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## **MITSUBISHI ELECTRIC ANNOUNCES CONSOLIDATED AND NON-CONSOLIDATED FINANCIAL RESULTS FOR FISCAL 2005**

**Tokyo, April 28, 2005** – Mitsubishi Electric Corporation (President and CEO: Tamotsu Nomakuchi) announced today its consolidated and non-consolidated financial results for fiscal 2005 (April 1, 2004 – March 31, 2005).

**Consolidated financial results**

Net sales	3. <sup>4106</sup> trillion yen	(3% increase from fiscal 2004)
Operating income	120.6 billion yen	(30% increase from fiscal 2004)
Income before income taxes	102.3 billion yen	(21% increase from fiscal 2004)
Net income	71.1 billion yen	(59% increase from fiscal 2004)

**Non-consolidated financial results**

Net sales	2. <sup>0220</sup> trillion yen	(1% increase from fiscal 2004)
Ordinary profit	59.4 billion yen	(43% increase from fiscal 2004)
Net income	26.2 billion yen	(unchanged from fiscal 2004)

The business environment in the FY2005 generally saw a shift to a firm economic expansion trend in the world economy, especially in the United States and China, even with a partial slowdown felt toward the end of the year. The Japanese economy showed relatively healthy growth in the first half of the year mostly in business sectors. However, certain factors such as absence of full-scale recovery in consumer spending, slow down in capital expenditure, and production due to a frustrating demand from foreign markets, there has been an increasing sense of stagnation in the Japanese economy. In addition, escalating price of materials and crude oil has become evident.

Meanwhile, the Mitsubishi Electric Group has been promoting structural reforms in response to ever changing operating circumstances with the objective of increasing and strengthening profitability in each business segment. We established operating facilities for purposes of strengthening production and sales both in domestic and overseas markets and implemented various measures for business structural reforms, including business alliances, aimed at a more competitive position.

In addition to the above, Mitsubishi Electric has been engaged in company wide measures such as its inventory reduction project, and endeavor to improve productivity through Just in Time activities, expansion of group finance, pension system reforms, etc. aimed at improving business operations and overall financial standing. Besides this, we are confidently moving ahead with our cost reducing E-Sigma 21 Program as well

as our Just in Time activities, which aims to advance productivity. We are also trying to achieve sustainable growth by promoting our two-tiered VI and AD growth strategies.

### **Consolidated financial results by business segment**

#### ***Energy & Electric Systems***

Total sales:	791.9 billion yen	(1% decrease from fiscal 2004)
Operating income:	28.1 billion yen	(2.2 billion yen increase from fiscal 2004)

The social infrastructure systems business posted a decrease in orders and sales compared to last year. Although exports increased to countries like China and other Asian countries that continue to invest in social infrastructure, we were also affected by the break up of businesses such as electric power companies and electric equipment for manufacturing plants as well as curbs in private and public investment of electric power company and railway businesses, etc.

The building system business experienced an increase in both orders and sales compared to last year. Despite a downturn in new installation of domestic elevators and escalators, there were increases in elevators and escalators in areas overseas with expanding demand like China and the Middle East, etc.

As a result, sales decreased 1% for this segment from the previous fiscal year. Operating income for this segment increased 2.2 billion yen due to improvements in cost reduction.

#### ***Industrial Automation Systems***

Total sales:	781.8 billion yen	(10% increase from fiscal 2004)
Operating income:	72.3 billion yen	(5.9 billion yen increase from fiscal 2004)

The factory automation systems business saw an increase compared to last year in both orders and sales in programmable logic controllers, servo motor systems, numerical controllers, etc. for industrial machinery as well as LCD and semiconductor production equipment domestically as well as in China and other Asian countries.

The automotive equipment business saw an increase in both orders and sales compared to last year due to increases in alternators, starters, etc for domestic and foreign carmakers.

As a result, total sales for this segment increased by 10% compared to last year. Operating income increased 5.9 billion yen due to increased sales, etc.

#### ***Information and Communication Systems***

Total sales:	614.0 billion yen	(10% decrease from fiscal 2004)
Operating income:	0.2 billion yen	(0.2 billion yen decrease from fiscal 2004)

The telecommunications equipment business saw a decrease in both orders and sales compared to last year because of decreases in mobile handsets.

The information systems and services business saw an increase in sales compared to last year because of extensions in the system integration and information system outsourcing businesses.

