Mitsubishi Corporation
Annual Report 1990

For the Year Ended March 31, 1990

Mitsubishi Corporation—Achieving Profit Growth through a Balanced Portfolio of Core Businesses and Investments in New Sectors

Mitsubishi Corporation is adopting a two-pronged policy to achieve continued growth in profits. First, the Company is strengthening its positions in such traditional areas as fuels, metals, and machinery through upstream and downstream investments that increase the value added of its services. Second, the Company is investing in promising, newly emerging industries. Today, as a result of these policy initiatives, Mitsubishi Corporation is the leader among Japan's general trading companies in terms of profitability and is aggressively expanding its positions in leading-edge areas, such as telecommunications, electronics, biotechnology, and new materials.

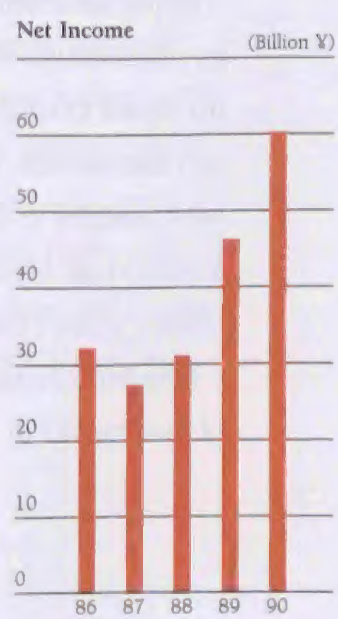
Contents

Mitsubishi Corporation achieved a record-breaking performance in its operations for the year, reporting growth of 30.8% in net income and 29.8% in net income per share.

Steady expansionary trends in the economies of the industrialized nations created a favorable environment for our operations during the fiscal year ended March 31, 1990. The year was highlighted by the momentous changes taking place in the Eastern bloc nations as these countries moved rapidly to adopt democratic governments. In Japan, economic conditions became somewhat uncertain toward the end of the period as the yen dropped in value, stock prices fell, and interest rates rose sharply. Over the course of the year, however, the domestic economy showed further expansion, supported by strong growth in private capital investment and personal consumption.

Principal Developments

Amid these market conditions, the Company's operating groups actively worked to expand their operations in line with long-term policies. In an important step for the ongoing development of operations, the Company formed the New Business Opportunities Group to consolidate the new business activities of existing operating groups and to coordinate entry into new business sectors. The Company also moved forward with its program of activities to expand imports of finished products and increase transactions in consumer products and services.

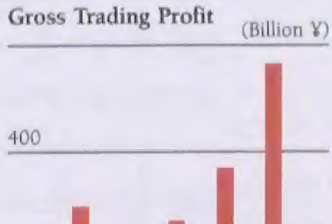


Yohei Mimura (left), Chairman, and Shinroku Morohashi, President

Some sections handling petroleum products, synthetic resins, fertilizers, and other products were set up as separate companies. These companies were created to further strengthen the Company's flexibility in sales and in supplying professional services, particularly to downstream markets.

At the same time, the Company proceeded to broaden its relationships with leading corporate groups around the world to continue expanding its international activities and transactions. In a major development, discussions were initiated to explore possibilities for cooperation in a wide range of industrial sectors with the Daimler-Benz Group, of the Federal Republic of Germany.

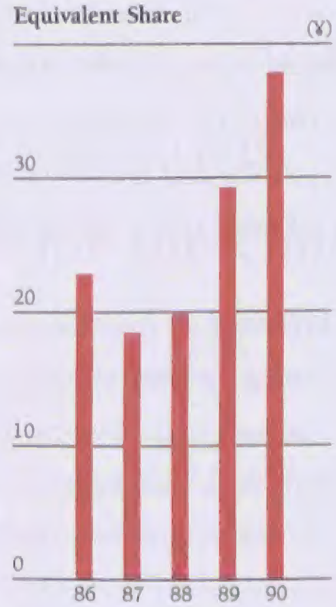
Mitsubishi Corporation also pursued an active program of investments in new and existing enterprises during



the fiscal year. The Company acquired Aristech Chemical Corp., of the United States, and made a number of other acquisitions that will add to the scope and depth of its operations in manufacturing and other areas.

The first communications satellite, SUPERBIRD, launched by our affiliate, Space Communications Corp., began to provide services during summer 1989. Despite the failed launch of the company's second satellite in February 1990, we are proceeding with plans to launch another satellite in 1991. We believe that satellite telecommunications services will become an increasingly important part of our aerospace activities. In other new activities, the Company entered the field of organizing major sporting and other events, starting with preparations for a car rally from Paris to Beijing via Moscow, the longest rally course thus far attempted.

Net Income per Common and Common Equivalent Share



Gains in Performance

Indicators of Company performance rose to record highs for the fiscal year. In particular, net income set another historical high, reaching ¥60 billion ($382 million), an increase of 30.8%. Other indicators also showed important gains. Total trading transactions were up 18.4% and amounted to ¥18,523 billion ($117,234 million). This gain was supported especially by a sharp rise in crude oil trading and, reflecting strong domestic demand, an increase in construction materials and industrial machinery sales. Gross trading profit recorded a gain of 25.0% over the previous year, to ¥483 billion ($3,056 million), and, despite increases in selling, general, and administrative expenses owing to higher trading volume, income from consolidated operations increased 50.7%, to ¥43 billion ($271 million). In addition, equity in earnings of affiliated companies maintained a high level. As a result of these positive developments, net income per share was up 29.8%, to ¥37.82 (23.94¢).

Outlook

Management believes that economic conditions will remain favorable as the international economy maintains a gradual upward momentum. Although some uncertainties will remain, the domestic economy is expected to expand, supported by higher consumer spending and growth in capital investment as companies respond to the need for industrial restructuring and to developments in technology.

Becoming an International Corporate Citizen

During the year, as part of the Company's policy of establishing strong operating positions in the leading economic regions, we listed our shares on the London and Paris stock exchanges and are planning a listing on the New York Stock Exchange in the near future. We believe that this will heighten awareness of our activities among our overseas shareholders.

Mitsubishi Corporation has a long-standing policy of paying keen attention to the protection and the preservation of the global environment. In response to growing international concern, we have substantially increased the emphasis on our activities in this area to achieve a greater degree of harmony between our business activities and the environment. To fulfill this objective, the Company established an Environmental Affairs Department in April 1990, which will direct the Company's formulation of environmental policies and guidelines and coordinate the activities of operating groups to ensure an effective response to environmental issues.

July 8, 1990

Shinroku Morohashi
President

Focus on Balanced Growth— □ Strong Core Businesses □ Active Investments in Growth Areas □ Greater Concern for the Global Environment

Mitsubishi Corporation is aiming for long-term growth in profitability by maintaining a balance among its core businesses, investments in emerging industries, and concern for the environment.

We at Mitsubishi Corporation are

- Major players in our core businesses of trade and development
- Taking a leadership position in upstream and downstream markets
- Actively investing to expand the scope of core businesses
- Providing specialized, professional services in new growth sectors
- Taking steps to meet the challenge of protecting the environment

A Major Player in Global Trade and Development Activities

At the core of Mitsubishi Corporation's operations are trading services and development of resources and industries around the world. These operations cover a vast range of products and activities with principal focus on information systems and services, fuels, metals, machinery, foods, chemicals, and textiles. In many industries, we are closely involved from the sourcing of raw materials to processing and marketing of finished products around the world.

Upgrading Core Business Activities

One of the central goals in all our core businesses is to constantly upgrade the efficiency of our services and to add value by providing services that meet evolving client requirements. Our core businesses form a stable and balanced foundation for all our operations and often provide the launching platform and initial investment resources when we enter completely new areas.

Some Specific Examples

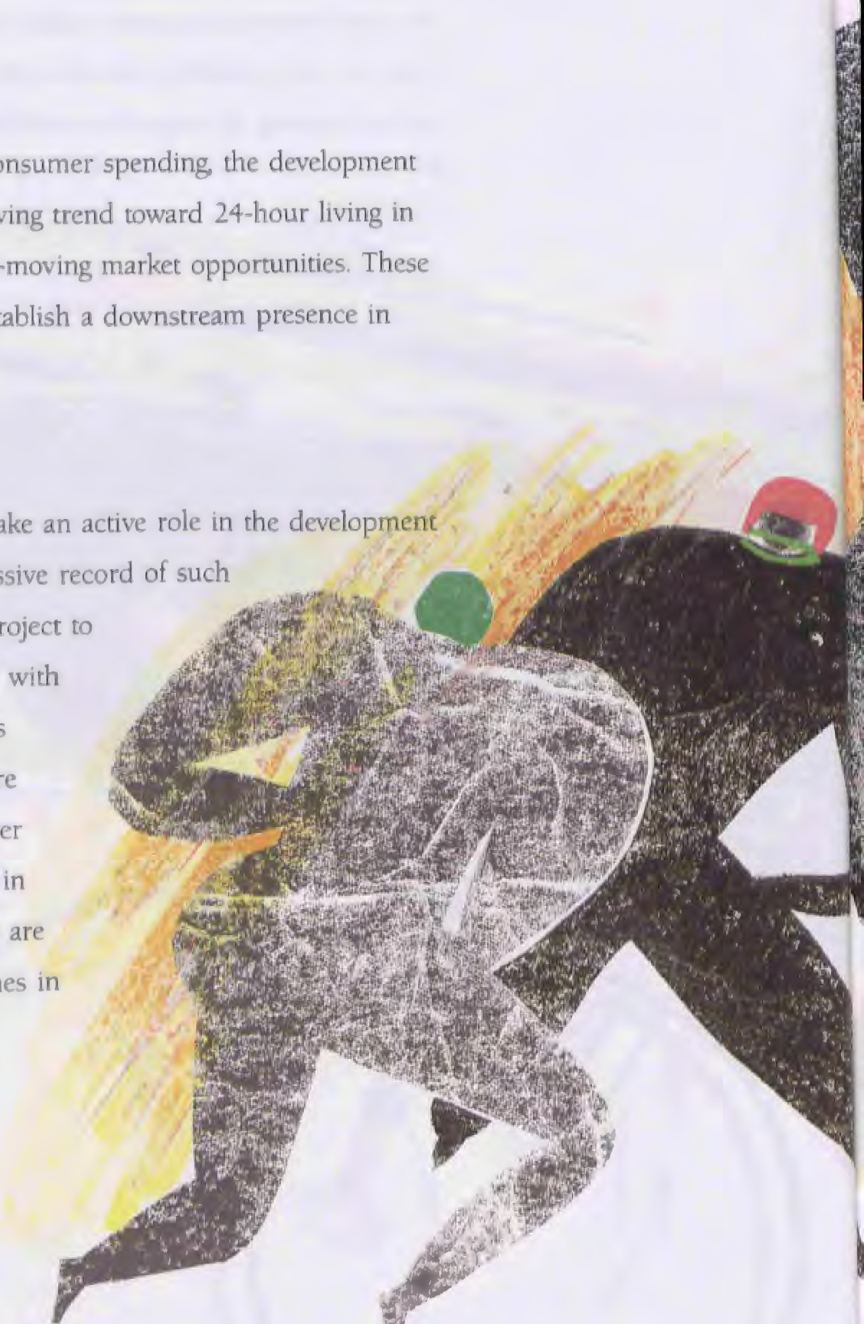
One of the typical examples of our core business operations is the role we play as a leader in supplying Japan's energy requirements. We have taken the initiative in developing the largest sources of LNG in Australia and handle more than 50% of Japan's imports of this energy fuel. Other activities in the area of fuels include extensive direct-deal oil transactions in the Middle East and a vertically integrated network of distribution facilities for petroleum products in Japan. Plant exports are another example of our core business activities, and we are especially strong in sales of power generating and steel manufacturing plants required in Asia. Another success story in our core businesses is motor vehicle exports to countries in the Pacific region. We have built our own assembly factories and sales network in Southeast Asia and Australia and are making an important contribution to economic development in these areas.

Taking a Leadership Position in Upstream and Downstream Markets

Such major changes as the rapid expansion in consumer spending, the development of the fast-food restaurant business, and the growing trend toward 24-hour living in major cities, are all creating a wealth of new, fast-moving market opportunities. These developments have made it essential for us to establish a downstream presence in addition to participation in upstream activities.

Investing Upstream

Growth in demand makes it essential for us to take an active role in the development of raw materials resources. Adding to our impressive record of such projects, we are participating in a A$10 billion project to develop oil and gas resources in Australia jointly with Shell, BHP, BP, Chevron, and Woodside. Strengths Mitsubishi Corporation brings to this new venture include our close relationships with electric power and gas companies in Japan and our experience in coordinating such projects. In coal resources, we are one of the principal suppliers to Japan from mines in



Australia and other major producing regions. And, in salt, another key industrial material, we handle about 50% of all imports into Japan, with much of this coming from our production facility in Mexico, developed jointly with the Mexican government.

And Downstream

Keeping in close touch with changing consumer preferences is vital to gaining the proper perspective on what to supply next, so, in many of our core businesses we have made extensive downstream investments. One example is our participation in Kentucky Fried Chicken (KFC) Japan Ltd., a joint venture with KFC in the United States. In addition to investment in the company, we are also the principal supplier of food and packaging materials. During the year, this highly successful fast-food company marked its 20th anniversary of operations in Japan, and the number of KFC outlets exceeded 900. Another instance of downstream investment is our petroleum product distribution system. We have a network of 750 service stations and plan to increase this number to 1,000 in the years ahead. A further example of our downstream activities is our investment and active participation in designer-brand fashion shops. Close relationships with such design houses as Roberta di Camerino, of Italy, enable us to respond to increasingly diverse and sophisticated consumer preferences.

Investing Actively to Expand Core Business Horizons

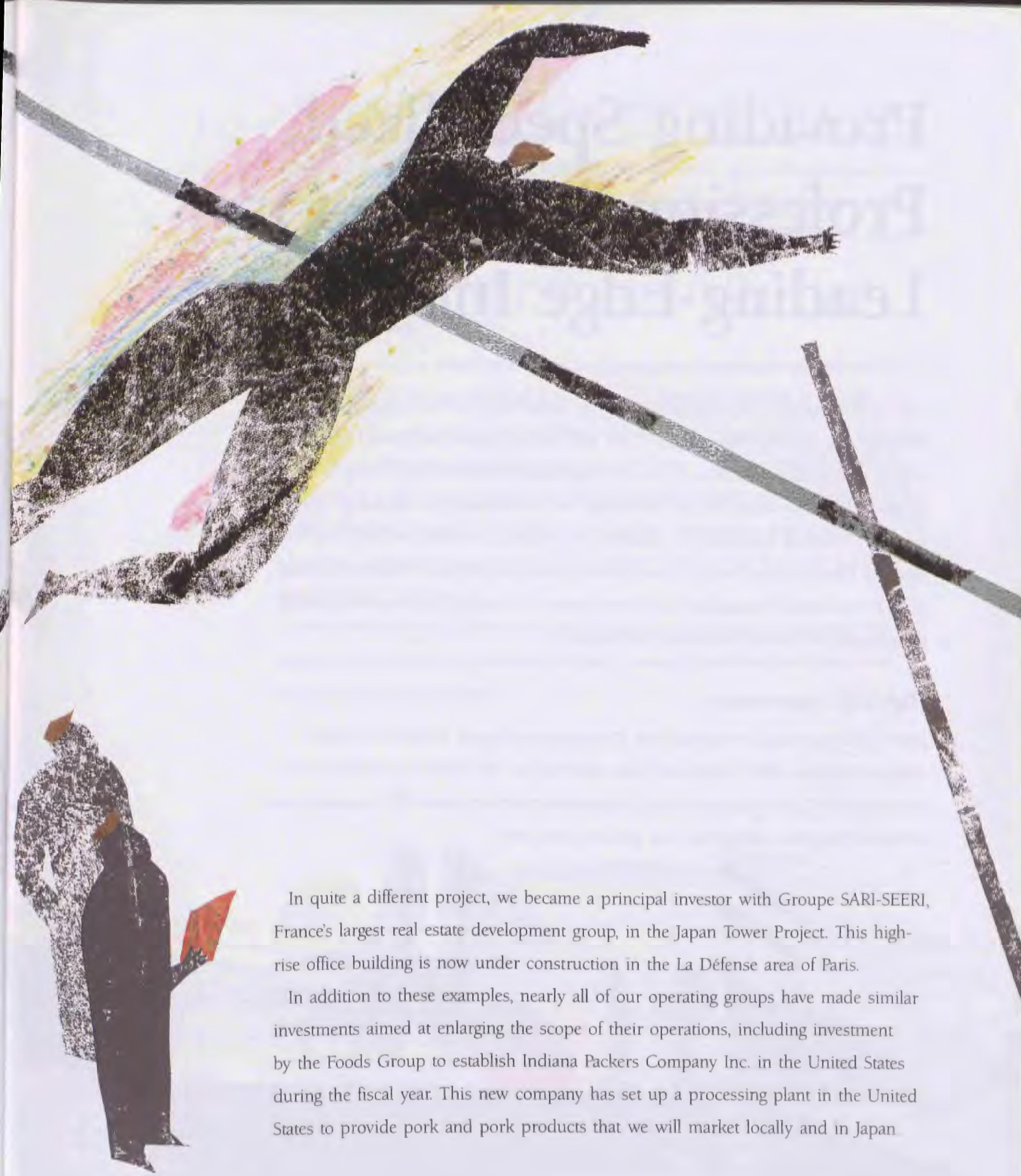
Mitsubishi Corporation is always alert to opportunities for acquisitions and investments in new companies to broaden the scope of its core businesses. In recent years, we have made a substantial number of investments in companies in manufacturing, distribution, and services that enhance our basic trading capabilities. During the fiscal year, we announced a number of important acquisitions and new ventures.

Acquisitions in the United States

The Chemicals Group of Mitsubishi Corporation has built up a wide-ranging network of relationships in the global chemical industry and regularly monitors up-to-date information from around the globe. During the year, these intangible resources were key ingredients in the successful acquisition of Aristech Chemical Corp. of the United States through a management-led buyout. The addition of Aristech will open up a wider spectrum of business opportunities in chemicals. Also in the United States, we announced the acquisition of Chemtex International Inc., a chemical plant engineering company with special expertise in the design of synthetic fiber production facilities. Services provided by Chemtex will enhance our plant export capabilities.

Rising Overseas Investments

In the area of logistics, during the year, we became the first of Japan's general trading companies to invest in a port terminal development project in the European Community (EC). Terminales Maritimas de Sagunto S.A., located in the Spanish port of Sagunto, on the Mediterranean Sea, will open up new logistics links for worldwide seaborne trade, particularly between the EC and North and West African countries.



In quite a different project, we became a principal investor with Groupe SARI-SEERI, France's largest real estate development group, in the Japan Tower Project. This high-rise office building is now under construction in the La Défense area of Paris.

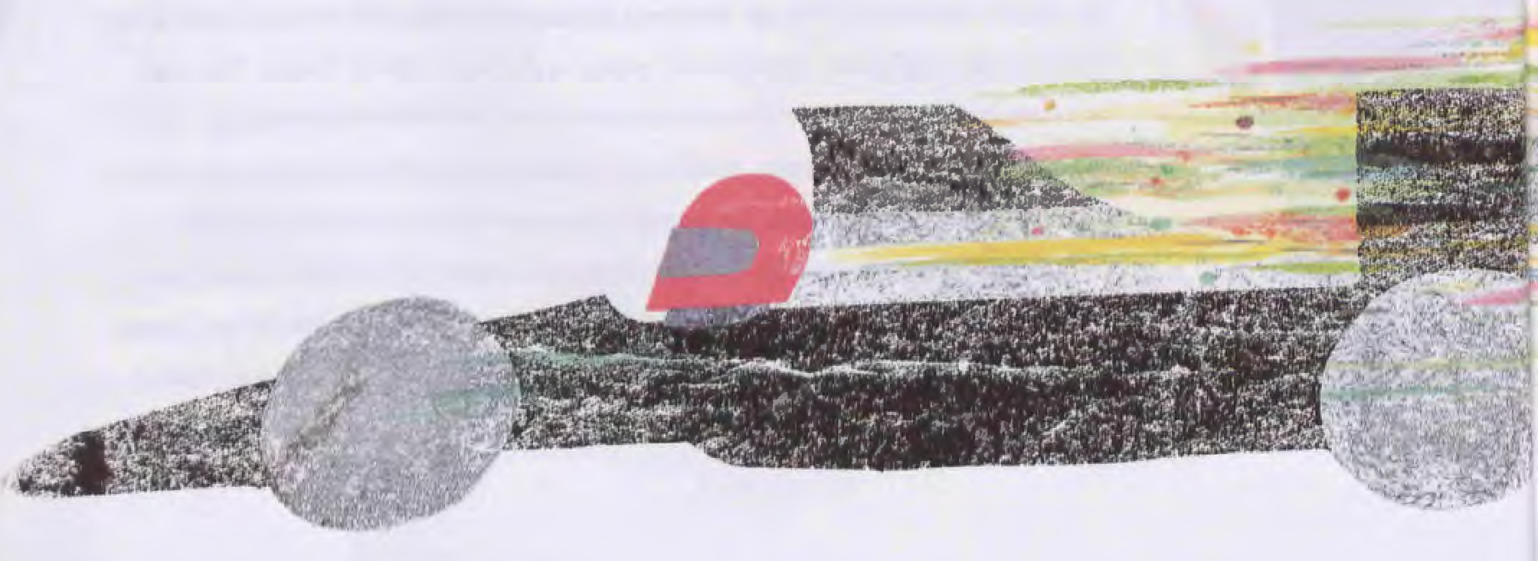
In addition to these examples, nearly all of our operating groups have made similar investments aimed at enlarging the scope of their operations, including investment by the Foods Group to establish Indiana Packers Company Inc. in the United States during the fiscal year. This new company has set up a processing plant in the United States to provide pork and pork products that we will market locally and in Japan.

