

FOR IMMEDIATE RELEASE

No. 2336

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**mitsubishi electric announces consolidated
financial results for the first quarter of fiscal 2005**

TOKYO, July 28, 2004 – Mitsubishi Electric Corporation (President and CEO: Tamotsu Nomakuchi) today announced its consolidated financial results for the first quarter of fiscal 2005 (April 1, 2004 – June 30, 2004).

FY2005Q1: consolidated financial results

Net sales	725.2 billion yen	(2% decrease from FY2004Q1)
Operating income	26.2 billion yen	(193% increase from FY2004Q1)
Income before income taxes	24.5 billion yen	(194% increase from FY2004Q1)
Net income	12.4 billion yen	(19 times larger than FY2004Q1)

In the first quarter of fiscal 2005 a high rate of economic growth continued in North America and East Asia, in particular. Within the Japanese economy, the ongoing revival of the corporate sector showed further progress as capital investment in manufacturing and equipment increased. Added to the strong rebound in consumer demand, conditions in the business environment continued to show improvement.

As for sales during this period, strong demand allowed the Industrial Automation Systems segment to maintain its expansive progress, and likewise fuelled a sales increase in the Home Appliances segment. However, the lesser number of government projects being undertaken led to decreased sales in the Energy & Electric Systems segment and the Information & Communications segment, while the residual effect of the spun-off system

LSI business reduced sales in the Electronic Devices segment. As a result, total net sales decreased by 2% to 725.2 billion yen, compared to FY2004Q1.

Though operating income in the Information & Communication Systems segment fell, increased profits in the Industrial Automation Systems segment and the Home Appliances segment, added to the improvements in the Energy & Electric Systems segment and Electronic Devices segment led to total operating income rising by 193% to 26.2 billion yen, compared to FY2004Q1.

Consolidated financial results by business segment

Energy and Electric Systems

Total sales:	124.3 billion yen	12% decrease from FY2004Q1
Operating income (loss):	(0.5 billion yen)	0.7 billion yen improvement from FY2004Q1

In the social infrastructure systems business, the constraints placed on public spending and capital investment by domestic electric power companies, plus the influence of the spinning off of an electrical equipment business for manufacturing plants, led to a fall in sales and orders. In the building systems business, though greater demand in China, South Korea and Central and Southern America led to an increase in orders, sales fell due to a decrease in the number of large-scale projects. Total sales for the segment decreased by 12%, while operating income improved by 0.7 billion yen, compared to FY2004Q1, as a result of cost reduction measures and other factors.

Industrial Automation Systems

Total sales:	195.9 billion yen	17% increase from FY2004Q1
Operating income:	26.1 billion yen	9.9 billion yen increase from FY2004Q1

In the factory automation systems business, the greater demand for semiconductor manufacturing equipment, and from the automobile and liquid crystal panel manufacturing sectors, in both domestic and Asian markets, in particular China and South Korea, led to an increase in orders and sales. In the automotive equipment business, sales of car navigation systems, ETC (electronic toll collection) onboard units, and alternators and starters for both domestic and overseas automobile manufacturers all rose. As a result, total sales for the segment increased by 17%, while operating income rose by 9.9 billion yen, compared to FY2004Q1, due to the sales increase and other factors.

Information and Communication Systems

Total sales:	115.8 billion yen	23% decrease from FY2004Q1
Operating income (loss):	(3.2 billion yen)	2.0 billion yen worsening from FY2004Q1

In the telecommunications equipment business, demand for mobile handsets rose overseas but fell in Japan. Added to the lower demand for radio base stations in China, sales and orders fell. In the information systems and service business, sales increased due to an expansion of the information systems outsourcing business and the systems integration business. In the electronic systems business, as a result of a temporary downturn in the number of government projects being undertaken, both sales and orders fell. Total sales for the segment decreased by 23%, while operating income fell by 2.0 billion yen, compared to FY2004Q1, due to the sales decrease and other factors.

