

**FOR IMMEDIATE RELEASE**

**No. 2438**

*Investor Relations Inquiries:*

Investor Relations Group  
Corporate Finance Division  
Mitsubishi Electric Corporation  
Tel: +81-3-3218-2391  
Cad.Irg@rk.MitsubishiElectric.co.jp

*Media Contact:*

Public Relations Division  
Mitsubishi Electric Corporation  
Tel: +81-3-3218-3380  
prd.gnews@nk.MitsubishiElectric.co.jp  
<http://global.mitsubishielectric.com/news/>

## **mitsubishi electric announces consolidated financial results for the first quarter of fiscal 2009**

**Tokyo, July 28, 2008** – Mitsubishi Electric Corporation (President and CEO: Setsuhiro Shimomura) announced today its financial results for the first quarter ending June 30, 2008, of the current fiscal year ending March 31, 2009 (fiscal 2009).

### **Consolidated Financial Results**

Net sales:	879.0 billion yen	(1% increase from the same quarter last year)
Operating income:	67.4 billion yen	(2% increase from the same quarter last year)
Income before income taxes:	78.9 billion yen	(18% increase from the same quarter last year)
Net income:	55.2 billion yen	(19% increase from the same quarter last year)

Management conditions during the first quarter of fiscal 2009 saw a gradual slowdown in the global economy, due to high material and crude oil prices as well as a continued trend of an economic slowdown in the United States. The Japanese economy also experienced a likely trend of recovery becoming weaker than anticipated.

Under these circumstances, first quarter consolidated net sales grew 1% compared to the same period of the previous fiscal year to 879.0 billion yen due to increased revenue from the Industrial Automation Systems and Home Appliances segments, etc.

Consolidated operating income increased 2% from the same period of the previous fiscal year to 67.4 billion yen due to increased profit from the Information and Communication Systems and Home Appliances segments.

### **Consolidated Financial Results by Business Segment**

#### ***Energy and Electric Systems***

Total sales:	195.2 billion yen	(Unchanged from the same quarter last year)
Operating income:	12.9 billion yen	(0.4 billion yen decrease from the same quarter last year)

The social infrastructure systems business saw a decrease in sales compared to the same period of the previous fiscal year due to a decrease in large public-works projects, despite increased orders for our domestic transportation business, power generation business, and electric transmission and distribution related business.

Despite a decrease in construction for new buildings due to revised building standards law in Japan, the building systems business experienced increases in both orders and sales from the previous fiscal year, due to increases in domestic elevators and escalators for railroad companies and increases in the Middle East, India and Vietnam, as well as sales from large projects in the United States.

As a result, total sales for this segment was unchanged from the same period of the previous fiscal year. Operating income slightly decreased compared to the same period of the previous fiscal year due to decreased sales for public-works projects, etc.

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

Total sales:	253.2 billion yen	(6% increase from the same quarter last year)
Operating income:	36.5 billion yen	(1.3 billion yen decrease from the same quarter last year)

Factory automation systems business saw an increase in both orders and sales from the previous fiscal year, upheld by increased capital investments related to flat panel display in Taiwan and South Korea, in addition to a domestic demand for surface mounting systems.

The automotive equipment business saw an increase in both orders and sales compared to the same period of the previous fiscal year supported by buoyant global production of Japanese automobile manufacturers.

As a result, total sales for this segment showed an increase of 6% compared to the same period of the previous fiscal year. Operating income slightly decreased compared to the same period of the previous fiscal year due to stronger yen, etc.

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

Total sales: 104.8 billion yen (13% decrease from the same quarter last year)

Operating income: 1.3 billion yen (1.2 billion yen increase from the same quarter last year)

The telecommunications equipment business saw decreases in both orders and sales compared to the same period of the previous fiscal year due to the termination of our mobile handsets business, despite a steadiness in our communications infrastructure systems business.