In the electronic system business, both orders and sales decreased compared to the same period last year because of due to a period between large governmental projects.

As a result, total sales for this segment showed a decrease of 10% compared to last year. Operating income decreased by 0.2 billion yen due to decreases in sales, etc.

#### ***Electronic Devices***

Total sales:	164.3 billion yen	(4% decrease from fiscal 2004)
Operating income:	6.1 billion yen	(10.8 billion yen improvement from fiscal 2004)

The semiconductor business saw an increase in both orders and sales compared to last year due to increases in power modules for air conditioners, washing machines and other white goods as well as power modules for automobiles and domestic industrial machinery. There were also increases in laser diodes for DVD recorders.

In the liquid crystal business, both orders and sales decreased compared to last year. Despite increases in small and mid-sized products, there was a decrease in sales in large commodity-type products.

As a result, total sales for this segment decreased 4% compared to the same period last year, while operating income improved 10.8 billion yen compared to the same period last year due to increases in semiconductors.

### ***Home Appliances***

Total sales:	866.4 billion yen	(11% increase from fiscal 2004)
Operating income:	25.6 billion yen	(6.3 billion yen increase from fiscal 2004)

The home appliance business saw an increase in sales compared to last year due to increases in domestic residential home equipment such as refrigerators, DVD related goods, solar power generation systems, ventilation fans, Induction Heating (IH) cooking heaters as well as air conditioners for both the foreign and domestic market.

As a result, total sales for this segment increased 11% compared to the last year. Operating income increased 6.3 billion yen due to increases in sales, etc.

### ***Other***

Total sales:	581.6 billion yen	(14% increase from fiscal 2004)
Operating income:	10.5 billion yen	(2.3 billion yen increase from fiscal 2004)

Sales increased compared to the same period last year mainly in affiliated companies for material procurement, logistics and system maintenance.

As a result, total sales for this segment increased by 14% compared to last year, while operating income increased 2.3 billion yen compared to last year due to increase in sales, etc.

### **Dividend Policy**

Mitsubishi Electric will pay a dividend of 6 yen per share for fiscal 2005 (interim dividend of 2 yen per share and a term end dividend of 4 yen) given the recent trend of recuperating profitability in business operations and soundness in financial standing. Payment of term end dividends is planned to begin on June 2, 2005. For reference, the dividend payment for fiscal 2004 was 4yen per share (0 yen interim dividend and 4 yen term end dividend).

## **FINANCIAL CONDITION**

### ***Assets, liabilities and capital***

The balance of total assets at the end of fiscal 2005 stand at to 3.<sup>1624</sup> trillion yen, a decrease by 62.7 billion yen compared to the previous fiscal year. While there were increases in trade receivables and inventories commensurate with growth of sales volume in overseas businesses and other factors, our cash and cash equivalent decreased by 84.0 billion yen as a result of repayment of outstanding debts and redemption of corporate bonds. Other assets also decreased by 76.2 billion yen due to such factors as decreases in deferred tax assets.

The balance of outstanding debts and corporate bonds has decreased by 148.7 billion yen to 755.7 billion yen. The resulting ratio of outstanding interest bearing debt has become 23.9%, an improvement of 4.1 points compared to the previous fiscal year. Other current liabilities increased 55.4 billion yen due to advance receipts. Retirement and severance benefits decreased by 99.6 billion yen because of reforms to the retirement benefits system.

The consolidated retained earnings increased by 58.2 billion yen. This increase reflects a total net income in the FY2005 of 71.1 billion yen, less dividend payment amounting to 12.8 billion yen. Deduction of minimum pension liability adjustments decreased. As a result, shareholders' equity increased by 119.1 billion yen to 720.6 billion yen. Ratio of shareholders' equity to total assets has become 22.8%, a 4.1-point improvement compared to last year.

## **Cash Flow**

Cash flow from operating activities in fiscal 2005 decreased by 54.5 billion yen to 188.9 billion yen (positive). Despite an increase in net income, there were also increases in inventories as well as accounts receivable. On the other hand, cash flow from investing activities reached 101.1 billion yen (used) as a result of intensive capital expenditures in Industrial Automation Systems and Electronic Device segments, and thus free cash flow reached revenue of 87.7 billion yen.

The cash flow from financing activities amounted to 174.2 billion yen because of extensive repayment of debts and redemption of corporate bonds to improve financial standing.

