MITSUBISHI CORPORATION

Stability Amid Instability.
How We Do It.

ANNUAL REPORT 1998

For the Year Ended March 31, 1998

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In its most recent fiscal year, Mitsubishi Corporation faced a slumping domestic economy and a severe currency crisis in several Asian nations. Nevertheless, trading transactions and gross trading profit were unchanged. Furthermore, net income rose 7 percent. This performance demonstrated the company's ability to maintain stability, and even grow, in the midst

Stability Amid Instability.
How We Do It.

of an extremely difficult business climate. In particular, strength in core trading activities and higher earnings through business investments were behind these results. One more source of stability is a relentless drive to improve the quality of assets. This year's annual report provides insights into these strategies and Mitsubishi Corporation's plans for the future.

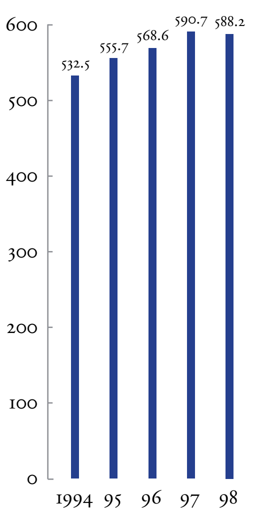
Financial Highlights

Mitsubishi Corporation and subsidiaries
Years ended March 31

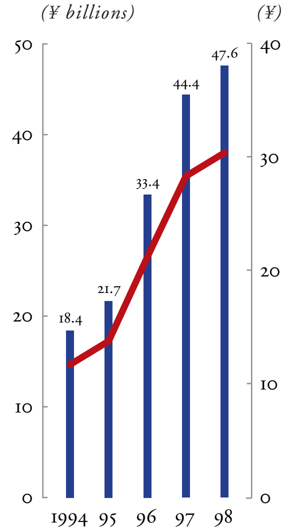
	Millions of Yen			Millions of U.S. Dollars
	1998	1997	1996	1998
For the year:				
Total trading transactions	**¥15,825,653**	¥15,792,080	¥15,491,747	**$118,990**
Gross trading profit	**588,225**	590,664	568,640	**4,423**
Income from consolidated operations before income taxes	**63,235**	96,251	72,121	**475**
Income from consolidated operations	**29,985**	29,116	26,623	**225**
Net income	**47,636**	44,385	33,412	**358**
At year end:				
Total assets	**9,522,309**	9,659,955	9,835,500	**71,596**
Total shareholders' equity	**1,009,383**	1,099,585	1,171,648	**7,589**
Per share (yen and cents):				
Net income per share (Basic EPS)*	**¥30.40**	¥28.32	¥21.32	**22.86¢**
Net income per share (Diluted EPS)*	**30.40**	28.24	21.22	**22.86**
Cash dividends	**8.00**	8.00	8.00	**6.02**

Note: The U.S. Dollar amounts represent translations, for convenience, of yen amounts at the rate of ¥133=$1.
** As restated to conform to the presentation for 1998.*

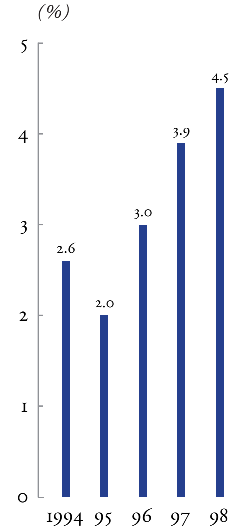
Gross Trading Profit
(¥ billions)



Net Income and Net Income Per Share (Basic EPS)
(¥ billions) *(¥)*



Return on Average Shareholders' Equity
(%)



To Our Shareholders

Results of Mitsubishi Corporation show the company's resilience in a period of much adversity. There was no shortage of challenges. Japan's economy was sluggish. A currency crisis rocked Asia. Oil and other commodity prices fell. And competition intensified in all our markets. Nevertheless, total trading transactions and net income rose, while gross trading profit maintained last year's level. This stability highlights the benefits of a diverse portfolio of global investments in difficult times. A number of factors contributed to this performance.

First, net financial income increased by ¥5.2 billion to ¥13.8 billion, reflecting more efficient global fund operations and higher dividend income from non-consolidated operations. Second, equity in earnings of affiliated companies increased 15.6 percent to ¥17.7 billion, with notable contributions from automotive operations in Europe and Australia and LNG projects in Asia and Australia.

A Winner Today—and Tomorrow

Fierce competition and weakening economies are creating stark contrasts between winners and losers. We repeatedly witnessed the power of market forces during the past year. Events in Japan have been particularly dramatic. Thus far, Mitsubishi Corporation is unquestionably a winner. We are determined to keep it this way. Without losing any of the momentum created by our previous president, I intend to see that Mitsubishi Corporation fully capitalizes on its wealth of competitive strengths. Doing so means focusing on three themes.

First is expanding our presence in areas of business where we already rank among the leaders. Enhancing specialized skills is essential. While Mitsubishi Corporation is typically referred to as a *sogo shosha*, or general trading company, we need to bolster our identity as experts in each field of business where we are active.

Second is taking a more critical view of underperforming operations. This thinking covers activities of Mitsubishi Corporation itself, as well as our business investments. We will be more closely examining all of our activities to see if they support our long-term goals. We need to concentrate more resources on businesses with long-term profit potential.

Third is entering new, high-potential fields. This process entails the anticipation of upcoming trends to establish positions in such fields early on. With an immense global information network, top-quality people, and a sound financial base, we have all the necessary tools.

Collectively, these three themes mean that we need to be more selective in choosing the businesses that we will pursue—as well as those that we will not. This process is central to our aim of raising our return on equity and other measures of how we use capital. We are giving our people the tools and incentive to achieve higher goals. The key to this empowerment is decentralization. Business groups now have much more autonomy, along with more concrete targets. Complementing this structure is a new compensation system that places greater emphasis on individual contributions toward achieving targets.

Leveraging Resources for Maximum Advantage

Even as we decentralize, we are making efforts to leverage our diverse *sogo shosha* functions and market intelligence across the corporation. As part of our drive to tap all the resources of Mitsubishi Corporation, we inaugurated a program several years ago called *zensha-kaihatsu*, or "corporate-initiated new business development." Whereas each business group remains responsible for developing new business in its particular industry, this program forms a framework for concentrating resources on fields of strategic interest to the corporation as a whole. It is particularly effective in areas where the knowledge of two or more of our groups is needed, or where no particular group has current expertise. To date, this system has proven effective in several areas: information technology, merchant banking, solution providing, and emerging markets.

I have personally taken responsibility for oversight of these activities. In 1998, we realigned this development program to cover three growth strategies.

Industry specific—New fields and functions that can complement existing business activities are targeted. Currently, we are focusing on the multimedia, financial services, and logistics and retailing sectors. Other fields of business will be added as the need arises.

Project specific —We are pooling resources to tackle specific venture businesses that are either not covered by any of Mitsubishi Corporation's business groups or cut across several of them. Title and profit responsibility are maintained at the corporate level.

Incentives—Special internal incentives are extended to business groups in order to encourage particular projects deemed vital to the company's long-term growth. Title and responsibility remain with the respective business group.

New Structures and New Rules

I will not hesitate to make any changes to this company that are necessary to position us for long-term success. The organizational structure, personnel systems, and internal rules are just some of the areas that must be changed. We are delegating more authority to our groups and flattening our organization in order to improve our ability to react quickly to marketplace changes. At the same time, we are encouraging more lateral and regional interaction to take full advantage of internal synergies. The April 1998 realignment of the Metals Group is one illustration. Throughout this process, Mitsubishi Corporation will continuously take a hard look at all operations to ensure that strategies and operations remain targeted and profitable. We can no longer pursue a "do everything" management style. Several years from now, this company may take on quite a different form than it does today.

Meeting Higher Expectations

Since being named as the new president of Mitsubishi Corporation, I have had several opportunities to speak with key customers. One subject pervaded all conversations. Everyone is looking to Mitsubishi Corporation to exert strong leadership in this age of uncertainty and rapid change. Our company is obviously held in very high regard in many circles. This is a priceless asset. The actions I have outlined in this letter are aimed at ensuring that we continue to meet our customers' expectations. Through these efforts, I plan to create a Mitsubishi Corporation that embodies four core elements:

- a position among the global leaders in all our strategic business fields;
- an organization, a decision-making process and a human resources system that rank among the best in the world;
- the ability to meet the expectations of shareholders and business partners;
- an attractive place to work for the world's most talented individuals, regardless of nationality.

Above all, I intend to make Mitsubishi Corporation even more focused on serving clients around the world, and on producing a competitive return on the capital that we invest on behalf of our shareholders.

June 26, 1998

Mikio Sasaki
President

Question I.

How is the Asian crisis affecting Mitsubishi Corporation's operations?

ANSWER Mitsubishi Corporation was able to shield its own operations substantially from the effects of this crisis. As part of the company's risk management policy, foreign exchange rates and other economic trends are closely monitored from the head office. This led to quick and prescient actions in the region: the repayment of many foreign currency-denominated loans and hedging against much exchange rate risk prior to the July crisis. ■ In the short term, however, sluggish economies in Thailand, Indonesia and elsewhere have affected results in Asia in two ways. First is lower exports to the region from Japan, mostly in the Machinery Group. Second is deterioration in the earnings of local subsidiaries and affiliates that are focused on their domestic markets. Overall, consolidated earnings were held back somewhat by these two factors. As for infrastructure and other projects in the region, there have been no cancellations, but a number of delays have occurred. All of these projects, however, were in their early stages and the impact on earnings has been minimal. ■ MITSUBISHI CORPORATION REMAINS FIRMLY COMMITTED TO SOUTHEAST ASIA. ■ The longer-term picture for the region is positive. South Korea and the ASEAN member nations offer many fundamental strengths: competitive export-oriented industries, well-educated workforces, and economies underpinned by powerful local companies. All these solid fundamentals point to considerable potential for economic vitality. Consequently, Mitsubishi Corporation views recent events as an excellent opportunity to expand. Channels for growth are diverse. The company can enter new fields of business by leveraging strengths in international trade, financing, logistics and other areas. Strategic alliances with new partners will also be utilized wherever appropriate. ■ Since the early 1970s, Mitsubishi Corporation has been involved in large-scale LNG development projects in the Asian region, having invested in ventures in Brunei and Malaysia. Operations in these two countries are running smoothly, with output destined for Japan and its neighbors purchased on the basis of long-term contracts.

Question 2.

What steps is Mitsubishi Corporation taking today to generate higher profits?

ANSWER Individual business groups now have an unprecedented degree of autonomy. In particular, directors in charge of groups can rely on their own discretion to approve much larger investments than before. This offers the dual benefits of speeding up decision-making and promoting the more effective use of assets. Groups can act quickly to capitalize on opportunities, especially those with the potential of high profit margins. Appropriating assets to more profitable investments is essential to achieving the company's goal of raising the consolidated return on equity. ■ Underpinning this expanded autonomy is Mitsubishi Corporation's internal capital system. Introduced in 1995, this system allocates each group a specific amount of capital along with a target return. This clarifies objectives as well as responsibilities for fulfilling those goals. Providing a specific level of capital also serves as one way to manage risk by placing a ceiling on funds that can be invested. In line with the greater accountability of individual groups, Mitsubishi Corporation adopted a new performance linked pay system for management-level personnel. Overall, these steps instill a deeper awareness of the need to focus on businesses offering the highest margins and long-term potential. ■ MITSUBISHI CORPORATION IS ALSO LOOKING BEYOND INDIVIDUAL BUSINESS GROUPS TO GENERATE HIGHER PROFITS. As part of a mid-term management plan that ended in 1997, the company launched a program called *zensha-kaihatsu*, or corporate-initiated new business development. This program recognizes that a trading company must not be merely a collection of individual business groups. Structures are needed to leverage functional expertise, rather than just traditional product-based operations. By targeting ventures that cut across two or more business groups, *zensha-kaihatsu* sets the stage for new ways to serve clients and generate earnings. ■ During the program's first years, targets were exceeded in two new fields: *sogo shosha* merchant banking and solution providing. Under the direct supervision of the new president, Mikio Sasaki, the company plans to make further advances in three fields: information technology, including multimedia; financial services; and logistics and retailing. Mitsubishi Corporation is already working with established partners to develop these fields.

Question 3.

What is Mitsubishi Corporation's basic policy regarding risk management?

ANSWER Mitsubishi Corporation's myriad businesses expose the company to a broad array of risks. To monitor each type of exposure, THE COMPANY MAINTAINS AN EXTENSIVE AND RELIABLE RISK MANAGEMENT SYSTEM. Mitsubishi Corporation has identified six basic areas of risk inherent in the company's businesses: general trading, business investments, financial management, commodities, exchange rate and country. Detailed policies address each of these categories. Additionally, the company combines all categories to determine a comprehensive risk profile. ■ To manage general trading risk, the company continuously gathers data on the creditworthiness of customers. Trading activities are conducted only within the bounds of the credit capacity of each client. ■ In respect of business investments, Mitsubishi Corporation combines qualitative business risk and potential assessment with quantitative financial analysis using cash flow and internal rate of return in the approval process for new investments. Comprehensive reviews of over 600 companies are carried out at least once each year. ■ Financial management risk is made up of two elements. In regard to market risk, which includes movements in interest rates, foreign exchange rates and stock prices, the company establishes limits on investments and losses for each division. For credit risk, the company limits swaps and other transactions to financial institutions with high credit ratings issued by internationally recognized agencies. ■ Commodities risk is managed by setting authorization and loss limits for items such as grain, sugar and copper. As alluded to earlier, the company has a comprehensive exchange rate risk management system. Country risk is managed by a committee formed specifically for this purpose. Risk management is conducted largely on the basis of credit ratings of individual countries and by controlling the volume of Mitsubishi Corporation's financial receivables in each country. ■ The company is also working on potential systems issues involving Year 2000 compliance. A detailed account is given in the Management's Discussion and Analysis of Operations section of this report.

Question 4.

Is Mitsubishi Corporation's financial flexibility sufficient for expansion?

ANSWER Backed by high credit ratings, Mitsubishi Corporation conducts a flexible and cost-effective fund procurement program. A sound balance sheet is at the heart of this capability. To take full advantage of this strength, Mitsubishi Corporation has a global network for raising capital: the head office in Japan, Mitsubishi Corporation Finance PLC (MCF) in London, and Mitsubishi International Corporation (MIC) in the United States. Through this network, debt is issued in a manner that holds down costs while maintaining the desired structure of maturities. ■ The scale of these activities is immense. In Japan, Mitsubishi Corporation is one of the largest single issuers of commercial paper (CP). Overseas subsidiaries such as MCF and MIC regularly issue commercial paper and medium-term notes (MTN). MCF, for example, has a $4 billion Euro CP program and an MTN program of $8 billion. MIC likewise has a MTN program, along with a substantial CP program. These activities collectively make up the company's GLOBAL BANKING CONCEPT, FACILITATING THE PROCUREMENT AND INVESTMENT OF FUNDS FROM A WORLDWIDE PERSPECTIVE. ■ Also with this theme in mind, Mitsubishi Corporation is now in the process of establishing an inter-company system encompassing subsidiaries and affiliates, as well as the parent company. Aiming to capitalize on reforms in Japan's Foreign Exchange Control Act, Mitsubishi Corporation has started a new cash management system. Overseas bank accounts have been opened in New York, London, and Singapore specifically for inter-connection under the company's "Cross-border Pooling Scheme." This system significantly improves the efficiency of worldwide cash management. ■ This capital cost advantage gives Mitsubishi Corporation a key competitive edge when making investments in rapidly evolving industries, such as the information industry, and large-scale resource development projects. With solid credit ratings, a global presence and, most valuable of all, an excellent reputation among investors, Mitsubishi Corporation is well positioned to fund the expansion of promising businesses.

Question 5.

What is the source of Mitsubishi Corporation's competitiveness?

ANSWER Mitsubishi Corporation is a well-rounded organization, but the company's greatest strength lies in its personnel. Every effort is made to hire the most qualified people from around the globe. The professionalism and expertise of staff members is widely acknowledged. Mitsubishi Corporation invests considerable time and effort to maintain this competitive advantage in human resources. International human resource policies are aimed at furthering the development of employees in Japan as well as the rest of the world. Carefully tailored training programs such as the Global Leadership Program are perfect examples of the company's strong emphasis on fostering talent in employees worldwide. Staff learn how to apply the core principles of global thinking, leveraging advantage, and managing diversity to create value for both clients and Mitsubishi Corporation. ■ The company's performance linked pay system is part and parcel of this strategy. Rewards should be commensurate with achievements to give employees a strong incentive to make the most of their abilities. ■ ADHERENCE TO GLOBAL STANDARDS IS ANOTHER ELEMENT DEFINING MITSUBISHI CORPORATION financial policies. Emphasis on IRR, ROE and other widely recognized performance indicators is one illustration. Mitsubishi Corporation has also been preparing consolidated financial statements based on U.S. generally accepted accounting principles since 1976. All the company's financial disclosure activities are structured to ensure that the investment community has an accurate understanding of business operations. ■ Mitsubishi Corporation conducts a proactive investor relations program to further dissemination of pertinent data. Investor information meetings have been held in Europe, the U.S. and Japan since 1989. This progressive financial disclosure stance earned the company the Award for Excellence in Corporate Disclosure from the Securities Analysts Association of Japan in 1995, 1996 and 1997. ■ Under the leadership of the new president, Mikio Sasaki, the company plans to upgrade investor relations activities and improve disclosure. This drive is evidence of the weight that management places on operating the company in a manner that builds value for shareholders and keeps the investment community up to date.

Major Achievements of the Year

1997	APR	MAY	JUN	JUL	AUG	SEP
The Americas	Construction continues on the DFW Trading Center, Texas			Launched the Superbird-C communications satellite		
Europe, Africa & the Middle East				Operating lease agreement for three A320 passenger aircraft to Iberia (Lineas Aereas de Espana, S.A.)	Order received to construct water supply facilities in Tunisia First Doutor coffee shop opened in Moscow	
Asia & Oceania	Formed a JV with Isuzu Motors Limited for automobile sales and finance business in Thailand Increased equity in the Sakhalin II Project		Order received for a non-carbon manufacturing line in Thailand	Order received to build Turkmenistan's largest textile plant	Established MSAT, a strategic steel service center in Thailand	Formed a JV with Mitsubishi Motors Corporation to produce engines in Shenyang, China
Japan					Established JapanNet Corp. to plan electronic commerce-related service	

Information Systems & Services | Fuels | Metals | Machinery | Chemicals | Living Essentials

OCT | NOV | DEC | 1998 JAN | FEB | MAR | APR | AFTER

OCT

Orders received for geothermal power generation and transmission facilities in Mexico

Los Angeles Export Terminal Project started operations

Acquired 15% stake in Cyprus Plateau Mining, which is developing the Willow Creek coal mine in Utah

Started oil and gas exploration off Sarawak, Malaysia

Established WorldCare Health (Malaysia) Sdn. Bhd. to operate a remote medical care service

Acquired a 20% equity interest in company to build Pakistan's first world-class PVC plant

NOV

Order received for coal-fired power plant in Mexico

Jointly formed a company to invest in a Malaysian aromatics facility

Order received from Kirin Brewery for beer manufacturing tank

Obtained broadcasting business license and established Space Wave Corp. to supply program contents to DIRECTV

DEC

Order received to construct a sewerage treatment plant in Colombia

Order received to supply 26 towing locomotives for Panama Canal

Joint order to supply a state-of-the-art steel manufacturing plant to the Netherlands

Established automobile and battery manufacturer in Vietnam with Japan Storage Battery Co., Ltd.

Signed feasibility study agreement for LPG conversion of Shanghai's taxi fleet

Tie-up with The Daiei, Inc. gives Dalian, China, its first Daiei supermarket

DIRECTV commenced digital satellite broadcasts using Superbird-C

1998 JAN

Joint order to supply gas-fired combined-cycle power plant in England

Technical assistance and financing scheme for construction of the Mone Multi-Purpose Dam, Myanmar

Established MC Environmental Engineering Corp.

Pacific Aquarius, Mitsubishi Corporation's first double-hull tanker, delivered

FEB

Joint order from Singapore's Changi International Airport for a new cargo handling system

MAR

Participation in privatization of water works and sewerage systems in Manila, Philippines

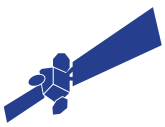
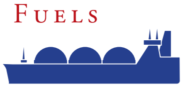
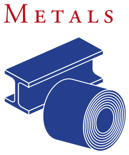
Acquired land in Shinagawa, Tokyo, for development of a high-rise residential complex

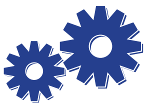
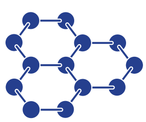
APR

Increased capital of Rio Negro steel service center in Brazil

Acquired a 56.1% equity interest in Isuzu K.K., Japan's largest coil center and market leader

Key Directions by Business Group

BUSINESS GROUP	PRINCIPAL PRODUCTS OR SERVICES	1998 KEY DIRECTIONS
Information Systems & Services 	Telecommunications Systems and Services; Satellite Communications; Optoelectronics and Media Services; Computer Systems and Semiconductors; IT Solution Providing; Medical Equipment and Systems; Electronics Products; Card Systems and Services; Defense Systems and Equipment; Space Systems; Commercial Aviation	1. Establish positions in new business domains by making aggressive developmental and business investments while realizing capital gains in a timely manner to improve asset quality 2. Together with powerful partners, formulate new business schemes to capitalize on dramatic changes in the information technology field 3. Maintain a flexible structure that can quickly adapt to rapid changes in client industries and channel resources to growing fields
Fuels 	Crude Oil; Petroleum Products; LPG; LNG; Carbon Materials and Products; Orimulsion®	1. Selectively pursue large-scale business investments in LNG and in oil exploration and production to ensure medium- and long-term earnings 2. Further deepen ties with Japanese electric and gas utilities, Japanese oil companies and similar clients in Asia to ensure a stable and competitive energy business 3. Improve productivity by reviewing assets based on a rigorous risk management program, utilizing information technology to boost efficiency and earnings, and developing human resources by placing priority on contributions to business results
Metals 	Raw Materials for Steel; Metallurgical and Thermal Coal; Semifinished Products; Steel Materials; Specialty Steel; Fabricated Steel Structures; Non-ferrous Metals; Non-ferrous Metal Products; Precious Metals; Nuclear Fuel and Components; Bullion and Metals Futures	1. Fortify the group's sales capabilities in the Japanese market 2. Aggressively pursue strategic projects in high-potential Asian markets 3. Promote business investment in strategic markets worldwide 4. Leverage information technology to reinforce customer services

BUSINESS GROUP	PRINCIPAL PRODUCTS OR SERVICES	1998 KEY DIRECTIONS
MACHINERY 	Plant and Machinery for Power Generation, Electricity, Oil/Gas/ Chemicals, Steel/Cement, and Environmental Protection; Ships; Transportation Systems; Automobiles; Industrial, Agricultural, Construction, and Other General Machinery; Project Development and Construction	1. Adapt quickly to a rapidly evolving global economy by channeling financial and human resources into businesses having the potential of generating higher revenues and earnings 2. Deepen strategic alliances with highly competitive partners to carve out positions in new fields of business 3. Leverage opportunities presented by the sluggish domestic economy and Asian economic crisis to reconstruct business domains and make strategic investments to achieve long-term goals
CHEMICALS 	Petrochemicals; Plastics; Fertilizers; Inorganic Chemicals; Fine and Specialty Chemicals	1. Increase investments in manufacturers of chemical feedstocks and intermediates 2. Continue to seek long-term business opportunities in Asian markets 3. Create high-value-added trading opportunities in specialty fields
LIVING ESSENTIALS 	Grains and Agricultural Products; Sweeteners; Oils and Fats; Feedstuffs; Meat and Livestock; Marine Products; Fresh and Frozen Foods; Mineral Water; Soft Drinks; Confections and Snacks; Canned Foods; Coffee Beans, Coffee and Beverages; Dairy Foods and Processed Foods; Contract Food Services; Apparel; Fabrics; Textile Raw Materials; Textiles for Industrial Use; Pulp, Paper and Packaging Materials; Wood, Wood Products and Construction Materials; Tires; Photosensitized Materials; Cigarettes; Ceramic Materials	1. Create new services and develop new business fields 2. Construct and further improve international logistic systems 3. Continue to stress development of business opportunities in high-potential markets abroad

INFORMATION SYSTEMS & SERVICES

Hironori Aihara
Executive Vice President, Information Systems & Services

RESULTS

A surge in exports of aircraft and semiconductor-related trade conjoined with increased imports of electronic equipment-related trade in fiscal 1998 to raise trading transactions. Gross trading profit also grew, as strong results from domestic subsidiaries compensated for a decline at the parent company.

