

"G" PLAN

Announcement

The Marubeni Group is changing!!

Six Points for offense and defense

The management strategy of the "G" PLAN is to adopt a management approach that focuses on Corporate Social Responsibility (CSR), while maintaining a balance between "offense" and "defense." By highlighting the six points, we will illustrate how we will go on the offensive and what we will defend.

The "G" PLAN, a two-year plan to achieve sustain- able growth in the search for future glory

The "G" PLAN will further bolster our management systems to lay down a powerful "defensive" foundation. At the same time, the Marubeni Group's highly capable human resources will expand the Company's business domains and provide its customers with the sophisticated and diversified functions of a general trading company. They will also actively invest in strategic fields. By going on the offensive in this way, the plan seeks to achieve sustainable growth. Having now built the foundation for further progress by completing the "V" PLAN, it is the "G" PLAN that will convince all the stakeholders what the Marubeni Group will do in its search for rapid progress.

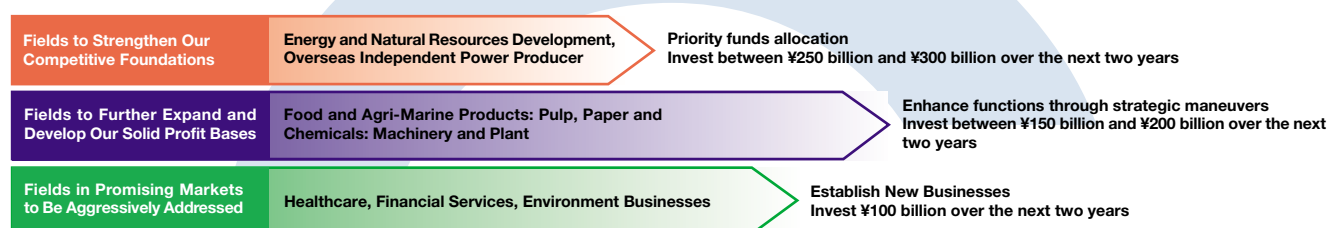
Marubeni on the OFFENSIVE

Prioritizing the Allocation of Management Resources into Strategic Fields

Select and concentrate management resources in a variety of highly profitable and sound projects

“Definitely achieve a consolidated net income exceeding ¥50 billion”—the hurdle set out in the “V” PLAN—has been raised substantially to create a “Business group that constantly generates a consolidated net income exceeding ¥100 billion.” Over the two-year duration of the plan, when Marubeni goes on the offensive, it will seek to generate consolidated net income of ¥220 billion. Marubeni will aim to make between ¥500 billion and ¥600 billion in new investments over the next two years, a substantial increase from that of the “V” PLAN. Three strategic fields to which management resources will be allocated are described in Chart 1. We will implement aggressive management and accumulate quality assets, in view of total assets of ¥5 trillion. Marubeni has also set out a new target to achieve ROA in excess of 2%. Through a concentration on select areas under the “V” PLAN, the assets of the Marubeni Group have been thoroughly reviewed. Consequently, the ROA has steadily improved, from 0.9% in fiscal 2004 to 1.6% in fiscal 2005. In the “G” PLAN, we will focus on ROA to rapidly reach 3%.

<Chart 1>
Strategic Fields Receiving Priority in the Allocation of Management Resources



Generating Comprehensive Strength by Bolstering Cross-Divisional Functions

We seek to nurture a corporate culture in which each member acts from the perspective of internal cooperation within the Group.

In Marubeni, while each member perceives the concept of internal cooperation in the Group, a number of sections jointly look after one project or one customer. By sharing and combining know-how, they conduct high value-added businesses that meet the needs of customers and partners. This is the comprehensive strength of the Marubeni Group and is the key element of the “G” PLAN for going on the offensive. Based on the “G” PLAN, we have established the Cross-Divisional Function Committee (chaired by Mamoru Sekiyama, Corporate Senior Vice President and with its office in the Corporate Planning & Coordination Dept.). At the committee meeting held in early May, an example case was introduced, in which business was conducted with the cooperation of different business divisions. A vigorous information exchange also took place during the committee meeting and the participants expressed what kind of support from other divisions is required, or in reverse, what kind of cooperation a division can offer to other departments. We will continue to identify the needs and wants of each department and we will realize the comprehensive strengths of the Marubeni Group.

