

**Financial Results for the
Fiscal Year Ended March 31, 2002
(April 1, 2001 – March 31, 2002)**

May 2002

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Some of the figures contained in this material, such as the forecast of financial results, are the Company's expectations judged from currently available information and may contain risks and uncertainties. Therefore, please refrain from making investment judgments solely based on this forecast. Please note that actual financial results could largely differ from those forecast due to various important factors. Major factors that could influence on actual results include economic conditions surrounding the Company's business areas and foreign exchange rates, including yen-dollar relationship.

Outline of Consolidated Financial Results for the Fiscal Year Ended March 2002

(billion yen)

	FY'01	FY'00	Change
Orders Received	2,424.9	2,640.3	-215.3
Net Sales	2,863.9	3,045.0	-181.0
Operating Income	78.6	74.8	3.7
Ordinary Income	67.9	63.2	4.7
Extraordinary Loss	-19.9	-68.3	48.3
Income (Loss) before Tax	48.0	-5.1	53.1
Net Income	26.4	-20.3	46.7

The extraordinary loss (19.9 billion yen) are the net result of 12.9 billion yen write-down in the value of investment securities, 12.5 billion yen for business improvement and restructuring, 2.6 billion yen in gain on sales of investment securities and 2.8 billion yen in gain on sales of fixed assets.

Factors That Contributed to Increase in Operating Income of 3.7 billion yen

- **Gross profit increase** **32.2 billion yen**
(32.4 billion yen non-consolidated)
 - Foreign exchange **33.9 billion yen**
(US dollar was 122 JPY vs.114 JPY in FY'00)
 - Effect of sales decrease **-24.8 billion yen**
 - Cost reduction **23.1 billion yen**
 - **SGA expenses increase** **-28.5 billion yen**
(-18.5 billion yen non-consolidated)
 - R&D expenses increase **-9.5 billion yen**
(for Power Systems etc.)
 - Provision for losses on doubtful receivables **-4.2 billion yen**
 - Selling expenses increase **-14.8 billion yen**
 - Initial expenses with U.S. Power Systems subsidiary
 - Expense for estimation of specification, price, and project risk
-
- Net change in operating income** **3.7 billion yen**
(13.9 billion yen non-consolidated)

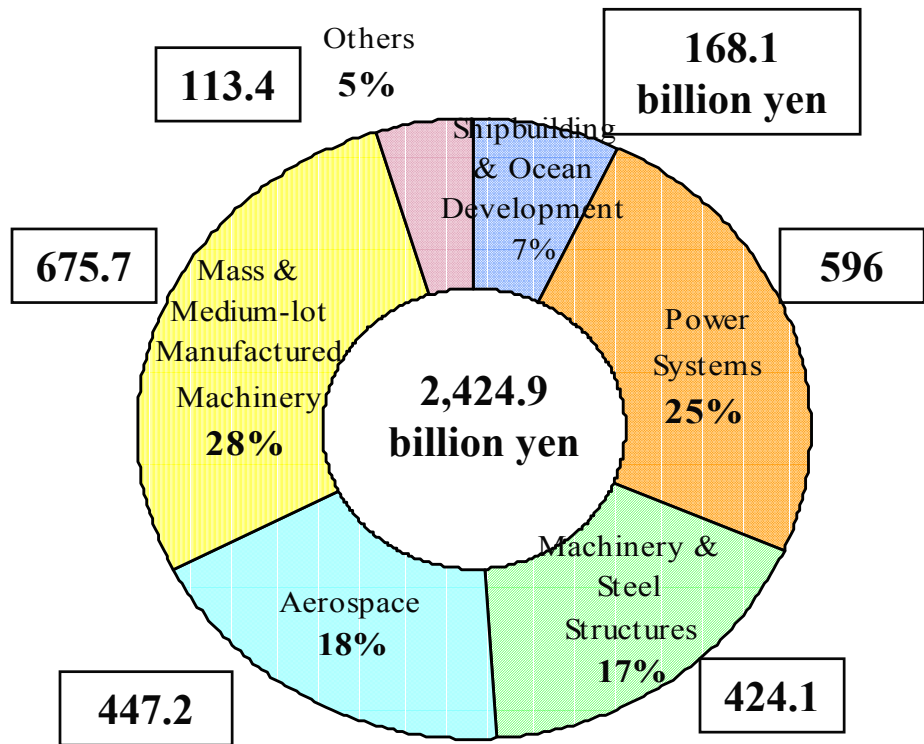
Factors That Contributed to Increase in Income Before Income Taxes of 53.1 billion yen

- Increase in operating income as shown in the left column: **3.7 billion yen**
- Non-operating income: **1 billion yen**
- Decrease in extraordinary loss: **48.3 billion yen**
 - Equity in loss of Mitsubishi Motor Corp. accounted by the equity method: **42.7 billion yen**
 - Other extraordinary items: **5.6 billion yen**

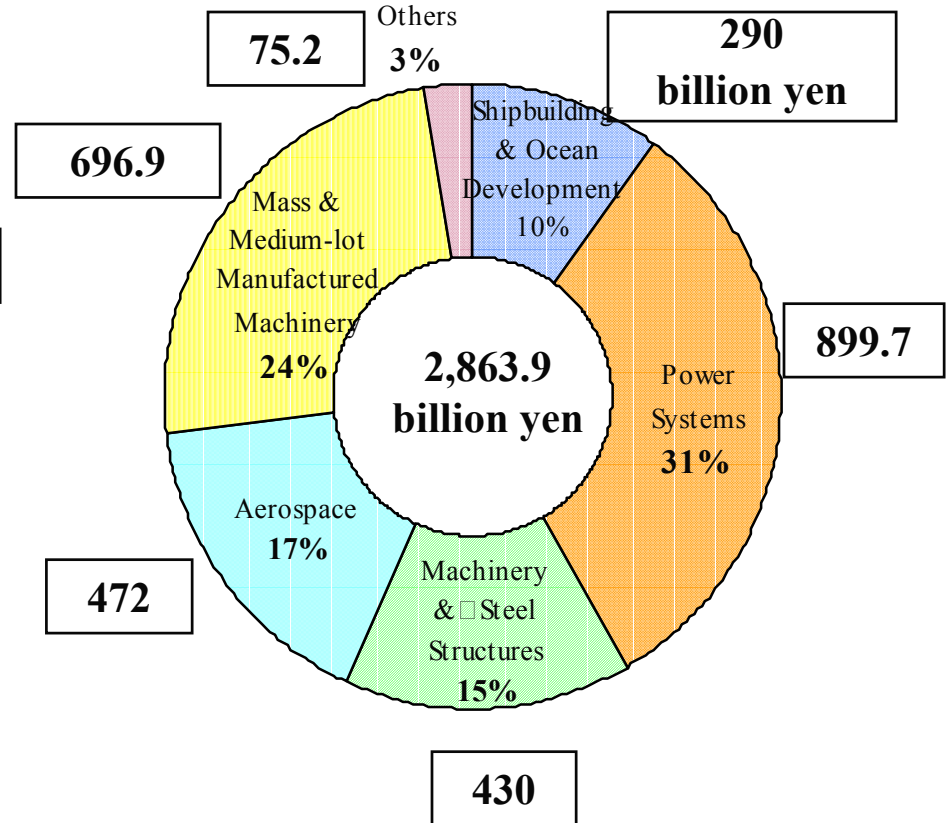
Increase in income before income taxes:
53.1 billion yen