OUTLOOK

Advances in information technology in concert with deregulation are constantly generating new opportunities for the Information Systems & Services Group. The group intends to take full advantage of these trends. In the telecommunications industry, worldwide mega-competition is accelerating the restructuring of Japan's domestic and international services. In the broadcasting industry, digital technology is setting the stage for a dramatic increase in channels available in Japan via satellites. The group is active in both of these industries. In the aerospace sector, the adaptation of military technology to private-sector markets is a central theme. One example is space imaging, or high-resolution photographs taken from satellites.

REALIZING KEY DIRECTIONS, 1997/1998

The Superbird-C, the third Superbird communications satellite, which is owned and operated by Mitsubishi Corporation affiliate Space Communications Corporation (SCC), was successfully launched in July 1997 into geostationary orbit. The following December, DIRECTV JAPAN started digital broadcasts using most of the Superbird-C transponders. Mitsubishi Corporation is also one of the partners of DIRECTV Japan Management Inc., which is now providing 88 channels of DIRECTV service in Japan.

In the meantime, the Ministry of Posts and Telecommunications decided to allow the commencement of HDTV digital broadcasts from broadcasting satellites in Japan by the end of 2000. Mitsubishi Corporation regards this as an extremely attractive opportunity created by deregulation, and plans to aggressively participate in the business in collaboration with Japanese key stations.

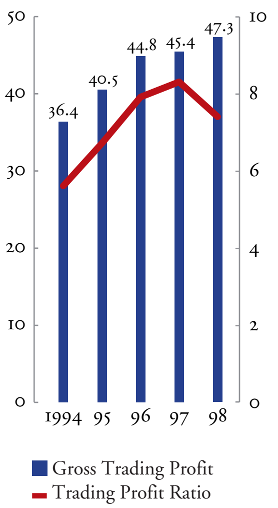
As one way to commercialize defense technology, Mitsubishi Corporation formed Space Imaging, a joint venture (JV) in conjunction with Lockheed Martin and Raytheon E-Systems, both of the United States. The JV plans to develop a database of high-resolution satellite images using the IKONOS low-orbit satellite, which will be launched later in 1998. Marketing of the pictures to Japanese companies and government agencies will start by the end of 1998. These images will be highly useful in map-making, map-updating, disaster prevention and control, environmental protection and resource prospecting.

Mitsubishi Corporation and WorldCare of the United States jointly established a unique telemedicine health care firm in Malaysia in October 1997—WorldCare Health (Malaysia) Sdn. Bhd. The company will assist networked hospitals to enable remote medical care such as diagnostics using X-rays. This service is a part of Malaysia's "Multimedia Super Corridor" project.

Sales and leasing of aircraft are part of the activities of the Information Systems & Services Group. One highlight of the past year was the successful closing of an operating lease for three A320 passenger aircraft to Iberia (Lineas Aereas de Espana, S.A.), the national flag carrier of Spain.

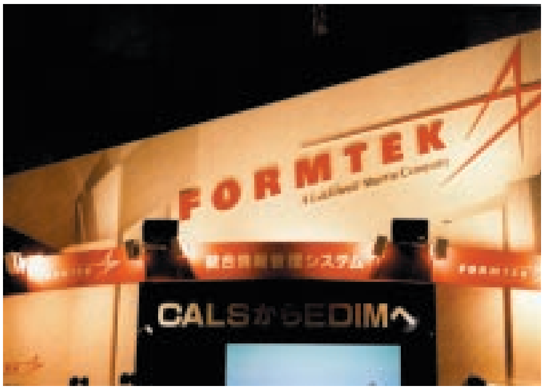
GROSS TRADING PROFIT

(¥ billions) *(%)*



TOTAL TRADING TRANSACTIONS

(¥ billions)	1998	1997	1996
Export	¥136.1	¥ 91.7	¥ 60.2
Import	173.0	129.2	114.5
Offshore	52.8	56.7	52.0
Domestic	273.2	270.9	340.9
Total	¥635.1	¥548.5	¥567.6



Under a strategic relationship with FORMTEK, Inc., a Lockheed Martin company, Mitsubishi Corporation and affiliated companies have been developing a systems integration business for CALS-compliant, enterprise-wide information systems since 1993.

The Superbird-C communications satellite was successfully launched into geostationary orbit in July 1997 aboard an ATLAS II AS rocket. Superbird-C is being employed chiefly to beam DIRECTV digital broadcasts, which started in December 1997 in Japan.

PRINCIPAL SUBSIDIARIES, AFFILIATES AND BUSINESS INVESTMENTS

COMPANY NAME	MAIN BUSINESS
MC Aircraft (Europe), Limited. (Ireland)*	Leasing and financing of aircraft
MC Electronics Sales Russia (Russia)*	Sales of consumer electronic equipment
Mitsubishi Wireless Communications Inc. (U.S.A.)	Sales of cellular phone terminals
Shanghai Technodia System Integration Co., Ltd. (China)*	Development and sales of computer software
Advanced Systems Technology Inc. (Japan)	Network management and computer systems integration services
Dia Office Systems Corporation (Japan)*	Sales and maintenance of copy machines and office automation equipment
Dia Semicon Systems Inc. (Japan)*	Sales of semiconductors
MC Electronics Co., Ltd. (Japan)*	Manufacturing and sales of semiconductor manufacturing equipment
MC Medical, Inc. (Japan)*	Marketing of medical electronic equipment
MC Personal Computer Sales Co., Ltd. (Japan)*	Sales of personal computers
MC Technoserve Co., Ltd. (Japan)*	Comprehensive maintenance services for computer systems
MC Tele-net Co., Ltd. (Japan)*	Sales of communications lines and terminals
Memory-Tech Corporation (Japan)	Manufacturing of CDs and CD-ROMs
Mitsubishi Office Machinery Co., Ltd. (Japan)*	Sales and leasing of value-added computer systems
Net One Systems Co., Ltd. (Japan)	Marketing and installation of LAN systems and related products
Nihon Hospital Services, Inc. (Japan)*	Just-in-time delivery systems for hospital, medical and surgical supplies
Seiryo Communications, Inc. (Japan)	Resale of transponders, and broadcasting, planning and producing of events
Sirius, Inc. (Japan)*	Software publishing and technical support
Space Communications Corporation (Japan)	Satellite communications services
Space Wave Corporation (Japan)*	Supply of program contents

* *Subsidiary*

Fuels

Hiroshi Kawamura
Executive Vice President, Fuels

Results

The Fuels Group's performance fell below the level of the previous fiscal year as weak markets brought down gross trading profit while low stock prices in Japan caused substantial losses on the revaluation of equities. The operating climate was particularly difficult in Japan, where the oversupply of gasoline and other oil products worsened. This situation impacted earnings throughout the oil industry, posing challenges too great for the Fuels Group to avoid.

Outlook

The operating environment for the Fuels Group both at home and overseas will be difficult. Intensifying competition due to deregulation is being accompanied by lower fuel consumption as a result of a stagnant domestic economy. The group aims to move away from the existing trading company structure in pursuit of new business domains that can support growth. With this re-engineering of the group's culture in mind, the Fuels Group will review relationships with Japanese petroleum companies and oil and gas exporting countries to reinforce ties with strategically important partners. In tandem with this, the group will raise its efficiency by optimizing the use of its international human resources from a global perspective.

Realizing Key Directions, 1997/1998

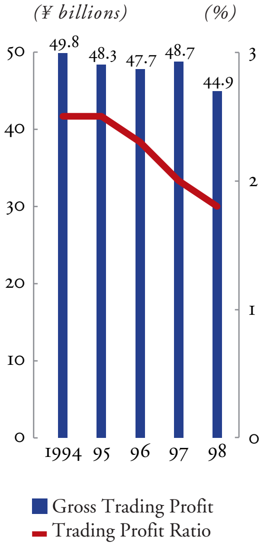
Mitsubishi Corporation signed an agreement with Shanghai authorities to investigate the feasibility of using LPG in the city's taxi fleet of about 40,000 cabs. The agreement includes LPG stands to supply this environmentally friendly fuel. Mitsubishi Corporation is already building an LPG import and storage facility on the outskirts of Shanghai through a joint-venture company, Shanghai Golden Conti Petrochemical Co., Ltd. Completion is slated for the latter half of 1998. Yearly demand of between 300,000 and 400,000 tons is expected if all cabs are converted.

The Fuels Group welcomed the delivery in January 1998 of *Pacific Aquarius*. The 99,999DWT, 121,600kl capacity vessel is the group's first double-hull oil tanker. Ordered by Mitsubishi Corporation, the tanker was built at Koyo Dock Yard using sophisticated, proprietary technology. The double-hull tanker was presented to the International Maritime Organization (IMO) by the Japanese government as one way to increase the safety of tankers. The design was then incorporated in IMO's recently ratified revision to The International Convention for the Prevention of Pollution from Ships, commonly referred to as MARPOL.

Mitsubishi Corporation is constantly looking for opportunities to invest in upstream projects to further strengthen its overall fuel business. In September 1997, the company, through an affiliate, farmed in and acquired a 12.5 percent interest in a joint venture set up to explore Block SK-A/B/C/D in offshore Sarawak, Malaysia. The company and its partners plan to conduct aggressive exploration activities to locate gas. This area is located roughly 200 kilometers from the Malaysia LNG plant at Binturu, in which Mitsubishi Corporation is an equity holder. This project, Mitsubishi Corporation's first cooperative upstream venture in Malaysia, will serve to reinforce ties with Petronas, Malaysia's state-owned oil and gas company, as well as foreign oil companies. Mitsubishi Corporation hopes not only to establish a firm foothold in the upstream business in Malaysia, but also to expand involvement in downstream operations in the region.

In a similar vein, the group is also an active equity member of the Sakhalin II Project. Mitsubishi Corporation initially acquired a 10 percent stake in this venture, but later acquired an additional 2.5 percent in April 1997. Oil production is to start in summer 1999 according to an official announcement in December 1997. Sakhalin is expected to hold reserves of crude oil and gas equal to roughly 70 percent and 6 times Japan's annual consumption, respectively.

Gross Trading Profit
(¥ billions) (%)



TOTAL TRADING TRANSACTIONS

(¥ billions)	1998	1997	1996
Export	¥ 65.9	¥ 54.9	¥ 59.0
Import	1,582.3	1,580.8	1,223.3
Offshore	410.2	345.3	341.8
Domestic	452.7	460.4	407.0
Total	¥2,511.1	¥2,441.4	¥2,031.1

The Sakhalin II Project incorporates two fields with combined recoverable reserves estimated at 1.1 billion bbl of liquid hydrocarbon and 14 trillion cubic feet of gas.

Delivered in January 1998, Pacific Aquarius *is the first double-hull tanker to be owned and operated by Mitsubishi Corporation. Plans call for the launch of another tanker of the same type.*

PRINCIPAL SUBSIDIARIES, AFFILIATES AND BUSINESS INVESTMENTS

COMPANY NAME	MAIN BUSINESS
Brunei LNG Sendirian Berhad (Brunei)	Manufacturing of LNG
Japan Australia LNG (MIMI) Pty., Ltd. (Australia)	Development of resources (LNG, condensate and crude oil)
Malaysia LNG Dua Sdn. Bhd. (Malaysia)	Manufacturing of LNG
Malaysia LNG Sdn. Bhd. (MLNG) (Malaysia)	Manufacturing and marketing of LNG
MC BITOR Ltd. (Hong Kong)	Marketing of Orimulsion®
MCFARM Sendirian Berhad (Brunei)*	Livestock industry (cattle breeding)
Petro-Diamond Inc. (U.S.A.)*	Marketing of petroleum products
Petro-Diamond Singapore (PTE) Ltd. (Singapore)*	Marketing of crude oil and petroleum products
Shanghai Golden Conti Petrochemical Co., Ltd. (China)	Marketing of LPG
Dia Shoseki Co., Ltd. (Japan)	Marketing of petroleum products
MC Carbon Co., Ltd. (Japan)*	Marketing of carbon products
MC Energy, Inc. (Japan)*	Marketing of petroleum products
MC Kaiun Co., Ltd. (Japan)*	Coastal marine transportation
MC Marine Co., Ltd. (Japan)*	Tanker operation and marketing of petroleum products
Mitsubishi Liquefied Petroleum Gas Co., Ltd. (Japan)	Marketing of LPG
Mitsubishi Petroleum Development Co., Ltd. (Japan)	Exploration for and production of petroleum
Mitsubishi Shoji Sekiyu Co., Ltd. (Japan)*	Marketing of petroleum products
Onahama Petroleum Co., Ltd. (Japan)*	Oil storage terminal
Sekiyu Cokes Kogyo K.K. (Japan)*	Storage of petroleum cokes

* *Subsidiary*

Metals

Takeshi Sakurai
Senior Managing Director, Metals

Results

Domestic transactions showed a slight decrease mainly due to lower sales of construction materials. Offshore transactions did likewise, suffering the effects of a slumping Asian economy. Export transactions, however, increased on the back of a depreciating yen despite trade volume itself being almost on a par with the previous year. Though exports to Asia dropped off in the latter half of the year, those destined for other regions took up the slack, lifting volumes. In import transactions, the depreciating yen, together with higher steel production and strong demand for thermal coal, accelerated monetary growth.

Outlook

The business environment in the current fiscal year is expected to be difficult. Crude steel production in Japan will probably fall below the 97 million tons forecast at the start of the year. The government's comprehensive economic stimulus package may, however, boost demand from steel-consuming industries. The Asian currency crisis has stalled growth in exports of steel from Japan in spite of the yen's depreciation. This is a problem for both the steel and non-ferrous metals sectors. In this climate, the group will shed excesses and fortify operations.

Realizing Key Directions, 1997/1998

The Metals Group derives nearly half of its gross trading profit from business in Japan. In a low-growth economy and more competitive domestic market, establishment of bases in each market is necessary to gain better access to customers. With this in mind, Mitsubishi Corporation acquired 56.1 percent of the stock of Isuzu K.K., Japan's largest coil center and market leader. The group aims to increase its market share by utilizing the extensive network of this company.

In the Chugoku region, the group consolidated its Metal Department and three steel service centers into Mitsubishi Shoji Chugoku Steel Center. This will expand the sales force and enhance the efficiency of service center operations.

Internationally, the group views Asia as a very important market. The Metals Group has undertaken many projects in the region, mainly of the downstream type involving processing of steel and non-ferrous metals. The currency crisis necessitated additional capital outlays, financing, or restructuring of terms to support the existing affiliates involved in strategic projects.

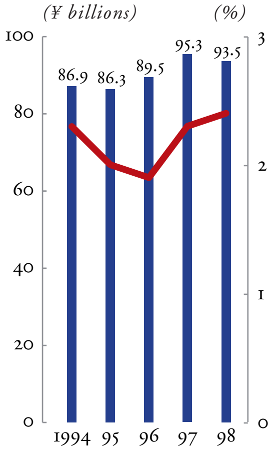
The Asian economic situation demands careful selection of new business investments. One is the recently established strategic steel service center in Thailand called MSAT. The company will handle steel sheet processing and sales to the auto and home appliance industries. This diversity is essential to making MSAT viable in Thailand's languishing economy. Other Asian investments included joint-venture companies with Japanese partners in the manufacture of cans, heat exchangers and other products.

Outside Asia, the Metals Group decided to increase the capital of its Rio Negro steel service center in Brazil. A joint venture with Usiminas, the Brazilian national steelmaker, Rio Negro is helping the country's growing auto industry by processing steel sheets for local automakers.

The group's core business includes investment in natural resources such as iron ore, coal, copper and aluminum. To position itself to meet rising demand for thermal coal in Japan, Mitsubishi Corporation acquired a 15 percent stake in Cyprus Plateau Mining (CPM), a subsidiary of U.S.-based Cyprus Amax Minerals Co., the second-largest coal producer in the United States. CPM is developing the new Willow Creek coal mine in the state of Utah. The group has exclusive rights to export Willow Creek coal to Japan. The group also participated in the Los Angeles Export Terminal Project (LAXT), which will boost coal export capabilities. LAXT started shipments in October 1997.

The Metals Group is using IT tools to heighten efficiency and customer services. Another thrust is to implement an online network linking the company with key clients.

Gross Trading Profit
(¥ billions) (%)

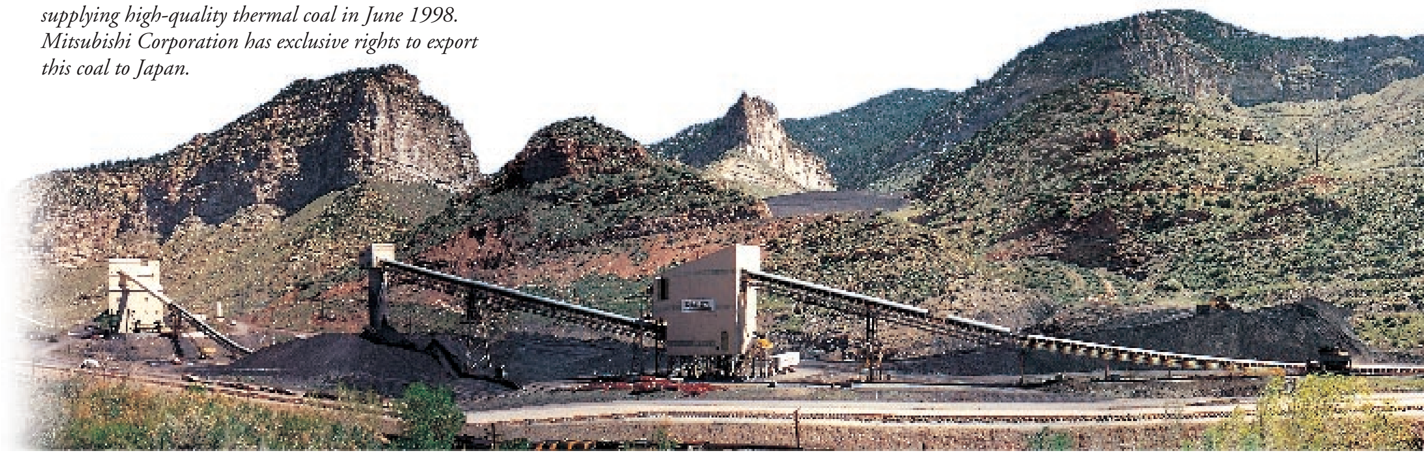


Gross Trading Profit
Trading Profit Ratio

TOTAL TRADING TRANSACTIONS

(¥ billions)	1998	1997	1996
Export	¥ 246.2	¥ 223.4	¥ 217.9
Import	584.1	505.5	476.6
Offshore	1,612.5	1,921.4	2,302.9
Domestic	1,495.3	1,556.2	1,632.1
Total	¥3,938.1	¥4,206.5	¥4,629.5

With annual sales of 1.15 million tons, Isuzu K.K. is Japan's largest coil center and the nucleus of Mitsubishi Corporation's domestic thin steel sheet operations.



In Utah, the Willow Creek coal mine started supplying high-quality thermal coal in June 1998. Mitsubishi Corporation has exclusive rights to export this coal to Japan.

PRINCIPAL SUBSIDIARIES, AFFILIATES AND BUSINESS INVESTMENTS

COMPANY NAME	MAIN BUSINESS
Heisei Minerals Corporation (U.S.A.)	Mining, smelting and sales of copper
Iron Ore Company of Canada (Canada)	Iron ore mining
Kobe Copper Products Inc. (U.S.A.)	Manufacturing and sales of copper tubes
M.C. Aluminum America Inc. (U.S.A.)*	Manufacturing and sales of secondary aluminum alloy ingots
MC Steel Trade Center Pte., Ltd. (Singapore)*	Sales of steel materials
Mitsubishi Development Pty., Ltd. (Australia)*	Investment company for coal mining projects
Mitsubishi International Steel Inc. (U.S.A.)*	Sales of steel sheets
MSAT (Thailand)*	Processing and sales of steel sheets
Ryowa Development Pty., Ltd. (Australia)*	Aluminum smelting
Tianjin D.C.M. Distribution Co., Ltd. (China)*	Processing and sales of steel sheets
Ultra Clean Technology Systems & Service Inc. (U.S.A.)*	Manufacturing and sales of gas panels for semiconductor industries
JECO (Japan)*	Investment company for Minera Escondida Ltda
Isuzu K.K. (Japan)*	Processing and sales of steel sheets
Keiyo Blanking Kogyo K.K. (Japan)	Processing and sales of steel plates
M.C. Recycling Co., Ltd. (Japan)*	Sales of non-ferrous metal scrap
Mitsubishi Corporation Futures Limited (Japan)*	Commodity futures
Mitsubishi Shoji Light Metal Sales Corporation (Japan)*	Sales of aluminum and aluminum alloy
Sus Tech Corporation (Japan)*	Processing and sales of stainless steel sheets
Ueno Steel K.K. (Japan)	Sales of steel products for construction use

* *Subsidiary*

MACHINERY

Naohisa Tonomura
Managing Director, Machinery

RESULTS

Although export transactions to Asia dropped sharply in the wake of the Asian currency crisis, exports to robust economies in the Americas posted gains, particularly plant facilities to Central and South America. Domestic transactions were sluggish across the board due to a protracted economic weakness. Overall, these factors resulted in a small decrease in trading transactions and a lower gross trading profit.

OUTLOOK

The Machinery Group expects that plant exports will be largely unchanged despite the negative impact of the Asian economic slump. Transactions involving clients in Central and South America and other areas are expected to pick up the slack. Domestic business is also likely to be robust, centering on industrial machinery and housing. Automobile operations, sideswiped by economic chaos in Asia, are projected to decline. As a result, the group expects that a decline in earnings will be unavoidable.

