'s largest water companies. UUA is engaged in 14 businesses, including water and wastewater treatment, desalination, industrial wastewater treatment and reclamation, in Australia, providing services to over 3 million people. The public-private consortium plans to utilize the expertise of the Bureau of Waterworks of the Tokyo Metropolitan Government in operating this business.







# Plastics Business

Plastics are indispensable for all manner of industries, as well as in our daily lives. Mitsubishi Corporation (MC) is developing a value chain that extends from the production of plastic raw materials to the sale of processed products. Combining both trading, which involves export, import, domestic and offshore trading, and business investment, MC is endeavoring to tap into global growth.

## Building a Global Supply and Sales Framework

Plastics are made mainly from petroleum and natural gas. MC's plastics business covers a broad range of fields, extending from commodity plastics to industrial resins and PET resin.

Commodity plastics trading activities are a business mainstay and here we have built a network for consistently procuring raw materials from suppliers around the world. The axis of this network is Saudi Arabian company SHARQ<sup>\*1</sup>, an upstream MC business investee. We also have invested in or maintain business alliances with leading processing companies in Asia, including China,

Bangladesh and Pakistan, in the midstream part of the value chain. MC also sells molded products that are produced by these companies. And in the downstream sector involving the sale of plastics and molded products, we are able to supply globally through Mitsubishi Shoji Plastics Corp. and Kibikasei Co., Ltd. in Japan, and through North American company MIP<sup>\*2</sup> and our overseas bases.

<sup>\*1</sup> The common name of Eastern Petrochemical Co. This company is owned 50-50 by Saudi Petrochemical Development Co. (SPDC), which was established by a consortium of Japanese companies including MC, and by Saudi Basic Industries Corporation (SABIC).  
<sup>\*2</sup> Mitsubishi International PolymerTrade Corporation (100% owned by MC, headquartered in New York, U.S.A.)

### A Plethora of Plastics

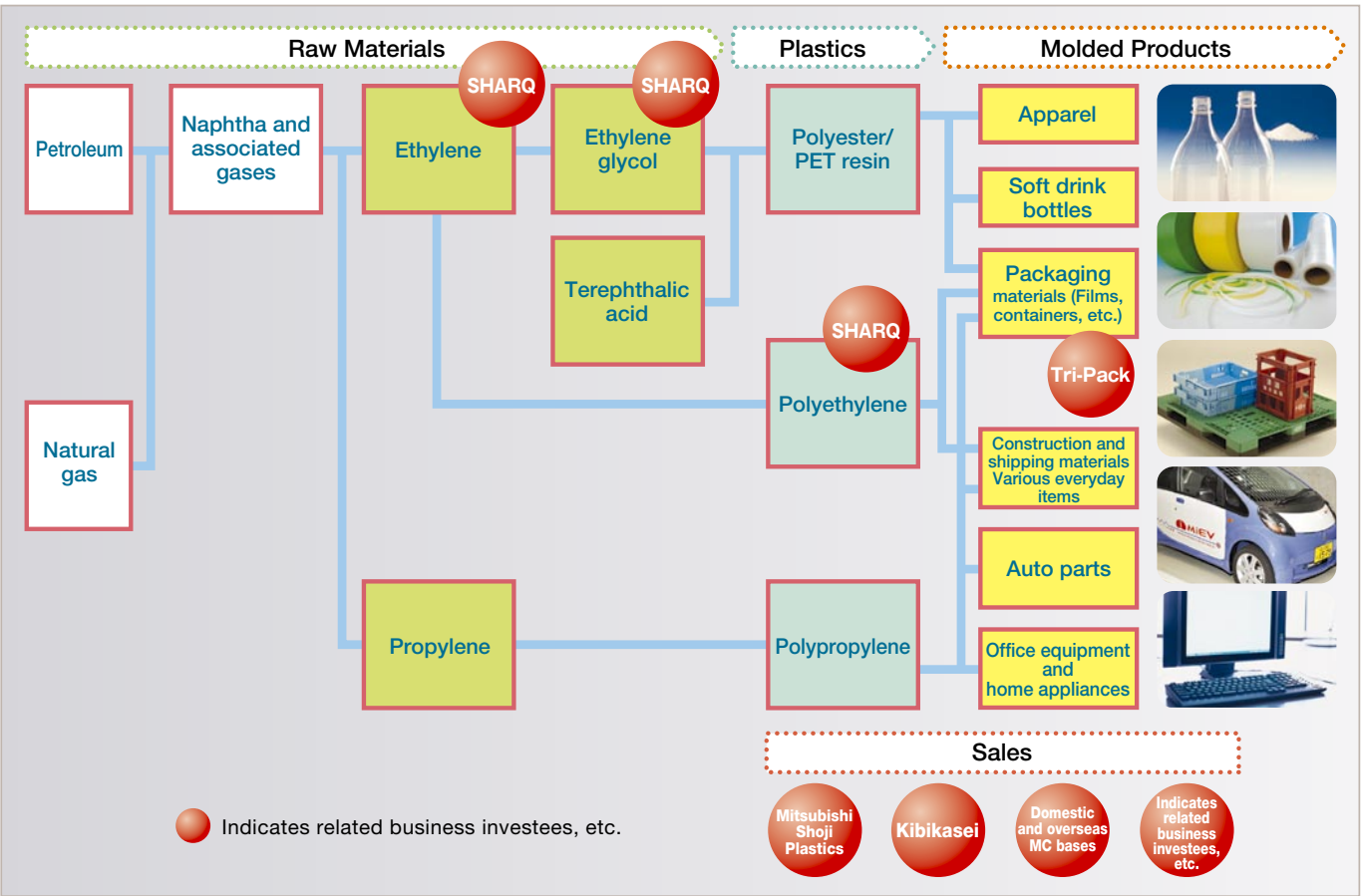
Plastics come in diverse forms and with various features depending on the application. Commodity plastics, for instance, mainly include polyethylene (PE) and polypropylene (PP), which are used in everyday products, construction materials, packaging materials and a host of other applications. Industrial resins such as specialty engineering plastics and acrylic resin