	<i>FY '01</i>	<i>FY '02</i>	<i>FY '03</i>	<i>FY '04</i>	<i>FY '05</i>
Debt repayment period <sup>1</sup>	3.6 years	13.0 years	5.7 years	4.3 years	4.4 years
Interest coverage ratio <sup>2</sup>	11.0 times	4.0 times	10.0 times	17.0 times	17.6 times

<sup>1</sup> Debt repayment period: interest bearing debts\* divided by cash flow from operating activities

<sup>2</sup> Interest coverage ratio: cash flow from operating activities divided by interest paid

\* interest-bearing debts are calculated as an average of the year-end balances of two consecutive fiscal years (the present one and the previous one)

## **Current forecast for Fiscal 2006**

The management environments are predicted to become more severe with the world economy expected to shift to a modest slowdown. In the Japanese economy as well, there are also concerns about the exchange rate and the direction of prices of things like oil and materials as well as increased feelings of uncertainty as to the direction of domestic demand in consumer spending and capital expenditure.

In the meantime, the Mitsubishi Electric Group will continue to increase and strengthen profitability in each business segment. In addition, we are committed to implementing various company wide measures toward improving business performance and financial standing. The growth strategies will be steadfastly adhered to in the interest of maintaining sustainable growth.

### ***Current forecast for fiscal 2006: consolidated***

Net sales	3. <sup>4500</sup> trillion yen	(1% increase from fiscal 2005)
Operating income	130.0 billion yen	(8% increase from fiscal 2005)
Income before income taxes	120.0 billion yen	(17% increase from fiscal 2005)
Net income	75.0 billion yen	(5% increase from fiscal 2005)

### ***Current forecast for fiscal 2006: non-consolidated***

Net sales	2. <sup>1000</sup> trillion yen	(4% increase from fiscal 2005)
Ordinary profit	55.0 billion yen	(8% decrease from fiscal 2005)
Net income	28.0 billion yen	(7% increase from fiscal 2005)

## **MANAGEMENT POLICY**

### **Management Policy**

The Mitsubishi Electric Group aims to contribute to the development of new societies, industries and lifestyles, all leading to a "better tomorrow", based on the spirit of our corporate statement "Changes for the Better."

With this outlook in mind, Mitsubishi Electric will implement balanced management consistent with the three perspectives of "Growth," "Profitability & Efficiency" and "Soundness", in order to swiftly establish a solid business foundation and assure sustainable growth.

Mitsubishi Electric will strive to further enhance its corporate value and surpass the expectations of all our customers, shareholders and other stakeholders. Via a process of self-reform, the company intends to evolve into a new complex of strong electric and electronics businesses by activating the power of synergy.

### **Policy for Profit Distribution**

With the ultimate target of enhancing corporate value, Mitsubishi Electric’s basic policy is to comprehensively improve shareholder profitability both in terms of profit distribution in line with the earnings for the relevant fiscal year, and reinforcement of our financial standing by increasing internal reserves.

### **Policy on Reducing Minimum Stock Purchase Requirement**

Mitsubishi Electric recognizes that increasing corporate value and the acquisition of long-term and stable investors are important managerial issues. Mitsubishi Electric has been considering the effects and expenses related to reducing the minimum stock purchase requirement and will continue to carefully study this issue.

### **Criteria for Management Targets**

Measures to improve our business foundation and financial standing have resulted in the Mitsubishi Electric Group posting ROE of 10.8% in fiscal 2005, which fulfilled our original management target of “10% or more”. In addition, the ratio of interest-bearing debts resulted in 23.9% in the Fiscal 2005, which was effectively less than the original target of “25% or less”. The Group will strive to continuously achieve and maintain ratios of these indicators and further make effort to accomplish the targeted ratio of operating profit to sales.

	<i>Management Target</i>
Ratio of operating profit to sales	<b>5% or more</b>
ROE	<b>10% or more</b>
Ratio of interest-bearing debt to total assets	<b>25% or less</b>

### **Corporate Agenda**

The Mitsubishi Electric Group pursues a policy of “balanced management” consistent with the three perspectives of “Growth,” “Profitability & Efficiency” and “Soundness.” In accordance therewith, the Group is executing a reformation of its business structure responding to volatile changes to the business environment while continually pursuing improvements to reinforce the essential competitiveness of manufacturing, including quality, cost, production technology, innovative R&D activities, intellectual property strength and sales capability. Through this corporate agenda we will devote to creating a management base that will continue to strengthen and improve our results.