Providing Specialized, Professional Services in Leading-Edge Industries

One of our principal corporate objectives is to invest selectively in emerging businesses and gradually shift the composition of our total trading transactions toward leading-edge growth sectors. The focus of our core businesses is transactions in tangible products, but, increasingly, we are identifying new opportunities in technology- and information-related businesses. To promote new business activities, we set up the New Business Opportunities Group in June 1989 to better identify new business areas and provide the needed management and coordination of Company resources to optimize the potential for success and future contribution.

High-Tech Opportunities

During the fiscal term, we marked our 20th year as sole agent in Japan for Battelle Memorial Institute (BMI), which has been described as "the world's technology information bank." Our Technology Affairs Department processes about 200 requests a year from our clients for information and research from BMI.



The project most symbolic of our drive to establish a strong position in leading-edge industries is our entry into the area of satellite telecommunications carrier and related services. The first such satellite, SUPERBIRD, was launched and commenced services during the year. Owned and operated by our affiliate, Space Communications Corp., SUPERBIRD is a high-performance satellite fully capable of meeting advanced telecommunications requirements.

New Directions

Another new area in which we are providing professional services is mergers and acquisitions. Drawing on our information, experience, and global network of contacts, we are working to assist clients in identifying opportunities for acquisitions and providing professional M&A services through our Finance Group in Tokyo, MIC Consulting Inc., a subsidiary in the United States, and MCF Financial Services Ltd., a subsidiary in the United Kingdom. In early 1989, MIC Consulting Inc. became the first subsidiary of a Japanese nonbank company to receive a broker-dealer license from the Securities and Exchange Commission.

Other new activities include entry into organizing major sporting and other events, various aspects of the entertainment business, nonstore marketing, and major real estate redevelopment projects.

Meeting the Challenge of Protecting and Preserving Our Global Environment

Today, more than ever, corporations must assess the impact of their operations and take the needed steps to protect and preserve the environment. Even though Mitsubishi Corporation is fundamentally a service company without large manufacturing facilities, its operations touch on a vast range of industries from forestry to electric power generation. The environmental issue in some of these industries is serious, and all staff of Mitsubishi Corporation are devoting increased attention to how the Company can respond most effectively.

Environmental Affairs Department Set Up

Our philosophy is to aim for continued development of our operations while devoting resources to the preservation of the environment in our day-to-day activities. To this end, we established an Environmental Affairs Department in April 1990 with the mission of keeping abreast of global environmental issues and assisting the Company in responding effectively. Specific activities will include formulating and implementing practical solutions to environmental problems, assisting various operating groups within the Company in the conduct of environmental audits, and providing information and financial support for the development of technologies beneficial to the environment.

Expanding Range of Environmental Projects

One of the first projects of the department will be the sponsorship of a natural tropical rain forest reforestation study in Malaysia, led by Professor Akira Miyawaki, who is head of Yokohama National University's Environmental Science and Technology Department, and an internationally respected vegetation ecologist. The results of this study should generate concrete findings for future reforestation projects.

Also, jointly with Tokai Pulp Co., Ltd., Mitsubishi Corporation developed a new production technology for office paper production that uses 83% newspaper waste and has begun marketing activities for this recycled paper product.

In its own operations, the Company is promoting the use of recycled paper and separate disposal of recyclable waste materials. Through these and other activities, the Company is encouraging an enhanced awareness of the environment appropriate to a leading company conducting business on a global scale.

Review of Operations

New Business Opportunities

The New Business Opportunities Group was established in June 1989 with the objectives of combining the new business activities of existing operating groups into one division and coordinating the Company's entry into new activities outside the purview of existing groups. These activities are supervised by a corporate executive vice president with sole responsibility for new business opportunities.

■ Technology Affairs Department

The primary objective of the Technology Affairs Department is to contribute to overall corporate performance by pursuing technology-driven new business opportunities and activities.

The core of the department's activities is the association with Battelle Memorial Institute (BMI), the world's largest independent R&D organization. During the year, the department marked its 20th year of working closely with BMI in Japan.

High Tech Window Program provides diversification assistance.

In addition to the marketing of R&D, the department is engaged not only in technology transfers and consulting services but also participates in setting up and incubating new ventures. The department's High Tech Window Program is intended to offer assistance to companies interested in diversifying into new businesses.

During the year, the department made progress on a number of ongoing high-technology projects. These included its participation in the development of a new separation technology for medical applications; the development of an advanced rapid thermal processing technology for flat panel display manufacturing; and the commercialization of state-of-the-art fiber-optic device technology.

■ AMACS (Automotive Materials and Components Supply) Department

With the objective of developing new transactions and activities in the automotive industry, AMACS plays the role of interdepartmental organizer of the Company's various activities within this key segment.

Major developments during the year included commencing production of auto-related rubber products through an AMACS-arranged joint venture between Plumley Co., of the United States, and Marugo Rubber Industries, a Japanese company. Other activities included providing services to automotive parts manufacturers in the United States, Canada, Venezuela, Brazil, Korea, Malaysia, and other countries to promote their marketing and international expansion programs.

■ New Marketing Development Department

The objective of this department is to assist the Company in developing its own sales and service channels to consumers and thereby establishing close contact with trends in consumer needs and tastes. The department recently made an investment in FORBELL Co., Ltd., a mail order company that is making use of such nonstore marketing media as catalogs and newspaper advertisements. In this connection, the department is also planning to set up a retail store network with partner companies in 1990. Thus, the department is aiming to integrate various types of sales and service channels to consumers by furnishing planning, management, investment, and other services and resources.

"Theme park development" is a unique new area.

■ New Business Creation Department

The distinctive feature of this department is that its new businesses are unrelated to the activities of other departments of Mitsubishi Corporation. We have broadened the scope of our operations and services to include management and investment in new business areas, such as motion picture production, planning and operation of theme parks, leisure activities, and other forms of entertainment.

■ Metropolitan Area Business Development

Urban redevelopment project services are growing in importance.

This department focuses on expanding business activities in the Tokyo area and is currently participating in the Chiba New Metropolitan Development Project. This undertaking, which moved into the planning stages during the year, will involve the redevelopment of a nine-acre plot of land near Chiba Station, on the outskirts of Tokyo.

Review of Operations

Fuels

The Fuels Group, which is a leading international supplier of petroleum, LNG, and related products, continued its activities to expand business operations in Japan and overseas. The group reported further expansion in operations, and total trading transactions amounted to ¥3,668 billion ($23,216 million) for the fiscal year.

	Billion ¥	% share
Domestic	¥ 420	11.4%
Import	1,455	39.7
Offshore	1,736	47.3
Export	57	1.6
Total	¥3,668	100%

Share of Total Trading Transactions: 19.8%

Petroleum: *Crude oil, Natural gas liquid (NGL)* ***Petroleum Products:*** *Naphtha, Gasoline, Kerosene, Gas oil, Fuel oil, Lubricants, Special products, Asphalt, Other petroleum products* ***Gas:*** *Liquefied natural gas (LNG), Liquefied petroleum gas (LPG)* ***Carbon Materials and Products:*** *Anthracite coal, Bituminous coal, Coke, Petroleum coke, Other carbon materials, Artificial graphite electrodes, Carbon black oil, Carbon blocks, Pitch, Other carbon products*

■ Petroleum

As one of Japan's principal importers of petroleum, the group plays a key role in assuring that sufficient supplies are available for users. Market conditions were relatively good during the fiscal year, and the group imported about 630,000 barrels of crude oil daily from almost 20 different supplying countries. This volume represented nearly 20% of Japan's imports. As in previous years, the group stressed expansion of overseas market activities, extending its international business network and engaging in a wide range of trading activities, such as swap transactions and arrangements combining refined oil and non-petroleum commodities.

Mitsubishi Corporation is Japan's top trader in energy fuels.

■ **Petroleum Products**

Products handled by the group range from LPG, naphtha, motor gasoline, kerosene, gas oil, and residual fuel oil to asphalt, lubricating oil, and special products. Transactions in these products span domestic, import, export, and offshore sales.

In line with liberalization of Japan's petroleum market, the group is continuing to expand business activities in and outside of Japan with both existing and new customers through close coordination with its overseas network, which includes a wholly owned subsidiary, Petro-Diamond Inc., of the United States, and through full use of our financial and organizing capabilities.

To increase responsiveness to consumer demand for petroleum products, we have also strengthened our domestic sales network. A major development, in January 1990, was the reorganization of our Petroleum Retail Sales Division as a separate company, Mitsubishi Shoji Sekiyu Co., Ltd., with the aim of expanding domestic petroleum sales. This new company, which is to commence operations in July 1990, will handle domestic motor gasoline, gas oil, kerosene, asphalt, and automobile lubricants, and the goal for turnover in the first year is set at ¥150 billion.

The Company has a domestic network of 750 service stations.

LNG from Australia meets the needs of utilities in Japan.

■ **Liquefied Natural Gas**

Mitsubishi Corporation is a leader in imports of LNG, handling more than 50% of Japan's requirements, and a leading participant in the North West Shelf LNG Project, in Western Australia. LNG shipments from this project to users in Japan, mainly electric power and gas companies, began during summer 1989. In addition, the group is moving forward in cooperative activities with other nations to assure stable LNG supplies in the years ahead.

■ **Carbon Materials and Products**

The group is engaged in domestic and overseas transactions as the leading trader in carbon materials and products, such as coal coke, petroleum coke, and artificial graphite electrodes. Other activities include the R&D and marketing of special carbon products for semiconductors and advanced composite materials for aircraft and automobiles. The group is also participating in a new venture for the manufacture of carbon black in Thailand.

Review of Operations

Metals

Total trading transactions of the Metals Group were up 8.8%, to ¥4,962 billion ($31,407 million), sustained especially by expansion in demand for steel products from Japan's construction industry and upward trends in consumer spending and private capital investment.

	Billion ¥	% share
Domestic	¥2,453	49.4%
Import	658	13.3
Offshore	1,544	31.1
Export	307	6.2
Total	¥4,962	100%

Share of Total Trading Transactions: 26.8%

Raw Materials for Steel: *Iron ore, Coking coal, Iron scrap, Auxiliary raw materials, Pig iron, Nickel, Chromium, Manganese, Other ferroalloys* **Steam Coal** **Semifinished Products:** *Ingots, Blooms, Billets, Slabs* **Steel Materials:** *Rails and accessories, Bars, Shapes, Wide-flange beams, H-piles, Sheet piles, Pipe piles, Wire rods, Plates, Hot-rolled sheets and sheets in coils, Cold-rolled sheets and sheets in coils, Electrical steel sheets, Tinplate, Galvanized Sheets, Coated sheets, Hoops, Pipes* **Specialty Steel:** *Stainless steel, Tool steel, Specialty steel for structural use, Free-cutting steel, High-speed steel, Alloy steel* **Other Steel Products:** *Wire products, PC strand, Cold drawn bars, Steel tire cord, Steel ropes, Welding electrodes, Corrugated pipes, Guard rails, Steel furniture, Cast-iron pipes, Ductile iron pipes, Pipe fittings, Metal roofing, Other products* **Fabricated Steel Structures** **Nonferrous Metals:** *Ore/concentrates, metals, scrap, and alloys: Copper, Lead, Zinc, Tin, Precious metals, Aluminum, Magnesium, Titanium, Germanium, Beryllium, Rare metals* **Nonferrous Metal Products:** *Electric wire and cable, Rolled copper products, Aluminum semiproducts, Superalloys, Zirconium alloys, Other products* **Nuclear Fuel and Components**

Mitsubishi Corporation is an investor in this steel tire cord plant.

■ Steel and Steel Products

Growth in domestic transactions was strong as Japan's crude steel production rose to 108 million tons in 1989. Despite continued weakness in exports, overall transactions during the year showed another significant gain.

Two major trends influencing the group's strategy have been the decline in Japan's steel exports and the movement of major steel users, such as leading Japanese automobile companies, to set up manufacturing facilities overseas. To better serve the requirements of these companies, the Metals Group established the Team For Globalization, which is working to provide carefully tailored services. Also, to serve the needs of customers in the United States for processed steel sheet, the group has set up coil centers in Alabama, Illinois, and Ohio and acquired another in Pennsylvania. Elsewhere, a local steel service center went into operation in Shenzhen, China, and another is under construction in the Philippines. The Company also operates service centers in Thailand, Brazil, Holland, and Indonesia.

Major trends within the steel industry include a movement toward fine and high-technology steels. Among these trends is increasing demand for steel cord used in radial tires. The group has become active in meeting strong demand for steel cord, especially in the United States and Europe. As part of the trend toward fine steels, the market for stainless steel has shown rapid growth because of its resistance to heat and corrosion and low maintenance costs. An important development in this area was the formation of a joint venture in Thailand to manufacture stainless steel pipes for use in industrial plants and others.

■ Iron Ore, Coal, and Ferroalloys

Performance was strong in these departments as Japan's steel production rose. Major developments included increases of between 13% and 17% in raw material prices and the renegotiation of supply contracts that expired during the year. Large contracts with the Hamersley iron ore mine in Australia, and contracts with mines in Chile, where the group is active as a coordinating trading company, were extended. Through its Chilean subsidiary, the Company increased its shareholding in the Chilean operation to become the second largest shareholder. In coal supply, basic agreement was reached to participate in the Howick Mine in Australia, and the group has been successful in expanding transactions in both coking and steaming coal.

Demand for manganese was also strong, and the group introduced plans to make purchases from Brazil in addition to its sources in Africa and Australia.

Hamersley's mine is a large iron ore source for the group.

■ Nonferrous Metals

Nonferrous metals continue to be an area of high potentiality, and the amount of transactions increased during the year, reflecting increased volume and higher market prices. The group is expanding its operations, in both upstream and downstream areas.

Construction work on the Escondida copper mine, in Chile, in which the Company is an important participant, is ahead of schedule, and the first shipment is expected in January 1991. As in steel, the group is responding to clients' overseas strategies and in some cases is making investments jointly with them. One example is the Company's investment with Enkei America Inc., in Indiana, a U.S. manufacturer of aluminum automobile wheels.

The metals dealing room, the nerve center for global operations

MC Gold Co., Ltd., a subsidiary of the Company, is selling gold and platinum jewelry directly to consumers. In April 1989, the Company centralized its futures trading with the establishment of the Bullion & Metals Futures Department, and its transactions have expanded markedly through links with its London and New York affiliates. The department also introduced its Gold Savings Plan, enabling the public to make monthly purchases of gold.

Review of Operations

Machinery

Strong demand in the Japanese market and further expansion in overseas sales created a favorable environment for the activities of the Machinery Group during the fiscal year. Total trading transactions were up 16.8%, to ¥4,801 billion ($30,386 million).

	Billion ¥	% share
Domestic	¥2,194	45.7%
Import	223	4.7
Offshore	568	11.8
Export	1,816	37.8
Total	¥4,801	100%

Share of Total Trading Transactions: 25.9%

Power Systems: *Every kind of electric power generating plant, Transmission lines, Substations and insulators, Flue gas desulfurization plants, NOx removal plants and related equipment and services* ***Electric Machinery:*** *Elevators, Escalators, Industrial and home appliances, Air-conditioning systems, Computer mapping systems and related equipment and services* ***Ships:*** *New construction, modification, repair, and resale; Marine machinery* ***Transportation Systems:*** *Rolling stock and ground facilities, Air terminal facilities, Monorails and new transportation systems and related equipment and services* ***Chemical Machinery:*** *Plants and equipment for the oil, gas, and chemical industries* ***Metal Processing Machinery:*** *Machine tools, Steel production machinery, Nonferrous metal fabricating machines* ***Industrial Machinery:*** *Machinery and equipment used in the following industries: rubber and tire, pulp and paper, printing and paper processing, plastic processing, agriculture, food* ***Automobiles:*** *Passenger cars, Trucks and buses, Industrial vehicles, Recreational vehicles, Parts/accessories for vehicles* ***General-Purpose Machinery and Equipment:*** *Construction machinery, Other machinery and equipment* ***Project Development, Construction, and Civil Engineering:*** *Planning, consulting, engineering, construction, and development for housing, office buildings, hotels, shopping centers, condominiums, and golf courses; Real estate trade*

■ Heavy Machinery and Plant Exports

During the fiscal year, domestic sales of electric power generating plants and equipment were steady while export sales increased due to strong demand from overseas. Other plant exports began to recover after a period of inactivity, and several contracts were concluded for exporting chemical plants to the Middle East and Asia.

A major development was the group's advance into the power generation market in the United States. By the close of the fiscal year, the Company had set up five power plants in the United States, and plans are being prepared for the development of three or four additional projects in the near future.

In the U.S., the Company operates three cogeneration plants.

To increase its capabilities to better advise and assist clients in the chemical fiber industry, the group announced the acquisition of Chemtex International Inc., a U.S. engineering company specializing in the design of chemical fiber plants. The capabilities of Chemtex, combined with the Company's other resources and areas of expertise as a general trading company, are expected to significantly strengthen the group's ability to market chemical fiber plants in the years ahead and diversify the group's activities beyond the traditional business lines of a general trading company.

FRONTIER SPIRIT, *launched on June 20, 1990*

In parallel with growing international concern for the environment, the group is increasingly strengthening its activities in this area. Negotiations are under way, for example, with a U.S. company to set up a joint venture in Japan to process sludge and perform other waste treatment operations. The group is also receiving a growing number of inquiries for the export of air pollution abatement equipment and the licensing of pollution abatement technologies.

■ Motor Vehicles and Mass-Produced Goods

Motor vehicle exports continued to be an important business area for the group. Demand for vehicles from Thailand, Indonesia, and other ASEAN countries was especially strong, and shipments to other countries in the Pacific region, including Australia, and to European markets remained at a high level.

The mass-produced equipment category includes construction machinery and industrial and agricultural equipment. Orders for construction machinery remained high, supported by the boom in construction activity in the domestic market. To boost marketing capabilities, the group began implementing its own marketing network for construction machinery. One of the objectives of this network will be to increase sales to construction companies that are participating in the large number of regional development projects under way in Japan.

Exports of various types of industrial machinery, including paper-making machinery, printing presses, machine tools, and tire manufacturing machinery, were strong, while sales of agricultural machinery and food processing equipment also contributed to growth in overall group transactions.

■ Development and Construction

Domestic development projects ongoing in Japan have presented the group with major opportunities for growth, and it is participating in a number of important undertakings. One of the largest of these, the Tennozu development project, will include the construction

The Japan Tower, under construction in the La Défense area of Paris

of hotels, office buildings, condominiums, an athletic club, and a shopping center on a redevelopment site adjacent to Tokyo Bay. Initial work on the project, including the commencement of construction of a monorail station, began during the fiscal year, and, in 1991, activity on the project is expected to make a sizable contribution to sales. Other large undertakings with group participation include the Tokyo Teleport project, an office and residential complex to be built on reclaimed land in Tokyo Bay, and the Minato Mirai 21 Project, a similar undertaking in Yokohama.

Review of Operations

Foods

The decline in the value of the yen and the rise in interest rates led to a more difficult operating environment during the fiscal year, but through its extensive network in Japan and overseas and in line with the continued liberalization of food imports, the Foods Group expanded its total trading transactions 7.9%, to ¥2,254 billion ($14,264 million).

	Billion ¥	% share
Domestic	¥1,280	56.8%
Import	408	18.1
Offshore	552	24.5
Export	14	0.6
Total	¥2,254	100%

Share of Total Trading Transactions: 12.2%

Grains and Agricultural Products: *Rice, Pulse, Wheat, Barley, Flour and meals, Starch and starch products, Deoxidizers, Preservatives* ***Oils and Fats:*** *Soybean, safflower, sesame, and other oilseeds; Soybean, palm, coconut, and other vegetable and animal oils and fats; Oil- and fat-processed products* ***Feedstuffs:*** *Corn, milo, and other feedstuffs; Compound feeds* ***Meat and Livestock:*** *Beef, pork, poultry, and other meats; Processed meats* ***Sugar:*** *Raw, refined, crystal, rock, liquid, and related products* ***Processed Foods:*** *Canned agricultural and marine products, Canned fruits and fruit juices, Coffee beans and products, Cocoa beans and products, Teas, Dried fruits and nuts, Alcoholic beverages, Candy and confectioneries, Condiments, Edible oils, Dairy products, Fresh fruits and vegetables, Frozen and chilled foods, Honey and jams, Instant noodles, Seasonings, Health foods, Other processed foods* ***Marine Products:*** *Frozen, dried, salt-preserved, smoked, and fresh fish and shellfish (tuna, shrimp, prawns, salmon, cuttlefish, etc.); Fish roe*

■ Food Commodities

The ongoing deregulation of food imports into Japan has stimulated growth in imports, and this, in turn, is leading to a reorganization of food-related industries and an increase in overseas investments by Japanese companies as these enterprises set up more competitive facilities in other nations.

In view of these developments, the group worked with its clients to increase the competitiveness of domestic producers and assisted them in establishing overseas operations. For example, the group is setting up a plant in China in a joint venture with Japanese and Chinese partners. Output from the new facility, which is scheduled for completion in 1990, will be marketed locally and exported to Japan and other countries.

California Oils Corp., in the U.S., produces refined vegetable oils.

