

To Shareholders

Matters for Internet Disclosure
upon the Convocation of
the 148th Ordinary General Meeting of Shareholders

For Fiscal 2019 (April 1, 2018–March 31, 2019)

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The abovementioned items are disclosed to shareholders on Mitsubishi Electric's Website (<https://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
<p>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</p>	<ul style="list-style-type: none"> ■ 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: <ol style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ■ 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	
<p>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</p>	<p>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.</p>	<ul style="list-style-type: none"> ■ 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. 	<p>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.</p> <p>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.</p>
<p>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</p>	<p>The following systems shall be established in order to ensure the properness of operations of the Company.</p> <ul style="list-style-type: none"> ■ 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. <ol style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ■ 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. 	<p>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.</p>

Item	Matters resolved	Status of management	
	<p>The following systems shall be established in order to ensure the properness of operations within the Group.</p> <ul style="list-style-type: none"> ■ 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. 	<ul style="list-style-type: none"> ■ 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 Financial Statements

Consolidated Statement of Changes in Equity

(April 1, 2018 to March 31, 2019)

(Millions of yen)

Items	Mitsubishi Electric Corp. stockholders' equity					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost			
Balance at beginning of period	175,820	199,442	1,811,348	109,492	(1,928)	2,294,174	103,045	2,397,219
Net profit			226,648			226,648	11,006	237,654
Other comprehensive income (loss), net of tax				(37,342)		(37,342)	(141)	(37,483)
Comprehensive income	—	—	226,648	(37,342)	—	189,306	10,865	200,171
Reclassification to retained earnings			8,341	(8,341)		—		—
Dividends			(85,871)			(85,871)	(5,872)	(91,743)
Purchase of treasury stock					(1,055)	(1,055)		(1,055)
Disposal of treasury stock		0			0	0		0
Transactions with non-controlling interests and other		3,392				3,392	3,171	6,563
Balance at end of period	175,820	202,834	1,960,466	63,809	(2,983)	2,399,946	111,209	2,511,155

Notes to Consolidated Financial Statements:

1. Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements of Mitsubishi Electric Corporation (the “Company”) are prepared in accordance with the International Financial Reporting Standards (“IFRS”) from this fiscal year, pursuant to the Article 120, Paragraph 1 of the Ordinance of Company’s Accounting. However, based on the second sentence of the same paragraph, some disclosure items required under IFRS are omitted.

2. Scope of Consolidation and Application of the Equity Method

Number of consolidated subsidiaries: 206

Number of associates and joint ventures accounted for using the equity method: 37

3. Significant Accounting Policies

(1) Valuation of Financial Instruments

(a) Non-derivative Financial Assets

(i) Financial assets measured at amortized cost

When financial assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, such financial assets are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at fair value, and subsequently measured at the initial recognition amount plus or minus accumulated amortization using the effective interest method, adjusting allowance for credit losses.

(ii) Financial assets measured at fair value

Equity instruments which are held primarily to maintain and strengthen business relationships are designated as financial assets measured at fair value through other comprehensive income, and all other financial instruments are classified as financial assets measured at fair value through profit or loss.

- Financial assets measured at fair value through other comprehensive income are initially measured at fair value. Changes in fair value after initial recognition are recognized in other comprehensive income.

- Financial assets measured at fair value through profit or loss are initially measured at fair value. Changes in fair value after initial recognition are recognized in profit or loss.

(b) Derivatives

Derivatives are initially measured at fair value at the time that contracts are entered into. They are subsequently remeasured at fair value and resulting gains or losses are recognized in profit or loss. However, the effective part of cash flow hedges is recognized in other comprehensive income.

(2) Valuation of Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In determining the cost, work-in-process for build-to-ordered products are recorded under the specific identification method and make-to-stock products are recorded under the average cost method. Raw material and finished goods inventories are generally recorded using the average-cost method.

(3) Valuation and Depreciation of Property, Plant and Equipment

The cost model is used to measure property, plant and equipment which are presented at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation of property, plant and equipment is generally calculated by the diminishing balance method over the estimated useful life of the assets, except for certain assets which are depreciated by the straight-line method.

(4) Impairment of Non-financial Assets

The Company and its consolidated subsidiaries determine whether there is an indication of impairment for non-financial assets, excluding inventories and deferred tax assets. If there is an indication of impairment, these non-financial assets are tested for impairment by estimating the recoverable amount of the asset or cash generating unit. Goodwill and intangible assets with an indefinite useful life are tested for impairment at least annually at the same time every year, irrespective of whether there was any indication of impairment. An impairment loss is recognized in profit or loss if the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.

(5) Provisions

Provisions are recognized when the Company and its consolidated subsidiaries have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are recognized at the amounts of estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the liabilities.

(6) Accounting Treatment of Post-employment Benefits

The present value of the defined benefit obligations and the related current service cost and past service cost are determined using the projected unit credit method.

Discount rates are determined by reference to the market yields of high quality corporate bonds, at the end of the consolidated fiscal year.

Net defined benefit liability or asset is determined at the present value of the defined benefit obligation less the fair value of the plan assets.

The amount of change arising from the remeasurement of defined benefit plans is fully recognized in other comprehensive income in the periods in which it arises and immediately reclassified to retained earnings. Past service costs are recognized in profit or loss for the period in which they arise.