The information systems and service business saw an increase in sales compared to the same period of the previous fiscal year due to an increase in the system integration business, etc.

The electronic system business saw decreases in both orders and sales compared to the same period of the previous fiscal year due to a decrease in the electronics business.

As a result, total sales for this segment showed a decrease of 13% compared to the same period of the previous fiscal year. Operating income showed an increase compared to the same period of the previous fiscal year owing to the termination of our mobile handset business, etc.

### ***Electronic Devices***

Total sales: 49.5 billion yen (4% increase from the same quarter last year)

Operating income: 1.6 billion yen (0.8 billion yen decrease from the same quarter last year)

The semiconductor business saw an increase in both orders and sales from the previous fiscal year due to increases in power modules for consumer use mainly in air conditioners and industrial use, etc.

The liquid crystal business saw increases in both orders and sales from the previous fiscal year due to an increase in products for consumer use.

As a result, total sales for the segment increased by 4% compared to the same period of the previous fiscal year. Operating income showed a decrease compared to the same period of the previous fiscal year due to semiconductor price erosion, etc.

### ***Home Appliances***

Total sales: 253.8 billion yen (7% increase from the same quarter last year)

Operating income: 22.4 billion yen (3.8 billion yen increase from the same quarter last year)

The home appliance business saw an increase in sales of 7% compared to the same period of the previous fiscal year due to increased sales of electric hot water supply systems and other appliances for use in all-electric-powered homes for the domestic market as well as digital AV products and solar power generation systems for the domestic and overseas market, despite a decrease in overseas air conditioners in some regions. Operating income showed an increase from the same period of the previous fiscal year due to increases in sales, etc.

### ***Others***

Total sales: 140.8 billion yen (6% decrease from the same quarter last year)

Operating income: 1.1 billion yen (1.1 billion yen decrease from the same quarter last year)

Sales decreased 6% compared to the same period of the previous fiscal year mainly in our affiliated companies involved in material procurement and logistics, etc. Operating income showed a decrease from the same period of the previous fiscal year due to decreases in sales, etc.

### **Financial Standing**

The company's total assets for this fiscal quarter decreased from the end of the previous fiscal year by 46.7 billion yen to 3,438.3 billion yen. Inventory saw an increase of 119.7 billion yen mainly due to work-in-process from progress in received orders for construction. Trade receivables decreased by 176.1 billion yen as a result of collection, etc, while cash and cash equivalents decreased by 5.4 billion yen.

The balance of outstanding debts and corporate bonds fell by 20.2 billion yen from the balance as of the end of the previous fiscal year to 530.5 billion yen, reducing the ratio of interest bearing debt to total assets to 15.4% (an improvement of 0.4% compared to the end of the previous fiscal year). Accounts payable decreased by 60.2 billion yen, and retirement and severance benefits decreased by 28.6 billion yen due to increases in pension assets resulting from higher stock prices, etc.

Shareholders' equity increased by 60.7 billion yen compared to the previous fiscal year to 1,092.1 billion yen. This was due to an increase in capitalization from an increased total consolidated net income of 55.2 billion yen, as well as an increase in accumulated other comprehensive income by 20.5 billion yen amidst higher stock prices, etc, despite decreases from dividend payments of 15.0 billion yen. Shareholders' equity ratio improved 2.2% compared to the end of the previous fiscal year to 31.8%.

Operating cash flow for this quarter increased by 61.3 billion yen compared to the previous fiscal year to 96.7 billion yen (cash in) due to an increase in net profit for this financial period and progress in collection of trade receivables, etc. Investment cash flow increased by 39.9 billion yen compared to the previous fiscal year to 60.4 billion yen (cash out), resulting from increased capital expenditures, etc. As a result, free cash flow totaled 36.3 billion yen (cash in). Financial cash flow was 40.3 billion yen (cash out) due to dividend payments and repayment of loans.