Similarly, with beef imports scheduled for liberalization in April 1991, Japan's cattle industry is concentrating operations for greater competitiveness. The group expanded its beef production facilities of Killara (Quirindi) Pty., Ltd., and The Mid Coast Meat Company Pty., Ltd., in Australia, and, in another major step toward increasing overseas supply capacity, Indiana Packers Company Inc. was established. The company has set up a pork processing plant in the United States for the supply of pork and pork products to both the U.S. and Japanese markets. The group has also been establishing grain terminals and efficient feed mills and has started producing baled hay in Australia and hay cube in the United States for export to Japan.

■ Food Products and Foodstuffs

Liberalization of agricultural imports is also having a significant impact on many segments of the food products industry in Japan. During the fiscal year, the group assisted a number of clients in developing production facilities overseas and expanded its own worldwide food product supply capabilities.

With good prospects for growth in exports of dairy products from Europe to Japan, the group took an important equity position in Danish Dairy Farms Ltd., and is working to expand exports of Danish dairy products to Japan and other parts of the world.

In response to liberalization of fruit juice imports and the trend in Japanese consumption patterns toward 100% pure juice products, the group is working to develop new sources of apple, pineapple, grape, and orange juice overseas.

Various types of cheeses handled by Danish Dairy Farms Ltd.

M.C. Snack, Inc., a subsidiary, promotes "Apple Chips."

Following the acquisition of Princes Ltd., one of the largest food wholesalers in the United Kingdom, during the previous year, the group has developed new international sources of supply, including the enlargement of a canned tuna plant in Mauritius.

Users of the group's VAN system, ECHOS, and its ACTIVE SCAN on-line scanning data base service continued to increase during the year. These systems have an established record for helping clients make accurate marketing and merchandising decisions.

■ Restaurant Business and Other Activities

Mitsubishi Corporation has taken a leading role in promoting the development of Japan's fast-food restaurant and food service industries. The group continued its close cooperation with a leading fast-food chain, which began almost 20 years ago, working during the year to achieve increased systemization and efficiency. Using its know-how in distribution, the group has been also active in developing and implementing food distribution systems in Taiwan and other countries.

Chemicals

In fiscal 1990, the global chemical industry enjoyed the beneficial effects of a continuing wave of restructuring and rationalization, low, stable oil prices, and booming demand. In this favorable environment, the Chemicals Group raised its total trading transactions to ¥1,450 billion ($9,178 million), an increase of 2.7% over the previous year.

	Billion ¥	% share
Domestic	¥ 816	56.3%
Import	163	11.3
Offshore	276	19.0
Export	195	13.4
Total	¥1,450	100%

Share of Total Trading Transactions: 7.8%

Basic Chemicals: *Aromatics and derivatives, Solvents, Synthetic fiber intermediates, Detergent raw materials, Olefins, Methanol, Salt, Alkali products, Chlorine derivatives, EDC, VCM* ***Plastics and High-Performance Chemicals:*** *PVC, Polyolefins, Polystyrenes, Engineering and industrial plastics, Specialty plastics, Synthetic rubber, Urethane raw materials and products, Paints, Advanced materials, Composite products, Components and equipment for the electronics industry* ***Fine and Inorganic Chemicals:*** *Pharmaceuticals, Food and feed additives, Agricultural chemicals, Industrial fine chemicals, Catalysts, Iodine and derivatives, Molasses and ethanol, Industrial minerals, Inorganic chemicals, Industrial gas, Sulfur, Nitrogenous and phosphatic potash, Compound fertilizers*

The Chemicals Group continued to aggressively expand its business base, investing in a series of highly profitable operations featuring strong raw materials access, solid market positions, or superior technologies. Global distribution networks in both fertilizers and basic chemicals were significantly strengthened, as were our involvements in the high value-added areas of biotechnology, new materials, and electronic chemicals.

■ **Acquisition of Aristech Chemical Corp.**

The acquisition of Aristech Chemical Corp. opens up new horizons.

We opened up new horizons in fiscal 1990 with the acquisition of Aristech Chemical Corp., a major U.S. manufacturer of phenol, polypropylene, alcohols, plasticizers, and other intermediate petrochemical products. The marriage of Aristech's rich raw materials base and strong market positions with the global information network of the Chemicals Group offers excellent possibilities for the generation of dynamic new business synergies.

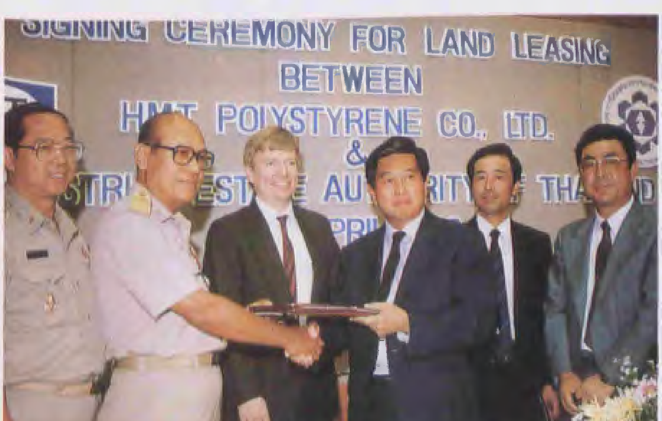
■ **Linking Upstream and Downstream Investments**

The Chemicals Group is contributing to the industrialization of the rapidly growing East Asian region through a series of manufacturing investments. In Thailand, for example, we made new investments in Thai Alkylate Co., Ltd., a producer of detergent raw materials; HMT Polystyrene Co., Ltd., a manufacturer of polystyrene; and Siamount Plastic Corp., a maker of PVC gloves.

The group's commitment to the North American market, symbolized by the acquisition of Aristech, was further bolstered by our investment in Rimtec Corp., a joint venture established with Riken Vinyl Industry Co., Ltd., Japan's leading PVC compounder.

In another development, the Chemicals Group set up two more companies—Mitsubishi Shoji Plastics Corp. and Mitsubishi Shoji Agri-Service Corp.—as part of our strategy for deepening our penetration of domestic chemical markets. Together with MC Chemicals Marketing Co., Ltd., a company set up previously in the basic chemicals area, these two enterprises will contribute to the group's overall performance by serving customer needs more thoroughly and with a higher level of expertise.

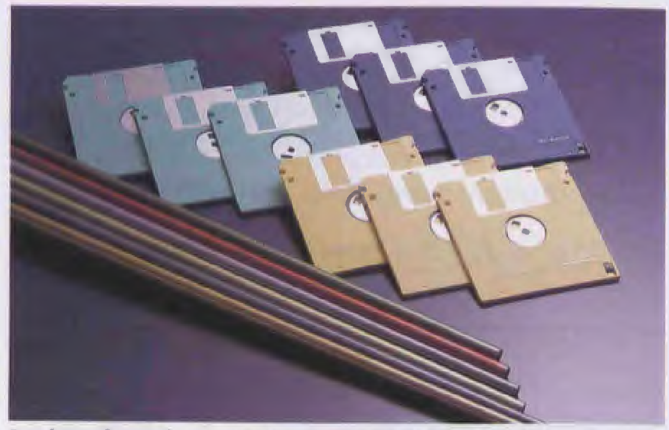
Many of the group's international chemicals transactions are facilitated by the Company's global network of distribution facilities. For example, our major bulk petrochemical terminals, located in Houston, Bangkok, Rotterdam, Jakarta, and Namikata in Japan, serve as important global distribution buffers for our clients, our subsidiaries, and other Mitsubishi companies.



HMT Polystyrene will supply Thailand's booming plastics markets.

■ Developments in Fine and Specialty Chemicals

In fiscal 1989, Mitsubishi Corporation became the largest shareholder in Kohjin Co., Ltd., a diversified chemical producer in Japan, thus opening up a range of possibilities for creating synergies in the high-growth areas of biotechnology, synthetics, and specialty films. In addition, we plan to cooperate with Kohjin in the development and commercialization of a new generation of high value-added products.


Products for end-user markets include golf shafts and floppy disks.

The group's policy of assembling specialists and managers capable of handling sophisticated high-technology products has allowed us to make rapid progress in establishing our reputation as a highly competent intermediary for the licensing of new proprietary drugs. For instance, we have recently succeeded in matching licensors and licensees of new drugs for osteoporosis, central nervous system disorders, and cardiovascular disease.

Through partnerships with research institutes and investments in venture businesses, the group is deepening its involvement with leading-edge technologies such as cell fusion and genetic recombination that find application in the development of new medicines, agricultural chemicals, and seeds.

The group's rich base of chemicals transactions and its close involvement in the development process will provide the new commercial products needed to fuel continued growth well into the future.

Review of Operations

Textiles and General Merchandise

Operating conditions for the Textiles and General Merchandise Group remained generally favorable against a background of strong consumer spending and construction activity. Total sales of the group rose 9.5%, to ¥1,388 billion ($8,783 million).

	Billion ¥	% share
Domestic	¥ 773	55.7%
Import	336	24.2
Offshore	87	6.3
Export	192	13.8
Total	¥1,388	100%

Share of Total Trading Transactions: 7.5%

Textile Raw Materials and Yarns: *Raw cotton, Wool and wool tops, Raw silk, Flax and ramie, Rayon and synthetic fibers, Cotton, wool, and linen yarns, Rayon and synthetic yarns, Blended yarns* ***Woven and Knitted Fabrics:*** *Cotton, wool, silk, rayon, and synthetic fabrics; Artificial leather; Nonwoven fabrics* ***Made-Up Goods:*** *General apparel, Bedding, Interior decoration goods, Working wear and uniforms, Upholstery* ***Textiles for Industrial Use:*** *Tire cords, Canvas, Fishing net, Packing materials, Optical fibers, FRP/FRC/FRE/FRM (fiber-reinforced plastic, cement, electronics, metal), Geotextiles* ***Wood, Wood Products, and Construction Materials:*** *Logs, Plywood, Sawn lumber, Gypsum board, Fiberboard, Particleboard, Construction materials* ***Pulp, Paper, and Packaging Materials:*** *Wood chips, Pulp, Paper (printing papers, composite papers, specialty papers for office use), Paperboard, Aluminum foil, General packaging materials* ***General Merchandise:*** *Cement and related products, Asbestos, Granite, Silica sand, Kaolin clay, Flat glass, TV bulbs, Fine china and porcelain, Footwear, Tires and tubes, Conveyor belts, Rubber fenders, Motorcycles, Automotive components, Electronic musical instruments, Furniture, Cigarettes, Beer and beer materials, Photosensitized materials, Cameras*

■ Textiles

Textile transactions continued to expand despite some adverse changes in the environment. The boom in natural fibers showed signs of slowing while new synthetic products, such as "New Polyester," were not yet strong enough to pull the market. Competition from imports created difficult market conditions in cotton, wool, and other natural fiber sectors, and the depreciation of the yen, which brought higher raw material prices, had an unfavorable impact from upstream yarn production to downstream finished products.

Investments in the apparel industry are growing.

Demand for European-branded apparel remained strong, but the rise in imports of finished goods brought slower retail turnover.

In this more difficult operating environment, the group concentrated its efforts on imports of profitable, high-quality apparel and on domestic transactions. The group also continued to globalize its operations through the expansion of overseas subsidiaries and affiliates and through investments in new companies. Tredia Fashion Co., Ltd., in Hong Kong, expanded the scope of its operations to include supervision of Southeast Asia. The group set up Country Eagle Knitting Co., Ltd., and two new apparel companies in Hong Kong, three in China, and two in Bangkok. In Japan, two new companies were established, including Roberta di Camerino Far East, to market European-branded products.

■ Lumber and Paper

Housing starts declined marginally from the previous year, but the number of wooden houses rose, and demand for logs and lumber remained generally strong. High imports of South Seas logs in the first half of the year, however, brought softer prices and lower profitability in the second half. The group set up MCA Co., Ltd., in August 1989, and M.C. Houser Co., Ltd., in January 1990, both wholly owned subsidiaries to increase sales outlets and distribution capabilities in Japan for lumber and other construction materials.

Demand for paper products was strong in many grades, but market conditions showed some deterioration in the latter half of the year because of the worldwide increase in manufacturing capacity for pulp and paper. To underline the Company's concern regarding the environment, three years ago, the group jointly developed with Tokai Pulp Co., Ltd., a new production technology for office paper using 83% newspaper waste and is now engaged in active market development. The group is working closely with Astillas Exportaciones Ltda., of Chile, a wholly owned processor and exporter of eucalyptus, beech, and radiata pine chips, to step up its reforestation activities. The group's proposed

A production line for recycled paper using joint technology

investment in a new pulp plant in Alberta, Canada, is expected to receive approval within 1990. Other developments included the establishment of a corrugated-container plant in Thailand to meet growing demand for packaging materials.

■ General Merchandise

Artespaña Japan furniture creates a Spanish atmosphere.

This division is responsible for a wide range of items, including construction materials, such as cement and glass; industrial materials, namely tires, automotive components, and graphic arts materials; and consumer products, including sporting goods, cameras, film, photographic paper, beer, and cigarettes. In construction materials, the group set up new companies for the marketing of cement and other items in Japan. Strong demand from the construction industry supported further gains in sales of silica sand for glass manufacture from the group's subsidiary in Cape Flattery, Australia.

The high standard of technology in Japan's tire industry made it possible for the group to develop new markets, thus bringing increased tire exports. The group formed an importing company, Artespaña Japan Co., Ltd., for high-quality Spanish furniture and interior products, and its footwear marketing operations were set up as a separate company, Life Gear Corporation, to expand market reach.

Financial Activities

The Finance Group contributed to the performance of the Company during the fiscal year through its fund-raising and other activities. Major developments included further expansion of the Company's shareholder base through the listing of its shares on London and Paris stock exchanges and conclusion of arrangements for several major acquisitions.

■ International Financial Activities

The Finance Group has played a major role in developing worldwide funding capabilities for Mitsubishi Corporation. The Company's name is well-known among leading investors in the Euromarket and elsewhere, and it raises funds on favorable terms based on high ratings from both Japanese and U.S. rating agencies.

One of the principal developments during the year was the listing of the Company's shares on The International Stock Exchange in London and on the Paris Bourse. This is expected to assist in expanding the shareholdings of the Company overseas and contribute to its capabilities to raise capital in the years ahead. These listings are in line with the Company's medium-term goal of expanding its total overseas shareholdings to about 10% and are a reflection of the depth of the Company's commitment to building its operations in Europe. To support these listings, senior officers of Mitsubishi Corporation made presentations at investor meetings held in London, Edinburgh, and Paris around the time of the listing. The group has decided to strengthen its investor relations activities to provide timely disclosure and respond to investor inquiries. As a further step toward having the Company's shares traded on a truly global basis, the group is planning a listing on the New York Stock Exchange in the near future.

The group also continued to expand the scope and diversity of its international funding operations by issuing $1.5 billion in notes with warrants in the Euromarket in May 1989 and setting up a medium-term Euronote program that allows one of its subsidiaries to issue up to $600 million in notes under flexible conditions.

■ Funding Operations in Japan

In domestic funding operations, the Company has close relationships with domestic and foreign banks with operations in Japan. Its commercial paper line is one of the largest of any Japanese corporation and provides funding on favorable terms, based on the highest ratings from leading agencies. As part of domestic financial activities, M.C. Finance Co., Ltd., a wholly owned subsidiary of the Company, raises funds on behalf of companies closely associated with Mitsubishi Corporation. During the term, M.C. Finance provided financing for more than 300 associated companies. The company assists these corporations in managing their cash and provides loans for personnel of the Company and its associated enterprises. During the year, M.C. Finance also established a subsidiary, MY SOFTEM Co., Ltd., which has developed and is marketing fund management and accounting software to other companies.

■ 24-Hour Forex Trading

With a staff of over 20, the foreign exchange trading section within the Finance Group provides the Company with 24-hour forex trading services. This section is active in spot, forward, and currency option markets and has become an important participant in forex markets in Tokyo, London, New York, Singapore, and Sydney.

■ M&A and Merchant Banking Services

The Finance Group upgraded its M&A activities from team to departmental status at the beginning of the fiscal year and worked during the year to expand its capabilities in this area. The Company has inherent strengths in M&A that reflect the wealth of market information from its trading network, its role as organizer of projects around the world, and its in-depth know-how in marketing, logistics, and finance. The activities of the department in Japan are coordinated with those of MIC Consulting Inc., a subsidiary specializing in M&A advisory services in the United States, which obtained its brokerage license from the Securities and Exchange Commission in March 1989.

Other important activities of the group during the year included playing a major role in making arrangements—in coordination with other Company departments and investment banks—for the acquisition of Aristech Chemical Corp., of the United States. This acquisition is expected to significantly augment the capabilities of the Chemicals Group.

To expand its M&A capabilities in Europe, the group reorganized MCF Financial Services Ltd., in London, in early April 1990. This company will specialize in M&A services in Europe, working closely with Tokyo and New York M&A groups.

The Finance Group is also working to expand other advisory and fee-based consultancy services with the objective of providing a broader range of offerings similar to those of merchant and investment banks.

■ Fiscal 1990 Compared with Fiscal 1989

Supported by continued economic growth in the industrialized nations, for the fiscal year ended March 31, 1990, total trading transactions of Mitsubishi Corporation increased 18.4%, to ¥18,523 billion ($117,234 million).

By principal component, domestic transactions were up 17.2%, to ¥7,936 billion ($50,228 million), reflecting strong domestic demand led by expansion in private capital investment and personal consumption. Particularly important gains were recorded for transactions in ferrous metals, construction materials, and industrial machinery.

Import transactions increased 21.2%, to ¥3,243 billion ($20,527 million), also supported by strong domestic demand. The recovery of crude oil prices and higher imports of LNG, iron ore, coking coal, and corn contributed to this rise.

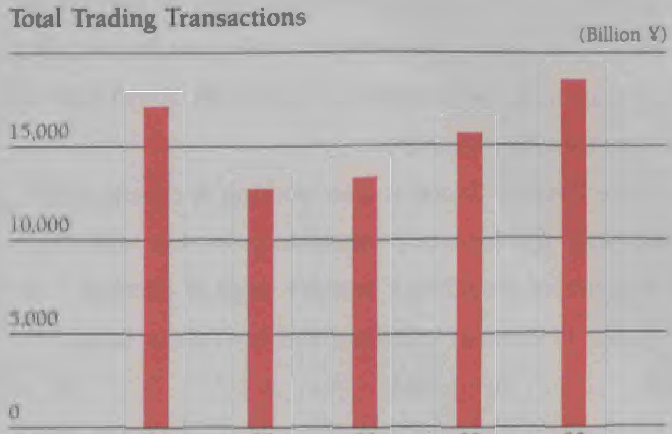
Offshore transactions climbed 25.5%, to ¥4,763 billion ($30,146 million), owing to a sharp rise in crude oil transactions and an increase in automotive sales.

Export transactions rose 7.5%, to ¥2,581 billion ($16,333 million). This was attributable to higher sales of automobiles, tires, and petrochemical products.

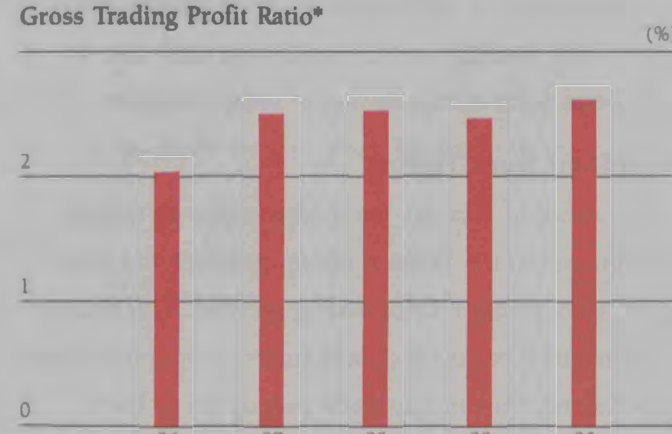
Gross trading profit advanced 25.0%, to ¥483 billion ($3,056 million). Contributions to growth were especially strong from industrial plant and automobile exports and, reflecting strong domestic demand, domestic transactions for construction machinery, construction materials, and basic chemicals. Improvements were also reported in crude oil, precious metal, and aluminum transactions.

Owing to increased trading volume and higher interest rates, interest expenses were up ¥134 billion ($851 million). This was, however, mostly offset by an increase in interest income of ¥125 billion ($793 million). Improved financial management led to an increase in financial income, which, in turn, helped to reduce financial costs. Such costs were reduced through the well-timed issuance of commercial paper and notes with warrants and conclusion of interest rate exchange

Total Trading Transactions



Gross Trading Profit Ratio*



*Gross trading profit ratio equals gross trading profit as a percentage of total trading transactions.

arrangements. As a result, the increase in net interest expenses was restrained to ¥9 billion ($58 million).

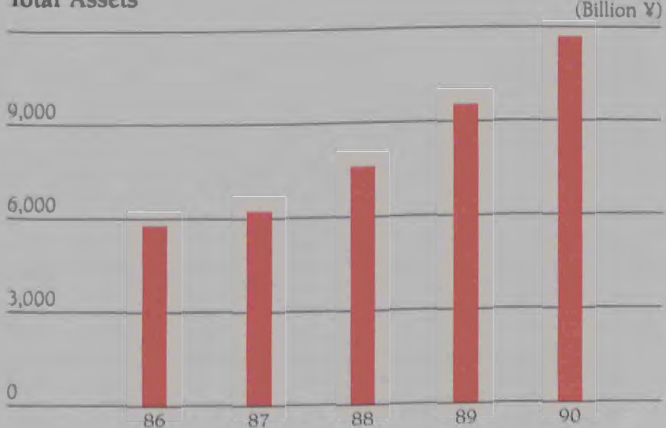
Selling, general, and administrative expenses rose 16.8%, to ¥353 billion ($2,232 million), due to higher personnel expenses and other increased costs in line with the expansion in transaction activities.

