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# Summary of Consolidated Financial Results

## For FY2007

(April 1, 2007 - March 31, 2008)

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*\*This document is an English translation of a statement written initially in Japanese.*

*The original in Japanese should be considered the primary version.*

### Disclaimer Regarding Forward-Looking Statements

This document contains forward-looking statements about the performance of Marubeni and its Group companies, based on management's assumptions in light of current information. The following factors may therefore influence actual results.

These factors include consumer trends in Japan and in major global markets, private capital expenditures, currency fluctuations, notably against the U.S. dollar, material prices, and political turmoil in certain countries and regions.

**Marubeni**  
CORPORATION

(TSE Code: 8002)

**Summary of Consolidated Financial Statements for FY2007 (US GAAP basis)**

Company Name: Marubeni Corporation  
Listed : Tokyo, Osaka, Nagoya  
Head Office: Tokyo

(URL <http://www.marubeni.com>)

Code Number : 8002

Representative: ASADA Teruo President and CEO, Member of the Board  
Enquiries: IWASHIMA Hirokazu General Manager, Media Relations Sec. TEL (03) 3282 - 4803  
Expected date of Annual meeting of Shareholders: June 20, 2008  
Expected filing date of annual financial statement report : June 20, 2008  
Expected Date of the beginning of delivery of dividends: May 30, 2008

**1. Consolidated financial results for FY2007 (April 1, 2007 - March 31, 2008)****(1) Consolidated business results**

|        | Total volume of trading transactions |      | Operating profit  |      | Income before income taxes |      | Net income        |      |
|--------|--------------------------------------|------|-------------------|------|----------------------------|------|-------------------|------|
|        | (millions of yen)                    | (%)  | (millions of yen) | (%)  | (millions of yen)          | (%)  | (millions of yen) | (%)  |
| FY2007 | 10,631,616                           | 11.3 | 200,153           | 21.3 | 216,197                    | 11.5 | 147,249           | 23.4 |
| FY2006 | 9,554,943                            | 10.0 | 165,020           | 15.2 | 193,815                    | 45.7 | 119,349           | 61.7 |

  

|        | Earnings per Share | Diluted EPS | ROE  | ROA<br>(before income taxes) | Operating profit on sales |
|--------|--------------------|-------------|------|------------------------------|---------------------------|
|        | (yen)              | (yen)       | (%)  | (%)                          | (%)                       |
| FY2007 | 84.93              | -           | 19.3 | 4.3                          | 1.9                       |
| FY2006 | 72.41              | 68.85       | 16.9 | 4.1                          | 1.7                       |

(Note)

- ①Equity in earnings-net FY2007 55,661million yen FY2006 44,880million yen
- ②The ratio of Total volume of trading transactions, Operating profit, Income before income taxes and Net income represents the changes from the previous year.
- ③For Japanese Investors' convenience, Total volume of trading transactions and Operating profit are shown according to Japanese accounting practice. Total volume of trading transactions is the sum of those in which Marubeni and its consolidated subsidiaries ("the Companies") act as principal and those which the Companies act as agent.
- ④Class I Preferred Shares issued in December 2003 has dilution effect for FY2006. All of those preferred shares have been converted to common shares as of March 19, 2007, therefore diluted EPS for FY2007 is not stated.

**(2) Consolidated financial conditions**

|                | Total Assets      | Shareholders' Equity | Shareholders' Equity Ratio | Shareholders' equity per share |
|----------------|-------------------|----------------------|----------------------------|--------------------------------|
|                | (millions of yen) | (millions of yen)    | (%)                        | (yen)                          |
| March 31, 2008 | 5,207,225         | 779,764              | 15.0                       | 449.04                         |
| March 31, 2007 | 4,873,304         | 745,454              | 15.3                       | 430.04                         |

(Note)

In accordance with the US GAAP, Shareholders' equity, Shareholders' equity ratio, and Shareholders' equity per share are stated as was conventionally done.

**(3) Consolidated cash flow**

|        | Cash flow from operating activities | Cash flow from investing activities | Cash flow from financing activities | Cash and cash equivalents at the end of the term |
|--------|-------------------------------------|-------------------------------------|-------------------------------------|--|
|        | (millions of yen)                   | (millions of yen)                   | (millions of yen)                   | (millions of yen)                                |
| FY2007 | 235,290                             | -306,855                            | 65,865                              | 402,281  |
| FY2006 | 152,075                             | -135,147                            | 24,819                              | 414,952  |

**2. Dividends information**

|                    | Dividend per share |                   |                 |
|--------------------|--------------------|-------------------|-----------------|
|                    | Interim dividend   | Year end dividend | Yearly dividend |
|                    | (yen)              | (yen)             | (yen)           |
| FY2007             | 6.00               | 7.00              | 13.00           |
| FY2006             | 3.50               | 6.50              | 10.00           |
| FY2008 (prospects) | 7.00               | 7.00              | 14.00           |

  

|                    | Total amount of dividend | Payout ratio   | Dividend on equity |
|--------------------|--------------------------|----------------|--------------------|
|                    | (Yearly)                 | (Consolidated) | (consolidated)     |
|                    | (millions of yen)        | (%)            | (%)                |
| FY2007             | 22,558                   | 15.3           | 3.0                |
| FY2006             | 16,982                   | 13.8           | 2.5                |
| FY2008 (prospects) |                          | 14.7           |                    |

(Note)

- ①Above figures show the dividends regarding common shares. The dividends regarding classified shares which are unlisted are mentioned in page2 "Dividends information regarding classified shares".
- ②The year-end dividend on common stock for FY2007 is to be resolved at the board meeting scheduled on May 16, and the payment date shall be May 30, 2008.

### 3. Forecast of consolidated financial results for FY2008 (April 1, 2008-March 31, 2009)

|        | Total volume of trading transactions |     | Operating profit  |     | Income before income taxes |      | Net income        |      |
|--------|--------------------------------------|-----|-------------------|-----|----------------------------|------|-------------------|------|
|        | (millions of yen)                    | (%) | (millions of yen) | (%) | (millions of yen)          | (%)  | (millions of yen) | (%)  |
| FY2008 | 11,300,000                           | 6.3 | 220,000           | 9.9 | 270,000                    | 24.9 | 165,000           | 12.1 |
|        | Basic EPS                            |     |                   |     |                            |      |                   |      |
| FY2008 | 95.02                                |     |                   |     |                            |      |                   |      |

(Note)

① The ratio represents the changes from the previous year.

② Marubeni has forecasted its performance only in yearly basis and interim financial prospects are not announced.

### 4. Others

(1) Changes in major consolidated subsidiaries and affiliated companies accounted for by equity method : No changes

(2) Changes in accounting principle, procedure or display method

① Any changes in accordance with the changes in the accounting system : No changes

② Any changes other than ① : No changes

(3) Number of outstanding shares

① Number of outstanding shares at the end of the term March 31, 2008 (Common shares) 1,737,940,900

(Consolidated basis/Treasury shares are included) March 31, 2007 (Common shares) 1,734,916,816

② Number of outstanding treasury shares at the end of the term March 31, 2008 (Common shares) 1,414,364

March 31, 2007 (Common shares) 1,483,567

(Note) The assumptions on calculating EPS (consolidated basis) are stated in page 42 "Earnings/Loss per Share of Common Stock"

### < Notes to the description about future, other >

The above prospects are based upon available information and assumption, at the announcement date, about uncertain factors which would influence upon future businesses. Actual results might be influenced by various factors in the future.

Assumptions of the above prospects are mentioned in page 18 "Financial Prospects and preconditions for FY2008".

### (Reference) Dividends information regarding classified shares

Dividends for classified shares are as follows.

|        | Dividend per share |                   |                 | Total amount of dividend |
|--------|--------------------|-------------------|-----------------|--------------------------|
|        | Interim dividend   | Year end dividend | Yearly dividend | (Yearly)                 |
|        | (yen)              | (yen)             | (yen)           | (millions of yen)        |
| FY2007 | -                  | -                 | -               | -                        |
| FY2006 | 10.00              | -                 | 10.00           | 605                      |

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## Financial Results

### 1. Financial Results

#### Business Environment

An overview of the economic environment for the period under review reveals that the economy slowed down in advanced nations, notably in the U.S., because the turmoil in the financial market, arising from the sub-prime loan issue, had a ripple effect on these countries. However, this had a relatively minor impact on emerging markets and the global economy decelerated only modestly. In the meantime, demand for primary commodities continued to expand and prices of these products remained at high levels.

In the U.S., in addition to housing investment decreasing at an accelerated pace, there was a deceleration in capital expenditure due to worsening of business confidence and decreases in corporate earnings. Consumer spending also slowed down against the backdrop of worsening wage conditions and declining asset prices. In the meantime, since September 2007, the Federal Reserve Board (FRB) has lowered the policy rate in stages by a total of 3% to its current 2.25%.

In Europe, exports remained stable, notably in Germany, but consumer spending grew at a sluggish pace, triggering the economic downturn. The European Central Bank (ECB) has maintained its policy rate target since July 2007 in consideration of economic conditions.

In Asia, economic expansion continued, mainly in China and India. In China, consumer spending, fixed asset investment, and trade surplus continued to grow at a high rate, supporting the considerable growth of the economy. In India, the economy continued to grow at about 9% year-on-year.

In Japan, the economy maintained a moderate export-driven expansion, but domestic demand slowed down due to factors including rises in primary commodity prices, appreciation of the yen against the dollar, falling stock prices, and a decrease in housing investment following the enforcement of the revised Building Standard Law. While the Consumer Price Index increased slightly over the previous year, the Bank of Japan (BOJ) maintained its policy rate target in consideration of the economic conditions. In the foreign exchange market, the yen appreciated further, with 1 dollar falling below 100 yen temporarily, reflecting the turmoil in the U.S. financial market.

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### Consolidated Financial Results

The summary of consolidated financial results for FY2007 is as follows:

(billions of yen)

|                                      | FY2007   | FY2006  | Variance |       |
|--------------------------------------|----------|---------|----------|-------|
|                                      |          |         | Amount   | %     |
| Total volume of trading transactions | 10,631.6 | 9,554.9 | 1,076.7  | 11.3% |
| Gross trading profit                 | 596.9    | 531.2   | 65.7     | 12.4% |
| Operating profit                     | 200.2    | 165.0   | 35.1     | 21.3% |
| Income before income taxes           | 216.2    | 193.8   | 22.4     | 11.5% |
| Net income                           | 147.2    | 119.3   | 27.9     | 23.4% |
| Revenue                              | 4,166.2  | 3,658.9 | 507.4    | 13.9% |

(Note) For Japanese investors' convenience, Total volume of trading transactions and Operating profit are shown according to Japanese accounting practice.

The consolidated total volume of trading transactions increased 1,076.7 billion yen (11.3%) year-on-year, to 10,631.6 billion yen, thanks to favorable performances of energy, agri-marine products operations and overseas corporate subsidiaries and branches.

Gross trading profit grew 65.7 billion yen (12.4%) year-on-year, to 596.9 billion yen, driven by strong performances in each segment, notably in Marubeni America Corporation in the segment of overseas corporate subsidiaries and branches, as well as agri-marine products and power project operations.

While expenses, notably payroll expenses, rose by 30.6 billion yen year-on-year, operating profit increased 35.1 billion yen (21.3%) year-on-year, to 200.2 billion yen primarily as a result of increased gross trading profit.

Income before income taxes increased 22.4 billion yen (11.5%) year-on-year, to 216.2 billion yen. This reflects an increase in operating profit, an improvement in the gain (loss) on property and equipment and a rise in equity in earnings (losses) of affiliated companies (net), despite negative factors such as a significant deterioration in the gain (loss) on investment securities associated with losses related to fund management transactions in the European financing subsidiary and a deterioration in the item of other-net, against the backdrop of deterioration in interest expenses (net of interest income) and fluctuations in foreign-exchange rates. As a result, net income for the period grew 27.9 billion yen (23.4%) to 147.2 billion yen,

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owing partly to an alleviation of the income tax burden.

In addition, “Revenue” as defined under U.S. GAAP was 4,166.2 billion yen, or 507.4 billion yen (13.9%) higher than the same period a year previous.

The total volume of trading transactions, gross trading profit and operating conditions for each operating segment were as follows.

### ***Agri-marine Products:***

Transactions increased 315.8 billion yen (29.5%) year-on-year, as a result of an increase in grain related transactions and a food distribution affiliate was made into a subsidiary. Gross trading profit rose 16.6 billion yen (23.0%) year-on-year owing to increased profit in step with higher transactions. Operating profit increased 6.3 billion yen (43.2%) year-on-year on the strength of higher gross trading profit. Net income grew 0.2 billion yen (1.6%) year-on-year, spurred by increased operating profit, which offset the absence of transitory gains on sale of Daiei shares posted in the previous year.

