



Artist's rendition of Superbird-7 in orbit around the Earth

August 15, 2008 was a special day for the Japanese commercial satellite market. At 5:44 a.m. (Japan time) the French Ariane 5 rocket launched from the Guiana Space Center, French Guiana, carrying within its bulk Superbird-7, Japan's first domestically produced commercial communications satellite.

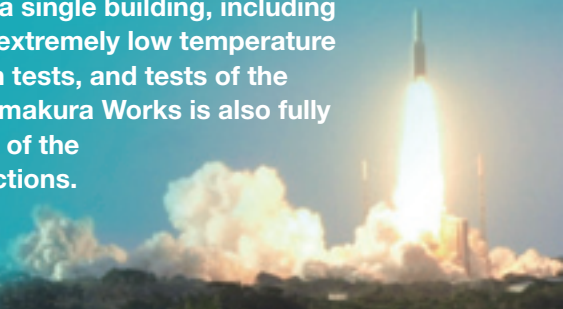
Superbird-7 is a next-generation communications satellite manufactured for Space Communications Corporation (SCC, currently SKY Perfect JSAT Corporation) of Japan by **Mitsubishi Electric** under a "delivery-in-orbit" contract. The order, received on October 31, 2005, made Mitsubishi Electric the first Japanese company to enter the commercial communications satellite market; to date all 18 satellites currently operated by Japanese broadcast and communications companies have been U.S.-made due to overwhelming market dominance by U.S. companies.

A Very Special Bird Takes Flight

Mitsubishi Electric has handled all aspects of the project—from manufacturing and delivery to launch procurement and extensive testing in stationary orbit 36,000 kilometers above sea level—and will also provide full operational support during the satellite's 15-year life span. The satellite, which weighs about five tons, uses Mitsubishi Electric's original DS2000 satellite bus platform, originally developed for the Engineering Test Satellite-8 (ETS-8) made for the Japan Aerospace Exploration Agency.

The well-equipped facilities of the company's Kamakura Works in Kanagawa Prefecture made it possible to run production and system tests in a single building, including simulations of the vacuum and extremely low temperature of space, acoustic and vibration tests, and tests of the compact radio antenna. The Kamakura Works is also fully equipped to run in-orbit checks of the satellite's performance and functions.

Ariane 5 lifting off from the launch pad at the Guiana Space Center, French Guiana



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A Valuable Insight into the Body's Drinking Mechanism

Kirin Holdings' Central Laboratories for Frontier Technology has collaborated with Tomio Shingai, from the Niigata University of Health and Welfare, to develop a simple and highly sensitive method of objectively measuring the "feeling in the throat" experienced when consuming beverages. In short, this innovation makes it possible to determine how easily, or "smoothly," a drink can be consumed.

The method involves placing electrodes below the test subject's lower jaw (mentalis muscles), the part that moves the most when drinking. When the person swallows, muscle contractions are translated into an electromyogram, for which software calculates the ratio of high- and low-frequency wave components.

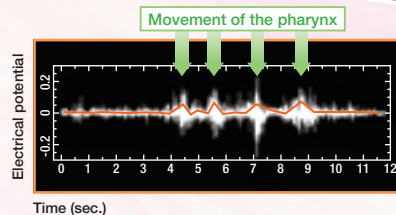
During development, test subjects consumed a variety of liquids, including chilled water, carbonated water, beer, malt liquor, new genre products and water solutions containing the five basic tastes—sweet, sour, salty, bitter and *umami**. For those regarded as "easy to drink," such as carbonated water, low-frequency wave components fell and high-frequency components increased. This was also the case with sour tastes. With drinks considered "hard to drink" and with salty tastes, low-frequency wave components increased.

The results were presented at the 42nd Conference of the Japanese Association for the Study of Taste and Smell on September 18. Kirin is now examining ways of applying this research to product development. ♦

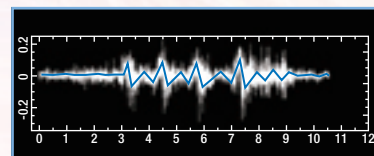
**Umami* means "savory" in Japanese and refers to a fifth taste, produced by the amino acid monosodium glutamate, that is responsible for the rich taste of meat, cheese, broths and soup stock.