Consolidated Financial Results by Segment (FY2001)

Orders Received

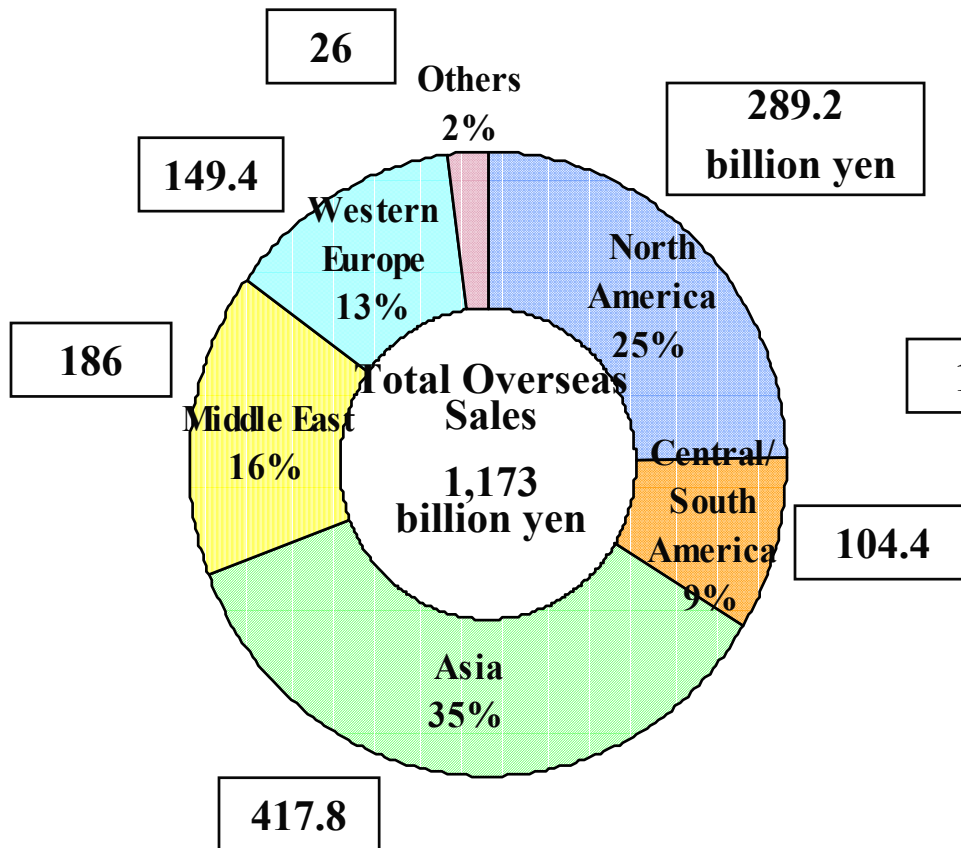


Net Sales

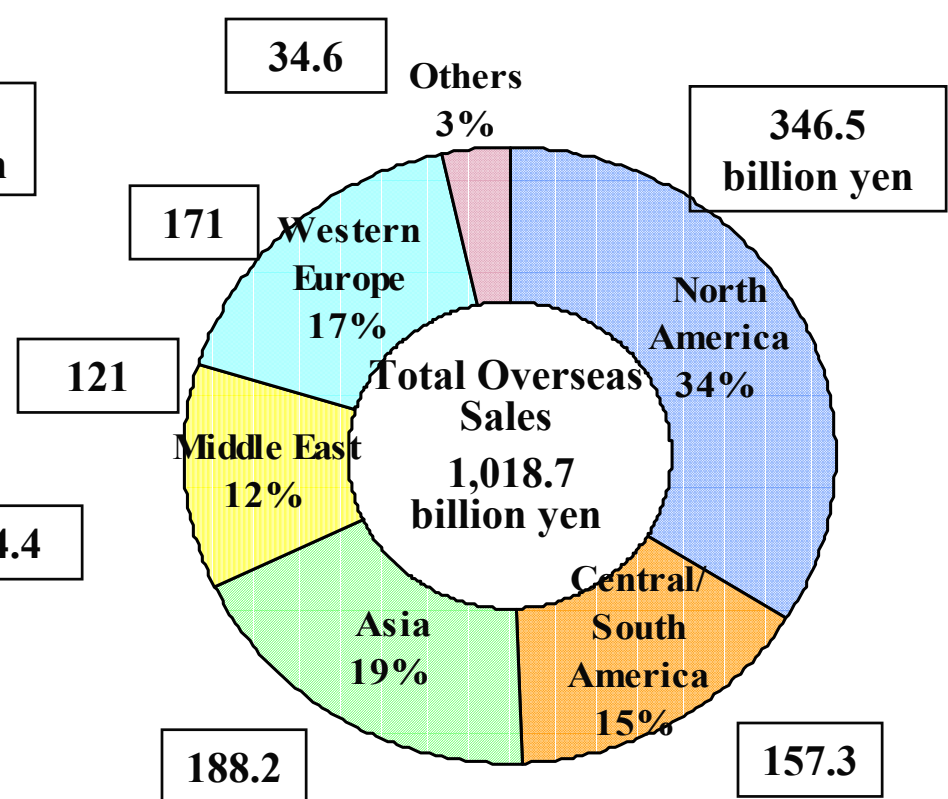


Overseas Consolidated Sales by Region

FY2000

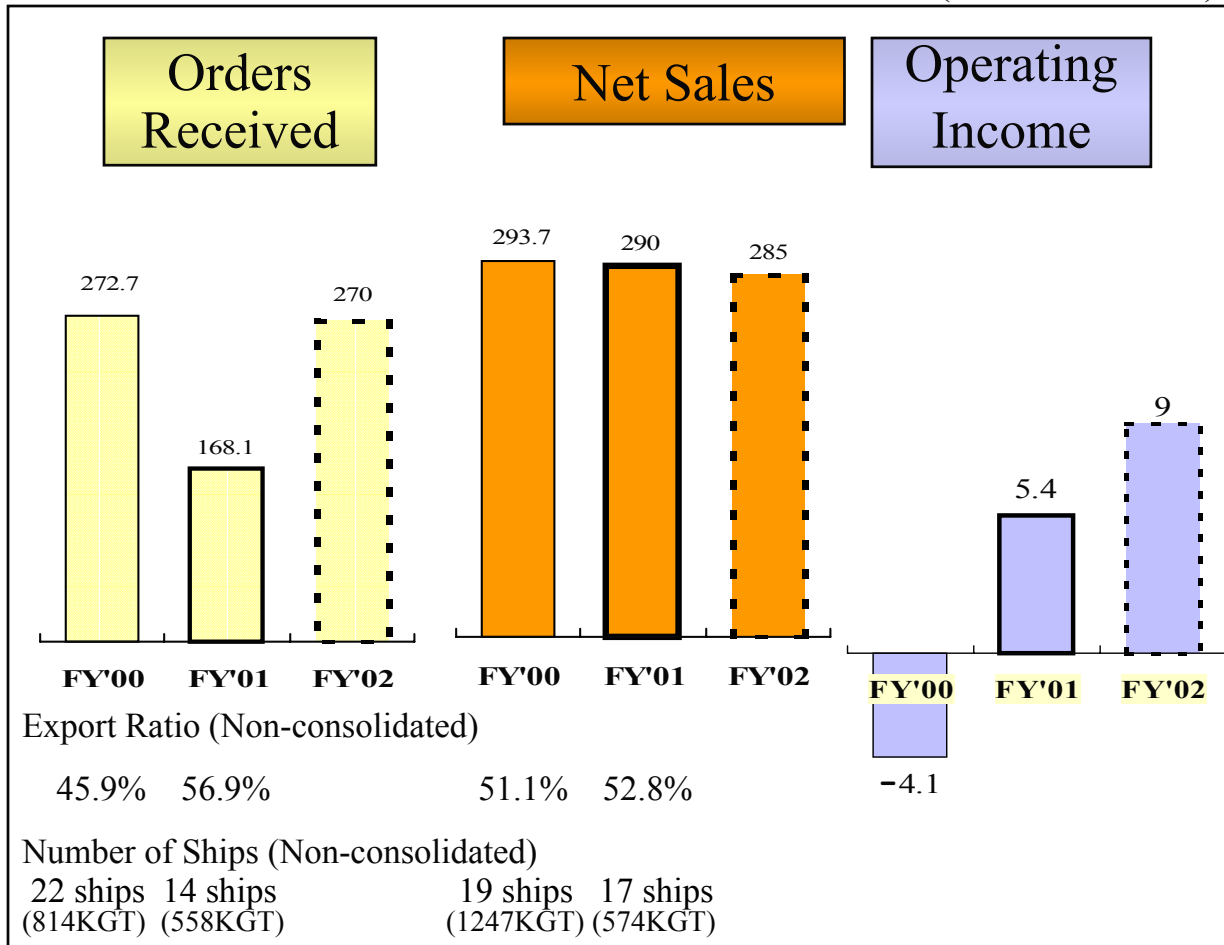


FY2001



Shipbuilding & Ocean Development

(Yen in billions)



[Market conditions/Orders received]

- Downturn in new ship orders due to global economic slowdown
(Orders for LNG carriers and other type of vessels postponed)
- Orders received for 14 ships, including 3 LNG carriers and 3 LPG carriers
(Order backlog: 40 vessels, including 10 LNG carriers)

[Sales/Profit/(Loss)]

- Lower sales due to decline in ship deliveries, but operations return to black due to strong US\$ and cost reduction.

[Topics]

- Fixed costs continue to decline reflecting further payroll cutbacks and other cost cutting initiatives:

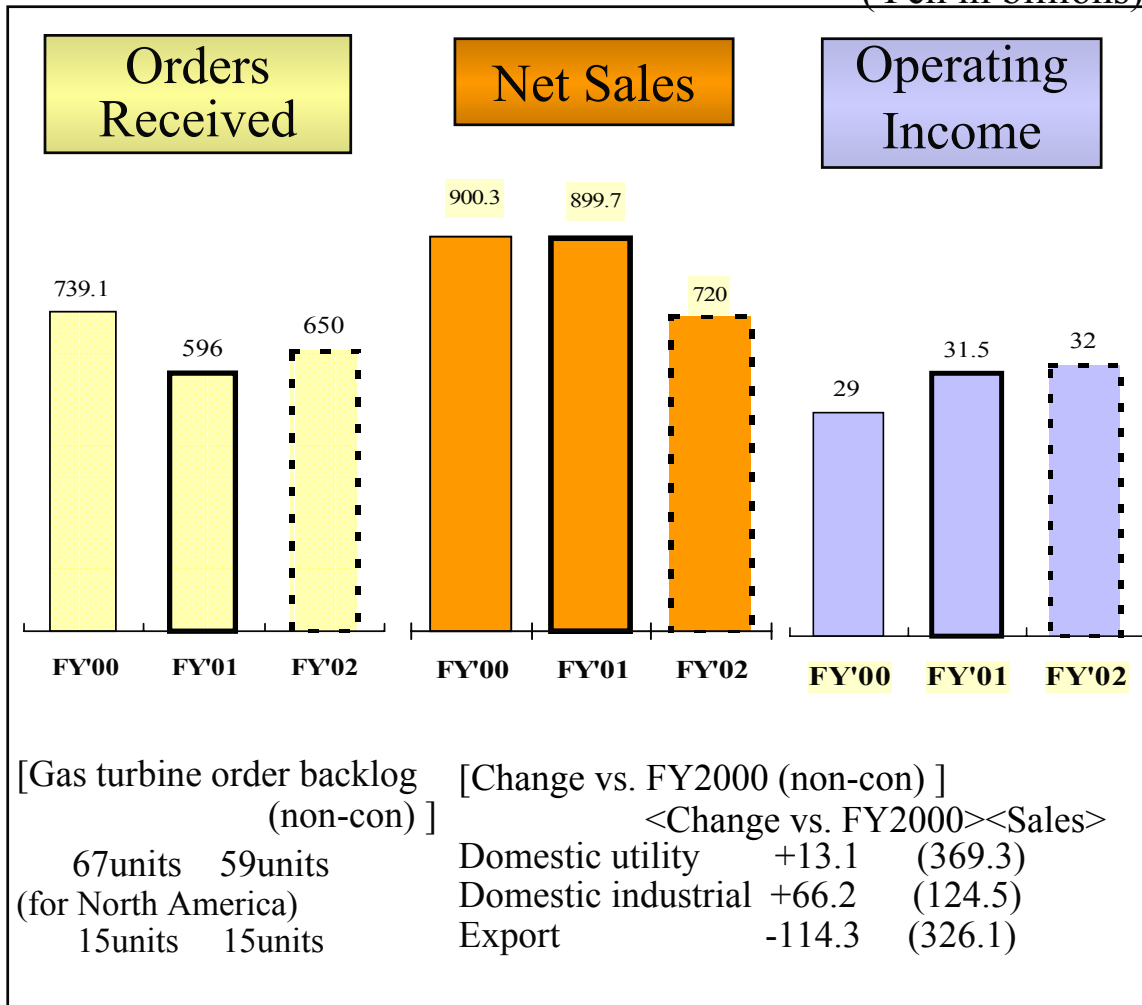
(Division employment)
5,730 → 5,610 → 5,380 → 5,160
(‘99/4) (‘00/4) (‘01/4) (‘02/4)

< FY2002 forecast (orders/sales/profit) >

FY2002(estimates) : **270 / 285 / 9**
FY2001 results : **168.1 / 290 / 5.4**
(Interim estimates 230 / 275 / 4)

Power Systems

(Yen in billions)



[Market conditions/Orders received]

- Harsh conditions continued in utility and industrial markets in Japan as demand for electricity has declined and private sector capital investment has slumped.
- Affected by slowdown in the U. S. economy following the Sept. 11 terrorist attacks, overseas orders slowed (postponed in many cases) and competition turned brutal amid excess supply.
- Decline in plant orders and postponement of export orders for gas turbines caused total orders to fall below the FY2000 level

[Sales/Profit (Loss)]

- Sales were largely unchanged.(despite a decline in plant exports)
- Profit increased, a result of enhanced productivity and cost competitiveness (40.2 billion Yen reversal from loss reserve)

[Topics]

- Entered the U. S. wind power market through a joint venture established in March 2002.
- Nuclear power: Aim to enter the French A/S market through a tie-up with COMEX Corp.

