

# **MITSUBISHI CORPORATION AND SUBSIDIARIES**

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**STATEMENT OF CONSOLIDATED INCOME  
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2002  
AND  
CONSOLIDATED BALANCE SHEET  
AS OF SEPTEMBER 30, 2002**

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*Based on US GAAP*



**Mitsubishi Corporation**

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**FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2002**  
(Mitsubishi Corporation and subsidiaries based on US GAAP)

**1. Operating transactions and income**

	Operating transactions	Operating income	Income from consolidated operations before income taxes
	Millions of Yen	Millions of Yen	Millions of Yen
For the six months ended			
September 30, 2002	6,325,615	41,638	40,662
September 30, 2001	6,602,111	35,748	56,836
For the year ended			
March 31, 2002	13,230,675	68,189	99,590

	Net income	Net income per share	Net income per share (diluted basis)
	Millions of Yen	Yen	Yen
For the six months ended			
September 30, 2002	43,947	28.05	26.76
September 30, 2001	41,943	26.76	26.76
For the year ended			
March 31, 2002	60,225	38.44	38.44

**2. Assets and shareholders' equity**

	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	Millions of Yen	Millions of Yen	%	Yen
For the six months ended				
September 30, 2002	7,739,231	1,000,745	12.9	638.76
September 30, 2001	8,082,743	978,026	12.1	624.07
For the year ended				
March 31, 2002	8,144,926	1,028,523	12.6	656.55

**3. Prospects for the year ending March 31, 2003**

	Operating Transactions	Net income
	Millions of Yen	Millions of Yen
For the year ending		
March 31, 2003	12,800,000	85,000

(Forecast of Net income per share for the year ending March 31, 2003 : 54.26 Yen)

**4. Number of consolidated subsidiaries : 591**

**Number of affiliated companies accounted for by equity method : 216**

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Certain reclassification of amounts for the period ended September 30, 2001 and the year ended March 31, 2002 have been made to conform to the presentation for September 30, 2002.

The translations of Japanese yen amounts into United States dollar amounts with respect to the six months ended September 30, 2002 are included solely for the convenience of readers outside Japan and have been made at the rate of Y122=\$1, the approximate rate of exchange at September 30, 2002.

## Subsidiaries and Affiliated Companies

**Mitsubishi Corporation**

Mitsubishi Corporation's subsidiaries and affiliates are diverse organizations engaged in a wide variety of activities on a global scale. We manufacture and market a wide range of products, including fuels, metals, machinery, chemicals and living essentials. Some of our basic functions – information and telecommunications, finance, logistics and retailing -- enhance the above activities and enable us to provide comprehensive solutions to customers. We also invest actively in energy, natural resources, project development and information technology areas.

Mitsubishi Corporation organizes business groups according to products and services. Business groups manage their products and services in collaboration with subsidiaries and affiliates (Subsidiaries: 874, Affiliates:485).

The following table shows products and services by operating segment and major subsidiaries and affiliates.

	PRODUCTS OR SERVICES	MAJOR SUBSIDIARIES	MAJOR AFFILIATES
NEW BUSINESS INITIATIVE  ( 150 )	IT,e-commerce, Financial Services, Logistics, Consumer Business,Healthcare	RYOKO LOGISTICS CORPORATION MITSUBISHI CORPORATION FINANCE PLC IT FRONTIER CORPORATION NIPPON CARE SUPPLY CO.,LTD.  ( 92 )	LAWSON, INC. KENTUCKY FRIED CHICKEN JAPAN LTD.  ( 58 )
IT & ELECTRONICS BUSINESS ( 62 )	Telecommunication & Media business, Digital Systems & Devices, Aerospaces	MC AVIATION FINANCIAL SERVICES (EUROPE)B.V. JAPAN SPACE IMAGING CO.,  ( 34 )	SPACE COMMUNICATIONS CORPORATION NET ONE SYSTEMS CO.,LTD  ( 28 )
ENERGY BUSINESS ( 136 )	Petroleum Products, Carbon, Crude Oil, LPG, LNG	mitsubishi shoji sekiryu co.,ltd. PETRO-DIAMOND INC. DIAMOND GAS RESOURCES PTY.LTD.  ( 104 )	JAPAN AUSTRALIA LNG(MIM)PTY.,LTD. BRUNEI LNG SENDIRIAN BERHAD  ( 32 )
METALS ( 196 )	Ferrous Products,Coals,Ore, Non-Ferrous Metals & Minerals, Non-Ferrous Metal Products	ISUZU CORPORATION JECO MITSUBISHI DEVELOPMENT PTY.,LTD.  ( 135 )	IRON ORE COMPANY OF CANADA HEISEI MINERALS CORPORATION  ( 61 )
MACHINERY ( 314 )	Power & Electrical Systems, Plants, Ships, Automobiles, Industrial Machinery, Project Development & Construction	NIKKEN CORPORATION NORELEC DEL NORTE,S.A.DE C.V. TRI PETCH ISUZU SALES CO.,LTD.  ( 204 )	MITSUBISHI AUTO CREDIT-LEASE CORP. DIAMOND CITY CO.,LTD  ( 110 )
CHEMICALS ( 111 )	Chemical Products, Inorganic Chemicals Products,Fertilizer, Chlor-Alkali, Functional Chemicals	MITSUBISHI SHOJI PLASTICS CORP. MITENI  ( 58 )	METANOL DE ORIENTE,METOR,S.A. EXPORTADORA DE SAL,S.A. DE C.V.  ( 53 )
LIVING ESSENTIALS ( 294 )	Foods & Food Products, Textiles,General Merchandise	RYOSHOKU LTD. TOYO REIZO CO.,LTD. MITSUBISHI SHOJI CONSTRUCTION MATERIALS LTD. PRINCES LTD. ALPAC FOREST PRODUCTS INCORPORATED  ( 172 )	COCA-COLA CENTRAL JAPAN CO.,LTD MITSUBISHI SEISHIHANBAI K.K.  ( 122 )
CORPORATE STAFF SECTION ( 56 )	Finance, Accounting, Personnel General affairs	MITSUBISHI CORPORATION FINANCIAL & MANAGEMENT SERVICES(JAPAN)LTD.  ( 36 )	KOHIJIN CO.,LTD.  ( 20 )
OVERSEAS SUBSIDIARIES ( 40 )	Handling of a Broad Range of Products, Like the Parent Company in Japan	MITSUBISHI INTERNATIONAL CORPORATION MITSUBISHI CORPORATION INTERNATIONAL N.V. MITSUBISHI CORPORATION (HONG KONG)LTD.  ( 39 )	      ( 1 )