In particular, we will promote a coaxial implementation of VI Growth Strategy, to an effect of “Making strong businesses stronger” and AD Growth Strategy aiming at “Reinforcing solutions business centered on strong businesses” and “Global Integration” to build an optimal business structure both globally and for the entire corporate Group. In terms of business development in overseas markets, we will pay intensive attention on managing associated risks. In addition, we will exert cost consciousness from the very first stages of design and development, promote cost reduction measures based on Value Analyses and engineering initiatives, and strengthen various measures for improving productivity through Just in Time activities, which will result in improving inventory turnover and better financial standing.

In addition, we will be committed to enhance Corporate Social Responsibility (CSR) efforts based on the Corporate Mission and Seven Guiding Principles (namely Trust, Quality, Technology, Citizenship, Ethics, Environment, and Growth). Also we will continue to conduct studies on the framework and systems, which shall transcribe to further increase of corporate values, responsive to various external changes affecting the substance of a corporation, such as legislative changes of the Commercial Code.

### **Basic Policy for Corporate Governance and the Current Status**

#### 1. Basic Policy for Corporate Governance

Mitsubishi Electric will strive to achieve sustainable growth as well as enable more flexible operations, further enhance management transparency and reinforce the supervisory functions of management. Our basic policy consists in establishment of corporate governance structure capable of appropriately responding to expectations various stakeholders (among others customers and shareholders) may have with the company and further increasing the corporate value.

## 2. Current Status of Implementation of Various Measures Relating to Corporate Governance

### (1) Current Status of Corporate Institutional Structure for Decision Making, Execution, Supervision and Other Matters Relating to Corporate Governance

#### a) Detail of Internal Management Organization and Current Status of Implementation

Mitsubishi Electric has transformed itself into a company with committee system and reformed its management structure as from June 2003. This transfer to the new structure has separated the supervisory function from the executive function, with the board of directors handling the supervisory function and the executive officers handling the execution of operations.

The present board is comprised of twelve directors (five of whom are outside directors) offering advice and supervision to management from an objective standpoint.

The board of directors has three internal bodies: the Auditing, Nomination and Compensation Committees, which each have five members (of whom three are outside directors).

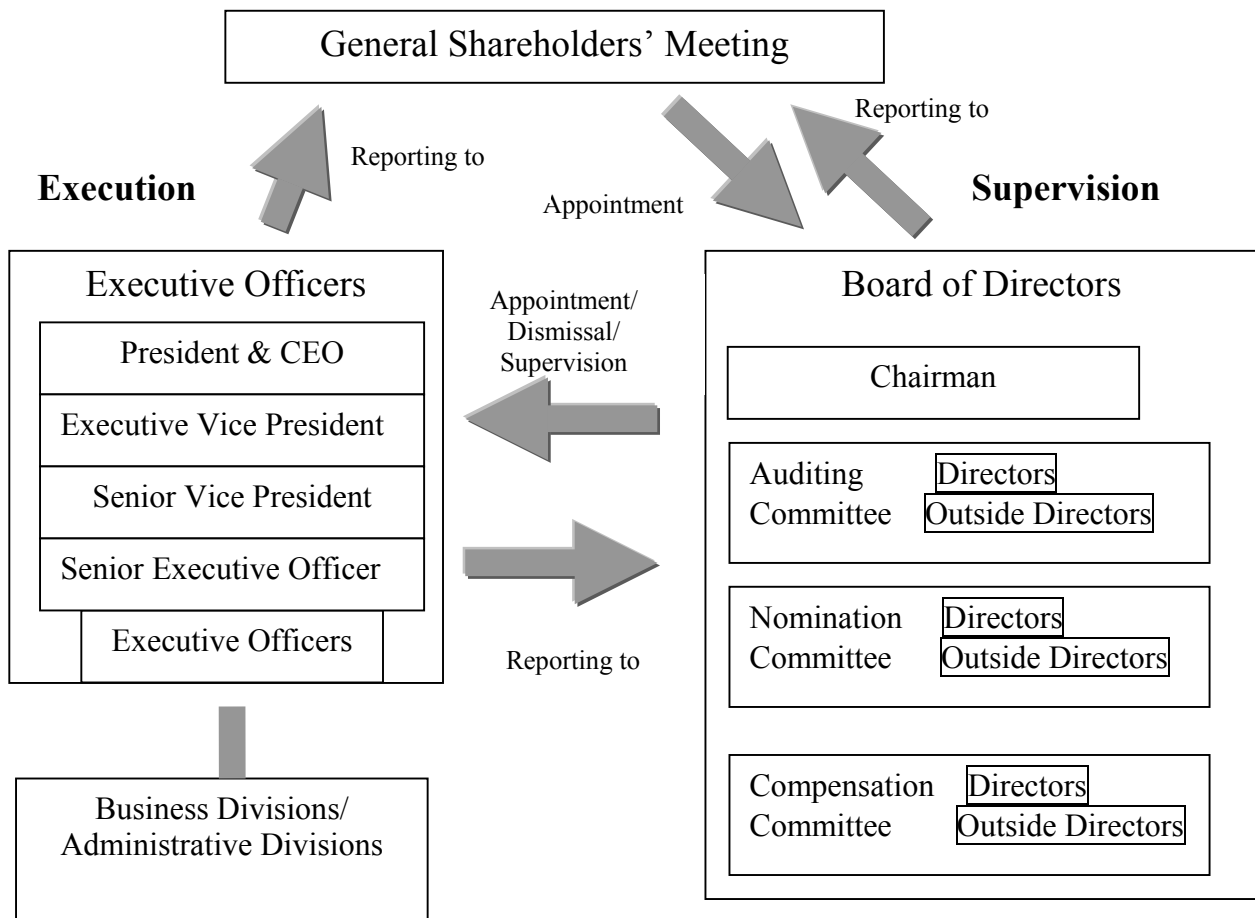
The Auditing Committee has its own dedicated, independent staff and supports the auditors.