### ***Textile:***

Transactions declined 32.3 billion yen (8.6%) year-on-year because of a decrease in apparel product transactions and material transactions. Gross trading profit decreased 1.2 billion yen (4.7%) year-on-year owing to decreased profit in line with lower transactions. Operating profit increased 2.3 billion yen (145.7%) year-on-year, despite the decrease in gross trading profit, because of a reduction in expenses. Net income increased 4.5 billion yen as a result of higher operating profit and the effect of losses from restructuring carried out in the previous year.

### ***Forest Products and General Merchandise:***

Transactions increased 61.3 billion yen (7.1%) year-on-year owing to an increase in rubber related transactions. Gross trading profit rose 2.1 billion yen (3.9%) year-on-year, despite lower profits in an industrial paper subsidiary and a construction materials subsidiary, because of higher profits in an overseas pulp business affiliate and chip related transactions. Operating profit declined 1.2 billion yen (5.4%) year-on-year due to increases in allowance for doubtful account and expenses. Net income increased 1.9 billion yen (20.0%) year-on-year, despite the decline in operating profit, on the strength of higher profit on the Company’s equity in the earnings of a pulp manufacturing affiliate abroad and an alleviation of the income tax burden.

### ***Chemicals:***

Transactions rose 40.4 billion yen (4.7%) year-on-year because of an increase in basic chemical transactions. Gross trading profit grew 0.5 billion yen (1.5%) year-on-year, despite a reduction

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in profit as a result of disposal of an agri-material business affiliate, because of higher profits in inorganic and agricultural products and basic chemicals. Operating income rose 1.6 billion yen (20.1%) year-on-year due to the increase in gross trading profit and a decrease in expenses as a result of the aforementioned disposal of a subsidiary. Net income increased 4.1 billion yen (292.0%) year-on-year, owing to the higher operating profit and the absence of transitory losses in valuation of electronic materials related investments which were posted in the previous year.

### ***Energy:***

Transactions rose 545.2 billion yen (22.5%) year-on-year because of an increase in petroleum related transactions. Gross trading profit increased 3.7 billion yen (4.4%) year-on-year due to an increase in the profits mainly from the oil and gas concession on the strength of rising oil prices. Operating profit grew 3.3 billion yen (5.9%) year-on-year, thanks to the higher gross trading profit. Net income increased 7.2 billion yen (22.9%) year-on-year because of the increase in operating profit and improvements in the gain (loss) on property and equipment and gain (loss) on investment securities.

### ***Metals and Mineral Resources:***

Transactions decreased 41.7 billion yen (4.2%) year-on-year due to a decrease in copper and zinc related transactions. Gross trading profit increased 0.8 billion yen (4.6%), despite the decreased profit of a coal-related business subsidiary due to an increase in production and sales costs, because of increased profit from transactions in raw materials for steelmaking. Operating profit declined 1.9 billion yen (18.0%) year-on-year, despite the higher gross trading profit, due to the absence of a transitory gain from reversal of allowance for doubtful accounts from a loan collection that was posted in the previous year. Net income decreased 2.7 billion yen (11.0%) year-on-year as a result of a decrease in operating profit and an increase in the income tax burden.

### ***Transportation & Industrial Machinery:***

Transactions increased 87.1 billion yen (12.9%) year-on-year, reflecting an increase in transactions, notably in paper & pulp machinery, aerospace and construction machinery related operations. Gross trading profit grew 1.9 billion yen (3.4%) year-on-year, with higher profit mainly from construction machinery related transactions. Operating profit rose 2.5 billion yen (18.3%) year-on-year owing to the increase in gross trading profit. Net income increased 5.0 billion yen (49.8%) year-on-year because of higher operating profit, in addition to the profit increase on equity in earnings in construction machinery and farm machinery companies and an alleviation of income tax burden on construction machinery related business.

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### ***Power Projects :***

Transactions grew 71.0 billion yen (26.0%) year-on-year as a result of increased sales generated by EPC projects abroad and a new consolidation of an IPP business related subsidiary abroad. Gross trading profit increased 11.1 billion yen (40.2%) year-on-year owing to the higher profit in step with the increased transactions. Operating profit rose 6.6 billion yen (57.2%) year-on-year because of higher gross trading profit, despite the absence of a transitory gain from reversal of allowance for doubtful accounts from a loan collection that was posted in the previous year. Net income increased 4.7 billion yen (73.3%) year-on-year due to the increase in operating profit, a gain on disposal of power generation operations overseas and a higher income from profit on equity in earnings, despite an increase in interest expenses.

### ***Plant, Ship & Infrastructure Projects:***

Transactions declined 18.3 billion yen (2.7%) year-on-year, despite increased cargo vessel transactions, because of the absence of the effect of a large-scale cement plant project in the Middle East that was posted in the previous year. Gross trading profit rose 2.4 billion yen (13.6%) year-on-year, owing to higher profit from increased cargo vessel transactions, in addition to the effect of a new consolidation of a railroad cargo related subsidiary. Operating profit rose 1.6 billion yen (76.6%) year-on-year, with higher gross trading profit. Net income grew 3.1 billion yen (181.9%) year-on-year because of higher operating profit and increased profit on equity in earnings due to a decrease in loss incurred by restructuring in Central America that was posted in the previous year.

### ***Information & Communication:***

Transactions increased 53.5 billion yen (23.7%) year-on-year due to the effect of converting a PC distributing affiliate into a subsidiary. Gross trading profit grew 4.0 billion yen (14.3%) year-on-year due to increased profit in line with higher transactions. Operating profit rose 0.5 billion yen (24.5%) year-on-year, despite an increase in expenses due to the effect of the aforementioned converting of the affiliate into subsidiary, because of increased gross trading profit. Net income grew 1.6 billion yen (66.2%) year-on-year because of the increase in operating profit and an alleviation of income tax burden.

### ***Development and Construction:***

Transactions declined 34.7 billion yen (20.7%) year-on-year owing to the absence of transactions from large-scale projects that were registered in the previous year. Gross trading profit decreased 0.2 billion yen (0.7%) year-on-year due to the absence of transactions from large-scale projects that were posted in the previous year, despite increased profit as a result of higher gains on disposal of investor-oriented real estate properties and increased profit in home

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supplier subsidiary in China. Operating profit declined 1.1 billion yen (7.2%) year-on-year as a result of the decrease in gross trading profit and an increase in expenses. Net income decreased 0.6 billion yen (17.9%) year-on-year in line with lower operating profit.

### ***Finance, Logistics & New Business:***

Transactions declined 7.1 billion yen (15.4%) year-on-year because of a decrease in the transactions of domestic subsidiaries. Gross trading profit decreased 0.2 billion yen (2.5%) year-on-year due to a decrease in profit in line with decreased transactions. Operating profit declined 1.7 billion yen year-on-year, owing to the decreased gross trading profit and increased expenses. Net income was lower by 10.6 billion yen year-on-year because of a decline in operating profit and the effect of losses related to fund management transactions in the European financing subsidiary.

### ***Iron & Steel Strategies and Coordination:***

Transactions increased 0.2 billion yen (25.3%) year-on-year. Gross trading profit rose 0.2 billion yen (25.3%) year-on-year. Operating profit grew 0.4 billion yen year-on-year owing to the higher gross trading profit and a decrease in expenses. Net income increased 1.6 billion yen (10.5%) year-on-year because of the increased operating profit, in addition to the absence of transitory losses in valuation of investment securities that were posted in the previous year.

### ***Overseas Corporate Subsidiaries and Branches:***

Transactions increased 211.9 billion yen (15.9%) year-on-year because of increased agri-marine product related transactions and agrochemical related transactions in Marubeni America Corporation, as well as the effect of a new consolidation of a paper distributing subsidiary. Gross trading profit rose 18.8 billion yen (22.3%) year-on-year in line with the increased transactions. Operating profit rose 6.9 billion yen (50.6%) year-on-year, with higher gross trading profit. Net income grew 0.2 billion yen (2.8%) year-on-year on the strength of the increased operating profit, despite an increase in interest expenses accompanying the acquisition of a business by Marubeni America Corporation.

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### Consolidated Financial Conditions

A summary of the consolidated balance sheets at the end of FY2007 is as follows:

(billions of yen)

|  | March 31<br>2008      | March 31<br>2007      | Variance             |
|--|-----------------------|-----------------------|----------------------|
| Total assets                                 | 5,207.2               | 4,873.3               | 333.9                |
| Shareholders' equity                         | 779.8                 | 745.5                 | 34.3                 |
| Interest-bearing debt                        | 2,442.3               | 2,278.4               | 163.9                |
| Net interest-bearing debt<br>(Net D/E ratio) | 2,002.0<br>2.57 times | 1,843.4<br>2.47 times | 158.5<br>0.10 points |

|   |                       |                       |                      |
|---|-----------------------|-----------------------|----------------------|
| Net interest-bearing debt after factoring<br>out impact of FAS No.133 (Net D/E ratio) | 1,988.8<br>2.55 times | 1,840.9<br>2.47 times | 147.9<br>0.08 points |
|---|-----------------------|-----------------------|----------------------|

Net interest-bearing debt is calculated as cash and cash equivalents subtracted from interest-bearing debt (sum of long-term and short-term debts and bonds).

Total consolidated assets increased 333.9 billion yen from the end of the previous fiscal year to 5,207.2 billion yen, largely because of an increase in investments and receivables to affiliated companies, accounts receivable and net property and equipment due to new investments. Gross consolidated interest-bearing debt rose 163.9 billion yen from the end of the previous fiscal year to 2,442.3 billion yen because of an increase in the financing requirement for new investments. Net interest-bearing debt rose 158.5 billion yen from the end of the previous fiscal year to 2,002.0 billion yen. With net income added, consolidated shareholders' equity amounted to 779.8 billion yen, up 34.3 billion yen from the end of the previous fiscal year, despite the deterioration in unrealized gain on investment securities. As a result, the net debt/equity ratio was 2.57x.

Net cash from operating activities increased 83.2 billion yen year-on-year to positive 235.3 billion yen, largely because of the steady operating income mainly from overseas resource related subsidiaries as well as an alleviation of business fund burden. Net cash from investing activities amounted to a negative 306.9 billion yen mainly as a result of investments in overseas power projects.

Therefore, free cash flow for the period was negative 71.6 billion yen.

Net cash earned in financing activities came out to 65.9 billion yen as a result of the financing from short-term borrowings and long-term debt to meet the financing requirement for new investments.

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As a result, cash and cash equivalents at the end of the period were 402.3 billion yen, 12.7 billion yen decreased from the end of the previous fiscal year.

### **Basic Policy Regarding Earnings Appropriation and Dividends of FY2007 and FY2008**

Marubeni recognizes that its important corporate responsibilities lie in paying stable dividends to shareholders in a consistent manner as well as maximizing corporate value and competitiveness by building up and effectively utilizing internal reserves. With regard to dividends, the Company applies a new basic policy to determine dividend aiming for consolidated payout ratio around 15%, based on the principle of linking dividend to the company's business results for each term, in consideration of a clear profit distribution to our shareholders.

As for the frequency of dividend distribution of surplus for each fiscal year, the Company retains its conventional manner to pay dividend twice a year, interim and year-end. As the Company's Articles of Incorporation prescribe, pursuant to the provisions of Article 459, Section 1 of the Companies Act, its Board of Directors is entitled to resolve and distribute surplus, it is our basic policy that payment of each dividend is to be resolved by the Board of Directors.

In accordance with the aforementioned basic policies, annual dividend per share for FY2007 is expected to be 13 yen, increased by 3 yen from the previous year, in light of the fact that consolidated net income amounts to 147.2 billion yen. Therefore it is to be resolved at the board meeting scheduled on May 16, 2008, that the year-end dividend on common stock for FY2007 shall be 7 yen per share, and the payment date shall be May 30, 2008.

Concerning retained earnings, the Company plans to allocate them into investments and loans in the strategic fields, which consequently contribute to shareholders' profit through improvement of future business performance.

With respect to the annual dividend on common stock for Fiscal 2008, we plan to distribute 14 yen per share (interim dividend 7 yen and year-end dividend 7 yen).