### **Forecast for Fiscal 2009**

The consolidated earnings forecast for the first half of fiscal 2009, ending September 30, 2008, and for fiscal 2009, ending March 31, 2009, have been unchanged from the yearly results announcement on April 30, 2008 as written below.

#### **First Half of Fiscal 2009 Consolidated Earnings Forecast**

Net sales:	1,890 billion yen	(Unchanged from the same period last year)
Operating income:	110 billion yen	(15% decrease from the same period last year)
Income before income taxes:	95 billion yen	(27% decrease from the same period last year)
Net income:	65 billion yen	(29% decrease from the same period last year)

#### **Fiscal 2009 Consolidated Earnings Forecast**

Net sales:	4,050 billion yen	(Unchanged from the same period last year)
Operating income:	268 billion yen	(Unchanged from the same period last year)
Income before income taxes:	240 billion yen	(6% increase from the same period last year)
Net income:	158 billion yen	(Unchanged from the same period last year)

## CONSOLIDATED FINANCIAL RESULTS SUMMARY

(In billions of yen except where noted)

	FY '08 Q1 (A) (April 1, 2007 – June 30, 2007)	<b>FY '09 Q1 (B)</b> <b>(April 1, 2008 –</b> <b>June 30, 2008)</b>	B – A	B/A (%)
Net sales	872. <sup>7</sup>	<b>879.<sup>0</sup></b>	6. <sup>3</sup>	101
Operating income	65. <sup>9</sup>	<b>67.<sup>4</sup></b>	1. <sup>4</sup>	102
Income before income taxes	67. <sup>0</sup>	<b>78.<sup>9</sup></b>	11. <sup>8</sup>	118
Net income	46. <sup>5</sup>	<b>55.<sup>2</sup></b>	8. <sup>7</sup>	119
Basic net income per share	21. <sup>68</sup> yen	<b>25.<sup>75</sup> yen</b>	4. <sup>07</sup> yen	119

**Note:** 1) Consolidated financial charts made according to U.S. GAAP.  
2) Company has 148 consolidated subsidiaries.

## CONSOLIDATED PROFIT AND LOSS STATEMENT

(In millions of yen)

	FY '08 Q1 (Apr. 1, 2007 – Jun. 30, 2007)		FY '09 Q1 (Apr. 1, 2008 – Jun. 30, 2008)		B – A	B/A (%)
	(A)	% of total	(B)	% of total		
Net sales	872,723	100.0	<b>879,037</b>	<b>100.0</b>	6,314	101
Cost of sales	618,391	70.9	<b>621,743</b>	<b>70.7</b>	3,352	101
Selling, general and administrative expenses	188,360	21.5	<b>189,864</b>	<b>21.6</b>	1,504	101
Operating income	65,972	7.6	<b>67,430</b>	<b>7.7</b>	1,458	102
Other income	10,456	1.2	<b>22,478</b>	<b>2.6</b>	12,022	215
Interest and dividends	4,620	0.5	<b>4,921</b>	<b>0.6</b>	301	107
Other	5,836	0.7	<b>17,557</b>	<b>2.0</b>	11,721	301
Other expenses	9,329	1.1	<b>10,956</b>	<b>1.3</b>	1,627	117
Interest	2,521	0.3	<b>2,307</b>	<b>0.3</b>	(214)	92
Other	6,808	0.8	<b>8,649</b>	<b>1.0</b>	1,841	127
Income before income taxes	67,099	7.7	<b>78,952</b>	<b>9.0</b>	11,853	118
Income taxes	24,680	2.9	<b>26,864</b>	<b>3.1</b>	2,184	109
Equity in earnings of affiliated companies	4,124	0.5	<b>3,189</b>	<b>0.4</b>	(935)	77
Net income	46,543	5.3	<b>55,277</b>	<b>6.3</b>	8,734	119

## CONSOLIDATED BALANCE SHEET

(In millions of yen)