A key feature of our management structure is the separation of the Chairman and CEO, with the Chairman as the head of the supervisory functions as a member of the board of directors and the President & CEO as the head of the executive officers. Neither the Chairman nor President is a member of the Nomination or Compensation Committees. This clear separation of supervising and execution powers makes our corporate governance more effective.

To maintain compliance and secure management efficiency, each executive officer possesses responsibility for their individual scope of duties, while operating conditions are audited by the internal auditors (Audit Department). The internal auditors (Audit Department) and outside auditors report on audit results to the Audit Committee and responsible executive officer.

#### b) Implementation of Risk Management Structure

The risk management structure is constructed in a manner in which each executive officer possesses responsibility for his assigned duties. In addition, important material items regarding management implementation are discussed and decided by all the executive officers in the executive officers meetings. The objective of these meetings is to seek the participation of all executive officers in managerial decision making, sharing of information and management synergy as well as attain multi-dimensional risk management for the Mitsubishi Electric Group. Further, no special interest relationship exists between the outside directors and our company. The following diagram outlines the corporate governance structure of Mitsubishi Electric:



c) Status of Internal Audit and Inspections by Audit Committee, Independent Auditors

The Audit Department has its dedicated staff and internally invited participation of auxiliary auditing task force from various relevant departments for their professional expertise and competence. The Audit Department conducts its internal audits from an impartial and fair standpoint.

The Auditing Committee consists of five directors (of whom three are outside directors). In accordance with the policies and assignments agreed therein, competent members shall organize inspections on exercise of duties by directors and officers and on business conducts of affiliated companies.

The Auditing Committee receives reports from the internal auditors (Audit Department) and exchanges information from one another through a series of periodical meetings and discussions on auditing policies. Also the Auditing Committee has chances to discuss with independent auditors policies and methods of audits, and it will receive accounts on status and results of the audit as well as mutual exchanges of opinion. Shin Nihon & Co. has been retained as their independent auditor, conducting audits under the Commercial Code and Security Exchange Law. KPMG AZSA & Co. has been retained as the independent auditors cooperatively undertaking specific function of auditing consolidated financial statements out of the audit under the Security Exchange Law.

Each of the above-mentioned two firms appoints partners in charge. Mr. Kazunori Watanabe (15 years of involvement) and Ms. Kaoru Kashima (9 years of involvement) along with Mr. Hitoshi Matsuoka are the partners in charge with the Shin Nihon & Co. On the other hand, Mr. Yoshihiko Nakamura and Mr. Ryoji Fujii are the appointed partners with KPMG AZSA & Co.

Audit task force assisting the audits are organized by appropriate members of CPA and JA.

