To Shareholders

Matters for Internet Disclosure upon the Convocation of the 147th Ordinary General Meeting of Shareholders

For Fiscal 2018 (April 1, 2017–March 31, 2018)

■Business Report
Summary of Systems Necessary to Ensure the Properness of Operations of the Company and the Status of Management ····· 1
■Consolidated Financial Statements
Consolidated Statement of Equity ····· 4
Notes to Consolidated Financial Statements ····· 5
■Financial Statements
Statement of Changes in Net Assets ····· 7
Notes to Financial Statements ····· 8

The abovementioned items are disclosed to shareholders on Mitsubishi Electric's Website (http://www.MitsubishiElectric.com/en/investors/meeting/index.html) in accordance with laws and regulations as well as Article 15 of Mitsubishi Electric's Articles of Incorporation.

MITSUBISHI ELECTRIC CORPORATION

■Business Report

Summary of Systems Necessary to Ensure the Properness of Operations of the Company and the Status of 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.

Item	Matters resolved	Status of management
The matters prescribed by the applicable Ordinance of the Ministry of Justice as those necessary for the execution of the duties of the Audit Committee	■Assign employees whose job is exclusively to assist the Audit Committee. ■The Senior General Manager of the Corporate Human Resources Division will consult with Audit Committee members regarding the evaluation of performance by and relocation of employees exclusively assisting the Audit Committee. ■Establish a system for reporting information about the Company and its subsidiaries to the Audit Committee via the divisions in charge of internal control. ■Establish internal regulations and systems to protect people who reported information about the Company and its subsidiaries to the Audit Committee. ■Establish internal regulations regarding the processing of expenses and debts incurred in the execution of the duties of the Audit Committee members. ■Establish the following structures and systems in relation to other audits by the Audit Committee: 1. Conduct investigation of the Company and its subsidiaries. 2. Undertake deliberations to determine audit policies, methods, implementation status and results of the audit by regularly convening debriefing sessions between the Independent Auditor and Executive Officers in charge of audits.	■Employees whose job is exclusively to assist the Audit Committee are assigned and are assisting the Audit Committee. ■The Senior General Manager of the Corporate Human Resources Division consults with Audit Committee members regarding the evaluation of performance by and relocation of employees exclusively assisting the Audit Committee. ■Reporting systems are established based on the type of information, and information about the Company and its subsidiaries is reported to the Audit Committee via the divisions in charge of internal control. ■Results of internal audit are reported to the Audit Committee on a regular basis from the internal auditors via the Executive Officers in charge of audits. ■An internal whistle-blower system is developed and its details are reported to the Audit Committee members. ■Internal regulations and systems to protect people who reported information about the Company and its subsidiaries to the Audit Committee are established and are thoroughly informed in the Group. ■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. ■The Audit Committee members attend important meetings including Executive Officer meetings, and conduct investigations such as interviews with Executive Officers and the executives of the Company's offices and subsidiaries. ■The Audit Committee undertakes 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 and exchanging opinions.

(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 developed and its details are reported 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.

Item	Matters resolved	Status of management	
The development of systems necessary to ensure that the execution of duties by Executive Officers complies with laws and regulations and the Articles of Incorporation	Establish internal regulations ensuring that the Executive Officers' performance and execution of duties is in accordance with laws and regulations the Articles of Incorporations. Internal auditors shall monitor the status of management.	■Internal regulations ensuring that the Executive Officers' performance and execution of duties is in accordance with laws and regulations and the Articles of Incorporations are established. Their duties are executed in accordance with these internal regulations. ■Compliance training is implemented for all Executive Officers on a regular basis. Points of concern for Executive Officers in light of legal reform and social trends are provided.	Executive Officers take responsibility for constructing systems to ensure the properness of operations of the Group within the areas over which they are appointed, and 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 developed and its details are reported to the Audit Committee members. The status of management of the systems is audited by internal auditors, and the audit results are reported regularly to the Audit Committee via Executive Officers in charge of audit.
Other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of the company, and of the corporate group formed by the company and its subsidiaries	The following systems shall be established in order to ensure the properness of operations of the Company. ■Establish internal regulations related to the record keeping and information management regarding Executive Officers' performance and execution of duties. ■Executive officers shall take responsibility for constructing risk management systems related to possible losses within the areas over which they are appointed. ■Executive officers shall take responsibility for ensuring management efficiency within the areas over which they are appointed. ■Establish the following systems ensuring that employees' performance and execution of duties is in accordance with laws and the Articles of Incorporation. 1. Establish internal regulations and action guidelines regarding ethics and compliance. 2. Implement an internal whistle-blower system. ■Important matters shall be deliberated at Executive Officer meetings. ■Internal auditors shall monitor the status of management.	■Internal regulations related to the record keeping and information management regarding Executive Officers' performance and execution of duties are established. Record keeping and information management are carried out in an appropriate manner. ■Executive Officers take responsibility for constructing risk management systems related to possible losses within the areas over which they are appointed. Important matters are deliberated by convening Executive Officer meetings. ■Executive officers take responsibility for ensuring management efficiency within the areas over which they are appointed. Important matters are deliberated by convening Executive Officer meetings. ■Internal regulations and action guidelines regarding ethics and compliance are established, based on which the performance and execution of duties is carried out. ■Various types of compliance-related trainings are implemented for employees on a regular basis.	