REALIZING KEY DIRECTIONS, 1997/1998

In the power & electrical systems division, the company won a contract from the Entergy Power Group of the U.S. for construction of a 1,200MW gas-fired combined-cycle power plant near Hull, in the U.K. Mitsubishi Corporation has teamed up with Mitsubishi Heavy Industries and U.S.-based Raytheon Engineers and Constructors. Scheduled for completion in January 2000, the plant will principally supply power and steam to the Saltend chemical complex of BP Chemicals. Mitsubishi Corporation is also participating in loan facilities financing the construction and operation of the project.

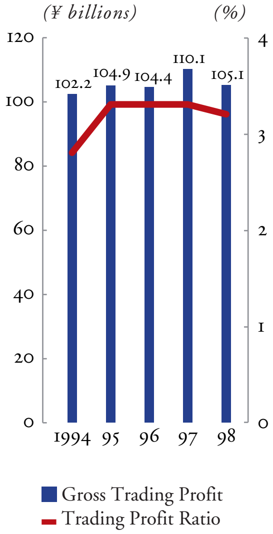
In October 1997, the ship & plant division participated in the privatization of Metropolitan Water Works and Sewerage Systems (MWSS), Manila, Philippines. A new company, Manila Water Company Inc. (MWC), in association with Ayala Corporation of the Philippines, and other expatriate partners, is now managing the water supply and sewerage systems for the eastern part of Manila. This is the largest water service privatization project in the world, and Mitsubishi Corporation is the first Japanese company to get into water service privatization based on a concession scheme.

Regarding the company's automotive divisions, Asian business was impacted by the currency crisis that started in summer 1997, but results in Europe and Australia were good. In a drive to diversify operations, new business is being aggressively sought in the fields of sales financing, auto parts and other areas.

As the first step in a global collaboration with Myanmar's Ministry of Agriculture and Irrigation, the industrial machinery division successfully implemented a package contract with the Ministry for the supply of construction equipment and materials. The contract also includes technical assistance and a Mitsubishi Corporation financing scheme for construction of the Mone Multi-Purpose Dam, the largest in Myanmar. To be conducted with the assistance of Kajima Corporation and Sanyu Consultants Inc., the dam project will facilitate the transfer of advanced civil engineering techniques and other technology to Myanmar.

With a U.S.-based developer, the development construction division is building the DFW Trading Center, a state-of-the-art logistics complex near the Dallas-Fort Worth International Airport in Texas. Of the 10 warehouses scheduled for construction, 6 have already been completed and were immediately occupied. A similar project is under way in Chicago. These projects are part of Mitsubishi Corporation's mission of contributing to economic prosperity by developing quality real estate and maximizing its value.

GROSS TRADING PROFIT



TOTAL TRADING TRANSACTIONS

(¥ billions)	1998	1997	1996
Export	¥1,778.5	¥1,807.7	¥1,569.3
Import	34.0	43.5	46.6
Offshore	519.6	290.7	300.6
Domestic	942.7	1,164.2	1,284.0
Total	¥3,274.8	¥3,306.1	¥3,200.5

The state-of-the-art DFW Trading Center, situated on a 180-acre site in a key commercial and industrial area in Texas, accommodates various demands from tenants. The complex offers a controlled business environment featuring an attractive architectural style.

In March 1997, Mitsubishi Corporation completed construction of an 800MW combined-cycle power plant on Java Island, Indonesia. The plant is designed to be environmentally compatible and highly efficient.

The TMW machine, used for construction of diaphragm walls, was employed for the first time in Myanmar at the Mone Multi-Purpose Dam Project. Work on the main water barrier was completed at the end of May 1998, with technical cooperation from Mitsubishi Corporation.

Manila Water Company, in which Mitsubishi Corporation is an equity partner, operates the Balara Water Treatment Plant. With a total capacity of 1,570Mld, the plant supplies treated water to its service area, the eastern part of metropolitan Manila.

PRINCIPAL SUBSIDIARIES, AFFILIATES AND BUSINESS INVESTMENTS

COMPANY NAME	MAIN BUSINESS
Chemtex International Inc. (U.S.A.)*	Plant engineering
MC Engineers and Constructors Ltd (U.K.)*	Engineering, procurement and construction management
MC Machinery Systems, Inc. (U.S.A.)*	Distribution of industrial machinery
Mitsubishi Motors Australia Ltd. (Australia)	Manufacturing and distribution of automobiles
MMC Auto Deutschland GmbH (Germany)	Distribution of automobiles
The Colt Car Company Ltd. (U.K.)	Distribution of automobiles
Tri Petch Isuzu Sales Co., Ltd. (Thailand)	Manufacturing and distribution of automobiles
Diamond City Ltd. (Japan)	Construction and management of shopping complexes
Fuji Coca-Cola Bottling Co., Ltd. (Japan)	Bottling and distribution
MC Environmental Engineering Corp. (Japan)*	Domestic environmental projects
MC Machinery, Inc. (Japan)*	Import and export of machinery components
MC Shipping Ltd. (Japan)*	Fleet operation
MC Urban Development Co., Ltd. (Japan)*	Urban development, leasing and sales of real estate
Mitsubishi Auto Credit-Lease Corp. (Japan)	Car rental and leasing and arrangement of loans
Mitsubishi-Shoji Machine Tool Sales Corporation (Japan)*	Distribution of machine tools
MSK Tokyu Machinery Co., Ltd. (Japan)*	Distribution of agricultural machinery
Nikken Corporation (Japan)	Rental of construction machinery and other equipment
Ryoshin Leasing Corporation (Japan)	General leasing services
SAN-R Co., Ltd. (Japan)*	Industrial waste treatment
The Nippon Corrosion Engineering Co., Ltd. (Japan)	Corrosion engineering
Toyo Thermo Control Co., Ltd. (Japan)*	Sales and servicing of Thermo King refrigeration units

* *Subsidiary*

CHEMICALS

Yasuo Sone
Managing Director, Chemicals

RESULTS

Offshore transactions rose for petrochemical products of subsidiaries, notably METOR. In terms of earnings, however, results were lower than the previous year, particularly at U.S.-based Aristech Chemical Corp., due to higher prices for raw materials.

OUTLOOK

In commodity chemicals, the global market is weakening as a result of new capacity in Asia and the U.S. last year. Over the short term, demand is expected to be sluggish. However, over the medium to long term, growth is anticipated as the global economy expands. In specialty chemicals, pharmaceutical and agrochemical intermediates should join food and feed additives to post improved results. Export-oriented products are likely to return to profitability due to a weaker yen. The group expects to develop high-value-added businesses, such as acrylic products, silicon and carbon fiber, to serve as core revenue earners alongside commodities. Results for principal subsidiaries, which include Aristech Chemical, METOR, and MITENI, are expected to be stable, underpinned by robust U.S. and European economies. Overall, the group is forecasting fiscal 1999 results above last year's level.

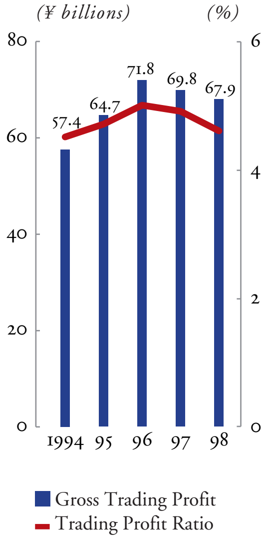
REALIZING KEY DIRECTIONS, 1997/1998

Mitsubishi Corporation and Japan Energy Corporation have jointly formed a company to invest in Aromatics Malaysia Sdn. Bhd. (AMSB), which is also owned by the Malaysian state oil and gas company Petronas. AMSB is constructing a facility that is slated to start producing paraxylene early in 2000. Annual output capacity will be 460,000 tons. This substance is a feedstock in the manufacture of polyester, which in turn is used in textiles and PET resins, among other applications. With demand projected to grow at an annual rate of 10 percent, paraxylene is an extremely promising product.

Vinyl-related businesses, including salt, soda, vinyl chloride feedstock and polyvinyl chloride (PVC), rank along with polyester as the group's strategic mainstays in the basic chemicals sector. Building on its strength in this field, Mitsubishi Corporation together with Asahi Glass Company, Ltd. and Engro Chemical Pakistan Limited, a publicly owned company based in Pakistan, have embarked on construction of that country's first world-class PVC plant. Following its expected completion of commissioning in the first quarter of 2000, the plant will have a capacity of 100,000 tons per annum. The plant will be able to cash in on the solid demand for PVC in Pakistan, which has been steadily increasing in recent years. The group is studying investment in its upstream processing operations with an eye on the medium to long term.

Bismaleimide Triazine (BT) resin, which was developed by Mitsubishi Gas Chemical Co., Inc., is used by a large number of companies to make semiconductor substrates. Having quickly recognized the commercial promise of this resin's properties, Mitsubishi Corporation has been marketing BT for more than ten years. Drawing on the breadth of its trading company capabilities, the group is using Mitsubishi Corporation's network to build markets for new BT-based products.

GROSS TRADING PROFIT



TOTAL TRADING TRANSACTIONS

(¥ billions)	1998	1997	1996
Export	¥ 238.1	¥ 220.9	¥ 241.0
Import	134.1	121.4	112.9
Offshore	457.6	420.8	417.8
Domestic	637.8	654.3	677.5
Total	¥1,467.6	¥1,417.4	¥1,449.2

On October 10, 1997, Mitsubishi Corporation inked an agreement with two companies to construct and operate Pakistan's first world-class PVC plant. Work is proceeding smoothly toward scheduled completion in the first quarter of 2000.

The agreement that Aromatics Malaysia, a joint venture indirectly set up by Mitsubishi Corporation, signed with a Toyo Engineering consortium will give Malaysia a world-class aromatics complex, boasting highly sophisticated technology.

Mitsubishi Corporation is providing "amenity spaces" for consumers with newly developed products such as this acrylic bathtub.

PRINCIPAL SUBSIDIARIES, AFFILIATES AND BUSINESS INVESTMENTS

COMPANY NAME	MAIN BUSINESS
Aristech Chemical Corp. (U.S.A.)*	Manufacturing of intermediate petrochemicals
Aromatics Malaysia Sdn. Bhd. (Malaysia)	Production and marketing of paraxylene and benzene
Engro Asahi Polymer & Chemicals (PVT) Ltd. (Pakistan)	Production and marketing of PVC resin
Dupont Suzhou Polyester Co., Ltd. (China)	Manufacturing of polyester fiber
Exportadora de Sal, S.A. de C.V. (Mexico)	Manufacturing of solar salt
Metanol de Oriente, METOR, S.A. (Venezuela)	Manufacturing of methanol
MITENI S.p.A. (Italy)*	Manufacturing of fluorochemicals
Philippine Resins Industries, Inc. (Philippines)	Production and marketing of PVC resin
P.T. Dharma Karya Perdana (Indonesia)*	Tank operation
P.T. Sorini Towa Berlian Corporation (Indonesia)	Manufacturing of sorbitol
Thai Chemical Corporation Ltd. (Thailand)	Manufacturing of plasticizers, adhesives and formalin
Tosoh Hellas A.I.C. (Greece)	Manufacturing of raw materials for batteries
Chuo Kasei Co., Ltd. (Japan)*	Manufacturing and marketing of chemical products
Kyowa Seed Co., Ltd. (Japan)	Manufacturing and marketing of agricultural materials
MC Chemical Corp. (Japan)*	Marketing of solvents and other chemical products
Mitsubishi Shoji Agri-Service Corp. (Japan)*	Marketing of fertilizers and soil conditioners
Mitsubishi Shoji Plastics Corp. (Japan)*	Marketing of plastics
Sansho Co., Ltd. (Japan)	Marketing of molasses and ethanol
SPDC LTD. (Japan)	Investment company for SHARQ
Towa Chemical Industry Co., Ltd. (Japan)	Manufacturing and marketing of sugar alcohol

* *Subsidiary*

Living Essentials

Kanji Yamaguchi
Managing Director,
Living Essentials

Results

Both total turnover and trading profit in the food business increased again. Grain and coffee made the largest contributions. Another highlight was consumer food products, backed by an integrated distribution system through subsidiaries. The weak yen was beneficial to exports of textile raw materials but negatively affected apparel imports. In the general material and commodity business sector, which includes products like pulp, paper, tires and cement, performance was marginal due to adverse market conditions. The packaging business was the sole exception, having grown steadily in the franchised CVS market. The lumber and building material business was weak due to a sharp drop in housing demand in Japan.

Outlook

Having completed two years of operations, the Living Essentials Group is now poised to reap the full benefits of the amalgamation that formed the group in April 1996. The group is flatter, more responsive and more efficient both at the headquarters level and throughout its domestic and overseas bases. Although the economies of Japan and other countries in Asia may be feeling the pinch at the moment, in actuality their situations represent new commercial opportunities. In respect of its new synergies, the group is concentrating not only on existing business domains but also on ongoing advances into new fields and areas of endeavor.

Realizing Key Directions, 1997/1998

Mitsubishi Corporation has teamed up with The Daiei, Inc., a major Japanese retailer, to give Dalian, China, its first large supermarket. Leveraging expertise gained from Dalian Jialing Logistics Co., Ltd., established previously as a joint venture with the Dalian municipal government, the group is aiming to modernize distribution practices.

The group has developed a high-class living complex in the Dalian-Tianjin area. Intended for foreign workers posted to China and their families, the complex's latest segment was completed last December. Called Dalian Fujiazhuang International Villa, the units are being quickly snapped up, with some 75 percent already rented.

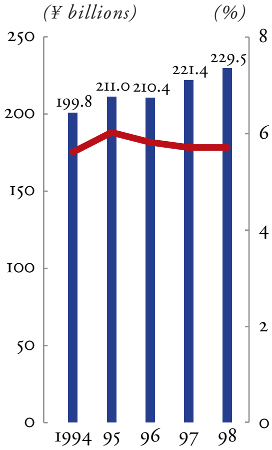
The Americanization of food culture in Russia is bringing about a sharp increase in coffee consumption. The Living Essentials Group has seized the opportunity, and opened the first Doutor coffee shop in Moscow. The group is planning to develop a franchised chain of coffee shops and build a coffee bean roasting and drying plant as a second step.

To cover regions and projects not under normal organizational jurisdictions, a Floating Officer (FO) system has been devised. Akin to task forces, the FOs are gradually building up business bases in emerging markets in Southeast Asia, the Commonwealth of Independent States (CIS), Central and South America, and elsewhere.

The group has been developing its reforestation business for a decade in Chile and Australia. With paper demand expanding and recycling gaining acceptance as a way to conserve resources, the group is positioned to cash in on these trends. Currently, the group is planning to develop two more locations for reforestation.

China and other Asian nations represent giant textile markets in the 21st century. The group boasts a number of overseas spinning plants in Australia and Southeast Asia, all joint ventures with Japanese textile makers. These plants are perfectly placed to advance into the emerging markets in their geographical areas. Not limited to textile raw materials, these plants are rapidly expanding to cover finished garments as well.

Gross Trading Profit
(¥ billions) (%)

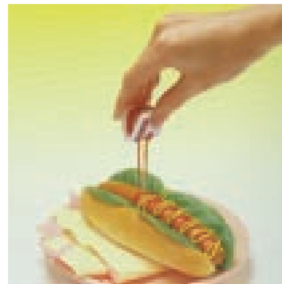


Gross Trading Profit
Trading Profit Ratio

TOTAL TRADING TRANSACTIONS

(¥ billions)	1998	1997	1996
Export	¥ 152.2	¥ 146.5	¥ 155.1
Import	861.9	846.6	727.1
Offshore	748.9	647.0	602.4
Domestic	2,236.0	2,232.1	2,129.2
Total	¥3,999.0	¥3,872.2	¥3,613.8

'PAULE KA' is a prominent French couturiére for fashion-savvy women in Paris. Since being introduced to Japanese consumers in 1995 by Moditalia Co., Ltd., a Mitsubishi Corporation subsidiary, this stylish brand has become tremendously popular, especially among young ladies.



Dispen Pak Japan Co., Inc., a joint venture between QP Corporation and Mitsubishi Corporation, was established to produce these innovative packs in 1986. Today, the popularity of "Dispen Paks" is increasing in Japan.

Mitsubishi Corporation and House Foods Corp., Japan's largest seller of curry and other spice-based food products, jointly opened the Shanghai Curry House Restaurant in Shanghai, China, in November 1997. The first Japanese-style curry house in that country, the restaurant has already been highly critiqued by both foreign and Chinese customers alike for its taste, prime business-district location and outstanding service.

Tokyo-based Doutor Coffee Co., Ltd., opened its first outlet in Moscow in August 1997. The shop is operated by MD Corporation, which is 60 percent owned by Mitsubishi Corporation. Plans call for expansion to other regions of Russia. A publicly held company, Doutor Coffee has more than 800 coffee shops in Japan.

PRINCIPAL SUBSIDIARIES, AFFILIATES AND BUSINESS INVESTMENTS

COMPANY NAME	MAIN BUSINESS
AGREX, Inc. (U.S.A.)*	Grain shipper
Asia Modified Starch Co., Ltd. (Thailand)	Manufacturing of tapioca starch
Big John (China) Manufacturing Co., Ltd. (Hong Kong)	Manufacturing of jeans
Cape Flattery Silica Mines Pty., Ltd. (Australia)*	Mining of silica sand
DALIAN JIALING LOGISTICS CO., LTD (China)*	Wholesale of processed food products and general merchandise
Mitsubishi Cement Corporation (U.S.A.)	Manufacturing and marketing of cement and concrete
Princes Ltd. (U.K.)*	Wholesale of food products
Tianjing Jiuhe International Villa Co., Ltd. (China)	House-leasing business for foreign residents in China
Tredia Fashion Co., Ltd. (Hong Kong)*	Manufacturing and distribution of clothing
Chukyo Coca-Cola Bottling Co., Ltd. (Japan)	Manufacturing, bottling and distribution of soft drinks and processed foods
DAI-NIPPON MEIJI SUGAR CO., LTD. (Japan)	Wholesale of sugar products
Mitsubishi Shoji Packaging Corporation (Japan)*	Marketing of packaging materials
Kentucky Fried Chicken Japan Ltd. (Japan)	Fast-food restaurant chain
KAWAGOE & CO., LTD. (Japan)*	Wholesale of yarn for knitwear
Life Gear Corporation (Japan)*	Marketing of footwear
MC Textile Co., Ltd. (Japan)*	Wholesale of textiles
Mitsubishi Shoji Construction Materials Ltd. (Japan)*	Marketing of construction materials
Nitto Flour Milling Co., Ltd. (Japan)	Flour miller
Ryoshoku Ltd. (Japan)*	Wholesale of food products
Toyo Reizo Co., Ltd. (Japan)*	Marketing of marine products

* *Subsidiary*

Administration [A]•[B]

Yorihiko Kojima
Managing Director,
Administration [A]

Key Directions

1. Promote spin-offs and outsourcing to make administrative activities more sophisticated and specialized
2. Focus on locating and fostering new business activities
3. Create independent organizations and develop them as profit centers

Realizing Key Directions

Mitsubishi Corporation aims to create a highly productive organization that enables the company to maintain a slim head office for all operations. For administrative functions, the goal is to offer sophisticated and specialized services to operating divisions. An ongoing review is determining which functions should remain

A Total Approach to Corporate Growth

Mitsubishi Corporation inaugurated a system several years ago called *zensha-kaihatsu*, or "corporate-initiated new business development." This system covers three growth strategies. Administration [A] coordinates the entire process and cooperates with business groups for the screening and selection of potential projects, extending sophisticated and specialized support. The objective is to ensure that valuable opportunities are pursued with the appropriate mix of expertise and resources. To foster an entrepreneurial spirit internally, ideas rooted in venture-type businesses are also eligible for company-wide support. Specific examples are distribution-related consulting, structural innovation of manufacturing supply chains, and at-home medical care projects.

Logistics and Retail Business

The logistics group is responsible for transportation and distribution of goods handled by Mitsubishi Corporation. These services are now also being extended to external customers by capitalizing on expertise gained from internal operations.

Distribution bases have been established in Southeast Asia to serve rapidly developing economies and meet the needs of local customers. Following on those in Malaysia, warehousing operations have commenced in Singapore and Shanghai, and a liquid tank yard business is now operating in China's Zhangjiangang. The Southeast Asian "RETRAIL" business was a particularly active user of the distribution group's functions in serving the Dalian Daiei Supermarket in China.

Development of more logistics bases is a continuing priority of Administration [A]. In this drive, the group is planning a warehouse in the Philippines and retailing ventures in China and Southeast Asia.

Principal Subsidiaries, Affiliates and Business Investments

COMPANY NAME	MAIN BUSINESS
Dalian Daiei Supermarket Co., Ltd. (China)	Supermarket chain operation
MC Logistics & Trading Pte Ltd. (Singapore)*	Transportation service business
Shanghai Linghua Logistics Co., Ltd. (China)	Domestic transportation introduction service for customers using warehouses or engaged in warehousing
Trans Pacific Chemical Corporation (Taiwan)*	Tank terminal operation and chemical trading
Human Link Corporation (Japan)*	Personnel operation services and consulting
MC Insurance Center, Ltd. (Japan)*	Marine, non-marine and life insurance agent
MC Terminal Co., Ltd. (Japan)*	Storage and receipt/payment of LPG, oil and chemicals
Nihon Care Supply Company (Japan)*	Marketing, rental and leasing of equipment for nursing, healthcare, and medical treatment, and nursing items
Industrial Innovation Partners Inc. (Japan)*	Introducing total optimal schemes for structural innovation of corporate groups' manufacturing supply chains
Ryoko Corporation (Japan)*	Warehousing and leasing
Ryowa Service Co., Ltd. (Japan)*	Facility management services

* *Subsidiary*

The Dalian Daiei Supermarket, which opened in December 1997, represents Mitsubishi Corporation's first foray into retailing in China—and a perfect stepping stone for future projects.

at the head office, and which are best suited for outsourcing or delegation to a spin-off company. This process facilitates the structuring of a flat and slim head office organization while shifting selected functions to separate companies.

One more theme is the identification and incubation of businesses in new fields. Such activities are often difficult to evaluate and require considerable time to foster. Furthermore, these emerging businesses often are not originally compatible with Mitsubishi Corporation's vertically aligned organization. Thus, administrative functions are taking a proactive role in the development of such business activities.

Kazuyoshi Yamamoto
Senior Managing Director, Administration [B]

Merchant Banking Update

Mitsubishi Corporation took steps to further fortify its global private equity investment network through the Merchant Banking Department, which was established in 1995. Last December, this department founded a wholly owned venture-capital subsidiary called Millennia Venture Partners Co., Ltd. with ¥2.5 billion of committed funds. Millennia will spearhead efforts to capture investment opportunities in domestic enterprises that are at varying stages of growth. In April 1998, the Merchant Banking Department was transformed into a full-scale profit center. The goal is to develop into one of the pillars of earnings for Mitsubishi Corporation in the 21st century.