Appropriate disclosure of relevant information to such Independent Auditors, among others management information, is always secured for warranting consistent and impartial conduct of audits.

d) Detail of Remuneration Paid to Directors and Auditors

(i) Detail of Remuneration Paid to Directors

<i>Description</i>	<i>Number</i>	<i>Paid in the current Fiscal Year</i>	<i>Remark</i>
Directors	10	138 million yen	Remuneration under the Article 21-11-3-1 of Special Rules to the Commercial Code
Officers	20	418 million yen	
Total	30	556 million yen	

Note

1. Above-mentioned number of payees includes 2 directors and 2 officers, who have retired during the FY2005. The number does not count 4 directors acting as officers on an interlocking basis.
2. The payment shown above does not include (i) the incentive amounting to 99 million yen paid in commensuration with the operating result and (ii) the premium on retirement amounting to 152 million yen (for 2 directors and 3 officers, 1 out of the 2 directors assumed double responsibility as an officer as well)
3. The payment above does not include 234 million yen (including 99 million yen of bonus), which is a salary equivalent portion allocable to their functions and qualities as employee, for those officers assuming certain functions as employees.

(ii) Detail of Fees Paid to the Independent Auditors

In the subject fiscal year, the remuneration payable by the consolidated corporate group of Mitsubishi Electric to Shin Nihon & Co., which is the auditing firm under Special Rules to the Commercial Code and Security Exchange Law, has amounted 196 million yen in consideration of creating audit reports and 4 million yen in other services than the audit.

To KPMG AZSA & Co., which assumed its role as cooperative auditing firm to specifically audit consolidated financial statements under the Security Exchange Law, along with the member firms associated with the two accounting firms, total amount paid in consideration for audit reports has been 370 million yen and 183 million yen for other services.

(2) Absence of Personal, Investor or Transactional Special Interest between Company and Outside Directors  
No special interest relationship exists between the outside directors and the company.

(3) Activities Toward Better Corporate Governance in the Latest One Year Period

2 meeting sessions held by Nomination Committee, 7 meeting sessions held by Auditing Committee, 3 meeting sessions held by Compensation Committee. In such meetings, the relevant officers and directors, determination of remuneration payable to the directors and officers have discussed such agenda to include nomination of candidates for directors, audit of the performance of duties.

## CONSOLIDATED AND NON-CONSOLIDATED FINANCIAL RESULTS

### 1. CONSOLIDATED FINANCIAL RESULTS

(in billions of yen)

	<b>FY '05 (A)</b>	FY '04 (B)	A/B (%)
Net sales	<b>3,410.6</b>	3,309.6	103
Operating income	<b>120.6</b>	92.7	130
Income before income taxes	<b>102.3</b>	84.7	121
Net income	<b>71.1</b>	44.8	159
Basic net income per share (in yen)	<b>33.16</b>	20.89	159

FY '05: Apr. 1, 2004 – Mar. 31, 2005  
FY '04: Apr. 1, 2003 – Mar. 31, 2004

### 2. NON-CONSOLIDATED FINANCIAL RESULTS

(in billions of yen)

	<b>FY '05 (A)</b>	FY '04 (B)	A/B (%)
Net sales	<b>2,022.0</b>	1,996.5	101
Ordinary profit	<b>59.4</b>	41.7	143
Net income	<b>26.2</b>	26.3	100
Dividend per share (in yen)			
Annual dividend	<b>6</b>	4	150
Interim dividend	<b>2</b>	-	
Term-end biannual dividend	<b>4</b>	4	
Net income per share (in yen)	<b>12.22</b>	12.27	100

FY '05: Apr. 1, 2004 – Mar. 31, 2005  
FY '04: Apr. 1, 2003 – Mar. 31, 2004

## CONSOLIDATED PROFIT AND LOSS STATEMENT

(in millions of yen)