Electromyogram like the type generally used in hospitals



When the subject drinks mineral water A (easy to swallow), the waves appear like this.



When the subject drinks mineral water B (difficult to swallow), the waves appear like this. The baseline of the waves is not nearly as flat as the above baseline.

How to measure the test subject's feeling in the throat

Using Solar Power for Ship Propulsion

NYK and **Nippon Oil** have jointly developed a full-scale solar power system for use on large ships, where it helps to supply power for propulsion.

The new solar power system, capable of generating 40 kW, will make its debut on a car carrier scheduled for completion on December 19, 2008. This full-scale installation of a solar power generator for large ships is the world's first.

As the need to alleviate global warming becomes ever more pressing, NYK is actively conducting research and development into next-generation energy-efficient ships, including the use of renewable energy in all aspects of marine transportation. For the same reason, Nippon Oil is stepping up product development and the development of new markets in the area of solar power systems. Specifically, the aim of the solar power propulsion system is to reduce CO₂ emissions from the transportation of finished cars. In view of this, Toyota Motor Corporation, as a cargo owner, supports the project as a part of its efforts to alleviate the environmental load incurred over the life cycles of automobiles.

Until now, solar power systems have been limited to usage for the crews' onboard living areas, due to the very harsh environment that technological installations are exposed to onboard ships, including salt corrosion, vibrations and other factors. ♦



The car carrier equipped with the new solar power system

When Paint Isn't Just Paint

Putting up wallpaper tends to be both time-consuming and gooeey. Even so, it has so far been the preferred way of adding depth and texture to flat walls.

Enter Sunday Paint Co., Ltd., a **Dai Nippon Toryo** affiliate that has developed a unique range of paints going far beyond mere color to provide a heightened sensory experience through patterns, textures and more.

The innovative Sunday Soft Touch Paint is a "multicolor paint," applied by brush, that

looks and feels like Japanese *washi* paper and has a fully matte finish that strongly evokes the texture of cloth or paper. Micro-particles in the paint produce a soft texture, as well as eye-pleasing patterns and tones. Although intended for interior walls, the paint can also be used for hobby purposes.

Sunday 3D Paint brings three-dimensionality to flat surfaces by making writing and patterns coated with the paint appear differently depending on the viewing angle. This also affects the perceived up-down and left-right positioning of objects.

Sunday Temperature-Sensitive Paint, finally, contains an advanced formula that allows the color of the coating to appear or disappear with changes in the temperature. Any temperature and color configuration is possible, opening up a range of possibilities. For instance, if an office's air conditioning temperature drops below a set level, an alert message can be made to appear on a wall. ♦



With Sunday 3D Paint, images can be made to appear three-dimensional

Maintaining a Strong Presence at Industry Fairs in Germany

"How can we reach as many customers as possible?" This question constantly faces PR and marketing specialists, including at the German Branch of **Mitsubishi Electric**.

The branch, which consolidates the Factory Automation, Air Conditioning, Semiconductor, Electronic Visual Systems, Automotive and Photovoltaic product divisions, celebrated its 30th anniversary in 2008. Throughout these years, being represented at trade fairs has consistently been a highly effective way of generating business.

In 2008 alone, the branch was represented at 42 major events, including the METAV in Düsseldorf, Intersolar in Munich, the PCIM in Nuremberg and the Internationale Funkausstellung in Berlin, which is the world's foremost consumer electronics show.

In this way, the branch is able to reach over 1.3 million fair visitors annually, show its products and improve the brand awareness of Mitsubishi Electric throughout Europe. Another high-profile event is the Hanover Fair, the world's leading showcase for industrial technology. In 2008, the Factory Automation Department, using a 400 m² booth, drew much attention with presentations of robot technology and a new integrated controller concept for manufacturing industries.