"Profits on securities—net" were down ¥2 billion ($15 million), to ¥8 billion ($50 million), due to continued restraint in sales of listed securities.

Provision for doubtful receivables remained at ¥11 billion ($67 million), approximately the same level as for the previous year, despite the higher trading volume. Mitsubishi Corporation continued to take early action regarding receivables judged to be of lower quality.

"Equity in earnings of affiliated companies—net" continued at a high level, amounting to ¥18 billion ($111 million) for the year, reflecting strong economic conditions in Japan and good performance of affiliated companies abroad.

Total Assets



As a result, net income soared 30.8%, to ¥60 billion ($382 million), well exceeding last year's record high of ¥46 billion ($292 million).

■ Fiscal 1989 Compared with Fiscal 1988

Assisted by generally steady expansion in the world economy, total trading transactions of Mitsubishi Corporation in fiscal 1989 were up 17.1%, to ¥15,644 billion ($99,011 million).

Domestic transactions increased 11.8%, to ¥6,771 billion ($42,852 million). This gain in performance reflected strong domestic demand, especially for ferrous and nonferrous metals, construction materials, and construction machinery, combined with increases in transactions in chemicals, food products, and general merchandise.

Import transactions moved up 2.9%, to ¥2,676 billion ($16,939 million). Imports of fuels were down because of the drop in crude oil prices, but increased imports of nonferrous metals and soybeans contributed to the rise in total import transactions.

Offshore transactions soared 56.1%, to ¥3,796 billion ($24,027 million). This strong gain was supported by marked increases in transactions in precious metals, copper ore, and other metals as well as gains in food products and chemicals.

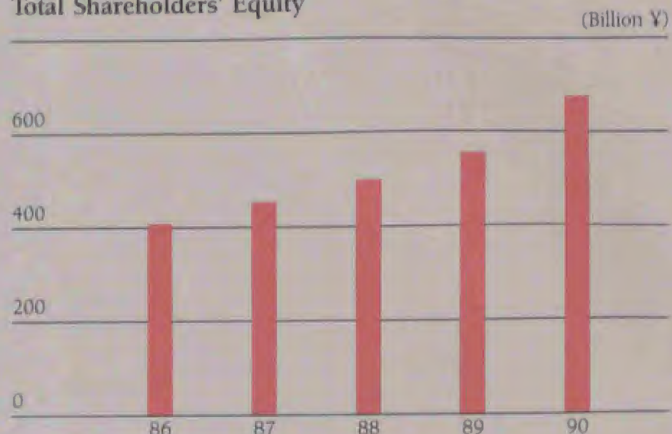
Export transactions were up 5.4%, to ¥2,401 billion ($15,193 million). Increases in industrial plants and automobiles were especially strong.

Gross trading profit climbed 14.8%, to ¥386 billion ($2,445 million). Factors accounting for this improvement included the strong performance of industrial plant and automobile exports and domestic construction materials and construction machinery transactions. Other major contributors were increased profits from steel products and other metal goods marketed in Japan, from food products and materials for textile manufacturing, and from certain other types of transactions.

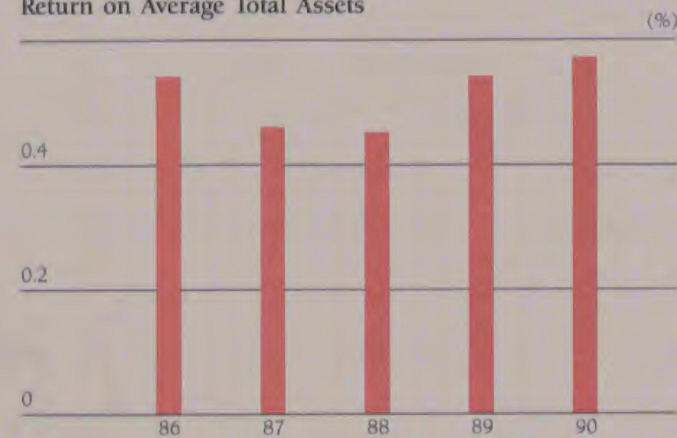
Due to higher trading volume and increased long-term interest rates, interest expenses were up ¥70 billion ($447 million), which was almost offset by an increase in interest income of ¥69 billion ($440 million). The increase in net interest expenses as a result was restrained to ¥1 billion ($7 million). Improved financial management contributed to the increase in interest income and reduced financial costs.

Selling, general, and administrative expenses were up 9.7%, to ¥302 billion ($1,912 million). This was due to higher personnel expenses and to increased costs associated with the rise in total trading transactions.

Total Shareholders' Equity



Return on Average Total Assets



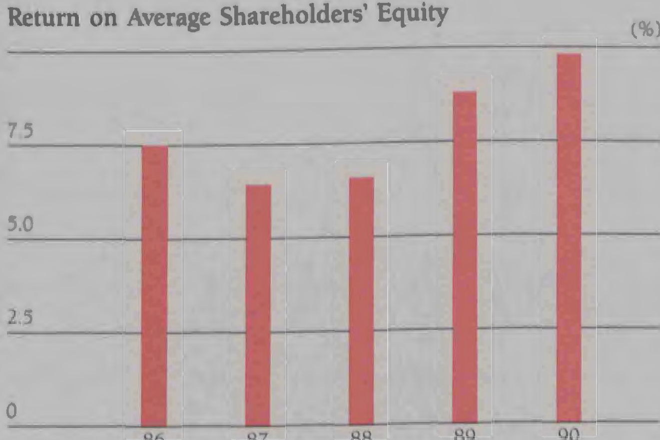
"Profits on securities—net" were down 40.6%, to ¥10 billion ($65 million). Equities markets were generally stable during the fiscal year, but Mitsubishi Corporation restrained sales of listed securities.

Provision for doubtful receivables amounted to ¥11 billion ($68 million), 12.8% higher than in the previous fiscal year. Although there was no major bad debt experience during the year, Mitsubishi Corporation took early action regarding receivables that were judged to be of lower quality.

"Equity in earnings of affiliated companies—net" jumped 42.9%, to ¥18 billion ($112 million), reflecting strong economic conditions in Japan and good performance of foreign affiliated companies.

As a result, net income rose 48.0%, to ¥46 billion ($292 million), the second highest level in Mitsubishi Corporation's history, following the record-setting performance in fiscal 1990.

Return on Average Shareholders' Equity



■ Liquidity and Capital Resources

Reflecting the continuation of strong conditions in domestic and international markets, requirements for funds remained strong.

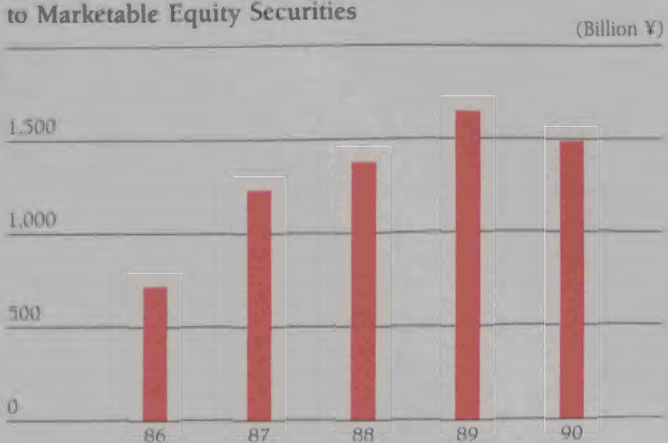
In line with higher trading volume, net cash used in operating activities in fiscal 1990 was up ¥119 billion ($751 million). There were increases in both operating assets and liabilities, particularly in notes, loans, and accounts receivable—trade and in notes, acceptances, and accounts payable—trade. This reflects a trend that is common among general trading companies when the economy is on an upward trend.

Net cash used in investing activities recorded an increase of ¥1,086 billion ($6,875 million). Mitsubishi Corporation continued its active program of investments, including acquisitions and participation in new enterprises to expand future revenues. As part of its effective program of asset management activities, Mitsubishi Corporation also increased its financial assets. Time deposits and other investments were up ¥550 billion ($3,483 million) and ¥544 billion ($3,443 million), respectively. Most of these investments were in large-denomination time deposits with a high degree of liquidity and bearing market rates and in top-quality public-sector and corporate bonds with a high degree of marketability.

Regarding cash flows from financing activities there was an increase of ¥1,207 billion ($7,639 million) in net cash provided. To meet strong funding requirements arising from operating and investing activities, Mitsubishi Corporation continued to step up its activities to raise funds from capital and money markets on favorable terms through the well-timed issuance of commercial paper, long-term borrowings, and other means. These included the successful issuance of $1.5 billion in notes with warrants in the Euromarket in May 1989. Since the establishment of the domestic commercial paper market in November 1987, Mitsubishi Corporation has been a major issuer and has significantly contributed to the development of the market. Cash outflows, on the other hand, amounted to ¥284 billion ($1,800 million), due to an increase in repayment of long-term debt and payment of dividends.

The effect of exchange rate changes on consolidated cash was favorable, contributing ¥3 billion ($16 million) to the Company's cash position. As a result, consolidated cash increased ¥5 billion ($29 million) and amounted to ¥59 billion ($372 million) at the end of fiscal 1990.

Net Unrealized Gains Pertaining to Marketable Equity Securities



Working capital increased ¥384 billion ($2,429 million), to ¥807 billion ($5,105 million), and the Company's liquidity ratio improved to 111.0%, compared with 106.7% at the previous fiscal year-end.

Reflecting expansion in operating and investing activities, total assets were up 22.8%, to ¥11,678 billion ($73,912 million). Total shareholders' equity rose 21.1%, to ¥674 billion ($4,265 million).

■ Outlook

During the coming fiscal year, the world economy is, overall, expected to maintain a gradual upward momentum, although a moderate slowdown is expected in the industrialized nations.

In Japan, steady expansion in consumer spending and private capital investment especially directed at increasing efficiency and furthering R&D programs will continue to be the driving forces for domestic demand.

Stock Price Range (Tokyo Stock Exchange)

Growth in consumption and investment will thus bring continued overall economic growth, despite uncertainties concerning trends in foreign currency markets and interest rates.

Amid this environment, management anticipates further steady gains in total trading transactions and net income, led, particularly, by growth in domestic demand.

■ New Accounting Standards

SFAS No. 96, Accounting for Income Taxes, as amended by SFAS No. 100 and SFAS No. 103, becomes effective for Mitsubishi Corporation in the fiscal year ending March 31, 1993, although earlier adoption is permitted. Note 1 of Notes to Consolidated Financial Statements discusses the effects of the adoption of the new accounting standards.

Six-Year Financial Summary

Years ended March 31

	1990	1989
Results of Operations:		
Trading transactions:		
Domestic	¥ 7,936,044	¥ 6,770,697
Import	3,243,285	2,676,344
Offshore	4,763,031	3,796,226
Export*	2,580,571	2,400,548
Total	¥18,522,931	¥15,643,815
Gross trading profit	¥ 482,914	¥ 386,258
Net income	60,356	46,131
Financial Position at Year-End:		
Total assets	¥11,678,124	¥ 9,512,524
Working capital	806,652	422,822
Long-term debt, less current maturities	3,606,032	2,594,337
Total shareholders' equity	673,943	556,328
Amounts per Share:**		
Net income per common and common equivalent share	¥37.82	¥29.13
Cash dividends applicable to the year	9.00	7.00
Common Stock:		
Number of shares issued and outstanding at year-end	1,561,337	1,544,861
Exchange Rates into U.S. Currency:		
(Per the Federal Reserve Bank of New York):		
At year-end	¥157.82	¥132.77
Average for the year	143.41	129.14
Range:		
High	158.75	136.52
Low	130.90	121.10

Note: The U.S. dollar amounts represent translations, for convenience, of yen amounts at the rate of ¥158=$1.
*Export transactions represent all shipments from Japan and accordingly include sales to overseas customers through overseas branches and subsidiaries.
**See Note 1 of Notes to Consolidated Financial Statements.

Millions of yen				Thousands of United States dollars
1988	1987	1986	1985	1990
¥ 6,054,515	¥ 5,862,871	¥ 6,612,789	¥ 6,129,230	$ 50,228,127
2,601,899	2,498,838	4,773,276	5,513,930	20,527,120
2,431,946	2,074,296	3,062,191	2,743,779	30,145,766
2,276,523	2,224,056	2,646,956	2,833,809	16,332,728
¥13,364,883	¥12,660,061	¥17,095,212	¥17,220,748	$117,233,741
¥ 336,354	¥ 316,972	¥ 348,515	¥ 344,158	$ 3,056,418
31,167	27,474	32,324	32,139	382,000
¥ 7,532,021	¥ 6,185,408	¥ 5,772,659	¥ 6,289,651	$ 73,912,177
427,369	215,021	118,061	136,029	5,105,392
2,476,282	1,979,751	1,430,171	1,265,739	22,822,987
496,349	452,466	405,525	452,561	4,265,462
Yen				Cents
¥19.97	¥18.46	¥22.75	¥22.87	23.94¢
7.00	7.00	7.00	6.68	5.70
Thousands of shares				
1,532,001	1,505,196	1,414,627	1,404,566	
Yen per United States dollar				
¥124.10	¥145.68	¥177.60	¥251.00	
136.84	158.75	217.28	245.00	
152.85	182.85	255.50	262.80	
121.25	145.68	175.00	222.70	

Consolidated Financial Statements

Consolidated Balance Sheets

March 31, 1990 and 1989

ASSETS	Millions of yen 1990	Millions of yen 1989	Thousands of United States dollars (Note 1) 1990
Current assets:			
Cash	¥ 58,715	¥ 54,116	$ 371,614
Time deposits	2,645,824	2,084,399	16,745,721
Short-term investments (Notes 2 and 4)	1,157,284	1,091,771	7,324,582
Receivables—trade (Note 4):			
Notes and loans	1,138,165	919,788	7,203,576
Accounts	1,996,236	1,506,042	12,634,405
Affiliated companies	367,587	362,080	2,326,500
Allowance for doubtful receivables	(19,760)	(18,126)	(125,063)
Inventories (Notes 1 and 4)	421,403	322,625	2,667,108
Advance payments to suppliers	241,198	317,493	1,526,570
Prepayments, deferred income taxes (Note 1), etc.	114,927	77,954	727,386
Total current assets	8,121,579	6,718,142	51,402,399
Investments and non-current receivables:			
Investments in and advances to affiliated companies (Notes 1, 2, and 4)	261,040	252,489	1,652,152
Other investments (Notes 2 and 4)	1,344,629	1,012,701	8,510,310
Non-current notes, loans, and accounts receivable—trade (Note 4)	1,381,977	1,208,876	8,746,690
Allowance for doubtful receivables	(16,668)	(21,941)	(105,494)
Total investments and non-current receivables	2,970,978	2,452,125	18,803,658
Property and equipment—At cost less accumulated depreciation (Notes 1, 3, and 4)	472,427	266,978	2,990,044
Other assets (Note 1):			
Deferred income taxes		16,263	
Goodwill, etc.	113,140	59,016	716,076
Total other assets	113,140	75,279	716,076
Total	¥11,678,124	¥9,512,524	$73,912,177

See Notes to Consolidated Financial Statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of United States dollars (Note 1)
	1990	1989	1990
Current liabilities:			
Short-term debt (Notes 4 and 5)	¥ 3,994,870	¥3,354,826	$25,283,987
Current maturities of long-term debt (Notes 4 and 5)	382,831	516,910	2,422,981
Payables—trade (Note 4):			
Notes and acceptances	905,495	759,819	5,730,981
Accounts	1,485,327	1,079,863	9,400,804
Affiliated companies	143,059	147,572	905,437
Accrued income taxes	15,152	20,212	95,899
Other accrued expenses	105,265	72,848	666,234
Advances from customers	222,945	292,593	1,411,044
Deposit liabilities, etc.	59,983	50,677	379,639
Total current liabilities	7,314,927	6,295,320	46,297,006
Long-term debt, less current maturities (Notes 4 and 5)	3,606,032	2,594,337	22,822,987
Accrued severance liabilities (Notes 1 and 7)	55,995	51,860	354,399
Deferred income taxes—Non-current (Note 1)	7,474		47,304
Minority interests	19,753	14,679	125,019
Shareholders' equity:			
Common stock, ¥50 par—authorized, 2,500,000,000 shares; issued and outstanding: 1990—1,561,337,096 shares; 1989—1,544,861,478 shares (Note 8)	123,633	114,423	782,487
Capital surplus (Notes 5 and 8)	176,480	145,853	1,116,962
Retained earnings (Notes 9 and 15):			
Appropriated for legal reserve	19,278	17,522	122,013
Unappropriated (Notes 5 and 8)	467,596	421,358	2,959,468
Foreign currency translation adjustments	(113,044)	(142,828)	(715,468)
Total shareholders' equity	673,943	556,328	4,265,462
Commitments and contingent liabilities (Note 14)			
Total	¥11,678,124	¥9,512,524	$73,912,177

Statements of Consolidated Income

Mitsubishi Corporation and subsidiaries

For the years ended March 31, 1990, 1989, and 1988

	Millions of yen			Thousands of United States dollars (Note 1)
	1990	1989	1988	1990
Total trading transactions (Notes 2 and 10)	¥18,522,931	¥15,643,815	¥13,364,883	$117,233,741
Gross trading profit (Note 10)	¥ 482,914	¥ 386,258	¥ 336,354	$ 3,056,418
Other income:				
Interest	380,373	255,019	185,524	2,407,424
Dividends	14,126	11,481	10,419	89,405
Rent and warehousing	6,821	6,369	3,761	43,171
Profits on securities—net (Note 2)	7,931	10,310	17,369	50,196
Sundry—net	731	646	278	4,627
Total	892,896	670,083	553,705	5,651,241
Expenses and other charges:				
Selling, general, and administrative expenses	352,671	302,057	275,246	2,232,095
Provision for doubtful receivables	10,630	10,789	9,568	67,278
Interest	417,705	283,241	212,654	2,643,703
Total	781,006	596,087	497,468	4,943,076
Income from consolidated operations before income taxes	111,890	73,996	56,237	708,165
Income taxes (Notes 1 and 6):				
Current	52,637	41,873	19,507	333,146
Deferred	16,465	3,731	17,978	104,209
Total	69,102	45,604	37,485	437,355
Income from consolidated operations	42,788	28,392	18,752	270,810
Equity in earnings of affiliated companies—Net (less applicable income taxes) (Notes 1 and 2)	17,568	17,739	12,415	111,190
Net income	¥ 60,356	¥ 46,131	¥ 31,167	$ 382,000

	Yen			Cents
Amounts per share (Notes 1, 9, and 15):				
Net income per common and common equivalent share	¥37.82	¥29.13	¥19.97	23.94¢
Cash dividends applicable to the year	9.00	7.00	7.00	5.70

See Notes to Consolidated Financial Statements.

Statements of Changes in Consolidated Shareholders' Equity

Mitsubishi Corporation and subsidiaries

For the years ended March 31, 1990, 1989, and 1988

	Millions of yen			Thousands of United States dollars (Note 1)
	1990	1989	1988	1990
Common stock (Note 8):				
Balance at beginning of the year	**¥ 114,423**	¥ 109,747	¥ 100,403	$ 724,196
Shares issued for conversion of debentures and bonds	**6,461**	116	399	40,892
Shares issued for exercise of warrants	**2,749**	4,560	8,945	17,399
Balance at end of the year	**¥ 123,633**	¥ 114,423	¥ 109,747	$ 782,487
Capital surplus (Notes 5 and 8):				
Balance at beginning of the year	**¥ 145,853**	¥ 141,160	¥ 119,047	$ 923,120
Excess of principal amount of debentures and bonds converted over amount credited to common stock	**6,464**	133	405	40,911
Excess of proceeds from exercise of warrants over amount transferred to common stock account	**2,749**	4,560	8,945	17,399
Value ascribed to warrants issued	**21,414**		12,763	135,532
Balance at end of the year	**¥ 176,480**	¥ 145,853	¥ 141,160	$1,116,962
Retained earnings appropriated for legal reserve (Note 9):				
Balance at beginning of the year	**¥ 17,522**	¥ 16,294	¥ 15,184	$ 110,899
Transfer from unappropriated retained earnings	**1,756**	1,228	1,110	11,114
Balance at end of the year (Note 15)	**¥ 19,278**	¥ 17,522	¥ 16,294	$ 122,013
Unappropriated retained earnings (Notes 5, 8, and 9):				
Balance at beginning of the year	**¥ 421,358**	¥ 387,197	¥ 367,729	$2,666,823
Net income	**60,356**	46,131	31,167	382,000
Total	**481,714**	433,328	398,896	3,048,823
Deduct:				
Cash dividends paid	**12,362**	10,742	10,589	78,241
Transfer to retained earnings appropriated for legal reserve	**1,756**	1,228	1,110	11,114
Total	**14,118**	11,970	11,699	89,355
Balance at end of the year (Note 15)	**¥ 467,596**	¥ 421,358	¥ 387,197	$2,959,468
Foreign currency translation adjustments:				
Balance at beginning of the year	**¥(142,828)**	¥(158,049)	¥(149,897)	$ (903,975)
Aggregate translation adjustments during the year	**36,242**	16,954	(13,096)	229,380
Income taxes allocated to translation adjustments	**(6,458)**	(1,733)	4,944	(40,873)
Balance at end of the year	**¥(113,044)**	¥(142,828)	¥(158,049)	$ (715,468)

See Notes to Consolidated Financial Statements.