Note: Among the above-listed subsidiaries, “Ryoshoku LTD.” is listed on Tokyo Stock Exchange (1<sup>st</sup> section). In addition, “Nitto Flour Milling CO.,LTD.”, which is not included in the above major subsidiaries, is also listed on Tokyo Stock Exchange(1<sup>st</sup> section).

## Consolidated Financial Results for the Six-month Period Ended September 30, 2002 (Based on US GAAP)

November 13, 2002  
Mitsubishi Corporation

TOKYO, November 13, 2002..... Mitsubishi Corporation announced today its consolidated results, using accounting principles generally accepted in the United States, for the six month period ended September 30, 2002.

### *I. Notes on Business Strategy*

#### **1. Management Policies**

Mitsubishi Corporation and its subsidiaries and affiliates are steadily implementing the strategies outlined below, which are based on MC2003, Mitsubishi Corporation's three-year plan announced in March 2001. These initiatives are intended to raise earnings and strengthen its management base.

#### **(1) Growth Strategy**

The overall growth strategy contained in MC2003 consists of three parts: Portfolio Management, “.Commerce”, and New Technologies.

The Portfolio Management Strategy calls for the company to aggressively reshape its portfolio of businesses in order to reallocate company resources and strengthen strategic business areas. Mitsubishi Corporation has positioned energy and natural resources; project development, including Independent Power Producer (IPP) projects and infrastructure projects; and food distribution and other Supply Chain Management (SCM) businesses as strategic fields. During this interim period, Mitsubishi Corporation made investments in major projects, translating strategy into action. Mitsubishi Corporation acquired an interest in an LNG carrier connected with a Brunei LNG project and increased its stake in a South African company, Hernic Ferrochrome (Pty) Ltd. Furthermore, Mitsubishi Corporation announced a final agreement with Nissho Iwai Corporation for the consolidation of their respective iron and steel product businesses into a new company, Metal One Corporation, to capitalize on the benefits of scale and synergies in this business area. Plans call for the new company to begin operations in January 2003.

The “.Commerce” Strategy is a blueprint for creating new business models and expanding and carving out new business domains that leverage Mitsubishi Corporation's expertise in finance, IT, logistics and marketing. During the interim period, Mitsubishi Corporation acquired the distribution operations of Daiei Logistics Systems, Inc. serving the Lawson convenience store chain in support of Lawson's efforts to build a more efficient logistics system. And, in the healthcare field, Mitsubishi Corporation joined forces with Toyota Motor Corporation to establish Good Life Design Co., Ltd., a regional medical support company.

The New Technologies Strategy promotes the creation of entirely new business models at Mitsubishi Corporation by acquiring new technologies and intellectual property. Regarding fullerenes, which are grabbing the spotlight as a new material, Mitsubishi Corporation and Fullerene International Corporation plan to establish a pilot company before the end of 2002 for developing technology to mass-produce double-wall nanotubes. In addition, the company is actively searching for businesses that it can turn into future earnings pillars in the strategic fields of energy and environment, bio-medical and life sciences, IT and communications, and nanotechnologies.

## **(2) Enhancing Management System**

Mitsubishi Corporation has taken a number of steps that will help to promote its overall growth strategy. In April 2001, it introduced business units (BUs) to function as the company's lowest level for organizational control and earnings responsibility. At the same time, Mitsubishi Corporation introduced a new internal performance indicator, Mitsubishi Corporation Value Added (MCVA), which measures whether businesses are able to cover the cost of capital associated with a given level of risk. BUs are classified into three types: Stretch, Build and Restructure.

- Stretch BUs aim to maintain and increase earnings by adding new functions to existing businesses.
- Build BUs aim to expand new business domains.
- Restructure BUs aim to drastically realign their business through downsizing, restructuring and withdrawal from unprofitable areas.

All BUs have a clearly defined mission and MCVA is used to evaluate their results. This new management system will facilitate the reallocation of resources and strengthening strategic business areas. Furthermore, Mitsubishi Corporation has formed the Strategic Workshop that draws on support and resources from the entire company across BUs for tackling new growth expected fields, such as environmental businesses, bio ventures and fuel cells.

## **(3) Reforming Executive Management**

With Mitsubishi Corporation's drive to create new value, provide greater transparency to stakeholders, and improve efficiency in management, the company has moved to strengthen corporate governance and broaden the scope of executive management. In 2001, Mitsubishi Corporation introduced the post of executive officer to clearly demarcate the roles of directors and executive officers and clarify areas of responsibility. It also established the Governance Committee and International Advisory Committee as advisory bodies of the Board of Directors. These committees include experts from outside the company who bring an independent perspective to management, enhancing the governance system.

