Dear Shareholders,

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

As of April 1, 2018, Mitsubishi Electric Corporation renewed its management team, with Masaki Sakuyama and Takeshi Sugiyama serving as Chairman, Member of the Board and President & CEO, respectively.

The Mitsubishi Electric Group has set consolidated net sales of ¥5 trillion or more and an operating income ratio of 8% or more as growth targets to be achieved by fiscal 2021, the centennial of the Company's founding. While raising corporate value by continuing to implement the Balanced Corporate Management Policy, looking toward the next 100 years, the Group will seek to establish a stronger business foundation and pursue sustainable growth, and aim to become a company able to gain the trust and meet the satisfaction of various stakeholders as a "global, leading green company" that contributes to the realization of a prosperous society. We humbly ask for your continued support in our initiatives going forward.

This document has been sent in order to notify you of the 147th Ordinary General Meeting of Shareholders, which will be convened on Thursday, June 28, 2018.

Included in the material is an overview of Mitsubishi Electric's business operations during fiscal 2018 as well as a summary of its future initiatives.

June 2018
Masaki Sakuyama, Chairman, Member of the Board
Takeshi Sugiyama, President & CEO

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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, 2018

To Our Shareholders

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

# NOTICE OF CONVOCATION OF THE 147TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are cordially invited to attend the 147th 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 27, 2018, 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 access the website for exercising voting rights designated by the Company (https://evote.tr.mufg.jp/) and indicate your approval or disapproval of the agenda.

The pertinent procedures are outlined in "Guidance for the Exercise of Voting Rights" on page 10.

## Particulars

1. **Meeting Date and Time:** Thursday, June 28, 2018 at 10:00 AM (entry begins at 9:00 AM)
2. **Meeting Venue:** Palace Hotel Tokyo, 2nd 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 147th fiscal year (from April 1, 2017 to March 31, 2018)
   **Matters for Resolution**
   The Election of Twelve (12) Directors

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1. Shareholders attending the meeting on June 28, 2018 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/en/investors/meeting/index.html) and therefore are not included in the Notice of Convocation of the 147th 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/en/investors/meeting/index.html).

**Reference Materials for the 147th 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 | Masaki Sakuyama<br>(Reappointment) | Chairman, Member of the Board | 100%<br>(Seven out of seven meetings) |
| 2 | Takeshi Sugiyama<br>(New Candidate) | Representative Executive Officer, President & CEO | – |
| 3 | Nobuyuki Okuma<br>(Reappointment) | Director, Member of the Nomination Committee,<br>Chairman of the Compensation Committee,<br>Representative Executive Officer, Senior Vice President,<br>Corporate Strategic Planning and Operations of Associated Companies | 100%<br>(Seven out of seven meetings) |
| 4 | Akihiro Matsuyama<br>(Reappointment) | Director, Member of the Compensation Committee | 100%<br>(Seven out of seven meetings) |
| 5 | Masahiko Sagawa<br>(New Candidate) | Corporate Adviser | – |
| 6 | Shinji Harada<br>(New Candidate) | Executive Officer, General Affairs, Human Resources and Public Relations | – |
| 7 | Tadashi Kawagoishi<br>(New Candidate) | Executive Officer, Accounting and Finance | – |
| 8 | Mitoji Yabunaka<br>(Reappointment)<br>(Candidate for Outside Director)<br>(Independent Director) | Director, Member of the Nomination Committee,<br>Member of the Compensation Committee | 100%<br>(Seven out of seven meetings) |
| 9 | Hiroshi Obayashi<br>(Reappointment)<br>(Candidate for Outside Director)<br>(Independent Director) | Director, Chairman of the Nomination Committee,<br>Member of the Audit Committee | 100%<br>(Seven out of seven meetings) |
| 10 | Kazunori Watanabe<br>(Reappointment)<br>(Candidate for Outside Director)<br>(Independent Director) | Director, Member of the Audit Committee,<br>Member of the Compensation Committee | 100%<br>(Seven out of seven meetings) |
| 11 | Katsunori Nagayasu<br>(Reappointment)<br>(Candidate for Outside Director)<br>(Independent Director) | Director, Member of the Nomination Committee,<br>Member of the Audit Committee | 86%<br>(Six out of seven meetings) |
| 12 | Hiroko Koide<br>(Reappointment)<br>(Candidate for Outside Director)<br>(Independent Director) | Director, Member of the Nomination Committee,<br>Member of the Compensation Committee | 100%<br>(Seven out of seven meetings) |

Note:

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

| | Name<br>(Date of Birth) | Career summary, major positions and assignments at the Company and important concurrent positions | The number of shares owned |
|---|---|---|---|
| 1 | <br>Masaki Sakuyama<br>(March 17, 1952)<br><br>(Status of attendance at Board of Directors' meetings: 100% (Seven out of seven meetings)) | April 1977 Joined Mitsubishi Electric Corporation<br>April 2008 Executive Officer, Energy & Industrial Systems<br>April 2010 Senior Vice President, Corporate Strategic Planning and Operations of the Associated Companies<br>June 2010 Director, Member of the Nomination Committee, Senior Vice President, Corporate Strategic Planning, and Operations of the Associated Companies<br>April 2012 Director, Member of the Nomination Committee, Representative Executive Officer, Executive Vice President, Semiconductor & Device<br>June 2012 Representative Executive Officer, Executive Vice President, Semiconductor & Device<br>April 2014 Representative Executive Officer, President & CEO<br>June 2014 Director, Representative Executive Officer, President & CEO<br>April 2018 Chairman, Member of the Board (current position)<br>**Reasons for the nomination:**<br>Mr. Sakuyama has gained a wide range of experience and insights through his involvement in the Company's business operations as President & CEO. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations. | 68,700 |
| 2 | <br>Takeshi Sugiyama<br>(December 29, 1956) | April 1979 Joined Mitsubishi Electric Corporation<br>April 2011 Group Senior Vice President, Living Environment & Digital Media Equipment Group<br>April 2014 Executive Officer, Living Environment & Digital Media Equipment<br>April 2016 Senior Vice President, Living Environment & Digital Media Equipment<br>April 2017 Representative Executive Officer, Executive Vice President, Living Environment & Digital Media Equipment<br>April 2018 Representative Executive Officer, President & CEO (current position)<br>**Reasons for the nomination:**<br>As President & CEO, Mr. Sugiyama 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. | 30,000 |
| 3 | <br>Nobuyuki Okuma<br>(July 31, 1958)<br><br>(Status of attendance at Board of Directors' meetings: 100% (Seven out of seven meetings)) | April 1982 Joined Mitsubishi Electric Corporation<br>April 2012 Executive Officer, Human Resources<br>June 2012 Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Executive Officer, Human Resources<br>April 2013 Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Executive Officer, General Affairs and Human Resources<br>April 2016 Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Senior Vice President, Audit, General Affairs, Human Resources and Legal Affairs & Compliance<br>June 2016 Director, Member of the Nomination Committee, Chairman of the Compensation Committee, Senior Vice President, Audit, General Affairs, Human Resources and Legal Affairs & Compliance<br>April 2018 Director, Member of the Nomination Committee, Chairman of the Compensation Committee, Representative Executive Officer, Senior Vice President, Corporate Strategic Planning and Operations of Associated Companies (current position)<br>**Reasons for the nomination:**<br>As Executive Officer in charge of Corporate Strategic Planning, 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. | 30,000 |