Japan was the partner country of the Hanover Fair in 2008, enabling the branch to welcome such special guests as Mr. Shinzo Abe, former Prime Minister of Japan, and Dr. Tamotsu Nomakuchi, Chairman of the Board of Mitsubishi Electric Corporation, to its booth. Befitting the Japanese fair theme, the branch welcomed important customers to a special "Japan Lounge," and organized *taiko* drumming performances and *origami* demonstrations. ♦



The Factory Automation Department's booth at the Hanover Fair, Germany

Mitsubishi Magic at 2008 Moscow and Paris Motor Shows

For the growing Russian market, **Mitsubishi Motors** (MMC) made an all-out effort to put on an impressive showing at the Moscow Auto Salon 2008, which ran from August 26 to September 7.

MMC displayed a total of 15 models at the show, including the new Pajero Sport*¹, which made its world premier, the fast-selling Lancer*² sport sedan and other current production models from around the world. They were joined by a bevy of concept cars, such as the MITSUBISHI Concept-RA sport coupe concept, the MITSUBISHI Concept-cX compact SUV concept and the MITSUBISHI Concept-ZT.

At the Paris Motor Show, held only one month later, Mitsubishi showed some entirely different facets of the company brand. Responding to the European market, customers and competitive environment, the Mitsubishi stand in Paris featured the Lancer Sportback, a five-door sport hatchback model lineup topped by the hot Lancer Sportback Ralliart, a sport driving-oriented 4WD version powered by a 2.0-liter turbocharged engine mated to a Twin Clutch SST high-efficiency automated manual transmission. The Lancer Sportback was flanked by the Racing Lancer, a renewed European-version Colt and the groundbreaking i MiEV electric vehicle.

All in all, visitors to either show came to appreciate MMC's three key values: Driving Pleasure, Safety and Environmental Responsibility. ♦

*1: Montero Sport in South America, Nativa in Central America and Challenger in Australia

*2: Galant Fortis in Japan

The Mitsubishi Pajero Sport in its right element



NYK Opens New Representative Office in St. Petersburg

On August 1, 2008, NYK opened a representative office in St. Petersburg, Russia. The new office currently has a staff of two and will focus on promoting logistics, as well as liner, car transport, harbor, bulk and energy transport services throughout Russia's Northwest Federal District.

The NYK Group already has logistics subsidiaries established in Moscow and St. Petersburg, and also a liner subsidiary based in the country. Moreover, NYK is involved in two advanced LNG projects with JSC Sovcomflot, Russia's largest shipping company.

NYK will continue to promote businesses in BRIC countries in accordance with the company's medium-term management plan, New Horizon 2010.

NEWS Flashes

Mitsubishi Chemical in Business Alliance for Polypropylene Compound Production

Mitsubishi Chemical has through its subsidiary, Japan Polypropylene Corporation (JPP), agreed to form a business alliance with Borealis AG, a leading Austrian supplier of plastics solutions, to strengthen polypropylene (PP) compound production and supply for the automotive industry in the U.S. and Europe. With this agreement, the two companies aim to meet rising global demand through localized production and high-performance PP compound materials. These materials are widely used in automotive components due to their light weight, flexibility and durability.

In Europe, Borealis AG will use proprietary technology to produce high-performance specialty PP compounds in accordance with a formula licensed by JPP and specified by Mitsubishi Chemical's German subsidiary, Mitsubishi Chemical Europe GmbH. In the U.S., Mytex Polymers US Corporation, a wholly owned subsidiary of Mitsubishi Chemical, will produce PP compounds in accordance with a formula specified by Borealis AG subsidiary Borealis Compounds, LLC.