## **(4) Compliance System Reform**

During this period, Mitsubishi Corporation's ongoing review of its compliance procedures culminated with various measures designed to improve and strengthen the system. Among the measures were a revision to the company's ODA (Official Development Assistance) policy and accelerating a planned tightening of audit controls.

Through these initiatives and by making full use of its extensive network of business partners, brand equity, personnel and other intangible assets, Mitsubishi Corporation is striving to create a high level of corporate value for all stakeholders as a "total service" company.

## **2. Basic Policy Regarding the Appropriation of Profits**

Mitsubishi Corporation's basic policy is to exceed shareholders' expectations by maintaining a stable dividend, while using retained earnings to maximize the corporate value of Mitsubishi Corporation.

The dividend for the time being will be set in accordance with the company's desire to stabilize and raise the dividend. As such, Mitsubishi Corporation plans to set the annual dividend for fiscal 2002, ending March 31, 2003, at ¥8 per share, the same the preceding fiscal year, combined with the interim dividend of ¥4 per share. Mitsubishi Corporation is also working to improve its competitiveness and increase profitability on a consolidated basis by effectively using retained earnings for business investments, capital expenditures and other corporate purposes.

## **3. Policy Regarding a Reduction of the Trading Unit**

Mitsubishi Corporation considers a reduction to its trading unit as an effective means of

widening its shareholder base and improving the liquidity of its shares. The company will examine the merits of lowering the trading unit based on the trading volumes of its shares as well as a cost-benefit analysis, but the nature and timing of a reduction, if any, has yet to be determined.

## ***II. Operating Results***

### **1. General Operating Environment**

In the six months ended September 30, 2002, the world economy seemed to move to a modest growth path, as IT-related demand rebounded on signs of an upturn in the bellwether U.S. economy. The U.S. economy remained on a solid footing, supported by higher personal consumption that was spurred by zero percent financing campaigns for automobile purchases and other factors. Worsening corporate earnings and falling levels of capital expenditure are still plaguing the U.S. economy, however.

In Asia, excluding Japan, the economic mood was generally upbeat, with IT-related exports to the U.S. underpinning an economic recovery and internal demand expanding.

Meanwhile, the Japanese economy appeared to have bottomed out as higher IT- and automobile-related exports to the U.S. and materials exports to Asian countries led to higher production volumes in Japan. Nevertheless, lackluster domestic demand and continuing deflation perpetuated the country's economic difficulties. And growing concerns about a slowdown in the U.S., prompted by tumbling stock prices and a looming banking crisis, once again created a growing sense of unease about the future of the Japanese economy.

### **2. Consolidated Results**

#### **(1) Summary of Interim Results**

For the first half of the fiscal year ending March 31, 2003, consolidated operating transactions fell Y 276.5 billion, or 4.2%, to Y6,325.6 billion as a result of lower crude oil and petroleum product transactions in the energy business group, as well as falling plant and machinery transactions in the machinery group. This result came despite higher operating transactions in the living essentials group due to the inclusion of certain subsidiaries in consolidated results.

Gross profit, however, rose Y 40.7 billion, or 13.2%, to Y 349.2 billion. This result reflected strong performances by subsidiaries in the metals group engaged in natural resource development and growth in the living essentials group thanks to expansion of activities at food-related subsidiaries and the consolidation of some distribution-related subsidiaries. On the other hand, the IT & electronics, energy business and machinery groups all recorded lower gross profit.

Selling, general and administrative expenses increased in line with the increase in the number of subsidiaries consolidated. The provision for doubtful receivables also increased due to an increase in the allowance for doubtful trade receivables in the machinery and metals groups.

As a result, operating income increased Y 5.9 billion, or 16.5%, to Y 41.6 billion.

In other income (expenses), the loss on property and equipment-net improved Y 18.0 billion due to gains on the sale of real estate owned by the parent company and the absence of impairment losses on land and buildings held for lease and company use in the same period of the previous

fiscal year. However, dividends decreased from natural resource-related investments, and gain on marketable securities and investments-net declined Y 27.7 billion due to the absence of gains on share sales recorded in the first half of fiscal 2002, appraisal losses on listed marketable securities and other factors.

As a result, income from consolidated operations before income taxes dropped Y 16.2 billion, or 28.5%, to Y 40.7 billion.

Equity in earnings of affiliated companies-net climbed Y 4.3 billion, or 33.7%, to Y 16.9 billion due to improved results at Asian and European automobile-related companies and better results at a chemicals-related company.

During the interim period, the company recognized Y 8.6 billion for the cumulative effect of a change in accounting principle following the adoption of a new accounting standard, effective from the current fiscal year, related to business combinations, goodwill and intangible assets.

Accordingly, consolidated net income rose Y 2.0 billion, or 4.8%, to Y 43.9 billion. This was a record level for an interim period, if the large capital gains in the fiscal 2001 first half are excluded from consideration for the purposes of comparison.

## **(2) Outlook for the Fiscal Year Ending March 31, 2003**

Mitsubishi Corporation is projecting consolidated operating transactions for fiscal 2003 of Y 12,800.0 billion, around Y 430.0 billion lower than in fiscal 2002. This forecast is predicated on falling crude oil and petroleum product transactions at the parent company, and also takes into consideration the uncertainty hanging over the Japanese economy.