Item	Matters resolved	Status of management	
	The following systems shall be established in order to ensure the properness of operations within the Group. ■Executive officers shall manage the subsidiaries within the areas over which they are appointed. ■Establish action guidelines shared throughout the Group regarding ethics and compliance. ■Create a specialized organization for integrated management of the Group companies. ■Build systems for reporting matters relating to the performance and execution of duties of the Group companies, managing risks of possible losses, and ensuring the efficiency of performance and execution of duties, and establish management standards. Important matters shall be deliberated and reported at Executive Officer meetings. ■Conduct regular audits of subsidiaries by internal auditors.	■Executive Officers take responsibility for managing the subsidiaries within the areas over which they are appointed. ■Action guidelines shared throughout the Group regarding ethics and compliance are established and thoroughly informed in the Group. ■A specialized organization for the management of associated companies is created for the integrated management of the Group companies. ■In order to ensure the properness of operations within the Group, management standards for the Group companies are established. Important matters of the Group companies are deliberated and reported by convening Executive Officer meetings.	

CONSOLIDATED STATEMENT OF EQUITY

(April 1, 2017 to March 31, 2018)

(Millions of yen)

Items	Mitsubishi Electric Corp. Shareholders' Equity						Noncontrolling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total		
Balance at March 31, 2017	175,820	212,530	1,654,557	(2,052)	(1,228)	2,039,627	101,081	2,140,708
Comprehensive income								
Net income attributable to Mitsubishi Electric Corp.	—	—	271,880	—	—	271,880	—	271,880
Net income attributable to noncontrolling interests	—	—	—	—	—	—	10,459	1,0459
Other comprehensive income (loss), net of tax								
Foreign currency translation adjustments	—	—	—	15,614	—	15,614	1,409	17,023
Pension liability adjustments	—	—	—	15,918	—	15,918	(61)	15,857
Unrealized gains (losses) on securities	—	—	—	(14,939)	—	(14,939)	64	(14,875)
Unrealized gains (losses) on derivative instruments	—	—	—	(69)	—	(69)	(19)	(88)
Total comprehensive income	—	—	271,880	16,524	—	288,404	11,852	300,256
Equity transactions with noncontrolling interests and other	—	720	—	—	—	720	(8,143)	(7,423)
Dividends paid to Mitsubishi Electric Corp. shareholders	—	—	(68,696)	—	—	(68,696)	—	(68,696)
Purchase of treasury stock	—	—	—	—	(700)	(700)	—	(700)
Reissuance of treasury stock	—	0	—	—	0	0	—	0
Balance at March 31, 2018	175,820	213,250	1,857,741	14,472	(1,928)	2,259,355	104,790	2,364,145

Notes to Consolidated Financial Statements:

1. Significant Accounting Policies
   (1) Basis of Preparation of Consolidated Financial Statements
   The consolidated financial statements of Mitsubishi Electric Corporation (the "Company") are prepared in accordance with U.S. generally accepted accounting principles, pursuant to the provision of Article 120-3-1 of the Ordinance of Company's Accounting. However, based on 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, some disclosure items required under U.S. generally accepted accounting principles are omitted.
   From this fiscal year, the Company has adopted Accounting Standards Update 2015-17 "Balance Sheet Classification of Deferred Taxes" (an amendment of ASC Topic 740 "Income 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.
   (2) Valuation of Inventories
   Raw materials and finished product inventories are generally recorded using the average-cost method, and evaluated at the lower of cost or market. In work-in-process, the Company records the ordered products at the acquisition cost and the regular purchased products at the average production costs. Those products are recorded at the lower of cost or market.
   (3) Valuation of Short-Term Investments and Investment Securities
   Available-for-sale securities are recorded at fair value. (Unrealized gains or losses, net of the related tax effect are directly recorded in shareholder' equity. The cost is determined on the moving-average method.)
   (4) Depreciation
   Depreciation of property, plant and equipment is generally calculated by the declining-balance method.
   (5) Reserves
   Allowance for doubtful receivables is prepared for possible losses on uncollectible notes and accounts receivable. The Company records the estimated of uncollectible amounts based on credit loss history for general accounts receivable, and the collectability for each individual account for specific doubtful receivables.
   Retirement and severance benefits are computed based on the projected benefit obligations and the fair value of plan assets at the end of the fiscal year in order to provide for retirement benefits to employees.
   Prior service costs are amortized using the straight-line method over the average remaining service period of employees.
   The net loss on actuarial differences exceeding 10% of the larger of projected benefit obligations or the fair value of plan assets is amortized using the straight-line method over the average remaining service period of employees.
   (6) The tax-exclusion method is used to account for consumption taxes.
2. Allowance for doubtful receivables: ¥12,896 million
3. Accumulated depreciation of property, plant and equipment: ¥2,232,823 million
   The figure for accumulated depreciation of property, plant and equipment includes accumulated impairment losses.
4. Accumulated other comprehensive income (loss) includes foreign currency translation adjustments, pension liability adjustments, unrealized gains (losses) on securities and unrealized gains (losses) on derivative instruments.
5. Contingent liabilities
   (1) Guarantee liabilities: ¥8,505 million
   (2) Other
   Civil lawsuits were filed against the Company related to violations of the Antitrust Laws regarding the sales of certain automotive parts and others. In this respect, the Company has already agreed to settle with some of the purchasers of the automotive parts and others and has made settlement payments.
   As of March 31, 2018, the Company recorded an estimated amount of ¥1,695 million as a reserve for possible losses of competition-law-related expenses mainly relating to certain automotive parts cases.
6. Financial Instruments
   (1) Items Concerning the Status of Financial Instruments
   The Mitsubishi Electric Group undertakes fund management primarily concerning short-term deposits and maintains a supply of funds through such means as borrowing from financial institutions and issuing corporate bonds. In addition, supplied funds are used for working capital (mainly in the short term) and capital expenditures (long term).
   The Company minimizes risks associated with client credit risk-related notes and accounts receivables, in accordance with its credit management regulations.
   The Company makes use of derivative instruments to avoid market risks stemming from fluctuations in foreign currency exchange rates and interest rates. The use of derivative instruments is undertaken within the range of actual demand.
   Marketable securities and other investments are primarily composed of shares and the Company takes steps

to gain an understanding of the market value of listed shares at the end of each quarter.

(2) Items Concerning the Fair Value of Financial Instruments

The carrying amount of the consolidated balance sheet, the fair value and the difference at the end of the fiscal year are as follows:

(Millions of yen)

	Consolidated balance sheet*1 (Carrying amount)	Fair value*1	Difference
1. Long-term trade receivables	1,965	1,935	(30)
2. Marketable securities and other investments Available-for-sale securities	261,086	261,086	—
3. Corporate bonds and long-term debt *2	(255,443)	(252,900)	2,543
4. Derivative instruments*3	1,553	1,553	—

*1: Items listed as liabilities are presented in brackets

*2: Includes sums that will become due within one year

*3: Net receivables/payables from derivatives instruments is presented as a net figure

Note 1: Items Concerning Methods for Calculating the Fair Value of Financial Instruments and Items Concerning Marketable Securities and Derivative Instruments

The carrying amount of Cash and cash equivalents, trade receivables, trade payables and bank loans approximates fair value because of the short term nature of these instruments.

