

Dear Shareholders,

We wish to extend our sincere gratitude for your continued support.

This document has been sent in order to notify you of the 146th Ordinary General Meeting of Shareholders, which will be convened on Thursday, June 29, 2017. Included in the material is an overview of Mitsubishi Electric's business operations during fiscal 2017 as well as a summary of its future initiatives.

June 2017

Masaki Sakuyama, President & CEO, Member of the Board

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## IMPORTANT NOTICE

The present Notice of Convocation and all of the attached materials are English translations of the original Japanese-language notice, which has been prepared in compliance with requirements under applicable Japanese laws, regulations and/or administrative ordinances. Please note that this English translation is published for the purposes of reference and convenience and UNDER NO CIRCUMSTANCES shall this English translation create any binding effect on Mitsubishi Electric Corporation; ONLY the Japanese original shall have effect on the exercise of shareholders' rights, and only to the extent secured under the laws of Japan. Also, Mitsubishi Electric Corporation makes no warranty of any nature as to the accuracy or preciseness of the present English translation of the Notice of Convocation.

(Stock Code: 6503)

June 1, 2017

To Our Shareholders

Mitsubishi Electric Corporation  
2-7-3, Marunouchi, Chiyoda-ku, Tokyo  
Masaki Sakuyama  
President & CEO, Member of the Board

## NOTICE OF CONVOCATION OF THE 146TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are cordially invited to attend the 146th Ordinary General Meeting of Shareholders of Mitsubishi Electric Corporation.

**If you are unable to attend the meeting, you are requested to review the attached reference materials and to exercise your voting rights, indicating your approval or disapproval of each of the proposals put forward for resolution, by no later than 5:30 PM on Wednesday, June 28, 2017, using either of the methods listed below.**

### ***Exercise of Voting Rights in Writing***

Please complete and send by return mail the enclosed Voting Right Exercise Form indicating your approval or disapproval to each of the proposals put forward for resolution.

### ***Exercise of Voting Rights via the Internet***

Please have access to the website (<http://www.evotep.jp/>) as identified on page 10 titled as "Instructions for the Exercise of Voting Rights via the Internet", in which you may indicate your approval or disapproval of the agenda. The pertinent procedures are outlined on the above-referred page.

## Particulars

1. **Meeting Date and Time:** Thursday, June 29, 2017 at 10:00 AM (entry begins at 9:00 AM)
2. **Meeting Venue:** Palace Hotel Tokyo, 2<sup>nd</sup> Floor "AOI"  
1-1-1 Marunouchi, Chiyoda-ku, Tokyo
3. **Meeting Agenda:**
  - Tabling of Reports**  
Tabling of the Business Report, Consolidated and Non-Consolidated Financial Statements, Independent Auditor's Report and the Audit Committee's Report on Consolidated Financial Statements for the 146th fiscal year (from April 1, 2016 to March 31, 2017)
  - Matters for Resolution**  
The Election of Twelve (12) Directors

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1. Shareholders attending the meeting on June 29, 2017 are requested to submit the enclosed Voting Rights Exercise Form at the front desk of the meeting venue.
  2. The following items of the Business Report and Consolidated and Non-Consolidated Financial Statements are posted on the Company's Website (<http://www.MitsubishiElectric.com/company/ir/meeting/index.html>) and therefore are not included in the Notice of Convocation of the 146th Ordinary General Meeting of Shareholders, in accordance with laws and Article 15 of Mitsubishi Electric's Articles of Incorporation.
    - (1) Summary of Systems Necessary to Ensure the Properness of Operations of the Company and the Status of the Management

- (2) Consolidated Statement of Equity
- (3) Notes to Consolidated Financial Statements
- (4) Statement of Changes in Net Assets
- (5) Notes to Financial Statements

Statements to be audited, including relevant notes to be disclosed on the Company's Website, have been duly audited by the Audit Committee and Independent Auditor.

- 3. Please kindly take note that amendments to reference materials, the Business Report and the Consolidated and Non-Consolidated Financial Statements will be posted on the Company's Website (<http://www.MitsubishiElectric.com/company/ir/meeting/index.html>).

## Reference Materials for the 146th Ordinary General Meeting of Shareholders

### Reference Items

#### Item: The Election of Twelve (12) Directors

The terms of office with all the Company's Directors (12 members) will expire at the end of this Ordinary General Meeting of Shareholders. Therefore, Mitsubishi Electric Corporation is to submit an agenda item concerning the election of 12 Directors, including 5 Outside Directors, in line with a decision made by the Nomination Committee.

Details of the candidates are as follows:

No.	Name	Current major positions and assignments at the Company	Status of attendance at Board of Directors' meetings
1	Kenichiro Yamanishi (Reappointment)	Chairman, Member of the Board	100% (Seven out of seven meetings)
2	Masaki Sakuyama (Reappointment)	Director, Representative Executive Officer, President & CEO	100% (Seven out of seven meetings)
3	Hiroki Yoshimatsu (Reappointment)	Director, Chairman of the Audit Committee	100% (Seven out of seven meetings)
4	Nobuyuki Okuma (Reappointment)	Director, Member of the Nomination Committee, Chairman of the Compensation Committee, Senior Vice President, Auditing, General Affairs, Human Resources and Legal Affairs & Compliance	100% (Seven out of seven meetings)
5	Akihiro Matsuyama (Reappointment)	Director, Member of the Compensation Committee, Senior Vice President, Accounting and Finance	100% (Seven out of seven meetings)
6	Masayuki Ichige (Reappointment)	Director, Member of the Audit Committee	100% (Five out of five meetings)
7	Yutaka Ohashi (Reappointment)	Director, Representative Executive Officer, Executive Vice President, Corporate Strategic Planning, Operations of Associated Companies and Export Control	100% (Five out of five meetings)
8	Mitoji Yabunaka (Reappointment) (Candidate for Outside Director) (Independent Director)	Director, Member of the Nomination Committee, Member of the Compensation Committee	100% (Seven out of seven meetings)
9	Hiroshi Obayashi (Reappointment) (Candidate for Outside Director) (Independent Director)	Director, Chairman of the Nomination Committee, Member of the Audit Committee	100% (Seven out of seven meetings)
10	Kazunori Watanabe (Reappointment) (Candidate for Outside Director) (Independent Director)	Director, Member of the Audit Committee, Member of the Compensation Committee	100% (Seven out of seven meetings)
11	Katsunori Nagayasu (Reappointment) (Candidate for Outside Director) (Independent Director)	Director, Member of the Nomination Committee, Member of the Audit Committee	100% (Five out of five meetings)
12	Hiroko Koide (Reappointment) (Candidate for Outside Director) (Independent Director)	Director, Member of the Nomination Committee, Member of the Compensation Committee	100% (Five out of five meetings)

Note:

Mitsubishi Electric Corporation held seven Board of Directors meetings during the fiscal year.

The status of attendance for Messrs. Masayuki Ichige, Yutaka Ohashi and Katsunori Nagayasu and Ms. Hiroko Koide is based on the number of Board of Directors meetings held after they assumed office on June 29, 2016.

	Name (Date of Birth)	Career summary, major positions and assignments at the Company and important concurrent positions		The number of shares owned
1	Kenichiro Yamanishi (February 25, 1951)  (Status of attendance at Board of Directors' meetings: 100%)	<p>April 1975      Joined Mitsubishi Electric Corporation</p> <p>April 2006      Executive Officer, Total Productivity Management &amp; Environmental Programs</p> <p>April 2008      Senior Executive Officer, Semiconductor &amp; Device</p> <p>April 2010      Representative Executive Officer, President &amp; CEO</p> <p>June 2010      Director, Representative Executive Officer, President &amp; CEO</p> <p>April 2014      Chairman, Member of the Board (current position)</p>	<p><b>Important concurrent positions:</b> Outside Director, TOYOTA INDUSTRIES CORPORATION</p> <p><b>Reasons for the nomination:</b> Mr. Yamanishi has gained a wide range of experience and insights by leading the Company's business operations as President &amp; CEO and overseeing the Company's business operations as Chairman of the Board of Directors. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations.</p>	87,600
2	Masaki Sakuyama (March 17, 1952)  (Status of attendance at Board of Directors' meetings: 100%)	<p>April 1977      Joined Mitsubishi Electric Corporation</p> <p>April 2008      Executive Officer, Energy &amp; Industrial Systems</p> <p>April 2010      Senior Vice President, Corporate Strategic Planning and Operations of the Associated Companies</p> <p>June 2010      Director, Member of the Nomination Committee, Senior Vice President, Corporate Strategic Planning, and Operations of the Associated Companies</p> <p>April 2012      Director, Member of the Nomination Committee, Representative Executive Officer, Executive Vice President, Semiconductor &amp; Device</p> <p>June 2012      Representative Executive Officer, Executive Vice President, Semiconductor &amp; Device</p> <p>April 2014      Representative Executive Officer, President &amp; CEO</p> <p>June 2014      Director, Representative Executive Officer, President &amp; CEO (current position)</p>	<p><b>Reasons for the nomination:</b> As President &amp; CEO, Mr. Sakuyama controls the execution of business closely related to matters to be deliberated at the Board of Directors. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations.</p>	64,600
3	Hiroki Yoshimatsu (December 4, 1953)  (Status of attendance at Board of Directors' meetings: 100%)	<p>April 1976      Joined Mitsubishi Electric Corporation</p> <p>April 2009      Executive Officer, Accounting and Finance</p> <p>June 2009      Director, Member of the Compensation Committee, Executive Officer, Accounting and Finance</p> <p>April 2013      Director, Member of the Compensation Committee</p> <p>June 2013      Director, Member of the Audit Committee</p> <p>June 2014      Director, Chairman of the Audit Committee (current position)</p>	<p><b>Reasons for the nomination:</b> Mr. Yoshimatsu has gained a wide range of experience and insights through his involvement in the Company's business operations as Executive Officer in charge of Accounting and Finance. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations.</p>	32,900