Statements of Consolidated Cash Flows

Mitsubishi Corporation and subsidiaries

For the years ended March 31, 1990, 1989, and 1988

	Millions of yen			Thousands of United States dollars (Note 1)
	1990	1989	1988	1990
Cash flows from operating activities:				
Net income	¥ 60,356	¥ 46,131	¥ 31,167	$ 382,000
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	45,613	32,640	26,186	288,690
Provision for doubtful receivables	10,630	10,789	9,568	67,278
Profits on sales of securities—net	(7,931)	(10,310)	(17,369)	(50,196)
Equity in earnings of affiliated companies, less dividends received	5,883	(6,121)	(1,502)	37,234
Deferred income taxes	16,465	3,731	17,978	104,209
Other—net	2,810	(3,753)	11,120	17,785
	133,826	73,107	77,148	847,000
Change in operating assets and liabilities:				
Notes, loans, and accounts receivable—trade	(497,901)	(398,834)	(280,361)	(3,151,272)
Inventories	(78,126)	(25,063)	(40,366)	(494,468)
Notes, acceptances, and accounts payable—trade	318,755	162,914	16,824	2,017,437
Other current liabilities	27,781	32,482	(20,121)	175,829
Other operating accounts	(23,004)	(30,591)	(12,397)	(145,596)
Net cash used in operating activities	(118,669)	(185,985)	(259,273)	(751,070)
Cash flows from investing activities:				
Expenditures for property and equipment	(87,651)	(56,207)	(36,804)	(554,753)
Proceeds from sales of property and equipment	20,677	16,254	3,398	130,867
Acquisition of Aristech Chemical Corporation, net of cash acquired	(141,276)			(894,152)
Net increase in investments in and advances to affiliated companies	(27,524)	(21,114)	(48,677)	(174,202)
Net increase in other investments	(543,964)	(126,476)	(362,361)	(3,442,810)
Change in short-term investing assets:				
Time deposits	(550,277)	(1,030,777)	(762,411)	(3,482,766)
Marketable securities	243,757	(295,959)	104,261	1,542,766
Net cash used in investing activities	(1,086,258)	(1,514,279)	(1,102,594)	(6,875,050)
Cash flows from financing activities:				
Net increase in short-term debt	26,507	1,047,107	797,567	167,766
Incurrence of long-term debt	1,437,979	697,418	1,006,856	9,101,132
Repayment of long-term debt	(272,049)	(95,891)	(441,226)	(1,721,829)
Proceeds from issuance of common stock	5,498	9,120	17,890	34,798
Proceeds from issuance of warrants	21,414		12,763	135,532
Cash dividends paid	(12,362)	(10,742)	(10,589)	(78,241)
Net cash provided by financing activities	1,206,987	1,647,012	1,383,261	7,639,158
Effect of exchange rate changes on consolidated cash	2,539	142	(939)	16,070
Net increase (decrease) in consolidated cash	4,599	(53,110)	20,455	29,108
Consolidated cash at beginning of the year	54,116	107,226	86,771	342,506
Consolidated cash at end of the year	¥ 58,715	¥ 54,116	¥ 107,226	$ 371,614

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 (*Mitsubishi Shoji Kabushiki Kaisha*) (the "parent company") is incorporated and principally operates. The translations of Japanese yen amounts into United States dollar amounts with respect to the year ended March 31, 1990 are included solely for the convenience of readers outside Japan and have been made at the rate of ¥158=$1, the approximate rate of exchange on March 31, 1990. Such translations should not be construed as representations that the Japanese yen amounts could be converted into United States dollars at the above or any other rate.

The accompanying 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 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 in the country of incorporation. The major adjustments include those relating to (1) deferred income taxes, (2) accrual of certain expenses, (3) foreign currency translation, (4) valuation of marketable equity securities, (5) application of the equity method of accounting for investments in affiliated companies, and (6) the value ascribed to warrants.

Certain reclassifications of prior years' amounts have been made to conform to the presentation for 1990.

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 comprise minor non-consolidated subsidiaries, companies owned 20% to 50%, certain companies owned less than 20%, and corporate joint ventures. Investments in affiliated companies, with minor exceptions, are accounted for by the equity method of accounting. Because of certain factors, such as being in liquidation, some minor non-consolidated subsidiaries and some minor companies owned 20% to 50% are carried at cost or less. All significant intercompany accounts and transactions have been eliminated. The excess of cost of the companies' investments in the subsidiaries and affiliated companies over their equity in the net assets at dates of acquisition is being amortized generally over periods of ten years ranging up to twenty years.

On March 7, 1990 the companies acquired, through an acquisition subsidiary, 76% of the outstanding common stock of Aristech Chemical Corporation, an American manufacturer of chemical and polymer products, for approximately $1,000 million (including related expenses), in a leveraged buyout. The acquisition has been accounted for as a purchase and the excess of the purchase cost over the fair value of net assets acquired (goodwill), in amount of $218 million or ¥34,352 million, is to be amortized on a straight-line basis over a period of twenty years commencing with the year ending March 31, 1991. The pro forma effect of the acquisition on consolidated income for the years ended March 31, 1990, 1989, and 1988 would not have been material.

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

(3) 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 principally under the straight-line method for assets held by foreign subsidiaries based on the estimated useful lives of the assets.

(4) Accrued severance liabilities and pension costs
Effective April 1, 1989, the parent company and certain of its foreign subsidiaries adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 87 to account for employee pension costs. The change was adopted prospectively, and accordingly the costs of employee pension plans for prior periods have not been restated. Domestic and other foreign subsidiaries have local pension plans which in the aggregate are not significant, and SFAS No. 87 has not been applied to such plans. The effect on net income of adopting this new accounting principle was not material.

Accrued severance liabilities is stated on the vested benefits obligation basis, which is the amount required to be paid if all employees covered by the severance indemnities plan voluntarily terminated their employment at the balance-sheet date.

(5) Income taxes
The provision for income taxes is based on income for financial statement purposes. The effect of the differences in timing of income and expense items for financial statement and income tax purposes is recognized as deferred income taxes.

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

SFAS No. 96 "Accounting for Income Taxes," as amended by SFAS No. 103 in December 1989, requires an asset and liability approach to the method of accounting for income taxes. The Statement becomes effective, for the companies, in the year ending March 31, 1993, although earlier application is permitted. As the provisions of the Statement are complex and require further analysis, the parent company has not yet determined whether to adopt them prior to the effective date or whether to restate prior year financial statements when they are adopted. The effect on reported financial results of the companies from adoption of the new standard is not known at this time and cannot be reasonably estimated until a study of the companies' tax position is completed.

(6) Free distribution of common shares
As permitted by the Commercial Code of Japan, Japanese companies, upon approval by the Board of Directors, may make a free distribution of shares to shareholders to the extent that the aggregate par value of the shares to be distributed does not exceed the aggregate excess of the common stock and capital surplus accounts over the par value of shares issued and outstanding. In accordance with accepted accounting practice in Japan, the aggregate par value of the shares so distributed may be recorded as a transfer from capital surplus to the common stock account to the extent of amounts available in the capital surplus account; however, to the extent the free distribution is attributed to the amounts previously recorded in the capital stock account as representing the excess over par value of shares sold, no entry is recorded. In Japan, a free distribution as described above is clearly distinguished from a "stock dividend" paid out of earnings, which must be approved by the shareholders. See Note 8.

(7) Amounts per share

Net income per common and common equivalent share has been computed using the weighted average number of shares of common stock and dilutive common stock equivalents outstanding during each year. The warrants issued with the 5 1/4% Notes redeemed in 1988, the 3 1/8% Notes due 1994, the 1 3/8% Notes due 1992, and the 4 3/8% Notes due 1994, respectively, and the 1.5% Convertible Bonds due 1994 and the 1.6% Convertible Bonds due 1996 have been treated as common stock equivalents from the time of their issuance (see Note 5). Earnings are adjusted for interest on such convertible bonds (less applicable income taxes). The dilutive effect on the per share amounts of the potential conversion of outstanding convertible debentures and bonds and the additional dilutive effect of the potential exercise of outstanding warrants under a fully diluted earnings per share computation were not material for the years ended March 31, 1990, 1989, and 1988.

Cash dividends per share represent the cash dividends declared as applicable to the respective years (see Note 9).

(8) Statement of consolidated cash flows

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

Supplemental cash flow information is as follows:

	Millions of yen			Thousands of United States dollars
	1990	1989	1988	1990
Cash paid during the years for:				
Interest	¥394,364	¥274,329	¥204,935	$2,495,975
Income taxes	38,425	28,884	27,137	243,196
Noncash investing and financing activities:				
Liabilities assumed in connection with the acquisition of businesses:				
Fair value of assets acquired (including cash)	170,695			1,080,348
Cash paid	(146,762)			(928,873)
Liabilities assumed	(23,933)			(151,475)
Conversion of long-term debt to common stock and capital surplus	12,925	249	804	81,803

2. Marketable Securities and Investments

Marketable Securities

At March 31, 1990 and 1989 the current and non-current portfolios of marketable equity securities (included in "Short-term investments" and "Other investments," respectively), including securities of which certain of the companies are the beneficial owners under trust agreements with trust companies, were each stated at the lower of aggregate cost or market, and had aggregate costs and market values as follows:

	Millions of yen		Thousands of United States dollars
	1990	1989	1990
Current			
Cost and carrying value	¥ 81,379	¥ 124,764	$ 515,057
Market value	97,796	146,873	618,962
Non-current (principally capital stock of customers and suppliers):			
Cost and carrying value	328,670	269,831	2,080,190
Market value	1,797,510	1,896,371	11,376,646

At March 31, 1990 gross unrealized gains and losses pertaining to the marketable equity securities were as follows:

	Millions of yen		Thousands of United States dollars	
	Gains	Losses	Gains	Losses
Current	¥ 24,113	¥7,696	$ 152,614	$48,709
Non-current	1,471,754	2,914	9,314,899	18,443

Net realized gains on sales of marketable equity securities for the years ended March 31, 1990, 1989, and 1988 were ¥7,690 million ($48,671 thousand), ¥10,107 million, and ¥16,315 million, respectively. In determining realized gains and losses, the cost of securities sold was based on the average cost of all the shares of each such security held at the time of sale.

Investments in common stock of affiliated companies included marketable securities in the amounts of ¥55,298 million ($349,987 thousand) and ¥48,041 million at March 31, 1990 and 1989, respectively, with corresponding aggregate quoted market values of ¥133,331 million ($843,867 thousand) and ¥121,205 million, respectively.

At March 31, 1990 and 1989 marketable securities other than equity securities, principally bonds and debentures, including securities of which certain of the companies are the beneficial owners under trust agreements with trust companies, were stated at cost or less, which approximated market, and consisted of the following:

	Millions of yen		Thousands of United States dollars
	1990	1989	**1990**
Current—included in "Short-term investments"	**¥1,075,905**	¥967,007	**$6,809,525**
Non-current—included in "Other investments"	**640,663**	338,110	**4,054,829**

Investments in Affiliated Companies

Dividends received from affiliated companies for the years ended March 31, 1990, 1989, and 1988 were ¥23,451 million ($148,424 thousand), ¥11,644 million, and ¥10,913 million, respectively.

The carrying value of investments in the affiliated companies at March 31, 1990 and 1989 includes ¥3,422 million ($21,658 thousand) and ¥3,023 million, respectively, representing the unamortized balance of the excess of the cost of investments over the companies' equity in the net assets at dates of acquisition.

Certain financial information with respect to the affiliated companies, which are accounted for by the equity method, for the years ended March 31, 1990 and 1989 is presented below:

	Millions of yen		Thousands of United States dollars
	1990	1989	1990
Current assets	¥2,549,726	¥2,275,509	$16,137,506
Property, plant, and equipment—net	988,471	936,217	6,256,145
Other assets	433,341	375,630	2,742,665
Total assets	¥3,971,538	¥3,587,356	$25,136,316
Current liabilities	¥2,232,813	¥2,044,788	$14,131,728
Non-current liabilities	1,167,652	1,054,406	7,390,202
Shareholders' equity	571,073	488,162	3,614,386
Total liabilities and shareholders' equity	¥3,971,538	¥3,587,356	$25,136,316
Amounts of shareholders' equity attributable to the companies	¥ 170,975	¥ 155,830	$ 1,082,120
Net sales	¥4,410,364	¥4,174,289	$27,913,696
Net income	¥ 79,356	¥ 102,220	$ 502,253

Total trading transactions for the years ended March 31, 1990, 1989, and 1988 included ¥2,097,783 million ($13,277,108 thousand), ¥1,882,547 million, and ¥1,728,516 million, respectively, in which affiliated companies participated as purchasers, and ¥1,886,440 million ($11,939,494 thousand), ¥1,777,015 million, and ¥1,683,772 million, respectively, in which they participated as suppliers.

3. Property and Equipment

Property and equipment at March 31, 1990 and 1989 consisted of the following:

	Millions of yen		Thousands of United States dollars
	1990	1989	1990
Land and land improvements	¥ 93,856	¥ 76,485	$ 594,025
Buildings, including leasehold improvements	227,827	187,311	1,441,943
Machinery and equipment	338,811	159,831	2,144,374
Projects in progress	18,709	3,328	118,411
Total	679,203	426,955	4,298,753
Less accumulated depreciation	206,776	159,977	1,308,709
Property and equipment—net	¥472,427	¥266,978	$2,990,044

Depreciation of property and equipment for the years ended March 31, 1990, 1989, and 1988 was ¥32,465 million ($205,475 thousand), ¥23,232 million, and ¥17,674 million, respectively.

4. Pledged Assets

At March 31, 1990 assets pledged as collateral for short-term debt, long-term debt, and contingent liabilities of the companies were as follows:

	Millions of yen	Thousands of United States dollars
Notes, loans, and accounts receivable—trade (current and non-current)	¥217,329	$1,375,500
Short-term and non-current investment securities (including subsidiaries' capital stock, eliminated in consolidation, of ¥11,317 million—$71,627 thousand, at cost)	63,230	400,190
Property and equipment (net of accumulated depreciation)	147,231	931,842
Other	26,035	164,778
Total	¥453,825	$2,872,310

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

	Millions of yen	Thousands of United States dollars
Liabilities appearing in the consolidated balance sheet as:		
Short-term debt	¥ 8,748	$ 55,367
Long-term debt	436,349	2,761,703
Contingent liabilities—guarantees of contracts	8,728	55,240
Total	¥453,825	$2,872,310

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 5 regarding receivables transferred with recourse.

See Note 5 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.

5. Short-Term and Long-Term Debt

Short-term debt at March 31, 1990 and 1989 consisted of the following:

	Millions of yen		Thousands of United States dollars
	1990	1989	1990
Short-term loans, principally from banks	¥1,896,716	¥1,508,793	$12,004,532
Commercial paper	2,031,366	1,791,756	12,856,747
Transferor's liability for receivables transferred with recourse (notes discounted with banks)	66,788	54,277	422,708
Total	¥3,994,870	¥3,354,826	$25,283,987

The principal ranges of annual interest rates applicable to short-term debt outstanding at March 31, 1990 and 1989 were from 6% to 8.9% and from 3.4% to 4.9%, respectively.

Long-term debt at March 31, 1990 and 1989 comprised the following:

	Millions of yen		Thousands of United States dollars
	1990	1989	1990
Long-term debt with collateral (see Note 4):			
Banks and insurance companies, maturing serially through 1999—principally 7%—8.9%	¥ 57,899	¥ 58,131	$ 366,449
Government-owned bank and government agencies, maturing serially through 2007 —principally 6%—8.9%	145,470	157,306	920,696
Banks and others, maturing serially through 2002 (payable in foreign currencies)—principally 7%—10.9%	135,186	10,672	855,608
Total	338,555	226,109	2,142,753
Long-term debt without collateral:			
Banks and insurance companies, maturing serially through 2007—principally 4%—6.9%	1,935,701	1,654,180	12,251,272
Government-owned bank and government agencies, maturing serially through 2016 —principally 4%—7.9%	51,148	43,541	323,722
Banks and others, maturing serially through 2006 (payable in foreign currencies)—principally 5%—9.9%	350,073	266,757	2,215,652
1.5% Convertible Bonds due 1994	41,888	49,571	265,114
1.6% Convertible Bonds due 1996	24,198	29,426	153,152
Other convertible debentures and bonds	118	112	747
3 1/8% Notes due 1994 issued with warrants payable in United States dollars	63,200	52,880	400,000
1 1/8% Notes due 1992 issued with warrants payable in United States dollars	94,800	79,320	600,000
4 1/8% Notes due 1994 issued with warrants payable in United States dollars	237,000		1,500,000
12 1/2% Notes due 1991 payable in United States dollars	15,800	13,220	100,000
13 1/4% Notes due 1989 payable in United States dollars		13,220	
10 1/2% Notes due 1992 payable in United States dollars	15,800	13,220	100,000
10 5/8% Notes due 1995 payable in United States dollars	31,600	26,440	200,000
10 1/2% Notes due 1995 payable in United States dollars	15,800	13,220	100,000
11% Notes due 1991 payable in United States dollars	13,139	10,994	83,158
7 1/4% Notes due 1992 payable in United States dollars	23,700	19,830	150,000
7% Dual Currency Yen/U.S. Dollar Notes due 1992	11,953	10,001	75,652
6 1/4% Bonds due 1995, with Yen/U.S. Dollar exchange agreement	20,000	20,000	126,582
6 3/8% Bonds due 1996 payable in Deutsche marks	7,325	5,490	46,361
Zero Coupon Notes due 1991 payable in United States dollars	19,529		123,601
5 1/4% Notes due 1991	10,848		68,658
8 1/8% Notes due 1993 payable in United States dollars	15,800		100,000
Medium-Term Notes, maturing serially through 1994—principally 7%—9%	36,397		230,361
Trade notes and accounts payable and advances from customers, due through 2025:			
Interest-bearing, principally 4%—6.99%	18,302	35,806	115,835
Non-interest-bearing	605,593	519,733	3,832,867
Miscellaneous	18,063	21,121	114,323
Total	3,677,775	2,898,082	23,277,057
Less unamortized issue discount—net	27,467	12,944	173,842
Total	3,650,308	2,885,138	23,103,215
Total	3,988,863	3,111,247	25,245,968
Less current maturities	382,831	516,910	2,422,981
Long-term debt, less current maturities	¥3,606,032	¥2,594,337	$22,822,987

The effective annual interest rates with respect to the $3^{1}/_{8}$% Notes due 1994, the $1^{3}/_{8}$% Notes due 1992, and the $4^{3}/_{8}$% Notes due 1994 are approximately 8%, 9.1%, and 9.9%, respectively, after giving effect to the value ascribed to the warrants attached thereto.

The companies have entered into several interest rate exchange agreements enabling them to obtain a floating rate interest cost on the principal amount of the $12^{1}/_{2}$% Notes due 1991, the $13^{1}/_{4}$% Notes redeemed in 1989, the $10^{1}/_{2}$% Notes due 1992, the $10^{5}/_{8}$% Notes due 1995, the $10^{1}/_{2}$% Notes due 1995, the $6^{1}/_{4}$% Bonds due 1995, a portion of the principal amount of the $3^{1}/_{8}$% Notes due 1994 and the $1^{3}/_{8}$% Notes due 1992, and the 7% Dual Currency Yen/U.S. Dollar Notes due 1992. The floating interest rates, generally based on the six-month LIBOR (London Interbank Offered Rate), averaged approximately 2.5% and 2.6% below such LIBOR as of March 31, 1990 and 1989, respectively. At March 31, 1990 the parent company also has similar interest exchange agreements for long-term bank loans with fixed interest rates of ¥316,094 million ($2,000,595 thousand). The floating interest rates are generally the three-month LIBOR less 0.5%. The rate exchange agreements are to remain effective through the maturity dates of the borrowings.

In November 1983 the parent company assigned to banks its outstanding obligation to make payments of principal and interest with respect to certain Notes and in connection therewith made cash deposits for the banks' fulfillment of such obligations. As a result the outstanding debt balances and the deposits made with the banks were removed from the balance sheet. At March 31, 1990 the outstanding balance of the debt so removed was equivalent to ¥15,800 million ($100,000 thousand).

Maturities of long-term debt subsequent to March 31, 1990 are as follows:

	Millions of yen	Thousands of United States dollars
Year ending March 31:		
1991 (included in current liabilities)	¥ 382,831	$2,422,981
1992	1,241,010	7,854,494
1993	875,828	5,543,215
1994	278,897	1,765,171
1995	610,569	3,864,361
1996 and thereafter	599,728	3,795,746

The current conversion prices of the convertible debentures and bonds and the prices at which they are redeemable at the option of the issuer at March 31, 1990 are as follows:

	Conversion price per share (a)	Redemption price (percent of principal)
1.5% Convertible Bonds due 1994	¥1,448	(b)
1.6% Convertible Bonds due 1996	1,448	(c)
Other convertible debentures and bonds:		
$7^{1}/_{2}$% Convertible Bonds due 1990	290.80	100 %
$6^{3}/_{4}$% Convertible Debentures due 1991	350.80	100 %
6% Convertible Bonds due 1992	389.40	100 %
$6^{1}/_{2}$% Convertible Debentures due 1994	453.20	100.5% (d)

(a) Subject to computational provisions in the related indentures.
(b) Redeemable commencing October 1, 1991 at the initial redemption price of 102% of the principal.
(c) Redeemable commencing October 1, 1992 at the initial redemption price of 103% of the principal.
(d) 100% commencing October 1, 1990.