Developing New Core Application Systems

Mitsubishi Corporation is in the process of renewing all the existing core application systems to cope with rapidly changing technologies, standards and business circumstances. A sophisticated new trading system was the first major development. Operational from April 13, 1998, the new system employs enterprise resource planning (ERP) software developed by SAP AG, a German company, and will enable the creation of a paperless office environment. Mitsubishi Corporation is currently developing a new accounting system using the same platform. Managed by the SAP Project Office, the project is targeted for completion in April 2000.

Taking Advantage of Deregulation

Mitsubishi Corporation is taking steps to position itself to capitalize on opportunities presented by the Japanese Big Bang. On April 1, 1998, many elements of Japan's Foreign Exchange Control Act were eased or eliminated. A forerunner to the Big Bang, the revised act allows corporations to manage their global cash assets more freely. Mitsubishi Corporation has already taken steps to make money management more efficient and less costly by opening U.S. dollar bank accounts in Singapore, London and New York. These accounts are connected by an online network and controlled directly by the company's Tokyo headquarters. The entire system, called "Cross-border Pooling Scheme," facilitates round-the-clock, centralized cash management; funds can be shifted freely across borders, increasing the efficiency of corporate financing for foreign trade transactions.

Mitsubishi Corporation has participated in a leveraged buy-out fund in the U.S., Ripplewood Equity Fund, since 1995. Our top management exchanges views with the partner.

PRINCIPAL SUBSIDIARIES, AFFILIATES AND BUSINESS INVESTMENTS

COMPANY NAME	MAIN BUSINESS
MC CAPITAL ASIA PTE LTD. (Singapore)*	Financial services
MC Capital Inc. (U.S.A.)*	Investments and related activities
MCF FINANCIAL SERVICES LIMITED (U.K.)*	Corporate advisory and consulting services
MC Finance International B.V. (The Netherlands)*	Financial services
MC Financial Services Ltd. (U.S.A.)*	Corporate advisory and consulting services
Mitsubishi Corporation Finance PLC (U.K.)*	Financial services
MC Accounting Corporation (Japan)*	Accounting services
MC Finance Co., Ltd. (Japan)*	Financial services
MC Management Services Co., Ltd. (Japan)*	Credit control, accounting services, and management consulting
Millennia Venture Partners Co., Ltd. (Japan)*	Investments and related activities

* *Subsidiary*

Two Mitsubishi Corporation citizenship and environmental affairs organizations were consolidated in 1998 to form the Environmental & Social Responsibility Department. The new department carries on the functions of the Philanthropy Department, which dates back to 1973, and the Environmental Affairs Department, which was formed in 1990. The new department provides a platform for acting with even more effectiveness and flexibility.

ENVIRONMENTAL RESPONSIBILITY

Environmental responsibility is an integral part of Mitsubishi Corporation's corporate philosophy. Extending "Environmental Guidelines for Business Activities" drafted in 1992, the company formulated an Environmental Charter in July 1996. This charter antedates the ISO's September 1996 formal standardization of ISO14001, international standards for environmental management systems (EMS). At the company's headquarters, an ISO Task Force is now working intensively to establish EMS for ISO14001 certification. Mitsubishi Corporation believes that these EMS will ensure continual improvements in the environmental performance of trading activities and investments, while helping the company act as a sound global enterprise.

In June 1998, international environmental month, Mitsubishi Corporation displayed posters explaining its ISO14001 activities in every department at the head office. The poster encourages all employees to participate in the EMS. Their participation holds the key to the successful introduction of ISO14001 standards.

SOCIAL RESPONSIBILITY

It comes naturally that Mitsubishi Corporation strives to serve the welfare of world communities as well as local ones. Mitsubishi Corporation has been devising and organizing activities like the "Friendship Camp for Mothers and Children" to support single-parent families, the "Spring Nature Camp" for orphans, and computer training for physically challenged members of society. The company also provides direct support in the communities where it has offices, and for individuals wanting to give something back to their community, we established a volunteer program. Furthermore, Mitsubishi Corporation actively promotes long-term friendship between Japan and other nations. As part of this drive, the company has approved a total of 77 community-related projects in 40 countries since 1991. These projects support a variety of local needs, covering areas such as education, welfare, the environment, medical care, and cultural exchange.

Single parents and their children enjoying activities at a Mitsubishi Corporation-sponsored Friendship Camp for Mothers and Children.

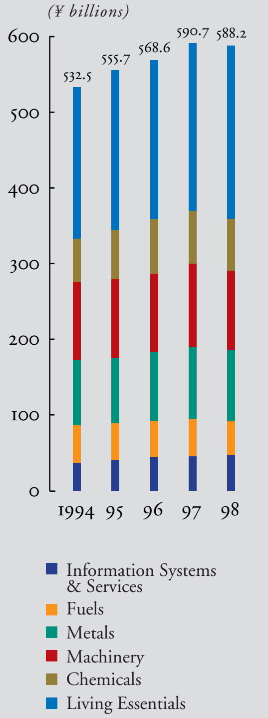
Financial Section

Throughout this discussion and analysis, the term "the companies" is used to refer to Mitsubishi Corporation and, except for certain minor subsidiaries, all of its majority-owned domestic and foreign subsidiaries. The "parent company" refers to Mitsubishi Corporation.

Performance by Business Group

	Billions of Yen		
Years ended March 31	**1998**	1997	1996
Total Trading Transactions:			
Information Systems & Services	**¥ 635.1**	¥ 548.5	¥ 567.6
Fuels	**2,511.1**	2,441.4	2,031.1
Metals	**3,938.1**	4,206.5	4,629.5
Machinery	**3,274.8**	3,306.1	3,200.5
Chemicals	**1,467.6**	1,417.4	1,449.2
Living Essentials	**3,999.0**	3,872.2	3,613.8
	¥15,825.7	¥15,792.1	¥15,491.7
Gross Trading Profit:			
Information Systems & Services	**¥ 47.3**	¥ 45.4	¥ 44.8
Fuels	**44.9**	48.7	47.7
Metals	**93.5**	95.3	89.5
Machinery	**105.1**	110.1	104.4
Chemicals	**67.9**	69.8	71.8
Living Essentials	**229.5**	221.4	210.4
	¥ 588.2	¥ 590.7	¥ 568.6

Gross Trading Profit
(¥ billions)



[Income Analysis: Fiscal 1998 vs. 1997]

1. Operating Environment

In fiscal 1998, the year ended March 31, 1998 ("the year"), the economy of the United States was generally strong, paced by a bullish stock market. In Southeast Asia, however, economies that had been growing steadily in the 1990s due to foreign investment were sent reeling by a currency crisis triggered by the sudden devaluation of the Thai baht. In Japan, domestic consumption was weak. Sluggish personal consumption was the main factor, dampened by a consumption tax rate hike and a spate of corporate bankruptcies. The currency chaos in Southeast Asia did little to help the situation. In this climate, interest rates in Japan remained at historically low levels, stock prices slumped, and the yen continued to lose ground.

For further discussion and analysis of operations concerning the currency crisis in Southeast Asia, refer to Question 1. "HOW IS THE ASIAN CRISIS AFFECTING MITSUBISHI CORPORATION'S OPERATIONS?" and the Answer to that question on pages 6 and 7 of this report.

2. Trading Transactions

In this challenging climate, Mitsubishi Corporation's consolidated trading transactions were up by 0.2 percent, or ¥33.6 billion, to ¥15,825.7 billion. The Japanese yen fell by ¥10.16, or 9.0 percent, against the U.S. dollar during the year. This is estimated to have increased trading transactions by approximately ¥740.0 billion.

BY TYPE

Exports: Export transactions increased 2.8 percent, or ¥71.9 billion, to ¥2,616.9 billion, representing 16.5 percent of total transactions. This growth was mainly attributable to higher volumes of aircraft exports and semiconductor-related trade in information systems & services as well as gains in metals and chemicals.

Imports: Import transactions rose 4.4 percent, or ¥142.4 billion, to ¥3,369.4 billion to account for 21.3 percent of total transactions. Higher volume was mainly due to growth in metals transactions for coal and aluminum at subsidiaries, and electronic equipment-related trade in information systems & services.

Offshore: Offshore transactions increased 3.3 percent, or ¥119.8 billion, to ¥3,801.6 billion, representing 24.0 percent of total transactions. This was mostly the result of robust demand for plant facilities in the machinery sector as well as increased transaction volumes for feedstuffs, food ingredients, and food-products trade at subsidiaries.

Domestic: Domestic transactions were down 4.7 percent, or ¥300.5 billion, to ¥6,037.6 billion, accounting for 38.2 percent of total transactions. Sharply lower plant facilities and project development and construction transactions in machinery due to sluggish domestic demand, together with weak demand for metals such as steel materials, were all factors.

BY BUSINESS GROUP

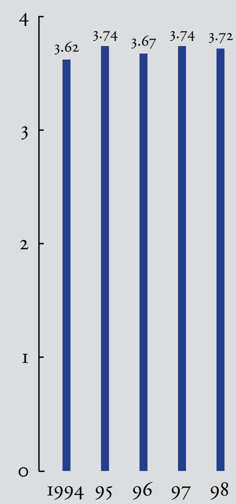
Four business groups recorded increases in trading transactions: living essentials, as offshore transactions for such products as feedstuffs, food ingredients and food-products trade at subsidiaries were brisk; information systems & services, fueled by increased exports of aircraft and semiconductors as well as imports of electronic equipment; fuels, paced by petroleum products of the parent company including naphtha and robust offshore transactions of subsidiaries; and chemicals, as offshore transactions rose for petrochemical products at subsidiaries. Trading transactions decreased at two business groups: metals, due to drops in offshore non-ferrous metals transactions at subsidiaries and domestic transactions for steel materials at the parent company; and machinery, where despite robust transactions for plant facilities offshore, results were dragged down by lower transactions for plant facilities domestically and for project development and construction domestically.

3. Gross Trading Profit

Consolidated gross trading profit fell marginally by 0.4 percent, or ¥2.4 billion, to ¥588.2 billion. At the parent company, gross trading profit was down by ¥11.3 billion. However, continuing strong growth in gross trading profit at domestic and overseas subsidiaries, notably Ryoshoku in Japan and Princes Ltd. in the United Kingdom, partially took up the slack. Gross trading profit by business group is as follows:

With the exception of the information systems & services and living essentials groups, all business groups recorded decreases: living essentials was paced by growth at Ryoshoku, Princes Ltd. and other domestic and overseas subsidiaries; and in information systems & services strong results at domestic subsidiaries overcame a decline at the parent company. In the machinery group, automobile-related transactions and transactions for industrial machinery at the parent company were down. In fuels, results slipped as both gas transactions and petroleum products transactions at the parent company could not maintain last year's pace. Profitability deteriorated at U.S.-based Aristech Chemical due to higher prices for raw materials, impacting results in the chemicals group. Gross trading profit was down in the metals group as steel materials transactions at the parent company declined.

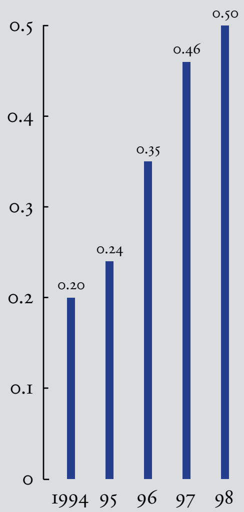
Gross Trading
Profit Ratio
(%)



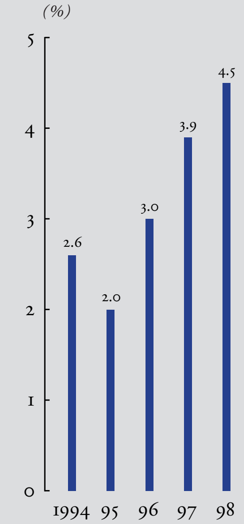
4. Expenses and Net Income

Selling, general and administrative expenses increased by 2.8 percent, or ¥14.1 billion, to ¥515.1 billion. A slight improvement at the parent company was negated by increased costs

Return on Average Total Assets
(%)



Return on Average Shareholders' Equity
(%)



at domestic and overseas subsidiaries. The **provision for doubtful receivables** rose by 3.8 percent, or ¥0.8 billion, to ¥22.1 billion. Lower provisions were made at the parent company as a result of efforts to improve asset quality at the parent company in the previous fiscal year. However, increased write-offs were made at domestic and overseas subsidiaries. **Net interest expenses** decreased by 23.1 percent, or ¥4.3 billion, to ¥14.4 billion. Efforts to utilize lower-cost sources of funds contributed to lower costs at the parent company and overseas subsidiaries. **Dividends received** increased by 3.4 percent, or ¥0.9 billion, to ¥28.2 billion, chiefly because of growth in dividends from companies overseas. Net financial income, which is the combination of net interest expenses and dividends received, was ¥13.8 billion, the second consecutive fiscal year that net financial income has been positive.

Gain (loss) on marketable securities and investments–net was a loss of ¥3.0 billion compared with a gain of ¥69.2 billion in the previous fiscal year. The poorer result reflects the inclusion in the prior fiscal year of a large gain due to the merger that formed the Bank of Tokyo-Mitsubishi. The companies recorded a **gain on property and equipment–net** of ¥6.2 billion, compared with a loss of ¥29.2 billion in the previous fiscal year, chiefly because of the absence of real estate revaluation write-downs based on Statement of Financial Accounting Standards (SFAS) No. 121 that were recorded in fiscal 1997. **Sundry–net** was a loss of ¥4.8 billion, a ¥15.9 billion improvement on the previous fiscal year. **Income taxes** were lower at ¥33.3 billion compared with ¥67.1 billion in fiscal 1997 due to lower taxable income and a reduction in the Japanese corporate tax rate.

As a result, the parent company and its 415 consolidated subsidiaries reported **income from consolidated operations before equity in earnings of affiliated companies** of ¥30.0 billion, an increase of 3.0 percent, or ¥0.9 billion. **Equity in earnings of affiliated companies–net** represents the results of 182 equity-method affiliates. In fiscal 1998, this figure rose to ¥17.7 billion, up ¥2.4 billion from a year earlier, principally because of higher earnings from automobiles and at LNG projects. This helped lift **net income** by 7.3 percent, or ¥3.3 billion, to ¥47.6 billion. **Basic earnings per share** was up 7.3 percent, or ¥2.08, to ¥30.40, while **diluted earnings per share** rose 7.6 percent, or ¥2.16, to ¥30.40.

RETURN ON EQUITY

As of March 31, 1998, net unrealized gains on securities available for sale (net of applicable income taxes) totaled ¥182.4 billion, a decrease of ¥135.5 billion due to the fall in the Nikkei Stock Average. Consequently, return on average shareholders' equity rose 60 basis points to 4.5 percent. Excluding the effect of net unrealized gains on securities, return on equity declined 10 basis points to 5.9 percent.

5. Performance at Consolidated Subsidiaries

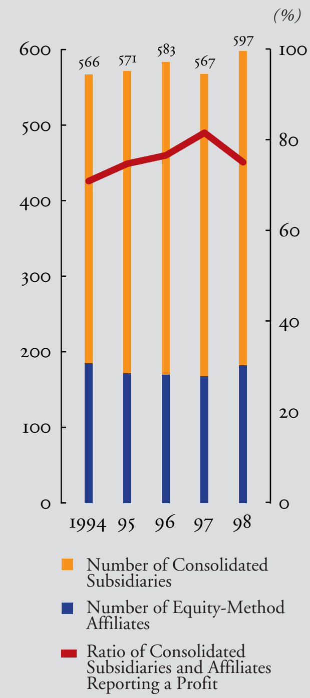
In Japan, subsidiaries making substantial contributions to earnings included JECO, which is an investment company for the development of copper mines, and Ryoshoku. Overseas, strong performances at Mitsubishi International Corporation and Mitsubishi Corporation International N.V. made a significant contribution to the growth in consolidated earnings. At other subsidiaries, Mitsubishi Corporation Finance PLC also continued to make large contributions to consolidated earnings. Earnings were down sharply at U.S.-based Aristech Chemical, which produces and sells commodity chemicals, although this company remained profitable.

Among domestic equity-method affiliates, Space Communications Corporation posted increased revenue and Chukyo Coca-Cola Bottling reported results on a par with last year. Overseas, Mitsubishi Motors Australia Ltd., a manufacturer and distributor of automobiles, returned to profitability, posting a sharp increase in earnings. Iron Ore Company of Canada had a solid year, generating earnings consistent with last year.

Subsidiaries and equity-method affiliates that reported losses included Mitsubishi Australia Ltd. and Tri Petch Isuzu Sales Co., Ltd., a Thai-based manufacturer and distributor of automobiles. In Canada, pulp operations were restructured, resulting in a dramatic reduction in the loss reported this fiscal year.

Fiscal 1998 results include the results of 597 subsidiaries and equity-method affiliates. This is a net increase of 30 companies compared with fiscal 1997 due to the addition of 55 companies and the elimination of 25 companies. Of these 597 companies, 449 reported a profit in fiscal 1998 and 148 reported a loss. Profitable firms thus accounted for 75.2 percent of all subsidiaries and affiliates, down 6.5 percentage points from the previous fiscal year.

Number of Consolidated Companies and Equity-Method Affiliates



THE YEAR 2000 ISSUE

Mitsubishi Corporation, including offices overseas, has been actively responding to the so-called Year 2000 Issue, a potential problem resulting from the use of two-digit configurations to display the calendar, used as a matter of course in all manner of information systems. For example, such systems cannot distinguish January 1, 2000 from January 1, 1900, interpreting both as "00." In 1990, as an early step to cope with the problem, Core Application Systems that cover contracting, deliveries and settlements of all business transactions underwent complete remediation work. And by March 31, 1998, Mitsubishi Corporation had completed work to identify information systems as yet unable to cope with this issue. At March 31, 1998, there were 470 such systems of varying sizes, 230 of which had been completely remediated. Mitsubishi Corporation has set March 31, 1999, as the target date for the remaining remediation work, which is to be completed by effectively utilizing in-house expertise and human resources. The external costs associated with this remedial work, which have been expensed as work has proceeded, will not have a material adverse effect on the future consolidated results of the operations of the company. Under the direction of the Chief Information Officer, a special task force was formed, and problem evaluation surveys are being conducted to determine the extent, if any, of this issue on systems other than information systems, such as communications and building facilities. Here as well, March 31, 1999 has been set as the target date for completion of remediation work, if required.

[Income Analysis: Fiscal 1997 vs. 1996]

1. Operating Environment

In fiscal 1997, the year ended March 31, 1997 ("the year"), the global economy was generally strong, although stagnation persisted in the EU nations. In Japan, the economy remained on a course of gradual recovery despite lackluster consumer spending. One source of growth was housing investments, as interest rates stayed low and demand rose in advance of the April 1997 consumption tax rate hike. Growth in Japan was also supported by a rise in exports as the yen weakened and solid capital expenditures.

2. Trading Transactions

Mitsubishi Corporation's consolidated trading transactions were up by 1.9 percent, or ¥300.4 billion, to ¥15,792.1 billion. The Japanese yen fell by ¥16.19, or 16.8 percent, versus the U.S. dollar during the year. This is estimated to have increased trading transactions by approximately ¥1,015 billion. Beginning with fiscal 1997, precious metals dealing and similar transactions have been excluded from total trading transactions. Results in the previous fiscal year have been restated to reflect this change, resulting in a reduction in trading transactions from ¥17,794.9 billion to ¥15,491.7 billion.

BY TYPE

Exports: Export transactions increased 10.5 percent to ¥2,545.1 billion, representing 16.1 percent of total transactions. This growth was mainly attributable to a higher volume of plant facilities exports in machinery and aircraft and related equipment in information systems & services.

Imports: Import transactions rose 19.5 percent to ¥3,227.1 billion, and accounted for 20.5 percent of total transactions. Higher volume was mainly due to growth in fuels transactions as rising oil prices raised transactions of LNG and crude oil, and strong performances by feedstuffs and edible oils in living essentials.

Offshore: Offshore transactions declined 8.4 percent to ¥3,681.8 billion, representing 23.3 percent of total transactions. This was mostly the result of a weakening in global markets for non-ferrous metals.

Domestic: Domestic transactions were down 2.0 percent to ¥6,338.1 billion, or 40.1 percent of total transactions. Lower plant facilities transactions in machinery, a fall in non-ferrous metals trading at a subsidiary in metals, and a decrease in communications equipment transactions in information systems & services were all factors. These declines were offset somewhat by growth in transactions in living essentials for edible oils and, at a subsidiary, food products.

BY BUSINESS GROUP

Three business groups posted increases in trading transactions: fuels, as imports of LNG and crude oil rose; living essentials, paced by growth in imports of feedstuffs and edible oils and by a solid performance at domestic subsidiary Ryoshoku; and machinery, where exports of industrial plant facilities increased. Trading transactions decreased at two business groups: metals, due to a drop in offshore and domestic transactions brought about by weaker global non-ferrous markets; and chemicals, where export and domestic transactions were down along with prices for petrochemicals. In information systems & services, trading transactions declined marginally as a fall in domestic transactions for communications equipment was greater than an increase in exports of aircraft and related equipment.

3. Gross Trading Profit

Consolidated gross trading profit increased 3.9 percent, or ¥22.1 billion, to ¥590.7 billion. At the parent company, gross trading profit was down by ¥1.9 billion. However, domestic and overseas subsidiaries, notably Ryoshoku in Japan and Princes Ltd. in the United Kingdom, achieved substantial growth in gross trading profit.

All business groups except chemicals reported increases: living essentials, where gross trading profit was down at the parent company but higher at Ryoshoku, Princes and other subsidiaries; metals, due to the strong performances of domestic and overseas subsidiaries; machinery, due to growth in profits from plant facilities transactions by the parent company and other transactions at domestic subsidiaries; fuels, as gas transactions at the parent company increased; and information systems & services, the result of higher profits at domestic and overseas subsidiaries more than offsetting a fall in profits from communications equipment at the parent company. In chemicals, lower earnings at Aristech Chemical due to weaker market conditions were a major cause for a decrease in gross trading profit.

4. Expenses and Net Income

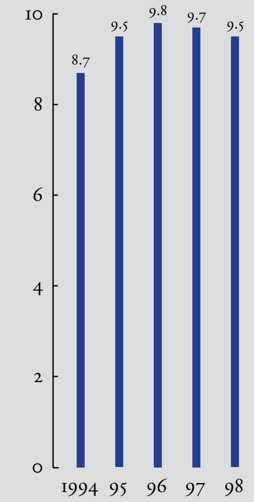
Selling, general and administrative expenses increased by 5.4 percent, or ¥25.7 billion, to ¥501.0 billion. At the parent company, expenses for early retirement programs rose, as did costs involving information processing as the company continued to make further investments in information technology infrastructure. Expenses were also higher at domestic and overseas subsidiaries. The **provision for doubtful receivables** rose by 16.3 percent, or

¥3.0 billion, to ¥21.3 billion. This mainly reflects an increase in provision at the parent company as progress continues in raising the quality of assets. **Net interest expenses** decreased by 44.2 percent, or ¥14.8 billion, to ¥18.7 billion. Low interest rates in Japan and continuous efforts to reduce costs by tapping lower-cost sources of funds all contributed to the decrease. **Dividends** climbed by 35.6 percent, or ¥7.2 billion, to ¥27.3 billion, chiefly because of growth in dividends from international investments in resource development projects. Net financial income, which is the combination of net interest expenses and dividends received, was ¥8.6 billion. This marks the first time since the companies began reporting consolidated results that this figure has not been a net expense.