Gross profit is forecast to increase by approximately Y 66.0 billion to Y 710.0 billion on continuing strong results at metal resources- and food-related subsidiaries due to M&A-driven business expansion.. And, although selling, general and administrative expenses are expected to rise in line with the inclusion of certain subsidiaries in consolidated results, the provision for doubtful receivables is projected to improve approximately Y 13.0 billion on account of a decline in delinquent receivables due to past write-offs. Therefore, Mitsubishi Corporation is forecasting an approximate Y 27.0 billion jump in operating income to Y 95.0 billion.

Equity in earnings of affiliated companies-net is also expected to improve sharply as a result of the absence of a large impairment loss on equity method goodwill related to Lawson recorded last fiscal year.

Mitsubishi Corporation forecasts an approximate Y 25.0 billion rise in net income to Y 85.0 billion.

Mitsubishi Corporation's forecasts assume an exchange rate of Y 121.5 to US\$1, a crude oil price of US\$24/BBL and an interest rate (TIBOR) of 0.10%.

### Reference: Changes of basic assumptions

	FY 2003 (Est.)	FY 2002 (Act.)	Change
Exchange rate	Y 121.5=US\$1	Y 125=US\$1	- Y 3.5 to US\$1
Crude oil price	US\$24/BBL	US\$22/BBL	+US\$2/BBL
Interest rate (TIBOR)	0.10%	0.09%	+0.01%

Note: Earnings forecasts and other forward-looking statements in this release are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual results to differ materially from those projected.

### **(3) Cash Flows**

Cash and cash equivalents in the first half of fiscal 2003 decreased Y 38.2 billion, or 9.7%, to Y 357.0 billion. The decrease reflects the repayment of debt, which outweighed the increase in cash provided by strong operating activities and the reduction of investment assets at finance subsidiaries.

Net cash provided by operating activities was Y 152.4 billion. This reflects the strong flow of operating income provided from trading at overseas subsidiaries, and reduction of inventory mainly at parent company.

Net cash provided by investing activities decreased Y 51.9 billion. Cash provided by the reduction of investment assets at finance subsidiaries was exceeded by cash used for acquisition of airplane leasing assets at overseas and acquisition of domestic distribution operations.

As a result of the above, net cash provided by operating, investment and financing activities was an inflow of Y 100.5 billion.

Net cash used in financing activities decreased Y 127.8 billion. Cash was provided by the issue of bonds at the parent company, but more cash was used for repaying debt using funds provided by the strong operating activities and from reduction of investment assets at finance subsidiaries.

#### **Forward-Looking Statements**

The statements included in this release contain forward-looking statements about Mitsubishi Corporation's future plans, strategies, beliefs and performance that are not historical facts. Such statements are based on the company's assumptions and beliefs in light of competitive, financial and economic data currently available and are subject to a number of risks, uncertainties and assumptions that, without limitation, relate to world economic conditions, exchange rates and commodity prices. Accordingly, Mitsubishi Corporation wishes to caution readers that actual results may differ materially from those projected in this release.

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Mitsubishi Corporation and subsidiaries  
STATEMENTS OF CONSOLIDATED INCOME (US GAAP)  
for the six months ended September 30, 2002 and 2001 (unaudited)

	Millions of yen				Millions of U.S. dollars
	Six months ended Sept. 30, 2002	Six months ended Sept. 30, 2001	Increase or [-]decrease		Six months ended Sept. 30, 2002
Operating transactions	6,325,615	6,602,111	-276,496	%	51,849
Gross profit	349,157	308,444	40,713	13.2	2,862
Gross profit ratio	5.52%	4.67%			
Selling, general and administrative expenses	(293,861)	(262,741)	-31,120	11.8	(2,409)
Provision for doubtful receivables	(13,658)	(9,955)	-3,703	-	(112)
Operating income	41,638	35,748	5,890	16.5	341
Other income (expenses) :					
Interest expense – net	(7,295)	(6,912)	-383	5.5	(60)
Dividends	17,984	23,156	-5,172	-22.3	147
Gain (loss) on marketable securities and investments - net	(14,884)	12,843	-27,727	-	(122)
Gain (loss) on property and Equipment – net	8,894	(9,108)	18,002	-	73
Other – net	(5,675)	1,109	-6,784	-	(46)
Other income (expenses) - net	(976)	21,088	-22,064	-	(8)
Income from consolidated operations before income taxes	40,662	56,836	-16,174	-28.5	333
Income taxes	(19,476)	(25,526)	6,050	-	(160)
Income from consolidated operations	21,186	31,310	-10,124	-32.3	173
Minority interests in income of consolidated subsidiaries	(2,806)	(2,026)	-780	-	(23)
Equity in earnings of affiliated companies – net (less applicable income taxes)	16,931	12,659	4,272	33.7	139
Income before cumulative effect of a change in accounting principle	35,311	41,943	-6,632	-15.8	289
Cumulative effect of a change in accounting principle – net of tax	8,636	-	8,636	-	71
Net income	43,947	41,943	2,004	4.8	360

Mitsubishi Corporation and subsidiaries  
CONSOLIDATED BALANCE SHEETS (US GAAP)  
September 30, 2002 (unaudited) and March 31, 2002