	FY '08 (A) (ending March 31, 2008)	FY '09 Q1 (B) (ending June 30, 2008)	B – A
<b>(Assets)</b>			
Current assets	2,060,628	<b>1,995,414</b>	(65,214)
Cash and cash equivalents	334,311	<b>328,857</b>	(5,454)
Short-term investments	9,506	<b>10,022</b>	516
Trade receivables	912,171	<b>735,869</b>	(176,302)
Inventories	524,162	<b>643,922</b>	119,760
Prepaid expenses and other current assets	280,478	<b>276,744</b>	(3,734)
Long-term receivables	480	<b>617</b>	137
Investments	538,923	<b>564,599</b>	25,676
Net property, plant and equipment	602,023	<b>610,735</b>	8,712
Other assets	283,026	<b>266,954</b>	(16,072)
<b>Total assets</b>	<b>3,485,080</b>	<b>3,438,319</b>	<b>(46,761)</b>
<b>(Liabilities and shareholders' equity)</b>			
Current liabilities	1,505,901	<b>1,453,024</b>	(52,877)
Bank loans and current portion of long-term debt	195,057	<b>205,032</b>	9,975
Trade payables	757,606	<b>697,326</b>	(60,280)
Other current liabilities	553,238	<b>550,666</b>	(2,572)
Long-term debt	355,740	<b>325,562</b>	(30,178)
Retirement and severance benefits	476,224	<b>447,594</b>	(28,630)
Other fixed liabilities	55,995	<b>61,110</b>	5,115
Minority interests	59,782	<b>58,875</b>	(907)
Shareholders' equity	1,031,438	<b>1,092,154</b>	60,716
Common stock	175,820	<b>175,820</b>	-
Capital surplus	210,890	<b>210,894</b>	4
Retained earnings	764,222	<b>804,474</b>	40,252
Accumulated other comprehensive income (loss)	(118,987)	<b>(98,426)</b>	20,561
Treasury stock at cost	(507)	<b>(608)</b>	(101)
<b>Total liabilities and shareholders' equity</b>	<b>3,485,080</b>	<b>3,438,319</b>	<b>(46,761)</b>
Balance of Debt	550,797	<b>530,594</b>	(20,203)
Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	4,889	<b>5,598</b>	709
Pension liability adjustments	(148,246)	<b>(135,053)</b>	13,193
Unrealized gains on securities	24,511	<b>31,073</b>	6,562
Unrealized gains (losses) on derivative instruments	(141)	<b>(44)</b>	97

## CONSOLIDATED CASH FLOW STATEMENT

(In millions of yen)

	FY '08 Q1 (A) (Apr. 1, 2007 – Jun. 30, 2007)	FY '09 Q1 (B) (Apr. 1, 2008 – Jun. 30, 2008)	B – A
<b>I Cash flows from operating activities</b>			
1 Net income	46,543	55,277	8,734
2 Adjustments to reconcile net income to net cash provided by operating activities			
(1) Depreciation of tangible fixed assets and other	26,140	31,343	5,203
(2) Decrease in trade receivables	116,854	180,524	63,670
(3) Decrease (increase) in inventories	(90,471)	(114,597)	(24,126)
(4) Increase (decrease) in trade payables	(53,236)	(55,048)	(1,812)
(5) Other, net	(10,401)	(715)	9,686
Net cash provided by operating activities	35,429	96,784	61,355
<b>II Cash flows from investing activities</b>			
1 Capital expenditure	(22,325)	(38,662)	(16,337)
2 Proceeds from sale of property, plant and equipment	1,013	545	(468)
3 Purchase of short-term investments and investment securities	(6,349)	(20,688)	(14,339)
4 Proceeds from sale of short-term investments and investment securities	5,387	1,598	(3,789)
5 Other, net	1,729	(3,255)	(4,984)
Net cash used in investing activities	(20,545)	(60,462)	(39,917)
<b>I + II Free cash flow</b>	14,884	36,322	21,438
<b>III Cash flows from financing activities</b>			
1 Proceeds from long-term debt	800	601	(199)
2 Repayment of long-term debt	(5,515)	(21,496)	(15,981)
3 Increase (decrease) in bank loans, net	(15,381)	(4,316)	11,065
4 Dividends paid	(12,879)	(15,025)	(2,146)
5 Purchase of treasury stock	(43)	(112)	(69)
6 Reissuance of treasury stock	41	14	(27)
Net cash provided by (used in) financing activities	(32,977)	(40,334)	(7,357)
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	4,439	(1,442)	(5,881)
<b>V Net increase (decrease) in cash and cash equivalents</b>	(13,654)	(5,454)	8,200
<b>VI Cash and cash equivalents at beginning of period</b>	342,640	334,311	(8,329)
<b>VII Cash and cash equivalents at end of period</b>	328,986	328,857	(129)