Gain on marketable securities and investments–net increased by ¥49.0 billion to ¥69.2 billion. The majority of this increase comes from a gain on the exchange of stocks of the Bank of Tokyo and the Bank of Tokyo-Mitsubishi, following the April 1, 1996 merger of the former with the Mitsubishi Bank. **Loss on property and equipment–net** increased by ¥19.4 billion to ¥29.2 billion, due primarily to the inclusion of the write-down amount of certain long-lived assets following the adoption in fiscal 1997 of the Statement of Financial Accounting Standards (SFAS) No. 121. The loss from the write-down, however, was partly offset by a gain on the expropriation of land that took place at a domestic subsidiary. **Sundry–net** were expenses of ¥20.7 billion, an increase of ¥20.8 billion from the previous fiscal year, due mainly to the rise in minority interests in subsidiaries as earnings at these companies grew.

As a result, the parent company and its 399 consolidated subsidiaries reported **income from consolidated operations before equity in earnings of affiliated companies** of ¥29.1 billion, an increase of 9.4 percent, or ¥2.5 billion. **Equity in earnings of affiliated companies–net** represents the results of 168 equity-method affiliates. In fiscal 1997, this figure rose more than twofold to ¥15.3 billion because of higher earnings at LNG projects and at many other overseas affiliates. This helped lift **net income** by 32.8 percent, or ¥11.0 billion, to ¥44.4 billion. **Basic earnings per share** was up 32.8 percent, or ¥7.00, to ¥28.32, while **diluted earnings per share** rose 33.1 percent, or ¥7.02, to ¥28.24.

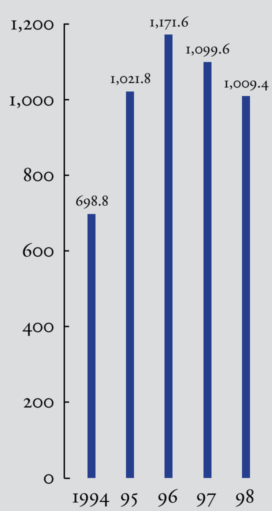
Total Assets
(¥ trillions)



RETURN ON EQUITY

As of March 31, 1997, net unrealized gains on securities available for sale (net of applicable income taxes) totaled ¥318.0 billion, a decrease of ¥158.6 billion due to the fall in the Nikkei Stock Average. Consequently, return on average shareholders' equity rose 90 basis points to 3.9 percent. Excluding the effect of net unrealized gains on securities, return on equity was 6.0 percent.

Total Shareholders' Equity
(¥ billions)



5. Performance at Consolidated Subsidiaries

In Japan, subsidiaries making substantial contributions to earnings included Ryoshoku and MC Finance Co., Ltd., both of which reported another year of substantial profits. Overseas, earnings at Mitsubishi International Corporation, Mitsubishi Corporation International N.V. and Mitsubishi Corporation (Hong Kong) Ltd. were generally solid, maintaining the level of the prior fiscal year. At other overseas subsidiaries, Mitsubishi Development Pty., Ltd. posted sharp gains in sales and earnings, and Mitsubishi Corporation Finance PLC and Aristech Chemical continued to make large contributions to consolidated earnings.

Among overseas equity-method affiliates, earnings were higher at companies involved in LNG projects as prices for LNG rose during the year. Exportadora de Sal, S.A. and many other affiliates also achieved another year of high earnings. In Japan, Kohjin Co., Ltd., returned to profitability, and Space Communications Corporation, Kentucky Fried Chicken Japan Ltd. and other affiliates turned in solid performances.

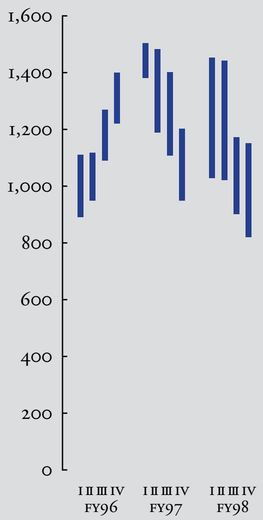
Subsidiaries that reported losses included pulp operations in Canada, which suffered from lower market prices, and Mitsubishi Motors Australia Ltd., where selling expenses for new models depressed profits.

Fiscal 1997 results include the results of 567 subsidiaries and equity-method affiliates. This is a net decrease of 16 companies compared with fiscal 1996. Of these 567 companies, 463 reported a profit in fiscal 1997 and 104 reported a loss. Profitable firms thus accounted for 81.7 percent of all subsidiaries and affiliates, compared with 76.7 percent in the previous fiscal year.

[Capital Resources and Liquidity]

High credit ratings enable the companies to raise long- and short-term funds in the most cost-effective manner from capital and money markets.

Stock Price Range
(Tokyo Stock Exchange)
(¥)



	Billions of Yen		
March 31	**1998**	1997	1996
Short-term:			
Loans, principally from banks	**¥ 735.8**	¥ 800.0	¥ 758.1
Commercial paper	**1,579.2**	1,516.1	1,337.4
	2,315.0	2,316.1	2,095.5
Long-term including current portion:			
Loans, principally from banks	**1,988.9**	1,963.2	2,062.0
Notes and bonds	**1,089.5**	978.8	970.2
Others	**295.8**	253.6	248.2
	¥3,374.2	¥3,195.6	¥3,280.4

SHORT-TERM FUNDING

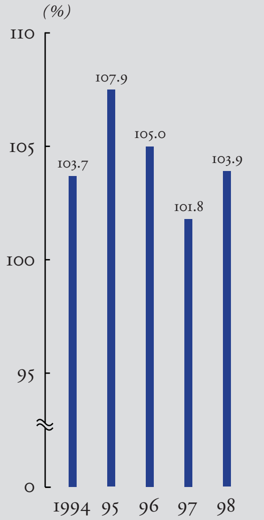
Commercial paper and bank debt account for the majority of the companies' short-term funding.

LONG-TERM FUNDING

As of March 31, 1998, long-term debt, including the current portion, amounted to ¥3,374.2 billion. This includes ¥1,089.5 billion of notes and bonds, most of which were issued in the Euromarket and Japanese market. Mitsubishi International Corporation (MIC) in the United States, in particular, has been undertaking new issues through a medium-term note (MTN) program in the Euromarket.

Following the expiration of a May 1995 shelf registration in Japan, the parent company in May 1997 established a shelf registration permitting the issuance of up to ¥500 billion of domestic bonds until May 1999. In fiscal 1998, the parent company used this facility to issue bonds of ¥40 billion. The parent company will continue to issue bonds in fiscal 1999, preserving the parent company's ability to procure funds from capital markets as necessary. The companies constantly monitor interest rate movements to minimize interest rate risk and to reduce debt expenses. The companies will continue to diversify their funding sources and reduce expenses by issuing bonds in the domestic and overseas markets.

Current Ratio
(%)



LIQUIDITY

The companies closely monitor alternative sources of liquidity. In particular, the parent company, MIC and Mitsubishi Corporation Finance PLC (MCF) constantly maintain a certain level of cash and cash equivalents, such as marketable securities, and establish fee-paid credit lines as necessary to ensure a sufficient level of liquidity. The combination of high credit standings and the above measures to manage liquidity has earned each of these companies high short-term credit ratings from major credit rating agencies, thus facilitating low-cost short-term fund procurement.

CASH FLOW ANALYSIS

Cash increased by ¥4.9 billion to ¥80.8 billion during fiscal 1998. In fiscal 1998, net cash provided by operating activities amounted to ¥106.4 billion. The primary source of this cash was income after adjustments for depreciation, amortization and other non-cash expenses, due to consistently high trading transactions with solid gross margins.

Investing activities used net cash of ¥95.0 billion. Cash was provided by a net decrease in short-term and other investments, mainly at financial subsidiaries. This was, however, used by a net increase in property and equipment and other assets by the parent company and subsidiaries, and in investment in and advances to affiliated companies.

In financing activities, net cash of ¥7.2 billion was used by the payment of cash dividends, although cash was provided by a net increase of debt.

DERIVATIVE FINANCIAL INSTRUMENTS

The companies, in the normal course of their businesses, are exposed to market risks, including movements in interest rates, foreign exchange rates and stock prices. Most of the derivative transactions are used for the purpose of hedging such market risks arising from business activities. These transactions include:

• Interest-rate swaps, interest-rate futures and currency swaps for the purpose of hedging risks associated with interest rate movements affecting short- and long-term liabilities, and risks associated with interest rate and foreign exchange movements affecting marketable securities.

• Foreign currency forward contracts to hedge risks associated with foreign currency-denominated contracts, assets and liabilities.

Practically all financial results arising from the use of these derivative financial instruments are offset by the financial results relating to the market risks to which the companies are exposed.

Market risks associated with the fluctuation of foreign exchange rates, interest rates, and the value of investment securities are managed by the respective divisions. Each division adheres to the standards established by management regarding risk limits, loss limits and guidelines for the management of funds. The divisions regularly report to the management on current positions and realized and unrealized losses and gains to facilitate the management of market risks.

The companies also endeavor to minimize the risks associated with the creditworthiness of counterparties in derivative transactions by limiting such transactions to financial institutions with high credit ratings issued by internationally recognized credit rating agencies. Furthermore, the creditworthiness of each such counterparty is monitored at all times after the entry into a derivative transaction by the companies to take appropriate actions whenever it becomes necessary.

Six-Year Financial Summary

Mitsubishi Corporation and subsidiaries
Years ended March 31

	1998	1997
Results of Operations:		
Trading transactions:		
Export*	**¥ 2,616,940**	¥ 2,545,076
Import	**3,369,422**	3,227,057
Offshore	**3,801,648**	3,681,828
Domestic	**6,037,643**	6,338,119
Total	**¥15,825,653**	¥15,792,080
Gross trading profit	**¥ 588,225**	¥ 590,664
Net income	**47,636**	44,385
Financial Position at Year End:		
Total assets	**¥ 9,522,309**	¥ 9,659,955
Working capital	**201,670**	92,680
Long-term debt, less current maturities	**2,893,111**	2,830,038
Total shareholders' equity	**1,009,383**	1,099,585
Amounts per Share:		
Net income per share**:		
Basic EPS	**¥30.40**	¥28.32
Diluted EPS	**30.40**	28.24
Cash dividends declared for the year	**8.00**	8.00
Common Stock:		
Number of shares issued and outstanding at year end	**1,567,176**	1,567,176
Exchange Rates into U.S. Currency:		
(Per the Federal Reserve Bank of New York)		
At year end	**¥133.20**	¥123.72
Average for the year	**123.56**	113.21
Range:		
Low	**133.99**	124.54
High	**111.42**	104.49

Note: The U.S. Dollar amounts represent translations, for convenience, of yen amounts at the rate of ¥133=$1.
** Export transactions represent all shipments from Japan and accordingly include sales to overseas customers through overseas branches and subsidiaries.*
*** As restated to conform to the presentation for 1998 (See Note 1 to consolidated financial statements).*

Millions of Yen				Millions of U.S. Dollars
1996	1995	1994	1993	**1998**
¥ 2,302,552	¥ 2,282,391	¥ 2,366,240	¥ 2,658,058	**$ 19,676**
2,701,006	2,572,942	2,445,363	3,063,119	**25,334**
4,017,487	3,512,653	3,132,727	3,196,270	**28,584**
6,470,702	6,503,798	6,748,489	7,183,888	**45,396**
¥15,491,747	¥14,871,784	¥14,692,819	¥16,101,335	**$118,990**
¥ 568,640	¥ 555,670	¥ 532,476	¥ 596,861	**$ 4,423**
33,412	21,722	18,383	28,658	**358**
¥ 9,835,500	¥ 9,488,885	¥ 8,737,523	¥ 9,277,055	**$ 71,596**
255,975	404,307	198,597	302,462	**1,516**
2,900,889	2,843,533	2,540,181	2,554,526	**21,753**
1,171,648	1,021,773	698,834	724,646	**7,589**

Yen				Cents
¥21.32	¥13.86	¥11.75	¥18.32	**22.86¢**
21.22	13.81	11.72	18.10	**22.86**
8.00	8.00	8.00	8.00	**6.02**

Thousands of Shares			
1,566,993	1,566,993	1,565,240	1,564,640

Yen per U.S. Dollar			
¥107.00	¥ 86.85	¥102.40	¥114.90
97.09	98.48	107.13	123.98
107.29	105.38	114.20	134.53
81.12	86.85	101.10	114.90

Consolidated Balance Sheets

Mitsubishi Corporation and subsidiaries
March 31, 1998 and 1997

ASSETS	Millions of Yen 1998	Millions of Yen 1997	Millions of U.S. Dollars (Note 1) 1998
Current assets:			
Cash	**¥ 80,765**	¥ 75,843	**$ 607**
Time deposits	**1,109,805**	1,084,612	**8,344**
Short-term investments (Note 2)	**514,546**	562,312	**3,869**
Receivables—trade (Note 16):			
Notes and loans	**716,267**	682,379	**5,386**
Accounts	**1,822,506**	1,854,945	**13,703**
Affiliated companies	**334,365**	317,852	**2,514**
Allowance for doubtful receivables (Note 4)	**(34,031)**	(23,191)	**(256)**
Inventories	**491,983**	450,288	**3,699**
Advance payments to suppliers	**284,492**	186,853	**2,139**
Other current assets	**92,418**	94,719	**695**
Total current assets	**5,413,116**	5,286,612	**40,700**
Investments and non-current receivables:			
Investments in and advances to affiliated companies (Note 3)	**463,929**	407,187	**3,488**
Other investments (Note 2)	**1,778,071**	2,099,127	**13,369**
Non-current notes, loans and accounts receivable—trade (Note 16)	**1,095,743**	1,172,863	**8,239**
Allowance for doubtful receivables (Note 4)	**(105,664)**	(113,910)	**(795)**
Total investments and non-current receivables	**3,232,079**	3,565,267	**24,301**
Property and equipment—			
At cost less accumulated depreciation (Notes 5 and 16)	**718,825**	696,659	**5,405**
Other assets	**158,289**	111,417	**1,190**
Total	**¥9,522,309**	¥9,659,955	**$71,596**

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 1998	Millions of Yen 1997	Millions of U.S. Dollars (Note 1) 1998
Current liabilities:			
Short-term debt (Note 8)	**¥2,314,957**	¥2,316,149	**$17,406**
Current maturities of long-term debt	**481,077**	365,545	**3,617**
Payables—trade:			
Notes and acceptances	**372,419**	404,796	**2,800**
Accounts	**1,568,285**	1,646,223	**11,792**
Affiliated companies	**80,701**	89,256	**607**
Accrued income taxes	**19,160**	16,676	**144**
Other accrued expenses	**73,800**	68,410	**555**
Advances from customers	**208,623**	168,275	**1,568**
Other current liabilities	**92,424**	118,602	**695**
Total current liabilities	**5,211,446**	5,193,932	**39,184**
Long-term debt, less current maturities (Note 8)	**2,893,111**	2,830,038	**21,753**
Accrued pension and severance liabilities (Note 10)	**134,149**	108,766	**1,009**
Deferred income taxes (Note 9)	**225,749**	382,019	**1,697**
Minority interests	**48,471**	45,615	**364**
Commitments and contingent liabilities (Note 17)			
Shareholders' equity (Notes 9, 11, 12 and 18):			
Common stock, ¥50 par value—authorized, 2,500,000,000 shares; issued and outstanding, 1998 and 1997—1,567,175,508 shares	**126,609**	126,609	**952**
Capital surplus	**179,491**	179,491	**1,349**
Retained earnings:			
Appropriated for legal reserve	**30,815**	29,221	**232**
Unappropriated	**667,307**	633,802	**5,017**
Net unrealized gains on securities available for sale	**182,418**	317,959	**1,372**
Minimum pension liability adjustments	**(38,447)**	(28,335)	**(289)**
Foreign currency translation adjustments	**(138,810)**	(159,162)	**(1,044)**
Total shareholders' equity	**1,009,383**	1,099,585	**7,589**
Total	**¥9,522,309**	¥9,659,955	**$71,596**

Statements of Consolidated Income

Mitsubishi Corporation and subsidiaries
Years ended March 31, 1998, 1997 and 1996

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	1998	1997	1996	1998
Total trading transactions (Notes 3, 13 and 14)	**¥15,825,653**	¥15,792,080	¥15,491,747	**$118,990**
Gross trading profit (Note 13)	**¥ 588,225**	¥ 590,664	¥ 568,640	**$ 4,423**
Expenses:				
Selling, general and administrative	**515,067**	500,977	475,271	**3,873**
Provision for doubtful receivables (Note 4)	**22,130**	21,313	18,327	**166**
Total	**537,197**	522,290	493,598	**4,039**
Operating income (Note 14)	**51,028**	68,374	75,042	**384**
Other income (expenses):				
Interest expense (net of interest income): 1998—¥139,253 million–$1,047 million; 1997—¥131,927 million; 1996—¥140,377 million)	**(14,385)**	(18,712)	(33,541)	**(108)**
Dividends	**28,230**	27,309	20,133	**212**
Gain (loss) on marketable securities and investments—net (Note 2)	**(3,026)**	69,169	20,192	**(23)**
Gain (loss) on property and equipment—net (Note 5)	**6,179**	(29,194)	(9,755)	**46**
Sundry—net	**(4,791)**	(20,695)	50	**(36)**
Other income (expenses)—net	**12,207**	27,877	(2,921)	**91**
Income from consolidated operations before income taxes	**63,235**	96,251	72,121	**475**
Income taxes (Note 9):				
Current	**41,146**	47,210	47,699	**309**
Deferred	**(7,896)**	19,925	(2,201)	**(59)**
Total	**33,250**	67,135	45,498	**250**
Income from consolidated operations	**29,985**	29,116	26,623	**225**
Equity in earnings of affiliated companies—net (less applicable income taxes) (Notes 3 and 9)	**17,651**	15,269	6,789	**133**
Net income	**¥ 47,636**	¥ 44,385	¥ 33,412	**$ 358**

	Yen			Cents
Amounts per share:				
Net income per share*:				
Basic EPS	**¥30.40**	¥28.32	¥21.32	**22.86¢**
Diluted EPS	**30.40**	28.24	21.22	**22.86**
Cash dividends declared for the year	**8.00**	8.00	8.00	**6.02**

** As restated to conform to the presentation for 1998 (See Note 1).*
See notes to consolidated financial statements.

Statements of Consolidated Shareholders' Equity

Mitsubishi Corporation and subsidiaries
Years ended March 31, 1998, 1997 and 1996

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	1998	1997	1996	**1998**
Common stock:				
Balance, beginning of year	**¥ 126,609**	¥ 126,476	¥ 126,476	**$ 952**
Shares issued for conversion of bonds		133		
Balance, end of year	**¥ 126,609**	¥ 126,609	¥ 126,476	**$ 952**
Capital surplus:				
Balance, beginning of year	**¥179,491**	¥ 179,359	¥ 179,359	**$ 1,349**
Excess of principal amount of bonds converted over amount credited to common stock		132		
Balance, end of year	**¥179,491**	¥ 179,491	¥ 179,359	**$ 1,349**
Retained earnings appropriated for legal reserve:				
Balance, beginning of year	**¥ 29,221**	¥ 27,735	¥ 26,296	**$ 220**
Transfer from unappropriated retained earnings	**1,594**	1,486	1,439	**12**
Balance, end of year	**¥ 30,815**	¥ 29,221	¥ 27,735	**$ 232**
Unappropriated retained earnings:				
Balance, beginning of year	**¥ 633,802**	¥ 603,440	¥ 584,003	**$ 4,765**
Net income	**47,636**	44,385	33,412	**358**
Total	**681,438**	647,825	617,415	**5,123**
Deduct:				
Cash dividends paid	**12,537**	12,537	12,536	**94**
Transfer to retained earnings appropriated for legal reserve	**1,594**	1,486	1,439	**12**
Total	**14,131**	14,023	13,975	**106**
Balance, end of year	**¥ 667,307**	¥ 633,802	¥ 603,440	**$ 5,017**
Net unrealized gains on securities available for sale (net of applicable income taxes):				
Balance, beginning of year	**¥ 317,959**	¥ 476,627	¥ 338,684	**$ 2,391**
Change in net unrealized gains during the year	**(135,541)**	(158,668)	137,943	**(1,019)**
Balance, end of year	**¥ 182,418**	¥ 317,959	¥ 476,627	**$ 1,372**
Minimum pension liability adjustments (net of applicable income taxes):				
Balance, beginning of year	**¥ (28,335)**	¥ (33,187)	¥ (9,331)	**$ (213)**
Net change during the year	**(10,112)**	4,852	(23,856)	**(76)**
Balance, end of year	**¥ (38,447)**	¥ (28,335)	¥ (33,187)	**$ (289)**
Foreign currency translation adjustments (net of applicable income taxes):				
Balance, beginning of year	**¥(159,162)**	¥(208,802)	¥(223,714)	**$(1,197)**
Aggregate translation adjustments during the year	**20,352**	49,640	14,912	**153**
Balance, end of year	**¥(138,810)**	¥(159,162)	¥(208,802)	**$(1,044)**

See notes to consolidated financial statements.