	Name (Date of Birth)	Career summary, major positions and assignments at the Company and important concurrent positions	The number of shares owned
4	Nobuyuki Okuma (July 31, 1958)  (Status of attendance at Board of Directors' meetings: 100%)	<p>April 1982    Joined Mitsubishi Electric Corporation</p> <p>April 2012    Executive Officer, Human Resources</p> <p>June 2012    Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Executive Officer, Human Resources</p> <p>April 2013    Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Executive Officer, General Affairs and Human Resources</p> <p>April 2016    Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Senior Vice President, Audit, General Affairs, Human Resources and Legal Affairs &amp; Compliance</p> <p>June 2016    Director, Member of the Nomination Committee, Chairman of the Compensation Committee, Senior Vice President, Audit, General Affairs, Human Resources and Legal Affairs &amp; Compliance (current position)</p> <p><b>Reasons for the nomination:</b> As Executive Officer in charge of General Affairs and Human Resources, Mr. Okuma carries out the execution of business closely related to matters to be deliberated at the Board of Directors. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations.</p>	27,300
5	Akihiro Matsuyama (June 1, 1957)  (Status of attendance at Board of Directors' meetings: 100%)	<p>April 1981    Joined Mitsubishi Electric Corporation</p> <p>April 2010    General Manager, Associated Companies Operation Division</p> <p>April 2013    Executive Officer, Accounting and Finance</p> <p>June 2013    Director, Member of the Compensation Committee, Executive Officer, Accounting and Finance</p> <p>April 2016    Director, Member of the Compensation Committee, Senior Vice President, Accounting and Finance (current position)</p> <p><b>Reasons for the nomination:</b> As Executive Officer in charge of Accounting and Finance, Mr. Matsuyama carries out the execution of business closely related to matters to be deliberated at the Board of Directors. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations.</p>	27,000
6	Masayuki Ichige (February 22, 1953)  (Status of attendance at Board of Directors' meetings: 100%)	<p>April 1975    Joined Mitsubishi Electric Corporation</p> <p>April 2012    Executive Officer, Government &amp; External Relations, General Affairs and Public Relations</p> <p>October 2012    Executive Officer, Audit, Government &amp; External Relations, General Affairs and Public Relations</p> <p>April 2013    Executive Officer, Audit, Government &amp; External Relations and Public Relations</p> <p>April 2014    Senior Vice President, Audit, Government &amp; External Relations and Public Relations</p> <p>April 2016    Corporate Adviser</p> <p>June 2016    Director, Member of the Audit Committee (current position)</p> <p><b>Reasons for the nomination:</b> Mr. Ichige has gained a wide range of experience and insights through his involvement in the Company's business operations as Executive Officer in charge of Audit, General Affairs and other assignments. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations.</p>	35,900
7	Yutaka Ohashi (October 23, 1955)  (Status of attendance at Board of Directors' meetings: 100%)	<p>April 1980    Joined Mitsubishi Electric Corporation</p> <p>April 2012    Executive Officer, Automotive Equipment</p> <p>April 2014    Representative Executive Officer, Senior Vice President, Automotive Equipment</p> <p>April 2016    Representative Executive Officer, Executive Vice President, Corporate Strategic Planning and Operations of Associated Companies</p> <p>June 2016    Director, Representative Executive Officer, Executive Vice President, Corporate Strategic Planning and Operations of Associated Companies</p> <p>April 2017    Director, Representative Executive Officer, Executive Vice President, Corporate Strategic Planning, Operations of Associated Companies and Export Control (current position)</p> <p><b>Reasons for the nomination:</b> As Executive Officer in charge of Corporate Strategic Planning, Mr. Ohashi carries out the execution of business closely related to matters to be deliberated at the Board of Directors. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations.</p>	39,600

	Name (Date of Birth)	Career summary, major positions and assignments at the Company and important concurrent positions	The number of shares owned
8	Mitoji Yabunaka (January 23, 1948)  (Status of attendance at Board of Directors' meetings: 100%) (Period of Service: 5 years)	<p>April 1969      Joined the Ministry of Foreign Affairs of Japan January 2008      Vice-Minister, Ministry of Foreign Affairs of Japan August 2010      Retired from Ministry of Foreign Affairs of Japan October 2010      Advisor, Nomura Research Institute, Ltd. (current position) June 2012      Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)</p> <p><b>Important concurrent positions:</b> Advisor, Nomura Research Institute, Ltd. Professor, Ritsumeikan University Outside Director, Kawasaki Kisen Kaisha, Ltd. Specially Appointed Professor, Osaka University Outside Director, Komatsu Ltd. Outside Director, Takasago Thermal Engineering Co., Ltd.</p> <p><b>Reasons for the nomination:</b> Mr. Yabunaka's experience and insights as an expert in international affairs cultivated through the course of a career are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.</p> <p><b>Any act contrary to pertinent laws, Mitsubishi Electric regulations and Articles of Incorporation thereof as well as those of other companies at which the concurrent post of executive officer is held by Outside Director candidates:</b> During Mr. Yabunaka's time of service as an Outside Director, Kawasaki Kisen Kaisha, Ltd. received a cease-and-desist order as well as an order for surcharge payment from the Japan Fair Trade Commission in March 2014, for suspected infringement of the Antimonopoly Act in connection with the transportation of automobiles and other cargo. Subsequently, in September 2014, the company accepted a plea bargain with the U.S. Department of Justice to pay the fines. Moreover, the company received an order for penalty payment from China's National Development and Reform Commission in December 2015. Mr. Yabunaka was unaware of the infringement. However, Mr. Yabunaka had constantly called the attention of the company's directors to relevant issues in the interest of ensuring legal compliance. After the incident, Mr. Yabunaka instructed the directors to conduct rigorous investigation and to prevent the recurrence of similar violations.</p>	6,000
9	Hiroshi Obayashi (June 17, 1947)  (Status of attendance at Board of Directors' meetings: 100%) (Period of Service: 4 years)	<p>April 1972      Appointed as Public Prosecutor June 2006      Vice-Minister, Ministry of Justice of Japan July 2008      Superintending Prosecutor, Tokyo High Public Prosecutors Office June 2010      Appointed as the Prosecutor General December 2010      Retired from office of the Prosecutor General March 2011      Attorney-at-law (current position) June 2013      Director, Member of the Nomination Committee and Member of the Audit Committee, Mitsubishi Electric Corporation June 2016      Director, Chairman of the Nomination Committee and Member of the Audit Committee (current position)</p> <p><b>Important concurrent positions:</b> Attorney-at-law Outside Auditor, Daiwa Securities Co. Ltd. Outside Audit &amp; Supervisory Board Member, NIPPON STEEL &amp; SUMITOMO METAL CORPORATION Outside Auditor, Japan Tobacco Inc.</p> <p><b>Reasons for the nomination:</b> Mr. Obayashi's experience and insights cultivated through the course of a career as a lawyer (public prosecutor, attorney-at-law) are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.</p>	7,000
10	Kazunori Watanabe (October 9, 1950)  (Status of attendance at Board of Directors' meetings: 100%) (Period of Service: 2 years)	<p>April 1975      Joined Showa Audit Corporation (currently Ernst &amp; Young ShinNihon LLC) September 1978      Registered as a certified public accountant (current position) March 1980      Registered as a tax accountant (current position) May 2002      Partner, Shin Nihon &amp; Co. (currently Ernst &amp; Young ShinNihon LLC) August 2008      Executive Partner, Ernst &amp; Young ShinNihon LLC March 2010      Retired Ernst &amp; Young ShinNihon LLC Chief, Kazunori Watanabe Certified Public Accountant &amp; Tax Accountant Office (current position) June 2015      Director, Member of the Audit Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)</p> <p><b>Important concurrent positions:</b> Certified Public Accountant Tax Accountant Outside Corporate Auditor, BELLSYSTEM24 Holdings, Inc.</p> <p><b>Reasons for the nomination:</b> Mr. Watanabe's experience and insights as a certified public accountant cultivated over the course of his career are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.</p>	2,600



	Name (Date of Birth)	Career summary, major positions and assignments at the Company and important concurrent positions	The number of shares owned
11	Katsunori Nagayasu (April 6, 1947)  (Status of attendance at Board of Directors' meetings: 100%) (Period of Service: 1 year)	<p>May 1970      Joined The Mitsubishi Bank, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>April 2008      President, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Director, Mitsubishi UFJ Financial Group, Inc.</p> <p>April 2010      President &amp; CEO, Mitsubishi UFJ Financial Group, Inc.</p> <p>April 2012      Chairman of the Board, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>April 2013      Director, Mitsubishi UFJ Financial Group, Inc.</p> <p>April 2016      Senior Corporate Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current position)</p> <p>June 2016      Director, Member of the Nomination Committee and Member of the Audit Committee, Mitsubishi Electric Corporation (current position)</p> <p><b>Important concurrent positions:</b>  Senior Corporate Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd.  Outside Audit &amp; Supervisory Board Member, NIPPON STEEL &amp; SUMITOMO METAL CORPORATION  External Statutory Auditor, Isetan Mitsukoshi Holdings Ltd.  Outside Audit &amp; Supervisory Board Member, Mitsubishi Motors Corporation  Outside Director, Kirin Holdings Company, Ltd.</p> <p><b>Reasons for the nomination:</b>  Mr. Nagayasu's experience and insights as a business specialist cultivated over the course of his career in bank management are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.</p> <p><b>Any act contrary to pertinent laws, Mitsubishi Electric regulations and Articles of Incorporation thereof as well as those of other companies at which the concurrent post of executive officer is held by Outside Director candidates:</b>  During Mr. Nagayasu's time of service as an Outside Audit &amp; Supervisory Board Member of Mitsubishi Motors Corporation, misconduct on a fuel efficiency test performed on vehicles manufactured by said company was revealed in April 2016, and then in September 2016, the Ministry of Land, Infrastructure, Transport and Tourism pointed out that a test to reassess the fuel efficiency data of vehicles related to the misconduct was wrongfully conducted. In addition, in January 2017, said company received an order for action and a payment order for surcharge from the Consumer Affairs Agency for a violation of the Act against Unjustifiable Premiums and Misleading Representations concerning certain expressions in the catalogs, etc. of said company's vehicles related to the misconduct. Mr. Nagayasu was unaware of the infringement. However, Mr. Nagayasu had constantly called the attention of the company's directors and audit &amp; supervisory board members to relevant issues in the interest of ensuring legal compliance. After the incidents, Mr. Nagayasu instructed the directors to conduct rigorous investigations and to prevent the recurrence of similar violations.</p>	300
12	Hiroko Koide (August 10, 1957)  (Status of attendance at Board of Directors' meetings: 100%) (Period of Service: 1 year)	<p>May 1993      Joined Nippon Lever K.K. (currently Unilever Japan K.K.)</p> <p>April 2001      Director, Nippon Lever K.K.</p> <p>April 2006      Joined Masterfoods Ltd. (currently Mars Japan Limited)</p> <p>April 2008      Chief Operating Officer (COO), Mars Japan Limited</p> <p>November 2010      President and Director, Parfums Christian Dior Japon K.K.</p> <p>April 2013      Senior Vice President, Global Marketing, Newell Rubbermaid (U.S.) (currently Newell Brands Inc. (U.S.)) (current position)</p> <p>June 2016      Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)</p> <p><b>Important concurrent positions:</b>  Senior Vice President, Global Marketing, Newell Brands Inc. (U.S.)  Outside Director of the Board, Kirin Company, Limited</p> <p><b>Reasons for the nomination:</b>  Ms. Koide's experience and insights as a business specialist cultivated over the course of her career in international corporate management are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects her to bring an objective viewpoint to the overseeing of the Company's business operations.</p>	600

Notes:

1. There is no special interest between any of the candidates and the Company.
  2. Messrs. Mitoji Yabunaka, Hiroshi Obayashi, Kazunori Watanabe and Katsunori Nagayasu and Ms. Hiroko Koide are five candidates for Outside Directors, as defined under Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
  3. Mitsubishi Electric Corporation has named Messrs. Mitoji Yabunaka, Hiroshi Obayashi, Kazunori Watanabe and Katsunori Nagayasu and Ms. Hiroko Koide given that they satisfy the requirement of independency in accordance with the Securities Listing Regulations of the Tokyo Stock Exchange as independent directors. The Company has filed notification with the Tokyo Stock Exchange of such designations.
- In addition, Messrs. Mitoji Yabunaka, Hiroshi Obayashi, Kazunori Watanabe and Katsunori Nagayasu and Ms. Hiroko Koide

satisfy the requirement of independency guideline for Outside Directors of the Company. Please see page 9 for the Company's Independency Guideline for Outside Directors.