	<b>FY '05 (A)</b>	<b>% of total</b>	FY '04 (B)	% of total	Comparison to previous year (A - B)	A/B (%)
Net sales	<b>3,410,685</b>	<b>100.0</b>	3,309,651	100.0	101,034	103
Cost of sales	<b>2,559,499</b>	<b>75.1</b>	2,508,519	75.8	50,980	102
Selling, general and administrative expenses	<b>730,544</b>	<b>21.4</b>	708,415	21.4	22,129	103
Operating income	<b>120,642</b>	<b>3.5</b>	92,717	2.8	27,925	130
Other income	<b>36,390</b>	<b>1.1</b>	62,181	1.9	(25,791)	59
Interest and Dividends	<b>7,437</b>	<b>0.2</b>	8,868	0.3	(1,431)	84
Other	<b>28,953</b>	<b>0.9</b>	53,313	1.6	(24,360)	54
Other expenses	<b>54,716</b>	<b>1.6</b>	70,114	2.1	(15,398)	78
Interest	<b>10,868</b>	<b>0.3</b>	14,823	0.4	(3,955)	73
Other	<b>43,848</b>	<b>1.3</b>	55,291	1.7	(11,443)	79
Income before income taxes	<b>102,316</b>	<b>3.0</b>	84,784	2.6	17,532	121
Income taxes	<b>48,170</b>	<b>1.4</b>	45,598	1.4	2,572	106
Equity in earnings of affiliated companies	<b>17,029</b>	<b>0.5</b>	5,653	0.2	11,376	301
Net income	<b>71,175</b>	<b>2.1</b>	44,839	1.4	26,336	159

FY '05: Apr. 1, 2004 – Mar. 31, 2005

FY '04: Apr. 1, 2003 – Mar. 31, 2004

## CONSOLIDATED BALANCE SHEET

(in millions of yen)

	FY '05 (A)	FY '04 (B)	A – B
<b>(Assets)</b>			
Current assets	1,740,333	1,743,381	(3,048)
Cash and cash equivalents	246,563	330,596	(84,033)
Short-term investments	23,719	32,240	(8,521)
Trade receivables	789,463	748,293	41,170
Inventories	447,382	401,619	45,763
Prepaid expenses and other current assets	233,206	230,633	2,573
Long-term receivables	9,700	15,998	(6,298)
Investments	483,547	464,943	18,604
Net property, plant and equipment	570,660	566,383	4,277
Other assets	358,232	434,518	(76,286)
<b>Total assets</b>	<b>3,162,472</b>	<b>3,225,223</b>	<b>(62,751)</b>
<b>(Liabilities and shareholders' equity)</b>			
Current liabilities	1,277,662	1,315,739	(38,077)
Bank loans and current portion of long-term debt	234,242	345,147	(110,905)
Trade payables	636,829	619,407	17,422
Other current liabilities	406,591	351,185	55,406
Long-term debt	521,542	559,408	(37,866)
Retirement and severance benefits	584,601	684,222	(99,621)
Other fixed liabilities	11,307	15,810	(4,503)
Minority interests	46,723	48,512	(1,789)
Shareholders' equity	720,637	601,532	119,105
Common Stock	175,820	175,820	-
Capital surplus	210,687	210,672	15
Retained earnings	447,548	389,250	58,298
Accumulated other comprehensive income (loss)	(113,022)	(173,837)	60,815
Treasury stock at cost	(396)	(373)	(23)
<b>Total liabilities and shareholders' equity</b>	<b>3,162,472</b>	<b>3,225,223</b>	<b>(62,751)</b>
Balance of Debt	755,784	904,555	(148,771)
Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	(10,722)	(16,448)	5,726
Minimum pension liability adjustments	(138,658)	(192,844)	54,186
Net unrealized gains on securities	36,358	35,455	903

FY '05: Apr. 1, 2004 – Mar. 31, 2005  
FY '04: Apr. 1, 2003 – Mar. 31, 2004

## CONSOLIDATED CASH FLOW

(in millions of yen)

	FY '05 (A)	FY '04 (B)	A – B
<b>I Cash flows from operating activities</b>			
1 Net income	71,175	44,839	26,336
2 Adjustments to reconcile net income to net cash provided by operating activities			
(1) Depreciation of tangible fixed assets and other	111,330	118,386	(7,056)
(2) Deferred income taxes (increase)	17,001	20,119	(3,118)
(3) Decrease (increase) in trade receivables	(29,665)	(1,316)	(28,349)
(4) Decrease (increase) in inventories	(41,223)	50,686	(91,909)
(5) Decrease (increase) in prepaid expenses and other assets	18,855	(21,308)	40,163
(6) Increase in trade payables	14,927	17,758	(2,831)
(7) Increase in other liabilities	34,480	18,874	15,606
(8) Other, net	(7,956)	(4,527)	(3,429)
Net cash provided by operating activities	188,924	243,511	(54,587)
<b>II Cash flows from investing activities</b>			
1 Capital expenditure	(125,657)	(96,253)	(29,404)
2 Proceeds from sale of property, plant and equipment	16,492	17,722	(1,230)
3 Purchase of short-term investments and investment securities	(52,489)	(71,233)	18,744
4 Proceeds from sale of short-term investments and investment securities	58,978	75,252	(16,274)
5 Other, net	1,541	4,425	(2,884)
Net cash used in investing activities	(101,135)	(70,087)	(31,048)
<b>I + II Free cash flow</b>	87,789	173,424	(85,635)
<b>III Cash flows from financing activities</b>			
1 Proceeds from long-term debt	49,590	97,183	(47,593)
2 Repayment of long-term debt	(116,698)	(274,355)	157,657
3 Increase (decrease) in bank loans, net	(94,214)	(15,280)	(78,934)
4 Dividends paid	(12,877)	(6,440)	(6,437)
5 Purchase of treasury stock	(58)	(310)	252
6 Reissuance of treasury stock	50	6	44
Net cash provided by (used in) financing activities	(174,207)	(199,196)	24,989
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	2,385	(7,227)	9,612
<b>V Net increase (decrease) in cash and cash equivalents</b>	(84,033)	(32,999)	(51,034)
<b>VI Cash and cash equivalents at beginning of period</b>	330,596	363,595	(32,999)
<b>VII Cash and cash equivalents at end of period</b>	246,563	330,596	(84,033)