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### **Risk Information**

Major risks that could have a serious impact on investor decisions associated with the business operations and other activities of Marubeni Corporation and its consolidated subsidiaries are outlined below. The risks discussed, however, are not inclusive of the full range of possible risks faced in the broad range of activities engaged in by Marubeni and its consolidated subsidiaries. Any number of additional risks other than those discussed below could also impact business performance. Furthermore, risks considered to have a low likelihood of materializing have also been disclosed, from the perspective of enduring proactive information disclosure. Forward-looking statements with respect to the risks discussed below reflect the reasonable judgment of the Company's management based on information available as of September 30, 2007.

#### **(1) Risks regarding overall Marubeni Operations**

##### **① Impact of the Japanese and global economies on the Marubeni Group**

Marubeni (the "Company") and its consolidated subsidiaries (together, the "Group") are a general trading company engaged in a wide range of business activities in Japan and over 70 countries. Since the business activities of the Group encompass a variety of commercial and investment activities throughout a broad spectrum of industries in both in Japan and overseas that include the production and procurement of primary commodities such as resources as well as the manufacture and sale of finished goods, the Group feels the effects from the economies in Japan and the countries in which it does business as well as the global economy as a whole. Any worsening or slowdown in these economies carries the possibility of a negative impact on the operating activities, performance and financial position of the Group.

##### **② Credit risks regarding business partners**

The Group extends credit to business partners in various forms such as notes and accounts receivable-trade, advance payments to suppliers, loans, guarantees and other means, and the Group concludes merchandise supply, subcontracting, operational outsourcing, and other types of contracts with business partners, as part of sales activities. The incurrence of credit risk due to the inability of business partners to fulfill their credit obligations or a breach of contract by these business partners could negatively impact business results and financial position of the Group.

To protect against such credit risks, the Group carries out thorough risk management

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when granting any credit. However, there is no assurance that such measures will completely prevent the occurrence of credit risk. Moreover, in preparation of any possible loss incurred by the exteriorization of such credit risks, the Group maintains an allowance for doubtful account based on a prior assessment and estimate of the creditworthiness of business partners, collateral value and other set factors. Nevertheless, actual losses may exceed these established allowances.

### ③ Investment risk

The Group, both independently and in collaboration with other companies, establishes new companies and purchase existing enterprises in the course of their business operations. Most of these business investments are of minimal liquidity and require sizeable amounts of capital. The Group may be unable to withdraw from such businesses in an optimal manner or timeframe, which could inevitably require the commitment of an additional expenditure of capital.

To address the risk associated with investment activity and other means, when making any new investments, the Group conducts thorough risk management that also includes an a review as to whether such investments are generating good return enough to compensate for their risk. However, a decline in the value of these investments or the necessity of additional expenditures of capital may adversely affect the business results and financial condition of the Group.

### ④ Concentration of risk exposure

Certain parts of the commercial and investing activities of the Company and its consolidated subsidiaries, including business activities in Indonesia and the Philippines, are conducted with a high degree of concentration in specific investees, markets or regions. Marubeni classifies each country according to differing levels of country risk, establishes trading control criteria for each country, and executes necessary control and management in such a manner as to assure that its overall portfolio will remain proper and prudent. However, if the business performances of such investees turn out to be poor or if the business environment in such markets or regions deteriorates, the business performances and financial positions of the Company and its consolidated subsidiaries may be adversely affected.

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### ⑤ Ability of fund-raising and funding cost

The Group engages in fund-raising with an emphasis on maintaining an optimal mix of funding in line with the requirements of their respective asset portfolios and ensuring liquidity. However, significant disruptions in major domestic and overseas financial markets, shortages of cash flow from operating activities, declining profitability, failure in asset-liability management, or significant downward revisions in the Group's credit ratings by the rating agencies could constrain fund-raising or lead to an increase in funding cost, which may adversely affect the business results and financial condition of the Group.

### ⑥ Market risks

#### i ) Fluctuations in the prices of goods and merchandise

Since the Group handles a variety of merchandise, and enters into commodity futures and forward contracts to mitigate the risk of fluctuations in market conditions for certain merchandise, contracts and anticipated transactions, changes in their respective market conditions may adversely affect the business results and financial condition of the Group.

In addition, the Group is engaged in resources and energy development businesses and other manufacturing businesses. Changes in market conditions relating to the products and manufactured goods sold by these businesses may adversely affect the Group's business results and financial conditions.

#### ii ) Fluctuations in foreign currency exchange rates

The Group conducts transactions under a variety of currencies and terms, and enters into forward-exchange contracts and other derivative transactions to mitigate the risk of exchange rate fluctuations associated with transactions, receivables and liabilities denominated in foreign currencies. However, changes in market exchange rates may adversely affect the business results and financial condition of the Group.

#### iii ) Fluctuations in interest rates

The Group raises necessary funds from financial institutions, the issuance of bonds and other means from capital markets. Further, the Group has interest-bearing debt at fixed interest rates or at floating interest rates. While the interest from the majority of the operating assets held by the Group offsets the interest rate risk associated with debt through Asset-Liability Management, the Group utilizes interest rate swaps and other means to mitigate the risk of interest rate fluctuations. However, changes in market interest rates may adversely affect the business results and financial condition of the

# Marubeni Corporation

## Financial Results

Group.

iv) Gains and losses on marketable debt and equity securities

To strengthen business relationships and for other purposes, the Group invests in marketable debt securities, marketable equity securities and other types of securities. At the time of purchase, these securities are classified as trading, held-to-maturity, or available-for-sale securities.

Trading and available-for-sale securities held by the Group carry the risk of fluctuations in original value due to changes in the fair value. The posting of impairment losses on these securities at low points in fair value may adversely affect the business results and financial condition of the Group.

v) Risks concerning employees' retirement benefit expenses

As pension assets of the Group include domestic and foreign stocks and bonds, sluggish performance in securities markets could decrease its asset values and increase its pension expenses or could require the Group to accumulate pension assets. In such an event, the Group's business results and financial conditions may be adversely affected.

⑦ Losses on fixed assets such as real estate and machinery

The Group owns fixed assets such as real estate and machinery which is sold or leased to third parties or used for the Group's own purposes. Such fixed assets have the potential to cause losses if they experience a decline in value. Although the Group depreciates these fixed assets in conformity with U.S. accounting standards, if they experience a severe drop in value, this may adversely affect the business results and financial condition of the Group.

⑧ Laws and regulations

In the course of operations, the Group is subject to a broad range of laws and regulations both in Japan and other applicable countries. Changes in or unanticipated interpretations of these laws and regulations could increase the obligations pertaining to legal and regulatory compliance placed on the Group. Accordingly, changes or altered interpretations of laws and regulations may result in punitive measures, including the interruption of the Group's operating activities, lower the Group's credibility or cause the occurrence of other circumstances that may adversely affect the business results and financial condition of the Group.

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## Financial Results

### ⑨ Significant litigation

In the course of business activities in Japan and overseas, the Group may be party to litigation, disputes and other legal proceedings. When party to such litigation, predicting the outcome is impossible given the inherent uncertainty of these matters. Such litigation may adversely affect the business results and financial condition of the Group.

### ⑩ Environmental Risk

The Group conducts business activities globally across a broad range of industries. Environmental pollution as a result of these activities could result in business stoppage, decontamination expenses or legal fees in response to litigation by local residents, which could damage its social reputation. In order to cope with such environmental risks, the Group introduced an environmental management system in fiscal 1999, under which environmental impact evaluations are made for each new financing and development project as a means of assessing the potential environmental burden and reducing environmental risks. This notwithstanding, there is a possibility that potential environmental burdens will materialize and may adversely affect the business results and financial condition of the Group.

### ⑪ Natural Disaster Risk

Earthquakes and other natural disasters could cause damage and loss to the Group's offices and facilities and inhibit the normal business activities of the Group. While every effort has been made to implement appropriate countermeasures such as the preparation of disaster preparedness manuals, study of business continuity plan, earthquake countermeasures and fire prevention drills, as the potential for damages from natural disasters cannot be completely mitigated, such disasters may adversely affect the business results and financial condition of the Group.

### ⑫ Other risks inherent and related to overall Marubeni operations

Negligence on the part of employees charged with executing business operations, and malfunctions pertaining to computer systems supporting business activities are among the other risks that may adversely affect the business results and financial condition of the Group.

# Marubeni Corporation

## Financial Results

### **(2) Risk Management**

The Group has adopted a circular method for decision-making on individual transactions involving significant extensions of credit or amounts of investment. Once done, decision-making over large new projects is handled by the submission of periodic reports to the Corporate Management Committee in an effort to further strengthen individual risk management.

From the perspective of diversifying overall risk, integrated risk management is carried out by gaining a clear understanding of possible risks (measurable risks) through quantitative analysis of factors such as market risk, credit risk and investment risk as they relate to a particular country, industry or trading partner. A basic risk management policy and internal rules have been established for comprehensive risk management to enable decision-making and monitoring to be carried out appropriately, and the organization, reporting lines, methodology and system infrastructure to implement this policy and system of rules and regulations has been put in place.

On the other hand, for risks that is not readily amenable to quantitative analysis such as compliance risk (risks that cannot be measured), corporate governance has been strengthened and a system of internal controls have been put in place to prevent the occurrence of problems by means of shoring up the system of compliance oversight.

Nevertheless, there is a possibility that the Group's system of risk management may not function adequately to address a diverse number of risks that either presently exist or may arise in the future in relation to the broad range of business activities conducted by the Group, and in that case, the business results and financial condition of the Group may be adversely affected.

### **(3) The Medium-term Management Plan**

The Group inaugurated its new two-year medium-term management plan, "SG2009" in April 2008. The numerical targets of the Plan are to achieve two-year consolidated net income of 350 billion yen, a net debt to equity ratio of 2.0~2.5 times, risk asset of within shareholder's equity, a ROA of over 3%. By achieving these quantitative targets, the Group will achieve shareholders' equity of over 1 trillion yen and ROE of around 18%.

However, these objectives were prepared based on certain assumptions, hypotheses and projections regarding the persistence of certain economic conditions, industry trends, and other concerns. A number of unknown and uncontrollable factors could prevent the completion of these objectives.

# Marubeni Corporation

## Financial Results

### **(4) Significant Accounting Policies and Estimates**

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted and recognized in the United States. In preparing important accounting policies and these statements, certain accounting estimates and assumptions are utilized as needed when calculating assets and liabilities as of the fiscal year-end, the disclosure of contingent assets and liabilities, and earnings and expenses incurred during the year. In determining accounting estimates and assumptions, the management of the Company makes what it believes to be a reasonable inference based on experience and on a case-by-case basis. Thus, estimates and assumptions made in this way may have an inherent degree of uncertainty, and actual results could differ from those estimates.

The management considers those estimates and assumptions are reasonable, however, in case there are unexpected changes, they could have a material impact on the Company's consolidated financial statements.

# Marubeni Corporation

## Financial Results

### Financial Prospects and preconditions for FY2008

A prospect for economic conditions for FY2008 reveals that concerns about slowdown in global economy would be increased as represented by indications that the U.S. economy will enter a recession in the first half of the year. However, economies in emerging nations, where domestic demand continues to expand, will decelerate only to a limited extent and the effect of financial and monetary policies on the U.S. economy is expected to become apparent in the second half of the year. Consequently, we believe that a global economic slowdown can be averted. Because of this, prices of primary commodities are likely to remain high.

In Japan, while concerns will rise in response to any deterioration in the U.S. economy, the economy is expected to recover at a modest pace on the strength of factors such as a reduction in pressure on yen-buying and dollar-selling and on a U.S. rebound and a recovery in housing investment.

Given this economic environment, we are of the view that the Company will continue to perform favorably in each of its business fields including machinery, agri-marine products and paper pulp, while energy and natural resources operations should remain strong against a backdrop of commodity market conditions which are projected to stay at high levels. Projected financial results for FY2008 are as follows:

< Consolidated financial prospects for FY2008 > (billions of yen)

|                                      | Forecast FY2008 | Results FY2007 |
|--------------------------------------|-----------------|----------------|
| Total volume of trading transactions | 11,300.0        | 10,631.6       |
| Operating profit                     | 220.0           | 200.2          |
| Income before income taxes           | 270.0           | 216.2          |
| Net income                           | 165.0           | 147.2          |
| EPS (yen)                            | 95.02           | 84.93          |

< Major assumptions >

Foreign exchange rate: USD1 = 100yen

JPY TIBOR: 1.000%      USD LIBOR: 3.200%

Oil North Sea Brent: USD85 / Barrel      Copper LME: USD7,000 / MT

Notes to the description about future: The above-stated projections are based on information that is available as of the date of release of this material and on certain assumptions considered reasonable. Actual business results may vary for a variety of causes which may arise in the future.