The indenture under which certain convertible bonds were issued places a limitation on payment of cash dividends by the parent company. At March 31, 1990 the amount of the unappropriated retained earnings available for the payment of dividends was ¥162,019 million ($1,025,437 thousand) under such provisions of the indenture.

Substantially all the short-term and long-term loans from banks are made under agreements, which, as 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.

6. 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 54% for the year ended March 31, 1990 and 56% for the years ended March 31, 1989 and 1988, except that lower rates are applicable to the portion of income distributed as dividends. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The effective rates of income taxes reflected in the statements of consolidated income differed from the statutory rate above due principally to (1) expenses not deductible for income tax purposes, (2) tax-exempt dividend income, (3) losses of consolidated subsidiaries for which potential tax benefits have not been recognized, (4) the effect of taxation on intercompany dividends which have been eliminated in consolidation, and (5) lower income tax rates applicable to income in certain foreign countries.

Deferred taxes arose principally from timing differences with respect to the deduction of certain prefectural income taxes and certain of the adjustments made for financial statement purposes explained in Note 1.

The amount of undistributed earnings of subsidiaries on which income taxes have not been recognized in the accompanying financial statements aggregated ¥85,721 million ($542,538 thousand) and ¥58,403 million at March 31, 1990 and 1989, respectively.

7. Employee Severance Indemnities and Pension Plans

The parent company and certain of its subsidiaries have an unfunded severance indemnities plan under which its employees, other than those who are 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, 1990, 1989, and 1988 with respect to lump-sum severance indemnities were ¥7,794 million ($49,329 thousand), ¥7,995 million, and ¥4,861 million, respectively.

The parent company also has a funded contributory 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 composed of management and employee representatives as required by government regulations. Employee benefits under the plan consist of a portion as 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. Certain of the subsidiaries also have non-contributory pension plans. The companies' funding policy is to contribute the amount allowable 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 cost of the parent company's and certain of its subsidiaries' contributory plans, which was determined based on the new accounting standard as described in Note 1, for the year ended March 31, 1990 included the following components.

	Millions of yen	Thousands of United States dollars
Service cost—benefits earned during the year	¥ 3,686	$ 23,329
Interest cost on projected benefit obligation	4,752	30,076
Actual return on plan assets	(6,999)	(44,297)
Net amortization and deferral	167	1,057
Net periodic pension cost	¥ 1,606	$ 10,165

Pension expense for the plans of certain domestic and foreign subsidiaries not included above amounted to ¥1,593 million ($10,082 thousand) for the year ended March 31, 1990.

Total pension expense for all pension plans for the years ended March 31, 1989 and 1988, which have not been restated, amounted to ¥6,476 million and ¥5,916 million, respectively.

The following table sets for the plans' funded status and amounts recognized in the consolidated balance sheet at March 31, 1990.

	Millions of yen	Thousands of United States dollars
Actuarial present value of benefit obligations:		
Vested benefit obligation	¥69,698	$441,127
Accumulated benefit obligation	¥87,231	$552,095
Projected benefit obligation	¥97,555	$617,437
Plan assets at fair value, primarily listed stocks, marketable bonds, and loans receivable	99,392	629,063
Plan assets in excess of projected benefit obligation	1,837	11,626
Unrecognized net gain	(949)	(6,006)
Prior service cost not yet recognized in net periodic pension cost	770	4,873
Unrecognized net obligation at transition being recognized over 15 years	2,035	12,880
Prepaid pension costs recognized in the balance sheet	¥ 3,693	$ 23,373

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

Weighted-average discount rate	5.5%
Average rate of increase in future compensation levels	3.0%
Expected long-term rate of return on plan assets	8.0%

8. Common Stock and Capital Surplus

The changes in the number of issued shares of common stock during the years ended March 31, 1990, 1989, and 1988 were as follows:

	Thousands of shares		
	1990	1989	1988
Balance at beginning of the year	**1,544,861**	1,532,001	1,505,196
Issued for conversion of debentures and bonds	**9,026**	320	619
Issued for exercise of warrants	**7,450**	12,540	26,186
Balance at end of the year	**1,561,337**	1,544,861	1,532,001

In accordance with the provisions of the Commercial Code of Japan, as amended in 1982, exercises of warrants issued and conversion of debentures and bonds sold on or after October 1, 1982 have been accounted for by crediting one-half each of the exercise or conversion prices to the common stock account and to the capital surplus account. Conversions of debentures and bonds issued prior thereto have been accounted for by crediting the par values of the shares issued to capital stock and the excess over the par values to capital surplus.

At March 31, 1990 the holders of outstanding warrants issued with Notes are entitled to subscribe to the parent company's common stock as follows:

	Exercise price per share (a)	Aggregate number of exercisable common shares (a)	Exercisable through
Warrants issued in:			
May 1986	¥ 738	3,738,261	April 25, 1994
May 1987	1,415	59,342,756	April 28, 1992
May 1989	1,712	116,574,182	April 27, 1994

(a) Subject to adjustments as specified in the indentures.

Pursuant to resolutions of the Board of Directors, the parent company from time to time issues new shares of its common stock to the existing shareholders without consideration. Such free share distributions have been accounted for by a transfer from capital surplus to common stock of the aggregate par value of shares issued (see Note 1). A publicly-owned corporation in the United States issuing shares in similar transactions would be required to account for them as stock dividends as of the shareholders' record date by reducing retained earnings and increasing appropriate capital accounts by an amount equal to the fair value of the shares issued. The parent company made no such free share distributions during the three years ended March 31, 1990. If such United States practice had been applied to the cumulative free distributions made by the parent company during the ten years to March 31, 1990, capital surplus at March 31, 1990 would have been increased by ¥214,980 million ($1,360,633 thousand) with a corresponding decrease in unappropriated retained earnings.

At March 31, 1990, 225,919,019 shares of common stock were reserved for the conversion of outstanding debentures and bonds and for the exercise of outstanding warrants.

9. Retained Earnings and Dividends

Retained Earnings Appropriated for Legal Reserve

The Commercial Code of Japan provides that an amount at least equal to 10% of the amount of cash dividends 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 a resolution of the shareholders or it may be transferred to capital stock by a resolution of the Board of Directors.

Unappropriated Retained Earnings and Dividends

The amount of retained earnings available for dividends under the Commercial Code of Japan is based on the amount recorded in the parent company's general books of account maintained in accordance with accepted Japanese accounting practice. The adjustments included in the accompanying 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 legal reserve in connection with the payment of cash dividends 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, 1990 (¥240,825 million—$1,524,209 thousand, exclusive of the amount previously appropriated for legal reserve) is restricted by such limitations under the Code. See Note 5 for the dividend restriction imposed by an indenture relative to certain convertible bonds.

Dividends are approved by the shareholders at the meeting held subsequent to the fiscal year to which the dividend is applicable. In addition, a semi-annual 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 changes in 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.

10. 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 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. See Note 11.

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

11. 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 for the years ended March 31, 1990, 1989, and 1988 are summarized by geographic areas as follows:

	Millions of yen					
	Japan	North America	Europe	Other areas	Eliminations	Consolidated
Year ended March 31, 1990						
Trading transactions:						
Outside customers	¥ 15,138,059	¥ 1,126,917	¥ 1,905,315	¥ 352,640		¥ 18,522,931
Inter-area	2,057,871	1,234,599	1,020,752	876,881	¥ (5,190,103)	
Total	¥ 17,195,930	¥ 2,361,516	¥ 2,926,067	¥1,229,521	¥ (5,190,103)	¥ 18,522,931
Operating profit	¥ 100,806	¥ 1,868	¥ 4,460	¥ 16,845	¥ 2,455	¥ 126,434
Other income, expenses, and charges—net						(14,544)
Income from consolidated operations before income taxes						¥ 111,890
Identifiable assets at March 31, 1990	¥ 10,458,779	¥ 1,001,872	¥ 1,176,042	¥ 464,353	¥ (1,683,962)	¥ 11,417,084
Investments in and advances to affiliated companies						261,040
Total assets at March 31, 1990						¥ 11,678,124

	Thousands of United States dollars					
	Japan	North America	Europe	Other areas	Eliminations	Consolidated
Year ended March 31, 1990						
Trading transactions:						
Outside customers	$ 95,810,500	$ 7,132,386	$12,058,956	$2,231,899		$117,233,741
Inter-area	13,024,500	7,813,918	6,460,455	5,549,880	$(32,848,753)	
Total	$108,835,000	$14,946,304	$18,519,411	$7,781,779	$(32,848,753)	$117,233,741
Operating profit	$ 638,013	$ 11,823	$ 28,228	$ 106,614	$ 15,538	$ 800,216
Other income, expenses, and charges—net						(92,051)
Income from consolidated operations before income taxes						$ 708,165
Identifiable assets at March 31, 1990	$ 66,194,804	$ 6,340,962	$ 7,443,304	$2,938,943	$(10,657,988)	$ 72,260,025
Investments in and advances to affiliated companies						1,652,152
Total assets at March 31, 1990						$ 73,912,177

	Millions of yen					
	Japan	North America	Europe	Other areas	Eliminations	Consolidated
Year ended March 31, 1989						
Trading transactions						
Outside customers	¥12,214,969	¥1,085,809	¥2,153,299	¥189,738		¥15,643,815
Inter-area	1,939,164	1,165,089	890,461	724,434	¥(4,719,148)	
Total	¥14,154,133	¥2,250,898	¥3,043,760	¥914,172	¥(4,719,148)	¥15,643,815
Operating profit	¥ 70,415	¥ 3,674	¥ 1,587	¥ 3,240	¥ 865	¥ 79,781
Other income, expenses, and charges—net						(5,785)
Income from consolidated operations before income taxes						¥ 73,996
Identifiable assets at March 31, 1989	¥ 8,580,355	¥ 680,927	¥ 862,880	¥207,407	¥(1,071,534)	¥ 9,260,035
Investments in and advances to affiliated companies						252,489
Total assets at March 31, 1989						¥ 9,512,524

	Millions of yen					
	Japan	North America	Europe	Other areas	Eliminations	Consolidated
Year ended March 31, 1988						
Trading transactions:						
Outside customers	¥11,768,174	¥1,179,422	¥ 272,972	¥144,315		¥13,364,883
Inter-area	779,665	893,486	312,515	583,765	¥(2,569,431)	
Total	¥12,547,839	¥2,072,908	¥ 585,487	¥728,080	¥(2,569,431)	¥13,364,883
Operating profit	¥ 50,213	¥ 2,784	¥ 374	¥ 1,348	¥ 582	¥ 55,301
Other income, expenses, and charges—net						936
Income from consolidated operations before income taxes						¥ 56,237
Identifiable assets at March 31, 1988	¥ 6,869,940	¥ 572,316	¥ 605,114	¥181,057	¥ (922,527)	¥ 7,305,900
Investments in and advances to affiliated companies						226,121
Total assets at March 31, 1988						¥ 7,532,021

"Other areas" consist principally of Oceania, Asia, and Latin America.

"Operating profit" is gross trading profit (see Note 10) and rent and warehousing income less selling, general, and administrative expenses and provision for doubtful receivables.

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 ¥2,056,972 million ($13,018,810 thousand), ¥1,821,894 million, and ¥1,992,833 million for the years ended March 31, 1990, 1989, and 1988, respectively, principally to countries in Asia, North America, Europe, and the Middle East.

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. The geographic areas in which such companies principally operate are Japan, Asia, North America, and Europe.

12. Foreign Exchange Gains and Losses and Foreign Operations

Foreign Exchange Gains and Losses

Net foreign currency transaction losses included in the determination of net income for the years ended March 31, 1990 and 1988 were ¥2,315 million ($14,652 thousand) and ¥4,983 million, respectively. Net foreign currency transaction gains included in the determination of net income for the year ended March 31, 1989 were ¥1,981 million.

Foreign Operations

Net income from foreign operations, before elimination of certain inter- and intra-company items, amounted to ¥26,959 million ($170,627 thousand), ¥14,996 million, and ¥14,494 million for the years ended March 31, 1990, 1989, and 1988, respectively. Net foreign assets, before elimination, at March 31, 1990 and 1989 were ¥319,845 million ($2,024,335 thousand) and ¥201,661 million, respectively. In determining net income from foreign operations, no allocation has been made of certain corporate administrative expenses and financing costs which were incurred in Japan but may be applicable to foreign operations.

13. Rent Expense

The companies lease office space and certain other assets under operating leases. Total rental expenses under such leases for the years ended March 31, 1990, 1989, and 1988 were ¥26,750 million ($169,304 thousand), ¥26,851 million, and ¥25,665 million, respectively.

At March 31, 1990 the future minimum lease payments under noncancelable leases are as follows: ¥7,991 million ($50,576 thousand) in 1991, ¥6,542 million ($41,405 thousand) in 1992, ¥5,019 million ($31,766 thousand) in 1993, ¥3,413 million ($21,601 thousand) in 1994, ¥2,349 million ($14,867 thousand) in 1995, and ¥22,386 million ($141,684 thousand) thereafter.

14. 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 counterpart sales contracts.

The companies' contingent liabilities at March 31, 1990 as guarantor of indebtedness of others aggregated ¥386,136 million ($2,443,899 thousand), including ¥124,413 million ($787,424 thousand) 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 ¥277,749 million ($1,757,905 thousand) at March 31, 1990 for loans, investments in equity capital, and financing on a deferred-payment basis of 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.

15. Events since March 31, 1990

On June 28, 1990 the shareholders authorized (1) payment of a cash dividend to shareholders of record on March 31, 1990 of ¥4.5 (2.8¢) per share, or a total of ¥7,026 million ($44,468 thousand), which included special dividend of ¥1 (0.6¢) per share, or a total of ¥1,561 million ($9,880 thousand) to commemorate the 35th anniversary of the parent company's consolidation, and (2) a transfer from unappropriated retained earnings to retained earnings appropriated for legal reserve of ¥703 million ($4,449 thousand).

Deloitte Ross Tohmatsu

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

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, 1990 and 1989 and the related statements of consolidated income, changes in consolidated shareholders' equity, and consolidated cash flows for each of the three years in the period ended March 31, 1990 (all expressed in Japanese yen). These consolidated financial statements are the responsibility of the Corporation'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 above-mentioned consolidated financial statements present fairly, in all material respects, the financial position of the companies as of March 31, 1990 and 1989 and the results of their operations and their cash flows for each of the three years in the period ended March 31, 1990 in conformity with accounting principles generally accepted in the United States of America.

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, 1990 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 Ross Tohmatsu

May 28, 1990 (June 28, 1990 as to the matters discussed in Note 15)

Corporate Citizenship

Mitsubishi Corporation has a long-standing commitment to fulfilling both its business and social responsibilities. With the objective of making contributions to society an ongoing and integral part of its activities, the Company set up the Public Affairs Department in 1973. Over the years, this department has promoted such projects as sponsorship of the development of an artificial lung, the patent for which was later donated to a special fund to finance the development of other types of artificial organs; and the development of aircraft remote-sensing technologies, which find application in research oriented toward improvement of the environment. In view of growing international concern for environmental matters, the Company's environment-related activities were set up as a separate department in April 1990.

Today, the Public Affairs Department is especially active in two areas that it describes as "heart" and "welfare." Under the Heart Program, the department sponsors two types of activities for fatherless families and children. The first, the Nature Workshop for Mothers and Children, provides participants with the opportunity to experience the natural beauty of mountains, rivers, and wildlife in rural areas. Special workshops are also sponsored as part of the outings to help mothers cope better with life as a single parent. The program is staffed by Company employees, who provide their time on a volunteer basis. About 120 families participate annually, and over the past 16 years, nearly 13,000 persons have taken part in the projects. The second program, the Nature Workshop, is held in spring and provides parentless children with similar opportunities for outings in the countryside to enjoy nature and form new friendships. Thus far, 1,415 young people have taken part in this program.

Under the department's Welfare Program, the Company sponsors computer programming instruction for handicapped persons through the auspices of Japan Sun Industries, in Oita Prefecture, and at the Tokyo Colony, a similar welfare-oriented organization. The classroom environment has been especially adapted to the needs of the handicapped, and students learn skills that open up new employment opportunities. To date, more than 97 persons have received instruction and most have found jobs making use of the skills they acquired during the program.

Corporate Officers

From left, Yohei Mimura and Shinroku Morohashi

From left, Masato Tagai, Yutaka Yamamoto, Takeshi Eguchi, and Ichiji Kishimoto

CHAIRMAN OF THE BOARD OF DIRECTORS

Yohei Mimura

PRESIDENT, DIRECTOR

Shinroku Morohashi

EXECUTIVE VICE PRESIDENT, DIRECTOR

Masato Tagai
Metals

EXECUTIVE VICE PRESIDENT, DIRECTOR

Yutaka Yamamoto
Fuels

EXECUTIVE VICE PRESIDENT, DIRECTOR

Takeshi Eguchi
New Business

EXECUTIVE VICE PRESIDENT, DIRECTOR

Ichiji Kishimoto
General Manager, Osaka Branch

SENIOR MANAGING DIRECTORS

Shiro Shibuya
Information Systems and Services

Shinichiro Ohta
Administration

Minoru Makihara
President, Director,
Mitsubishi International Corporation

MANAGING DIRECTORS

Akira Horie
General Manager, Nagoya Branch

Yoshiaki Shibata
Machinery

Nobuo Kobayashi
Chairman & Managing Director, Mitsubishi Euro-Africa S.A., Mitsubishi Corporation (UK) Limited

Enshiro Matsuyama
Foods

Nobuaki Iwai
Chemicals

Hideo Noguchi
Machinery

Hiroaki Tanaka
Planning and Coordination, Logistics

Naoyasu Kuroki
Machinery

Yasushi Hotta
Resident Managing Director for China, General Manager, Beijing Office

Tsuneaki Kaku
New Business

Nobuyuki Kondo
Textiles and General Merchandise

Ichiro Yokose
Fuels

Tetsuo Kamimura
Senior Executive Vice President, Director, Mitsubishi International Corporation

Toshiharu Iino
Internal Audit, Information and Communication Systems

Mitsutake Okano
Personnel and General Affairs

Toshio Kawachi
Metals

DIRECTORS

Nihachiro Katayama*
Chairman of the Board of Directors, Mitsubishi Electric Corporation

Yotaro Iida*
Chairman of the Board of Directors, Mitsubishi Heavy Industries, Ltd.

Makoto Kuroda
Senior Assistant to Executive Vice President, Corporate Planning

Norihiko Adachi
General Manager, Chugoku Branch

Kanji Shimamura
Senior Assistant to Executive Vice President, New Business

Takeshi Kobayashi
Senior Assistant to Senior Managing Director, Information Systems and Services

Yoshihisa Asai
Senior Assistant to Managing Director, Chemicals

Junichi Nakamura
Senior Assistant to Managing Director, Internal Audit

Naoji Sato
General Manager, Machinery Administration Department

Zenshiro Nagasaka
General Manager, General Affairs Department

Hiroshi Zaizen
Chairman & Managing Director, Mitsubishi Corporation (Hong Kong) Ltd.

Yoshiki Uesawa
Senior Assistant to Managing Director, Machinery

Izuru Nagasawa
General Manager, Ferrous Raw Materials Division

Jun Kohara
General Manager, Logistics Development Department

Kaname Shimazaki
Executive Vice President, Director, Mitsubishi International Corporation

Takuya Shitara
General Manager, Basic Chemicals Division

Kazuaki Kawasumi
General Manager, Personnel Department

Takao Miyake
General Manager, Non-Ferrous Metals Division

Toshihiro Koizumi
General Manager, Regional Planning and Coordination Department

Motohiko Numaguchi
Senior Assistant to Senior Managing Director, Administration

Hiroshi Sato
General Manager, Motor Vehicle Division B

Koichi Kuwahara
Senior Assistant to Managing Director, Information and Communication Systems

Naoyoshi Uehara
General Manager, Power and Electrical Systems Division

Hiroshi Kawamura
Senior Assistant to Executive Vice President, Fuels

Yoshio Sawai
General Manager, Steel International Division

Mikio Kawamura
General Manager, Electronics Business Division

STANDING STATUTORY AUDITOR

Keishi Nakamura

STATUTORY AUDITORS

Hajime Yamada
Haruo Takeda
Kenji Kanaizumi
Yukimasa Mochizuki

*Non-executive director

(As of June 28, 1990)

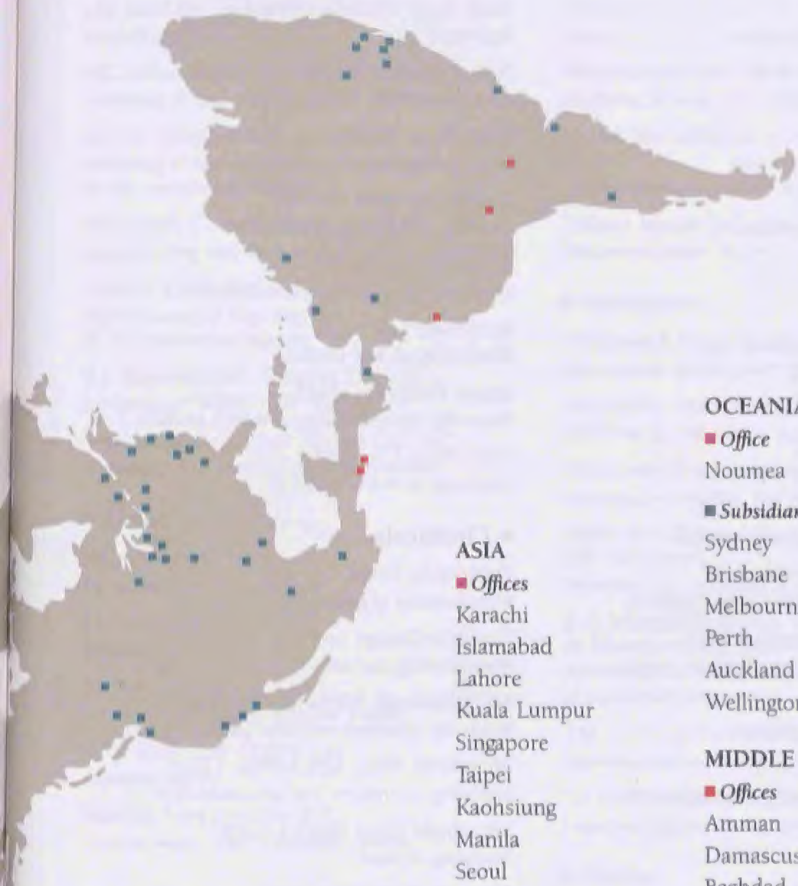
Global Network

Mitsubishi Corporation provides a broad range of integrated services designed to satisfy the diverse needs of clients through its global network of offices and subsidiaries. We currently maintain 52 domestic offices and 104 overseas offices in addition to the 69 main offices and branch offices of our overseas subsidiaries. Our staff in Japan and overseas totals 13,237.