Utilize Human Resources More Effectively

Because human resources are of great value to a trading company, we have set out the three main policies: our HR system, human resources utilization, and human resources development.

The key asset of a trading company is ultimately human resources. We will build a corporate culture that will enable the abundant human resources of the Marubeni Group to challenge constructively and boldly. During the “G” PLAN period, based on the policies given below, the Marubeni Group will develop and utilize its human resources, the largest asset of the Group.

- * Establish a HR system that will better motivate employees to take up new challenges.
- * Nurture the corporate culture with HR management that acknowledges the diversity of human resources and careers.
- * Provide training to develop management ability.

Based on these policies, Marubeni will seek to take the following steps, including measures that are carried over from the “V” PLAN;

1. * Establish a personnel management system that can bring rewards in line with the importance of responsibilities and positions.

- * Establish a remuneration system that can reinforce the employees' awareness of the targets of the company or organization to which they belong.
 - * Realize a balance between work and life (harmony and satisfaction from work and private lives).
2. * Expand new and mid-career recruitment.
 - * Reinforce the use of female and senior employees.
 3. * Systematically train junior and mid-career employees.
 - * Improve training to strengthen management ability.

Marubeni on the DEFENSIVE

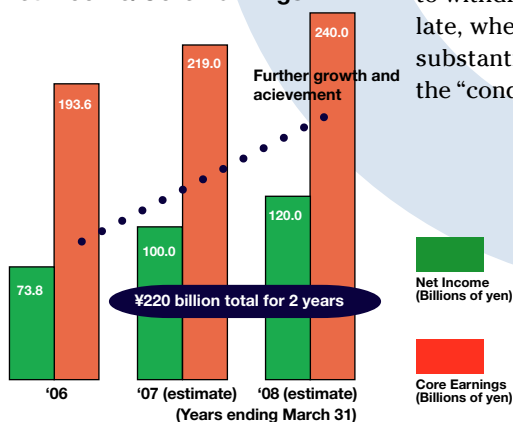
Bolster the Ongoing Commitment to Portfolio Management

Raise the Risk-Return to 10% and Heightened Focus on Select Areas

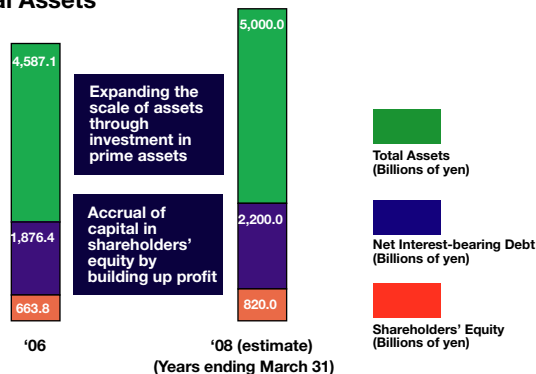
Strengthen Risk Management

Minimize losses through an early follow-up system.

Net Income/Core Earnings



Shareholders' Equity/Interest-bearing Debt and Total Assets



By raising the hurdle even higher, the “G” PLAN will continue to adopt portfolio management, the management system that underpinned the success of the “V” PLAN. Portfolio management controls the Portfolio Unit, the unit of Marubeni’s business divisions and the Group companies that are categorized based on the products handled, the type of operations, the regions in charge and the customers. We will scrutinize the potential and profitability of each unit and adopt management strategies accordingly. To monitor progress, we will use PATRAC, which was also used in the “V” PLAN, as an indicator. However, in the “G” PLAN, the risk-return that determines a positive or negative PATRAC has been raised from 8% to 10%. This change will make the standards of selecting projects and businesses more stringent. If a unit records a negative PATRAC for three consecutive years, the unit will be marked for “Withdrawal.”

Most of the heavy losses that forced the Marubeni Group into difficulties in the past were caused by an insufficient system that could not act quickly enough to identify the causes and symptoms of losses. The “G” PLAN has set out an “early follow-up system.” When a project is sanctioned and initiated, we will start monitoring the project in detail earlier than before and whether the project is progressing in line with the details of the sanction or not. We will establish a system that allows us to withdraw from a business or to change operating methods before it becomes too late, when businesses fail. Through this system, we will be able to avoid incurring substantial losses. Moreover, Marubeni will establish clearer exit rules that define the “conditions for withdrawing from a business,” which will be strictly implemented.