| | Name<br>(Date of Birth) | Career summary, major positions and assignments at the Company and important concurrent positions | The number of shares owned |
|---|---|---|---|
| 4 | <br>Akihiro Matsuyama<br>(June 1, 1957)<br><br>(Status of attendance at Board of Directors' meetings: 100% (Seven out of seven meetings)) | April 1981 Joined Mitsubishi Electric Corporation<br>April 2013 Executive Officer, Accounting and Finance<br>June 2013 Director, Member of the Compensation Committee, Executive Officer, Accounting and Finance<br>April 2016 Director, Member of the Compensation Committee, Senior Vice President, Accounting and Finance<br>April 2018 Director, Member of the Compensation Committee (current position)<br>**Reasons for the nomination:**<br>Mr. Matsuyama 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. | 30,400 |
| 5 | <br>Masahiko Sagawa<br>(July 17, 1958) | April 1982 Joined Mitsubishi Electric Corporation<br>April 2012 Senior Vice President, Renesas Electronics Corporation<br>October 2013 Deputy Senior General Manager, Corporate Auditing Div.<br>April 2015 Senior General Manager, Corporate Auditing Div.<br>April 2018 Corporate Adviser (current position)<br>**Reasons for the nomination:**<br>Mr. Sagawa has gained a wide range of experience and insights through positions such as an officer in charge of accounting and finance of an affiliated company and management executive of the Company's internal audit division. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations. | 4,500 |
| 6 | <br>Shinji Harada<br>(August 29, 1960) | April 1983 Joined Mitsubishi Electric Corporation<br>March 2012 Senior General Manager, Corporate Administration Div.<br>April 2016 Senior General Manager, Corporate Human Resources Div.<br>April 2018 Executive Officer, General Affairs, Human Resources and Public Relations (current position)<br>**Reasons for the nomination:**<br>As Executive Officer in charge of General Affairs and Human Resources, Mr. Harada 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. | 5,100 |

| | Name<br>(Date of Birth) | Career summary, major positions and assignments at the Company and important concurrent positions | The number of shares owned |
|---|---|---|---|
| 7 | <br>Tadashi Kawagoishi<br>(December 7, 1960) | April 1983 Joined Mitsubishi Electric Corporation<br>April 2013 Senior General Manager, Associated Companies Div.<br>April 2015 Senior General Manager, Corporate Finance Div.<br>April 2018 Executive Officer, Accounting and Finance (current position)<br>**Reasons for the nomination:**<br>As Executive Officer in charge of Accounting and Finance, Mr. Kawagoishi 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. | 3,100 |
| 8 | <br>Mitoji Yabunaka<br>(January 23, 1948)<br>(Status of attendance at Board of Directors' meetings: 100% (Seven out of seven meetings))<br>(Period of Service: 6 years) | April 1969 Joined the Ministry of Foreign Affairs of Japan<br>January 2008 Vice-Minister, Ministry of Foreign Affairs of Japan (Retired in August 2010)<br>October 2010 Advisor, Nomura Research Institute, Ltd. (Retired in September 2017)<br>June 2012 Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)<br>**Important concurrent positions:**<br>Visiting Professor, Ritsumeikan University<br>Specially Appointed Professor, Osaka University<br>Outside Director, Komatsu Ltd.<br>Outside Director, Takasago Thermal Engineering Co., Ltd.<br>(of which two listed companies where Mr. Yabunaka serves as an officer concurrently)<br>**Reasons for the nomination:**<br>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. | 7,400 |
| 9 | <br>Hiroshi Obayashi<br>(June 17, 1947)<br>(Status of attendance at Board of Directors' meetings: 100% (Seven out of seven meetings))<br>(Period of Service: 5 years) | April 1972 Appointed as Public Prosecutor<br>June 2006 Vice-Minister, Ministry of Justice of Japan<br>July 2008 Superintending Prosecutor, Tokyo High Public Prosecutors Office<br>June 2010 Appointed as the Prosecutor General (Retired in December 2010)<br>March 2011 Attorney-at-law (current position)<br>June 2013 Director, Member of the Nomination Committee and Member of the Audit Committee, Mitsubishi Electric Corporation<br>June 2016 Director, Chairman of the Nomination Committee and Member of the Audit Committee (current position)<br>**Important concurrent positions:**<br>Attorney-at-law<br>Outside Auditor, Daiwa Securities Co. Ltd.<br>Outside Audit & Supervisory Board Member, NIPPON STEEL & SUMITOMO METAL CORPORATION<br>Outside Auditor, Japan Tobacco Inc.<br>(of which two listed companies where Mr. Obayashi serves as an officer concurrently)<br>**Reasons for the nomination:**<br>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. | 8,300 |

| | Name<br>(Date of Birth) | Career summary, major positions and assignments at the Company and important concurrent positions | | The number of shares owned |
|---|---|---|---|---|
| 10 | <br>Kazunori Watanabe<br>(October 9, 1950)<br><br>(Status of attendance at Board of Directors' meetings: 100% (Seven out of seven meetings))<br>(Period of Service: 3 years) | April 1975<br>September 1978<br>March 1980<br>May 2002<br>August 2008<br>March 2010<br><br>June 2015 | Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)<br>Registered as a certified public accountant (current position)<br>Registered as a tax accountant (current position)<br>Partner, Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC)<br>Executive Partner, Ernst & Young ShinNihon LLC (Retired in March 2010)<br>Chief, Kazunori Watanabe Certified Public Accountant & Tax Accountant Office (current position)<br>Director, Member of the Audit Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position) | 3,300 |
| | | **Important concurrent positions:**<br>Certified Public Accountant<br>Tax Accountant<br>Outside Corporate Auditor, BELLSYSTEM24 Holdings, Inc.<br>(of which one listed company where Mr. Watanabe serves as an officer concurrently)<br>**Reasons for the nomination:**<br>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. | | |
| 11 | <br>Katsunori Nagayasu<br>(April 6, 1947)<br><br>(Status of attendance at Board of Directors' meetings: 86% (Six out of seven meetings))<br>(Period of Service: 2 years) | May 1970<br>April 2008<br><br>April 2010<br>April 2012<br><br>April 2013<br>April 2016<br><br>June 2016<br><br>April 2018 | Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)<br>President, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) and Director, Mitsubishi UFJ Financial Group, Inc.<br>President & CEO, Mitsubishi UFJ Financial Group, Inc.<br>Chairman of the Board, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Retired in March 2016)<br>Director, Mitsubishi UFJ Financial Group, Inc. (Retired in June 2013)<br>Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Retired in March 2018)<br>Director, Member of the Nomination Committee and Member of the Audit Committee, Mitsubishi Electric Corporation (current position)<br>Senior Advisor, MUFG Bank, Ltd. (current position) | 600 |
| | | **Important concurrent positions:**<br>Senior Advisor, MUFG Bank, Ltd.<br>Outside Audit & Supervisory Board Member, NIPPON STEEL & SUMITOMO METAL CORPORATION<br>Outside Director, Isetan Mitsukoshi Holdings Ltd.<br>Outside Audit & Supervisory Board Member, Mitsubishi Motors Corporation<br>Outside Director, Kirin Holdings Company, Ltd.<br>(of which four listed companies where Mr. Nagayasu serves as an officer concurrently)<br>**Reasons for the nomination:**<br>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.<br>**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:**<br>During Mr. Nagayasu's time of service as an Outside Audit & 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 and July 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 & 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. | | |