< FY2002 forecast (orders/sales/profit) >

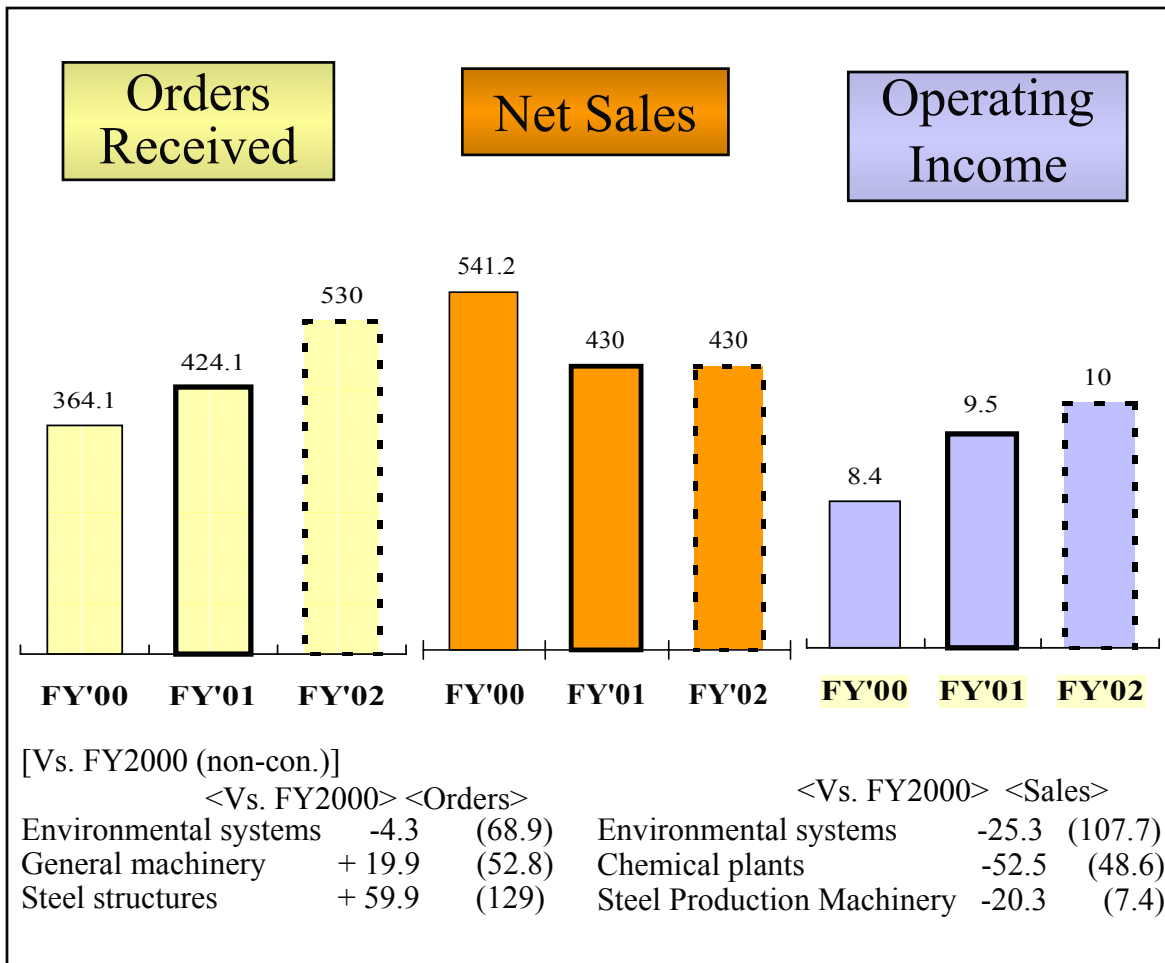
FY2002 (estimates) : 650 / 720 / 32

FY2001 results : 596 / 899.7 / 31.5

Interim estimates 690 / 860 / 30

Machinery & Steel Structures

(Yen in billions)



[Market Conditions/Orders Received]

- Public sector orders declined reflecting a downturn or postponement of public works projects due to cutbacks in public works spending.
- Despite sluggish private sector capital investment, orders increased, due to increase of orders for plants.

[Sales/Profit (Loss)]

- Despite lower chemical plant exports and domestic sales of environmental systems, operating income rose due to enhanced profit margins (3.9 billion Yen reversal from loss reserve)

[Topics]