# Marubeni Corporation Business Group

## 2. Business Group

The major activities of Marubeni's business group are sales and trades of wide range of products and commodities, making the most of our worldwide business bases and information network. In addition, we offer various financing and project-organizing services to customers, and also work on diversified businesses like natural resource development and investment in leading-edge technologies.

The Company breaks its operating segments into 13 segments identified by product and service, in addition to overseas corporate subsidiaries and branches.

Below are our products and services, and some of our major group firms by operating segment.

**Agri-marine products:** This group produces and distributes all sorts of foods such as fodder, soy beans, grain, sugar, processed food and beverages, raw materials, foodstuffs for commercial use, and agricultural and marine products.

**Subsidiaries:** Marubeni Nisshin Feed Co., Ltd., Pacific Grain Terminal Ltd.,  
Nacx Nakamura Corporation, Yamaboshiya Co., Ltd.,  
Cia. Iguaçu de Café Solúvel, Columbia Grain International

**Affiliated companies:** Toyo Sugar Refining Co., Ltd., The Nisshin Oillio Group, Ltd.,  
The Daiei, Inc., The Maruetsu, Inc., Tobu Store Co., Ltd.

**Textile:** As a consistent organization handling various textile-related goods from raw materials through finished products, the group purchases and produces raw materials for apparel, designs and sells apparel and living products, and at the same time offers distribution services, both domestically and internationally.

**Subsidiaries:** Marubeni Fashion Link, Limited, Marubeni Intex Co., Ltd.,  
Marubeni Textile Asia Pacific Ltd.

**Affiliated companies:** Fabricant Co., Ltd.

**Forest products and general merchandise:** The group sells rubber products, footwear and housing materials, manufactures and distributes paper, cardboard, and raw materials for paper production, and takes part in afforestation projects, both domestically and internationally.

**Subsidiaries:** Marubeni Pulp & Paper Sales Co., Ltd., Koa Kogyo Co., Ltd.,  
Marubeni Building Materials Co., Ltd.,  
Tanjungenim Lestari Pulp & Paper

**Affiliated companies:** Marusumi Paper Co., Ltd., Daishowa-Marubeni International Ltd.

# Marubeni Corporation Business Group

**Chemicals:** This group handles a wide variety of goods ranging from upstream, such as basic petrochemicals, to downstream, such as electronic materials and agrochemicals. Focusing on Middle East and South West Asia, as well as China, as a priority market, this group is conducting business with a balance between investment and trade.

**Subsidiaries:** Marubeni Plax Corporation, Marubeni Chemix Corporation

**Affiliated companies:** Dampier Salt Limited, CMK Electronics (Wuxi)

**Energy:** This group focuses on products related to energy such as oil and gas, etc. It also takes part in various sorts of businesses which benefit from the development of resources through retail such as gas stations.

**Subsidiaries:** Marubeni Energy Corporation, Marubeni Liquefied Gas Corporation,  
Marubeni Oil & Gas (USA) Inc.

**Affiliated companies:** Shenzhen Sino-Benny LPG Co., Ltd.

**Metals and mineral resources:** This group produces, processes and sells nonferrous light metals both domestically and internationally, in addition to developing and trading of raw materials for production of steel and light metals internationally.

**Subsidiaries:** Marubeni Metals Corporation, Marubeni Tetsugen Co., Ltd.,  
Marubeni LP Holding B.V., Marubeni Aluminium Australia Pty. Ltd.,  
Marubeni Coal Pty. Ltd.

**Affiliated companies:** Toyo-Memory Technology Sdn. Bhd.

**Transportation & Industrial Machinery:** This group focuses on domestic and international trade (export import, wholesale, and retail) in aerospace and defense systems, automotive, construction and agricultural machinery, and other transportation related machinery, as well as automobile and paper & pulp manufacturing machinery, alternative energy facilities, and other production machinery; and related services such as loans and investments, trade finance, leasing and overseas business support services.

**Subsidiaries:** Marubeni Aerospace Corporation,  
Marubeni Techno-Systems Corp., Marubeni Aviation Services Ltd.,  
Marubeni Auto & Construction Machinery America, Inc.

**Affiliated companies:** Kubota Europe S.A.

# Marubeni Corporation Business Group

**Power Projects:** This group develops, invests in, and operates power projects, especially power generation (including desalinization, co-generation and wind power projects), while undertaking the procurement and installation of generators, power distribution grids, and electrical substations as well as making loans and investments to other new technologies and business models in the alternate energy field. In the telecommunications field, the group is involved in export, offshore trade, and investment in communications, broadcasting and information systems.

**Subsidiaries:** Marubeni Power Systems Corporation,  
Marubeni Power Development Corporation,  
Axia Power Holdings B.V., Marubeni Caribbean Power Holdings, Inc.

**Affiliated companies:** Uni-Mar Enerji Yatirimlari A.S., PPN Power Generating Co., Ltd.,  
TeaM Energy Corporation

**Plant, Ship & Infrastructure Projects:** This group deals with equipment procurement and construction of oil, gas, chemical environmental, steel, and other industrial plants, and infrastructure development such as railway/airport, potable water treatment and wastewater treatment; origination and management of projects in domestic and overseas markets. Also included in the division are trading, leasing, and charter of various types of cargo vessels and tankers.

**Subsidiaries:** Marubeni Tekmatex Corporation, Marubeni Protechs Corporation,  
Royal Maritime Corporation, Aguas Decima S.A.,  
Midwest Railcar Corporation

**Affiliated companies:** Kaji Technology Corporation

**Information & Communication:** This group focuses on export/import and domestic sales of personal computers and related products, IT related businesses including IP network infrastructure businesses, ASP/ISP businesses, cell phone related businesses, computer systems development, IT solution businesses, cable TV, CS and other broadcasting businesses, and IC tag/RFID business.

**Subsidiaries:** Marubeni Telecom Co., Ltd., Marubeni Information Systems Co., Ltd.,  
Marubeni Infotec Corporation, Global Access Ltd., VECTANT Ltd.

**Development and Construction:** In addition to a housing business that focuses on the development of the “Grand-Suite” series condominiums for sale in Japan, this Group operates a broad range of real estate-related businesses, including a real estate development business dealing in residences and office buildings, overseas as well as intermediary and development businesses of REIT/investment fund-oriented real estate properties.

**Subsidiaries:** Marubeni Real Estate Co., Ltd., Marubeni Real Estate Sales Co., Ltd.,  
Marubeni Community Co., Ltd, Shanghai House Property Development

**Affiliated companies:** Tipness Co., Ltd., Koshigaya Community Plaza Co., Ltd.

## Marubeni Corporation Business Group

**Finance, Logistics & New Business:** Both domestically and internationally, this group is involved in various financial businesses such as investment finance - fund management and fund investment - and financial product trading, while in the logistics area, it operates forwarding business and logistics related consultation, among others. In the insurance area, it operates an insurance intermediary business. In the life care business area, it is engaged in the sales of medical equipment to medical facilities, and it takes part in emission trading business in addition to investing in biotechnology-related area and new technology area.

**Subsidiaries:** Marubeni Logistics Corporation, Marubeni Safenet Co., Ltd

**Affiliated companies:** MG Leasing Corporation,  
Eastern Sea Leam Chabang Terminal Co., Ltd.

**Iron & Steel Strategies and Coordination:** This group is involved in domestic and international manufacture, processing and sales of steel related products such as steel plate, steel pipe, and special steel, operated by its affiliated companies such as Marubeni-Itochu Steel Inc. Also, the group provides its customers with high value-added solution services.

**Affiliated companies:** Marubeni-Itochu Steel Inc.,  
Marubeni Construction Material Lease Co., Ltd.,  
Thai Cold Rolled Steel Sheet Public Co., Ltd.

**Overseas corporate subsidiaries and branches:** Overseas corporate subsidiaries and branches are located throughout the world, and handle various merchandises and perform related activities.

**Overseas corporate subsidiaries:** Marubeni America Corporation, Marubeni Europe p.l.c.

**Corporate and administration, etc.:** This group carries out financial services, group finance, etc. And domestic branches handle various merchandises and perform related activities.

**Subsidiaries:** Marubeni Financial Service Corporation,  
Marubeni Personnel Management Corporation

# Marubeni Corporation Management Policy

## 3. Management Policy

### (1) Progress in the “G” PLAN Mid-Term Management Plan

Marubeni Group has been promoting its two-year mid-term management plan called the “G”PLAN since FY2006.

The Group strived to build a rock-solid defense by further strengthening the management system, while at the same time it pressed ahead with its aggressive management style by expanding business domains, providing more sophisticated and diversified trading company functions to customers, and effecting proactive investments in strategic fields.

The main quantitative targets and results of the “G” PLAN are as summarized in the following table:

|                            | Planned targets                              | Results                                 |
|----------------------------|--|---|
| Consolidated net income    | Total 220.0 billion yen<br>over 2 years      | Total 266.6 billion yen<br>over 2 years |
| Total assets               | 5,000 billion yen                            | 5,207.2 billion yen                     |
| Shareholders' equity       | 820.0 billion yen                            | 779.8 billion yen                       |
| Consolidated net D/E ratio | 2 times range                                | 2.57 times                              |
| ROA                        | 2% or higher                                 | 2.92%                                   |
| Amount of new investments  | Total 500 to 600 billion yen<br>over 2 years | Total 600 billion yen<br>over 2 years   |
| Risk assets                | 750.0 billion yen                            | 708.3 billion yen                       |
| Risk-adjusted return       | 10% or higher                                | 20.8%                                   |

Under this plan, Marubeni Group's consolidated net income for FY2007 amounted to 147.2 billion yen and 266.6 billion yen over the two-year-period under the “G”PLAN, achieving 21% above the planned target of 220 billion yen. At the same time, the Group recorded an all-time high level for the fifth consecutive year.

In the meantime, the Group made about 300 billion yen of new investments and loans in strategic fields such as energy and natural resources, overseas Independent Power Producer projects (IPP), and food distribution in the period under review. As a result, the total amount of investments and loans it mobilized over the two-year period under the “G”PLAN amounted to nearly 600 billion yen, making a

## Marubeni Corporation Management Policy

strategic move steadily toward the future. The main projects of new investments and loans implemented in the period under review included participating in LNG business in Peru and acquiring stakes in a coal-mining business in Australia in the field of energy and natural resources; participating in vertical integration electricity business, in which power generation, electric transmission and electric distribution are integrated, in the Caribbean region and the independent water desalination and power producing (IWPP) projects in the Middle East in the overseas IPP field; and converting Yamaboshiya Co., Ltd. from an affiliate into a subsidiary in the food distribution field. As represented by the above, the Group focused its management resources in strategic fields.

In the meantime, the Group achieved expansion of asset values and improvement in asset efficiency at the same time by proactively accumulating, as well as continuously and thoroughly screening and concentrating on, prime assets, recording total assets of 5,207.2 billion yen (an increase of 333.9 billion yen year-on-year) and ROA of 2.92% (an improvement of 0.4 point over the previous year-end) as of the end of the period under review. In addition, the Group increased earnings in each business field, as a result of which the ratio of earnings in fields other than the energy and natural resources in the earnings of the corporate and other increased from 42% in FY2005 to 58.5% in FY2007, indicating that the Group was able to establish a more balanced earnings structure.

On the financial front, while the Group's consolidated net interest-bearing debt increased due to proactive implementation of new investments and loans, it enhanced shareholders' equity by accumulating consolidated net income. As a result, consolidated net D/E ratio as of the end of the period under review was 2.57 times (an improvement of 0.26 point over the two-year-period under the "G"PLAN), falling within the qualitative target. In the meantime, shareholders' equity was 779.8 billion yen (an increase of 34.3 billion yen over the previous year-end), falling below the qualitative target of 820.0 billion yen due to negative factors such as a decline in prices of its shareholdings and the yen's further appreciation. However, the Group's risk asset fell within the shareholders' equity with 708.3 billion yen, indicating that it maintained a good balance between offensive and defensive positions.

Meanwhile, the Group continues to thoroughly implement portfolio management and is now screening business projects and opportunities more stringently by raising the target rate of risk-adjusted return from 8% to 10% from the first year of "G" PLAN with a view to expanding its future earnings further. In addition, the Group continues to hold a firm defensive position by bolstering risk management including an overhaul of the investment and loan follow-up system.

Marubeni actively put effort into corporate social responsibility (CSR) initiatives in a broad spectrum of fields including social actions, environmental protection, and human rights, in addition to bolstering the scholarship system that the Group has been working on in ASEAN countries. Details of

# Marubeni Corporation Management Policy

these initiatives are being introduced broadly to our stakeholders via Marubeni's CSR Reports. With regard to internal control, Marubeni stepped up its efforts for the development of a compliance system related to product safety management and breaking off of the relationship with anti-social forces and a system for ensuring appropriateness of financial reporting.