| | Name (Date of Birth) | Career summary, major positions and assignments at the Company and important concurrent positions | | The number of shares owned |
|---|---|---|---|---|
| 12 | <br>Hiroko Koide<br>(August 10, 1957)<br><br>(Status of attendance at Board of Directors' meetings: 100% (Seven out of seven meetings))<br>(Period of Service: 2 years) | May 1993<br>April 2001<br>April 2006<br>April 2008<br>November 2010<br>April 2013<br>June 2016<br>April 2018 | Joined Nippon Lever K.K. (currently Unilever Japan K.K.)<br>Director, Nippon Lever K.K. (Retired in March 2006)<br>Joined Masterfoods Ltd. (currently Mars Japan Limited)<br>Chief Operating Officer (COO), Mars Japan Limited (Retired in August 2010)<br>President and Director, Parfums Christian Dior Japon K.K. (Retired in January 2012)<br>Senior Vice President, Global Marketing, Newell Rubbermaid (U.S.) (currently Newell Brands Inc. (U.S.)) (Retired in February 2018)<br>Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)<br>Director, Vicela Japan Co., Ltd. (current position) | 1,900 |
| | | **Important concurrent positions:**<br>Director, Vicela Japan Co., Ltd.<br>(of which zero listed companies where Ms. Koide serves as an officer concurrently)<br>**Reasons for the nomination:**<br>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. | | |

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. 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.
   In addition, should this Item be approved by shareholders, the Company intends to enter into the same agreement with three candidates for Directors, namely, Messrs. Masaki Sakuyama, Akihiro Matsuyama and Masahiko Sagawa, on the condition that they assume the offices of Non-Executive Directors.

(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

# Guidance for the Exercise of Voting Rights

Please read the Reference Materials for the 147th Ordinary General Meeting of Shareholders (pages 3-9) before exercising your voting rights.
The three methods listed below are available for exercising your voting rights.

| **Attending the Ordinary General Meeting of Shareholders** | **Mail** | **The Internet** |
|---|---|---|
| Shareholders attending the meeting are requested to submit the enclosed Voting Rights Exercise Form at the front desk of the meeting venue. | Please complete and send by return mail the enclosed Voting Rights Exercise Form indicating your approval or disapproval of each of the proposals put forward for resolution by the exercise deadline. | Please access the following site for exercising voting rights, in which you may indicate your approval or disapproval of the agenda by the exercise deadline.<br>▸ https://evote.tr.mufg.jp/ |
| **Meeting Date and Time** | **Exercise deadline** | **Exercise deadline** |
| Thursday, June 28, 2018 at 10:00 AM (entry begins at 9:00 AM) | The form must arrive at the Company by no later than 5:30 PM on Wednesday, June 27, 2018. | No later than 5:30 PM on Wednesday, June 27, 2018 |

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

1. How to Exercise Voting Rights via the Internet
   (1) To vote using the Internet, please access the following site 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.
   The site for exercising voting rights: https://evote.tr.mufg.jp/
   (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.

2. 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)

# Business Report

(April 1, 2017 to March 31, 2018)

## I. Matters Relating to the Mitsubishi Electric Group

### 1. Business Development and Results

During the fiscal year ended March 31, 2018 (hereinafter fiscal 2018), the global economy saw a stable status in China, a buoyant expansion in the U.S. and gradual trends of recovery in Japan and Europe. In addition, the yen, compared to the previous fiscal year, weakened against the U.S. dollar and the euro in and after May, but became stronger against the U.S. dollar after the latter half of 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 2018, the Mitsubishi Electric Group recorded net sales of ¥4,431.1 billion, up 5% from the previous fiscal year, operating income of ¥318.6 billion, up 18%. Income before income taxes increased by 23% compared to the previous fiscal year to ¥364.5 billion, and net income attributable to Mitsubishi Electric Corp. increased by 29% to ¥271.8 billion.

Consolidated Performance (Billions of yen)

| Fiscal period / Classification | 146th Fiscal 2017 | 147th Fiscal 2018 |
|---|---|---|
| Net sales | 4,238.6 | 4,431.1 |
| Operating income | 270.1 | 318.6 |
| Income before income taxes | 296.2 | 364.5 |
| Net income attributable to Mitsubishi Electric Corp. | 210.4 | 271.8 |

Net Sales by Business Segment (Billions of yen)

| Business Segment | 146th Fiscal 2017 | | 147th Fiscal 2018 | |
|---|---|---|---|---|
| | Net sales | As a percentage of net sales | Net sales | As a percentage of net sales |
| Energy and Electric Systems | 1,227.9 | 25.1 | 1,241.9 | 24.2 |
| Industrial Automation Systems | 1,310.1 | 26.8 | 1,444.9 | 28.1 |
| Information and Communication Systems | 447.7 | 9.2 | 436.0 | 8.5 |
| Electronic Devices | 186.5 | 3.8 | 202.2 | 3.9 |
| Home Appliances | 1,004.4 | 20.5 | 1,049.3 | 20.4 |
| Others | 713.6 | 14.6 | 764.3 | 14.9 |
| Subtotal | 4,890.3 | 100.0 | 5,138.9 | 100.0 |
| Eliminations and other | (651.7) | — | (707.7) | — |
| Total | 4,238.6 | — | 4,431.1 | — |

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

Net Sales by Location (Billions of yen)

| Location | 146th Fiscal 2017 | | 147th Fiscal 2018 | |
|---|---|---|---|---|
| | Net sales | As a percentage of net sales | Net sales | As a percentage of net sales |
| Japan | 2,405.5 | 56.8 | 2,423.6 | 54.7 |
| North America | 422.2 | 10.0 | 417.4 | 9.4 |
| Asia (excluding Japan) | 940.1 | 22.2 | 1,075.6 | 24.3 |
| Europe | 384.0 | 9.0 | 431.3 | 9.7 |
| Others | 86.6 | 2.0 | 83.1 | 1.9 |
| Overseas | 1,833.1 | 43.2 | 2,007.5 | 45.3 |
| Total | 4,238.6 | 100.0 | 4,431.1 | 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 | ¥1,241.9 billion (up 1% YoY) | Operating income | ¥51.7 billion (up ¥7.3 billion YoY) |
|---|---|---|---|

Principal products (as of March 31, 2018):

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, transmission and distribution ICT systems, large display devices, electrical equipment for locomotives and rolling stock, elevators, escalators, building security systems, building management systems, and others

The social infrastructure systems business saw decreases in both orders and sales compared to the previous fiscal year due primarily to decreases in the transportation systems business outside Japan and the power systems business in Japan.