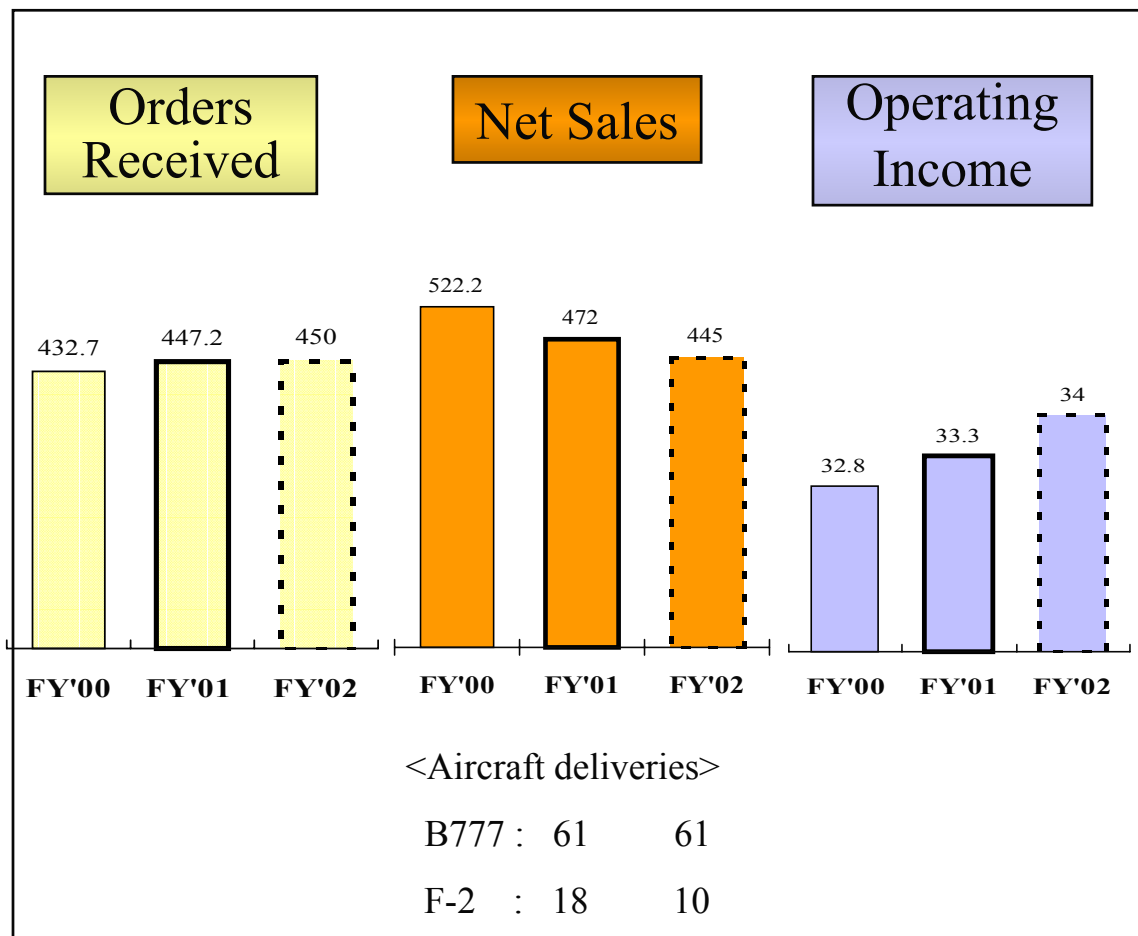
- Diversification into new energy fields (GTL, DME etc.) through alliance with engineering firms.
- Steel Production machinery
Rolling mill equipment: Transferred the business to Mitsubishi Hitachi Metals Machinery, Inc., a joint venture with Hitachi, Ltd commencing FY2002.
Continuous casting machine: Formed an alliance with Nippon Steel Corp.

< FY2002 forecast (orders/sales/profit) >

FY2002 (estimates) : **530 / 430 / 10**
 FY2001 results : **424.1 / 430 / 9.5**
 Interim estimates : 520 / 450 / 13

Aerospace

(Yen in billions)



[Market Conditions/Orders Received]

- Orders for FY2002 front-line defense equipment of Japan Defense Agency were largely unchanged from the previous fiscal year.
- Divisional orders increased reflecting increased orders for F-2 aircraft.

[Sales/Profit (Loss)]

- Sales to the Japan Defense Agency declined since deliveries of F-2 were concentrated in the previous fiscal year but stable production of commercial aircrafts and a strong U. S. dollar raised profit.

[Topics]

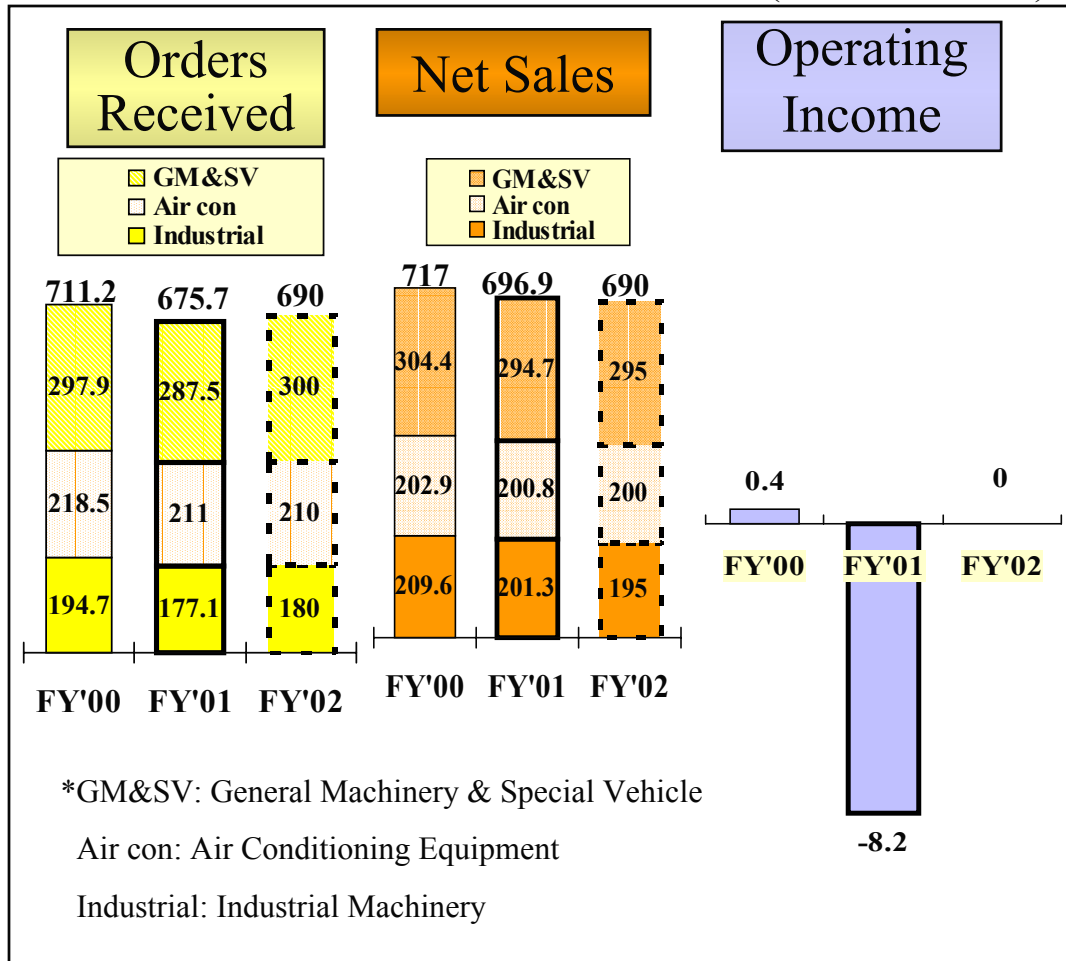
- Dec. 2001: Participation in P&W PW6000 engine development project
- Feb.2002:Participation in Bombardier business jet “Global 5000 program”
- Feb. 2002: Successfully launched H-IIA rocket.
- March 2002: Established an IT laboratory for comprehensive operational simulation of defense equipment for the Defense Agency.

< FY2002 forecast (orders/sales/profit) >

FY2002 (estimates) : **450 / 445 / 34**
 FY2001 results : **447.2 / 472 / 33.3**
 Interim estimates 420 / 465 / 33

Mass and Medium-Lot Manufactured Machinery

(Yen in billions)



Market Conditions/Orders received]

- Markets conditions continue to be severe both at home and abroad as the global economy slows.
- Orders for industrial machinery, air conditioning equipment and general machinery were lower compared to previous year .