## CONSOLIDATED SEGMENT INFORMATION

### 1. SALES AND OPERATING INCOME BY BUSINESS SEGMENT

(In millions of yen)

<i>Business Segment</i>	FY '08 Q1 (Apr. 1, 2007 – Jun. 30, 2007)		FY '09 Q1 (Apr. 1, 2008 – Jun. 30, 2008)		C – A	D – B	C/A (%)
	Sales (A)	Operating income (B)	Sales (C)	Operating income (D)			
Energy and Electric Systems	195,473	13,334	<b>195,210</b>	<b>12,904</b>	(263)	(430)	100
Industrial Automation Systems	239,797	37,882	<b>253,282</b>	<b>36,523</b>	13,485	(1,359)	106
Information and Communication Systems	120,341	98	<b>104,825</b>	<b>1,362</b>	(15,516)	1,264	87
Electronic Devices	47,592	2,415	<b>49,580</b>	<b>1,600</b>	1,988	(815)	104
Home Appliances	238,041	18,584	<b>253,865</b>	<b>22,477</b>	15,824	3,893	107
Others	150,054	2,334	<b>140,897</b>	<b>1,152</b>	(9,157)	(1,182)	94
Subtotal	991,298	74,647	<b>997,659</b>	<b>76,018</b>	6,361	1,371	101
Eliminations and other	(118,575)	(8,675)	<b>(118,622)</b>	<b>(8,588)</b>	(47)	87	-
Total	872,723	65,972	<b>879,037</b>	<b>67,430</b>	6,314	1,458	101

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

### 2. SALES AND OPERATING INCOME BY LOCATION

(In millions of yen)

<i>Location</i>	FY '08 Q1 (Apr. 1, 2007 – Jun. 30, 2007)		FY '09 Q1 (Apr. 1, 2008 – Jun. 30, 2008)		C – A	D – B	C/A (%)
	Sales (A)	Operating income (loss) (B)	Sales (C)	Operating income (D)			
Japan	723,894	49,974	<b>728,864</b>	<b>48,749</b>	4,970	(1,225)	101
North America	61,825	(249)	<b>67,312</b>	<b>1,669</b>	5,487	1,918	109
Asia (excluding Japan)	139,047	13,432	<b>135,270</b>	<b>14,229</b>	(3,777)	797	97
Europe	107,437	6,791	<b>105,569</b>	<b>3,634</b>	(1,868)	(3,157)	98
Others	7,515	152	<b>9,059</b>	<b>292</b>	1,544	140	121
Subtotal	1,039,718	70,100	<b>1,046,074</b>	<b>68,573</b>	6,356	(1,527)	101
Eliminations	(166,995)	(4,128)	<b>(167,037)</b>	<b>(1,143)</b>	(42)	2,985	-
Total	872,723	65,972	<b>879,037</b>	<b>67,430</b>	6,314	1,458	101

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



### 3. OVERSEAS SALES

(In millions of yen)