ASSETS	Millions of yen			Millions of U.S. dollars
	Sept. 30 2002	March 31 2002	Increase or [-]decrease	Sept. 30 2002
Current assets:				
Cash and cash equivalents	356,989	395,227	-38,238	2,926
Time deposits	32,419	30,590	1,829	266
Short-term investments	196,999	242,345	-45,346	1,615
Receivables-trade:				
Notes and loans	420,316	483,150	-62,834	3,445
Accounts	1,700,367	1,870,365	-169,998	13,937
Affiliated companies	268,618	253,510	15,108	2,202
Allowance for doubtful receivables	(51,312)	(51,070)	-242	(420)
Inventories	427,667	474,456	-46,789	3,505
Advance payments to suppliers	127,473	133,770	-6,297	1,045
Deferred income taxes	49,785	48,170	1,615	408
Other current assets	112,471	99,383	13,088	922
Total current assets	3,641,792	3,979,896	-338,104	29,851
Investments and non-current receivables:				
Investments in and advances to affiliated companies	672,997	644,065	28,932	5,516
Other investments	1,233,310	1,345,727	-112,417	10,109
Non-current notes, loans and accounts receivable-trade	778,019	831,270	-53,251	6,377
Allowance for doubtful receivables	(127,057)	(117,840)	-9,217	(1,041)
Total investments and non-current receivables	2,557,269	2,703,222	-145,953	20,961
Property and equipment-Net	1,123,237	1,074,183	49,054	9,207
Other assets	416,933	387,625	29,308	3,417
Total	7,739,231	8,144,926	-405,695	63,436

Mitsubishi Corporation and subsidiaries  
CONSOLIDATED BALANCE SHEETS (US GAAP)  
September 30, 2002 (unaudited) and March 31, 2002

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen			Millions of U.S. dollars
	Sept. 30 2002	March 31 2002	Increase or [-]decrease	Sept. 30 2002
Current liabilities:				
Short-term debt	639,272	681,745	-42,473	5,240
Current maturities of long-term debt	310,249	417,689	-107,440	2,543
Payables-trade:				
Notes and acceptances	187,444	210,519	-23,075	1,536
Accounts	1,361,081	1,493,995	-132,914	11,156
Affiliated companies	58,445	62,145	-3,700	479
Advances from customers	101,855	99,829	2,026	835
Accrued income taxes	23,036	31,928	-8,892	189
Other accrued expenses	74,689	95,655	-20,966	612
Other current liabilities	225,996	192,109	33,887	1,853
Total current liabilities	2,982,067	3,285,614	-303,547	24,443
Long-term debt, less current maturities	3,186,965	3,238,871	-51,906	26,123
Accrued pension and severance liabilities	115,691	104,629	11,062	948
Deferred income taxes	29,323	33,735	-4,412	240
Other long-term liabilities	289,927	319,162	-29,235	2,376
Minority interests	134,513	134,392	121	1,103
Shareholders' equity:				
Common stock	126,609	126,609	-	1,038
Additional paid-in capital	179,491	179,491	-	1,471
Retained earnings:				
Appropriated for legal reserve	35,673	35,524	149	292
Unappropriated	859,518	821,988	37,530	7,045
Accumulated other comprehensive income (loss):				
Net unrealized gains on securities available for sale	53,039	79,261	-26,222	435
Minimum pension liability adjustments	(78,623)	(78,623)	-	(644)
Foreign currency translation adjustments and others	(174,692)	(135,623)	-39,069	(1,432)
Less treasury stock	(270)	(104)	-166	(2)
Total shareholders' equity	1,000,745	1,028,523	-27,778	8,203
Total	7,739,231	8,144,926	-405,695	63,436

Note: Certain reclassification of amounts for the year ended March 31, 2002 have been made to conform to the presentation for September 30, 2002.

**Mitsubishi Corporation and subsidiaries**  
**Statements of Consolidated Shareholders' Equity**  
**for the six months ended September 30, 2002 (unaudited) and the year ended March 31, 2002**

	Millions of yen		Millions of U.S. dollars
	2002 Apr. 2002~Sept. 2002	2001 Apr. 2001~Mar. 2002	2002 Apr. 2002~Sept. 2002
<b>Shareholders' Equity</b>			
<b>Common stock:</b>			
Balance, beginning and end of period	126,609	126,609	1,038
<b>Additional paid-in capital</b>			
Balance, beginning and end of period	179,491	179,491	1,471
<b>Retained earnings appropriated for legal reserve:</b>			
Balance, beginning of period	35,524	35,220	291
Transfer from unappropriated retained earnings	149	304	1
Balance, end of period	35,673	35,524	292
<b>Unappropriated retained earnings:</b>			
Balance, beginning of period	821,988	774,604	6,738
Net income	43,947	60,225	360
Total	865,935	834,829	7,098
Deduct:			
Cash dividends paid	(6,268)	(12,537)	(52)
Transfer to retained earnings appropriated for legal reserve	(149)	(304)	(1)
Total	(6,417)	(12,841)	(53)
Balance, end of period	859,518	821,988	7,045
<b>Accumulated other comprehensive loss (net of tax)</b>			
Balance, beginning of period	(134,985)	(146,565)	(1,106)
Other comprehensive income (loss)	(65,291)	11,580	(535)
Balance, end of period	(200,276)	(134,985)	(1,641)
<b>Treasury stock:</b>			
Balance, beginning of period	(104)	(3)	(1)
Sales/(purchases)-net	(166)	(101)	(1)
Balance, end of period	(270)	(104)	(2)

**Statements of Consolidated Comprehensive Income (Loss)**  
**for the six months ended September 30, 2002 (unaudited) and the year ended March 31, 2001**