Kirin Surveys Reveal Continued Worldwide Growth in Beer Production

Since 1974, the Kirin Institute of Food & Lifestyle, part of Kirin Holdings, has tracked statistics for beer production in major countries and regions. For 2007, the trends were as follows:

- World beer production in 2007 totaled approximately 179,370,000 kl (up 5.9% year on year), enough to fill the Tokyo Dome about 145 times—the highest growth rate recorded.
- Production was highest in China (up 13.8%) for the sixth year straight. Russia (up 16.1%) came in third for the first time, surpassing Germany (down 2% and ending fourth). In Asia outside China, Thailand was up 7.4%, Vietnam 12.5% and Korea 8.8%. Production in Japan fell 0.4%, as in 2006.
- Asia (up 11.1%) saw its total production share rise above 30% for the first time, bringing it close to the top share held by Europe (32.8%). Asia and Europe are now the leading beer-producing regions.
- The world production share of the BRIC countries rose 12.9% in total to 34.7%, surpassing Europe for the first time.



The Financial Approach to a Cleaner Earth

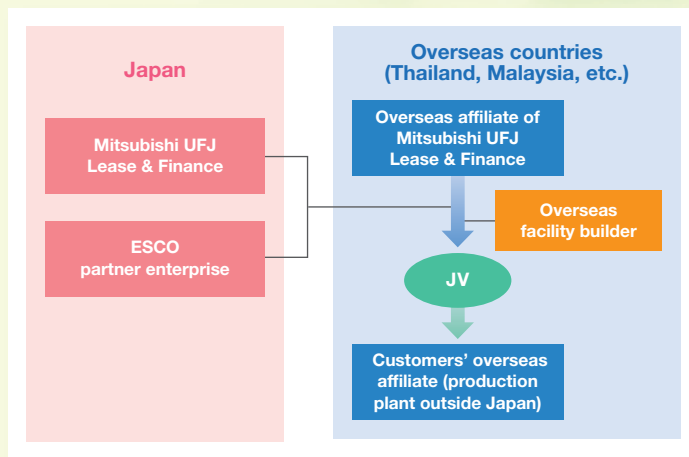
How much can a financial company improve the global environment?

One Mitsubishi company is struggling with this matter in its own way. In addition to leasing and financing services that support customers installing energy-saving and environmental equipment, **Mitsubishi UFJ Lease & Finance** (MUL) offers services as an energy service company (ESCO).

The ESCO business involves planning energy conservation systems for entire plants, buildings and other facilities and performing the required work. The ESCO operator guarantees the energy conservation benefits. The company provides all services in a single package required for ESCO services.

MUL has become a leader in ESCO services in Japan, and is now rolling out this business through its Global Service Center for Energy Saving. The center provides customers' overseas affiliate with ESCO and other energy efficiency and environment-related business in cooperation with MUL's overseas affiliate.

In addition, MUL will arrange carbon offsets not only for greenhouse gases released during the operation of equipment leased to customers, but for the entire greenhouse gas reduction target each customer has set for itself.



Example of business scheme for ESCO services outside Japan



Wind Power Tailwind in Bulgaria

In August 2008, **Mitsubishi Heavy Industries** (MHI) launched a wind power generation business in Bulgaria—the first investment into power generation in the country by a Japanese company. The electricity is sold to Natsionalna Elektricheska Kompania EAD, Bulgaria's state-owned electricity company, through Kaliakra Wind Power AD (KWP), a joint venture established with Bulgarian engineering firm inos Ltd.

The Kaliakra wind power project, located on Kaliakra Cape on the Black Sea coast, is intended as a Japanese-Bulgarian Joint Implementation (JI)* project, a mechanism under the Kyoto Protocol. Once approved by the Joint Implementation Supervisory Committee, the project will reduce CO₂ emissions by some 85,000 tons annually compared with conventional thermal power generation, and help to promote renewable energy in Bulgaria. The project was financed by the Japan Bank for International Cooperation and Mizuho Corporate Bank through a loan of about €37 million furnished to Bulgaria.

The wind farm itself, built by KWP, is the country's first and consists of 35 MWT62/1.0 wind turbines with a total capacity of 35 MW, all manufactured at MHI's Nagasaki Shipyard and Machinery Works and Yokohama Machinery Works.

MHI also coordinated the wind farm's construction, and participates in its operation together with inos Ltd. and Mitsubishi Power Systems Europe, Ltd., MHI's British subsidiary handling the power systems business in Europe.