The building systems business remained substantially unchanged in orders, while sales increased compared to the previous fiscal year due primarily to growth in the renewal business in Japan and the new installation of elevators and escalators outside Japan.

As a result, total sales for this segment increased by 1% from the previous fiscal year. Operating income increased by 7.3 billion yen from the previous fiscal year due primarily to a shift in project portfolios.

***Industrial Automation Systems***

| Net sales | ¥1,444.9 billion (up 10% YoY) | Operating income | ¥190.8 billion (up ¥50.7 billion YoY) |
|---|---|---|---|
| Principal products (as of March 31, 2018):<br>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 increases in both orders and sales from the previous fiscal year due primarily to growth in capital expenditures in the fields of organic light emitting diodes (OLED) mainly in Korea, smartphones and electric cars in China as well as buoyancy in exports by machinery manufacturers in Japan.

The automotive equipment business saw increases in both orders and sales from the previous fiscal year, due primarily to increases in sales volume of Japanese car manufacturers in China, as well as the weaker yen, despite decreased car sales in North America.

As a result, total sales for this segment increased by 10% from the previous fiscal year. Operating income increased by 50.7 billion yen from the previous fiscal year due primarily to an increase in sales.

***Information and Communication Systems***

| Net sales | ¥436.0 billion (down 3% YoY) | Operating income | ¥11.9 billion (down ¥0.7 billion YoY) |
|---|---|---|---|
| Principal products (as of March 31, 2018):<br>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 decreased demand in communications infrastructure equipment.

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

The electronic systems business saw an increase in orders compared to the previous fiscal year mainly due to increases in the defense systems and space systems businesses, while sales experienced a decrease compared to the previous fiscal year due primarily to a shift in large-scale projects in the defense systems business.

As a result, total sales for this segment decreased by 3% from the previous fiscal year. Operating income decreased by 0.7 billion yen from the previous fiscal year due primarily to a decrease in sales.

### *Electronic Devices*

| | | | |
|---|---|---|---|
| Net sales | ¥202.2 billion (up 8% YoY) | Operating income | ¥14.5 billion (up ¥6.1 billion YoY) |
| Principal products (as of March 31, 2018):<br>Power modules, high-frequency devices, optical devices, LCD devices, and others | | | |

The electronic devices business saw an increase in orders from the previous fiscal year due to increases in demand for power modules used in consumer and industrial applications, despite a decrease in demand for optical communication devices, and total sales increased by 8% compared to the previous fiscal year.

Operating income increased by 6.1 billion yen from the previous fiscal year due primarily to an increase in sales.

### *Home Appliances*

| | | | |
|---|---|---|---|
| Net sales | ¥1,049.3 billion (up 4% YoY) | Operating income | ¥56.0 billion (down ¥13.6 billion YoY) |
| Principal products (as of March 31, 2018):<br>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 a 4% increase in sales compared to the previous fiscal year due to increases in sales of air conditioners in the European, Chinese and U.S. markets, in addition to positive influences caused by the weaker yen.

Operating income decreased by 13.6 billion yen compared to the previous fiscal year due primarily to increases in material prices and sales expenses.

***Others***

| Net sales | ¥764.3 billion (up 7% YoY) | Operating income | ¥23.9 billion (up ¥0.6 billion YoY) |
|---|---|---|---|
| Principal products (as of March 31, 2018):<br>Procurement, logistics, real estate, advertising, finance, and other services | | | |

Sales increased by 7% compared to the previous fiscal year mainly due to an increase in sales at affiliated companies involved in materials procurement.

Operating income increased by 0.6 billion yen from the previous fiscal year due primarily to an increase in sales.

## 2. Capital Expenditures

During fiscal 2018, the Mitsubishi Electric Group invested a total of ¥204.2 billion, down 8% 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 2018 | Major Ongoing Projects within Consolidated Basis Fiscal 2018 |
|---|---|---|---|
| Energy and Electric Systems | 29.5 | Mitsubishi Elevator Korea Co., Ltd.<br>New Korea-based factory for elevator | Power Distribution Systems Center<br>New factory for vacuum interrupters and vacuum circuit breakers |
| Industrial Automation Systems | 79.2 | Nagoya Works<br>FA Development Center No. 2 | Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd.<br>Expansion of China-based factory building No. 2 |
| Information and Communication Systems | 22.7 | Kamakura Works, Sagami Factory<br>Satellite component production facility | Kamakura Works<br>New satellite production facility |
| Electronic Devices | 17.7 | Power Device Works<br>Building of SiC 6-inch wafer processing | Power Device Works<br>Enhancement of production capacity for 7th-generation IGBT wafer |
| Home Appliances | 34.2 | Mitsubishi Electric Turkey Klima Sistemleri Uretim Anonim Sirketi<br>New Turkey-based factory for room air conditioners | Shizuoka Works<br>Air conditioners R&D assessment laboratory building |
| Others | 20.9 | Mitsubishi Electric Logistics Corporation<br>Shizuoka Operation Office, New warehouse | Mitsubishi Electric Logistics Corporation<br>New Kansai Region logistics facility |

## 3. Research and Development

(1) Basic Policy on Research and Development

As the cornerstone of its growth strategy, the Mitsubishi Electric Group will promote short-, medium-, and long-term R&D themes in a balanced manner.

In addition to thoroughly strengthening current businesses, the Group is striving to leverage its accumulated strengths as an innovative, diversified electrical equipment manufacturer to create greater value through technological and business synergies and is engaging in R&D of future technologies needed to realize its ideal vision.

At the same time, the Group is also focused on research into fundamental technologies that support all of its products. Furthermore, the Group will maximize achievements by promoting enhancement of efficiency of development through proactive utilization of open innovation in collaboration with universities and other external R&D institutions.

(2) Major R&D Achievements in Fiscal 2018

**Development of Object-Recognition Camera Technology for Coming Mirrorless Cars**

Mitsubishi Electric Corporation has developed what is believed to be the industry's highest[*1] performing automotive camera technology for coming mirrorless cars[*2] that instantly detects various object types at distances of up to 100 meters using Mitsubishi Electric Corporation's proprietary Maisart[*3]-brand artificial intelligence (AI) technology.

As a result of the approval of mirrorless cars for use in Europe and Japan in June 2016, the market is expected to rapidly expand in the future.