4. Mitsubishi Electric made and entered into agreements with Messrs. Kenichiro Yamanishi, Hiroki Yoshimatsu, Masayuki Ichige, Mitoji Yabunaka, Hiroshi Obayashi, Kazunori Watanabe and Katsunori Nagayasu and Ms. Hiroko Koide to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act. Based on these agreements, the limit of liability is either ¥10 million or the minimum statutory amount, whichever is higher.

(Reference) **Independency Guideline for Outside Directors**

Mitsubishi Electric Corporation nominates persons with experience in company management in the business world, attorneys and academics, among other specialists, who are appropriate to oversee the Company's business operations and not falling under any of the following cases, as candidates for Outside Directors. Each of the following 1), 2), 4) and 5) includes a case in any fiscal year during the past three fiscal years.

- 1) Persons who serve as Executive Directors, Executive Officers, managers or other employees (hereinafter "business executers") at a company whose amount of transactions with the Company accounts for more than 2% of the consolidated sales of the Company or the counterparty
- 2) Persons who serve as business executers at a company to which the Company has borrowings that exceed 2% of the consolidated total assets
- 3) Persons who are related parties of the Company's independent auditor
- 4) Persons who receive more than ¥10 million of compensation from the Company as specialists or consultants
- 5) Persons who serve as Executive Officers (Directors, etc.) of an organization to which the Company offers contribution that exceeds ¥10 million and 2% of the total revenue of the organization
- 6) Persons who are the Company's major shareholders (holding more than 10% of voting rights) or who serve as their business executers
- 7) Persons who are related parties of a person or company that have material conflict of interest with the Company

## Instructions for the Exercise of Voting Rights via the Internet

Please read the following instructions on how to exercise your voting rights via the Internet.

1. How to Exercise Voting Rights via the Internet
  - (1) To vote using the Internet, please access the site (<http://www.evotep.jp/>) either through a personal computer, smartphone or mobile phone. At this site, you may indicate your approval or disapproval of the agenda. Log in using the Login ID and temporary password provided on the Voting Right Exercise Form and then follow the instructions provided on screen so that you can exercise vote.
  - (2) In order to prevent illegal access (i.e. impersonation by a third party) as well as the falsification of voting results, shareholders will be asked to change their temporary password once they access the site to exercise their voting rights.
  - (3) The Company will provide shareholders with new Login IDs and temporary passwords with each convocation notice of General Meeting of Shareholders.
  - (4) Voting rights may be exercised via the Internet until 5:30 PM (JST) on Wednesday, June 28, 2017 (the site is closed from 2:00 AM–5:00 AM (JST) every day).
2. About Voting Right Exercise Website
  - (1) Some elements of the Internet setting at a shareholder, including firewall and other security software installed, anti-virus software and the use of proxy servers, may preclude shareholders from casting a vote on the site.
  - (2) For the exercise of voting rights via mobile phone, please use either i-mode, EZweb or Yahoo! Keitai\* services. For security purposes, the site is not accessible from handsets incapable of TLS communication and mobile data transmission.
    - \* “i-mode” is a trademark of NTT DOCOMO, Inc., “EZweb” is a trademark of KDDI Corporation and “Yahoo!” is a trademark and registered brand of Yahoo! Inc. of the United States.
3. Multiple Exercises of Voting Rights
  - (1) Please note that if your voting rights were exercised both in written form and via the Internet, the Internet vote shall take precedence.
  - (2) In instances where a shareholder exercises their voting rights more than once via the Internet, the very last vote cast shall take precedence. In instances where a shareholder exercising their voting rights using both a personal computer and a mobile phone, the very last vote cast shall take precedence.

Please direct queries to the Help Desk as shown below:

Mitsubishi UFJ Trust and Banking Corporation Transfer Agent Department (Help Desk) Toll-free number (Japan only): 0120-173-027 Office hours: From 9:00 AM to 9:00 PM (JST)
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# Business Report

(April 1, 2016 to March 31, 2017)

## I. Matters Relating to the Mitsubishi Electric Group

### 1. Business Development and Results

During the fiscal year ended March 31, 2017 (hereinafter fiscal 2017), the business environment was buoyed by the expanding U.S. economy and gradual recoveries in Japan and Europe, as well as modest improvement in China's economic slowdown. In addition, the yen became stronger against foreign currencies compared to the previous year, but weakened after the U.S. presidential election in November.

Under these circumstances, the Mitsubishi Electric Group has been working even harder than before to promote growth strategies rooted in its advantages, while continuously implementing initiatives to strengthen its competitiveness and business structure.

As a result, in fiscal 2017, the Mitsubishi Electric Group recorded net sales of ¥4,238.6 billion, down 4% from the previous fiscal year, operating income of ¥270.1 billion, down 10%. Income before income taxes decreased by 7% compared to the previous fiscal year to ¥296.2 billion, and net income attributable to Mitsubishi Electric Corp. decreased by 8% to ¥210.4 billion.

Consolidated Performance		(Billions of yen)	
Classification	Fiscal period	145th Fiscal 2016	146th Fiscal 2017
Net sales		4,394.3	4,238.6
Operating income		301.1	270.1
Income before income taxes		318.4	296.2
Net income attributable to Mitsubishi Electric Corp.		228.4	210.4

## Net Sales by Business Segment (Billions of yen)

Business Segment	145th Fiscal 2016		146th Fiscal 2017	
	Net sales	As a percentage of net sales	Net sales	As a percentage of net sales
Energy and Electric Systems	1,264.6	25.0	1,227.9	25.1
Industrial Automation Systems	1,321.9	26.2	1,310.1	26.8
Information and Communication Systems	561.1	11.1	447.7	9.2
Electronic Devices	211.5	4.2	186.5	3.8
Home Appliances	982.0	19.5	1,004.4	20.5
Others	707.7	14.0	713.6	14.6
Subtotal	5,049.0	100.0	4,890.3	100.0
Eliminations and other	(654.6)	—	(651.7)	—
Total	4,394.3	—	4,238.6	—

Note: The figures shown in this table, include internal sales amounts between segments (transfer).  
The later section “Information by Business Segment” reflect the figures computed at the same condition.

## Net Sales by Location (Billions of yen)

Location	145th Fiscal 2016		146th Fiscal 2017	
	Net sales	As a percentage of net sales	Net sales	As a percentage of net sales
Japan	2,521.1	57.4	2,405.5	56.8
North America	447.5	10.2	422.2	10.0
Asia (excluding Japan)	963.6	21.9	940.1	22.2
Europe	369.9	8.4	384.0	9.0
Others	91.9	2.1	86.6	2.0
Overseas	1,873.1	42.6	1,833.1	43.2
Total	4,394.3	100.0	4,238.6	100.0

Note: Net sales are shown by country and region based on customer location.

## Information by Business Segment

### *Energy and Electric Systems*

Net sales	¥1,227.9 billion (down 3% YoY)	Operating income	¥44.3 billion (down ¥6.0 billion YoY)
Principal products (as of March 31, 2017): Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switchgears, switch control devices, surveillance-system control and security systems, large display devices, electrical equipment for locomotives and rolling stock, elevators, escalators, building security systems, building management systems, particle therapy systems, and others			

The social infrastructure systems business saw an increase in orders compared to the previous fiscal year due to increases in the transportation systems and the public utility systems businesses in Japan, while sales decreased compared to the previous fiscal year due to a decrease in the power systems business inside and outside Japan. In addition, the stronger yen had the negative influences.

The building systems business experienced decreases in both orders and sales compared to the previous fiscal year, due primarily to negative influences caused by the stronger yen, despite growth in the renewal business in Japan, as well as the installation business of new elevators and escalators outside Japan.

As a result, total sales for this segment decreased by 3% from the previous fiscal year. Operating income decreased by ¥6.0 billion from the previous fiscal year due primarily to a decrease in sales.

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

Net sales	¥1,310.1 billion (down 1% YoY)	Operating income	¥140.0 billion (down ¥19.0 billion YoY)
Principal products (as of March 31, 2017): Programmable logic controllers, inverters, servomotors, human-machine interface, motors, hoists, magnetic switches, no-fuse circuit breakers, short-circuit breakers, transformers for electricity distribution, time and power meters, uninterruptible power supply, industrial fans, computerized numerical controllers, electrical discharge machines, laser processing machines, industrial robots, clutches, automotive electrical equipment, car electronics and car mechatronics, car multimedia, and others			

The factory automation systems business saw an increase in orders compared to the previous fiscal year due primarily to growth in capital expenditures in the fields of smartphones and electric cars in China and organic light emitting diodes (OLED) mainly in Korea, while sales remained unchanged compared to the previous fiscal year due primarily to negative influences caused by the stronger yen.

The automotive equipment business saw decreases in both orders and sales compared to the previous fiscal year due primarily to stagnation in light motor car sales in Japan and the negative influences caused by the stronger yen, despite a buoyancy in car sales mainly in Europe.

As a result, total sales for this segment decreased by 1% from the previous fiscal year. Operating income decreased by ¥19.0 billion from the previous fiscal year due primarily to negative influences caused by the stronger yen.

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

Net sales	¥447.7 billion (down 20% YoY)	Operating income	¥12.7 billion (down ¥2.2 billion YoY)
Principal products (as of March 31, 2017): Wireless and wired communications systems, network camera systems, satellite communications equipment, satellites, radar equipment, antennas, missile systems, fire control systems, broadcasting equipment, data transmission devices, network security systems, information systems equipment, systems integration, and others			

The telecommunications equipment business saw decreases in both orders and sales compared to the previous fiscal year due primarily to the sellout of an affiliated company in the beginning of the fiscal year and decreased sales of communications infrastructure equipment.

The information systems and service business saw a decrease in sales compared to the previous fiscal year, mainly owing to a decrease in the system integrations business.

The electronic systems business saw no change in orders, while sales decreased compared to the previous fiscal year due to a decrease in large-scale projects in the space systems business.

As a result, total sales for this segment decreased by 20% from the previous fiscal year. Operating income decreased by ¥2.2 billion from the previous fiscal year due primarily to a decrease in sales.

### ***Electronic Devices***

Net sales	¥186.5 billion (down 12% YoY)	Operating income	¥8.3 billion (down ¥8.4 billion YoY)
Principal products (as of March 31, 2017):			
Power modules, high-frequency devices, optical devices, LCD devices, and others			

The electronic devices business saw an increase in orders compared to the previous fiscal year due to an increase in demand for optical communication devices, while sales decreased by 12% compared to the previous fiscal year due to a decrease in demand for power modules and TFT-LCD modules, along with the negative influences caused by the stronger yen.

As a result, operating income decreased by ¥8.4 billion from the previous fiscal year due primarily to a decrease in sales.