(a) Long-term trade receivables are calculated based on estimated present value using fiscal year-end interest rates and future cash flows.

(b) Marketable securities and other investments are calculated based on market prices.

(c) Corporate bonds and long-term debt are calculated based on estimated present value using year-end interest rates and future cash flows on a per-loan basis, or based on market prices.

(d) Derivative instruments, consisting principally of forward exchange contracts, are estimated by obtaining market prices from counterparties and third parties.

Note 2: Financial Instruments which are extremely difficult in determining fair value

Unlisted shares (¥16,791 million in the consolidated balance sheet) are not included in figure 2, "Marketable securities and other investments Available-for-sale securities," for they are not traded in an active market and are recognized to be extremely difficult in determining fair value.

7. Mitsubishi Electric Corp. Shareholders' equity per share: ¥1,052.96
Basic net income attributable to Mitsubishi Electric Corp. per share: ¥126.70

STATEMENT OF CHANGES IN NET ASSETS

(April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity										Valuation and translation adjustments	
	Common stock	Capital surplus		Retained earnings				Treasury Stock	Total shareholders' equity	Unrealized gains (losses) on securities	Deferred gains or losses on hedges
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings						
					Reserve for special depreciation	Reserve for reduction entry	General reserve	Retained earnings brought forward				
Balance at March 31, 2017	175,820	181,140	180	43,955	233	8,829	240,000	316,310	(1,228)	965,242	121,836	(1)
Changes of items during the period												
Reversal of reserve for special depreciation					(140)			140		–		
Provision of general reserve							60,000	(60,000)		–		
Dividends from surplus								(68,696)		(68,696)		
Net income								203,012		203,012		
Purchase of treasury stock									(699)	(699)		
Reissuance of treasury stock			0						0	0		
Net change of items other than shareholders' equity										–	(15,609)	0
Total changes of items during the period	–	–	0	–	(140)	–	60,000	74,456	(699)	133,616	(15,609)	0
Balance at March 31, 2018	175,820	181,140	180	43,955	93	8,829	300,000	390,767	(1,928)	1,098,859	106,227	(1)

Notes to Financial Statements:

1. Valuation of Inventories

   Raw materials and finished goods are generally recorded using the average-cost method. In work-in-process, Mitsubishi Electric Corporation (the "Company") records the ordered products at the acquisition cost of the regular purchased products at the average production cost. The inventories on the balance sheet are measured by reflecting write-downs resulting from decreased profitability.

2. Valuation of Short-Term Investment and Investment Securities
   (1) Investment in subsidiaries and affiliates: Cost method using the moving-average method
   (2) Other securities:

   Marketable securities: Fair value at the fiscal year-end. (Unrealized gains and losses, net of the related tax effect are directly recorded in shareholders' equity. The cost is determined on the moving-average method.)

   Non-marketable Unquoted securities: Cost method using the moving-average method

3. Depreciation of property, plant and equipment is calculated by the declining-balance method. However, depreciation on buildings (excluding attached facilities) acquired since April 1, 1998, and on facilities attached to buildings and structures acquired since April 1, 2016 are calculated by the straight-line method.

4. Basis for calculating reserves
   (1) Allowance for doubtful accounts: To prepare for possible losses on uncollectible notes and accounts receivable. The Company records the estimated of uncollectible amounts based on credit loss history for general accounts receivable, and the collectability for each individual account for specific doubtful receivables.
   (2) Reserve for product warranties: To prepare for expenses related to the servicing of products, the Company records an estimated amount based upon historical experience.
   (3) Reserve for losses on construction contracts: To prepare for possible losses on the estimated amount of uncompleted construction contracts during the fiscal year, the Company records reserves for aforementioned estimated amount.
   (4) Retirement and severance benefits: To prepare for employees' retirement benefits to employee, the Company records an amount calculated based upon the estimated retirement and severance benefit obligations and the fair value of plan assets at the end of the fiscal year.
   (5) Reserve for loss on investments in foreign subsidiaries and affiliates: To prepare for losses related to overseas investments, the Company records the amount of estimated losses based upon the financial conditions of the entities in which it has investments.
   (6) Reserve for directors' retirement benefits: To prepare for the payment of retirement benefits to directors and executive officers, the Company records the estimated amount at fiscal year-end calculated based upon internal regulations.
   (7) Reserve for competition-law-related expense: The Company records the estimated contingent losses related to Competition Laws.