This technology instantly detects approaching objects and identifies the type of object at the same time, which is expected to help prevent accidents, especially when drivers change lanes, by warning drivers. As such, the development of this technology will contribute to the realization of a safe and secure automobile society.

*1 As of January 17, 2018 (survey conducted by Mitsubishi Electric Corporation)

*2 System that replaces rearview and side mirrors with camera-monitoring systems

*3 Mitsubishi Electric's AI creates the State-of-the-ART in technology
Mitsubishi Electric's AI technology brand aimed at making all equipment smarter

**Development of 6.5 kV Full-SiC Power Semiconductor Module[*1]**

Mitsubishi Electric Corporation has developed a 6.5 kV full-SiC[*2] power semiconductor module featuring the world's highest[*3] power density[*4] of 9.3 kVA/cm$^3$ (1.8 times compared with Si[*5] module) enabled by insulating substrate with both thermal conductivity and heat tolerance, and by high reliable bonding technology.

Since the replacement of Si modules with full-SiC modules substantially reduces switching loss and makes it possible to conduct high frequency operations, which had been difficult to carry out with Si modules, this technology can realize energy-efficient power electronics equipment as well as compact peripheral components. The application of this module will lead to smaller and more energy-efficient power electronics equipment for high-voltage electrical equipment for railcars and power system and transformer equipment.

*1 This development is subsidized by the New Energy and Industrial Technology Development Organization (NEDO).

*2 SiC: Silicon Carbide (a compound of carbon and silicon)

*3 As of January 31, 2018, as high-voltage power semiconductor module (survey conducted by Mitsubishi Electric Corporation)

*4 The magnitude of power generated by a certain volume at the time of standard operation

*5 Si: Silicon

## Development of Cadmium-Free Magnetic Contactor

Mitsubishi Electric Corporation has developed a technology that efficiently terminates arc discharge in magnetic contactors that are widely utilized in automatic control of industrial motors, etc. As a result, this technology has realized cadmium-free electrical contacts as well as the industry's smallest[*1] class case body size (40% less than conventional volume[*2]).

Considering that the use of cadmium and other substances is restricted under the RoHS[*3] directive in Europe, the use of cadmium-free contacts is expected to be required in the future. Generally, silver cadmium oxide had been used to shut off load currents by means of magnetic contactors because of its outstanding interruption quality. However, Mitsubishi Electric Corporation has developed a mechanism that can shut off the current flow without using cadmium, for which it was awarded the 2017 Environment Excellence Prize[*4].

Going forward, Mitsubishi Electric Corporation will contribute to the reduction of environmental risks by promoting the widespread use of cadmium-free magnetic contactors in a wide range of fields, such as power supply facilities for electric vehicles and power conditioners for solar power stations.

*1 As of December 14, 2017 (survey conducted by Mitsubishi Electric Corporation)

*2 For 20A and 50A models

*3 RoHS: Restriction of Hazardous Substances (the restriction of use of certain hazardous substances in electrical and electronic equipment)

*4 Sponsored by the National Institute for Environmental Studies and Nikkan Kogyo Shimbun, Ltd. and supported by the Ministry of the Environment

## 4. Topics

### Delivery of Equipment/Systems Contributing to ZEB as the First ZEB Planner among Electrical Equipment Manufacturers

In January 2018, Mitsubishi Electric Corporation delivered, as the first ZEB planner[*1] among electrical equipment manufacturers, equipment/systems that contribute to ZEB[*2] for the new head office building of SHIRASAGI DENKI KOGYO Co., Ltd. In addition to delivering D-SMiree for MVDC[*3] distribution network systems for an office building in Japan for the first time[*4], Mitsubishi Electric Corporation has realized 74% energy conservation with respect to the standard primary energy consumption[*5] by means of equipment with outstanding energy-saving performance. The Company will aim to achieve further energy conservation by supporting the energy management of the new head office building from the standpoint of operation and maintenance even after completion of construction.

Looking ahead, Mitsubishi Electric Corporation will strive to promote ZEB through operational support to customers aiming at realizing ZEB as well as through the further enhancement of functions of equipment and promotion of high-value-added services.

*1 A registration system established in fiscal 2017 by the Ministry of Economy, Trade and Industry to promote the widespread use of ZEB

*2 ZEB: net Zero Energy Building

*3 medium voltage direct current up to 1500V DC

*4 As of January 31, 2018 (survey conducted by Mitsubishi Electric Corporation)

*5 The total energy consumption for air conditioning, ventilation, water heating, lighting, elevators and escalators, etc. specified for regional and building applications and room applications under the 2016 energy saving standards

### Mitsubishi Electric Receives IEEE Milestone for Outdoor Large-Scale Color Display System (Diamond Vision™)

In March 2018, Mitsubishi Electric Corporation's Diamond Vision™, the outdoor large-scale color display system, received the IEEE Milestone award which honors historical achievements in the fields of electricity, electronics, information and communications. The world's first technology for large, full-color displays useable in direct sunlight developed by Mitsubishi Electric Corporation in 1980 has been highly evaluated for playing a major role in entertaining people around the world both indoors and outdoors with impressive video images even today.

Going forward, Mitsubishi Electric Corporation will continue contributing to realizing various forms of visual entertainment by utilizing image and network technologies.

**Implementation of Capital Expenditures in Response to Growing Demand in Overseas Markets**

During fiscal 2018, Mitsubishi Electric Corporation commenced operation of a new factory for room air conditioners in Turkey and a new elevator factory in South Korea. In addition, the Company plans to start production of industrial robots in China in June 2018.

In an effort to promote the expansion of its business scale globally, Mitsubishi Electric Corporation will strengthen the product development system and production capacity in response to growing demand in overseas markets.

## 5. Corporate Agenda

Regarding the world economy, despite the prospect remaining uncertain due to factors such as the U.S. trade policies and influence from Brexit, 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 up in Japan and Europe are to be continued.

The Mitsubishi Electric Group, based on its Corporate Mission[*1] and Seven Guiding Principles[*2], 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 while continuing a high level of investments in development and infrastructure to create new strong businesses continuously. In addition, the Group will make efforts to take part in collaborations, mergers and acquisitions and other strategic activities with a view to supplementing missing products and technologies, securing distribution-/ service-network in entering new regions and markets, and acquiring new customer bases in an attempt to maximize results. The Group will build and reinforce an optimal business structure, in both global terms and for the entire corporate Group to enhance 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[*3], a comprehensive business efficiency indicator.

In these efforts, the Mitsubishi Electric Group aims to reduce $CO_2$ emissions from product usage by 30% compared to fiscal 2001 and 30% from product production across the entire Group compared to fiscal 1991[*4]. 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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[*1] 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.

[*2] 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.

[*3] 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.