In the Internal Coordination Committee, which Marubeni established in FY2006, it lent impetus to cross-segmental coordination, boosted sales and marketing capabilities, and enhanced profit-earning opportunities. Furthermore, as a means of fully utilizing and developing human resources, the Group has revised its employee management system with a view to making it possible to treat its employees according to their differing responsibilities and functions, and, from the perspective of helping employees strike a balance between their work and private life, strives to develop and improve its easy-to-work office environment.

As described above, the "G" PLAN has shown brisk progress.

## (2) New Med-term Management Plan

The Marubeni Group has started a new Med-term Management Plan, "SG2009", since this April.

"SG2009" is a management plan the Group will implement over 2 years (from FY2008 to FY2009) with a view to further step up its revenue base and financial strength, which were bolstered through implementation of the "G" PLAN. Under the new management plan, the Group will strive to build a strong revenue base that can survive any changes in the management environment and achieve sustainable growth by establishing a strict risk management system, in addition to accumulating prime assets and pursuing asset efficiency.

The management indexes the Group aims at achieving in "SG2009" are as shown in the following table:

| Management indexes         | Planned targets                    |
|----------------------------|------------------------------------|
| Consolidated net income    | Total 350 billion yen over 2 years |
| Consolidated net D/E ratio | 2 to 2.5 times range               |
| Risk assets                | Within the shareholders' equity    |
| ROA                        | 3% or higher                       |

By achieving the above quantitative targets, the Group will achieve shareholders' equity of over 1 trillion yen and ROE of around 18%.

# Marubeni Corporation Management Policy

Marubeni will step up its efforts for screening and concentrating on priority fields from medium and long-term perspectives under “SG2009”, as it did under the “G” PLAN, and will proactively allocate management resources to these fields. Specifically, it will inject about 600 billion yen in total over 2 years in the fields of energy and natural resources; overseas IPP/IWPP, logistics and trading; and environment, finance, and new business. In addition, the Group will carry out the plan by striking a good balance between offensive and defensive positions through measures such as continuously and thoroughly implementing portfolio management, consistently bolstering risk management, boosting human capabilities, exerting comprehensive abilities, and placing emphasis on CSR and the environment.

Effective April 1, the Marubeni Group has consolidated the CSR Committee and the Global Environment Committee into the CSR and Environment Committee and set up an Internal Control Committee and a Disclosure Committee as part of its renewed commitment to bolstering corporate governance and ensuring greater adherence to adherence to compliance further compliance.

The fiscal year 2008 marks the start of “SG2009” the Group’s new Medium-term management Plan. In the meantime, Marubeni has implemented the following organizational changes effective April 1: Operating units have been reorganized from the past structure with 12 divisions, one department and one office to that with 11 divisions, one department and one office, and the corporate staff units have been reorganized from a structure with 13 divisions to that with 17 divisions. Marubeni will strive to achieve sustainable growth under this new plan and system.

\* For details of the new Medium-term Management Plan, “SG2009”, please refer to our website.

### (3) Business Performance by Operating Segment

Specific activities by operating segment for the fiscal year under review are given below.

#### ● Agri-Marine Products

The Marubeni Group pressed ahead with upstream strategies with focus on grain transactions, domestic logistics strategies, and overseas market strategies. With regard to the upstream strategy, Marubeni implemented measures for grain producing regions in North and South America and attained sales expansion for European and Middle Eastern markets amid sharply rising grain prices due to tightening supply and demand in the global market. Concerning the domestic logistics strategy, the Group promoted the capital and business alliances signed with The Daiei, Inc./AEON Co., Ltd. and launched a supply of raw materials for some private brand products, including grapefruit juice. For the overseas market

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## Management Policy

strategy, the Group initiated new businesses such as manufacturing and sale of wine, bakery business, and coffee roasting business in China, where westernization of food culture is in progress.

### ●Textiles

The Marubeni Group placed further emphasis on downstream development in the consumer industry sector in the peripheral of apparel products and is promoting brand development through means such as starting to sell kids underwear depicting “SpongeBob SquarePants”, a U.S. cartoon character, jointly planning the design of kimono with fashion models and introducing new yukata brands at Kyoto Marubeni Co., Ltd. Meanwhile, the business of rental and sale of uniforms for corporate customers such as McDonald’s Company (Japan), Ltd. remains steady.

### ●Forest Products & General Merchandise

In the paper pulp business, the Group strived to further expand the value chain by securing excellent tree planting resources, facilitating stable operation, and bolstering earnings capability of pulp plants. In addition, the Group focused its efforts on boosting trade in the overseas markets such as sale of pulp to China, where growth continues and sales of printing papers for U.S. Sales of rubber products including tire and conveyor belt remained firm, supported by global increases in demand. With regard to the footwear business, the Group covered the effect of increased costs in producing regions, notably in China, through measures such as developing new producing regions and improving planning and proposal capabilities.

### ●Chemicals

In the petrochemical field, the Group pressed ahead with reinforcement of logistics including further buildup of the dedicated tanker fleet for ethylene amid increased freight movement against the backdrop of firm market conditions, mainly in Asian markets, and business transactions, notably for olefins, were expanded. In the field of inorganic and agrichemical products, Marubeni expanded business transactions, mainly for sulfur, and agrichemicals distributors overseas are steadily boosting earnings. In the field of electronic materials, business transactions, mainly of raw materials for semiconductors and solar cells, remain steady.

### ●Energy

Marubeni’s earnings remained healthy, notably in the energy-resource development business, including oil and gas development and LNG projects abroad. With regard to the energy-resource development business, Marubeni displayed progress, including succeeding in large-scale exploration in the British North Sea, participating in LNG projects in Peru, and starting shipments in an LNG project in Equatorial Guinea. In the trading field, Marubeni successfully started offtaking crude oil for the Japanese market

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based on the loan agreement and the master offtake agreement that it had concluded with Venezuela's state-owned oil company. In the marketing field, the Group moved ahead with integration of LPG business in Japan with other companies in line with the plan.

## ●Metals & Mineral Resources

Earnings remained robust in the period under review due to factors such as copper prices remaining at high levels, steady operation in Los Pelambres copper mine in Chile, and favorable performance of coal operations in Australia and overseas aluminum refinery operations. Meanwhile, Marubeni purchased just over 10% of the shares in Resource Pacific Holdings Limited of Australia and acquired a third of the shares in Queensland Coal Mine Management Pty Ltd. in Australia. In the new energy field, Marubeni took a stake in Link Energy in Australia and concluded a memorandum of understanding with the company for promoting the project of underground gasification of coal.

## ●Transportation & Industrial Machinery

In the aerospace and defense fields, development investment in aircraft engines stably contributed to boosting of earnings, as well as successfully imported and sold jet airliners that were made in Brazil and engine made in England, and delivery of large-size helicopters that were made in Europe progressed steadily. In the fields of automobiles, automobile facilities, construction machinery, and agricultural machinery, exports and sale of automobiles and automobile production facilities to the Middle East and Asia remained strong, in addition to expanding investments in new businesses such as acquisitions of car dealerships and auto parts wholesalers in U.S. and Australia and construction machinery distributors in U.S. and Asia. In the industrial machinery field, sales of paper manufacturing facilities and private power generation facilities for the Japanese and Asian markets and sales of chemical plant facilities for the U.S. and Middle East markets remained firm.

## ●Power Projects

In the IPP field, Marubeni acquired the power-generating assets of Mirant Caribbean Holdings in the Caribbean region and Ever Power IPP in Taiwan, in addition to acquiring the right to build, own, and operate two power and water businesses in the Emirate of Fujirah in the United Arab Emirates. In the EPC field, Marubeni received orders to construct a combined thermal power plant in Gunsan, Korea, and for Muara Tawar Gas Fired Power Plant Extension Project for Indonesia's state-owned electric power company. In addition, Marubeni acquired the PIC Group, Inc. in the U.S. with a view to start providing after-sales services including full-scale operation and maintenance of power plants in the future.

## ●Plant, Ship & Infrastructure Projects

In plant operations, Marubeni received orders to construct a cement plant for CIS and hot-rolling

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facilities for an iron works in India. In addition, Marubeni concluded an agreement on emission-trading in China in a project to construct a hydraulic power generation plant. In the infrastructure business, Marubeni received orders to develop the trans-Bosporus railroad for Turkey and deliver trains to Malaysia, as well as an order for underground work on high-voltage cables for Qatar. In the meantime, the railroad cargo leasing company business in the U.S., which Marubeni acquired last year, steadily boosted earnings. Marubeni's ship business remained strong thanks to an accumulation of orders for building new ships for customers in Japan, Asia, and Europe on the strength of robust marine transportation market conditions.

## ●Information & Communication

Marubeni realigned its group companies with a view to expand earnings in the future. For example, it carried out a merger between Marubeni Information Systems Co., Ltd. and Marubeni Solutions Corporation and converted Marubeni Infotec Corporation and Marubeni Telecom Co., Ltd. into wholly-owned subsidiaries. In addition, Marubeni entered into capital and business alliances with SOLXYZ Co., Ltd. and Q&A Corporation, respectively, to expand the scope of business into the IT solution and outsourcing fields. In the meantime, earnings of the VECTANT Group, one of Marubeni's subsidiaries, remained strong, mainly in the field of enterprise networking services.

## ●Development & Construction

In the domestic sales of condominiums, units selling particularly well included those in the Tokyo metropolitan region such as an upscale condominium in the urban district called Grand-Suite Rokubancho (in Chiyoda-ku, Tokyo) and a superhigh-rise condominium called Canal First Tower (in Koto-ku, Tokyo). In addition, Marubeni proactively acquired land for development of investor-oriented real estate properties such as the KPO Kirin Plaza site in Shinsaibashi, Osaka City. In the overseas markets, Marubeni launched development of complex facilities in Tianjin and Shenyang in alliance with the Sun Wah Group in Hong Kong, in addition to sale of condominiums in Shanghai, China, which remains strong.

## ●Finance, Logistics & New Business

In the finance operations, Marubeni established its proprietary incubation fund for mid-sized and small companies. In the logistics field, overseas container terminal business, notably in Thailand, remained firm. In insurance operations, Marubeni took a stake in a small amount and short-term insurance company (mini-insurance company) that sells an insurance to cover expenses to assist earthquake victims, with a view to making a full-scale entry into the insurance underwriting market. In the field of new business, Marubeni proactively developed businesses such as receiving orders for emission trading for NEDO and carrying out small-lot spot trading through the emission trading platform.

# Marubeni Corporation

## Management Policy

### ●Iron & Steel Strategies and Coordination

While demand for building materials in Japan declined due to the effect of tightening of building certification processes with the enforcement of the Revised Building Standard Law, the domestic market conditions for steel products remained robust on the strength of increased demand, mainly from the manufacturing sector. With regard to the overseas market conditions, while demand for steel products from energy-related sectors remains strong, there are lingering concerns such as sluggish market conditions for building materials in the U.S. and excess production of steel products in China. Under such circumstances, Marubeni-Itochu Steel Inc. promoted marketing activities with focus on demand expansion fields, centering around energy and automobile-related sectors, and maintained favorable earnings.

### ●Domestic Subsidiaries & Branches (note)

In the field of condominiums and residential land sale, some of the domestic subsidiaries and branches showed business slowdown, but operations remained firm overall, notably for trading of machinery, food, and textiles in the Nagoya Subsidiary; food operations in the Kyushu Subsidiary; and facilities and machinery in the Shizuoka Subsidiary. Domestic subsidiaries and branches are focusing their efforts on collaborating with group companies and expanding transactions with local companies as the core of the Marubeni Group in each region.

### ●Overseas Subsidiaries and Branches

Marubeni's U.S. subsidiaries maintained favorable performance, notably in Helena Chemical Company, which distributes agrichemicals and fertilizers, and recorded an all-time high profit on the strength of increased transactions due to newly acquired companies. In addition, key local subsidiaries in Asia including China, South China Hong Kong, Taiwan, and Korea, demonstrated a generally favorable performance in line with their expanded trading volume in metal resources, chemical, and energy.

Note: Included in "corporate and other" for the purpose of operating segment classification.