GLOSSARY FOR THE “G” PLAN

[ROA]

ROA is an abbreviation of “Return on Assets.” It is calculated by the formula: $\text{Net Income} / \text{Total Assets} \times 100$. The ROA measures how efficiently a company uses total assets, including management resources, to generate profits.

[Portfolio Management]

Portfolio management can clarify unfavorable areas in healthy divisions or healthy areas in unfavorable divisions, the details of which cannot be made clear with a single existing management method, based on the unit of business divisions. Through portfolio management, we are able to better focus on select areas. In addition, because portfolio management is based on a unit system that includes Group companies, the business divisions of the head office and the Group companies are considered as one unit. Consequently, the concept of consolidation has been established across the Group through the “V” PLAN.

[PATRAC]

PATRAC is an abbreviation of “Profit After Tax less Risk Asset Cost,” a unique management indicator of the Marubeni Group. It is used to judge whether profits and risks are balanced or not. The target number for PATRAC is above zero and PATRAC is calculated using the formula: $\text{Consolidated net income} - \text{Risk assets} \times 10\%$ (Risk return ratio)

Develop CSR and Internal Control

While placing greater emphasis on the stakeholders, we will seek to exercise the spirit of CSR.

FINANCIAL TARGETS

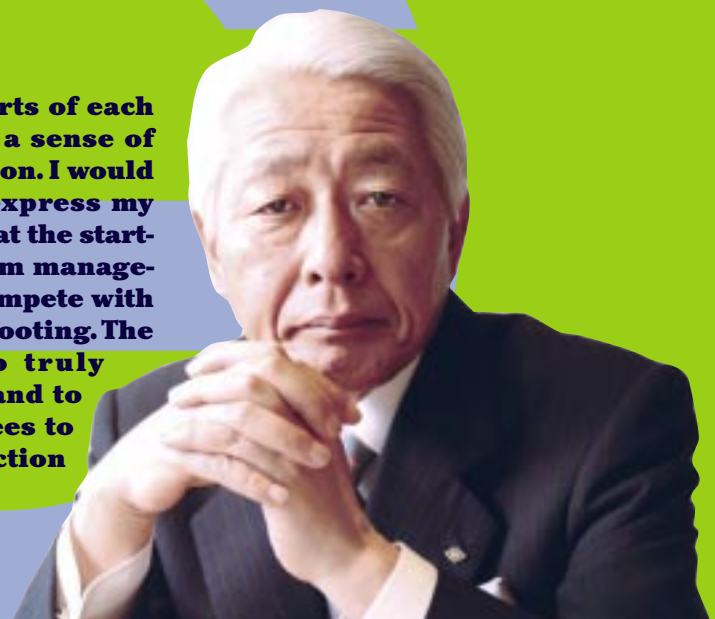


To attain sustainable growth, it is imperative that the Marubeni Group practice sound business. We must simultaneously seek to exist and prosper together with society and the environment. To achieve this, it is necessary for us to promote activities that contribute to society and protect the global environment. Moreover, we can create sound corporate management not only by complying with laws and regulations, but also by strengthening measures related to corporate governance and internal control, and by bolstering the awareness of compliance for each employee of the Marubeni Group, including respect for human rights and the elimination of all kinds of discrimination. A contribution to the sustainable development of our society is directly connected to the development of the Marubeni Group. In the same way, through the "G" PLAN, Marubeni will seek to promote CSR management, which places the emphasis on stakeholders.

Message from the President To All Employees of the Marubeni Group

We are finally enjoying the results of the efforts of each member of the Marubeni Group, who shared a sense of crisis and made consistent efforts in each section. I would once again like to take this opportunity to express my appreciation for your contribution. We are now at the starting point of the "G" PLAN, the new medium-term management plan, which is designed to enable us to compete with other general trading companies on an equal footing. The real challenge is only just underway. To truly revive the Marubeni Group as a major force and to achieve the "G" PLAN, I would like all employees to work together and move forward with a conviction in our ultimate success.

Nobuo Katsumata, President and CEO



QUESTIONNAIRE

What do you think?

Please let us know how we are doing by filling in a short questionnaire online at <http://www.liaison-kikaku.co.jp/shosha89/>, or send your questionnaire answers to shosha@liaison-kikaku.co.jp by the end of December 2006.

Five lucky contributors will receive a gift featured in "Japan Up Close".



2007 UKIYO E Calendar with a magnet
(Design choice will be made by us on delivery.)