	Millions of yen		Millions of U.S. dollars
	2002 Apr. 2002~Sept. 2002	2001 Apr. 2001~Mar. 2002	2002 Apr. 2002~Sept. 2002
<b>Comprehensive Income (Loss)</b>			
Net income	43,947	60,225	360
<b>Other comprehensive income (loss):</b>			
Unrealized gains on securities available for sale	(26,222)	(43,291)	(215)
Minimum pension liability adjustments	—	(12,987)	—
Unrealized losses on derivative instruments	3,856	(6,145)	32
Foreign currency translation adjustments	(42,925)	74,003	(352)
Other comprehensive income (loss)	(65,291)	11,580	(535)
<b>Comprehensive Income (loss)</b>	<b>(21,344)</b>	<b>71,805</b>	<b>(175)</b>

(\*) Dividends and appropriations to legal reserve shown for each period represent dividends paid out during the period and the appropriation to legal reserve made in relation to the respective dividends.

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**STATEMENTS OF CONSOLIDATED CASH FLOWS (US GAAP)**

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Mitsubishi Corporation and subsidiaries  
for the six months ended September 30, 2002 and 2001(unaudited)

	Millions of Yen	Millions of Yen	Millions of U.S. Dollars
	Six months ended Sept. 30, 2002	Six months Ended Sept. 30, 2001	Six months ended Sept. 30, 2002
<b>I. Operating activities:</b>			
Net income	43,947	41,943	360
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	48,901	41,309	401
Provision for doubtful receivables	13,658	9,955	112
(Gain) loss on marketable securities and investments – net	14,884	(12,843)	122
(Gain) loss on property and equipment – net	(8,894)	9,108	(73)
Equity in earnings of affiliated companies, less dividends received	(4,863)	(3,608)	(40)
Deferred income taxes	(7,410)	6,306	(61)
Cumulative effect of a change in accounting principle – net of tax	(8,636)	–	(71)
Changes in operating assets and liabilities:			
Short-term investments – trading securities	(6,003)	9,341	(49)
Notes and accounts receivable – trade	193,343	64,021	1,585
Inventories	48,905	57,312	401
Notes, acceptances and accounts payable – trade	(182,549)	(187,391)	(1,496)
Other – net	7,080	13,980	58
Net cash provided by operating activities	<u>152,363</u>	<u>49,433</u>	<u>1,249</u>
<b>II. Investing activities:</b>			
Expenditures for property and equipment and other assets	(75,672)	(50,265)	(620)
Net decrease (increase) in investments	13,963	(39,977)	115
Net decrease in loans receivable	14,933	22,232	122
Net decrease (increase) in time deposits	(5,111)	18,272	(42)
Net cash used in investing activities	<u>(51,887)</u>	<u>(49,738)</u>	<u>(425)</u>
<b>III. Financing activities:</b>			
Net decrease in short-term debt	(35,257)	(109,419)	(289)
Net increase (decrease) in long-term debt	(86,279)	80,693	(707)
Payment of dividends	(6,268)	(6,269)	(52)
Net cash used in financing activities	<u>(127,804)</u>	<u>(34,995)</u>	<u>(1,048)</u>
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	<u>(10,910)</u>	<u>3,773</u>	<u>(89)</u>
<b>V. Net decrease in cash and cash equivalents</b>	<u>(38,238)</u>	<u>(31,527)</u>	<u>(313)</u>
<b>VI. Cash and cash equivalents, beginning of the period</b>	<u>395,227</u>	<u>314,880</u>	<u>3,239</u>
<b>VII. Cash and cash equivalents, end of the period</b>	<u><u>356,989</u></u>	<u><u>283,353</u></u>	<u><u>2,926</u></u>

## Basis of Consolidated Financial Statements

### 1. Basic Accounting Policies

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America(U.S. GAAP). However, geographic segment information is presented in the form of Japanese accounting principles for consolidated financial statements.

The principle differences between U.S. and Japanese accounting standards applicable to the companies relate to the followings:

- (1) Valuation of investments
- (2) Valuation of long-lived assets (Impaired assets are written down to estimated fair value)
- (3) Deferral of gain on sales of properties for tax purpose (Not permitted in U.S. GAAP)
- (4) Derivative instruments and hedging activities accounting
- (5) Pension and retirement benefit accounting (Unfunded obligations are recognized as liabilities and other comprehensive income(loss))
- (6) Business combinations and Goodwill and other intangible assets accounting

### 2. Scope of Consolidation and Application of the Equity Method

#### (1) Number of consolidated subsidiaries

	As of Sept.30, 2002	As of Mar.31, 2002	Change
Consolidated subsidiaries	591	574	17
Equity-method affiliates	216	206	10
Total	807	780	27

#### (2) Changes in scope of consolidation and application of the equity method

[Consolidated subsidiaries]

New: 37 companies, including FSN, HERNIC FERROCHROME (PTY)LIMITED,  
MC AVITATION FINANCIAL SERVICES(EUROPE) B.V.

Excluded: 20 companies, including SANRIKU MOKUZAI KOGYO K.K.,  
RINORU YUSHI K.K.

[Equity-method affiliates]

New: 16 companies, including LAWSON CS CARD, INC.,  
BRUNEI SHELL TANKERS SENDIRIAN BERHAD

Excluded: 6 companies

### 3. Application of New Accounting Standards

Effective April 1, 2002, the companies adopted SFAS No. 141 "Business Combinations" and SFAS No. 142 "Goodwill and Other Intangible Assets." SFAS No. 141 prohibits the use of the pooling-of-interest method, and all business combinations are required to be accounted for under the purchase method. SFAS No.142 addresses the accounting for acquired goodwill and other intangible assets.