* **Joint Implementation (JI):** Under the Kyoto Protocol, Joint Implementation initiatives allow so-called Annex B countries with emission reduction commitments to earn emission reduction units (ERUs) from an emission reduction project in another Annex B country. ERUs count toward the investing country's emission reduction target, in Japan's case 6% below the 1990 level by 2012.



The Kaliakra wind farm is Bulgaria's very first wind power project



Solar Power has Sunny Future in Brunei

The sultanate of Brunei, located on the north coast of Borneo, is working hard to diversify its economy away from over-reliance on its two primary natural resources, oil and natural gas. A significant part of this strategy involves diversifying the country's energy supply by introducing renewable energy sources. Among these, solar power is seen as the most promising.

On August 14, 2008, **Mitsubishi Corporation** and the Energy Division of the Prime Minister's Office (EDPMO) in Brunei signed a Memorandum of Understanding regarding a large-scale solar power demonstration project. This will be the first installment of a large-scale solar power system in the country.

The project, which will enter its three-year demonstration phase in 2010, entails the installation of a solar power system with a nominal power generation capacity of 1.2 MW, currently the largest in Southeast Asia, at the Seria Power Station in the northwestern Belait District.

Using this system, MC will together with EDPMO and the Department of Electrical Services evaluate the performance of several photovoltaic (PV) module types under the area's specific weather conditions, and trial the connection of a large-scale solar power system to the national grid. The demonstration project also covers technical assistance, human resource development in the solar power field and a range of seminars on solar power and other renewable energy sources.



Mitsubishi Corporation's Executive Vice President Jun Yanai (left) shakes hands with Haji Ismail, Deputy Permanent Secretary (Energy) of the Bruneian Prime Minister's Office



Testing the (Near) Future of Electric Cars

Strong interest in electric vehicles is prompting automakers and utility companies to work together in new ways. **Mitsubishi Motors** (MMC) has extensively tested the small, four-passenger Mitsubishi i MiEV electric vehicle over the past two years with seven major utility companies in Japan, and plans to begin sales in the Japanese market in summer 2009.

The i MiEV is a zero-emission, state-of-the-art electric vehicle, in which a durable 330-volt lithium-ion battery system powers a permanent-magnet electric motor. The 47 kW electric motor offers quicker acceleration than a typical mini-car gasoline engine.

Advanced lithium-ion battery technology being developed by Lithium Energy Japan (LEJ), a joint venture established by Mitsubishi Motors, Mitsubishi Corporation and GS Yuasa Corporation, promises up 160 km of zero-emission driving on a single charge.

MMC is now working to gather additional real-world driving data outside Japan. In the U.S., the company is collaborating with Southern California Edison (SCE) and Pacific Gas and Electric Company (PG&E) on testing the i MiEV in California. Los Angeles-based SCE is one of the largest electric utilities in the U.S., and owner of the nation's largest private fleet of electric vehicles.

In New Zealand, MMC will work with its local subsidiary, Mitsubishi Motors New Zealand, to test the vehicle as a step toward market introduction. The tests will be conducted together with state-owned electric power company Meridian Energy, which generates 100% of its electric power through renewable resources. MMC has also signed a Memorandum of Understanding with Iceland's Ministry of Industry, with i MiEV testing in the country to begin in 2009.



The i MiEV is a state-of-the-art electric vehicle



At the Environmental Forefront in China

China's booming economy has brought severe energy and pollution problems. To counter this, **Mitsubishi Electric** has launched a major drive to spread its wide-ranging environmental technologies and know-how in the country.

On March 17 and 18, 2008, 23 environmental managers from 11 bases in China received training in environmental laws and risk management at Mitsubishi Electric (Guangzhou) Compressor Co., Ltd. (MGC)—the first such training event outside Japan. MGC was chosen as the training site due to its ISO 14001 certification and high-level environmental facilities.