### ***Home Appliances***

Net sales	¥1,004.4 billion (up 2% YoY)	Operating income	¥69.6 billion (up ¥5.8 billion YoY)
Principal products (as of March 31, 2017):			
Room air conditioners, package air conditioners, chillers, showcases, compressors, refrigeration units, air-to-water heat pump boilers, ventilators, photovoltaic systems, hot water supply systems, IH cooking heaters, LED lamps, fluorescent lamps, indoor lighting, LCD televisions, refrigerators, electric fans, dehumidifiers, air purifiers, cleaners, jar rice cookers, microwave ovens, and others			

The home appliances business saw an increase in sales of 2% compared to the previous fiscal year due to increases in sales of air conditioners in the European, Chinese and North American markets and in sales of residential and industrial air conditioners in Japan, despite the negative influences caused by the stronger yen.

Operating income increased by ¥5.8 billion compared to the previous fiscal year largely due to an increase in sales.

### ***Others***

Net sales	¥713.6 billion (up 1% YoY)	Operating income	¥23.2 billion (down ¥0.4 billion YoY)
Principal products (as of March 31, 2017):			
Procurement, logistics, real estate, advertising, finance, and other services			



Sales increased by 1% compared to the previous fiscal year due to increases mainly at affiliated companies involved in materials procurement.

Operating income decreased by ¥0.4 billion from the previous fiscal year due primarily to negative influences caused by the stronger yen.

## 2. Capital Expenditures

During fiscal 2017, the Mitsubishi Electric Group invested a total of ¥221.1 billion, up 4% compared to the previous fiscal year, in order to realize its growth strategies and increase profitability in line with its policy of improving performance by implementing the Balanced Corporate Management Policy while pursuing further growth.

Principal capital expenditures per segment are as follows:

Segment	Amount (Billions of Yen)	Major Projects Completed within Consolidated Basis Fiscal 2017	Major Ongoing Projects within Consolidated Basis Fiscal 2017
Energy and Electric Systems	41.0	Kobe Region New factory for control panel	Power Distribution Systems Center New factory for vacuum interrupters and vacuum circuit breakers
Industrial Automation Systems	76.6	Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd. China-based factory building No. 2	Himeji Works Hirohata plant, New building
Information and Communication Systems	29.8	Kamakura Works Production facilities for automotive millimeter-wave radar-reinforcing manufacturing systems	Kamakura Works, New satellite production facility
Electronic Devices	19.4	Power Device Works Production facilities for DIPM-streamlining manufacturing systems	High Frequency & Optical Device Works Streamlining manufacturing systems
Home Appliances	37.5	Gunma Works Complex building	Shizuoka Works Air conditioners R&D assessment laboratory building
Others	16.8	Mitsubishi Electric Logistics Corporation Kyushu Logistics Center Warehouse No. 2	Mitsubishi Electric Logistics Corporation Shizuoka Operation Office, New warehouse

## 3. Research and Development

As the cornerstone of its growth strategy, the Mitsubishi Electric Group strategically increased its investment in future oriented development aimed at sustainable growth, in addition to its short- to medium-term R&D themes. It will contribute to the creation of a richer future by focusing its efforts on R&D that support an even higher level of growth. Representative achievements in fiscal 2017 are as follows.

## **Development of High-Speed Training Algorithm for Deep Learning**

Mitsubishi Electric Corporation has developed a high-speed training algorithm for deep learning. This algorithm drastically reduces pre-training time and memory requirements necessary for identification and prediction within embedded systems such as vehicles, industrial robots, and other machinery.

Installing this algorithm into Mitsubishi Electric's Compact AI\* enables embedded systems to learn by themselves and realizes highly precise identification and prediction according to the operating environment. Since servers and network facilities will no longer be required for this system, it can reduce the cost for installing AI, thereby enabling AI to be used in more diverse fields.

\* Artificial intelligence that can be installed in embedded systems by using Mitsubishi Electric's proprietary technology to reduce computational volume.

## **Development of World's Smallest SiC Inverter for HEVs**

Mitsubishi Electric Corporation has developed an ultra-compact silicon carbide (SiC) inverter for hybrid electrical vehicles (HEVs) with the world's smallest volume\* at just five liters, using full-SiC power semiconductor modules and a superior heat dissipation structure.

Demand for EVs and HEVs has increased in recent years as fuel efficiency regulations have grown increasingly stringent in the automotive market. EVs and HEVs, however, require space for installing electrical apparatus for the purpose of electric conversion, thus inverters must be miniaturized in order to secure the amount of on-board space.

This development will contribute to an expanded on-board space and more freedom for inverter placement, as well as improved fuel economy of EVs and HEVs.

\* As of March 9, 2017. World's smallest SiC inverter with a two-inverter and one-converter unit configuration compatible with two-motor HEVs (survey conducted by Mitsubishi Electric Corporation).

## **Development of Maintenance-Support Technology Using 3D-model AR Technology**

Mitsubishi Electric Corporation has developed a maintenance-support technology using 3D-model augmented reality (AR) technology. This technology is based on 3D-model AR technology that enables accurate AR display regardless of the distance between or the angle of the object of inspection and speech recognition technology that enables hands-free voice input of inspection results even under noisy environments by linking with the AR display.

This technology will enable intuitive understanding of inspection procedures and accurate input of inspection results. It will also contribute to reducing workload and inspection errors in a variety of maintenance work, such as inspections of water-treatment plants and electrical systems of buildings.

## **Success in the World's First 3 Tesla Magnetic Resonance Imaging with High-temperature Superconducting Coils<sup>\*1</sup>**

Mitsubishi Electric Corporation has succeeded in the world's first<sup>\*2</sup> 3 tesla<sup>\*3</sup> Magnetic Resonance Imaging (MRI) with high-temperature superconducting coils installed in a small model MRI. The high-quality images made possible at this magnetic field strength will contribute to earlier detection of illnesses.

High-temperature superconducting coils do not require cooling with liquid helium, depletion of which has been a concern, and are able to generate the same magnetic field with smaller coils compared with conventional systems, which allows for the size of electrical instruments to be reduced. Therefore, this technology is expected to have applications in practice. Although advanced design and manufacturing technology is required to make these coils, Mitsubishi Electric Corporation has produced high-temperature superconducting coils that can be installed in small model MRIs by developing high-precision winding technology necessary for coil production.

Mitsubishi Electric Corporation will proceed with research and development aimed at practical application, with the goal of early commercialization.

<sup>\*1</sup> This new technology was the result of joint development with Kyoto University and Tohoku University with the support of the Ministry of Economy, Trade and Industry's (METI) "Fundamental Technology Development for High Temperature Superconducting Coils" and Japan Agency for Medical Research and Development's (AMED) "Project for Research and Development of Medical Devices and Systems to Realize Future Medical Care: Research and Development of High Stability Magnetic Field Coil System Foundation Technology."

<sup>\*2</sup> As of May 24, 2016. World's first for instruments equipped with high-temperature superconducting coils (survey conducted by Mitsubishi Electric Corporation)

<sup>\*3</sup> Tesla: A unit representing magnetic field strength

#### 4. Topics

##### **Mitsubishi Electric Receives an Order from SOGO Hong Kong to Install Diamond Vision Screen**

Mitsubishi Electric Corporation received an order from SOGO Hong Kong Co. Ltd. to install a large Diamond Vision<sup>TM\*1</sup> screen on the outer façade of SOGO Department Store in Causeway Bay, Hong Kong. It will be Hong Kong's largest<sup>\*2</sup> and highest-resolution Full HD LED screen to be installed on the outer façade of a building, measuring 19.2 meters high and 71.68 meters wide. Installation began in February 2017, and commissioning is scheduled for Chinese National Day on October 1.

Mitsubishi Electric Corporation will continue providing visual solution services for various situations.

\*1 Overseas product name

\*2 As of February 7, 2017 (survey conducted by Mitsubishi Electric Corporation)

##### **Mitsubishi Electric Named to CDP's A Lists in Four Categories in the Evaluation of Environmental Activities of Companies**

Mitsubishi Electric Corporation was selected for the first time as the top "A List" ranked company in the CDP Climate Change (October 2016) and the CDP Water (November 2016), which are the surveys on the climate- and water-management practices of companies, conducted by CDP, an international non-governmental organization. The Company was also selected for the first time as the top "A List" ranked company in the CDP Supplier Climate Change and the CDP Supplier Water (both in January 2017) held under the CDP Supply Chain Program, in which the CDP conducts surveys on and evaluates company's environmental efforts throughout the entire supply chains.

Mitsubishi Electric Corporation will continue to contribute to the realization of a sustainable society by reducing the environmental impact throughout its entire supply chain, in addition to developing and providing products and services that reduce environmental impact.

\* CDP is an international non-governmental organization (NGO) that conducts surveys and discloses environmental efforts by corporations and cities. Institutional investors around the world support this NGO, which requests major global companies to disclose information on climate change, greenhouse gas emissions, water management, among other information, in order to conduct surveys and evaluations.

##### **Mitsubishi Electric SOCIO-ROOTS Fund Celebrates its 25th Anniversary**

Mitsubishi Electric SOCIO-ROOTS Fund, a charitable in-house undertaking through which the company matches employee donations to double the goodwill, celebrated its 25th anniversary in April 2017. Since the start of its activities in April 1992, the fund has conducted fundraising activities in offices, facilities and other places across Japan, and has donated a cumulative ¥1.2 billion to about 1,900 of mainly social-welfare organizations in Japan.

The fund will continue activities to support worthy causes in its role as a major social welfare program, which is one of the priority areas of the Company's social contribution activities.

## 5. Corporate Agenda

Regarding the world economy, despite the prospect remaining highly uncertain due to factors such as the action of U.K. government on Brexit and operations of the new U.S. administration, a continuous moderate expansion will be expected. Specifically, economic slowdown in China is expected to be mild, steady expansion in the U.S. will be expected, and moderate pick ups in Japan and Europe are to be continued.

The Mitsubishi Electric Group, based on its Corporate Mission<sup>\*1</sup> and Seven Guiding Principles<sup>\*2</sup>, has positioned corporate social responsibility (CSR) initiatives as the pillar of its corporate management. By providing products, systems and services globally in response to contemporary social issues including environmental issues and resource and energy issues, the Group as a whole will work together with the aim of becoming a “global, leading green company” that contributes to the realization of a prosperous society that simultaneously achieves sustainability and safety, security, and comfort.

Additionally, the Group will pursue sustainable growth based on its threefold balanced management policy of “Growth”, “Profitability & Efficiency” and “Soundness” with the aim of achieving a higher level of growth, as part of its efforts to contribute to the realization of a prosperous society. In addition to making strong businesses even stronger, through the creation of technology synergies by combining strong technological assets and the creation of business synergies through collaboration between diversified businesses, the Group will create additional value in order to achieve consolidated net sales of ¥5 trillion or more and an operating income ratio of 8% or more by fiscal year 2021 at the latest. The Group will also continue to strive toward achieving an ROE of 10% or more and a ratio of interest-bearing debt to total assets of 15% or less as management targets that should be achieved continuously.