Electronic Devices

Total sales:	39.3 billion yen	9% decrease from FY2004Q1
Operating income (loss):	(1.0 billion yen)	2.3 billion yen improvement from FY2004Q1

In the semiconductor business, sales of power modules for industrial manufacturing equipment exported overseas, to China in particular, and for white goods such as air-conditioners and laundry machines increased, as did the sales of laser diodes for DVD equipment. As a result, sales and orders of power semiconductors, high frequency devices and optical devices increased. Despite these increases, decreases in sales in the Asian region as a result of the spun-off system LSI business led to a decrease in total sales in the semiconductor business. In the liquid crystal business, due to greater demand for small and medium sized products in the industrial and mobile handset sectors, in particular display devices, sales and orders rose. Total sales for the segment decreased by 9%, while operating income improved by 2.3 billion yen, compared to FY2004Q1, due to the better results in the semiconductor and liquid crystal businesses, as well as other factors.

Home Appliances

Total sales:	208.0 billion yen	6% increase from FY2004Q1
Operating income:	10.3 billion yen	5.4 billion yen increase from FY2004Q1

In the home appliances segment, though sales of CRT-type color televisions fell, increased overseas sales of package and home air conditioners, added to increased domestic sales of ventilators, solar power generation systems, refrigerators, as well as the release of a

new DVD recorder, led to a 6% increase, compared to FY2004Q1, for the whole segment. Operating income rose by 5.4 billion yen, compared to FY2004Q1, due to the sales increase and other factors.

Other

Total sales: 126.8 billion yen 13% increase from FY2004Q1
 Operating income: 2.3 billion yen 1.1 billion yen increase from FY2004Q1

Due mainly to subsidiaries involved in material procurement, engineering and real estate, sales in this segment increased by 13%, while operating income rose by 1.1 billion yen, compared to FY2004Q1.

Forecast for the first half of fiscal 2005: consolidated

In addition to the improvements as a result of the promotion of companywide measures related to, for example, cost reduction and productivity growth, we anticipate a strong performance from the Industrial Automation Systems segment, and the Home Appliances segment's air-conditioning business, overseas in particular. The current forecast for the first half of fiscal 2005 (April 1, 2004 – September 30, 2004) is a revision of the previous forecast that appeared in the year-end results for fiscal 2004 (announced on April 28, 2004).

CURRENT FORECAST FOR THE FIRST HALF OF FY2005

(in billions of yen)

(consolidated)	Current forecast for the first half of FY2005	Comparison to actual result of the first half of FY2004 (%)	Previous forecast for the first half of FY2005
Net sales	1,550	99	1,550
Operating income	35	289	15
Income before income taxes	30	178	10
Net income	15	392	5

FY2005: April 1, 2004 – March 31, 2005
 FY2004: April 1, 2003 – March 31, 2004

CONSOLIDATED FINANCIAL RESULTS

(in billions of yen)

	FY2005Q1 (A)	FY2004Q1 (B)	A/B (%)
Net sales	725.2	740.2	98
Operating income	26.2	8.9	293
Income before income taxes	24.5	8.3	294
Net income	12.4	0.6	19 times
Net income per share (in yen)	5.80	0.31	19 times

FY2005Q1: April 1, 2004 – June 30, 2004

FY2004Q1: April 1, 2003 – June 30, 2003

1) Consolidated financial charts made according to US G.A.A.P.

2) Company has 138 consolidated subsidiaries

3) This report is unaudited

CONSOLIDATED PROFIT AND LOSS STATEMENT

(in millions of yen)

	FY2005Q1 (A)	% of total	FY2004Q1 (B)	% of total	A - B	A/B (%)
Net sales	725,260	100.0	740,212	100.0	(14,952)	98
Cost of sales	530,361	73.1	562,790	76.0	(32,429)	94
Selling, general and administrative expenses	168,640	23.3	168,473	22.8	167	100
Operating income	26,259	3.6	8,949	1.2	17,310	293
Other income	12,240	1.7	12,340	1.7	(100)	99
Interest and Dividends	2,598	0.4	2,841	0.4	(243)	91
Other	9,642	1.3	9,499	1.3	143	102
Other expenses	13,990	1.9	12,965	1.8	1,025	108
Interest	2,774	0.4	4,393	0.6	(1,619)	63
Other	11,216	1.5	8,572	1.2	2,644	131
Income before income taxes	24,509	3.4	8,324	1.1	16,185	294
Income taxes	14,752	2.0	5,351	0.7	9,401	276
Equity in earnings (losses) of affiliated companies	2,688	0.3	(2,315)	(0.3)	5,003	-
Net income	12,445	1.7	658	0.1	11,787	19times