Upon the adoption of this new Statement, the companies determined that goodwill, intangible assets which have indefinite useful lives and equity method goodwill will no longer be amortized. As a result , the companies' net income for the first half ended September 30, 2002 increased by approximately Y 2,900 million (\$24 million).

Also required by SFAS No.141, the companies have written off the aggregate unamortized amount of negative goodwill and equity method goodwill. As a result, the companies recognized an income of Y 8,636 million (\$71 million) as a cumulative effect of an accounting change.

### 4. Contingent Liabilities

The parent company and/or a U.S. subsidiary have been named as a defendant in several lawsuits in the U.S. and Canada by graphite electrode users and also as a defendant in a lawsuit by UCAR International Inc. ("UCAR", now known as GrafTech International Ltd.) , a graphite electrode manufacturer in connection with the sales and marketing of graphite electrodes.

The lawsuits brought by graphite electrode users do not specify the amount of damages that are sought. UCAR is seeking damages in the amount of \$406 million and other unspecified damages, plus interest.

It is not possible for the company to predict at this time what, if any, liability the company may sustain on account of these lawsuits.

Mitsubishi Corporation and subsidiaries  
**SEGMENT INFORMATION (US GAAP)**  
for the six months ended September 30, 2002 and 2001 (unaudited)

**【OPERATING SEGMENT INFORMATION】**

The companies' segment information at and for the six months ended September 30, 2002 and 2001 is as follows:

**Six months ended September 30, 2002**

Millions of yen											
	New Business Initiative	IT & Electronics Business	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
Operating transactions:											
External customers ···	103,637	154,914	1,434,035	989,871	924,903	676,395	2,033,206	6,316,961	13,862	(5,208)	6,325,615
Intersegment ·····	4,178	432	19,484	16,614	8,848	1,331	14,974	65,861	860	(66,721)	-
Total ·········	107,815	155,346	1,453,519	1,006,485	933,751	677,726	2,048,180	6,382,822	14,722	(71,929)	6,325,615
Gross profit ·····	18,876	11,494	24,969	69,435	53,068	31,612	135,582	345,036	4,184	(63)	349,157
Operating income(loss)	(4,256)	2,943	3,061	30,589	3,074	9,847	26,806	72,064	(21,516)	(8,910)	41,638
Net income(loss)·····	(3,100)	1,991	9,774	14,517	3,404	5,890	16,408	48,884	8,959	(13,896)	43,947
Segment assets ·····	988,856	326,285	776,018	1,162,279	1,770,579	562,951	1,442,862	7,029,830	898,386	(188,985)	7,739,231

Millions of U.S. dollars											
	New Business Initiative	IT & Electronics Business	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
Operating transactions:											
External customers ···	850	1,270	11,754	8,114	7,581	5,544	16,665	51,778	114	(43)	51,849
Intersegment ·····	34	3	160	136	73	11	123	540	7	(547)	-
Total ·········	884	1,273	11,914	8,250	7,654	5,555	16,788	52,318	121	(590)	51,849
Gross profit ·····	155	94	205	569	435	259	1,111	2,828	34	0	2,862
Operating income (loss)	(35)	24	25	251	25	81	220	591	(176)	(74)	341
Net income(loss)·····	(25)	16	80	119	28	48	135	401	73	(114)	360
Segment assets ·····	8,105	2,674	6,361	9,527	14,513	4,614	11,827	57,621	7,364	(1,549)	63,436

**Six months ended September 30, 2001**

Millions of yen											
	New Business Initiative	IT & Electronics Business	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
Operating transactions:											
External customers ···	70,828	256,677	1,751,385	1,038,771	1,069,907	651,337	1,763,373	6,602,278	4,365	(4,532)	6,602,111
Intersegment ·····	2,751	667	17,298	2,243	7,309	897	1,388	32,553	187	(32,740)	-
Total ·········	73,579	257,344	1,768,683	1,041,014	1,077,216	652,234	1,764,761	6,634,831	4,552	(37,272)	6,602,111
Gross profit ·····	14,905	19,521	29,247	45,759	57,338	25,762	110,885	303,417	5,257	(230)	308,444
Operating income (loss)	(4,498)	6,852	6,369	6,471	12,372	5,830	19,927	53,323	(13,386)	(4,189)	35,748
Net income(loss)·····	2,790	8,732	19,012	1,276	5,131	2,967	13,496	53,404	(3,843)	(7,618)	41,943
Segment assets ·····	1,052,910	347,267	847,141	1,178,025	1,959,635	578,488	1,397,600	7,361,066	881,527	(159,850)	8,082,743

1. The segment information has been prepared in accordance with accounting principles generally accepted in Japan (Japanese GAAP).

2. "Adjustments and Eliminations" includes certain adjustments and reclassifications which have been incorporated in the accompanying consolidated financial statements to conform with U.S.GAAP along with certain income and expense items that are not allocated to reportable operating segments and intersegment eliminations.

3. "Other" represents the Corporate Staff Section which primarily provide services and operational support to the companies and affiliates.

This column also includes certain revenue and expenses from business activities related to financing and human resource services that are not allocated to reportable operating segments. Unallocated corporate assets categorized in "Other" were Y 898,386 million (\$7,364 million) and Y 881,527 million at September 30, 2002 and 2001 respectively, which consist primarily of cash, time deposits and securities for financial and investment activities.

4. Certain reclassification of amounts at the six months ended September 30, 2001 have been made to conform to the presentation for September 30, 2002.