Turning to address a chilling example of energy waste, the fact that home air conditioning accounts for a reported 30% of China's CO₂ emissions, Mitsubishi Electric is also aggressively promoting inverter air conditioners, which save energy by adjusting motor speed in-line with room temperature. Most Chinese households use set-speed air conditioners, which use energy inefficiently by constantly switching on and off with temperature variations. The company is also promoting energy-efficient air conditioning for businesses, schools, hospitals and others, along with "total heat exchange" ventilation solutions that do not lose thermal energy from heaters or coolers.

Mitsubishi Electric Group showcased these and other environmental innovations at the three-day Ninth China International Environmental Protection Exhibition in Shanghai. The Group's booth, the exhibition's largest, attracted more than 4,000 visitors, mainly businessmen.



The Mitsubishi Electric booth attracted some 4,000 visitors at the environmental exhibition in Shanghai

Visitors showed particular interest in the "Ozonizer," a system that uses ozone to clean water, and real-time energy consumption tracking devices.



Tokio Marine & NCSWT Scholarship for Thai Students

For many in the developing world, financial difficulty and lack of resources remain huge obstacles to a good education.

The Scholarship Project for students in Thailand is a joint social contribution program established by **Tokio Marine & Nichido Fire Insurance**, Tokio Marine Asia and two group subsidiaries in Thailand, The Sri Muang Insurance Co., Ltd. and Millea Life Insurance (Thailand) Public Co., Ltd. This program, run in partnership with the National Council on Social Welfare of Thailand (NCSWT), supports students from poor households who wish to continue studying in secondary schools, high schools, technical colleges and universities by offering them scholarships.

On Friday July 25, 2008, the scholarship conferment ceremony for 2008 was held at the National Council on Social Welfare in Bangkok. Mr. Nuttaphas Intuputi, President of NCSWT, Mrs.

Chantra Purnariksha, Secretary General of The Office of Insurance Commission, and Mr. Mitsuru Muraki, General Manager of Corporate Planning Department of Tokio Marine & Nichido Fire Insurance presented scholarships to 84 students.

After the ceremony, the students attended a two-day youth camp in Ayutthaya focused on environmental



No less than 84 students were given scholarships and the chance of a better education

education and youth development. The members of The Sri Muang Insurance and Millea Life Insurance (Thailand) also participated actively.



Transportation that Really Moves Things Forward

Since 2000, **NYK** has offered free transport to two important social development programs—the Overseas Reconditioned Bicycle Donation Program and School Backpack Supplies to School Children Program in Afghanistan. These are run by the Japanese Organization for International Cooperation in Family

Planning (JOICFP), a non-governmental organization promoting family planning, health education and sanitation in developing countries.

The Municipal Coordinating Committee for Overseas Bicycle Assistance, organized by local municipalities in Japan and the JOICFP, collects and reconditions illegally parked bicycles for donation to countries where JOICFP is active, and where unpaved roads make health facilities inaccessible. The bicycles are donated to birth attendants, community health workers and doctors to help them to better provide healthcare. By fiscal 2007, NYK had transported a total of 20,314 bicycles to 61 countries.



A Solid Social Commitment

Mitsubishi Corporation's social contribution activities are both wide-ranging and global. Some highlights:

- MC has donated 200 solar-powered streetlights to villages without electricity in the Koraput region in eastern India. These will benefit the local economies and improve safety for residents.
- Many elementary schools in the Philippines desperately lack classroom space. With education a top priority of the country's government, MC has since 2006 participated in a classroom donation project.

In 2006, MC donated six classrooms to two elementary schools on Cebu Island, with teaching equipment

These Philippine elementary school children now have their own classroom, thanks to Mitsubishi Corporation

donated by the Manila Branch Office. Twenty classrooms will be donated over three years.

- In 2005, MC began supporting research at the Beijing Center for Japanese Studies, and has so far provided funding for ten graduate students to conduct cultural research in Japan. In 2008, the support was widened to include universities in western China as well.
- In 2006, MC provided US\$84,000 toward three ecotourism centers in the Ibera wetlands, a 1.3 million-hectare nature preserve in Argentina, to help educate visitors about its sensitive environment.
- In South Africa, MC works with its subsidiary Herculite Ferrochrome (Pty) Ltd. to support a local primary school. This includes school and sports equipment, facility improvements, teacher training and a vegetable garden where food is grown for school lunches.