Statements of Consolidated Cash Flows

Mitsubishi Corporation and subsidiaries
Years ended March 31, 1998, 1997 and 1996

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	1998	1997	1996	**1998**
Operating activities:				
Net income	**¥ 47,636**	¥ 44,385	¥ 33,412	**$ 358**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	**63,776**	69,652	61,970	**479**
Provision for doubtful receivables	**22,130**	21,313	18,327	**166**
Loss (gain) on marketable securities and investments—net	**3,026**	(69,169)	(20,192)	**23**
Loss (gain) on property and equipment—net	**(6,179)**	29,194	9,755	**(46)**
Equity in earnings of affiliated companies, less dividends received	**(2,562)**	(2,480)	1,935	**(20)**
Deferred income taxes	**(7,896)**	19,925	(2,201)	**(59)**
Other non-cash charges	**9,950**	15,832	11,062	**75**
Changes in operating assets and liabilities:				
Short-term trading investments	**29,823**	(9,009)	47,640	**224**
Notes and accounts receivable—trade	**62,508**	44,073	(155,971)	**470**
Inventories	**(30,993)**	29,945	(30,742)	**(233)**
Notes, acceptances and accounts payable—trade	**(20,386)**	(110,762)	177,655	**(153)**
Advance payments to suppliers	**(84,625)**	84,383	9,855	**(636)**
Advances from customers	**33,154**	(38,937)	(507)	**249**
Other—net	**(12,935)**	(49,353)	(4,060)	**(97)**
Net cash provided by operating activities	**106,427**	78,992	157,938	**800**
Investing activities:				
Expenditures for property and equipment, and other assets	**(166,456)**	(70,566)	(91,358)	**(1,252)**
Proceeds from sales of property and equipment	**56,452**	74,090	38,965	**425**
Investments in and advances to affiliated companies	**(140,174)**	(85,468)	(112,761)	**(1,054)**
Collection of advances to affiliated companies	**88,716**	65,811	59,810	**667**
Acquisition of short-term and other investments	**(660,439)**	(613,123)	(507,169)	**(4,966)**
Proceeds from sale and maturities of short-term and other investments	**773,359**	488,244	622,041	**5,815**
Increase in loans receivable	**(246,507)**	(127,175)	(145,332)	**(1,853)**
Collection of loans receivable	**203,946**	110,786	259,749	**1,533**
Net decrease (increase) in time deposits	**(3,879)**	232,687	80,795	**(29)**
Net cash provided by (used in) investing activities	**(94,982)**	75,286	204,740	**(714)**
Financing activities:				
Net increase (decrease) in short-term debt	**(60,963)**	116,323	(304,296)	**(458)**
Proceeds from long-term debt	**597,280**	377,547	844,002	**4,491**
Repayment of long-term debt	**(531,028)**	(625,415)	(888,522)	**(3,993)**
Cash dividends paid	**(12,537)**	(12,537)	(12,536)	**(94)**
Net cash used in financing activities	**(7,248)**	(144,082)	(361,352)	**(54)**
Effect of exchange rate changes on consolidated cash	**725**	3,822	1,063	**5**
Net increase in consolidated cash	**4,922**	14,018	2,389	**37**
Consolidated cash, beginning of year	**75,843**	61,825	59,436	**570**
Consolidated cash, end of year	**¥ 80,765**	¥ 75,843	¥ 61,825	**$ 607**

See notes to consolidated financial statements.

1. BASIS OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements — The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which Mitsubishi Corporation (the "parent company") is incorporated and principally operates. The translation of Japanese yen amounts into United States dollar amounts with respect to the year ended March 31, 1998 are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133=$1, the rate of exchange on March 31, 1998. Such translation should not be construed as a representation that the Japanese yen amounts could be converted into United States dollars at the above or any other rate.

The accompanying consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America. In certain respects, effect has been given in the consolidated financial statements to adjustments that have not been entered in the companies' general books of account, which are maintained principally in accordance with accounting practices prevailing in the countries of incorporation. The major adjustments include those relating to (1) deferred income taxes, (2) accrual of certain expenses and losses, (3) foreign currency translation, (4) valuation of debt and equity securities, (5) the value ascribed to warrants, (6) accounting for pension costs and (7) deferred gain on sales of property for tax purposes.

Summary of Significant Accounting Policies — Significant accounting policies applied in the preparation of the accompanying consolidated financial statements are summarized below:

(1) Consolidation and investments in subsidiaries and affiliated companies

The consolidated financial statements include the accounts of the parent company and, except for certain minor subsidiaries, all of its majority-owned domestic and foreign subsidiaries (together, the "companies"). Affiliated companies consist of minor non-consolidated subsidiaries, companies owned 20% to 50% and corporate joint ventures. Investments in affiliated companies, with minor exceptions, are accounted for by the equity method of accounting. All significant intercompany accounts and transactions have been eliminated. The excess of cost of the companies' investments in subsidiaries and affiliated companies over their equity in the net assets at dates of acquisition is generally being amortized over periods of ten years. Minority interests in income of consolidated subsidiaries, which were included in "Sundry–net" in the accompanying statements of consolidated income, were ¥7,965 million ($60 million), ¥11,360 million and ¥3,919 million for the years ended March 31, 1998, 1997 and 1996, respectively.

The accounts of certain subsidiaries have been included on the basis of fiscal periods ended three months or less prior to March 31.

(2) Foreign currency translation

Foreign currency financial statements have been translated in accordance with Statement of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation." Pursuant to this statement, the assets and liabilities of foreign subsidiaries and affiliated companies are translated into Japanese yen at the respective year-end exchange rates. All income and expense accounts are translated at average rates of exchange. The resulting translation adjustments are included in a separate component of shareholders' equity.

Foreign currency receivables and payables are translated into Japanese yen at year-end exchange rates and resulting exchange gains or losses are recognized in earnings to the extent that they are not hedged by foreign exchange forward contracts (see Note 15).

(3) Short-term investments and other investments

In accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," all debt securities and marketable equity securities are classified as; (1) trading securities, which are accounted for at fair value with unrealized gains and losses included in earnings, (2) available-for-sale securities, which are accounted for at fair value with unrealized gains and losses excluded from earnings and reported in a separate component of shareholders' equity, or (3) held-to-maturity securities, which are accounted for at amortized cost.

The cost of securities sold is determined based on the average cost of all the shares of each such security held at the time of sale.

(4) Allowance for doubtful receivables

An allowance for doubtful receivables is established in amounts considered to be appropriate based primarily upon the companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

In addition, an impairment loss is recognized if the present value of expected future cash flows discounted at the loan's effective interest rate (or, alternatively, at the observable market price of the loan or the fair value of the underlying collateral) is less than the recorded investment.

(5) Inventories

Inventories, which mainly consist of commodities, materials and real estate held for resale, are stated at the lower of cost, principally on a specific-identification basis, or market.

(6) Commodity futures contracts

The parent company and certain of its subsidiaries enter into commodity futures contracts principally as a means of hedging transactions in inventories and trading commitments. These contracts relate principally to foodstuffs (mainly corn, soybeans and wheat) and non-ferrous metals (mainly aluminum, nickel and copper). Changes in the market value of the futures contracts are recognized in income when the corresponding commodities transactions are consummated.

(7) Depreciation

Depreciation of property and equipment is computed principally under the declining-balance method for assets held by the parent company and domestic subsidiaries and under the straight-line method for assets held by foreign subsidiaries, based on the estimated useful lives of the assets.

(8) Long-lived assets

Effective April 1, 1996, the companies adopted SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." This statement requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The statement also requires that such assets to be disposed of be reported at the lower of carrying amount or fair value less cost to sell (see Note 5).

(9) Employees' benefit plans

Pension costs, with certain minor exceptions, have been determined in accordance with the provisions of SFAS No. 87, "Employers' Accounting for Pensions."

Most of the domestic subsidiaries have unfunded severance indemnities plans and the accrued severance liabilities of these subsidiaries are recorded based on the vested benefit obligation, which is the amount required to be paid if all employees covered by the severance indemnities plan voluntarily terminated their employment at each balance sheet date.

(10) Income taxes

Income taxes are accounted for in accordance with SFAS No. 109, "Accounting for Income Taxes."

Under this statement, the tax effect of temporary differences between the financial statements and income tax basis of assets and liabilities is recognized as deferred income taxes, using enacted tax rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is provided for any portion of the deferred tax assets where it is considered more likely than not that they will not be realized.

No provision for income taxes is recognized on undistributed earnings of subsidiaries where the parent company considers that such earnings are reinvested or would not, under the present Japanese tax laws, be subject to additional taxation should they be distributed as dividends.

(11) Derivative financial instruments

The companies enter into interest rate swap and futures contracts as a means of managing their interest rate exposures on certain assets and liabilities. The amounts received or paid under the swap contracts are recognized as interest on the assets or liabilities hedged over the life of the contracts.

The companies also enter into foreign exchange forward contracts principally as hedges against receivables or payables and commitments denominated in foreign currencies. The gains and losses related to these forward contracts are offset against translation gains and losses on the items hedged.

(12) Use of estimates in the preparation of the financial statements

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates.

(13) Net income per share

In 1998, the companies adopted SFAS No. 128, "Earnings per Share," which requires the companies to present basic earnings per share ("EPS") and diluted earnings per share. Basic EPS is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding during each year. Diluted EPS reflects the dilutive effect of the potential conversion of convertible bonds that were outstanding during the year. The amounts of EPS for prior years have been restated to conform to the presentation for 1998. The following table presents the reconciliation of the numerators and the denominators of the basic and diluted EPS computations:

	Millions of Yen			Millions of U.S. Dollars
	1998	1997	1996	**1998**
Numerator:				
Net income	**¥47,636**	¥44,385	¥33,412	**$358**
Effect of dilutive convertible bonds		91	184	
Net income — assuming conversions	**¥47,636**	¥44,476	¥33,596	**$358**

	Thousands of Shares		
	1998	1997	1996
Denominator:			
Weighted-average common shares outstanding	**1,567,176**	1,567,127	1,566,993
Effect of dilutive convertible bonds		8,063	16,212
Total weighted-average diluted shares	**1,567,176**	1,575,190	1,583,205

(14) Statements of consolidated cash flows

For purposes of the statements of consolidated cash flows, consolidated cash includes cash on hand and bank deposits other than time deposits.

Additional cash flow information is as follows:

	Millions of Yen			Millions of U.S. Dollars
	1998	1997	1996	**1998**
Cash paid during the year for:				
Interest	**¥151,675**	¥152,472	¥173,639	**$1,140**
Income taxes	**39,970**	54,918	36,201	**301**
Non-cash investing and financing activities:				
Exchange of shares in connection with a business combination of investees:				
Fair market value of shares received		60,341		
Cost of shares surrendered		13,409		
Conversion of long-term debt to common stock and capital surplus		265		

2. SHORT-TERM INVESTMENTS AND OTHER INVESTMENTS

Debt and Marketable Equity Securities — 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. Information regarding each category of the securities classified as trading, available-for-sale and held-to-maturity at March 31, 1998 and 1997, including securities of which certain of the companies are the beneficial owners under trust agreements with trust companies, is as follows:

	Millions of Yen			
March 31, 1998	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**¥ 52,989**
Available-for-sale:				
Equity securities	**¥523,198**	**¥428,516**	**¥67,905**	**883,809**
Debt securities	**161,957**	**8,606**	**396**	**170,167**
Held-to-maturity	**980,987**	**40,299**	**15,883**	**1,005,403**

March 31, 1997	Millions of Yen Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 45,762
Available-for-sale:				
Equity securities	¥ 546,182	¥680,782	¥31,713	1,195,251
Debt securities	107,330	309	40	107,599
Held-to-maturity	1,102,087	44,591	12,597	1,134,081

March 31, 1998	Millions of U.S. Dollars Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**$ 398**
Available-for-sale:				
Equity securities	**$3,934**	**$3,222**	**$511**	**6,645**
Debt securities	**1,218**	**65**	**3**	**1,280**
Held-to-maturity	**7,376**	**303**	**120**	**7,559**

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 1998 are as follows:

	Millions of Yen		Millions of U.S. Dollars	
	Available for Sale	Held to Maturity	Available for Sale	Held to Maturity
Due in one year or less	**¥129,430**	**¥326,946**	**$ 973**	**$2,458**
Due after one year through five years	**39,022**	**507,966**	**294**	**3,819**
Due after five years through ten years	**1,650**	**138,005**	**12**	**1,038**
Due after ten years	**65**	**8,070**	**1**	**61**
Total	**¥170,167**	**¥980,987**	**$1,280**	**$7,376**

Proceeds from sales and gross realized gains and losses on available-for-sale securities for the years ended March 31, 1998, 1997 and 1996 are as follows:

	Millions of Yen			Millions of U.S. Dollars
	1998	1997	1996	**1998**
Proceeds from sales	**¥183,964**	¥127,243	¥218,993	**$1,383**
Gross realized gains	**¥ 19,423**	¥ 22,988	¥ 39,417	**$ 146**
Gross realized losses	**(12,930)**	(1,193)	(14,688)	**(97)**
Net realized gains	**¥ 6,493**	¥ 21,795	¥ 24,729	**$ 49**

There were minor sales of held-to-maturity securities during the years ended March 31, 1998, 1997 and 1996.

The changes in net unrealized holding gains and losses on trading securities that were included in income were gains of ¥913 million ($7 million) and ¥379 million for the years ended March 31, 1998 and 1997, respectively, and a loss of ¥204 million for the year ended March 31, 1996.

On April 1, 1996, in connection with the merger of The Mitsubishi Bank, Limited and The Bank of Tokyo, Ltd. ("BOT"), the parent company exchanged shares of BOT for those of The Bank of Tokyo-Mitsubishi, Ltd. In accordance with EITF 91-5, "Nonmonetary Exchange of Cost-Method Investments," a non-cash gain of ¥46,932 million was recorded for the year ended March 31, 1997, as a result of the exchange.

Investments Other than Debt and Marketable Equity Securities — Other investments include investments in non-traded and unaffiliated companies, non-current time deposits and life insurance premiums, etc., amounting to ¥204,665 million ($1,539 million) and ¥210,740 million at March 31, 1998 and 1997, respectively.

Investments in non-traded and unaffiliated companies were carried at cost and investments in life insurance premiums were reported at cash surrender value.

3. INVESTMENTS IN AND ADVANCES TO AFFILIATED COMPANIES

The affiliated companies operate principally in the manufacturing, extractive, agricultural and service industries and substantially participate in the companies' trading transactions as either purchasers or suppliers. Such companies principally operate in Japan, Asia, Europe and North America.

Investments in and advances to affiliated companies at March 31, 1998 and 1997 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	1998	1997	1998
Investments in capital stock	**¥299,096**	¥276,136	**$2,249**
Advances	**164,833**	131,051	**1,239**
Total	**¥463,929**	¥407,187	**$3,488**

The carrying value of investments in affiliated companies at March 31, 1998 and 1997 approximates the companies' equity in the underlying net assets.

Investments in common stock of affiliated companies included marketable securities in the carrying amounts of ¥62,423 million ($469 million) and ¥53,710 million at March 31, 1998 and 1997, respectively, with corresponding aggregate quoted market values of ¥66,556 million ($500 million) and ¥80,916 million, respectively.

Certain financial information with respect to the affiliated companies, which are accounted for by the equity method, for the years ended March 31, 1998 and 1997 is presented below:

	Millions of Yen		Millions of U.S. Dollars
	1998	1997	1998
Current assets	**¥1,995,937**	¥2,055,628	**$15,007**
Property, plant and equipment — net	**1,174,954**	1,168,837	**8,834**
Other assets	**468,385**	273,790	**3,522**
Total assets	**¥3,639,276**	¥3,498,255	**$27,363**
Current liabilities	**¥1,773,435**	¥1,813,895	**$13,334**
Non-current liabilities	**1,108,011**	995,737	**8,331**
Shareholders' equity	**757,830**	688,623	**5,698**
Total liabilities and shareholders' equity	**¥3,639,276**	¥3,498,255	**$27,363**

	Millions of Yen			Millions of U.S. Dollars
	1998	1997	1996	1998
Net sales	**¥3,757,880**	¥3,782,366	¥3,569,400	**$28,255**
Net income	**¥ 70,134**	¥ 66,793	¥ 21,298	**$ 527**

Total trading transactions for the years ended March 31, 1998, 1997 and 1996 included ¥1,090,626 million ($8,200 million), ¥999,113 million and ¥1,008,286 million, respectively, in which affiliated companies participated as purchasers, and ¥863,077 million ($6,489 million), ¥893,732 million and ¥692,548 million, respectively, in which they participated as suppliers to the companies.

Dividends received from affiliated companies for the years ended March 31, 1998, 1997 and 1996 were ¥15,089 million ($113 million), ¥12,789 million and ¥8,724 million, respectively.

4. ALLOWANCE FOR DOUBTFUL RECEIVABLES

An analysis of the allowance for doubtful receivables is presented for the years ended March 31, 1998, 1997 and 1996 as follows:

	Millions of Yen			Millions of U.S. Dollars
	1998	1997	1996	**1998**
Balance, beginning of year	**¥137,101**	¥128,114	¥139,802	**$1,031**
Provision for doubtful receivables	**22,130**	21,313	18,327	**166**
Net charge-offs:				
Charge-offs	**(21,995)**	(13,028)	(32,745)	**(165)**
Recoveries	**2,600**	361	2,443	**20**
Total net charge-offs	**(19,395)**	(12,667)	(30,302)	**(145)**
Foreign currency translation adjustments	**(141)**	341	287	**(1)**
Balance, end of year	**¥139,695**	¥137,101	¥128,114	**$1,051**

At March 31, 1998 and 1997, the total recorded investment in loans, including trade receivables with terms exceeding one year, that were considered to be impaired under SFAS No. 114 was ¥131,861 million ($991 million) and ¥141,215 million, respectively, and the related allowance for credit losses provided as at each year end was ¥116,077 million ($873 million) and ¥115,595 million, respectively. There were no significant changes in the amount of recorded investment in impaired loans during the years ended March 31, 1998, 1997 and 1996.

The companies generally recognize interest income on impaired loans on a cash basis. Interest income recognized for each of the three years ended March 31, 1998 was not material.

5. PROPERTY AND EQUIPMENT

Property and equipment at March 31, 1998 and 1997 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	1998	1997	**1998**
Land and land improvements	**¥ 196,755**	¥ 196,674	**$1,479**
Buildings, including leasehold improvements	**460,888**	438,641	**3,465**
Machinery and equipment	**463,315**	462,159	**3,484**
Projects in progress	**27,866**	11,430	**210**
Total	**1,148,824**	1,108,904	**8,638**
Less accumulated depreciation	**429,999**	412,245	**3,233**
Property and equipment — net	**¥ 718,825**	¥ 696,659	**$5,405**

Depreciation expense for the years ended March 31, 1998, 1997 and 1996 was ¥52,195 million ($392 million), ¥56,209 million and ¥49,859 million, respectively.

Effective April 1, 1996, the companies adopted SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." In connection with the adoption of this statement, the companies assessed the potential impairment of long-lived assets and as a result certain land for development and other long-lived assets to be held and used were deemed to be impaired because the assets are not expected to recover their entire carrying value through future cash flows. The write-down amount for the years ended March 31, 1998 and 1997, totaling ¥1,393 million ($10 million) and ¥51,845 million, respectively, and included in "Gain (loss) on property and equipment — net" in the accompanying statements of consolidated income, was determined as the difference between the carrying value and the estimated fair value of these assets.

6. PLEDGED ASSETS

At March 31, 1998, assets pledged as collateral for short-term debt, long-term debt and contingent liabilities of the companies were as follows:

	Millions of Yen	Millions of U.S. Dollars
Notes, loans and accounts receivable — trade (current and non-current)	¥136,895	$1,029
Non-current investment securities (carrying value)	75,273	566
Property and equipment (net of accumulated depreciation)	68,591	516
Other	22	0
Total	¥280,781	$2,111

The above pledged assets are classified by type of liabilities to which they relate as follows:

	Millions of Yen	Millions of U.S. Dollars
Short-term debt	¥ 11,904	$ 90
Long-term debt	257,401	1,935
Contingent liabilities — guarantees of contracts	11,476	86
Total	¥280,781	$2,111

Trust receipts issued under customary import financing arrangements give banks a security interest in the merchandise imported and/or the accounts receivable or sales proceeds resulting from the sale of such merchandise. The companies follow the practice of repaying the related notes and acceptances payable at maturity dates without applying the sales proceeds to the specific notes or acceptances. The large number of transactions makes it impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts.

See Note 8 for a description of the right of the lending banks to require the companies to provide collateral (or additional collateral) not included in pledged assets summarized in the first paragraph of this note.

7. FINANCIAL INSTRUMENTS

The companies, in the normal course of their business, are parties to various financial instruments. The companies engage in trading transactions with a significant number of customers in a wide variety of industries all over the world, and their receivables from and guarantees to such parties are broadly diversified. Consequently, in management's opinion, no significant concentration of credit risk exists for the companies. Credit risk exposure of these financial instruments in the event of counterparty nonperformance is controlled through credit approvals, limits and monitoring procedures based on the credit policies. The companies require collateral to the extent considered necessary. Market risks associated with financial instruments are managed by means of prescribed limits of risk money and loss based upon company wide operating procedures. The results and positions of the transactions and unrealized gain or loss on outstanding contracts are regularly reported and assessed by management.

The companies also utilize various derivative financial instruments to manage their own businesses and to meet the financial needs of their customers. Almost all derivative transactions are entered into to hedge interest rate and foreign currency exposures incorporated with their business. Accordingly, market risk in these derivatives is largely offset by equal and opposite movements in the underlying exposure. The companies minimize credit risk exposure of these derivatives by limiting the counterparties to major international banks and financial institutions as well as avoiding concentration with certain counterparties, and also by making frequent credit reviews of these counterparties.

In addition, the companies manage risks associated with financial activities by segregating trading operations from recording and monitoring functions which are responsible for account confirmation with counterparties and cash settlement.

The primary derivative instruments used by the companies are as follows:

Interest Rate Swap Contracts — The parent company and certain of its subsidiaries have interest rate swap contracts, including interest rate futures contracts, in an aggregate amount of ¥3,220,665 million ($24,216 million) and ¥2,889,895 million at March 31, 1998 and 1997, respectively, which have been entered into principally to manage their interest rate exposure for certain short/long-term debt, including intercompany borrowings eliminated in consolidation.

In addition, such companies have interest rate swap and futures contracts, on certain marketable debt securities, in an aggregate amount of ¥525,844 million ($3,954 million) and ¥524,395 million at March 31, 1998 and 1997, respectively, which have been entered into as a means of managing interest rate and their market risk exposures.

Foreign Currency Contracts — The companies have foreign exchange forward contracts in an aggregate amount of ¥1,264,737 million ($9,509 million) and ¥2,340,664 million at March 31, 1998 and 1997, respectively, which have been entered into principally as hedges against certain assets, obligations and commitments denominated in foreign currencies.

The parent company and certain of its subsidiaries have also entered into foreign currency swap contracts in an aggregate amount of ¥1,218,553 million ($9,162 million) and ¥1,510,430 million at March 31, 1998 and 1997, respectively, which have been entered into principally to manage interest rate and foreign currency exposures for certain short/long-term debt and marketable debt securities.

Fair Value of Financial Instruments — A summary of the carrying amounts and estimated fair values of financial instruments at March 31, 1998 and 1997 is as follows:

	Millions of Yen				Millions of U.S. Dollars	
	1998		1997		**1998**	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:						
Current financial assets other than short-term investments, less allowance for doubtful receivables	**¥4,029,952**	**¥4,034,251**	¥3,996,703	¥4,007,217	**$30,300**	**$30,333**
Short-term investments and other investments	**2,292,617**	**2,317,033**	2,661,439	2,692,844	**17,238**	**17,421**
Non-current notes, loans and accounts receivable and advances to affiliated companies, less allowance for doubtful receivables	**1,122,577**	**1,129,054**	1,152,720	1,160,532	**8,440**	**8,489**
Financial liabilities:						
Current financial liabilities	**4,429,433**	**4,431,723**	4,541,558	4,545,324	**33,304**	**33,321**
Long-term debt, including current maturities	**3,331,805**	**3,326,161**	3,148,733	3,171,087	**25,051**	**25,009**
Derivative financial instruments:						
Interest rate swap and futures contracts:						
Favorable		**115,805**		121,665		**871**
Unfavorable		**34,184**		42,640		**257**
Foreign currency contracts, including currency swap contracts:						
Favorable		**68,523**		73,147		**515**
Unfavorable		**151,296**		149,278		**1,138**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Current Financial Assets and Current Financial Liabilities — The estimated fair values of cash, time deposits, trade receivables and payables and short-term debt, etc. approximate their carrying amounts due to the relatively short maturities of these instruments.