FY '05: Apr. 1, 2004 – Mar. 31, 2005

FY '04: Apr. 1, 2003 – Mar. 31, 2004

## CONSOLIDATED SEGMENT INFORMATION

### 1. Sales and Operating Income by Business Segment

(in millions of yen)

Business Segment	FY '05			FY '04			A/B (%)
	Sales (A)	% of total	Operating income	Sales (B)	% of total	Operating Income (loss)	
Energy and Electric Systems	791,925	20.8	28,150	797,448	21.9	25,912	99
Industrial Automation Systems	781,867	20.6	72,362	709,695	19.4	66,413	110
Information & Communication Systems	614,091	16.2	238	681,757	18.7	511	90
Electronic Devices	164,383	4.3	6,130	170,442	4.7	(4,678)	96
Home Appliances	866,428	22.8	25,692	782,256	21.4	19,317	111
Others	581,685	15.3	10,597	508,475	13.9	8,266	114
Subtotal	3,800,379	100.0	143,169	3,650,073	100.0	115,741	104
Eliminations and other	(389,694)	-	(22,527)	(340,422)	-	(23,024)	-
Total	3,410,685	-	120,642	3,309,651	-	92,717	103

\*Note: Inter-segment sales are included in the above chart.

FY '05: Apr. 1, 2004 – Mar. 31, 2005

FY '04: Apr. 1, 2003 – Mar. 31, 2004

### 2. Sales and Operating Income by Location

(in millions of yen)

Location	FY '05		FY '04		A/B (%)
	Sales (A)	Operating Income (loss)	Sales (B)	Operating income	
Japan	2,927,605	93,118	2,842,354	55,880	103
North America	217,369	(1,006)	216,639	2,918	100
Asia (excluding Japan)	459,363	29,277	390,921	26,087	118
Europe	235,188	2,334	205,507	2,710	114
Others	23,255	767	21,498	1,211	108
Subtotal	3,862,780	124,490	3,676,919	88,806	105
Eliminations	(452,095)	(3,848)	(367,268)	3,911	-
Total	3,410,685	120,642	3,309,651	92,717	103

\*Note: Inter-segment sales are included in the above chart.

FY '05: Apr. 1, 2004 – Mar. 31, 2005

FY '04: Apr. 1, 2003 – Mar. 31, 2004

### 3. Overseas Sales

(in millions of yen)

Location	FY '05		FY '04		A/B (%)
	Sales (A)	% of total net sales	Sales (B)	% of total net sales	
North America	318,376	9.3	305,712	9.3	104
Asia (excluding Japan)	380,544	11.2	358,133	10.8	106
Europe	263,417	7.7	220,935	6.7	119
Others	73,335	2.2	60,150	1.8	122
Total overseas sales	1,035,672	30.4	944,930	28.6	110

FY '05: Apr. 1, 2004 – Mar. 31, 2005

FY '04: Apr. 1, 2003 – Mar. 31, 2004

#### 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 3,410 billion yen (US\$ 31.9billion\*) in the fiscal year ended March 31, 2005. For more information visit <http://global.mitsubishielectric.com>

\*At an exchange rate of 107 yen to the US dollar, the rate given by the Tokyo Foreign Exchange Market on March 31, 2005.

#### 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 restructuring

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