Toward sustainable growth, the Group will strengthen its business competitiveness centered on growth-driving businesses and reinforce investments in development and infrastructure to create new strong businesses continuously. At the same time, the Group will make efforts to take part in collaborations, mergers and acquisitions and other strategic activities to supplement missing products and technologies, secure distribution-/ service-network in entering new regions and markets, and acquire new customer bases. The Group will achieve results by building and reinforcing an optimal business structure, in both global terms and for the entire corporate Group to enhance business competitiveness in the U.S., Europe and China, while also focusing on meeting demands in growing markets such as India, Southeast Asia and Central and South America. Furthermore, the Group will realize high-quality growth by continuing the following measures: optimizing resource distribution through continuous reevaluation of its business portfolio; strengthening its development and production capability that will contribute to the strengthening of its integrated comprehensive manufacturing capability; emphasizing on quality from the early stages of design and development; increasing its productivity through Just-in-Time production including enhancement of work efficiency in indirect departments; streamlining its human resources structure and allocating them appropriately; further improving its financial standing; and improving its comprehensive business efficiency from a medium and long term perspective, using Mitsubishi Electric’s version of ROIC<sup>\*3</sup>, a comprehensive business efficiency indicator.

In these efforts, the Mitsubishi Electric Group aims to reduce CO<sub>2</sub> emissions from product usage by 30% compared to fiscal 2001 and 30% from product production across the entire Group compared to fiscal 1991<sup>\*4</sup>. These goals follow the “Environmental Vision 2021” with 2021 as its target year, the 100th anniversary of the Company’s founding and are aimed at contributing to the creation of a low-carbon, recycling-based society. In terms of legal and ethical compliance, the Group as a whole will further strengthen its organizational compliance frameworks through intensive compliance policy, internal control measures and internal training. The Group intends to improve its corporate governance through continuous promotion of measures such as compliance with Japan’s Corporate Governance Code, in order to acquire a higher level of trust from society, customers, and shareholders.

Steadily executing the strategies above, the Mitsubishi Electric Group will work to further enhance its corporate value. Looking ahead, the Group asks for the understanding and support of all its stakeholders.

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<sup>\*1</sup> Corporate Mission: The Mitsubishi Electric Group will continually improve its technologies and services by applying creativity to all aspects of its business. By doing so, we enhance the quality of life in our society.

<sup>\*2</sup> These principles are:

Trust: Establish relationships with society, customers, shareholders, employees, and business partners based on strong mutual trust and respect.

Quality: Provide the best products and services with unsurpassed quality.

Technology: Pioneer new markets by promoting research and development, and fostering technological innovation.

Citizenship: As a global player, contribute to the development of communities and society as a whole.

Ethics and Compliance: In all endeavors, conduct ourselves in compliance with applicable laws and high ethical standards.

Environment: Respect nature, and strive to protect and improve the global environment.

Growth: Assure fair earnings to build a foundation for future growth.

<sup>\*3</sup> ROIC (Mitsubishi Electric version): A comprehensive business efficiency indicator which is calculated by asset items (fixed assets, cash, etc.) per different segments (and not by capital and liability) so that it is easier to track and improve.

<sup>\*4</sup> Base years of reduction targets:

Mitsubishi Electric Corporation: 1990; Associated companies in Japan: 2000; Associated companies outside Japan: 2005

## 6. Trends in Operating Results and Financial Condition

(Billions of yen, except net income per share data)

### (1) The Mitsubishi Electric Group (Consolidated)

	143rd Period Fiscal 2014	144th Period Fiscal 2015	145th Period Fiscal 2016	146th Period Fiscal 2017
Net sales	4,054.3	4,323.0	4,394.3	4,238.6
Operating income	235.1	317.6	301.1	270.1
Income before income taxes	248.9	322.9	318.4	296.2
Net income attributable to Mitsubishi Electric Corp.	153.4	234.6	228.4	210.4
Basic net income per share attributable to Mitsubishi Electric Corp.	¥71.49	¥109.32	¥106.43	¥98.07
Total assets	3,612.9	4,059.4	4,059.9	4,180.0

Note: The data contained in the above chart is drawn from the Mitsubishi Electric Group's consolidated financial statements prepared in accordance with U.S. accounting standards.

### (2) Mitsubishi Electric Corporation (Non-Consolidated)

	143rd Period Fiscal 2014	144th Period Fiscal 2015	145th Period Fiscal 2016	146th Period Fiscal 2017
Net sales	2,480.5	2,675.6	2,675.7	2,576.2
Ordinary income	127.4	171.4	185.7	124.8
Net income	100.3	135.2	163.8	133.3
Net income per share	¥46.73	¥63.00	¥76.31	¥62.15
Total assets	2,421.6	2,705.8	2,718.0	2,853.5

## 7. Principal Offices (As of March 31, 2017)

### (1) Mitsubishi Electric Corporation

1. Head Office: Tokyo

2. Marketing Bases:

Branch Name	Location (Prefecture)	Branch Name	Location (Prefecture)
Hokkaido Branch Office	Hokkaido	Chubu Branch Office	Aichi
Tohoku Branch Office	Miyagi	Kansai Branch Office	Osaka
Kanetsu Branch Office	Saitama	Chugoku Branch Office	Hiroshima
Kanagawa Branch Office	Kanagawa	Shikoku Branch Office	Kagawa
Hokuriku Branch Office	Ishikawa	Kyushu Branch Office	Fukuoka

### 3. Research Laboratories

Laboratory Name	Location (Prefecture)	Laboratory Name	Location (Prefecture)
Information Technology R&D Center	Kanagawa	Manufacturing Engineering Center	Hyogo
Industrial Design Center	Kanagawa	Component Production Engineering Center	Hyogo
Living Environment Systems Laboratory	Kanagawa	Advanced Technology R&D Center	Hyogo
Design Systems Engineering Center	Hyogo	Automotive Electronics Development Center	Hyogo

### 4. Manufacturing Facilities

Business Segment	Facility Name	Location (Prefecture)
Energy and Electric Systems	Inazawa Works	Aichi
	Itami Works	Hyogo
	Transmission & Distribution Systems Center	Hyogo
	Kobe Works	Hyogo
	Energy Systems Center	Hyogo
	Power Distribution Systems Center	Kagawa
	Nagasaki Works	Nagasaki
Industrial Automation Systems	Nagoya Works	Aichi
	Sanda Works	Hyogo
	Himeji Works	Hyogo
	Fukuyama Works	Hiroshima
Information and Communication Systems	Information Systems & Network Service Division	Kanagawa
	Kamakura Works	Kanagawa
	Communication Systems Center	Hyogo
	Communication Networks Center	Hyogo
Electronic Devices	High Frequency & Optical Device Works	Hyogo
	Power Device Works	Fukuoka
	LCD Division	Kumamoto
Home Appliances	Gunma Works	Gunma
	Shizuoka Works	Shizuoka
	Nakatsugawa Works	Gifu
	Kyoto Works	Kyoto
	Air-Conditioning & Refrigeration Systems Works	Wakayama

### (2) Subsidiaries

Please refer to Section 11. Principal Subsidiaries.



## 8. Employees (As of March 31, 2017)

Business Segment	Number of employees	Year-on-Year increase (decrease)
Energy and Electric Systems	45,286	1,422
Industrial Automation Systems	29,954	1,506
Information and Communication Systems	15,271	(480)
Electronic Devices	5,434	212
Home Appliances	25,713	509
Others	11,870	158
Common	5,172	213
Total	138,700	3,540

Notes: 1. Employees whose job and functions are not directly attributable to any of the aforementioned business segments are included in the line titled as “common”.

2. Breakdown of employees: 88,554 located in Japan; 50,146 located overseas.

## 9. Fund Raising

Mitsubishi Electric Corporation repaid the borrowings reaching their maturities within fiscal 2017.

As a result, the balance of interest-bearing debt as of the end of fiscal 2017 stood at ¥352.1 billion, a decrease of ¥51.9 billion compared with the previous fiscal year.

## 10. Principal Lenders (As of March 31, 2017)

(Billions of yen)

Name of Lender	Outstanding Borrowings
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	60.5
Mitsubishi UFJ Trust and Banking Corporation	39.1
Meiji Yasuda Life Insurance Company	26.2
The Norinchukin Bank	25.1

## 11. Principal Subsidiaries (As of March 31, 2017)

### (1) Subsidiaries in Japan

Subsidiary Name	Business Segment	Paid-in capital (millions)	Owner -ship	Principal Business Activities	Location
Mitsubishi Electric Building Techno-Service Co., Ltd.	Energy and Electric Systems	¥5,000	100.0%	Sale, installation and maintenance of the Company's elevators and escalators and other building equipment	Tokyo
Mitsubishi Electric Lighting Corporation	Home Appliances	¥3,790	100.0%	Manufacture and sales of lighting equipment, LED lamps, fluorescent lamps	Kanagawa
Mitsubishi Precision Co., Ltd.	Information and Communication Systems	¥3,170	68.6%	Manufacture and sale of simulators and precision electronic equipment	Tokyo
The Kodensha Co., Ltd.	Others	¥1,520	50.5%	Contractor undertaking electrical construction, sale of the Company's products	Tokyo

### (2) Overseas Subsidiaries

Region	Subsidiary Name	Business Segment	Paid-in capital (millions)	Owner -ship	Principal Business Activities	Location
North America	Mitsubishi Electric Automotive de Mexico, S.A. de C.V.	Industrial Automation Systems	500.00 Mexican Peso	100.0%	Manufacture and sale of automotive equipment	Mexico
North America	Mitsubishi Electric US, Inc.	—	\$31.623	100.0%	Sale and distribution of Group products	United States
North America	Mitsubishi Electric Automotive America, Inc.	Industrial Automation Systems	\$28.00	100.0%	Manufacture and sale of automotive equipment	United States
Asia	Mitsubishi Electric (Guangzhou) Compressor Co., Ltd.	Home Appliances	\$122.22	100.0%	Manufacture and sale of rotary compressors for air conditioners	China
Asia	Mitsubishi Electric (Hong Kong) Ltd.	—	1,012.317 Hong Kong dollar	100.0%	Sale and distribution of Group products	Hong Kong
Asia	Taiwan Mitsubishi Elevator Co., Ltd	Energy and Electric Systems	2,215.249 Taiwan dollar	54.7 %	Manufacture, sale, installation, and maintenance of elevators	Taiwan
Europe	Mitsubishi Electric Europe B.V.	—	€100.596	100.0%	Sale and distribution of Group products	The Netherlands
Europe	Mitsubishi Electric Air Conditioning Systems Europe Ltd.	Home Appliances	14.90 pound	100.0%	Manufacture and sale of industrial air conditioners	The United Kingdom
Europe	Mitsubishi Electric Hydronics & IT Cooling Systems Sp.A.	Home Appliances	€10.00	100.0%	Design, manufacture, and sale of industrial air conditioning equipment	Italy
Other	Mitsubishi Electric Australia Pty. Ltd.	—	11.00 Australian dollars	100.0%	Sale and distribution of Group products	Australia

Note: Mitsubishi Electric US, Inc., Mitsubishi Electric (Hong Kong) Ltd., Mitsubishi Electric Europe B.V. and Mitsubishi Electric Australia Pty. Ltd. sell and distribute the products produced by Mitsubishi Electric Corporation and/or the companies belonging to the Group, and marketed by multiple business segments.