Marubeni Corporation  
Consolidated Balance Sheets  
< Unaudited >

|  | <i>Millions of yen</i> |                    |                  |
|--|------------------------|--------------------|------------------|
|  | March 31<br>2008       | March 31<br>2007   | Variance         |
| <b>Assets</b>  |                        |                    |                  |
| Current assets:                                      |                        |                    |                  |
| Cash and cash equivalents                            | ¥ 402,281              | ¥ 414,952          | ¥ -12,671        |
| Time deposits  | 38,058                 | 20,010             | 18,048           |
| Investment securities                                | 9,477                  | 26,693             | -17,216          |
| Notes and accounts receivable - trade:               |                        |                    |                  |
| Notes receivable                                     | 87,621                 | 107,930            | -20,309          |
| Accounts receivable                                  | 1,120,945              | 1,032,790          | 88,155           |
| Due from affiliated companies                        | 77,469                 | 85,799             | -8,330           |
| Allowance for doubtful accounts                      | -13,347                | -16,332            | 2,985            |
| Inventories  | 474,512                | 420,533            | 53,979           |
| Advance payments to suppliers                        | 211,626                | 214,067            | -2,441           |
| Deferred income taxes                                | 40,003                 | 43,715             | -3,712           |
| Prepaid expenses and other current assets            | 159,291                | 152,435            | 6,856            |
| Total current assets                                 | <u>2,607,936</u>       | <u>2,502,592</u>   | <u>105,344</u>   |
| Investments and long-term receivables:               |                        |                    |                  |
| Affiliated companies                                 | 616,009                | 504,501            | 111,508          |
| Securities and other investments                     | 551,539                | 603,545            | -52,006          |
| Notes, loans and accounts receivable - trade         | 141,448                | 121,138            | 20,310           |
| Allowance for doubtful accounts                      | -52,421                | -51,337            | -1,084           |
| Property leased to others, at cost, less accumulated | 173,014                | 171,115            | 1,899            |
| Total investments and long-term receivables          | <u>1,429,589</u>       | <u>1,348,962</u>   | <u>80,627</u>    |
| Net property and equipment                           | 798,779                | 731,452            | 67,327           |
| Prepaid pension cost                                 | 7,334                  | 21,642             | -14,308          |
| Deferred income taxes                                | 91,910                 | 53,088             | 38,822           |
| Intangible fixed assets                              | 116,546                | 86,654             | 29,892           |
| Goodwill   | 58,292                 | 35,794             | 22,498           |
| Other assets   | 96,839                 | 93,120             | 3,719            |
| Total assets   | <u>¥ 5,207,225</u>     | <u>¥ 4,873,304</u> | <u>¥ 333,921</u> |

Marubeni Corporation  
Consolidated Balance Sheets (Continued)  
< Unaudited >

|   | <i>Millions of yen</i> |                    |                  |
|---|------------------------|--------------------|------------------|
|   | March 31<br>2008       | March 31<br>2007   | Variance         |
| <b>Liabilities and shareholders' equity</b>     |                        |                    |                  |
| Current liabilities:                            |                        |                    |                  |
| Short-term loans                                | ¥ 236,027              | ¥ 170,423          | ¥ 65,604         |
| Current portion of long-term debt               | 65,353                 | 164,485            | -99,132          |
| Notes and accounts payable-trade                |                        |                    |                  |
| Notes and acceptances payable                   | 177,071                | 210,151            | -33,080          |
| Accounts payable                                | 833,421                | 762,520            | 70,901           |
| Due to affiliated companies                     | 62,444                 | 52,288             | 10,156           |
| Advance payments received from customers        | 208,182                | 204,489            | 3,693            |
| Accrued income taxes                            | 16,387                 | 17,219             | -832             |
| Deferred income taxes                           | 2,156                  | 4,632              | -2,476           |
| Accrued expenses and other current liabilities  | 310,086                | 294,059            | 16,027           |
| Total current liabilities                       | <u>1,911,127</u>       | <u>1,880,266</u>   | <u>30,861</u>    |
| Long-term debt, less current portion            | 2,368,164              | 2,130,137          | 238,027          |
| Employees' retirement benefits                  | 23,622                 | 12,075             | 11,547           |
| Deferred income taxes                           | 43,731                 | 29,987             | 13,744           |
| Minority interests in consolidated subsidiaries | 80,817                 | 75,385             | 5,432            |
| Shareholders' equity:                           |                        |                    |                  |
| Paid-in capital                                 | 262,686                | 262,686            | -                |
| Capital surplus                                 | 158,461                | 155,905            | 2,556            |
| Retained earnings                               | 423,591                | 298,011            | 125,580          |
| Accumulated other comprehensive income (loss)   |                        |                    |                  |
| Unrealized gains on investment securities       | 50,463                 | 102,899            | -52,436          |
| Currency translation adjustments                | -53,609                | -39,547            | -14,062          |
| Unrealized losses on derivatives                | -18,410                | -6,410             | -12,000          |
| Pension liability adjustment                    | -42,773                | -27,603            | -15,170          |
| Cost of common stock in treasury                | -645                   | -487               | -158             |
| Total shareholders' equity                      | <u>779,764</u>         | <u>745,454</u>     | <u>34,310</u>    |
| Total liabilities and shareholders' equity      | <u>¥ 5,207,225</u>     | <u>¥ 4,873,304</u> | <u>¥ 333,921</u> |

(Note) These financial statements are based on US GAAP.

Marubeni Corporation  
Consolidated Statement of Income  
< Unaudited >

|   | <i>Millions of yen</i> |                |               |              |
|---|------------------------|----------------|---------------|--------------|
|   | Year ended<br>March 31 |                | Variance      | Ratio        |
|   | 2008                   | 2007           |               |              |
| <b>Revenues:</b>  |                        |                |               |              |
| Revenues from trading and other activities                                      | ¥3,958,276             | ¥3,467,925     | ¥ 490,351     | 14.1%        |
| Commissions on services and trading margins                                     | 207,950                | 190,930        | 17,020        | 8.9%         |
| Total   | 4,166,226              | 3,658,855      | 507,371       | 13.9%        |
| Cost of revenues from trading and other activities                              | -3,569,310             | -3,127,684     | -441,626      | 14.1%        |
| Gross trading profit  | 596,916                | 531,171        | 65,745        | 12.4%        |
| <b>Expenses and other:</b>  |                        |                |               |              |
| Selling, general and administrative expenses                                    | -393,367               | -365,291       | -28,076       | 7.7%         |
| Provision for doubtful accounts   | -3,396                 | -860           | -2,536        | 294.9%       |
| Interest income   | 24,934                 | 24,179         | 755           | 3.1%         |
| Interest expense  | -68,202                | -56,908        | -11,294       | 19.8%        |
| Dividends received  | 23,645                 | 20,705         | 2,940         | 14.2%        |
| Impairment loss on investment securities  | -31,208                | -11,116        | -20,092       | 180.7%       |
| Gain (loss) on sales of investment securities                                   | 23,757                 | 24,099         | -342          | -1.4%        |
| Gain (loss) on property and equipment   | -1,492                 | -18,951        | 17,459        | -92.1%       |
| Equity in earnings (losses) of affiliated companies-net                         | 55,661                 | 44,880         | 10,781        | 24.0%        |
| Other – net   | -11,051                | 1,907          | -12,958       | -            |
| Total   | -380,719               | -337,356       | -43,363       | 12.9%        |
| Income (loss) from continuing operations before income taxes                    | 216,197                | 193,815        | 22,382        | 11.5%        |
| Provision for income taxes  | -60,540                | -68,205        | 7,665         | -11.2%       |
| Income (loss) from continuing operations  | 155,657                | 125,610        | 30,047        | 23.9%        |
| Minority interests in consolidated subsidiaries                                 | -8,408                 | -6,261         | -2,147        | 34.3%        |
| <b>Net Income</b>   | <b>147,249</b>         | <b>119,349</b> | <b>27,900</b> | <b>23.4%</b> |
| Dividend for preferred shares   | -                      | 605            | -605          | -            |
| Net income available for shareholders   | 147,249                | 118,744        | 28,505        | 24.0%        |
| Basic earnings per share (yen)  | 84.93                  | 72.41          | 12.52         | 17.3%        |
| Diluted earnings per share (yen)  | -                      | 68.85          | -             | -            |
| Total volume of trading transactions<br>(Based on Japanese accounting practice) | 10,631,616             | 9,554,943      | 1,076,673     | 11.3%        |
| Operating profit (Based on Japanese accounting practice)                        | 200,153                | 165,020        | 35,133        | 21.3%        |

(Note 1) These financial statements are based on US GAAP. (Revenue is presented in accordance with FASB Emerging Issue Task Force (EITF) 99-19.)

(Note 2) Regarding diluted earnings per share, please refer to the note on page 42.

Marubeni Corporation  
Consolidated Statements of Changes in Shareholders' Equity  
< Unaudited >

*Millions of yen*

|   | Year ended March 31 |         | Year ended March 31 |         | Variance |         |
|---|---------------------|---------|---------------------|---------|----------|---------|
|   | 2008                |         | 2007                |         |          |         |
| <b>Common stock:</b>  |                     |         |                     |         |          |         |
| Balance at beginning of period  | 262,686             |         | 262,686             |         | 0        |         |
| Balance at end of period  | 262,686             |         | 262,686             |         | 0        |         |
| <b>Capital surplus:</b>   |                     |         |                     |         |          |         |
| Balance at beginning of period  | 155,905             |         | 155,903             |         | 2        |         |
| Issuance of stocks due to stock exchange                                    | 2,344               |         | 0                   |         | 2,344    |         |
| Gains from disposition of treasury stock                                    | 212                 |         | 2                   |         | 210      |         |
| Balance at end of period  | 158,461             |         | 155,905             |         | 2,556    |         |
| <b>Retained earnings (losses):</b>  |                     |         |                     |         |          |         |
| Balance at beginning of period  | 298,011             |         | 193,772             |         | 104,239  |         |
| Net income (loss)   | 147,249             | 147,249 | 119,349             | 119,349 | 27,900   | 27,900  |
| Cash dividend – common and preferred stocks                                 | -21,669             |         | -15,110             |         | -6,559   |         |
| Balance at end of period  | 423,591             |         | 298,011             |         | 125,580  |         |
| <b>Accumulated other comprehensive Income(loss):</b>                        |                     |         |                     |         |          |         |
| Balance at beginning of period  | 29,339              |         | 51,752              |         | -22,413  |         |
| Unrealized (losses) gains on investment securities, net of reclassification |                     | -52,436 |                     | -6,136  |          | -46,300 |
| Currency translation adjustments, net of reclassification                   |                     | -14,062 |                     | 13,903  |          | -27,965 |
| Unrealized (losses) gains on derivatives, net of reclassification           |                     | -12,000 |                     | -4,294  |          | -7,706  |
| Minimum pension liability adjustment  |                     | -       |                     | -834    |          | 834     |
| Employees' retirement benefits adjustment                                   |                     | -15,170 |                     | -       |          | -15,170 |
| Other comprehensive income - net of tax                                     | -93,668             | -93,668 | 2,639               | 2,639   | -96,307  | -96,307 |
| Comprehensive income  |                     | 53,581  |                     | 121,988 |          | -68,407 |
| Adjustment to initially apply No.158 FSAS, net of tax                       |                     | -       | -25,052             |         | 25,052   |         |
| Balance at end of period  | -64,329             |         | 29,339              |         | -93,668  |         |
| <b>Cost of common stock in treasury:</b>                                    |                     |         |                     |         |          |         |
| Balance at beginning of period  | -487                |         | -326                |         | -161     |         |
| Treasury stock repurchased  | -158                |         | -161                |         | 3        |         |
| Balance at end of period  | -645                |         | -487                |         | -158     |         |