[*4] 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)

| | 144th Period Fiscal 2015 | 145th Period Fiscal 2016 | 146th Period Fiscal 2017 | 147th Period Fiscal 2018 |
|---|---|---|---|---|
| Net sales | 4,323.0 | 4,394.3 | 4,238.6 | 4,431.1 |
| Operating income | 317.6 | 301.1 | 270.1 | 318.6 |
| Income before income taxes | 322.9 | 318.4 | 296.2 | 364.5 |
| Net income attributable to Mitsubishi Electric Corp. | 234.6 | 228.4 | 210.4 | 271.8 |
| Basic net income per share attributable to Mitsubishi Electric Corp. | ¥109.32 | ¥106.43 | ¥98.07 | ¥126.70 |
| Total assets | 4,059.4 | 4,059.9 | 4,172.2 | 4,264.5 |

Notes: 1. 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. From fiscal 2018, the Company has adopted Accounting Standards Update 2015-17 "Balance Sheet Classification of Deferred Taxes" issued by the Financial Accounting Standards Board. Accordingly, all deferred tax assets and liabilities are classified as noncurrent in the consolidated balance sheet and subsequently, deferred tax assets and liabilities attributable to the same tax-paying component or tax jurisdiction are offset and presented in the noncurrent category. The consolidated balance sheet as of the previous fiscal year has been reclassified to reflect this adoption.

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

| | 144th Period Fiscal 2015 | 145th Period Fiscal 2016 | 146th Period Fiscal 2017 | 147th Period Fiscal 2018 |
|---|---|---|---|---|
| Net sales | 2,675.6 | 2,675.7 | 2,576.2 | 2,675.8 |
| Ordinary income | 171.4 | 185.7 | 124.8 | 214.1 |
| Net income | 135.2 | 163.8 | 133.3 | 203.0 |
| Net income per share | ¥63.00 | ¥76.31 | ¥62.15 | ¥94.61 |
| Total assets | 2,705.8 | 2,718.0 | 2,853.5 | 2,886.5 |

## 7. Principal Offices (As of March 31, 2018)

(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, 2018)

| Business Segment | Number of employees | Year-on-Year increase (decrease) |
|---|---|---|
| Energy and Electric Systems | 45,919 | 633 |
| Industrial Automation Systems | 32,399 | 2,445 |
| Information and Communication Systems | 15,131 | (140) |
| Electronic Devices | 5,588 | 154 |
| Home Appliances | 26,000 | 287 |
| Others | 12,005 | 135 |
| Common | 5,298 | 126 |
| Total | 142,340 | 3,640 |

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: 89,873 located in Japan; 52,467 located overseas.

## 9. Fund Raising

Mitsubishi Electric Corporation repaid the borrowings reaching their maturities within fiscal 2018, while procuring working capital through bank loans.

As a result, the balance of interest-bearing debt as of the end of fiscal 2018 stood at ¥311.4 billion, a decrease of ¥40.6 billion compared with the previous fiscal year.

## 10. Principal Lenders (As of March 31, 2018)

(Billions of yen)

| Name of Lender | Outstanding Borrowings |
|---|---|
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 49.6 |
| Mitsubishi UFJ Trust and Banking Corporation | 39.1 |
| Meiji Yasuda Life Insurance Company | 26.2 |
| The Norinchukin Bank | 25.1 |

Note: The Bank of Tokyo-Mitsubishi UFJ, Ltd. has changed its trade name to MUFG Bank, Ltd. effective on April 1, 2018.

## 11. **Principal Subsidiaries** (As of March 31, 2018)

### (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 sale of lighting equipment, lamps, and related components | Kanagawa |
| Mitsubishi Precision Co., Ltd. | Information and Communication Systems | ¥3,170 | 68.7% | Manufacture and sale of simulators and precision electronic equipment | Tokyo |
| The Kodensha Co., Ltd. | Others | ¥1,520 | 50.4% | 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 S.p.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

| Region | Japan | Overseas | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | North America | Asia | Europe | Other | Subtotal | |
| Number | 94 | 13 | 69 | 26 | 3 | 111 | 205 |

## II. Matters Related to Mitsubishi Electric Corporation

### 1. Matters Related to Shares (As of March 31, 2018)

(1) Authorized shares: 8,000,000,000 shares

(2) Shares issued and outstanding 2,147,201,551 shares

(3) Number of shareholders 116,570

(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 | 222 | 901,948 | 42.0% |
| Traders of financial instruments | 109 | 37,275 | 1.8% |
| Other corporations | 1,351 | 127,352 | 5.9% |
| Foreign corporations *et al.* | 972 | 807,954 | 37.6% |
| Individual *et al.* | 113,915 | 272,669 | 12.7% |

(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) | 152,604 | 7.1% |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 121,513 | 5.7% |
| State Street Bank and Trust Company | 86,049 | 4.0% |
| Meiji Yasuda Life Insurance Company | 81,862 | 3.8% |
| Nippon Life Insurance Company | 61,639 | 2.9% |
| Mitsubishi Electric Group Employees Shareholding Union | 40,984 | 1.9% |
| Japan Trustee Services Bank, Ltd. (Trust Account 5) | 38,213 | 1.8% |
| Japan Trustee Services Bank, Ltd. (Trust Account 7) | 37,147 | 1.7% |
| Japan Trustee Services Bank, Ltd. (Trust Account 4) | 36,387 | 1.7% |
| State Street Bank West Client - Treaty 505234 | 36,279 | 1.7% |

Note: Shareholder ratio calculations deduct 424,760 company-owned shares.

## 2. Directors and Executive Officers

(1) Directors (As of March 31, 2018)

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 | Professor, Ritsumeikan University<br>Specially Appointed Professor, Osaka University<br>Outside Director, Komatsu Ltd.<br>Outside Director, Takasago Thermal Engineering Co., Ltd. |
| Outside Director | Hiroshi Obayashi | Chairman of the Nomination Committee, Member of the Audit Committee | Attorney-at-Law<br>Outside Auditor, Daiwa Securities Co. Ltd.<br>Outside Audit & Supervisory Board Member, NIPPON STEEL & SUMITOMO METAL CORPORATION<br>Outside Auditor, Japan Tobacco Inc. |
| Outside Director | Kazunori Watanabe | Member of the Audit Committee, Member of the Compensation Committee | Certified Public Accountant<br>Tax Accountant<br>Outside Corporate Auditor, BELLSYSTEM24 Holdings, Inc. |
| Outside Director | Katsunori Nagayasu | Member of the Nomination Committee, Member of the Audit Committee | Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd.<br>Outside Audit & Supervisory Board Member, NIPPON STEEL & SUMITOMO METAL CORPORATION<br>External Statutory Auditor, Isetan Mitsukoshi Holdings Ltd.<br>Outside Audit & Supervisory Board Member, Mitsubishi Motors Corporation<br>Outside Director, Kirin Holdings Company, Ltd. |
| Outside Director | Hiroko Koide | Member of the Nomination Committee, Member of the Compensation Committee | |

Notes: 1. Directors Masaki Sakuyama, Nobuyuki Okuma, Akihiro Matsuyama and Yutaka Ohashi all concurrently serve as Executive Officers.