To maximize responsiveness and efficiency, our worldwide network of offices is linked by a state-of-the-art telecommunications network. Using this system, information can be exchanged among offices and subsidiaries instantaneously by teletext, facsimile, high-speed data transmission, and through our internal telephone links. The primary link in this system is a high-speed digital backbone network that connects telecommunications computers in Tokyo, Osaka, London, New York, and other major business centers. Leased telecommunications lines are used to transmit information from these centers to other offices.

Our staff around the world uses this telecommunications network for quick and easy access to information on a wide range of topics, including the global economy, market trends, new products, technological developments, and weather conditions. By collecting and analyzing this data, experienced market specialists can offer timely services in trading, resource development, technology transfer, and financing to contribute to the success of commercial transactions and international projects.

(As of March 31, 1990)



ASIA

Offices

Karachi
Islamabad
Lahore
Kuala Lumpur
Singapore
Taipei
Kaohsiung
Manila
Seoul
Pusan
Pohang
Kwangyang
Ulsan
Dhaka
Beijing
Guangzhou
Tianjin
Nanjing
Qingdao
Shanghai
Dalian
Yangon
New Delhi
Bombay
Cochin
Bangalore
Madras
Calcutta
Jakarta
Surabaya
Bandar Seri Begawan
Colombo

Subsidiaries

Bangkok
Kuala Lumpur
Hong Kong

OCEANIA

Office

Noumea

Subsidiaries

Sydney
Brisbane
Melbourne
Perth
Auckland
Wellington

MIDDLE EAST

Offices

Amman
Damascus
Baghdad
Cairo
Khartoum
Doha
Riyadh
Jeddah
Al Khobar
Sana'a
Abu Dhabi
Dubai

Subsidiaries

Manama
Kuwait
Tehran

EUROPE

Offices

Prague
Budapest
Warsaw
Sofia
Bucharest
Moscow
Belgrade
Ankara
Istanbul
Oslo
Stockholm
Helsinki
Berlin
Vienna

Subsidiaries

London
Lisbon
Madrid
Las Palmas
Paris
Brussels
Rotterdam
Düsseldorf
Hamburg
Trebur
Frankfurt
Milan
Athens

AFRICA

Offices

Tripoli
Casablanca
Algiers
Tunis
Kinshasa
Lusaka
Kitwe
Harare
Nairobi
Dar es Salaam
Luanda
Abidjan
Dakar

Subsidiaries

Addis Ababa
Lagos
Douala

NORTH AMERICA AND CENTRAL AMERICA

Offices

Guatemala
San Salvador

Subsidiaries

New York
Durham (North Carolina)
Bensenville
Bloomington-Normal
Seattle
Portland
San Francisco
Los Angeles
Houston
Dallas
Chicago
Akron
Minneapolis
Atlanta
Detroit
Palo Alto
St. Louis
Pittsburgh
Washington, D.C.
Philadelphia
Boston
Toronto
Vancouver
Montreal
Calgary
Mexico City
Monterrey
Panama

SOUTH AMERICA

Offices

Quito
La Paz
Asuncion

Subsidiaries

Caracas
Puerto Ordaz
Bogota
Lima
São Paulo
Pôrto Alegre
Brasília
Apucarana
Santos
Río de Janeiro
Belo Horizonte
Buenos Aires
Santiago

Principal Subsidiaries and Affiliates

DOMESTIC

Information Systems and Services

Advanced Systems Technology Inc.
Network management services and computer systems marketing

Dia Office Systems Corp.*
Marketing and maintenance of photocopiers

Dia Semicon Systems Inc.*
Marketing of semiconductors

International Telecom Japan Inc.
International telecommunications services

MC Electronics Co., Ltd.*
Marketing of production equipment and testers for semiconductors

MC Medical Inc.*
Marketing of medical electronics equipment

M.C. Word Center, Inc.*
Translation processing services

Memory-Tech Corp.
Manufacturing of CDs and CD-ROMs

Mitsubishi Office Machinery Co., Ltd.*
Reseller of value-added computer systems

Net One Systems Co., Ltd.
Marketing and installing of LAN systems and related products

Nippon Leisure Card System Corp.
Providing total prepaid card networking services

Space Communications Corp.
Satellite communications business

Technodia Corporation*
Marketing and development of CAD/CAM systems

Fuels

Chubu MC Oil K.K.*
Marketing of petroleum products

Chugoku Ryosho Sekiyu*
Marketing of petroleum products

Cosmo Ryowa Co., Ltd.
Marketing of petroleum products

Dia Shoseki Co., Ltd.
Marketing of petroleum products

Dooryo Sekiyu K.K.*
Marketing of petroleum products

JR MC Tokai Corp.
Commercial business

Kansai MC Oil K.K.*
Marketing of petroleum products

Kyokuryo Sekiyu K.K.
Marketing of petroleum products

MC Carbon Co., Ltd.*
Marketing of carbon products

MC Marine Co., Ltd.*
Marketing of petroleum products

Miyagi Sekiyu Hanbai K.K.
Marketing of petroleum products

Ryoto Corporation*
Marketing of petroleum products

Ryowa Kyoseki K.K.
Marketing of petroleum products

Sekiyu Cokes Kogyo K.K.*
Storage of petroleum cokes

Taihei Sekiyu K.K.*
Marketing of petroleum products

Tokyo MC Oil K.K.*
Marketing of petroleum products

Metals

Asahi Steel Co.*
Marketing of specialty steels

Daiya Steel Co., Ltd.*
Marketing of steel products

Howa Kozai Co., Ltd.*
Marketing of iron and steel products

Keiyo Blanking Kogyo Co., Ltd.
Pressing and blanking of steel materials

Kyushu Steel Center Co., Ltd.*
Warehousing and processing of steel materials

M.C. Aluminum Company Ltd.*
Manufacturing of secondary aluminum metals

MC Gold Co., Ltd.*
Retail of precious metal products

Ryotetsu Co., Ltd.*
Warehousing and processing of specialty steels

Ryowa Steel Co., Ltd.*
Cutting of steel products

Ryoyo Steel Center Co.*
Steel processing services center

Machinery

Leapark Inc.
Marketing of parking equipment

M.C. Machinery, Inc.*
Exporting and importing of machinery and compounds

Mitsubishi-Shoji Machine Tool Sales Corp.*
Marketing of machine tools

MSK Tokyu Machinery Co., Ltd.*
Marketing of agricultural equipment

Nikken Daiya Lease Co., Ltd.
Leasing and sales of machinery and appliances

Ryoshin Leasing Corporation
General leasing

Toyo Thermo Control, Ltd.*
Marketing of refrigerating machines for transportation

Foods

Dainihon Sugar Manufacturing Co., Ltd.*
Refining of sugar

Diamond Sea Foods Co., Ltd.*
Processing and distributing of marine products

Japan Farm, Ltd.
Breeding and processing of broilers and swine

Kentucky Fried Chicken Japan Ltd.
Fast-food restaurant chain

Meiji Sugar Manufacturing Co., Ltd.*
Refining of sugar

Nihon Shokuhin Kako Co., Ltd.
Corn wet miller

Nitto Flour Milling Co., Ltd.
Flour milling

Rinoru Oil Mills Co., Ltd.*
Crushing and refining of oilseeds

Ryochiku Co., Ltd.*
Distributor of chicken, pork, and beef

Ryoshoku Ltd.*
Wholesaling of food products

Sanyo Foods Co., Ltd.*
Processing and distributing of marine products

Toyo Reizo Co., Ltd.*
Marketing of marine products

Chemicals

Dainippon Toryo Co., Ltd.
Manufacturing of paints

Graphite Design Inc.*
Manufacturing and sales of graphite golf shafts

MC Chemicals Marketing Co., Ltd.*
Marketing of solvents and other chemical products

Mitsubishi Shoji Agri-Service Corp.*
Marketing of fertilizers and soil conditioners

Mitsubishi Shoji Plastics Corp.*
Marketing of plastics

Plantech Research Institute
Research, development, and marketing of plant technologies

Shin-Nihon Ryutsu Co., Ltd.
Rental of plastic containers for Japanese sake bottles

Towa Chemical Industry Co., Ltd.
Manufacturing and marketing of polyols

Textiles and General Merchandise

AIMS International Corporation
Marketing of high-quality imported china and porcelain

AITEX Co., Ltd.*
Spinning of cotton yarn

Artespaña Japan Co., Ltd.
Marketing of high-grade imported furniture and interior goods

Dia Packaging Corp.*
Marketing of packaging materials

Green Houser Co., Ltd.*
Marketing of housing materials

Hakodate Plywood Manufacturing Co.*
Manufacturing of plywood

Head Sportswear Japan Co., Ltd.
Marketing of high-quality "Head" brand sportswear

Kansai M.C. Kenzai Co., Ltd.*
Marketing of cement and building materials

Kawagoe & Co., Ltd.*
Wholesaling of textiles

Life Gear Corporation*
Marketing of footwear

MC Kosan Ltd.*
Marketing of silica sand and other minerals

M.C.M. Corporation*
Marketing of raw and finished materials for the construction industry

Mitsubishi Cement Kenzai Co., Ltd.
Manufacturing and marketing of building materials

Nippon Giant Tire Co., Ltd.
Manufacturing of large tires for the construction industry

R.J. Reynolds/MC Tobacco Co., Ltd.
Marketing of "REYNOLDS" cigarettes

Shikoku M.C. Cement Kenzai Co., Ltd.*
Marketing of cement and building materials

■ Other

MC Communications Inc.*
Publishing and related services

M.C. Finance Co., Ltd.*
Financial services

Meiwa Trading Co., Ltd.
General import/export domestic traders

MSK Insurance Center, Ltd.*
Insurance agent

Shintoa Koeki Kaisha, Ltd.
General import/export domestic traders

OVERSEAS

■ Information Systems and Services

KONICA business machines (France, Italy, U.K., FR Germany)
Marketing and maintenance of photocopiers

TRI-M TECHNOLOGIES (S) PTE. LTD. (Singapore)*
Supplier of turnkey printed circuit assembly services

■ Fuels

Brunei LNG Sendirian Berhad (Brunei)
Manufacturing of LNG

CARBONEX CORPORATION (U.S.A.)*
Marketing of carbon materials and products

Japan Australia LNG (MIMI) Pty., Ltd. (Australia)
Manufacturing and marketing of LNG/condensate

Malaysia LNG Sdn. Bhd. (MLNG) (Malaysia)
Manufacturing and marketing of LNG

MCFARM Sendirian Berhad (Brunei)*
Livestock industry (cattle breeding)

Petro-Diamond Inc. (U.S.A.)*
Marketing of crude oil and petroleum products

■ Metals

Coilplus Inc. (U.S.A.)*
Steel sheet processing and sales

Eletrovale S.A. Industria e Comercio (Brazil)
Manufacturing and marketing of ferrosilicon

Mitsubishi Development Pty., Ltd. (Australia)*
Mining

Non-Ferrous International Corp. (U.S.A.)*
Marketing of nonferrous metal products

Rio Negro Comercio e Industria de Aço S.A. (Brazil)*
Steel sheet processing and sales

Triland Metals Ltd. (U.K.)*
Nonferrous metals dealer

■ Machinery

Diamond Energy, Inc. (U.S.A.)*
Operation of electric power generating plant

Machinery Distribution Inc. (U.S.A.)*
Marketing of construction equipment

Mitsubishi Motors Australia Ltd. (Australia)
Importing, assembling, and marketing of automobiles

MMC Auto Deutschland GmbH (FR Germany)
Importing and marketing of automobiles

P. T. Mitsubishi Krama Yudha Motors & Manufacturing (Indonesia)
Assembling and manufacturing of automobile components

The Colt Car Co., Ltd. (U.K.)
Importing and marketing of automobiles

Tri Petch Isuzu Sales Co., Ltd. (Thailand)
Importing and marketing of automobiles

■ Foods

AGREX Inc. (U.S.A.)*
Grain shipper

Mitsubishi Foods (MC) Inc. (U.S.A.)*
Manufacturing and distributing of canned products

Premier Edible Oils Corporation (U.S.A.)*
Refining of vegetable oils

Princes Ltd. (U.K.)*
Wholesaling of food products

■ Chemicals

Aclo Compounders Inc. (Canada)*
Polyolefin plastics compounding

Aristech Chemical Corp. (U.S.A.)*
Manufacturing and sales of industrial chemicals and polymers

Atlanta Precision Molding Co., Ltd. (U.S.A.)*
Precision molding of plastics

C&M Fine Pack Inc. (U.S.A.)
Manufacturing and sales of fast-food packages

Diaplastics (UK) Ltd. (U.K.)*
Molding of plastics

Exportadora de Sal, S.A. de C.V. (Mexico)
Production and sales of solar salt

HMT Polystyrene Co., Ltd. (Thailand)
Manufacturing and sales of polystyrene

Kux Manufacturing Co. (U.S.A.)*
Design, printing, and marketing of automotive decals, fleet markings, and building graphics

MITENI S.R.L. (Italy)
Manufacturing of fluorochemicals

Rimtec Corp. (U.S.A.)
Polyvinyl chloride (PVC) plastics compounding

Sanken U.S.A. Inc. (U.S.A.)
Manufacturing and sales of floppy disks and shells

Siamount Plastic Corp. (Thailand)
Manufacturing and sales of polyvinyl chloride (PVC) gloves

Thai Alkylate Co., Ltd. (Thailand)
Manufacturing and sales of linear alkyl benzene

Thai Chemical Corporation Ltd. (Thailand)
Manufacturing and sales of plasticizers, adhesives, and formalin

Tosoh Hellas A.I.C. (Greece)
Manufacturing and sales of raw materials for batteries

■ Textiles and General Merchandise

Astillas Exportaciones Ltda. (Chile)*
Wood chip production

Cape Flattery Silica Mines Pty., Ltd. (Australia)*
Mining of silica sand

Crestbrook Forest Industries Ltd. (Canada)
Manufacturing of lumber and pulp

Eidai do Brasil Madeiras S.A. (Brazil)
Manufacturing of plywood and doors

Mayo Forest Products Ltd. (Canada)
Sawmill

MCC Development Corporation (U.S.A.)
Manufacturing and marketing of ready-mixed concrete and aggregate

MC Forest Investment Inc. (Canada)*
Investments in the forest industry

MC Glass Incorporated (U.S.A.)*
Manufacturing of fabricated glass and related products

Mitsubishi Cement Corporation (U.S.A.)
Manufacturing and marketing of cement and concrete

MMU Auto-Components Inc. (U.S.A.)
Manufacturing and marketing of automotive components

Toyo Tire sales companies (Canada, Australia, Europe)
Marketing of "Toyo" brand tires

Tredia Fashion Co., Ltd. (Hong Kong)*
Manufacturing of clothing

■ Other

MC Finance International B.V. (The Netherlands)*
Financial services

MIC Consulting Inc. (U.S.A.)*
M&A advisory and consulting services

Mitsubishi Corporation Finance PLC (U.K.)*
Financial services

New Century Insurance Co., Ltd. (Bermuda)*
Reinsurance company

Trans World Insurance Agency Co., Ltd. (Hong Kong)*
Insurance broker

*Subsidiary

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, 1990, a total of 1,561,337,096 shares were in issue. At the same date, 225,919,019 shares were issuable upon conversion of the Company's outstanding convertible bonds and debentures and upon exercise of the Company's outstanding equity warrants.

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

Principal Shareholders

The 10 largest shareholders of the Company and their respective holdings of shares at March 31, 1990, were as follows:

	Number of shares held (thousands)	Percentage of total shares outstanding (%)
The Tokio Marine and Fire Insurance Company, Limited	93,942	6.02
The Meiji Mutual Life Insurance Company	88,887	5.69
The Mitsubishi Trust and Banking Corporation	86,319	5.53
The Mitsubishi Bank, Limited	77,200	4.94
The Bank of Tokyo, Ltd.	76,128	4.88
The Dai-Ichi Kangyo Bank, Limited	54,738	3.51
Mitsubishi Heavy Industries, Ltd.	48,921	3.13
Nippon Life Insurance Company	46,888	3.00
The Dai-Ichi Mutual Life Insurance Company	40,437	2.59
The Sanwa Bank, Limited	37,935	2.43
Total	651,395	41.72

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

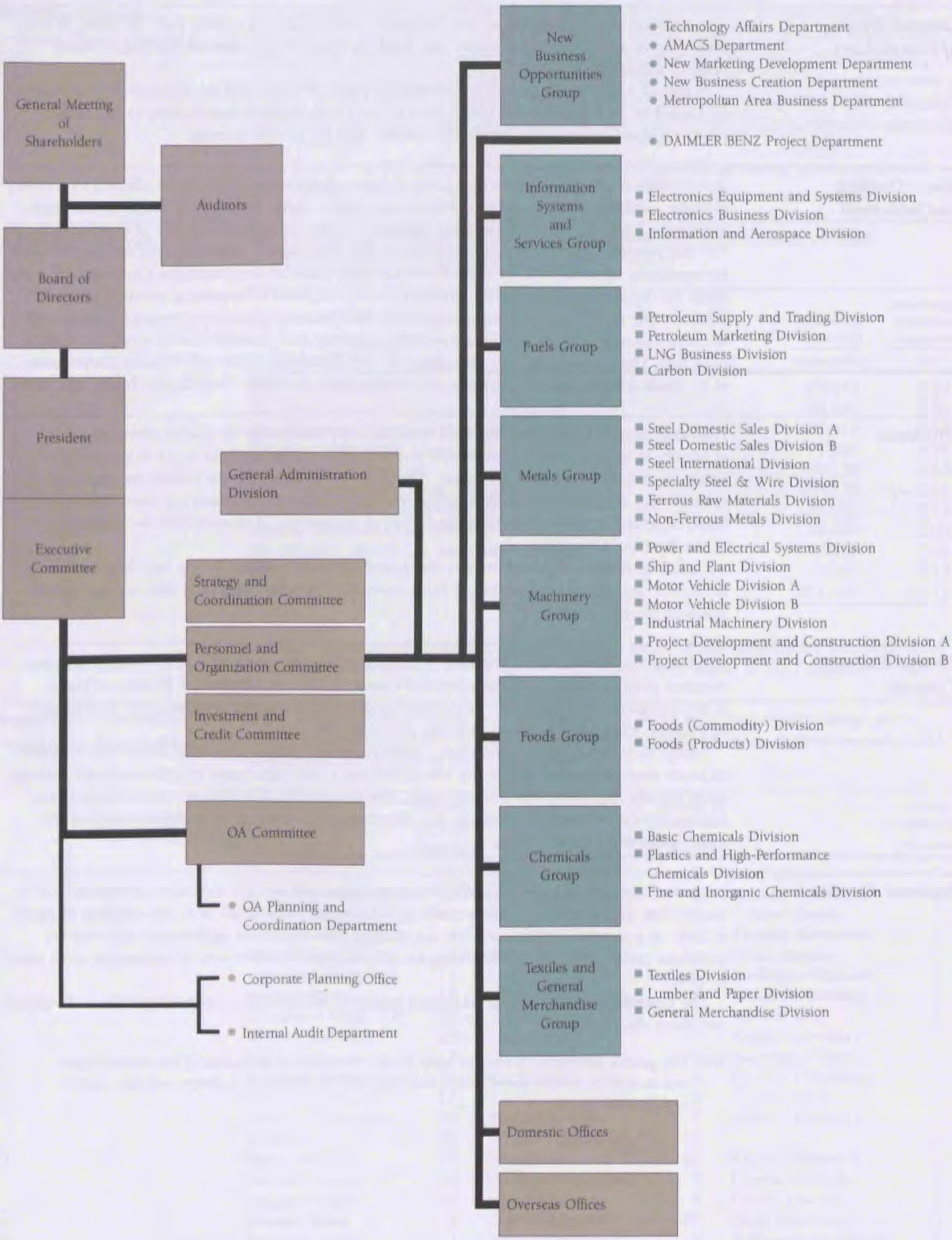
Directors' and Statutory Auditors' Shareholdings

The following is a list of Directors and Statutory Auditors with their shareholdings in the Company at June 28, 1990. At the same date, Directors and Statutory Auditors owned a total of 581 thousand shares in the Company.