## Number of Consolidated Subsidiaries

Number of Consolidated Subsidiaries							
Region	Japan	Overseas					Total
		North America	Asia	Europe	Other	Subtotal	
Number	95	12	70	32	4	118	213

## II. Matters Related to Mitsubishi Electric Corporation

### 1. Matters Related to Shares (As of March 31, 2017)

- (1) Authorized shares: 8,000,000,000 shares  
 (2) Shares issued and outstanding 2,147,201,551 shares  
 (3) Number of shareholders 94,864  
 (4) Outstanding share information by shareholder category

Category	Number of Shareholders	Number of Shares Held (Thousand shares)	Percentage of Ownership
Government and municipal public organizations	1	1	0.0%
Financial institutions	185	911,005	42.4%
Traders of financial instruments	90	41,302	1.9%
Other corporations	1,260	130,327	6.1%
Foreign corporations <i>et al.</i>	906	793,906	37.0%
Individual <i>et al.</i>	92,422	270,657	12.6%

### (5) Principal shareholders (Top 10)

Shareholder	Holdings of the Company's Shares	
	Number of Shares Held (Thousand Shares)	Percentage of Ownership
The Master Trust Bank of Japan, Ltd. (Trust Account)	151,129	7.0%
Japan Trustee Services Bank, Ltd. (Trust Account)	117,726	5.5%
State Street Bank and Trust Company	88,345	4.1%
Meiji Yasuda Life Insurance Company	81,862	3.8%
Nippon Life Insurance Company	61,639	2.9%
JP Morgan Chase Bank 380055	44,552	2.1%
Mitsubishi Electric Group Employees Shareholding Union	42,709	2.0%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	39,189	1.8%
JP Morgan Chase Bank 385632	37,429	1.7%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	35,486	1.7%

Note: Shareholder ratio calculations deduct 422,870 company-owned shares.

## 2. Members of the Board of Directors

(1) Directors (As of March 31, 2017)

1) Title, positions held and important concurrent posts of Directors

Title	Name	Positions Held	Important Concurrent Positions
Chairman	Kenichiro Yamanishi		Outside Director, TOYOTA INDUSTRIES CORPORATION
Director	Masaki Sakuyama		
Director	Hiroki Yoshimatsu	Chairman of the Audit Committee	
Director	Nobuyuki Okuma	Member of the Nomination Committee, Chairman of the Compensation Committee	
Director	Akihiro Matsuyama	Member of the Compensation Committee	
Director	Masayuki Ichige	Member of the Audit Committee	
Director	Yutaka Ohashi		
Outside Director	Mitoji Yabunaka	Member of the Nomination Committee, Member of the Compensation Committee	Advisor, Nomura Research Institute, Ltd. Professor, Ritsumeikan University Outside Director, Kawasaki Kisen Kaisha, Ltd. Specially Appointed Professor, Osaka University Outside Director, Komatsu Ltd. Outside Director, Takasago Thermal Engineering Co., Ltd.
Outside Director	Hiroshi Obayashi	Chairman of the Nomination Committee, Member of the Audit Committee	Attorney-at-Law Outside Auditor, Daiwa Securities Co. Ltd. Outside Audit & Supervisory Board Member, NIPPON STEEL & SUMITOMO METAL CORPORATION Outside Auditor, Japan Tobacco Inc.
Outside Director	Kazunori Watanabe	Member of the Audit Committee, Member of the Compensation Committee	Certified Public Accountant Tax Accountant Outside Corporate Auditor, BELLSYSTEM24 Holdings, Inc.
Outside Director	Katsunori Nagayasu	Member of the Nomination Committee, Member of the Audit Committee	Senior Corporate Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Outside Audit & Supervisory Board Member, NIPPON STEEL & SUMITOMO METAL CORPORATION External Statutory Auditor, Isetan Mitsukoshi Holdings Ltd. Outside Audit & Supervisory Board Member, Mitsubishi Motors Corporation Outside Director, Kirin Holdings Company, Ltd.
Outside Director	Hiroko Koide	Member of the Nomination Committee, Member of the Compensation Committee	Senior Vice President, Global Marketing, Newell Brands Inc. (U.S.) Outside Director of the Board, Kirin Company, Limited

- Notes: 1. Directors Masaki Sakuyama, Nobuyuki Okuma, Akihiro Matsuyama and Yutaka Ohashi all concurrently serve as Executive Officers.
2. Directors Masayuki Ichige, Yutaka Ohashi, Katsunori Nagayasu and Hiroko Koide were newly elected to the Board of Directors at the Company's 145th General Meeting of Shareholders, which convened on June 29, 2016.
3. Directors Noritomo Hashimoto, Takashi Sasakawa, Mikio Sasaki and Shigemitsu Miki left the Board of Directors on June 29, 2016, the date of the Company's 145th General Meeting of Shareholders due to the expiration of their terms of office.
4. Mr. Hiroki Yoshimatsu, the Chairman of the Audit Committee, have many years of extensive experience in the Company's Corporate Accounting and Finance Division. Mr. Kazunori Watanabe, a member of the Audit Committee, is a certified public accountant with considerable knowledge and experience in the fields of finance and accounting.
5. Mitsubishi Electric Corporation appointed Directors, namely, Messrs. Hiroki Yoshimatsu and Masayuki Ichige as the Standing Members of the Audit Committee to attend important meetings such as Executive Officer meetings, collect information from Internal Auditors, conduct continuous and effective investigations such as interview with the execution divisions, and sufficiently cooperate with the divisions in charge of internal control.
6. Mitsubishi Electric Corporation has filed a notification on the nomination of its five Outside Directors, namely, Messrs. Mitoji Yabunaka, Hiroshi Obayashi, Kazunori Watanabe and Katsunori Nagayasu and Ms. Hiroko Koide, as Independent Directors to the Tokyo Stock Exchange in accordance with its directives and on the grounds that these individuals' nomination is in conformity with the requirement of independency.
- Five Outside Directors, namely, Messrs. Mitoji Yabunaka, Hiroshi Obayashi, Kazunori Watanabe and Katsunori Nagayasu and Ms. Hiroko Koide, satisfies the requirement of independency guidelines of Outside Directors of the Company. Please see page 9 for the Company's Independency Guideline for Outside Directors.
7. Although the Company maintains business relationships with Komatsu Ltd., Takasago Thermal Engineering Co., Daiwa Securities Co. Ltd., NIPPON STEEL & SUMITOMO METAL CORPORATION, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi Motors Corporation, it does not maintain special relationships with any of these companies that would conflict the interest of its shareholders.

## 2) Overview of the limited liability agreements

Mitsubishi Electric Corporation made and entered into agreements with three Directors, namely, Messrs. Kenichiro Yamanishi, Hiroki Yoshimatsu and Masayuki Ichige, and five Outside Directors, namely, Messrs. Mitoji Yabunaka, Hiroshi Obayashi, Kazunori Watanabe and Katsunori Nagayasu and Ms. Hiroko Koide, to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act. Based on these agreements, the limit of liability is either ¥10 million or the minimum statutory amount, whichever is higher.

### 3) Principal activities of Outside Directors

Name	Principal Activities
Mitoji Yabunaka	100% (seven out of seven) attendance at Board of Directors' meetings. Primarily provides constructive comments relating to the management of the Company from the standpoint of a specialist in international affairs.
Hiroshi Obayashi	100% (seven out of seven) attendance at Board of Directors' meetings and 100% (seven out of seven) attendance at Audit Committee meetings. Primarily provides constructive comments related to the management of the Company from the standpoint of a legal affairs specialist as an attorney-at-law.
Kazunori Watanabe	100% (seven out of seven) attendance at Board of Directors' meetings and 100% (seven out of seven) attendance at Audit Committee meetings. Primarily provides constructive comments related to the management of the Company from the standpoint of a certified public accountant with specialist knowledge.
Katsunori Nagayasu	100% (five out of five) attendance at Board of Directors' meetings and 100% (five out of five) attendance at Audit Committee meetings. Primarily provides constructive comments related to the management of the Company from the standpoint of a specialist in managing a bank.
Hiroko Koide	100% (five out of five) attendance at Board of Directors' meetings. Primarily provides constructive comments related to the management of the Company from the standpoint of a specialist in managing an international corporation.

Note: Mitsubishi Electric Corporation held seven Board of Directors meetings during the fiscal year.

The status of attendance of Outside Directors Mr. Katsunori Nagayasu and Ms. Hiroko Koide is based on the number of Board of Directors meetings and Audit Committee meetings held after they assumed office on June 29, 2016.

### (2) Executive Officers (As of March 31, 2017)

Title	Name	Positions Held
Representative Executive Officer President & CEO	Masaki Sakuyama	
Representative Executive Officer Executive Vice President	Hideyuki Okubo	In charge of Export Control, Total Productivity Management & Environmental Programs
Representative Executive Officer Executive Vice President	Yutaka Ohashi	In charge of Corporate Strategic Planning, and Operations of Associated Companies
Senior Vice President	Isao Iguchi	In charge of Automotive Equipment
Senior Vice President	Nobuyuki Okuma	In charge of Auditing, General Affairs, Human Resources and Legal Affairs & Compliance
Senior Vice President	Akihiro Matsuyama	In charge of Accounting and Finance
Senior Vice President	Kenji Kondo	In charge of IT and Research & Development
Senior Vice President	Takeshi Sugiyama	In charge of Living Environment & Digital Media Equipment
Executive Officer	Takashi Sakamoto	In charge of Purchasing
Executive Officer	Takahiro Kikuchi	In charge of Public Utility Systems
Executive Officer	Nobuyuki Abe	In charge of Building Systems
Executive Officer	Katsuya Takamiya	In charge of Global Strategic Planning & Marketing

Title	Name	Positions Held
Executive Officer	Nobushi Morooka	In charge of Government & External Relations, Public Relations and Export Control
Executive Officer	Yasuyuki Ito	In charge of Energy & Industrial Systems
Executive Officer	Hideaki Nagatomo	In charge of Living Environment & Digital Media Equipment
Executive Officer	Toru Sanada	In charge of Semiconductor & Device
Executive Officer	Takashi Nishimura	In charge of Communication Systems
Executive Officer	Shinya Fushimi	In charge of Information Systems & Network Service
Executive Officer	Kei Uruma	In charge of Factory Automation Systems
Executive Officer	Hisashi Kato	In charge of Intellectual Property
Executive Officer	Minoru Hagiwara	In charge of Advertising and Domestic Marketing
Executive Officer	Masamitsu Okamura	In charge of Electronic Systems

Notes: 1. Representative Executive Officer, President & CEO Masaki Sakuyama, Executive Vice President Yutaka Ohashi, Senior Vice Presidents Nobuyuki Okuma and Akihiro Matsuyama also serve concurrently as Directors.

2. The category, Important Concurrent Positions, does not apply to all 22 Executive Officers.

3. Of those listed above, Representative Executive Officer, Executive Vice President Hideyuki Okubo, Senior Vice President Kenji Kondo, and Executive Officers Takahiro Kikuchi and Katsuya Takamiya retired upon the expiration of their terms of office on March 31, 2017.