Polycarbonate is a prime example of an engineering plastic and is widely used in auto parts and other areas.

are used mainly in automobiles, home appliances, and office equipment. Then there is PET resin, the raw material for soft drink bottles. Plastics is a simple word—but it covers a huge range of products that are vital to our daily lives.  
Polycarbonate is a prime example of an engineering plastic and is widely used in auto parts and other areas.



## Main Plastic Production Processes and MC's Value Chain



## Focused on Developing Professionals Globally and Group-wide

There are various types of plastics depending on the application. Because of this and the fact that petroleum and natural gas feedstocks are commodities, a high level of specialist knowledge and sophisticated trading expertise are required in this business. That's why we put a lot of effort into developing plastics professionals around the world and across the MC Group. This development program includes stationing personnel overseas and running training courses for MC, Mitsubishi Shoji Plastics and other personnel.

MC's strength lies in its ability to

stably source cost-competitive raw materials from SHARQ and other suppliers with whom MC has long-term contracts. In April 2010, SHARQ completed expansion work, doubling its production capacity. Armed with this additional capacity, our staff around the world are now working to secure customers and we plan to make investments in midstream processing companies. We also plan to expand business into Russia, Central and Eastern Europe, South America and other countries and regions where demand for plastic raw materials is growing.



# Global Development of the Plastics Business

MC has built a system for consistently procuring plastics raw materials, particularly from SHARQ, to satisfy a broad range of needs of customers around the world.



Plastic resin is mainly processed into granules for trading.

A Worldwide MC Business

## SHARQ

Established in Al Jubail, Saudi Arabia in 1981, SHARQ is an important base in the upstream part of the value chain, producing ethylene, PE and ethylene glycol. SHARQ completed third-stage expansion work in 2009, and commenced commercial production at these new facilities in April 2010. Through facility expansion, SHARQ has doubled its annual capacity to 2.5 million tons of ethylene, 1.6 million tons of PE and 1.5 million tons of ethylene glycol. QAMAR, a butane linear low-density polyethylene and one of SHARQ's core products, is an ideal raw material for making film because of its resistance to perforation and tearing, and is used for plastic bags, as well as packaging materials for food, clothing and other items.

SHARQ-made products are sold around the world, primarily by processing companies in China, Southeast Asia and Europe.



## Tri-Pack Films Limited

This company was established in Karachi in 1993 as a joint venture between MC and local companies. A leading manufacturer in Pakistan, Tri-Pack Films produces mainly biaxially oriented polypropylene (BOPP) film. BOPP film boasts outstanding transparency, elasticity and strength. These properties mean it is used as a packaging material by food processors, pharmaceutical manufacturers and other customers.



## Mitsubishi International PolymerTrade Corporation

This wholly owned MC trading company in New York sells, imports and exports mainly plastic raw materials, resin and molded products in North America. In April 2010, it merged with a trading company specializing in specialty chemicals as part of its drive to expand business in North America.

## Kibikasei Co., Ltd.

A chemical products trading company, Kibikasei is primarily engaged in the custom production under contract of general merchandise, food items and medical goods. It also handles the raw materials that are used in these types of products, such as synthetic resins, films and chemical products, as well as in materials for agriculture, construction materials, machinery, molds and other products. Kibikasei is developing unique businesses with various functions, involving everything from raw materials to processing and molds.

**Kibi**

## Mitsubishi Shoji Plastics Corp.

Wholly owned by MC, this trading company specializes in plastics, and is involved in everything from the import and export of commodity plastics, industrial resins, PET resin and related molded products through its nationwide network in Japan to the sale of products to domestic customers. In January 2009, the former Mitsubishi Shoji Plastics and another MC business investee, Fujisangyo Co., Ltd., merged to form the new Mitsubishi Shoji Plastics, strengthening business functions. In cooperation with MC, Mitsubishi Shoji Plastics is focusing on global development to stay abreast of moves offshore by its customers, including manufacturers of automobiles, home appliances, office equipment, and parts and components.

**MITSUBISHI SHOJI PLASTICS CORPORATION**

## MC's Main Overseas Bases

MC's overseas bases in London, Germany (Düsseldorf), Thailand, Hong Kong, Shanghai and elsewhere around the world are engaged in procurement and sales activities in each region. Leveraging trading expertise and advanced specialist knowledge, these bases collaborate with the head office to play a vital role in developing overseas business by building relationships of trust with local plastics suppliers and end users.