Photo by JOICFP



Afghan school children with their new backpacks from Japan

In Afghanistan, used school backpacks collected in Japan allow children to have their hands free when traversing treacherous mountain terrain to attend school. Also, after seeing their children going to school with backpacks, many parents have become more aware of the significance of education; in poor families, children are often seen as wage-earners. Over fiscal 2004–2007, NYK transported a total of 36,193 used school backpacks to Afghanistan.



Writing New Prosperity into Tokyo's Future in Finance >> Mitsubishi Research Institute, Inc.

The Mitsubishi Research Institute has published "Strategy for a Tokyo Financial Center—Going beyond Unseen Restrictions." This book proposes that, as the mainstay of a growth strategy to maintain and expand the continuous growth of the Japanese economy, Tokyo become a global financial center via the dual "wheels" of the manufacturing and finance industries."

Saori Tsuiki, Economist,
Research Center for Policy and Economy

Q Please give us a brief outline of the book.

When one considers Japan's economic growth from now onwards, the four major elements are IT, innovation, human resources and becoming a global financial center. The fourth element especially, which involves turning Tokyo into a global financial center, is a vital pillar of Japan's economic growth strategy. In particular, this book puts forward the "dual wheels of the manufacturing and finance industries" as the direction in which a Japanese-style global financial center should head.

Q Why does the book advocate a global financial center?

The finance industry in itself creates high added value, but is at the same time surrounded by a broad range of related industries. Up until now, Japan's growth has been supported by its productive capability based on the manufacturing industry.

However, if one considers the long-term prospects, there is a limit to the impetus that the manufacturing industry will be able to provide on its own. In terms of employment, in particular, there is the fear that there will be fewer fields open domestically for highly educated Japanese. We need to expand the likelihood of creating a "dual-wheeled" system whereby the development of a global financial center will not only result in the

finance industry and its related fields becoming growth industries, but also provide capital for the growth of other industries and support innovation in manufacturing.

Q What are Japan's strengths when it comes to actually creating a "Tokyo Global Financial Center," and what are the tasks involved?

Tokyo's strengths include the size of the domestic market, as well as the scale, accuracy, reliability and manufacturing ability of Japan's industry. The Japanese have made practical use of technologies created overseas and, in doing so, produced high-value goods and services. It would be a waste not to also apply this technique to financing.

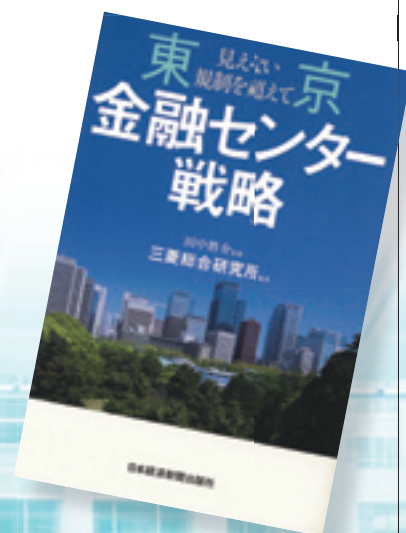
Japan's other core strengths include the stability of its society and financial system, its settlement of accounts, advanced technology and hard-working, well-educated and reliable workforce.

We took a survey of global financial market players and a fair number of them regard Tokyo as the main financial center in Asia due to the above-mentioned strengths. However, Tokyo is currently falling in global rankings due to its untapped potential. A prerequisite for capitalizing on Japan's strengths is to create a state where society as a whole is open, not just such concrete aspects as the market or systems.

Q What merits would be achieved by turning Tokyo into a global financial center?

The message we want to convey in this book is that, in addition to benefits in employment and providing support for other industries, a financial center will boost the profitability of household financial assets and become an essential support for our country's future. Whether or not this proposal is implemented depends on whether the people feel that a "Tokyo Global Financial Center" is really necessary.