	Number of shares held (thousands)		Number of shares held (thousands)		Number of shares held (thousands)
Yohei Mimura	52	Nobuyuki Kondo	8	Jun Kohara	5
Shinroku Morohashi	23	Ichiro Yokose	5	Kaname Shimazaki	5
Masato Tagai	16	Tetsuo Kamimura	6	Takuya Shitara	7
Yutaka Yamamoto	4	Toshiharu Iino	11	Kazuaki Kawasumi	5
Takeshi Eguchi	10	Mitsutake Okano	16	Takao Miyake	5
Ichiji Kishimoto	17	Toshio Kawachi	19	Toshihiro Koizumi	6
Shiro Shibuya	18	Nihachiro Katayama	5	Motohiko Numaguchi	11
Shinichiro Ohta	20	Yotaro Iida	10	Hiroshi Sato	5
Minoru Makihara	15	Makoto Kuroda	—	Koichi Kuwahara	5
Akira Horie	5	Norihiko Adachi	16	Naoyoshi Uehara	3
Yoshiaki Shibata	24	Kanji Shimamura	8	Hiroshi Kawamura	6
Nobuo Kobayashi	17	Takeshi Kobayashi	3	Yoshio Sawai	2
Enshiro Matsuyama	20	Yoshihisa Asai	8	Mikio Kawamura	10
Nobuaki Iwai	10	Junichi Nakamura	14		
Hideo Noguchi	10	Naoji Sato	11	Keishi Nakamura	11
Hiroaki Tanaka	12	Zenshiro Nagasaka	5	Hajime Yamada	3
Naoyasu Kuroki	10	Hiroshi Zaizen	4	Haruo Takeda	2
Yasushi Hotta	5	Yoshiki Uesawa	10	Kenji Kanaizumi	13
Tsuneaki Kaku	12	Izuru Nagasawa	3	Yukimasa Mochizuki	15

■ ***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 its 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, 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, either in cash or in the form of shares. 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***	In general, the acquisition of shares in a listed Japanese company by a non-resident of Japan requires prior notification of the proposed transaction to the Minister of Finance of Japan. If the acquisition is made from, or through, a securities company designated by the Minister of Finance, such prior notification is not generally required. Except in exceptional circumstances, cash dividends and the proceeds of any sale of shares in Japan may be converted into any foreign currency and repatriated by non-residents without notifying any regulatory authority in Japan. The acquisition of shares by non-resident shareholders by way of stock dividend or free distribution of shares is not subject to any of the prior notification requirements.
■ ***Japanese Taxation***	In general, the rate of Japanese withholding tax applicable to cash and stock dividends and to taxable free distributions of shares made by a Japanese corporation to a non-resident of Japan is 20%. At present, Japan has income tax treaties, conventions or agreements with various countries under which the withholding tax rate for portfolio investors is reduced in most cases to 15%. The Company does not make additional payments on account of tax withheld from dividends and other distributions. *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.*

Organizational Structure



(As of July 1, 1990)

Corporate Data

Mitsubishi Corporation

Date Established: April 1, 1950

Capital: ¥123,632,750,488

Headquarters:
6-3, Marunouchi 2-chome,
Chiyoda-ku, Tokyo 100-86, Japan

Network:
Offices
In Japan: 52
Overseas: 104

Overseas Subsidiaries:
Offices in 69 locations, including main and branch offices

Number of Employees:
9,215. In addition, there are overseas staff totaling 4,022.

Independent Auditors:
Deloitte Ross Tohmatsu/
Tohmatsu & Co.

Shares of Common Stock Issued and Outstanding: 1,561,337,096

Number of Shareholders: 60,395

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, Japan

(As of March 31, 1990)

CORPORATE COMMUNICATIONS MATERIALS

■ *Publications*

Annual report (in English)
Company brochure (in French, Spanish, Chinese, Russian, and Japanese)

Prism
This bimonthly publication carries articles on Japan's economy and culture and on the Company's activities. (in English and Chinese; 16 pages)

■ *Videos and Films*

Your Partner for Success
The functions of general trading companies have similarities to the five human senses, which provide us with information on our surroundings and permit us to take appropriate action. This video describes the global activities of Mitsubishi Corporation and the services it can provide to help clients achieve the full potential of their products and services. (1988; in English; U-matic, VHS, and BETA; 15 minutes)

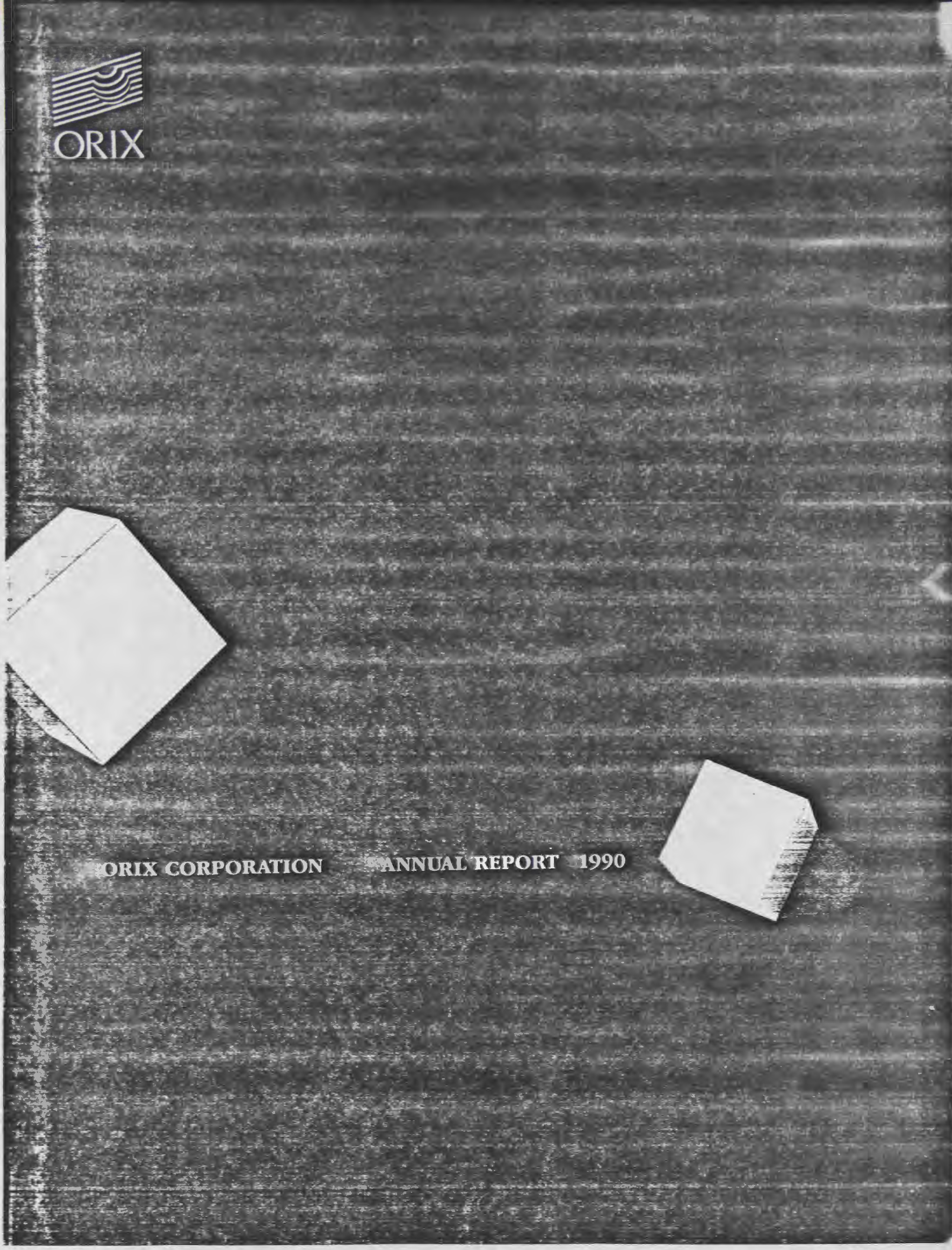
Mitsubishi Corporation
This video gives a fast-moving and broad-ranging account of the origins of Mitsubishi Corporation in Nagasaki and its history, overseas projects, development of consumer product markets, role in the aerospace industry, and other key facets of its operations. (1989; in Japanese, English, and French; U-matic, VHS, and BETA; 10 minutes)

Thailand My Love
This video provides an account of the activities of Mitsubishi Company (Thailand) Ltd. and includes detailed scenes of the daily lives of people in Thailand. (1989; in Japanese, English, and Thai; U-matic, VHS, and BETA; 20 minutes)

Other videos and films available on request are: **Silica Sand from Cape Flattery** (Revised in 1987; in Japanese and English; U-matic, VHS, and BETA; 16mm (Japanese only); 11 minutes); **Around the Clock, Around the World—Mitsubishi Corporation, General Trading Company** (1983; in Japanese, English, and Chinese; U-matic, VHS, and BETA; 16mm; 14 minutes, 17 minutes for Japanese version); **Mitsubishi Corporation in China** (1985 version: in Chinese with Japanese subtitles, 20 minutes; 1986 versions: in English and German, 19 minutes, in Japanese, 18 minutes; all versions available in 16mm, U-matic, VHS, and BETA)

Mitsubishi Corporation —*Your Partner for Success*

Printed in Japan


ORIX
ORIX CORPORATION ANNUAL REPORT 1990

TOP LINE REPORT

To meet the increasingly diverse investment needs of its clients, ORIX acquired a 30% interest in Commodities Corporation, the world's leading futures and options trading company.

To expand its position as a supplier of leasing and other financial services to middle market companies in the United States, ORIX acquired 100% of the shares of Commercial Alliance Corporation.

In view of the growing importance of its operations in the United States, ORIX appointed an advisory board, including distinguished American businessmen to provide direction regarding development of U.S. operations.

ORIX increased its ownership of ORIX Ichioka Corporation, a subsidiary engaged in managing real estate and leisure facilities, from about 80% to 94% in a friendly takeover bid.

To increase capital and secure low-cost funding, ORIX issued one million new shares in a public offering and made its first issue of convertible bonds in Japan, amounting to ¥20 billion.

On a 50-50 basis with ORIX Rentec Corporation, ORIX established a subsidiary in Taiwan, the first company for providing rentals of measuring, computer, and communications equipment in this area.

ORIX Corporation and Subsidiaries

TEN-YEAR SUMMARY

	Year ended March 31	Six months ended March 31		
	1990	1989	1988	1987
Financial Position				
Investment in Direct Financing Leases	**¥1,631,000**	¥1,244,218	¥ 1,127,353	¥ 1,047,981
Installment Loans	**1,993,946**	1,266,803	1,127,902	844,870
Allowance for Doubtful Receivables and Loan Losses	**(44,413)**	(33,411)	(30,958)	(27,282)
Net investment in direct financing leases and installment loans	**¥3,580,533**	¥2,477,610	¥ 2,224,297	¥ 1,865,569
Allowance/Investment in DFL and Installment Loans	**1.2%**	1.3%	1.4%	1.5%
Investment in Operating Leases	**¥ 133,722**	¥ 81,769	¥ 75,550	¥ 74,442
Investment in Securities	**¥ 349,989**	¥ 277,236	¥ 242,522	¥ 252,501
Short-term Debt and Long-term Debt	**¥4,214,318**	¥2,924,466	¥ 2,652,591	¥ 2,332,506
Shareholders' Investment	**¥ 189,652**	¥ 145,818	¥ 136,188	¥ 112,067
Total Resources	**¥4,723,670**	¥3,359,649	¥ 3,024,657	¥ 2,640,520
Revenues and Expenses				
Revenues	**¥ 316,042**	¥ 119,022	¥ 223,683	¥ 202,756
Net Interest Expense	**¥ 197,935**	¥ 65,382	¥ 116,015	¥ 103,057
Selling, General and Administrative Expenses	**¥ 44,089**	¥ 20,045	¥ 42,311	¥ 35,995
Income before Income Taxes	**¥ 40,006**	¥ 17,529	¥ 28,984	¥ 23,713
Net Income	**¥ 19,307**	¥ 8,206	¥ 13,008	¥ 11,333
Operations				
Direct Financing Leases:				
New receivables added	**¥1,203,561**	¥ 445,174	¥ 671,008	¥ 563,021
New equipment acquisitions	**¥ 959,719**	¥ 359,781	¥ 544,553	¥ 436,875
Installment Loans:				
New loans added	**¥2,304,655**	¥ 744,005	¥ 1,169,884	¥ 812,545
Operating Leases:				
New equipment acquisitions	**¥ 78,197**	¥ 20,135	¥ 25,210	¥ 27,433
Debt Securities and Funds in Trust:				
New securities added	**¥ 65,189**	¥ 53,510	¥ 46,951	¥ 95,886
Number of Employees	**5,711**	4,205	4,010	3,470

Notes: 1. The Company has provided a reserve for interest rate fluctuations of ¥5,000 million each in fiscal 1990 and 1989, ¥9,000 million each in fiscal 1988 and 1987 and ¥1,000 million in fiscal 1986 (see Note 10 to the consolidated financial statements).

2. In fiscal 1989, the Company and its subsidiaries changed prospectively their accounting for initial direct costs of new leases and the provision for doubtful receivables, and for loan origination costs, as required by FASB Statement No. 91 (see Note 2 (d) to the consolidated financial statements).

3. In fiscal 1990, new receivables added and new equipment acquisitions of direct financing leases and new equipment acquisitions of operating leases included those increased by ¥321,358 million, ¥200,180 million and ¥40,343 million, respectively, as a result of the acquisitions of ORIX Commercial Alliance Corporation and other (see Note 3 to the consolidated financial statements).

Tsuneo Inui, Chairman

Yoshihiko Miyauchi, President and Chief Executive Officer

Chairman

Tsuneo Inui

President and Chief Executive Officer

Yoshihiko Miyauchi

Deputy Presidents

Meizo Kohmoto
Kinki Sales Headquarters

Shogo Kajinishi
General Affairs Department
Finance Department
Systems Department

Senior Managing Directors

Yasushi Iwai
Tokyo Sales Headquarters

Hideaki Kimura
President, Computer Systems Leasing, Ltd.

Sachio Hata
International Headquarters

Managing Directors

Shizuo Matsui
President, ORIX Interior Corporation

Hiroo Maeda
Real Estate Business Headquarters

Koichi Maki
Office of Corporate Planning
Office of Assistant to the President
Accounting Department

Ikuo Mizusawa
Credit Department

Hiroshi Maruyama
President, ORIX Rentec Corporation
President, ORIX Credit Corporation

Directors

Komao Hirose
Finance Department

Shonosuke Furukawa
Real Estate Business Headquarters

Etsuo Hashimoto
International Headquarters

Moriaki Usami
Deputy President,
ORIX Credit Corporation

Shozo Uchida
District Sales Headquarters

Shunji Sasaki
Kinki Sales Headquarters

Yoshiaki Ishida
International Headquarters

Toru Yamagishi
Research & Development Department

Shunji Uyeda
Counsellor, Nichimen Corp.

Mitsuo Ueda
Counsellor, Nissho Iwai Corp.

Statutory Auditors

Yoshiaki Kuroiwa

Takeo Shiraki

Kengo Iwasaki

Advisor

D.E. Mundell
Chairman, United States Leasing International, Inc.

(As of June 28, [illegible])

NISSHO IWAI ANNUAL REPORT 1990

More for the World:
A Global Commitment

"Borderless economy"
"Global entrepreneur"

CORPORATE PROFILE

Nissho Iwai Corporation, one of Japan's largest trading companies, has roots that span over a century—to Osaka in the 1860s, where Iwajiro Suzuki and Bunsuke Iwai launched small trading firms that helped fuel Japan's industrial development: Iwai & Company and Suzuki & Company, later renamed Nissho Company. Beginning as commodities traders, the two firms expanded over the years, branching out into new areas such as exporting steel, textiles, and machinery. As their reputations and financial capabilities expanded, they established worldwide business networks and formed alliances with, and in some cases, helped found, companies that would go on to become leaders in Japanese industry. Nissho Company and Iwai & Company merged in 1968, and today, Nissho Iwai Corporation ranks among the world's top 10 corporations in terms of sales. We handle the import, export, offshore, and domestic trade of more than 20,000 different commodities, supplying everything from energy and raw materials to machinery and consumer products. Indeed, the term "trading company" no longer fully expresses our capabilities. We are engaged in a vast range of activities beyond the transport and sale of goods and materials. Our services extend to marketing and distribution, international project management and finance, direct investment, mergers and acquisitions, resource exploration and development, countertrade, and development and transfer of advanced technology. Our business network, headquartered in Tokyo, New York, and London, covers the globe, with more than 150 offices in 82 countries. While we are large enough to face any challenge, we are nimble enough to respond quickly and precisely to our customers' rapidly changing commercial and financial needs.

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ABOUT THE COVER

The cover photographs represent our promise of a future filled with growth and prosperity, but remind us as well of the constant need to protect and improve upon the overall quality of life in the world today. It is with this philosophy in mind that we present the Nissho Iwai theme for 1990, "More for the World."

BOARD OF DIRECTORS

Seated, Chairman Hayami (left), President Nishio; standing (left to right) Executive Vice-President Ikeda, Vice-Chairman Komatsu, Executive Vice-President Sugihara.

Chairman
Masaru Hayami

Vice-Chairman
Kunio Komatsu

President
Akira Nishio

Executive Vice-Presidents
Sokichi Ikeda
Akira Sugihara

Senior Managing Directors
Akira Tonegawa
Takehiko Tsuchiya
Toshiaki Tanimoto
Yasuo Ojima

Managing Directors
Toshio Oda
Shogo Kubota
→ Reiichi Yoshimoto
Susumu Yoshida
Hidefumi Asuka
Yukichi Maeda
Tatsuo Hirata
Keiri Ibusuki
Noboru Sakamoto
Shinichi Shirai
Tsunemitsu Kitayama
Tamotsu Otake
Masatake Kusamichi
Tatsuro Okada
Hiroshi Tomomori

Directors
Yoichiro Yamanishi
Nobutoshi Gonda
Yasuo Kato
Yasuo Nakata
Masayoshi Toriumi
Katsumi Yoshioka
Matamitsu Goto
Akira Yokouchi
Toshihiro Tamura
Hisataka Ohno
Hidefumi Kitamura
Akitsune Kaneda
Eiji Takano
Nozomu Itoh
Fumio Ohashi
Masumitsu Yoshimura
Takeshi Chiba

Statutory Auditors
Shigetomi Kitamura
Wataru Sasaki
Noboru Takarada

As of June 28, 1990

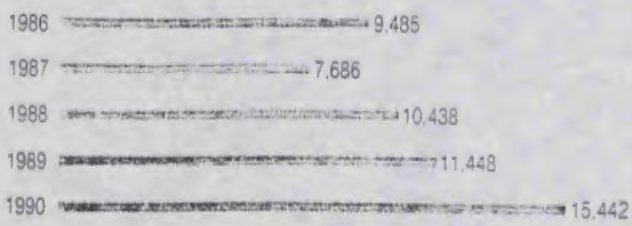
FINANCIAL HIGHLIGHTS

NISSHO IWAI CORPORATION AND CONSOLIDATED SUBSIDIARIES

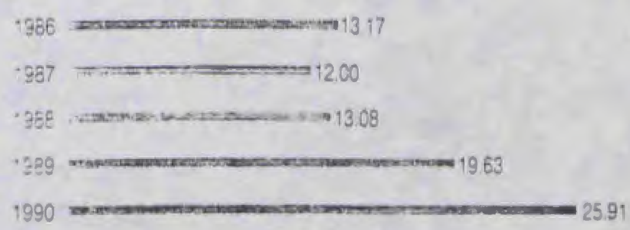
	Millions of yen			Thousands of U.S. dollars
	1990	1989	1988	**1990**
For the years ended March 31:				
Total trading transactions	**¥15,442,391**	¥11,447,562	¥10,437,913	**$97,736,652**
Operating income	**47,655**	47,479	37,925	**301,614**
Net income	**18,427**	13,004	8,455	**116,627**
Per share amounts (yen and U.S. dollars):				
Net income	**¥ 25.91**	¥ 19.63	¥ 13.08	**$ 0.164**
Cash dividends	**5.00**	5.00	5.00	**0.032**
As of March 31:				
Total assets	**¥ 5,096,966**	¥ 3,707,536	¥ 3,270,406	**$32,259,278**
Shareholders' equity	**218,808**	133,176	122,309	**1,384,861**

Note: All dollar figures herein refer to U.S. currency. Yen amounts have been translated, for convenience only, at ¥158 to $1.

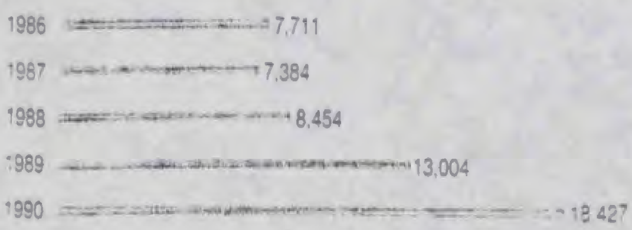
TOTAL TRADING TRANSACTIONS (Billion ¥)



NET INCOME PER SHARE (¥)



NET INCOME (Million ¥)



TOTAL ASSETS (Billion ¥)