<i>Location</i>	FY '08 Q1 (Apr. 1, 2007 – Jun. 30, 2007)		FY '09 Q1 (Apr. 1, 2008 – Jun. 30, 2008)		B – A	B/A (%)
	Sales (A)	% of total net sales	Sales (B)	% of total net sales		
North America	67,144	7.7	<b>73,225</b>	<b>8.3</b>	6,081	109
Asia (excluding Japan)	124,370	14.2	<b>124,657</b>	<b>14.2</b>	287	100
Europe	116,980	13.4	<b>112,367</b>	<b>12.8</b>	(4,613)	96
Others	18,817	2.2	<b>23,827</b>	<b>2.7</b>	5,010	127
Total overseas sales	327,311	37.5	<b>334,076</b>	<b>38.0</b>	6,765	102

#### 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) Important trends

The Mitsubishi Electric Group's operations may be affected by trends in the global economy, social conditions, laws, tax codes, and regulations.

(2) Foreign currency exchange rates

Fluctuations in foreign currency markets may affect Mitsubishi Electric's sales of exported products and purchases of imported materials that are denominated in U.S. dollars or euros, as well as its Asian production bases' sales of exported products and purchases of imported materials that are denominated in foreign currencies.

(3) Stock markets

A fall in stock market prices may cause Mitsubishi Electric to record devaluation losses on marketable securities, or cause an increase in retirement benefit obligations in accordance with a decline in the fair value of pension assets.

(4) Supply/demand balance for products and procurement conditions for materials and components

A decline in prices and shipments due to changes in the supply/demand balance may adversely affect mainly Mitsubishi Electric's Information and Communication Systems, Electronic Devices, and Home Appliances segments. In addition, an increase in material prices due to a worsening of material and component procurement conditions may adversely affect all of Mitsubishi Electric's operations.

(5) Fund procurement

An increase in interest rates, the yen interest rate in particular, would increase Mitsubishi Electric's interest expense.

- (6) Significant patent matters  
Important patent filings, licensing, copyrights and patent-related disputes may adversely affect related businesses.
- (7) Environmental matters  
We may appropriate funds for losses or increase allowances to respond to regulation trends or outbreaks of issues related to the environment. This may impact manufacturing and all corporate activities of the Mitsubishi Electric Group.
- (8) Quality of products and services  
We may appropriate funds for losses from defective services or products, and the lowered reputation of the quality of all our products and services may affect the entire Mitsubishi Electric group.
- (9) Litigation and other legal proceedings  
The Mitsubishi Electric Group's operations may be affected by lawsuits or other legal proceedings against Mitsubishi Electric, its subsidiaries and/or equity-method affiliated companies.
- (10) Disruptive changes  
Disruptive changes in technology, development of products using new technology, timing of production, and market introduction may adversely affect performance mainly in Mitsubishi Electric's Information and Communication Systems, Electronic Devices, and Home Appliances segments.
- (11) Business restructuring  
The Mitsubishi Electric Group may record losses due to restructuring measures.
- (12) Natural disasters  
The Mitsubishi Electric Group's operations, particularly manufacturing activities, may be affected by the occurrence of earthquakes, typhoons, tsunami, fires and other large-scale disasters.
- (13) Other significant factors  
The Mitsubishi Electric Group's operations may be affected by the outbreak of social or political upheaval due to terrorism, war or other factors.

#### **Notes**

- (1) Change of status in material affiliates in this quarterly period: none
- (2) Abbreviated accounting procedures and procedures inherent to compiling quarterly consolidated financial statements: not applicable
- (3) Changes in principles and procedures of accounting methods for compiling quarterly consolidated financial statements, or in presentation methods, etc.: none

#### **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 4,049.8 billion yen (US\$ 40.5 billion\*) in the fiscal year ended March 31, 2008. For more information visit <http://global.mitsubishielectric.com>

\*At an exchange rate of 100 yen to the US dollar, the rate given by the Tokyo Foreign Exchange Market on March 31, 2008

###