4. Notes to Consolidated Statement of Financial Position

(1) Allowance for credit losses directly deducted from assets: ¥12,075 million

(2) Accumulated depreciation of property, plant and equipment: ¥2,289,801 million

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

(3) Accumulated Other Comprehensive Income (Loss)

Changes in fair value of financial assets measured at fair value through other comprehensive income: ¥55,503 million

Exchange differences on translating foreign operations: ¥8,368 million

Net changes in the fair value of cash flow hedges: (¥62 million)

(4) Guarantee liabilities: ¥7,309 million

5. Notes to Consolidated Statement of Changes in Equity

(1) Class and Total Number of Shares Issued and Outstanding and Treasury Stock as of March 31, 2019

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

Treasury stock (common stock): 2,156,322 shares

(2) Items Concerning Dividends

Dividends paid: ¥85,871 million

6. Notes to Financial Instruments

(1) Items Concerning the Status of Financial Instruments

The Company and its consolidated subsidiaries undertake fund management primarily through short-term investments that have a maturity of three months or less from the date of acquisition and are readily convertible to cash and which are subject to an insignificant risk of changes in value. Such funds are recognized in cash and cash equivalents. Financing is conducted through borrowings from financial institutions and by issuing bonds.

Risks associated with customer credit risk-related trade receivables and contract assets are managed by first conducting screening through external agencies, then establishing customer credit limits and regularly monitoring customers' financial condition.

Other financial assets are mainly equity instruments, which are managed by regularly monitoring their fair value. The Company and certain consolidated subsidiaries also make use of derivative instruments to avoid market risks from changes in foreign currencies and interest rates, and do not hold or issue financial instruments for trading purposes.

(2) Items Concerning the Fair Value of Financial Instruments

The carrying amount in the Consolidated Statement of Financial Position and the fair value of the financial instruments at the end of the fiscal year are as follows. Financial instruments with carrying amounts that approximate fair value are not included in the table below:

(Millions of yen)

	Carrying amount	Fair value
Bonds and borrowings (including long-term bonds and borrowings to be repaid within 1 year)	220,392	216,712

Note: Methods for Calculating the Fair Value of Financial Instruments

Fair values of bonds are calculated using the Reference Statistical Prices of the Japan Securities Dealers Association. Fair values of borrowings are calculated using the present value of future cash flows discounted by the expected interest rate for similar new contracts.

7. Notes to Per Share Information

Equity attributable to Mitsubishi Electric Corp. stockholders per share: ¥1,118.83

Basic earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders: ¥105.65

Diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders: ¥105.65

8. Notes to Significant Subsequent Events

There were no significant subsequent events.

■ Financial Statements

Statement of Changes in Net Assets

(April 1, 2018 to March 31, 2019)

(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			Retained earnings brought forward				
					Reserve for special depreciation	Reserve for reduction entry	General reserve					
Balance at beginning of period	175,820	181,140	180	43,955	93	8,829	300,000	390,767	(1,928)	1,098,859	106,227	(1)
Changes of items during the period												
Reversal of reserve for special depreciation					(93)			93		-		
Dividends from surplus								(85,871)		(85,871)		
Net income								164,533		164,533		
Purchase of treasury stock									(1,054)	(1,054)		
Disposal of treasury stock			0						0	0		
Net change of items other than shareholders' equity										-	(41,232)	1
Total changes of items during the period	-	-	0	-	(93)	-	-	78,755	(1,054)	77,608	(41,232)	1
Balance at end of period	175,820	181,140	180	43,955	-	8,829	300,000	469,523	(2,983)	1,176,467	64,995	(0)

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 and 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 securities: Cost method using the moving-average method
3. Depreciation of property, plant and equipment is calculated by the declining-balance method. However, depreciation of 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 Provisions
 - (1) Allowance for doubtful accounts: To prepare for possible losses on uncollectible notes and accounts receivable. The Company records the estimated uncollectible amounts based on credit loss history for general accounts receivable, and the collectability for each individual account for specific doubtful receivables.
 - (2) Provision for product warranties: To prepare for expenses related to the servicing of products, the Company records an estimated amount based upon historical experience.
 - (3) Provision 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 provisions for aforementioned estimated amount.
 - (4) Retirement and severance benefits: To prepare for employees' retirement benefits, 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) Provision 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) Provision 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) Provision 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: ¥1,560,739 million
The figure for accumulated depreciation of property, plant and equipment includes accumulated impairment losses.
8. Guarantee liabilities: ¥2,995 million
Outstanding of transferred accounts receivable with recourse: ¥2,068 million; employees (home financing loans): ¥874 million; other: two cases totaling ¥51 million
9. Receivables from affiliates:
Short-term: ¥526,107 million
Long-term: ¥18,030 million
Payables to affiliates:
Short-term: ¥624,274 million
Long-term: ¥113,731 million
10. Net sales to affiliates: ¥1,509,258 million
Purchases from affiliates: ¥1,249,499 million
Total transactions with affiliates, excluding operating transactions: ¥25,625 million
11. 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): 2,156,322 shares

13. Dividends

(1) Amount of dividends paid

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
October 29, 2018 resolution of the Board of Directors	¥30,054 million	¥14.00	September 30, 2018	December 4, 2018

(2) Dividends with a record date in the current period and the effective date in the next period

Resolution	Total cash dividends	Dividends per share	Record date	Effective date
April 26, 2019 resolution of the Board of Directors	¥55,816 million	¥26.00	March 31, 2019	June 4, 2019

14. Significant components of the deferred tax assets and deferred tax liabilities

(1) Deferred tax assets:

Provision for retirement benefits and others: ¥112,043 million

(2) Deferred tax liabilities:

Gain on contribution of securities to employee retirement benefit trust and others: (¥53,291 million)

(3) Net deferred tax assets: ¥58,751 million

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*	219,374	Trade accounts receivables	98,780
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*	197,912	Trade accounts receivables	46,649
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*	101,286	Trade accounts receivables	35,598

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

16. Net assets per share: ¥578.76

Net income per share: ¥76.70

17. Loss on impairment of ¥1,470 million is attributable to the impairment of property, plant and equipment and others.