[Sales/Profit (Loss)]

- Affected by cost control problems at the U.S manufacturing subsidiary and inappropriate strategy for domestic market (principally related to design specifications), air conditioning products fell into the red.
- Sales of industrial machinery stayed sluggish due to global economic weakness.

[Topics]

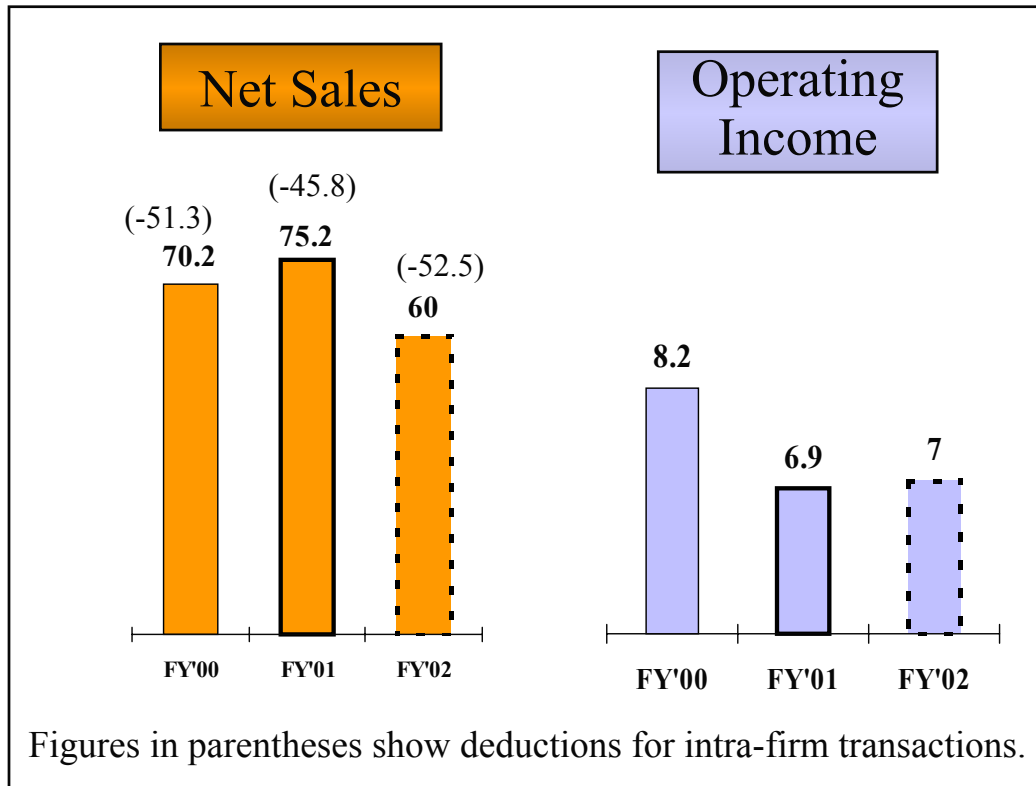
- Machine tools: Management resources would be re-channeled into selected items.
- General machinery: Focussing on the market for dispersed power generators and increasing the output of turbochargers.

< FY2002 forecast (orders/sales/profit) >

FY2002 (estimates): **690 / 690 / 0**
 FY2001 results: **675.7 / 696.9 / -8.2**
 Interim estimates: 670 / 705 / -7

Others

(Yen in billions)



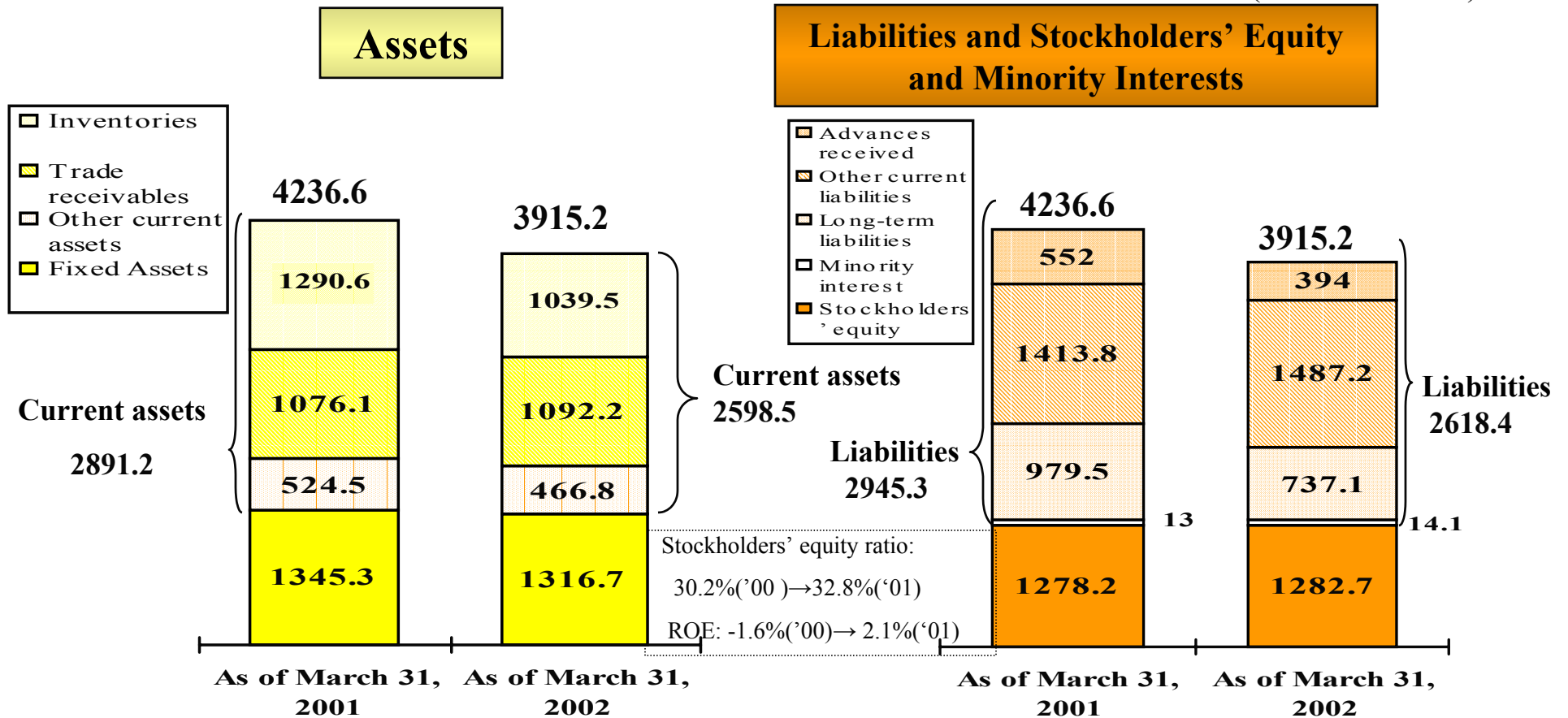
- Construction and real estate
- Information, communication services and others