Marubeni Corporation  
Consolidated Statements of Cash Flows  
< Unaudited >

*Millions of yen*

|  | Year ended<br>March 31 |                 | Variance        |
|--|------------------------|-----------------|-----------------|
|  | 2008                   | 2007            |                 |
| <b>Operating activities</b>  |                        |                 |                 |
| Net income (loss)  | 147,249                | 119,349         | 27,900          |
| Adjustments to reconcile net income to net cash provided by operating activities:                |                        |                 |                 |
| Depreciation and amortization  | 96,370                 | 101,145         | -4,775          |
| Provision for doubtful accounts  | 3,396                  | 860             | 2,536           |
| Equity in earnings of affiliated companies, less dividends received                              | -29,309                | -19,022         | -10,287         |
| (Gain) loss on investment securities   | 7,451                  | -12,983         | 20,434          |
| Loss on property, plant and equipment  | 1,492                  | 18,951          | -17,459         |
| Deferred income taxes  | 15,974                 | 14,295          | 1,679           |
| Changes in operating assets and liabilities:   |                        |                 |                 |
| Notes and accounts receivable  | -53,681                | -118,336        | 64,655          |
| Inventories  | -43,886                | -24,106         | -19,780         |
| Notes, acceptances and accounts payable  | 6,226                  | 59,308          | -53,082         |
| Other  | 84,008                 | 12,614          | 71,394          |
| <b>Net cash provided by operating activities</b>   | <b>235,290</b>         | <b>152,075</b>  | <b>83,215</b>   |
| <b>Investing activities</b>  |                        |                 |                 |
| Net decrease (increase) in time deposits   | -9,347                 | 2,050           | -11,397         |
| Proceeds from sales and redemptions/expenditure for purchase of securities and other investments | -244,252               | -97,290         | -146,962        |
| Proceeds from sales /expenditure for purchases of property and equipment                         | -73,336                | -43,546         | -29,790         |
| Collection of loans receivable and loans made to customers                                       | 20,080                 | 3,639           | 16,441          |
| <b>Net cash provided (used) by investing activities</b>  | <b>-306,855</b>        | <b>-135,147</b> | <b>-171,708</b> |
| <b>Free Cash Flows</b>   | <b>-71,565</b>         | <b>16,928</b>   | <b>-88,493</b>  |
| <b>Financing activities</b>  |                        |                 |                 |
| Net decrease (increase) in short-term loans  | 54,643                 | -169,837        | 224,480         |
| Proceeds from/payment of long-term debt  | 36,821                 | 214,769         | -177,948        |
| Cash dividend - common and preferred stocks  | -21,669                | -15,110         | -6,559          |
| Purchase of treasury stock, net  | -243                   | -159            | -84             |
| Other  | -3,687                 | -4,844          | 1,157           |
| <b>Net cash used (provided) in financing activities</b>  | <b>65,865</b>          | <b>24,819</b>   | <b>41,046</b>   |
| Effect of exchange rate changes on cash and cash equivalents                                     | -6,971                 | 4,269           | -11,240         |
| Net increase (decrease) in cash and cash equivalents   | -12,671                | 46,016          | -58,687         |
| Cash and cash equivalents at beginning of period   | 414,952                | 368,936         | 46,016          |
| Cash and cash equivalents at end of period   | 402,281                | 414,952         | -12,671         |

(Note) These financial statements are based on US GAAP.

Marubeni Corporation  
Basis of Consolidated Financial Statements

**1. Subsidiaries and affiliated companies accounted for by equity method**

(1) Number of subsidiaries and affiliated companies

|                      | March 31, 2008 | March 31, 2007 | Variance |
|----------------------|----------------|----------------|----------|
| Subsidiaries         | 290            | 288            | 2        |
| Affiliated companies | 159            | 154            | 5        |
| Total                | 449            | 442            | 7        |

The number of subsidiaries and affiliated companies represents companies which the Company directly consolidates or to which the Company applies the equity method. Companies consolidated by subsidiaries (179 companies March 31, 2008, 119 companies March 31, 2007) are excluded from this number.

(2) Major Group Firms

Subsidiaries

|                 |   |
|-----------------|---|
| Overseas<br>169 | Marubeni America Corporation<br>Marubeni Europe p.l.c.<br>Axia Power Holdings, B.V.<br>Marubeni Caribbean Power Holdings, Inc.<br>PT Tanjungenim Lestari Pulp & Paper |
| Domestic<br>121 | Marubeni Telecom Co., Ltd.<br>Koa Kogyo Co., Ltd.<br>Yamaboshiya Co., Ltd.<br>Marubeni Energy Corporation<br>Marubeni Nisshin Feed Co., Ltd.                          |

Affiliated companies

|                 |  |
|-----------------|--|
| Overseas<br>110 | Daishowa-Marubeni International Ltd.<br>TeaM Energy Corporation  |
| Domestic<br>49  | Marubeni-Itochu Steel Inc.<br>Marubeni Construction Material Lease Co., Ltd<br>The Maruetsu, Inc.<br>The Daiei, Inc. |

(3) Changes

Subsidiaries

|                      |  |
|----------------------|--|
| Newly included<br>35 | Marubeni Caribbean Power Holdings, Inc.<br>Marubeni LNG Development B.V.<br>Others--- 33 companies |
| Excluded             | 33 companies   |

Affiliated companies

|                      |   |
|----------------------|---|
| Newly included<br>24 | Long Chen Paper (China) Holdings<br>Agrenco Bioenergia Industria e Comercio de Oleos e Biodiesel LTDA.<br>Others---22 companies |
| Excluded             | 19 companies  |

Marubeni Corporation  
Basis of Consolidated Financial Statements

**2. Matters Concerning Accounting Standards**

(1) Standards for the preparation of consolidated financial statements

The consolidated financial statements of the Company are prepared in compliance with accounting standards generally acknowledged as fair and appropriate in the United States.

(2) Cash and cash equivalents

Cash and cash equivalents include time deposits and negotiable deposits, the original date of maturity of which will fall within three months, as well as securities with a repurchase agreement.

(3) Valuation standards and method of inventory

Inventory is valued based on the moving average method or at either the lower of cost or market value based on the individual method.

(4) Valuation standards and method of securities:

*Trading securities:*

The market price method (the cost of sales is calculated based on the moving average method.)

*Held-to-maturity securities:*

The amortized cost method

*Salable securities:*

The market price method based on a market price on a closing date (the total amount of valuation gains or losses are reported in accumulated other comprehensive loss in shareholder's equity, and the cost of sales is calculated based on the moving average method.)

(5) Depreciation/amortization method for fixed assets

*Depreciation method for tangible fixed assets:*

The declining balance method or the straight line method (mainly for buildings) is applied. The depreciable life is generally set at 2 to 50 years.

*Amortization method for intangible fixed assets:*

The straight line method (however, intangible fixed assets for which a useful life cannot be decided are not amortized, and an asset impairment test is conducted for them at least once a year)

# Marubeni Corporation

## Basis of Consolidated Financial Statements

### *Asset impairment of long-term assets:*

With respect to long-term assets such as tangible fixed assets and intangible fixed assets to be amortized, when book value cannot be collected, or there is a change in the situation, we investigated asset impairment. If a book value is larger than the estimated amount of future cash flows, we recognized asset impairment for an amount by which the book value exceeds a fair market value.

### (6) Standards for setting up reserves

#### *Bad debt reserve:*

To prepare for bad debt losses arising from trade account receivables and loans, we booked the expected uncollectible amount for general receivables based on an actual bad debt ratio, and for specified receivables such as receivables and loans likely to become bad debt by examining the possibility of collection individually.

#### *Retirement benefit reserve:*

To prepare for retirement benefits for employees, a retirement benefit reserve is booked based on the fair value of the retirement benefit liability and pension assets at the end of this term. Past service liability is amortized using the straight line method based on the average remaining number of years of service of employees.

A portion of net actuarial loss that exceeds a corridor (10% of the retirement benefit liability or the fair market value of pension assets, whichever is larger) is amortized using the straight line method based on the average remaining number of years of service of employees as of the time the loss is incurred.

### (7) Consumption tax, etc, is processed on a tax-exclusive basis.

### (8) Goodwill

Goodwill is not amortized, and an asset impairment test is conducted for goodwill at least once a year

### (9) Revenue recognition and the total volume of trading transactions

Revenue is presented in accordance with FASB Emerging Issue Task Force Issue 99-19 *Reporting Revenue Gross as a principal versus Net as an Agent* (EITF 99-19).

For Japanese investors' convenience, total volume of trading transactions and operating profit are shown according to Japanese accounting practice. Total volume of trading transactions is the sum of those in which Marubeni and its consolidated subsidiaries act as principal and those which the Companies act as agent.

# Segment Information

## 1. Operating Segments

The Company's operating segments by which management evaluates performance and allocates resources are classified in terms of the nature of the products and services or areas. The segments, by products and services, are managed by the divisions of the Head Office. Overseas corporate subsidiaries and branches operate in the respective areas and are independent operating units.

Each reportable segment purchases, distributes and markets a wide variety of industrial and consumer goods including raw materials and equipment relating to a multitude of industries and, in addition, provides the related financing, insurance and other services to these operations primarily on a worldwide basis. The Company breaks its operating segments into 13 segments identified by product and service, in addition to its overseas corporate subsidiaries and branches.

The segment information for FY2007, and the corresponding period the year before are as shown hereafter.

### ◆ FY2007 (April 1, 2007-March 31, 2008)

|  | Millions of yen            |                                  |                                       |  |                              |              |
|--|----------------------------|----------------------------------|---------------------------------------|--|------------------------------|--------------|
|  | Agri-marine products       | Textile                          | Forest Products & General merchandise | Chemicals                                  | Energy                       |              |
| <b>Total volume of trading transactions</b>                |                            |                                  |                                       |  |                              |              |
| outside customers  | 1,353,517                  | 341,685                          | 882,122                               | 856,234                                    | 2,959,543                    |              |
| internal transaction                                       | 31,191                     | 2,030                            | 48,524                                | 41,181                                     | 6,592                        |              |
| total  | 1,384,708                  | 343,715                          | 930,646                               | 897,415                                    | 2,966,135                    |              |
| <b>Gross trading profit</b>                                | 89,042                     | 23,604                           | 56,331                                | 30,502                                     | 89,228                       |              |
| <b>Operating profit (loss)</b>                             | 21,033                     | 3,914                            | 20,706                                | 9,353                                      | 58,074                       |              |
| <b>Equity in earnings (losses) of affiliated companies</b> | 1,392                      | -118                             | 2,540                                 | 595  | 594                          |              |
| <b>Segment net income (loss)</b>                           | 10,214                     | 2,085                            | 11,506                                | 5,555                                      | 38,852                       |              |
| <b>Segment assets (as of March 31, 2008)</b>               | 624,334                    | 113,121                          | 528,596                               | 223,134                                    | 641,978                      |              |
|  | Metals & Mineral Resources | Transportation & Industrial      | Power Projects                        | Plant, Ship & Infrastructure Projects      | Information & Communication  |              |
| <b>Total volume of trading transactions</b>                |                            |                                  |                                       |  |                              |              |
| outside customers  | 888,367                    | 712,526                          | 343,942                               | 613,838                                    | 275,537                      |              |
| internal transaction                                       | 63,319                     | 48,383                           | 8                                     | 46,474                                     | 3,475                        |              |
| total  | 951,686                    | 760,909                          | 343,950                               | 660,312                                    | 279,012                      |              |
| <b>Gross trading profit</b>                                | 19,050                     | 57,415                           | 38,707                                | 20,110                                     | 32,057                       |              |
| <b>Operating profit (loss)</b>                             | 8,478                      | 16,150                           | 18,225                                | 3,699                                      | 2,307                        |              |
| <b>Equity in earnings (losses) of affiliated companies</b> | 16,665                     | 4,518                            | 7,138                                 | 3,219                                      | -596                         |              |
| <b>Segment net income (loss)</b>                           | 22,202                     | 14,959                           | 11,011                                | 4,775                                      | 4,076                        |              |
| <b>Segment assets (as of March 31, 2008)</b>               | 333,794                    | 327,119                          | 637,492                               | 326,101                                    | 152,514                      |              |
|  | Development & Construction | Finance Logistics & New Business | Iron & Steel Products                 | overseas corporate subsidiaries & branches | corporate & elimination etc. | consolidated |
| <b>Total volume of trading transactions</b>                |                            |                                  |                                       |  |                              |              |
| outside customers  | 132,603                    | 33,776                           | 937                                   | 1,085,765                                  | 151,224                      | 10,631,616   |
| internal transaction                                       | 393                        | 4,997                            | 79                                    | 456,653                                    | -753,299                     | —            |
| total  | 132,996                    | 38,773                           | 1,016                                 | 1,542,418                                  | -602,075                     | 10,631,616   |
| <b>Gross trading profit</b>                                | 31,265                     | 9,658                            | 1,016                                 | 102,967                                    | -4,036                       | 596,916      |
| <b>Operating profit (loss)</b>                             | 13,966                     | -966                             | -278                                  | 20,522                                     | 4,970                        | 200,153      |
| <b>Equity in earnings (losses) of affiliated companies</b> | 65                         | 1,361                            | 17,399                                | 619  | 270                          | 55,661       |
| <b>Segment net income (loss)</b>                           | 2,618                      | -5,958                           | 16,480                                | 6,960                                      | 1,914                        | 147,249      |
| <b>Segment assets (as of March 31, 2008)</b>               | 301,613                    | 101,080                          | 105,077                               | 536,718                                    | 254,554                      | 5,207,225    |