4. Executive Officers as of April 1, 2017 are as follows:

Title	Name	Positions Held
Representative Executive Officer President & CEO	Masaki Sakuyama	
Representative Executive Officer Executive Vice President	Yutaka Ohashi	In charge of Corporate Strategic Planning, Operations of Associated Companies and Export Control
Representative Executive Officer Executive Vice President	Takeshi Sugiyama	In charge of Living Environment & Digital Media Equipment
Senior Vice President	Isao Iguchi	In charge of Automotive Equipment
Senior Vice President	Nobuyuki Okuma	In charge of Auditing, General Affairs, Human Resources, and Legal Affairs & Compliance
Senior Vice President	Akihiro Matsuyama	In charge of Accounting and Finance
Senior Vice President	Takashi Sakamoto	In charge of Purchasing
Senior Vice President	Nobuyuki Abe	In charge of Building Systems
Senior Vice President	Yasuyuki Ito	In charge of Energy & Industrial Systems
Executive Officer	Nobushi Morooka	In charge of Government & External Relations, Public Relations and Export Control
Executive Officer	Hideaki Nagatomo	In charge of Living Environment & Digital Media Equipment
Executive Officer	Toru Sanada	In charge of Semiconductor & Device
Executive Officer	Takashi Nishimura	In charge of Communication Systems
Executive Officer	Shinya Fushimi	In charge of Information Systems & Network Service
Executive Officer	Kei Uruma	In charge of Public Utility Systems
Executive Officer	Hisashi Kato	In charge of Intellectual Property
Executive Officer	Minoru Hagiwara	In charge of Advertising and Domestic Marketing
Executive Officer	Masamitsu Okamura	In charge of Electronic Systems



Title	Name	Positions Held
Executive Officer	Masahiro Fujita	In charge of IT and Research & Development
Executive Officer	Satoshi Matsushita	In charge of Global Strategic Planning & Marketing
Executive Officer	Hiroshi Onishi	In charge of Total Productivity Management & Environmental Programs
Executive Officer	Yoshikazu Miyata	In charge of Factory Automation Systems

### (3) Directors' and Executive Officers' Compensation

	Number Receiving Payment	Compensation Amount (Millions of yen)
Directors	5	231
Outside Directors	7	74
Executive Officers	22	2,583

Notes: 1. The number of Directors receiving compensation does not include Outside Directors or Directors who concurrently hold posts as Executive Officers.

2. Regarding Executive Officers who assumed the office in the 145th fiscal year, there was a difference amounting to ¥26 million between the total compensation disclosed for the previous fiscal year and the compensation paid during fiscal 2017. Said difference was not included in the amount disclosed above.

### (4) The Policy for Determining Compensation for Directors and Executive Officers

#### 1) Basic Policies

- i. As a Company with a Three-committee System, the Company segregates the supervisory function and the execution function of management. The supervisory function of management is assigned to the Board of Directors and the execution function of management is assigned to the Executive Officers. The compensation scheme for Directors and the compensation scheme for the Executive Officers will be set differently, corresponding to the contents and responsibilities of each of the duty and position.
- ii. Directors give advice to and supervise the Company's management from an objective point of view, and therefore, the basic policy of the compensation scheme for Directors is the payment of fixed-amount compensation and the retirement benefit upon resignation.
- iii. The compensation scheme for the Executive Officers focuses on incentives for the realization of management policies and the improvement of business performance, and performance-based compensation will be paid in addition to the payment of fixed-amount compensation and the retirement benefit upon resignation, based on the following basic policies:
  - a. The compensation scheme should raise awareness of the contribution to the improvement of the mid- and long-term business performance, and to the enhancement of the Group's corporate value.
  - b. The compensation scheme should be closely linked with the company's performance and be highly transparent and objective.

- c. The compensation scheme should mainly aim at sharing of interest with shareholders and raising management awareness which places importance on the interest of shareholders.
  - iv. In order to introduce from the outside objective points of view and specialized knowledge about the executive compensation scheme, the Company will employ external compensation consultants, and deliberate the compensation level, compensation scheme, etc. with the support of such consultants, taking into consideration external data concerning compensation in major Japanese corporations developing their businesses globally, the domestic economic environment, industry trends, management conditions, etc.
- 2) The System and the Policy for Determining Compensation for Directors and Executive Officers
- i. Compensation for Directors:
    - a. A fixed amount of compensation shall be set at a level considered reasonable, while taking into account the contents of the Directors' duties and the Company's conditions, etc.
    - b. The amount of the retirement benefit will be decided on the basis of the monthly amount of compensation and the number of service years, etc.
  - ii. Compensation for Executive Officers:
    - a. A fixed amount of compensation shall be set at a level considered reasonable, while taking into account the contents of the Executive Officer's duties and the Company's conditions, etc.
    - b. The level of performance-based compensation will be decided while taking into account the consolidated business performance and the performance of the business to which the respective Executive Officer is assigned, etc. With the purposes of meshing the interest of shareholders with the Executive Officers and further raising management awareness that places importance on the interest of shareholders, and increasing the incentives for the improvement of business performance from the mid- and long-term perspectives, 50% of performance-based compensation will be paid in the form of shares. The Company sets a rule that, when the Executive Officers acquire the Company shares as a part of compensation, they are required to continue the shareholding until 1 year has passed from resignation.
    - c. The amount of the retirement benefit will be decided on the basis of the monthly amount of compensation and the number of service years, etc.

### 3. Status of the Independent Auditor

(1) Name of the Independent Auditor

KPMG AZSA LLC

(2) Compensation Paid to the Independent Auditor in Fiscal 2017

(Millions of yen)

	Payment
1) Compensation and other payments to the Independent Auditor by Mitsubishi Electric Corporation	264
2) A total of financial returns payable on monetary and other assets by Mitsubishi Electric Corporation and its subsidiaries	509

Notes: 1. In its auditing agreements with independent auditors, the Company makes no distinction between compensation for audits as defined by the Companies Act or for audits as defined under the Financial Instruments and Exchange Law. The total of compensation for such audits is included in 1) in the above table.

2. Aside from audit work defined in Article 2, Paragraph 1 of the Certified Public Accountant Law, Mitsubishi Electric Corporation has paid the Independent Auditor a fee for advisory services related to assessment of the Company's accounting operations.

3. Ten of the Company's principal subsidiaries have been audited by audit corporations (or accounting firms) other than the Independent Auditor retained by Mitsubishi Electric Corporation. Accounting firms in alliance with the Independent Auditor retained by Mitsubishi Electric Corporation audited nine out of such ten subsidiaries.

4. Audit Committee determined that the compensation for Independent Auditors were legitimate and agreed to the amount, as it was based on the estimated audit hours taking into account the audit policies and plans for fiscal 2017, which were confirmed with the Independent Auditors, and as the compensation unit price was a reasonable amount.

(3) Policy on Dismissal or Non-Reappointment of the Independent Auditor

1) The Independent Auditor may be dismissed in the event that it:

- Commits any breach or omission of due fulfillment of the responsibilities of its work;
- Acts in a manner that is inappropriate for an independent auditor; or,
- Is involved in any sort of incident or activity that is deemed to fall within the scope of (a) and (b) above.

2) In addition to the event as contemplated in 1) above, for such reasons as (but not limited to) amelioration of the audit quality, the Company may opt, as necessary, not to renew the retention or appointment of the Independent Auditor.

#### **4. Summary of Systems Necessary to Ensure the Properness of Operations of the Company and the Status of the Management**

(1) For the execution of the duties of the Audit Committee, its independence is secured by assigning employees whose job is exclusively to assist the Audit Committee members. In addition, internal regulations regarding the processing of expenses and debts incurred in the execution of the duties of the Audit Committee members are established and such expenses and debts are properly processed.

A system for reporting to the Audit Committee is developed to report information about the Company and its subsidiaries to the Audit Committee via the divisions in charge of internal control, and an internal whistle-blower system is developed and its details are reported to the Audit Committee members.

Furthermore, the Audit Committee members attend important meetings including Executive Officer meetings and conduct investigations such as interviews with Executive Officer and the executives of the Company's offices and subsidiaries, and undertake deliberations to determine audit policies, methods, implementation status, and results of the audit by regularly receiving reports from the Independent Auditor and Executive Officers in charge of audits.

(2) Internal regulations and systems to ensure the properness of operations within the Mitsubishi Electric Group are established. Executive Officers take responsibility for constructing such systems within the areas over which they are appointed. Important matters are deliberated by convening Executive Officer meetings.

Executive Officers regularly monitor the status of management of the systems. The divisions in charge of internal control monitor the status of design and management of internal control system and regulations. Also an internal whistle-blower system is established and the matters reported thereto are informed to the Audit Committee members.

Furthermore, the status of management of the system is audited by internal auditors, and the audit results are reported regularly to the Audit Committee via Executive Officers in charge of audit.

Details of this section are posted on the Company's Website (<http://www.MitsubishiElectric.com/company/ir/library/>).

#### **5. Basic Policy Regarding Control over the Company**

At present, Mitsubishi Electric Corporation has not formulated basic policies or anti-takeover measures.

The Company aims to further enhance corporate value in incessant pursuit of growth and *better-than-ever* business results. Through proactive IR activities, the Company endeavors to convey timely information to investors and financial markets, regarding its management policies, strategies and business results.

However, due to the possibility that large volumes of shares may be

purchased, the Company believes it is necessary to take appropriate steps in response to any action not in conformity with the objective of enhancing the Company's corporate value, or in contrary to the common interest of shareholders. Looking forward, the Company will maintain a careful watch over social trends and examine avenues of action.

## **6. Policy on the Determination of Dividends from Surplus**

### **(1) Medium- to long-term policy**

Mitsubishi Electric Corporation shall remain focused on enhancing corporate value as its ultimate objective. The Company aims to maintain a balance between distributing profits that reflect earnings conditions for the respective fiscal year and strengthening its financial standings by improving internal reserves. From this perspective, the Company's fundamental policy is to improve overall shareholder returns.

### **(2) Dividends for the fiscal year ended March 31, 2017**

In the fiscal year ended March 31, 2017, Mitsubishi Electric Corporation decided to pay a fiscal year-end dividend of ¥18 per share in line with its performance and financial standing during the fiscal period.

As a result, the annual dividend for the fiscal year ended March 31, 2017, amounted to ¥27 per share, which includes an interim dividend of ¥9 per share paid on December 2, 2016.

Note: Fiscal year-end dividends will be paid on Friday, June 2, 2017.