2. Directors Masaki Sakuyama and Akihiro Matsuyama retired from the position of Executive Officer upon the expiration of their terms of office as of March 31, 2018.
3. Outside Director Mitoji Yabunaka retired from the position of Advisor, Nomura Research Institute, Ltd. as of September 30, 2017.
4. Outside Director Hiroko Koide retired from the position of Senior Vice President, Global Marketing, Newell Brands Inc. (U.S.) as of February 28, 2018 and from the position of Outside Director of the Board, Kirin Company, Limited as of March 29, 2018.
5. Mr. Hiroki Yoshimatsu, the Chairman of the Audit Committee, has 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.
6. 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.
7. 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, satisfy the requirement of independency guidelines of Outside Directors of the Company. Please see page 9 for the Company's Independency Guideline for Outside Directors.
8. Although the Company maintains business relationships with Nomura Research Institute, Ltd., Osaka University, Komatsu Ltd., Takasago Thermal Engineering Co., Ltd., 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 with the interest of its shareholders.
9. The Bank of Tokyo-Mitsubishi UFJ, Ltd. has changed its trade name to MUFG Bank, Ltd. effective on April 1, 2018.
10. Directors as of April 1, 2018 are as follows:

| Title | Name | Positions Held |
|---|---|---|
| Chairman | Masaki Sakuyama | |
| Director | Hiroki Yoshimatsu | Chairman of the Audit Committee |
| Director | Nobuyuki Okuma | Member of the Nomination Committee,<br>Chairman of the Compensation Committee |
| Director | Akihiro Matsuyama | Member of the Compensation Committee |
| Director | Masayuki Ichige | Member of the Audit Committee |
| Director | Yutaka Ohashi | |
| Director | Kenichiro Yamanishi | |
| Outside Director | Mitoji Yabunaka | Member of the Nomination Committee,<br>Member of the Compensation Committee |
| Outside Director | Hiroshi Obayashi | Chairman of the Nomination Committee,<br>Member of the Audit Committee |
| Outside Director | Kazunori Watanabe | Member of the Audit Committee,<br>Member of the Compensation Committee |
| Outside Director | Katsunori Nagayasu | Member of the Nomination Committee,<br>Member of the Audit Committee |
| Outside Director | Hiroko Koide | Member of the Nomination Committee,<br>Member of the Compensation Committee |

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 | 86% (six 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 specialist in managing a bank. |
| Hiroko Koide | 100% (seven out of seven) 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.

## (2) Executive Officers (As of March 31, 2018)

| Title | Name | Positions Held |
|---|---|---|
| Representative Executive Officer<br>President & CEO | Masaki Sakuyama | |
| Representative Executive Officer<br>Executive Vice President | Yutaka Ohashi | In charge of Corporate Strategic Planning, Operations of Associated Companies and Export Control |
| Representative Executive Officer<br>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 |

| Title | Name | Positions Held |
|---|---|---|
| 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 |
| 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 |

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, President & CEO Masaki Sakuyama, Senior Vice Presidents Akihiro Matsuyama and Nobuyuki Abe, and Executive Officers Nobushi Morooka, Hideaki Nagatomo, Shinya Fushimi and Minoru Hagiwara retired upon the expiration of their terms of office on March 31, 2018.
4. Executive Officers as of April 1, 2018 are as follows:

| Title | Name | Positions Held |
|---|---|---|
| Representative Executive Officer<br>President & CEO | Takeshi Sugiyama | |
| Representative Executive Officer<br>Executive Vice President | Yutaka Ohashi | In charge of Export Control, and Information Systems & Network Service |
| Representative Executive Officer<br>Senior Vice President | Nobuyuki Okuma | In charge of Corporate Strategic Planning, and Operations of Associated Companies |
| Senior Vice President | Isao Iguchi | In charge of Automotive Equipment |
| Senior Vice President | Takashi Sakamoto | In charge of Purchasing |
| Senior Vice President | Yasuyuki Ito | In charge of Building Systems |
| Senior Vice President | Kei Uruma | In charge of Public Utility Systems |
| Executive Officer | Toru Sanada | In charge of Semiconductor & Device |
| Executive Officer | Takashi Nishimura | In charge of Communication Systems |
| Executive Officer | Hisashi Kato | In charge of Government & External Relations, Export Control and Intellectual Property |
| Executive Officer | Masamitsu Okamura | In charge of Electronic Systems |
| 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 |
| Executive Officer | Tadashi Matsumoto | In charge of Living Environment & Digital Media Equipment |
| Executive Officer | Jun Nagasawa | In charge of Advertising and Domestic Marketing |

| Title | Name | Positions Held |
|---|---|---|
| Executive Officer | Shinji Harada | In charge of General Affairs, Human Resources and Public Relations |
| Executive Officer | Tadashi Kawagoishi | In charge of Accounting and Finance |
| Executive Officer | Takakazu Murozono | In charge of Auditing and Legal Affairs & Compliance |
| Executive Officer | Koichi Orito | In charge of Energy & Industrial Systems |

(3) Directors' and Executive Officers' Compensation

| | Number Receiving Payment | Compensation Amount (Millions of yen) |
|---|---|---|
| Directors | 3 | 191 |
| Outside Directors | 5 | 67 |
| Executive Officers | 22 | 3,295 |

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 146th fiscal year, there was a difference amounting to ¥60 million between the total compensation disclosed for the previous fiscal year and the compensation paid during fiscal 2018. 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 2018

(Millions of yen)

| | Payment |
|---|---|
| 1) Compensation and other payments to the Independent Auditor by Mitsubishi Electric Corporation | 289 |
| 2) A total of financial returns payable on monetary and other assets by Mitsubishi Electric Corporation and its subsidiaries | 499 |

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 2018, 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:
   a. Commits any breach or omission of due fulfillment of the responsibilities of its work;
   b. Acts in a manner that is inappropriate for an independent auditor; or,
   c. 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/en/investors/meeting/index.html).

## 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, 2018

In the fiscal year ended March 31, 2018, Mitsubishi Electric Corporation decided to pay a fiscal year-end dividend of ¥26 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, 2018, amounted to ¥40 per share, which includes an interim dividend of ¥14 per share paid on December 4, 2017.

Note: Fiscal year-end dividends will be paid on Monday, June 4, 2018.