5. The tax-exclusion method is used to account for consumption taxes.

6. The Company adopts a consolidated taxation system.

7. Accumulated depreciation of property, plant and equipment: ¥1,542,353 million

   The figure for accumulated depreciation of property, plant and equipment includes accumulated impairment losses.

8. Contingent liabilities
   (1) Guarantee liabilities: ¥3,622 million

   Outstanding of transferred accounts receivable with recourse: ¥2,371 million; employees (home financing loans): ¥1,238 million; other: two cases totaling ¥12 million

   (2) Other

   Civil lawsuits were filed against the Company related to violations of the Antitrust Laws regarding the sales of certain automotive parts and others. In this respect, the Company has already agreed to settle with some of the purchasers of the automotive parts and others and has made settlement payments.

   As of March 31, 2018, the Company recorded an estimated amount of ¥1,695 million as a reserve for possible losses of competition-law-related expenses mainly relating to certain automotive parts cases.

9. Receivables from affiliates:
   Short-term: ¥504,656 million
   Long-term: ¥22,629 million
   Payables to affiliates:
   Short-term: ¥570,130 million
   Long-term: ¥166,421 million
10. Net sales to affiliates: ¥1,502,998 million
    Purchases from affiliates: ¥1,174,587 million
    Total transactions with affiliates, excluding operating transactions: ¥25,557 million
11. Common shares issued and outstanding at the fiscal year-end (common stock): 2,147,201,551 shares
12. Treasury stock at the fiscal year-end (common stock): 1,493,460 shares
13. Dividends
    (1) Amount of dividends paid

Resolution	Total cash dividends	Dividends per share	Record date	Effective date
April 28, 2017 resolution of the Board of Directors	¥38,642 million	¥18.00	March 31, 2017	June 2, 2017
October 31, 2017 resolution of the Board of Directors	¥30,054 million	¥14.00	September 30, 2017	December 4, 2017

    (2) Dividends for which the record date belonging to the current period will be effective in the next period

Resolution	Total cash dividends	Dividends per share	Record date	Effective date
April 27, 2018 resolution of the Board of Directors	¥55,816 million	¥26.00	March 31, 2018	June 4, 2018

14. Significant components of the deferred tax assets and deferred tax liabilities
    (1) Deferred tax assets:
    Provision for retirement benefits and others: ¥127,040 million
    (2) Deferred tax liabilities:
    Gain on contribution of securities contributed to employee retirement benefit trust and others: (¥62,436 million)
    (3) Net deferred tax assets: ¥64,604 million
    (Changes in presentation)
    As "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018; hereinafter the "Partial Amendments") became applicable to the financial statements from this fiscal year-end, the Company has applied the Partial Amendments from this fiscal year. Accordingly, changes have been made to the classification, whereby deferred tax assets are presented in investments and other assets and deferred tax liabilities are presented in noncurrent liabilities.

15. Transactions with Related Parties

Category	Company name	% of voting rights	Relationship	Details of transactions	Amount (¥ Millions)	Item	Period-end balance (¥ Millions)
Subsidiary	Mitsubishi Electric Europe B.V.	Direct 100%	As a subsidiary, sells Mitsubishi Electric products	Sales of Mitsubishi Electric products*	200,126	Trade accounts receivables	86,523
Subsidiary	Mitsubishi Electric Living Environment Systems Corporation	Direct 73% Indirect 27%	As a subsidiary, sells Mitsubishi Electric's home electric systems and equipment	Sales of Mitsubishi Electric products*	186,466	Trade accounts receivables	44,833
Subsidiary	Mitsubishi Electric Automotive America, Inc.	Indirect 100%	As a subsidiary, purchases components from Mitsubishi Electric to manufacture and sell automotive equipment	Manufacture and sales of Mitsubishi Electric products*	105,498	Trade accounts receivables	33,297

Note: Terms of transactions with subsidiaries, including prices are determined through the negotiation considering the market condition.

16. Net assets per share: ¥561.63
    Net income per share: ¥94.61
17. Loss on impairment of ¥3,580 million is attributable to the impairment of property, plant and equipment and others.