Mitsubishi Corporation and subsidiaries  
**SEGMENT INFORMATION (US GAAP)**  
for the six months ended September 30, 2002 and 2001 (unaudited)

**【GEOGRAPHIC SEGMENT INFORMATION】**

The companies' segment information by geographic areas at and for the six months ended September 30, 2002 and 2001 is as follows:

**Six months ended September 30, 2002**

	Millions of yen						Consolidated
	Japan	North America	Europe	Asia, Oceania	Other areas	Eliminations Or Unallocated	
Operating transactions:							
External customers .....	5,321,388	312,782	208,868	362,871	119,706	-	6,325,615
Intersegment .....	226,023	270,803	32,511	105,196	31,410	(665,943)	-
Total .....	5,547,411	583,585	241,379	468,067	151,116	(665,943)	6,325,615
Operating expenses .....	5,552,497	581,254	238,005	433,025	145,337	(666,141)	6,283,977
Operating income .....	(5,086)	2,331	3,374	35,042	5,779	198	41,638
Segment assets .....	5,743,949	503,804	730,909	708,756	539,233	(487,420)	7,739,231

	Millions of U.S. dollars						Consolidated
	Japan	North America	Europe	Asia, Oceania	Other areas	Eliminations Or Unallocated	
Operating transactions:							
External customers .....	43,618	2,564	1,712	2,975	980	0	51,849
Intersegment .....	1,853	2,220	267	862	257	(5,459)	-
Total .....	45,471	4,784	1,979	3,837	1,237	(5,459)	51,849
Operating expenses .....	45,513	4,765	1,951	3,550	1,190	(5,461)	51,508
Operating income .....	(42)	19	28	287	47	2	341
Segment assets .....	47,081	4,129	5,991	5,810	4,420	(3,995)	63,436

**Six months ended September 30, 2001**

	Millions of yen						Consolidated
	Japan	North America	Europe	Asia, Oceania	Other areas	Eliminations or Unallocated	
Operating transactions:							
External customers .....	5,572,320	420,599	195,635	280,478	133,079	-	6,602,111
Intersegment .....	243,942	284,112	49,784	148,083	58,604	(784,525)	-
Total .....	5,816,262	704,711	245,419	428,561	191,683	(784,525)	6,602,111
Operating expenses .....	5,805,900	705,198	241,581	414,890	184,760	(785,966)	6,566,363
Operating income .....	10,362	(487)	3,838	13,671	6,923	1,441	35,748
Segment assets .....	5,948,336	600,789	725,804	675,253	662,274	(529,713)	8,082,743

1. The Geographic segment information is presented in accordance with Japanese Securities and Exchange Act .

2. The Geographic areas were classified by geographic proximity.

3. Main countries or areas included in each geographic segments.

    North America .....U.S.A., Canada

    Europe .....United Kingdom, Germany

    Asia, Oceania .....Hong Kong, Thailand, Australia

    Other areas .....Central and South America, Africa

4. The amounts of unallocated common assets in the column of "Eliminations and Unallocated" were Y 668,266 million(\$5,478 million) and Y 626,122 million at September 30, 2002 and 2001 respectively, which consist of investments in and advances to affiliates.

5. Certain reclassification of amounts for the six months ended September 30, 2001 have been made to conform to the presentation for September 30, 2002.

Mitsubishi Corporation and subsidiaries  
**FAIR VALUE OF INVESTMENTS (US GAAP)**  
September 30, 2002 (unaudited) and March 31, 2002

Pursuant to SFAS No. 115, substantially all of the companies' marketable equity securities and debt securities, principally corporate bonds and commercial paper, were classified as available-for-sale or held-to-maturity securities, except for certain items categorized as trading securities. Fair value information regarding each category of the securities classified as trading, available-for-sale and held-to-maturity at September 30, 2002 and March 31, 2002, including securities of which certain of the companies are the beneficial owners under trust agreements with trust companies, is as follows.

September 30, 2002

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Trading				44,129
Available-for-sale				
Equity securities	349,671	166,732	(37,340)	479,063
Debt securities	306,774	1	(11)	306,764
Held-to-maturity	210,867	1,249	(396)	211,720

March 31, 2002

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Trading				36,204
Available-for-sale				
Equity securities	399,276	213,775	(31,403)	581,648
Debt securities	345,249	79	(1)	345,327
Held-to-maturity	245,129	6,012	(1,237)	249,904

September 30, 2002

	Millions of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Trading				362
Available-for-sale				
Equity securities	2,866	1,367	(306)	3,927
Debt securities	2,515	0	(0)	2,514
Held-to-maturity	1,728	10	(3)	1,735

The changes in net unrealized holding gains and losses on trading securities that were included in earnings were losses of Y 1,066 million (\$9 million), gains of Y 120 million for the six months ended September 30, 2002 and the year ended March 31, 2002, respectively.

"Other investments" include investments in non-traded and unaffiliated companies, and non-current time deposits amounting to Y 389,486 million (\$3,193 million) and Y 379,764 at September 30, 2002 and March 31, 2002, respectively.

[Reference: Fair value of marketable securities regarding subsidiaries and affiliated companies held by the parent company]

(as of September 30, 2002)

	Millions of Yen			Millions of U.S. Dollars		
	Cost	Fair value	Difference	Cost	Fair value	Difference
Subsidiaries	12,592	88,582	75,990	103	726	623
Affiliated	48,179	123,561	75,382	395	1,013	618
Total	60,771	212,143	151,372	498	1,739	1,241