<FY2002 forecast (sales/profit)>

FY2002 (estimates): **60 / 7**
FY2001 results: **75.2 / 6.9**
Interim estimates **95 / 7**

Balance Sheets

(Yen in billions)



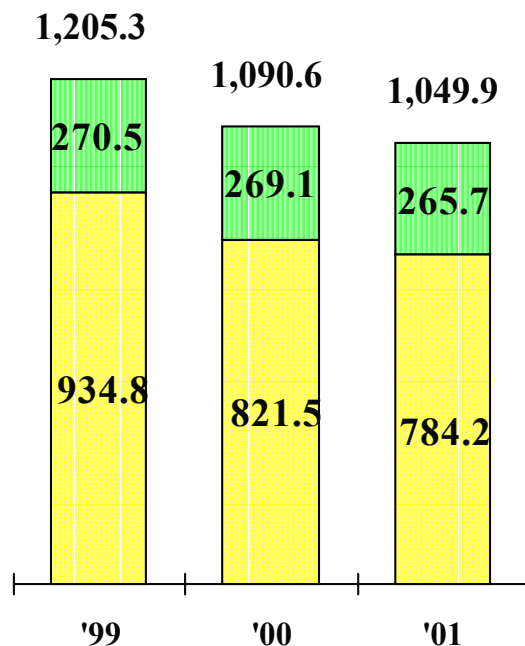
Changes in assets (down 321.3 billion yen)
 Current assets: Down 292.7 billion yen (Inventories down 251.1 billion yen, Marketable securities down 73.1 billion yen)
 Fixed Assets: Down 28.6 billion yen (Investment securities down 25.6 billion yen)

Changes in liabilities (down 326.9 billion yen)
 Current liabilities : Down 84.5 billion yen (Advances received down 157.9 billion yen etc)
 Long-term liabilities: Down 242.3 billion yen
Changes in stockholders' equity (Up 4.4 billion yen)
 Consolidated retained earnings: Up 12.1 billion yen, Net unrealized gains on investment securities down 15.0 billion yen

Debt with Interest and Free Cash Flow

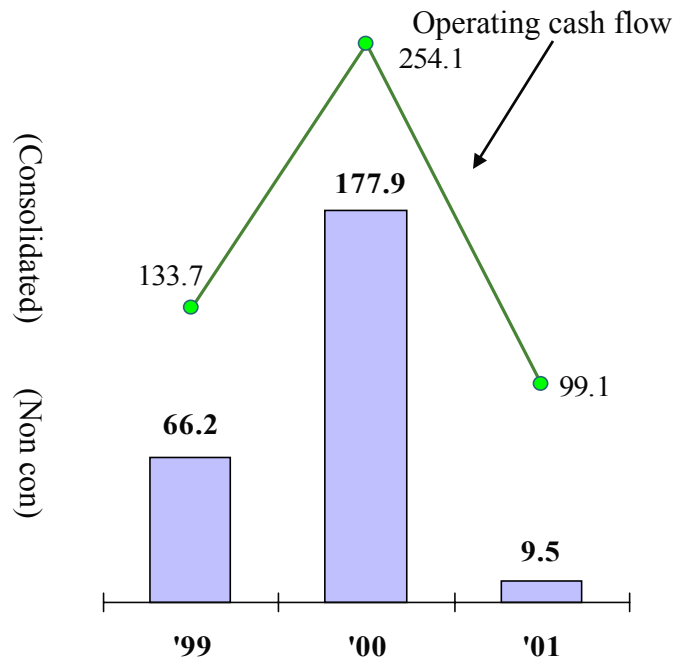
Debt with Interest

(Yen in billions)



Free Cash Flow

(Yen in billions)



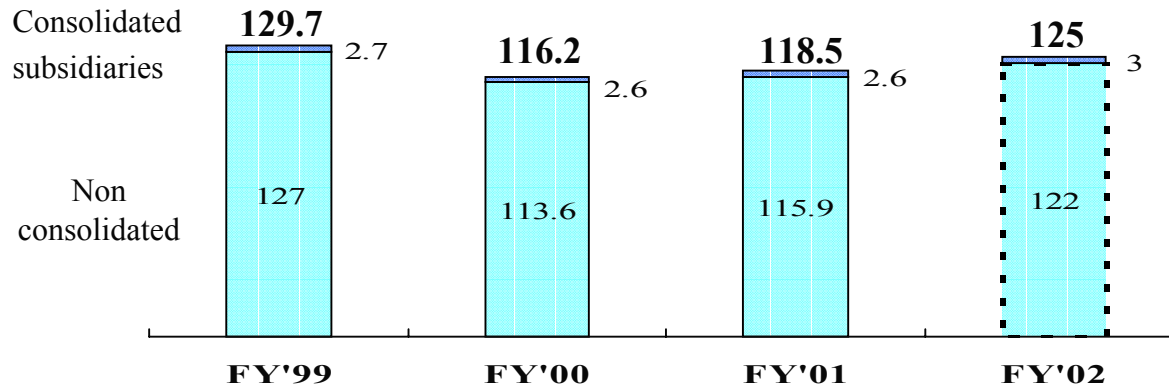
FY2001 review

Operating activities provided net cash of 99.1 billion yen, resulting in a free cash flow of 9.5 billion yen, after deducting 89.5 billion yen in net cash used in investing activities.

Much of this cash was used for reducing debt. As a result, interest-bearing debt declined by 40.6 billion yen compared to the end of the previous fiscal year.

Research & Development

(Yen in billions)



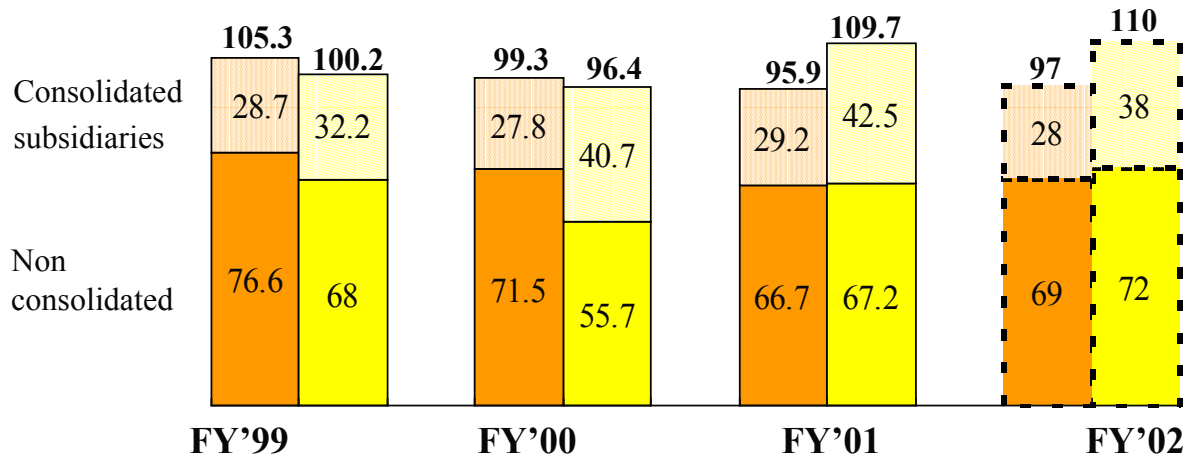
• Aggressive investment in core business lines