FY2005Q1: April 1, 2004 – June 30, 2004

FY2004Q1: April 1, 2003 – June 30, 2003

CONSOLIDATED BALANCE SHEET

(in millions of yen)

	FY2005Q1 (A)	FY2004 (B)	A – B
(Assets)			
Current assets	1,693,864	1,743,381	(49,517)
Cash and cash equivalents	325,304	330,596	(5,292)
Short-term investments	26,469	32,240	(5,771)
Trade receivables	628,375	748,293	(119,918)
Inventories	482,815	401,619	81,196
Prepaid expenses and other current assets	230,901	230,633	268
Long-term receivables	13,533	15,998	(2,465)
Investments	467,373	464,943	2,430
Net property, plant and equipment	566,802	566,383	419
Other assets	441,499	434,518	6,981
Total assets	3,183,071	3,225,223	(42,152)
(Liabilities and shareholders' equity)			
Current liabilities	1,288,679	1,315,739	(27,060)
Bank loans and current portion of long-term debt	346,565	345,147	1,418
Trade payables	577,697	619,407	(41,710)
Other current liabilities	364,417	351,185	13,232
Long-term debt	537,099	559,408	(22,309)
Retirement and severance benefits	688,421	684,222	4,199
Other fixed liabilities	15,516	15,810	(294)
Minority interests	48,771	48,512	259
Shareholders' equity	604,585	601,532	3,053
Common stock	175,820	175,820	-
Capital surplus	210,685	210,672	13
Retained earnings	393,110	389,250	3,860
Accumulated other comprehensive income (loss)	(174,674)	(173,837)	(837)
Treasury stock at cost	(356)	(373)	17
Total liabilities and shareholders' equity	3,183,071	3,225,223	(42,152)
Balance of debt	883,664	904,555	(20,891)
Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	(15,544)	(16,448)	904
Minimum pension liability adjustments	(193,128)	(192,844)	(284)
Net unrealized gains on securities	33,998	35,455	(1,457)

FY2005Q1: ending June 30, 2004
FY2004: ending March 31, 2004

CONSOLIDATED CASH FLOW

(in millions of yen)

	FY2005Q1 (A)	FY2004Q1 (B)	A – B
I Cash flows from operating activities			
1 Net income	12,445	658	11,787
2 Adjustments to reconcile net income to net cash provided by operating activities			
(1) Depreciation	24,676	26,165	(1,489)
(2) Decrease in trade receivables	123,754	123,649	105
(3) Decrease (increase) in inventories	(80,065)	(18,971)	(61,094)
(4) Increase (decrease) in trade payables	(41,863)	(49,404)	7,541
(5) Other, net	4,225	(13,565)	17,790
Net cash provided by operating activities	43,172	68,532	(25,360)
II Cash flows from investing activities			
1 Capital expenditure	(24,502)	(15,761)	(8,741)
2 Proceeds from sale of property, plant and equipment	3,782	2,983	799
3 Purchase of short-term investments and investment securities	(14,716)	(19,997)	5,281
4 Proceeds from sale of short-term investments and investment securities	19,836	21,723	(1,887)
5 Other, net	(276)	8,146	(8,422)
Net cash used in investing activities	(15,876)	(2,906)	(12,970)
I + II Free cash flow	27,296	65,626	(38,330)
III Cash flows from financing activities			
1 Proceeds from long-term debt	97	51,879	(51,782)
2 Repayment of long-term debt	(38,948)	(17,230)	(21,718)
3 Increase (decrease) in bank loans, net	14,577	(41,237)	55,814
4 Dividends paid	(8,585)	(6,440)	(2,145)
5 Purchase of treasury stock	(11)	(4)	(7)
6 Reissuance of treasury stock	41	-	41
Net cash provided by (used in) financing activities	(32,829)	(13,032)	(19,797)
IV Effect of exchange rate changes on cash and cash equivalents	241	1,318	(1,077)
V Net increase (decrease) in cash and cash equivalents	(5,292)	53,912	(59,204)
VI Cash and cash equivalents at beginning of period	330,596	363,595	(32,999)
VII Cash and cash equivalents at end of period	325,304	417,507	(92,203)