# CONSOLIDATED BALANCE SHEET

(March 31, 2017)

(Millions of yen)

Assets		Liabilities	
Current assets:	2,623,596	Current liabilities:	1,525,761
Cash and cash equivalents	662,469	Bank loans and current portion of long-term debt	124,368
Trade receivables	1,037,201	Trade payables	780,202
Inventories	643,040	Other current liabilities	621,191
Other current assets	280,886	Long-term debt	227,756
Long-term trade receivables	2,815	Retirement and severance benefits	194,990
Investments	618,935	Other liabilities	90,809
Net property, plant and equipment	732,611		
Other assets	202,067	Total liabilities	2,039,316
		Equity	
		Mitsubishi Electric Corp. shareholders' equity:	2,039,627
		Common stock	175,820
		Capital surplus	212,530
		Retained earnings	1,654,557
		Accumulated other comprehensive income (loss)	(2,052)
		Treasury stock, at cost	(1,228)
		Noncontrolling interests	101,081
		Total equity	2,140,708
Total assets	4,180,024	Total liabilities and equity	4,180,024

# CONSOLIDATED STATEMENT OF INCOME

(April 1, 2016 to March 31, 2017)

(Millions of yen)

Net sales	4,238,666
Cost of sales	2,950,729
Selling, general and administrative expenses	1,014,389
Loss on impairment of long-lived assets	3,444
Operating income	270,104
Non-operating incomes:	
Interest and dividends	7,653
Equity in earnings of affiliated companies	21,508
Other	31,824
	60,985
Non-operating expenses:	
Interest	3,225
Other	31,615
	34,840
Income before income taxes	296,249
Income taxes	73,484
Net income	222,765
Net income attributable to noncontrolling interests	12,272
Net income attributable to Mitsubishi Electric Corp.	210,493

[Reference]

CONSOLIDATED STATEMENT OF CASH FLOWS

(April 1, 2016 to March 31, 2017)

(Millions of yen)

Cash Flows from Operating Activities	365,950
Cash Flows from Investing Activities	(148,632)
Free Cash Flow	217,318
Cash Flows from Financing Activities	(123,495)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(5,524)
Net Increase in Cash and Cash Equivalents	88,299



# BALANCE SHEET

(March 31, 2017)

(Millions of yen)

Assets		Liabilities	
Current assets:	1,595,180	Current liabilities:	1,431,453
Cash and cash equivalents	332,849	Electronically recorded obligations - operating	146,668
Notes receivable	1,873	Trade accounts payable	328,279
Accounts receivable	774,743	Short-term loans payable	517,051
Finished goods	60,832	Lease obligation	3,020
Raw materials	32,822	Other accounts payable	119,527
Work in process	157,567	Accrued expenses	88,964
Advance payments	30,278	Income taxes payable	4,661
Deferred tax assets	65,967	Advances received	99,250
Other	138,334	Reserve for product warranties	48,166
Allowance for doubtful accounts	(88)	Reserve for loss on construction contracts	46,148
Noncurrent assets:	1,258,334	Other	29,714
Property, plant and equipment	381,804	Noncurrent liabilities:	334,983
Buildings, net	175,419	Bonds payable	40,000
Structures, net	10,875	Long-term loans payable	237,400
Machinery and equipment, net	80,470	Lease obligations	6,561
Vehicles, net	482	Reserve for retirement benefits	29,027
Tools, furniture and fixtures, net	28,117	Reserve for loss on investments in foreign subsidiaries and affiliates	6,242
Land	47,217	Reserve for directors' retirement benefits	1,303
Lease assets, net	5,082	Reserve for competition-law-related expenses	8,010
Construction in progress	34,138	Asset retirement obligations	386
Intangible fixed assets	23,974	Other	6,052
Software	23,506		
Other	468		
Investments and other assets	852,555	Total liabilities	1,766,437
Investment in securities	290,671		
Investment in subsidiaries and affiliates	405,157	Net assets	
Long-term loans receivable	20,739	Shareholders' equity:	965,242
Long-term prepaid expenses	5,490	Common stock	175,820
Deferred tax assets	2,223	Capital surplus	181,320
Other	133,344	Legal capital surplus	181,140
Allowance for doubtful accounts	(5,070)	Other capital surplus	180
		Retained earnings	609,329
		Legal retained earnings	43,955
		Other retained earnings	565,374
		Reserve for special depreciation	233
		Reserve for reduction entry	8,829
		General reserve	240,000
		Retained earnings brought forward	316,310
		Treasury stock	(1,228)
		Valuation and translations adjustments:	121,834
		Unrealized gains (losses) on securities	121,836
		Deferred gains or losses on hedges	(1)
		Total net assets	1,087,077
Total assets	2,853,515	Total liabilities and net assets	2,853,515

# STATEMENT OF INCOME

(April 1, 2016 to March 31, 2017)

(Millions of yen)

Net sales		2,576,296
Cost of sales		2,003,794
Gross profit		572,502
Selling, general and administrative expenses		491,408
Operating income		81,093
Non-operating incomes		
Interest and dividends	85,605	
Other	13,669	99,274
Non-operating expenses		
Interest	4,082	
Other	51,445	55,527
Ordinary income		124,840
Extraordinary income		
Gain on sales of shares of subsidiaries and affiliates	16,857	
Gain on sales of noncurrent assets	2,308	19,165
Extraordinary loss		
Loss on impairment	2,902	2,902
Income before income taxes		141,103
Income taxes-current		6,552
Income taxes-deferred		1,159
Net income		133,391

## **Independent Auditor's Report**

April 26, 2017

Masaki Sakuyama  
President and CEO  
Mitsubishi Electric Corporation

KPMG AZSA LLC

Hideaki Koyama (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Kenji Tanaka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Terukazu Nagamine (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of equity and the related notes of Mitsubishi Electric Corporation as at March 31, 2017 and for the year from April 1, 2016 to March 31, 2017 in accordance with Article 444-4 of the Companies Act.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120, Paragraph 1 of the Ordinance of Company's Accounting, which is applied mutatis mutandis pursuant to Article 120-3-3 of the same Ordinance, that prescribes some omissions of disclosure items required under U.S. generally accepted accounting principles (see note to consolidated financial statements 1.(1) Basis of Preparation of Consolidated Financial Statements), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the second sentence of Article 120, Paragraph 1 of the Ordinance of Company's Accounting, which is applied mutatis mutandis pursuant to Article 120-3-3 of the same Ordinance, that prescribes some omissions of disclosure items required under U.S. generally accepted accounting principles (see note to consolidated financial statements 1.(1) Basis of Preparation of Consolidated Financial Statements), present fairly, in all material respects, the financial position and the results of operations of Mitsubishi Electric Corporation and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared.

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## Audit Committee Report on Consolidated Financial Statements

The Audit Committee has audited the consolidated balance sheets, the consolidated statements of income, the consolidated statements of shareholders' equity and the notes to consolidated financial statements (hereinafter "financial statements") for the 146th fiscal period (April 1, 2016 to March 31, 2017). A report covering the methodology and findings of the audit follows.

### 1. Methodology and Scope of Audit:

The Company's Audit Committee received reports from Executive Officers and others in accordance with policies and duties established by the Audit Committee concerning the consolidated financial statements and other documentation. Where necessary, the Committee sought clarification on these matters. In addition to monitoring and examining the activities of the Independent Auditor to ensure that it maintains its independent position and that it conducts its auditing duties properly, the Audit Committee received reports from the Independent Auditor regarding the status of its activities and sought explanations where necessary. Furthermore, the Independent Auditor notified the Committee that it was adhering to "Quality Management Standards Regarding Audits" (Business Accounting Council of the Financial Services Agency, October 28, 2005) as it worked to improve its system "to ensure that its duties are properly executed," as stipulated in Article 131 of the "Company Accounting Regulations." The Committee sought explanations where necessary.

Based upon the above methods, the Audit Committee carefully examined the consolidated financial statements for the fiscal year ended March 31, 2017.

### 2. Audit Results:

The procedures and report of the audit by the independent auditor, KPMG AZSA LLC, are adequate.

April 27, 2017

The Audit Committee  
Mitsubishi Electric Corporation

Hiroki Yoshimatsu, Committee Member (Standing)  
Masayuki Ichige, Committee Member (Standing)  
Hiroshi Obayashi, Committee Member  
Kazunori Watanabe, Committee Member  
Katsunori Nagayasu, Committee Member

Note: Hiroshi Obayashi, Kazunori Watanabe and Katsunori Nagayasu are Outside Directors as prescribed under Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

## **Independent Auditor's Report**

April 26, 2017

Masaki Sakuyama  
President and CEO  
Mitsubishi Electric Corporation

KPMG AZSA LLC

Hideaki Koyama (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Kenji Tanaka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Terukazu Nagamine (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Mitsubishi Electric Corporation as at March 31, 2017 and for the year from April 1, 2016 to March 31, 2017 in accordance with Article 436-2-1 of the Companies Act.

### **Management's Responsibility for the Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Mitsubishi Electric Corporation for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## Audit Committee Report

The Audit Committee has conducted audits of the Directors and Executive Officers of the Company with regard to their performance of duties during the 146th fiscal period (April 1, 2016 to March 31, 2017). A report covering the methodology and findings of the audit follows.

### 1. Methodology and Scope of Audit

The Company's Audit Committee monitored and examined the content of resolutions of the Board of Directors related to matters set forth in Article 416, Paragraph 1, Item 1, Sections 2 and 5 of the Companies Act, as well as the structure of the Company's internal control system as set forth in the aforementioned resolutions. To this end, the Audit Committee received periodic reports from Directors, Executive Officers and employees regarding the content of the above resolutions, along with the constitution and operating effectiveness of the above-referred internal control system. The Audit Committee, where necessary, sought explanations and voiced opinions on these matters. At the same time, the Audit Committee conducted audits using the following methods.

(a) In accordance with its established policies and procedures and in collaboration with the divisions in charge of internal control, the Audit Committee attended important meetings, received reports on business activities from Directors and Executive Officers, sought explanations where necessary, perused documents pertaining to important decisions, and surveyed properly the condition of operations and assets at the Company's head office and key operational facilities. Where necessary, the Audit Committee sought reports on the operations and assets of subsidiaries.

(b) In addition to monitoring and examining the activities of the independent auditor to ensure that it maintains its independent position and that it conducts its auditing duties properly, the Audit Committee received reports from the Independent Auditor regarding the status of its activities and sought explanations when necessary. Furthermore, the Independent Auditor notified the Committee that it was adhering to "Quality Management Standards Regarding Audits" (Business Accounting Council of the Financial Services Agency, October 28, 2005) as it worked to improve its system "to ensure that its duties are properly executed," as stipulated in Article 131 of the "Company Accounting Regulations." The Committee sought explanations where necessary.

Based upon the above methods, the Audit Committee carefully examined the Business Report, the financial statements (balance sheets, statements of income, statements of changes in shareholders' equity and notes to non-consolidated financial statements) and the supplementary schedules for the fiscal year ended March 31, 2017.

### 2. Audit Results

(1) Results of the Audit of the Business Report and Supplementary Schedules

(a) The Business Report and Supplementary Schedules present fairly, in conformity with applicable laws and regulations and the Company's Articles of Incorporation, the conditions of the Company.

(b) In executing their duties, the Directors and Executive Officers have not made any significant transactions or actions deemed to be in contradiction of any laws or the Company's Articles of Incorporation.

(c) The content of the Board of Directors' resolutions related to internal control systems as set forth in Article 416, Paragraph 1, Item 1, Sections 2 and 5, of the Companies Act is adequate. Moreover, we find no issues of concern with regard to contents of the Business Report and the performance of Directors and Executive Officers in their duties related to internal control systems.

(2) Results of the Audit of Non-Consolidated Financial Statements and Supplementary Schedules

The procedures and report of the audit by the Independent Auditor, KPMG AZSA LLC, are adequate.

April 27, 2017

The Audit Committee  
Mitsubishi Electric Corporation

Hiroki Yoshimatsu, Committee Member (Standing)  
Masayuki Ichige, Committee Member (Standing)  
Hiroshi Obayashi, Committee Member  
Kazunori Watanabe, Committee Member  
Katsunori Nagayasu, Committee Member

Note: Hiroshi Obayashi, Kazunori Watanabe and Katsunori Nagayasu are Outside Directors as prescribed under Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.