A sense of purpose is essential when considering the long-term direction the country should take. A purposeful intent to create a bright new tomorrow has a direct bearing on our future. Turning Tokyo into a global financial center will be a difficult task, but this book incorporates a positive intent to work hard and overcome any obstacles.



Making a strong case for Tokyo as a global financial center

A Well-earned Rest... Sort of.

In Japan, New Year (*o-shogatsu*) is the most important holiday. Businesses typically close between the end of December and January 3, and families gather from near and far to celebrate together.

It is perhaps also the least relaxing holiday—the Japanese dedication to tradition and detail means hard work aplenty before the well-earned rest can begin.

Take the New Year cards, *nenga-jo*, for example. These are crucial for showing respect and gratitude to friends, business partners and generally anyone you wish to maintain a good relationship with. Although the number of cards quickly builds up, failing to send *nenga-jo* is considered disrespectful. What's more, the cards MUST arrive early on January 1.

Then, there is *osouji*, the Great Cleaning. To give the coming year a fresh start, homes and workplaces are vacuumed, scrubbed and polished to gleaming perfection. Small *shimekazari* wreaths appear on front doors everywhere, and storefronts are adorned with the larger *kadomatsu* decorations. In every home, a *kagamimochi* ornament, consisting of layered rice cakes with a small sweet orange on top, is placed in the best room as an offering to the gods.

In the kitchens, marathon cooking sessions unfold as wives and daughters prepare *osechi ryori*, special New Year's dishes served in a three-tiered lacquerware box. Traditionally, the first three days of January are for resting, particularly January 1, which represents the rest of the year and should be free of stress. Hence, three days' worth of food needs to be prepared in advance.

On New Year's Eve, families can finally sit down together to eat *toshikoshi soba*, special noodles symbolizing longevity. On the morning of January 1, it is time to sip *otoso*, herb-flavored rice wine, and enjoy the New Year's food before praying for prosperity at a shrine. For the hard-working Japanese, a precious time of tranquility and relaxation has begun...



A *kagamimochi* New Year's ornament

Grafil, Inc.

Don Carter
CFO

Greetings from California

Mitsubishi Rayon started business in Sacramento, California in June 1991 when the Company purchased Grafil Incorporated from a British firm. Grafil manufactures carbon fiber, which is used in sporting goods, aircraft and aerospace applications, windmills, natural gas containers for cars and buses and much more. Grafil's sister company in California, Newport Adhesives and Composites, is our largest customer for carbon fiber.

Sacramento, the state's capital and seventh largest city, is with its 475,750 inhabitants the cultural and economic center of the metropolitan region, which has a total population of 2,135,000. Located at the confluence of the Sacramento and American Rivers, it is also known as the River City.

Sacramento rose to prominence in 1848 when gold was discovered 50 miles northeast of the city at Sutter's Mill on the American River. During this period, 300,000 men, women and children came to the Sacramento area in covered wagons and sailing ships. Although most were from the Eastern United

States, tens of thousands were from Europe, Asia and Latin America, thus beginning California's long history of immigration and diversity.

California and Japan have a long history of trade, and today Japan is our state's largest single trading partner. In 2007, our Governor Arnold Schwarzenegger led a delegation to Japan to promote further trade.

California is known for Hollywood movies, Silicon Valley electronics, excellent wines and a thriving professional sports industry. Less known facts include that California produces over half of the fruit and vegetables consumed in the U.S., and that 10% of all employment here is related to the \$100 billion-per-year agriculture industry.

California is also a world leader in the development and use of renewable energy, including solar thermal plants, windmills and Sacramento's own California Fuel Cell Partnership, a consortium of government, industry and consumer groups promoting alternative energy. California is often at the forefront of new technologies and industries, making it a great location to pursue emerging markets in our growing industry.



California State Capitol, housing the State Legislature and Governor's Office

Website: <http://www.mitsubishi.com/e/index.html>

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