Short-term Investments and Other Investments — The fair values of marketable securities included in "Short-term investments" and "Other investments" are based on quoted market prices. The fair value information for each category of securities is set forth in Note 2. "Other investments" also includes investments in non-traded and unaffiliated companies, and non-current time deposits and life insurance premiums, etc. of which fair values are estimated based on the present value of estimated future cash flows and quotes from brokers. It is not practicable to estimate fair values of the investments in non-traded and unaffiliated companies which consist of approximately one thousand small investments in customers and suppliers.

Non-current Notes, Loans, Accounts Receivable and Advances to Affiliated Companies — The fair values of these items are estimated by discounting estimated future cash flows using current interest rates.

Long-term Debt — The fair values of the companies' debt are estimated based on the present value of estimated future cash flows computed using interest rates that are currently available to the companies for debt with similar terms and remaining maturities.

Derivative Financial Instruments — The fair values of the derivative financial instruments are estimated by obtaining quotes from brokers and other appropriate valuation techniques based on information available to the companies.

Considerable judgment is required in interpreting market data to develop estimates of fair value, so these fair value estimates are not necessarily indicative of the values the companies could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

8. SHORT-TERM AND LONG-TERM DEBT

Short-term debt at March 31, 1998 and 1997 consisted of the following:

	Millions of Yen				Millions of U.S. Dollars
	1998		1997		**1998**
		Interest Rate		Interest Rate	
Bank loans, including trade notes discounted with banks	**¥ 735,732**	2.9%	¥ 800,041	2.3%	**$ 5,532**
Commercial paper	**1,579,225**	2.2	1,516,108	2.0	**11,874**
Total	**¥2,314,957**		¥2,316,149		**$17,406**

The interest rates represent weighted average rates of outstanding balances at March 31, 1998 and 1997, regardless of currencies, though the range of the interest rates varies by debt currencies.

Long-term debt at March 31, 1998 and 1997 comprised the following:

	Millions of Yen		Millions of U.S. Dollars
	1998	1997	**1998**
Long-term debt with collateral (see Note 6):			
Banks and insurance companies, maturing serially through 2010 — principally 2% – 7.9%	**¥ 37,914**	¥ 38,562	**$ 285**
Government-owned banks and government agencies, maturing serially through 2018 — principally 2% – 7.9%	**140,422**	141,727	**1,056**
Banks and others, maturing serially through 2017 (payable in foreign currencies) — principally 5% – 6.9%	**2,295**	7,400	**17**
Total	**180,631**	187,689	**1,358**
Long-term debt without collateral:			
Banks and insurance companies, maturing serially through 2010 — principally 1% – 5.9%	**1,012,329**	1,044,965	**7,611**
Government-owned banks and government agencies, maturing serially through 2022 — principally 2% – 6.9%	**57,875**	44,268	**435**
Government-owned bank, maturing serially through 2013 (payable in foreign currency) — principally 5% – 6.9%	**177,310**	149,701	**1,333**
Banks and others, maturing serially through 2010 (payable in foreign currencies) — principally 2% – 7.9%	**560,731**	536,613	**4,216**
3.45% Bonds due 1999	**200,000**	200,000	**1,504**
2.3% Bonds due 2002	**70,000**	70,000	**526**
1.35% Bonds due 2001	**10,000**		**75**
2.425% Bonds due 2009	**30,000**		**226**
6.875% Notes due 2006 payable in United States dollars	**19,387**	17,288	**146**
Other debentures and bonds	**2,172**	2,002	**16**
Medium-Term Notes, maturing serially through 2008 — principally 0.9% – 6.9%	**757,913**	689,485	**5,699**
Trade notes and accounts payable and advances from customers:			
Interest-bearing, due through 2015 — principally 0.9% – 8.9%	**14,065**	12,887	**106**
Non-interest-bearing	**279,400**	237,358	**2,101**
Miscellaneous	**2,375**	3,327	**18**
Total	**3,193,557**	3,007,894	**24,012**
Total	**3,374,188**	3,195,583	**25,370**
Less current maturities	**481,077**	365,545	**3,617**
Long-term debt, less current maturities	**¥2,893,111**	¥2,830,038	**$21,753**

Maturities of long-term debt subsequent to March 31, 1998 are as follows:

	Millions of Yen	Millions of U.S. Dollars
Year ending March 31:		
1999 (included in current liabilities)	¥ 481,077	$3,617
2000	573,604	4,313
2001	453,703	3,411
2002	283,061	2,128
2003	381,652	2,870
2004 and thereafter	1,201,091	9,031

The companies entered into interest rate swap and currency swap contracts for certain short-term and long-term debt to manage interest rate exposure. The effective interest rates for long-term bank loans of ¥902,759 million ($6,788 million), notes and bonds of ¥310,000 million ($2,331 million), and medium-term notes and commercial paper of ¥923,758 million ($6,946 million) outstanding at March 31, 1998 after giving effect to such swap agreements were generally based on LIBOR (London Interbank Offered Rate).

Substantially all the short-term and long-term loans from banks are made under agreements which, as is customary in Japan, provide that the bank may, under certain conditions, require the borrower to provide collateral (or additional collateral) or guarantors with respect to the loans, and that the bank may treat any collateral, whether furnished as security for short-term or long-term loans or otherwise, as collateral for all indebtedness to such bank. Certain agreements relating to long-term bank loans provide that the bank may require the borrower to submit proposals as to the payment of dividends and other appropriations of earnings for the bank's review and approval before presentation to the shareholders. Default provisions of certain agreements grant certain rights of possession to the banks. Under certain agreements, principally with Government-owned financial institutions, the borrower is required, upon request of the lender, to apply the proceeds from the sales of any debentures or common stock to the reduction of such loans. During the years ended March 31, 1998 and 1997, the companies have not received any request of the kind described above and do not expect that any such request will be made.

9. INCOME TAXES

Income taxes in Japan applicable to the companies, imposed by the national, prefectural and municipal governments, in the aggregate result in a normal effective statutory rate of approximately 51% for each of the three years in the period ended March 31, 1998. Effective April 1, 1998, the normal effective statutory rate changed from 51% to 48%. The effect of a change in the tax rate, which was enacted as of March 31, 1998, reduced income tax expense for the year ended March 31, 1998. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

A reconciliation of the combined statutory tax rate for the years ended March 31, 1998, 1997 and 1996 to the effective rates of income taxes reflected in the accompanying statements of consolidated income is as follows:

	1998	1997	1996
Combined statutory income tax rate	**51.0%**	51.0%	51.0%
Expenses not deductible for income tax purposes	**13.3**	8.1	9.3
Tax benefits not recognized on operating losses of subsidiaries	**7.6**	7.5	11.0
Tax benefits realized on losses of subsidiaries	**(10.9)**	(3.0)	(4.4)
Lower income tax rates applicable to income in certain foreign countries	**(10.8)**	(5.7)	(7.6)
Effect of taxation on dividends	**13.9**	0.8	(0.4)
Minority interest	**6.4**	6.1	2.7
Effect of reduction in tax rate	**(15.2)**		
Other — net	**(2.7)**	4.9	1.5
Effective income tax rate	**52.6%**	69.7%	63.1%

Total income taxes recognized for the years ended March 31, 1998, 1997 and 1996 are applicable to the following:

	Millions of Yen			Millions of U.S. Dollars
	1998	1997	1996	**1998**
Income from consolidated operations before income taxes	**¥ 33,250**	¥ 67,135	¥ 45,498	**$ 250**
Equity in earnings of affiliated companies	**(885)**	3,947	688	**(7)**
Shareholders' equity — charged (credited):				
Net unrealized gains on securities available for sale	**(143,991)**	(165,185)	144,162	**(1,082)**
Foreign currency translation adjustments	**30**	8,853	2,447	**0**
Minimum pension liability adjustment	**(10,525)**	5,049	(24,829)	**(79)**
Total income taxes	**¥(122,121)**	¥ (80,201)	¥167,966	**$ (918)**

Significant components of the deferred tax assets and liabilities at March 31, 1998 and 1997 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	1998	1997	**1998**
Assets:			
Allowance for doubtful receivables	**¥ 32,001**	¥ 44,181	**$ 240**
Accrued pension and severance liabilities	**55,507**	46,404	**417**
Foreign currency translation adjustments pertaining to investments in affiliated companies	**17,652**	18,786	**133**
Net operating loss carryforwards	**12,598**	8,046	**95**
Accrual and other	**32,295**	34,194	**243**
Gross deferred tax assets	**150,053**	151,611	**1,128**
Less valuation allowance	**(22,449)**	(18,022)	**(169)**
Deferred tax assets — less valuation allowance	**127,604**	133,589	**959**
Liabilities:			
Depreciation	**27,528**	23,459	**207**
Valuation of debt and equity securities	**225,034**	390,337	**1,692**
Deferred gain on sales of property for tax purposes	**38,124**	43,459	**287**
Other	**29,572**	26,958	**222**
Gross deferred tax liabilities	**320,258**	484,213	**2,408**
Net deferred tax liabilities	**¥(192,654)**	¥(350,624)	**$(1,449)**

A valuation allowance is established to reduce certain deferred tax assets with respect to deductible temporary differences and net operating loss carryforwards where it is more likely than not that they will not be realized. The net change in the total valuation allowance for the years ended March 31, 1998, 1997 and 1996 was an increase of ¥4,427 million ($33 million), a decrease of ¥1,332 million and a decrease of ¥967 million, respectively.

At March 31, 1998 the amount of undistributed earnings of subsidiaries on which a deferred tax liability has not been recognized in the accompanying consolidated financial statements aggregated ¥228,667 million ($1,719 million). Most of the undistributed earnings of domestic subsidiaries are not considered to be a taxable temporary difference as described in Note 1. Determination of the deferred tax liability related to the undistributed earnings of foreign subsidiaries is not practicable.

At March 31, 1998 certain subsidiaries had aggregate operating loss carryforwards of approximately ¥26,607 million ($200 million) which may be used as a deduction in the determination of taxable income in future periods through 2011.

10. ACCRUED PENSION AND SEVERANCE LIABILITIES

The parent company and certain of its subsidiaries have non-contributory defined benefit pension plans covering substantially all employees other than directors. The plans provide benefits based upon years of service, compensation at the time of severance and other factors. The parent company also has a contributory defined benefit pension plan which covers substantially all of its employees and provides for lifetime annuity payments commencing at age 60.

The contributory pension fund is administered by a board of trustees comprised of management and employee representatives as required by government regulations. Employee benefits under the plan consist of a portion specified by government regulations and an additional portion from the parent company's sponsored plan. The plan assets for both portions are managed and invested as one asset pool. Both the parent company and its employees are required to contribute to the pension fund; however, the parent company has an obligation to fund the plan in a manner sufficient to satisfy the plan benefit obligations.

The companies' funding policy is to contribute an amount deductible for income tax purposes. Contributions are intended to provide not only for benefits attributable to service to date but also for those expected to be earned in the future.

Net periodic pension costs of the parent company's and certain of its subsidiaries' pension plans for the years ended March 31, 1998, 1997 and 1996 included the following components:

	Millions of Yen			Millions of U.S. Dollars
	1998	1997	1996	**1998**
Contributory pension plan:				
Service cost — benefits earned during the year	**¥ 7,154**	¥ 7,118	¥ 4,944	**$ 54**
Interest cost on projected benefit obligation	**8,780**	8,513	8,700	**66**
Actual return on plan assets	**(1,159)**	(2,025)	(4,503)	**(9)**
Net amortization and deferral	**(529)**	1,562	647	**(4)**
Net periodic pension cost	**¥14,246**	¥15,168	¥ 9,788	**$107**
Non-contributory pension plans:				
Service cost — benefits earned during the year	**¥ 2,554**	¥ 2,505	¥ 1,991	**$ 19**
Interest cost on projected benefit obligation	**2,825**	2,781	3,019	**21**
Actual return on plan assets	**(2,311)**	(1,031)	(1,825)	**(17)**
Net amortization and deferral	**1,155**	195	654	**9**
Net periodic pension cost	**¥ 4,223**	¥ 4,450	¥ 3,839	**$ 32**

Pension expenses not included above, principally related to minor domestic plans, for the years ended March 31, 1998, 1997 and 1996 were ¥3,072 million ($23 million), ¥2,851 million and ¥2,330 million, respectively.

The following table sets forth the funded status of the parent company's and certain of its subsidiaries' pension plans and amounts recognized in the consolidated balance sheets at March 31, 1998 and 1997:

	Millions of Yen			
	1998		1997	
	Contributory Pension Plan	Non-contributory Pension Plans	Contributory Pension Plan	Non-contributory Pension Plans
Actuarial present value of benefit obligations at December 31, 1997 and 1996:				
Vested benefit obligation	¥194,725	¥ 51,125	¥168,602	¥48,011
Accumulated benefit obligation	¥238,662	¥ 52,287	¥209,616	¥48,764
Projected benefit obligation	¥252,225	¥ 69,113	¥221,653	¥64,110
Plan assets at fair value at December 31, 1997 and 1996, primarily listed stocks, marketable bonds and loans receivable	145,587	31,529	140,734	28,866
Projected benefit obligation in excess of plan assets at December 31, 1997 and 1996	106,638	37,584	80,919	35,244
Contributions to plan during the three-month period ended March 31, 1998 and 1997	(2,218)	(1,102)	(2,266)	(1,121)
Unrecognized net loss	(91,326)	(14,414)	(69,864)	(10,985)
Prior service cost not yet recognized in net periodic pension cost	(4,927)	(2,701)	(5,766)	(2,874)
Unrecognized net assets (obligation) at transition being recognized over 15 years	(971)	127	(1,134)	92
Adjustment required to reflect minimum liability	83,661	2,786	64,727	407
Net accrued pension liability recognized in the consolidated balance sheets	¥ 90,857	¥ 22,280	¥ 66,616	¥20,763

	Millions of U.S. Dollars	
	1998	
	Contributory Pension Plan	Non-contributory Pension Plans
Actuarial present value of benefit obligations at December 31, 1997:		
Vested benefit obligation	$1,464	$384
Accumulated benefit obligation	$1,794	$393
Projected benefit obligation	$1,897	$520
Plan assets at fair value at December 31, 1997, primarily listed stocks, marketable bonds and loans receivable	1,095	237
Projected benefit obligation in excess of plan assets at December 31, 1997	802	283
Contributions to plan during the three-month period ended March 31, 1998	(17)	(8)
Unrecognized net loss	(687)	(109)
Prior service cost not yet recognized in net periodic pension cost	(37)	(20)
Unrecognized net assets (obligation) at transition being recognized over 15 years	(7)	1
Adjustment required to reflect minimum liability	629	21
Net accrued pension liability recognized in the consolidated balance sheets	$ 683	$168

Assumptions used for 1998 and 1997 in determining costs for the plans and the funded status information shown above were principally as follows:

	1998	1997
Contributory pension plan:		
Weighted-average discount rate	**3.5%**	4.0%
Average rate of increase in future compensation levels	**2.2%**	2.2%
Expected long-term rate of return on plan assets	**4.5%**	4.5%
Non-contributory pension plans:		
Weighted-average discount rate*	**4.2%**	4.5%
Average rate of increase in future compensation levels*	**4.2%**	4.1%
Expected long-term rate of return on plan assets*	**6.3%**	5.8%

* Includes those of foreign subsidiaries.

In addition to the pension plans, most of the domestic subsidiaries have unfunded severance indemnities plans under which their employees, other than directors, are entitled, under most circumstances, upon mandatory retirement at normal retirement age or earlier termination of employment, to lump-sum severance indemnities based on compensation at the time of severance, years of service and other factors. The amounts charged to income for the years ended March 31, 1998, 1997 and 1996 were ¥2,053 million ($15 million), ¥1,791 million and ¥1,783 million, respectively.

11. COMMON STOCK AND CAPITAL SURPLUS

The changes in the number of issued shares of common stock during the years ended March 31, 1998, 1997 and 1996 were as follows:

	Thousands of Shares		
	1998	1997	1996
Balance, beginning of year	**1,567,176**	1,566,993	1,566,993
Issued for conversion of bonds		183	
Balance, end of year	**1,567,176**	1,567,176	1,566,993

In accordance with the Commercial Code of Japan (the "Code"), conversion of bonds was accounted for by crediting one-half each of the exercise or conversion prices to the common stock account and to the capital surplus account.

The Code permits, upon approval of the Board of Directors, transfers of amounts from capital surplus to the common stock account.

The Code also permits Japanese companies, upon approval by the Board of Directors, to issue shares, in the form of a "stock split" as defined, to shareholders to the extent that the aggregate par value of shares to be distributed does not exceed the excess of common stock account over the par value of shares issued and outstanding. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

12. RETAINED EARNINGS AND DIVIDENDS

Retained Earnings Appropriated for Legal Reserve — The Code provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be appropriated and set aside as a legal reserve until such reserve equals 25% of capital stock. The retained earnings so appropriated may be used to eliminate or reduce a deficit by resolution of the shareholders or may be transferred to capital stock by resolution of the Board of Directors.

Unappropriated Retained Earnings and Dividends — The amount of retained earnings available for dividends under the Code is based on the amount recorded in the parent company's general books of account maintained in accordance with accepted Japanese accounting practices. The adjustments included in the accompanying consolidated financial statements but not recorded in the books as explained in Note 1 have no effect on the determination of retained earnings available for dividends under the Code. In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment as described above, the Code imposes certain limitations on the amount of retained earnings available for dividends. None of the retained earnings shown by the parent company's general books of account as of March 31, 1998 (¥309,808 million — $2,329 million, exclusive of the amount previously appropriated for legal reserve) is restricted by such limitations under the Code.

The Code permits transfers, upon approval of the shareholders, of a portion of unappropriated retained earnings available for dividends to the capital stock account.

Dividends are approved by the shareholders at the annual meeting held subsequent to the fiscal year to which the dividends are applicable. In addition, a semiannual interim dividend payment may be made by a resolution of the Board of Directors, subject to limitations imposed by the Code.

In the accompanying statements of consolidated shareholders' equity, dividends and appropriations to legal reserve shown for each year represent dividends paid out during the year and the appropriation to legal reserve made in relation to the respective dividends.

13. TRADING TRANSACTIONS

The parent company and certain of its subsidiaries are general trading companies and act as either principal or agent in their trading transactions. As to a substantial portion of the transactions in which the companies act as principal ("purchase and sale transactions"), only title to and payment for the goods pass through the companies without physical acquisition and delivery through the companies. As to the transactions in which the companies act as agent, payments for goods in some instances are made by purchasers directly to suppliers. Total trading transactions shown in the statements of consolidated income consist principally of net sales with respect to transactions in which the companies act as principal, including rent and warehousing transactions, and amounts of transactions in which the companies act as agent. Gross trading profit represents gross margins with respect to purchase and sale transactions and compensation, in the form of commissions or service charges, with respect to agency transactions.

14. SEGMENT INFORMATION

The companies operate predominantly in a single industry commonly classified as general trading companies. The companies' general trading activities consist principally of performing purchasing and marketing functions in domestic and international markets, providing direct or indirect financing arrangements for purchasers and suppliers, and organizing and coordinating industrial projects primarily in conjunction with purchasing and marketing activities. In their general trading activities, the companies deal in a wide variety of raw materials for and products of the manufacturing, extractive, agricultural and marine, and service industries.

The companies' operations by geographic areas for the years ended March 31, 1998, 1997 and 1996 are summarized as follows:

	Millions of Yen						
Year ended March 31, 1998	Japan	North America	Europe	Asia, Oceania	Other Areas	Eliminations	Consolidated
Trading transactions:							
Outside customers . . .	¥12,673,226	¥1,053,833	¥1,396,868	¥ 609,051	¥ 92,675		¥15,825,653
Inter-area	823,830	609,449	766,864	614,048	345,206	¥(3,159,397)	
Total	¥13,497,056	¥1,663,282	¥2,163,732	¥1,223,099	¥437,881	¥(3,159,397)	¥15,825,653
Operating income	¥ 15,107	¥ 11,345	¥ 8,859	¥ 10,939	¥ 5,124	¥ (346)	¥ 51,028
Other income (expenses) — net							12,207
Income from consolidated operations before income taxes							¥ 63,235
Identifiable assets at March 31, 1998	¥ 6,826,762	¥ 793,513	¥1,311,252	¥ 432,214	¥374,839	¥ (680,200)	¥ 9,058,380
Investments in and advances to affiliated companies							463,929
Total assets at March 31, 1998							¥ 9,522,309

	Millions of U.S. Dollars						
Year ended March 31, 1998	Japan	North America	Europe	Asia, Oceania	Other Areas	Eliminations	Consolidated
Trading transactions:							
Outside customers . . .	$ 95,287	$ 7,924	$10,503	$4,579	$ 697		$118,990
Inter-area	6,194	4,582	5,766	4,617	2,596	$(23,755)	
Total	$101,481	$12,506	$16,269	$9,196	$3,293	$(23,755)	$118,990
Operating income	$ 114	$ 85	$ 67	$ 82	$ 39	$ (3)	$ 384
Other income (expenses) — net							91
Income from consolidated operations before income taxes							$ 475
Identifiable assets at March 31, 1998	$ 51,329	$ 5,966	$ 9,859	$3,250	$2,818	$ (5,114)	$ 68,108
Investments in and advances to affiliated companies							3,488
Total assets at March 31, 1998							$ 71,596

Year ended March 31, 1997	Japan	North America	Europe	Asia, Oceania	Other Areas	Eliminations	Consolidated
	Millions of Yen						
Trading transactions:							
Outside customers	¥12,464,016	¥ 924,254	¥1,785,987	¥ 527,665	¥ 90,158		¥15,792,080
Inter-area	829,714	764,916	945,453	728,771	288,152	¥(3,557,006)	
Total	¥13,293,730	¥1,689,170	¥2,731,440	¥1,256,436	¥378,310	¥(3,557,006)	¥15,792,080
Operating income	¥ 31,439	¥ 18,183	¥ 5,678	¥ 11,484	¥ 3,612	¥ (2,022)	¥ 68,374
Other income (expenses) — net							27,877
Income from consolidated operations before income taxes							¥ 96,251
Identifiable assets at March 31, 1997	¥ 7,549,116	¥ 742,907	¥1,479,321	¥ 439,020	¥387,417	¥(1,345,013)	¥ 9,252,768
Investments in and advances to affiliated companies							407,187
Total assets at March 31, 1997							¥ 9,659,955

Year ended March 31, 1996	Japan	North America	Europe	Asia, Oceania	Other Areas	Eliminations	Consolidated
	Millions of Yen						
Trading transactions:							
Outside customers	¥11,930,516	¥ 845,670	¥2,235,707	¥ 409,158	¥ 70,696		¥15,491,747
Inter-area	871,898	681,386	1,118,704	652,359	260,076	¥(3,584,423)	
Total	¥12,802,414	¥1,527,056	¥3,354,411	¥1,061,517	¥330,772	¥(3,584,423)	¥15,491,747
Operating income	¥ 31,165	¥ 26,675	¥ 4,292	¥ 9,488	¥ 4,547	¥ (1,125)	¥ 75,042
Other income (expenses) — net							(2,921)
Income from consolidated operations before income taxes							¥ 72,121
Identifiable assets at March 31, 1996	¥ 8,060,958	¥ 713,982	¥1,311,133	¥ 388,239	¥378,779	¥(1,422,053)	¥ 9,431,038
Investments in and advances to affiliated companies							404,462
Total assets at March 31, 1996							¥ 9,835,500

"Other areas" consist principally of Central and South America and Africa.