FY2005Q1: April 1, 2004 – June 30, 2004

FY2004Q1: April 1, 2003 – June 30, 2003

CONSOLIDATED SEGMENT INFORMATION

(in millions of yen)

Business Segment	FY2005Q1 (A)			FY2004Q1 (B)			A/B (%)
	Sales (A)	% of total	Operating income (loss)	Sales (B)	% of total	Operating Income (loss)	
Energy and Electric Systems	124,339	15.3	(502)	141,073	17.4	(1,227)	88
Industrial Automation Systems	195,977	24.2	26,156	167,230	20.7	16,164	117
Information and Communication Systems	115,844	14.3	(3,238)	149,826	18.5	(1,178)	77
Electronic Devices	39,341	4.9	(1,019)	43,311	5.4	(3,366)	91
Home Appliances	208,042	25.7	10,398	195,948	24.2	4,915	106
Others	126,800	15.6	2,359	111,945	13.8	1,160	113
Subtotal	810,343	100.0	34,154	809,333	100.0	16,468	100
Eliminations and other	(85,083)	-	(7,895)	(69,121)	-	(7,519)	-
Total	725,260	-	26,259	740,212	-	8,949	98

*Note: Inter-segment sales are included in each business segment above.

FY2005Q1: April 1, 2004 – June 30, 2004

FY2004Q1: April 1, 2003 – June 30, 2003

About Mitsubishi Electric

With over 80 years of experience in providing reliable, high-quality products to both corporate clients and general consumers all over the world, Mitsubishi Electric Corporation (TSE: 6503) is a recognized world leader in the manufacture, marketing and sales of electrical and electronic equipment used in information processing and communications, space development and satellite communications, consumer electronics, industrial technology, energy, transportation and building equipment. The company recorded consolidated group sales of 3,309 billion yen (US\$31.2 billion^{*}) in the fiscal year ended March 31, 2004. For more information visit <http://global.mitsubishielectric.com>

*At an exchange rate of 106 yen to the US dollar, the rate given by the Tokyo Foreign Exchange Market on March 31, 2004.

Cautionary Statement

The expectation of operating results herein and any associated statement to be made orally with respect to the Company's current plans, estimates, strategies and beliefs and any other statements that are not historical facts are forward-looking statements. Words such as "expects", "anticipates", "plans", "believes", "scheduled", "estimated", "targeted" along with any variations of these words and similar expressions are intended to identify forward-looking statements which include but are not limited to projections of revenues, earnings, performance and production. While the statements herein are based on certain assumptions and premises that the Company

trusts and considers to be reasonable under the circumstances to the date of announcement, you are requested to kindly take note that actual operating results are subject to change due to any of the factors as contemplated hereunder and/or any additional factor unforeseeable as of the date of this announcement. Such factors materially affecting the expectations expressed herein shall include but are not limited to the following:

- (1) Any change in worldwide economic and social conditions as well as laws, regulations, taxation and other legislation
- (2) Changes in foreign currency exchange rates, especially yen/dollar rates
- (3) Changes in stock markets, especially in Japan
- (4) Changes in balance of demand and supply of products that may affect prices and volume, as well as material procurement conditions
- (5) Changes in the ability to acquire financing, especially in Japan
- (6) Changes in any patent and its licensing, including any dispute involving patent infringement, that may affect operations
- (7) Technological change, the development of products using new technology, manufacturing and time-to-market
- (8) Business alliances with other companies

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