(Power systems)

- H-type gas turbines
- Solar cells (photovoltaics)
- New type of light water reactor

Depreciation and Capital Investment

■ Capital investment ■ Depreciation (Yen in billions)



• Capacity addition for main products

• Capital investment exceeds depreciation

(Power systems)

- Higher output of gas turbines parts
- Photovoltaics production facilities

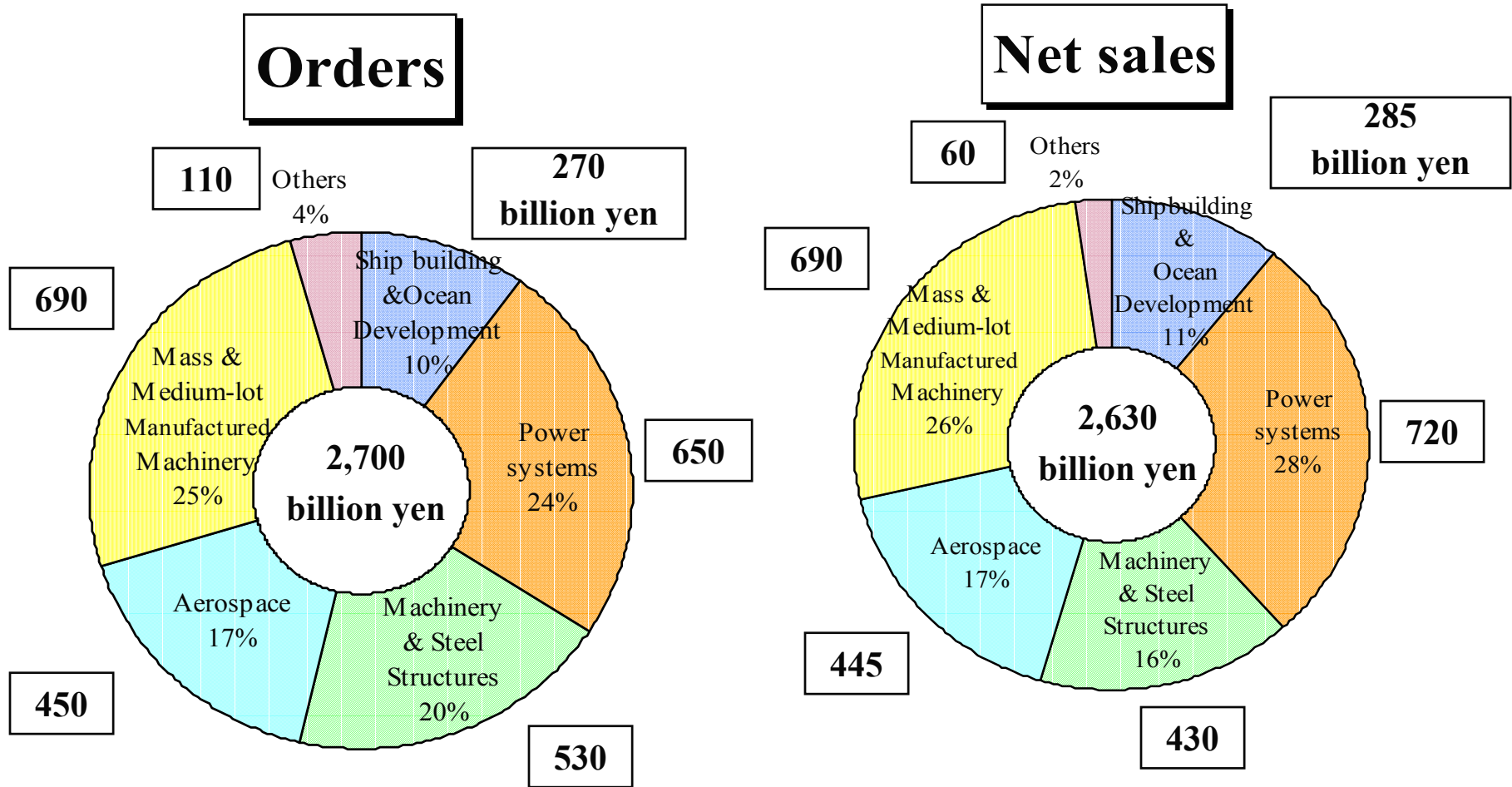
Outline of Non-consolidated Financial Results for FY2001

(Yen in billions)

	FY2001	FY2000	<i>Change</i>
Orders Received	1,970.4	2,213.8	-243.3
Net Sales	2,388.6	2,637.7	-249.0
Operating Income	66.8	52.8	13.9
Ordinary Income	59.4	46.5	12.9
Extraordinary Loss	-26.0	-22.0	-3.9
Income before Tax	33.4	24.4	8.9
Net Income	22.4	15.0	7.3

The extraordinary loss (26.0 billion yen) are the net result of 14.1 billion yen write-down in the value of investment securities, 18.5 billion yen in loss on business improvement and restructuring, 2.6 billion yen gain on sales of investment securities and 4.0 billion yen gain on sales of fixed assets.

FY 2002 Consolidated Forecast by Operating Segment



Forecast for FY2002 (1)

(Yen in billions)

(Consolidated)	FY2001 results	FY2002 forecast	<i>Changes</i>
Orders	2,424.9	2,700	275.1
Net Sales	2,863.9	2,630	-233.9
Operating Income	78.6	92	13.4
Ordinary Income	67.9	80	12.1
Income before Tax	48.0	80	32.0
Net Income	26.4	45	18.6

(Assumption of exchange rates:US\$1=125JPY 1Euro=115JPY(US\$3.2 billion and 0.3 billion Euro remain unhedged).

<Changes by segment> Orders (+ 275.1) : Machinery+105.9, Shipbuilding+101.9, Power+54, Mass/Medium-lot+14.3
 Net sales (- 233.9) : Power-179.7, Aerospace-27
 Operating income (+ 13.4) : Mass/Medium-lot+8.2, Shipbuilding+3.6

*Effective from FY2002, investment in Mitsubishi Motors Corp. will not be accounted by the equity method. Equity in earnings of Mitsubishi Motors is therefore excluded from the above forecast.

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Forecast for FY2002 (2)

(Yen in billions)

(Non-Consolidated)	FY2001 results	FY2002 forecast	<i>Changes</i>
Orders	1,970.4	2,300	329.6
Net Sales	2,388.6	2,200	-188.6
Operating Income	66.8	81	14.2
Ordinary Income	59.4	70	10.6
Income before Tax	33.4	70	36.6
Net Income	22.4	40	17.6

Annual dividend forecast: 6 JPY per common share (Interim: 3 JPY, Year-end: 3 JPY)

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