# CONSOLIDATED BALANCE SHEET

(March 31, 2018)

(Millions of yen)

| Assets | | Liabilities | |
|---|---|---|---|
| Current assets: | 2,606,493 | Current liabilities: | 1,471,367 |
| Cash and cash equivalents | 599,199 | Bank loans and current portion of long-term debt | 122,430 |
| Trade receivables | 1,087,593 | Trade payables | 719,404 |
| Inventories | 741,782 | Other current liabilities | 629,533 |
| Other current assets | 177,919 | Long-term debt | 189,055 |
| Long-term trade receivables | 1,965 | Retirement and severance benefits | 171,017 |
| Investments | 614,295 | Other liabilities | 68,975 |
| Net property, plant and equipment | 740,448 | Total liabilities | 1,900,414 |
| Other assets | 301,358 | Equity | |
| | | Mitsubishi Electric Corp. shareholders' equity: | 2,259,355 |
| | | Common stock | 175,820 |
| | | Capital surplus | 213,250 |
| | | Retained earnings | 1,857,741 |
| | | Accumulated other comprehensive income (loss) | 14,472 |
| | | Treasury stock, at cost | (1,928) |
| | | Noncontrolling interests | 104,790 |
| | | Total equity | 2,364,145 |
| Total assets | 4,264,559 | Total liabilities and equity | 4,264,559 |

# CONSOLIDATED STATEMENT OF INCOME

(April 1, 2017 to March 31, 2018)

(Millions of yen)

| | |
|---|---|
| Net sales | 4,431,198 |
| Cost of sales | 3,030,902 |
| Selling, general and administrative expenses | 1,061,778 |
| Loss on impairment of long-lived assets | 19,881 |
| Operating income | 318,637 |
| Non-operating incomes: | |
| Interest and dividends | 8,611 |
| Equity in earnings of affiliated companies | 22,261 |
| Other | 29,542 |
| | 60,414 |
| Non-operating expenses: | |
| Interest | 2,727 |
| Other | 11,746 |
| | 14,473 |
| Income before income taxes | 364,578 |
| Income taxes | 82,239 |
| Net income | 282,339 |
| Net income attributable to noncontrolling interests | 10,459 |
| Net income attributable to Mitsubishi Electric Corp. | 271,880 |

[Reference]

# CONSOLIDATED STATEMENT OF CASH FLOWS

(April 1, 2017 to March 31, 2018)

(Millions of yen)

| | |
|---|---|
| Cash Flows from Operating Activities | 240,450 |
| Cash Flows from Investing Activities | (178,219) |
| Free Cash Flow | 62,231 |
| Cash Flows from Financing Activities | (128,291) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | 2,790 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (63,270) |

# BALANCE SHEET

(March 31, 2018)

(Millions of yen)

| Assets | | Liabilities | |
|---|---|---|---|
| Current assets: | 1,573,940 | Current liabilities: | 1,310,154 |
| Cash and cash equivalents | 276,906 | Electronically recorded obligations - operating | 98,205 |
| Notes receivable | 1,827 | Trade accounts payable | 323,031 |
| Trade accounts receivable | 804,297 | Short-term loans payable | 446,317 |
| Finished goods | 76,593 | Lease obligation | 3,233 |
| Raw materials | 39,222 | Other accounts payable | 123,357 |
| Work in process | 192,054 | Accrued expenses | 92,562 |
| Advance payments | 30,263 | Income taxes payable | 11,672 |
| Other | 154,067 | Advances received | 111,215 |
| Allowance for doubtful accounts | (1,291) | Reserve for product warranties | 48,537 |
| Noncurrent assets: | 1,312,564 | Reserve for loss on construction contracts | 33,160 |
| Property, plant and equipment | 395,246 | Other | 18,860 |
| Buildings, net | 193,687 | Noncurrent liabilities: | 371,264 |
| Structures, net | 11,339 | Bonds payable | 40,000 |
| Machinery and equipment, net | 79,749 | Long-term loans payable | 295,260 |
| Vehicles, net | 527 | Lease obligations | 5,817 |
| Tools, furniture and fixtures, net | 30,156 | Reserve for retirement benefits | 19,334 |
| Land | 47,192 | Reserve for loss on investments in foreign subsidiaries and affiliates | 5,438 |
| Lease assets, net | 4,698 | Reserve for directors' retirement benefits | 1,462 |
| Construction in progress | 27,896 | Reserve for competition-law-related expenses | 1,695 |
| Intangible fixed assets | 24,219 | Asset retirement obligations | 386 |
| Software | 23,740 | Other | 1,868 |
| Other | 479 | Total liabilities | 1,681,419 |
| Investments and other assets | 893,098 | Net assets | |
| Investment in securities | 261,371 | Shareholders' equity: | 1,098,859 |
| Investment in subsidiaries and affiliates | 411,995 | Common stock | 175,820 |
| Long-term loans receivable | 18,492 | Capital surplus | 181,321 |
| Long-term prepaid expenses | 5,546 | Legal capital surplus | 181,140 |
| Deferred tax assets | 64,604 | Other capital surplus | 180 |
| Other | 132,885 | Retained earnings | 743,645 |
| Allowance for doubtful accounts | (1,796) | Legal retained earnings | 43,955 |
| | | Other retained earnings | 699,690 |
| | | Reserve for special depreciation | 93 |
| | | Reserve for reduction entry | 8,829 |
| | | General reserve | 300,000 |
| | | Retained earnings brought forward | 390,767 |
| | | Treasury stock | (1,928) |
| | | Valuation and translations adjustments: | 106,225 |
| | | Unrealized gains (losses) on securities | 106,227 |
| | | Deferred gains (losses) on hedges | (1) |
| | | Total net assets | 1,205,085 |
| Total assets | 2,886,504 | Total liabilities and net assets | 2,886,504 |

# STATEMENT OF INCOME

(April 1, 2017 to March 31, 2018)

(Millions of yen)

| | | |
|---|---|---|
| Net sales | | 2,675,821 |
| Cost of sales | | 2,050,594 |
| Gross profit | | 625,226 |
| Selling, general and administrative expenses | | 504,861 |
| Operating income | | 120,364 |
| Non-operating incomes | | |
| Interest and dividends | 99,558 | |
| Other | 21,375 | 120,934 |
| Non-operating expenses | | |
| Interest | 3,239 | |
| Other | 23,866 | 27,105 |
| Ordinary income | | 214,193 |
| Extraordinary income | | |
| Gain on sales of investment in securities | 16,138 | 16,138 |
| Extraordinary loss | | |
| Loss on impairment | 3,580 | 3,580 |
| Income before income taxes | | 226,750 |
| Income taxes-current | | 13,282 |
| Income taxes-deferred | | 10,455 |
| Net income | | 203,012 |

## Independent Auditor's Report

April 25, 2018

Takeshi Sugiyama
President and CEO
Mitsubishi Electric Corporation

KPMG AZSA LLC

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

Naoki Matsumoto (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, 2018 and for the year from April 1, 2017 to March 31, 2018 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 147th fiscal period (April 1, 2017 to March 31, 2018). 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, 2018.

### 2. Audit Results:

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

April 26, 2018

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 25, 2018

Takeshi Sugiyama
President and CEO
Mitsubishi Electric Corporation

KPMG AZSA LLC

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

Naoki Matsumoto (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, 2018 and for the year from April 1, 2017 to March 31, 2018 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 147th fiscal period (April 1, 2017 to March 31, 2018). 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, 2018.

### 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 26, 2018

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.