Inter-area transactions generally are priced with reference to prices applicable to transactions with unaffiliated parties.

The total trading transactions in Japan with outside customers include export transactions of ¥2,291,867 million ($17,232 million), ¥2,222,610 million and ¥1,951,830 million for the years ended March 31, 1998, 1997 and 1996, respectively, principally to countries in Asia, North America, Europe and Central and South America.

During the year ended March 31, 1998, many Southeast Asian countries, including Thailand and Indonesia, experienced severe economic difficulties relating to currency devaluations, volatile stock markets and reduced growth. The companies' operations and investments in these countries are primarily related to the manufacture and distribution of automobiles. While much of the financing for these investments is based on foreign currency denominated loans, the companies have in most instances hedged the exchange rate risk. While operating results in local currencies have been adversely affected by the sluggish economies, the effect on consolidated earnings has not been significant for the year ended March 31, 1998.

15. FOREIGN EXCHANGE GAINS AND LOSSES

Net foreign currency transaction gains included in the determination of net income for the years ended March 31, 1998, 1997 and 1996 were ¥11,925 million ($90 million), ¥10,964 million and ¥12,557 million, respectively.

16. LEASES

Lessor

The companies lease vehicles, retailing and service equipment, and other industrial machinery and equipment which are classified as direct financing leases under SFAS No. 13.

Net investments in direct financing leases at March 31, 1998 and 1997, included in "Receivables–trade" and "Non-current notes, loans and accounts receivable–trade" in the accompanying consolidated balance sheets, are as follows:

	Millions of Yen		Millions of U.S. Dollars
	1998	1997	**1998**
Gross investments in direct financing leases	**¥43,629**	¥ 85,091	**$328**
Less — unearned income	**(6,076)**	(12,241)	**(46)**
Net investments	**¥37,553**	¥ 72,850	**$282**

At March 31, 1998, the future minimum lease payments to be received for each of the five succeeding fiscal years are as follows: ¥17,911 million ($135 million) in 1999, ¥12,311 million ($93 million) in 2000, ¥4,523 million ($34 million) in 2001, ¥2,253 million ($17 million) in 2002, ¥1,269 million ($9 million) in 2003 and ¥5,362 million ($40 million) thereafter.

The companies also lease airplanes, office buildings and other industrial assets under operating leases. The cost and accumulated depreciation of the leased property at March 31, 1998, are ¥85,792 million ($645 million) and ¥21,802 million ($164 million), respectively.

At March 31, 1998, the future minimum lease payments to be received under noncancelable leases are as follows: ¥5,888 million ($44 million) in 1999, ¥4,911 million ($37 million) in 2000, ¥4,139 million ($31 million) in 2001, ¥3,923 million ($29 million) in 2002, ¥3,770 million ($28 million) in 2003 and ¥33,989 million ($256 million) thereafter.

Lessee

The companies lease office space and certain other assets under operating leases. Total rental expenses under such leases for the years ended March 31, 1998, 1997 and 1996 were ¥39,076 million ($294 million), ¥41,723 million and ¥39,589 million, respectively.

At March 31, 1998, the future minimum lease payments under noncancelable leases are as follows: ¥9,136 million ($69 million) in 1999, ¥8,257 million ($62 million) in 2000, ¥7,456 million ($56 million) in 2001, ¥6,572 million ($49 million) in 2002, ¥5,686 million ($43 million) in 2003 and ¥73,816 million ($555 million) thereafter.

17. COMMITMENTS AND CONTINGENT LIABILITIES

The companies, in the normal course of trading operations, enter into substantial long-term purchase commitments which provide for either fixed prices or basic prices adjustable to market. Such purchase commitments are in most instances matched with counterparty sales contracts.

The companies' contingent liabilities at March 31, 1998 as guarantor of indebtedness of others aggregated ¥533,684 million ($4,013 million), including ¥139,822 million ($1,051 million) relating to affiliated companies. Such guarantees have been provided primarily to suppliers and customers as indirect financing arrangements.

The companies also had long-term financing commitments aggregating ¥127,781 million ($961 million) at March 31, 1998 for loans, investments in equity capital and financing on a deferred-payment basis for the cost of equipment to be purchased by customers.

The companies are involved in various matters of litigation. In the opinion of management and legal counsel, the companies' liability, if any, when ultimately determined will not have a materially adverse effect on the companies' financial position or results of operations.

18. EVENTS SINCE MARCH 31, 1998

On June 26, 1998 the shareholders authorized payment of a cash dividend of ¥4.0 (3.0¢) per share, or a total of ¥6,269 million ($47 million) to shareholders of record on March 31, 1998 and a transfer from unappropriated retained earnings to retained earnings appropriated for legal reserve of ¥642 million ($5 million).

Deloitte Touche Tohmatsu

MS Shibaura Building
13-23, Shibaura 4-chome
Minato-ku, Tokyo 108-8530

Mitsubishi Corporation
(Mitsubishi Shoji Kabushiki Kaisha):

We have audited the accompanying consolidated balance sheets of Mitsubishi Corporation (Mitsubishi Shoji Kabushiki Kaisha) and subsidiaries as of March 31, 1998 and 1997, and the related statements of consolidated income, consolidated shareholders' equity, and consolidated cash flows for each of the three years in the period ended March 31, 1998 (all expressed in Japanese yen). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Mitsubishi Corporation and subsidiaries as of March 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 1998 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the consolidated financial statements, effective April 1, 1996, Mitsubishi Corporation and subsidiaries changed their method of accounting for the impairment of long-lived assets to conform with Statement of Financial Accounting Standards No. 121.

Our audits also comprehended the translation of Japanese yen amounts into United States dollar amounts included in the consolidated financial statements with respect to the year ended March 31, 1998 and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such United States dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

May 26, 1998 (June 26, 1998 as to the matters discussed in Note 18)

Deloitte Touche
Tohmatsu
International

Corporate Section

Seated from left: *Minoru Makihara and Mikio Sasaki*
Standing from left: *Hironori Aihara, Kazuaki Kawasumi and Hiroshi Kawamura*

Chairman of the Board of Directors
Minoru Makihara

President, Director
Mikio Sasaki

Executive Vice President, CIO, Director
Kazuaki Kawasumi
Corporate Planning and Internal Audit

Executive Vice Presidents, Directors
Hiroshi Kawamura
Fuels

Hironori Aihara
Information Systems & Services

Senior Managing Directors
Takeshi Sakurai
Metals, General Manager, Metals & Products Division

Kazuyoshi Yamamoto
Administration [B]

Managing Directors

Koji Furukawa
General Manager, Nagoya Branch

Teruhiko Ena
President, Director,
Space Communications Corporation

Naohisa Tonomura
Machinery

Yasuo Sone
Chemicals

Osamu Akita
Administration

Tetsuro Masuda
General Manager, Kansai Branch

Ichiro Hiwasaki
Metals, General Manager,
Metals & Minerals Division

Yuzo Shinkai
Information Systems & Services

Hiroaki Yano
President, Director,
Mitsubishi International Corporation

Yoshiaki Ishii
Resident Managing Director, China and
President, Director, Mitsubishi Corporation
China Investment Co., Ltd.

Masayuki Takashima
Machinery

Yorihiko Kojima
Administration [A]

Kanji Yamaguchi
Living Essentials

Kazuhiko Tojo
Administration

Hiroshi Nemichi
Chairman & Managing Director,
Mitsubishi Corporation International N.V.
and Chairman & Managing Director,
Mitsubishi Corporation (UK) PLC

Directors

Kentaro Aikawa*
Chairman, Mitsubishi Heavy Industries, Ltd.

Ichiro Taniguchi*
President, Mitsubishi Electric Corporation

Masatoshi Miyoshi
Senior Assistant to Senior Managing
Director, Administration

Yukio Masuda
Senior Assistant to Executive Vice President,
Fuels

Koichiro Yabuta
Senior Assistant to Managing Director,
Chemicals

Isamu Fukuda
Senior Assistant to Senior Managing
Director, Metals

Koji Wada
Textiles and General Merchandise

Susumu Kani
Logistics

Masaharu Goto
Foods and General Manager,
Foods Commodity Division

Yoshikazu Hori
Motor Vehicle

Takashi Takeda
General Manager, Kyushu Branch

Takeru Ishibashi
General Manager,
Fine & Specialty Chemicals Division

Takeshi Hashimoto
Information Systems & Services,
General Manager,
Information Systems & Services Division A

Shunichi Inai
Corporate Communications and
Personnel, General Manager,
Corporate Communications Department

Noriaki Sato
General Manager,
Corporate Accounting Department

Hiroshi Sabe
Deputy General Manager,
Metals & Products Division

Hajime Koga
General Manager,
Basic Chemicals Division B

Masahiro Abe
General Manager, Representative of
Mitsubishi Corporation in Jakarta

Shiro Terada
Deputy General Manager,
Metals & Products Division

Masasuke Naito
Senior Assistant to Executive Vice President,
Information Systems & Services

Motoatsu Sakurai
General Manager,
Development & Coordination Department

Yukio Ueno
General Manager,
Corporate Planning Office

James E. Brumm
Executive Vice President, Director,
Mitsubishi International Corporation

Senior Corporate Auditor

Toshihiro Koizumi

Corporate Auditors

Tsuneo Wakai**
Counselor, The Bank of
Tokyo-Mitsubishi, Ltd.

Kokei Higuchi**
President, The Tokio Marine and
Fire Insurance Company, Limited

Yoshiyuki Suga

Toshihiko Iriyama

* Independent director
** Outside corporate auditor
(As of July 1, 1998)

[Authorized and Issued Share Capital]

The Company's authorized share capital, as defined in the Articles of Incorporation, is 2,500,000,000 shares of common stock. There is only one class of share in the issued share capital of the Company. Each issued share has a par value of ¥50, is fully paid and non-assessable and is in registered form. At March 31, 1998, a total of 1,567,175,508 shares were in issue.

An increase in the authorized share capital is only possible by means of an amendment to the Articles of Incorporation.

[Principal Shareholders]

The ten largest shareholders of the Company and their respective holdings of shares at March 31, 1998, were as follows:

	Number of shares held (thousands)	Percentage of total shares outstanding (%)
The Bank of Tokyo-Mitsubishi, Ltd.	105,726	6.75
The Tokio Marine and Fire Insurance Company, Limited	95,753	6.11
The Mitsubishi Trust and Banking Corporation	87,966	5.61
The Meiji Mutual Life Insurance Company	80,555	5.14
The Dai-Ichi Kangyo Bank, Limited	54,738	3.49
Mitsubishi Heavy Industries, Ltd.	48,920	3.12
The Sumitomo Trust & Banking Co., Ltd.	44,167	2.82
The Sanwa Bank, Limited	41,935	2.68
The Tokai Bank, Ltd.	36,088	2.30
Nippon Life Insurance Company	34,287	2.19
Total	630,139	40.21

Except as disclosed above, the Directors are not aware of any shareholder who is directly or indirectly interested in 5 percent or more of the issued share capital of the Company.

[Directors' and Corporate Auditors' Shareholdings]

The following is a list of Directors and Corporate Auditors with their shareholdings in the Company at June 26, 1998. At the same date, Directors and Corporate Auditors owned a total of 395 thousand shares in the Company.

	Number of shares held (thousands)		Number of shares held (thousands)		Number of shares held (thousands)		Number of shares held (thousands)
Minoru Makihara	23	Ichiro Hiwasaki	7	Koichiro Yabuta	6	Masahiro Abe	5
Mikio Sasaki	10	Yuzo Shinkai	8	Isamu Fukuda	10	Shiro Terada	10
Kazuaki Kawasumi	11	Hiroaki Yano	9	Koji Wada	6	Masasuke Naito	9
Hiroshi Kawamura	11	Yoshiaki Ishii	20	Susumu Kani	14	Motoatsu Sakurai	3
Hironori Aihara	5	Masayuki Takashima	9	Masaharu Goto	4	Yukio Ueno	3
Takeshi Sakurai	10	Yorihiko Kojima	7	Yoshikazu Hori	5	James E. Brumm	2
Kazuyoshi Yamamoto	12	Kanji Yamaguchi	11	Takashi Takeda	6	Toshihiro Koizumi	21
Koji Furukawa	8	Kazuhiko Tojo	9	Takeru Ishibashi	6	Tsuneo Wakai	3
Teruhiko Ena	7	Hiroshi Nemichi	7	Takeshi Hashimoto	3	Kokei Higuchi	3
Naohisa Tonomura	18	Kentaro Aikawa	—	Shunichi Inai	4	Yoshiyuki Suga	4
Yasuo Sone	8	Ichiro Taniguchi	3	Noriaki Sato	4	Toshihiko Iriyama	3
Osamu Akita	10	Masatoshi Miyoshi	7	Hiroshi Sabe	6		
Tetsuro Masuda	15	Yukio Masuda	5	Hajime Koga	5		

[General Meeting of Shareholders]

The ordinary general meeting of the Company's shareholders is usually held in Tokyo in June each year. In addition, the Company may hold an extraordinary general meeting of shareholders whenever necessary.

Notice of a shareholders' meeting stating the place, the time and the purpose thereof must be mailed to each shareholder (or, in the case of a non-resident shareholder, to a standing proxy in Japan) at least two weeks prior to the date set for the meeting.

[Share Dealings and Settlement]

In accordance with the Commercial Code of Japan, the transfer of shares is effected by delivery of share certificates, but in order to assert shareholder rights against the Company, the transferee must have his name and address registered on the Company's register of shareholders. For this purpose, shareholders are required to file their names, addresses and seal impressions (or specimen signatures in the case of non-Japanese shareholders) with the Company's transfer agent for the shares. Non-resident shareholders are required to appoint a standing proxy in Japan for the purpose of communicating with the Company. Japanese commercial banks and securities companies customarily act as standing proxy and provide related services for standard fees. The transfer agent for the shares is The Mitsubishi Trust and Banking Corporation, at its Stock Transfer Agency Division, 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan.

[Dividends]

Following shareholders' approval, final dividends are distributed to shareholders on record at March 31 in each year in proportion to the number of shares held by each shareholder in cash. The Articles of Incorporation permit the payment of interim cash dividends (i.e. cash distributions made pursuant to Articles of the Commercial Code of Japan) to the shareholders on record at September 30 in each year by resolution of the Board of Directors.

Under its Articles of Incorporation, the Company is not obliged to pay any final or interim dividends unclaimed for a period of three years after the date on which they are first made available by the Company.

[Foreign Exchange Controls]

If a non-resident of Japan acquires shares in a listed Japanese company with the result that such non-resident holds 10 percent or more of the total outstanding shares, a prior notification of the proposed transaction is generally required to be made to the Minister of Finance, and in some cases to other Ministers as well. If a non-resident of Japan acquires shares in a listed Japanese company with the result that such non-resident holds less than 10 percent of the total outstanding shares, such a notification is generally not required.

Cash dividends and the proceeds of a sale of shares in Japan may be converted into foreign currency and repatriated abroad. The acquisition of shares by non-resident shareholders by way of stock splits is not subject to a notification requirement.

If the number of listed shares to be held by an investor (including foreign investor) is 5 percent or more of the total outstanding shares of the corporation, such investor requires a notification to the Minister of Finance under the Securities and Exchange Law.

[Japanese Taxation]

As a general rule, the Japanese withholding tax applicable to cash dividends made by a Japanese corporation to a non-resident of Japan is 20 percent. However, Japan has income tax treaties, conventions or agreements with many countries under which such tax rate is reduced for portfolio investors.

In general, stock splits are not subject to Japanese income tax.

Note: This general information is provided solely for the convenience of the readers of this Annual Report, and as such the readers should consult their legal and tax advisors as to foreign exchange controls and Japanese taxation.

- General Meeting of Shareholders
  - Corporate Auditors — Assistant to Corporate Auditor
  - Board of Corporate Auditors
- Board of Directors
- President
- Executive Committee
  - Group Executives Meeting
  - Policy Review Committee
- Strategy & Coordination Committee
- Personnel & Organization Committee
- Investment & Credit Committee
- Corporate Planning Office
- Corporate Information Systems Planning Dept.
- Internal Audit Dept.
- Administration [A]
  - Corporate Communications Dept.
  - Corporate Administration Dept.
  - Legal Dept.
  - Personnel Dept.
  - Development & Coordination Dept.
  - Planning & Coordination Dept.
  - Traffic & Insurance Dept.
  - Logistics Business Dept.
  - Retail Business Dept.
- Administration [B]
  - Corporate Accounting Dept.
  - SAP Project Office
  - Finance Dept.
  - Foreign Exchange Dept.
  - Merchant Banking Dept.
  - Corporate Investment Planning Dept.
  - Investment Administration & Credit Dept.
- Information Systems & Services Group
  - Information Systems & Services Division A
  - Information Systems & Services Division B
  - Aerospace Division
- Fuels Group
  - Fuels Division A
  - Fuels Division B
  - Fuels Division C
  - LNG Business Division
- Metals Group
  - Metals & Products Division
  - Metals & Minerals Division
- Machinery Group
  - Power & Electrical Systems Division
  - Ship & Plant Division
  - Motor Vehicle Division A
  - Motor Vehicle Division B
  - Industrial Machinery Division
  - Project Development & Construction Division
- Chemicals Group
  - Basic Chemicals Division A
  - Basic Chemicals Division B
  - Fine & Specialty Chemicals Division
- Living Essentials Group
  - Foods (Commodity) Division
  - Foods (Products) Division
  - Textiles Division
  - General Merchandise Division

(As of July 1, 1998)

Corporate Data

[Mitsubishi Corporation]

Date Established: April 1, 1950

Capital: ¥126,608,712,734

Headquarters:
6-3, Marunouchi 2-chome,
Chiyoda-ku, Tokyo 100-8086, Japan

Network:*
Offices
In Japan: 48
Overseas: 121
Overseas Subsidiaries:
Offices in 70 locations, including 38 main and 32 branch offices

Number of Employees:
8,401 In addition, there are overseas staff totaling 3,932

Independent Auditors:
Deloitte Touche Tohmatsu/
Tohmatsu & Co.

Shares of Common Stock Issued and Outstanding:
1,567,175,508

Number of Shareholders:
54,394

Stock Listings:
Tokyo, Osaka, Nagoya, Kyoto, Hiroshima, Fukuoka, Sapporo, Niigata, London, Paris

Transfer Agent for the Shares:
The Mitsubishi Trust and Banking Corporation
4-5, Marunouchi 1-chome,
Chiyoda-ku, Tokyo 100-0005, Japan

American Depositary Receipts:
Ratio (ADR:ORD): 1:2
Exchange: OTC (Over-the-Counter)
Symbol: MSBHY
CUSIP: 606769305
Depositary:
The Bank of New York
101 Barclay Street,
New York, NY 10286, U.S.A.
Tel: (212) 815-2204
U.S. toll free: 888-269-2377
(888-BNY-ADRS)

For further information, please contact:
Corporate Communications Department,
Mitsubishi Corporation
6-3, Marunouchi 2-chome,
Chiyoda-ku, Tokyo 100-8086, Japan
Telephone: (03) 3210-2121
Telex: MCTOK A J33333
Facsimile: (03) 3210-8935
URL: http://www.mitsubishi.co.jp

(As of March 31, 1998)

Data relating to Network is as of July 1, 1998.

[Overseas Network]

EUROPE

● Offices
Istanbul
Ankara
Prague
Budapest
Warsaw
Sofia
Bucharest
Moscow
Vladivostok
Kiev
Baku
Tashkent
Almaty
Oslo
Wien
Stockholm
Helsinki

● Subsidiaries
London
Lisboa
Madrid
Las Palmas
Paris
Bruxelles
Rotterdam
Düsseldorf
Hamburg
Berlin
Trebur
Frankfurt
Milan
Athens

AFRICA

● Offices
Johannesburg
Dakar
Casablanca
Accra
Algiers
Tunis
Luanda
Kinshasa
Lusaka
Kitwe
Harare
Nairobi
Dar es Salaam
Abidjan

● Subsidiaries
Lagos
Yaounde
Addis Ababa

MIDDLE EAST

● Offices
Amman
Baghdad
Riyadh
Jeddah
Al Khobar
Doha
Cairo
Damascus
Abu Dhabi
Dubai
Tel Aviv
Muscat

● Subsidiaries
Kuwait
Tehran

ASIA

● Offices
Karachi
Islamabad
Lahore
Kuala Lumpur
Singapore
Manila
Seoul
Kwangyang
Ulsan
Pohang
Colombo
Dhaka
Hanoi
Ho Chi Minh City
Chengdu
Guangzhou
Beijing
Tianjin
Xiamen
Nanjing
Qingdao
Shanghai
Dalian
Shenyang
Harbin
New Delhi
Bombay
Cochin
Bangalore
Madras
Calcutta
Yangon
Phnom Penh
Jakarta
Surabaya
Bandar Seri Begawan
Kathmandu

● Subsidiaries
Bangkok
Haadyai
Kuala Lumpur
Hong Kong
Guangzhou
Tianjin
Shanghai
Dalian
Taipei
Kaohsiung

OCEANIA

● Office
Noumea

● Subsidiaries
Sydney
Perth
Melbourne
Brisbane
Auckland
Wellington

NORTH AND CENTRAL AMERICA

● Offices
Guatemala
San Salvador

● Subsidiaries
New York
Portland
San Francisco
Seattle
Los Angeles
Houston
Chicago
Detroit
Palo Alto
Dallas
Atlanta
Pittsburgh
Washington, D.C.
Boston
Vancouver
Toronto
Montreal
Mexico City
Monterrey
Panama

SOUTH AMERICA

● Offices
Quito
La Paz
Asunción

● Subsidiaries
Lima
Santafé de Bogotá
Santiago
Caracas
Puerto Ordaz
Buenos Aires
São Paulo
Rio de Janeiro
Pôrto Alegre
Belo Horizonte

[Domestic Network]

HEADQUARTERS
Tokyo

HOKKAIDO BLOCK
Sapporo
Tomakomai
Muroran

TOHOKU BLOCK
Sendai
Hachinohe
Morioka
Koriyama

KANTO BLOCK
Kashima
Chiba
Kimitsu
Yokohama
Niigata

CHUBU BLOCK
Nagoya
Hamamatsu
Toyama
Nagano
Shizuoka

KANSAI BLOCK
Osaka
Kobe
Himeji
Okayama
Takamatsu
Matsuyama
Kochi

CHUGOKU BLOCK
Hiroshima
Fukuyama
Tokuyama
Ube

KYUSHU BLOCK
Fukuoka
Kitakyushu
Oita
Kagoshima
Nagasaki
Naha

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Mitsubishi Corporation

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