### ◆ FY2006 (April 1, 2006-March 31, 2007)

|  | Millions of yen            |                                  |                                       |  |                              |              |
|--|----------------------------|----------------------------------|---------------------------------------|--|------------------------------|--------------|
|  | Agri-marine products       | Textile                          | Forest Products & General merchandise | Chemicals                                  | Energy                       |              |
| <b>Total volume of trading transactions</b>                |                            |                                  |                                       |  |                              |              |
| outside customers  | 1,046,829                  | 373,349                          | 825,897                               | 817,886                                    | 2,417,032                    |              |
| internal transaction                                       | 22,060                     | 2,707                            | 43,428                                | 39,105                                     | 3,900                        |              |
| total  | 1,068,889                  | 376,056                          | 869,325                               | 856,991                                    | 2,420,932                    |              |
| <b>Gross trading profit</b>                                | 72,406                     | 24,760                           | 54,211                                | 30,043                                     | 85,490                       |              |
| <b>Operating profit (loss)</b>                             | 14,687                     | 1,593                            | 21,885                                | 7,787                                      | 54,820                       |              |
| <b>Equity in earnings (losses) of affiliated companies</b> | 2,296                      | -2,302                           | 1,128                                 | -167                                       | 779                          |              |
| <b>Segment net income (loss)</b>                           | 10,055                     | -2,424                           | 9,588                                 | 1,417                                      | 31,618                       |              |
| <b>Segment assets (as of March 31, 2007)</b>               | 549,217                    | 131,757                          | 538,417                               | 201,728                                    | 688,630                      |              |
|  | Metals & Mineral Resources | Transportation & Industrial      | Power Projects                        | Plant, Ship & Infrastructure Projects      | Information & Communication  |              |
| <b>Total volume of trading transactions</b>                |                            |                                  |                                       |  |                              |              |
| outside customers  | 933,143                    | 607,249                          | 272,751                               | 677,979                                    | 222,349                      |              |
| internal transaction                                       | 60,194                     | 66,602                           | 151                                   | 640  | 3,159                        |              |
| total  | 993,337                    | 673,851                          | 272,902                               | 678,619                                    | 225,508                      |              |
| <b>Gross trading profit</b>                                | 18,216                     | 55,545                           | 27,610                                | 17,706                                     | 28,057                       |              |
| <b>Operating profit (loss)</b>                             | 10,338                     | 13,647                           | 11,597                                | 2,095                                      | 1,853                        |              |
| <b>Equity in earnings (losses) of affiliated companies</b> | 16,478                     | 3,166                            | 3,913                                 | 982  | -411                         |              |
| <b>Segment net income (loss)</b>                           | 24,933                     | 9,984                            | 6,353                                 | 1,694                                      | 2,453                        |              |
| <b>Segment assets (as of March 31, 2007)</b>               | 279,991                    | 310,352                          | 391,009                               | 342,779                                    | 116,524                      |              |
|  | Development & Construction | Finance Logistics & New Business | Iron & Steel Products                 | overseas corporate subsidiaries & branches | corporate & elimination etc. | consolidated |
| <b>Total volume of trading transactions</b>                |                            |                                  |                                       |  |                              |              |
| outside customers  | 167,202                    | 39,704                           | 783                                   | 985,444                                    | 167,346                      | 9,554,943    |
| internal transaction                                       | 469                        | 6,142                            | 28                                    | 345,052                                    | -593,637                     | —            |
| total  | 167,671                    | 45,846                           | 811                                   | 1,330,496                                  | -426,291                     | 9,554,943    |
| <b>Gross trading profit</b>                                | 31,472                     | 9,902                            | 811                                   | 84,172                                     | -9,230                       | 531,171      |
| <b>Operating profit (loss)</b>                             | 15,049                     | 708                              | -682                                  | 13,629                                     | -3,986                       | 165,020      |
| <b>Equity in earnings (losses) of affiliated companies</b> | 515                        | 692                              | 17,775                                | 37   | -1                           | 44,880       |
| <b>Segment net income (loss)</b>                           | 3,189                      | 4,612                            | 14,913                                | 6,773                                      | -5,809                       | 119,349      |
| <b>Segment assets (as of March 31, 2007)</b>               | 265,617                    | 118,501                          | 101,606                               | 413,443                                    | 423,733                      | 4,873,304    |

(Note 1) The figures of each operating segment are shown based on US GAAP.

For Japanese Investors' convenience, Total volume of trading transactions and Operating profit are shown according to Japanese accounting practice.

(Note 2) Inter-segment transactions are generally priced in accordance with the prevailing market prices.

# Segment Information

## 2. Geographic Information

Geographic revenues are classified according to the region where the assets generates them locate.  
Geographic information for FY2007 and FY2006 is as follows:

### ◆Geographic Revenues

*Millions of yen*

|                | <b>FY2007</b> | <b>FY2006</b> |
|----------------|---------------|---------------|
| Japan          | 2,868,355     | 2,626,596     |
| United States  | 698,311       | 537,805       |
| United Kingdom | 204,629       | 156,003       |
| Other Region   | 394,931       | 338,451       |
| Total          | 4,166,226     | 3,658,855     |

### ◆Longterm Assets

*Millions of yen*

|                | <b>FY2007</b> | <b>FY2006</b> |
|----------------|---------------|---------------|
| Japan          | 419,465       | 414,861       |
| United States  | 193,495       | 198,425       |
| United Kingdom | 144,723       | 155,069       |
| Other Region   | 330,656       | 220,866       |
| Total          | 1,088,339     | 989,221       |

## Subsequent Events < Unaudited >

On April 24, 2008 (U.S. time), the Group has agreed with Antofagasta plc (hereafter “Antofagasta”) to acquire a 30% interest in both the Esperanza and El Tesoro projects (collectively hereafter, the “Projects”), which Antofagasta has a 100% interest indirectly, for total cash consideration of US\$1.31 billion, and be responsible for its share of development costs for the Esperanza project of approximately US\$0.6 billion, which are currently estimated at approximately US\$1.9 billion for the Projects. Payment shall be made as soon as the Group obtains approval required for the Project. The Group has developed a strategy to secure stable supplies of metal and mineral resources while maximizing profitability through investment in mine developments and smelting projects overseas. This transaction perfectly fits its philosophy.

Marubeni Corporation  
Earnings/Loss per Share of Common Stock

The following table sets forth the computation of basic and diluted earnings/loss per share:

|   | <i>Millions of yen</i>     |                         |
|---|----------------------------|-------------------------|
|   | <b>Year ended March 31</b> |                         |
|   | 2008                       | 2007                    |
| <b>Numerator:</b>   |                            |                         |
| Net income (loss)   | 147,249                    | 119,349                 |
| Amount which does not belong to ordinary shares – dividend for preferred shares                 | -                          | -605                    |
| Net income available for common shareholders<br>– Numerator for basic earnings (loss) per share | 147,249                    | 118,744                 |
| Effect of dilutive securities - Dividend for preferred shares                                   | -                          | 605                     |
| Numerator for diluted earnings (loss) per share   | 147,249                    | 119,349                 |
|   |                            | <i>Number of shares</i> |
| <b>Denominator:</b>   |                            |                         |
| Denominator for basic earnings (loss) per share   | 1,733,669,538              | 1,639,894,708           |
| Effect of dilutive securities - Preferred shares  | -                          | 93,675,076              |
| Denominator for diluted earnings per share  | 1,733,669,538              | 1,733,569,784           |
|   |                            | <i>yen</i>              |
| Basic earnings per share  | 84 . 93                    | 72 . 41                 |
| Diluted earnings per share  | -                          | 68 . 85                 |

(Note)

Class I Preferred Shares issued in December 2003 has dilution effect for FY2006, and all of those preferred shares have been converted to common shares as March 19, 2007. Therefore diluted EPS for FY2007 is not stated here.

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< Omission of Disclosure >

Description of notes to leases, investment securities, derivative instruments, hedging activities and acquisitions are omitted because it is considered to be less important to state in financial statements.

# Marubeni Corporation Consolidated Companies

## 1. Number of consolidated companies

|                      |          | March 31<br>2008 | Established<br>Bought | Liquidated<br>Divestiture | March 31<br>2007 | Variance |
|----------------------|----------|------------------|-----------------------|---------------------------|------------------|----------|
| Subsidiaries         | Domestic | 121              | 15                    | -17                       | 123              | -2       |
|                      | Overseas | 169              | 20                    | -16                       | 165              | +4       |
|                      | Total    | 290              | 35                    | -33                       | 288              | +2       |
| Affiliated companies | Domestic | 49               | 9                     | -6                        | 46               | +3       |
|                      | Overseas | 110              | 15                    | -13                       | 108              | +2       |
|                      | Total    | 159              | 24                    | -19                       | 154              | +5       |
|                      | Domestic | 170              | 24                    | -23                       | 169              | +1       |
|                      | Overseas | 279              | 35                    | -29                       | 273              | +6       |
|                      | Total    | 449              | 59                    | -52                       | 442              | +7       |

## 2. Major companies that have been newly included during this term:

| Company name   | Capital         | Marubeni<br>Group's<br>equity<br>portion | Type of business   |
|--|-----------------|--|--|
| Long Chen Paper (China) Holdings ※1                                | RMB 164.426 mil | 15.57%                                   | Holding company of a containerboard manufacturer in china<br>(a member of the Long Chen Paper Co., Ltd. Group) |
| Agrenco Bioenergia Industria e Comercio de Oleos e Biodiesel LTDA. | BRL 237.819mil  | 15.00%                                   | Production and sales of soi oil, bio-deisel and soymeal  |
| Marubeni Caribbean Power Holdings, Inc.                            | USD 0 mil       | 100.00%                                  | Electricity Holding company in the Caribbean nations   |
| Marubeni LNG Development B.V.                                      | USD 0.025 mil   | 100.00%                                  | Investment in the Peru LNG Project   |
| Axia Taiwan Holdings Co., Ltd.                                     | TWD 52.736 mil  | 100.00%                                  | Electricity Holding company in Taiwan  |

※1 Former name is Yuema International Co.,(Caymans)Ltd..

## 3. Major companies that have been excluded during this term:

| Company name   | Reasons of exclusion | Marubeni<br>Group's<br>equity<br>portion | Type of business  |
|--|----------------------|--|---|
| Clarity Opnext Holdings I, LLC                               | Liquidated           | 100.00%                                  | Manufacture and sale of optical component products  |
| N.V. NISSAN BELGIUM S.A.                                     | Sold                 | 100.00%                                  | Wholesale and distribution of nissan automobiles  |
| Sin Heap Lee - Marubeni Sdn. Bhd.                            | Sold                 | 40.00%                                   | Real-estate development   |
| N.V. Marubeni Auto and Construction Machinery (Euope) S.A.   | Liquidated           | 100.00%                                  | Import, distribution and servicing of automobiles, construction machinery, agricultural machinery and parts |
| COMPANIA DE SERVICIOS DE COMPRESION DE CAMPECHE S.A. DE C.V. | Liquidated           | 50.00%                                   | Operation and maintenance of gas compressor station   |

## Profit-making/loss-making consolidated companies

(Unit: billions of yen)

|                         |                  | March 31, 2008 |          |       | March 31, 2007 |          |       | Variance    |             |             |
|-------------------------|------------------|----------------|----------|-------|----------------|----------|-------|-------------|-------------|-------------|
|                         |                  | Domestic       | Overseas | Total | Domestic       | Overseas | Total | Domestic    | Overseas    | Total       |
| Profit-making companies | No. of companies | 137            | 225      | 362   | 130            | 222      | 352   | 7           | 3           | 10          |
|                         | Surplus amount   | 50.0           | 118.1    | 168.0 | 44.0           | 98.5     | 142.4 | 6.0         | 19.6        | 25.6        |
| Loss-making companies   | No. of companies | 33             | 54       | 87    | 39             | 51       | 90    | -6          | 3           | -3          |
|                         | Deficit amount   | -10.7          | -27.0    | -37.7 | -12.8          | -13.9    | -26.7 | 2.1         | -13.0       | -11.0       |
| Total                   | No. of companies | 170            | 279      | 449   | 169            | 273      | 442   | 1           | 6           | 7           |
|                         | Net profit/loss  | 39.3           | 91.1     | 130.4 | 31.2           | 84.5     | 115.7 | 8.1         | 6.5         | 14.6        |
| Surplus company ratio   |                  | 80.6%          | 80.6%    | 80.6% | 76.9%          | 81.3%    | 79.6% | +3.7 points | -0.7 points | +1.0 points |

(Note) Surplus/Deficit amount is based on equity method