for a greener tomorrow

eco Changes

2015 ANNUAL REPORT

For the year ended March 31, 2015

MITSUBISHI ELECTRIC

Changes for the Better

A Global, Leading Green Company That

Contents

Enriches Society with Technology.

As the Mitsubishi Electric Group comes closer to celebrating in fiscal 2021 the 100th anniversary of our founding, we will contribute to the enrichment of society as a global, leading green company.

By "enriching society," we mean creating a “people-friendly” society where everyone can live their lives in safety, peace of mind, health, and comfort—and at the same time an “earth-friendly” society that reduces impact to the environment by advancing the efficient use and reuse of resources and energy.

We of the Mitsubishi Electric Group have come to provide cutting-edge technologies and diverse businesses globally, and on a broad scale of applications ranging from homes, offices, and factories to social infrastructure and outer space.

“To pave the way to a better and brighter tomorrow”—this will be our mindset for future efforts as we increase collaboration within the Group and continually challenge ourselves to innovate.

Changes for the Better

To Our Shareholders

Looking back on the economic situation during the fiscal year ended March 31, 2015 (hereinafter fiscal 2015), the recovery of Japan's domestic economy, which mainly relied on personal consumption, remained weak. Outside of Japan, while the pace of economic growth slowed in China and some newly emerging nations, expansion continued in North America, and European economies showed positive growth. Thus in general, economies continued to experience modest expansion. Turning to movements in foreign currency exchange rates, the yen remained weak against the U.S. dollar and strong against the euro. Under these circumstances, the Mitsubishi Electric Group placed greater emphasis than ever before on promoting growth strategies rooted in its competitive advantages, as well as on efforts to boost its competitiveness and strengthen its management structure.

As a result, the Mitsubishi Electric Group recorded consolidated net sales of ¥4,323.0 billion in the fiscal year ended March 31, 2015, an increase of 7% compared to the previous fiscal year. Operating income increased 35% year-on-year to ¥317.6 billion, for a Group operating income ratio of 7.3%. Meanwhile, net income increased 53% to ¥234.6 billion. Moving forward, we will carry out a variety of measures in effort to maintain a return on equity (ROE) above 10% while keeping the ratio of interest-bearing debt to total assets below 15%, in accordance with management targets. At the same time, our goal is to achieve consolidated net sales of ¥5.0 trillion or more and an operating income ratio of 8% or more by fiscal 2021.

The Mitsubishi Electric Group is committed to further expanding its business worldwide. As a global leading green company, we will pursue every avenue to develop operations in fields related to the environment and energy, and social infrastructure. To this end, we will build an optimal global business promotion structure encompassing the Group as a whole and continue to strengthen it on an ongoing basis. Specifically, we will focus on bolstering business operations in Europe, the United States, and China, and work diligently to respond to demand and capture market share in growth regions including India, Southeast Asia, and Central and South America.

Furthermore, we will endeavor to increase our corporate value by building a robust management structure that is capable of realizing "high-quality" growth and steadfastly promoting CSR-related activities.

As we resolutely advance forward to achieve our goals, we ask for your continued support.

July 2015

M. Sakuyama

President & CEO **Masaki Sakuyama**

Financial Highlights

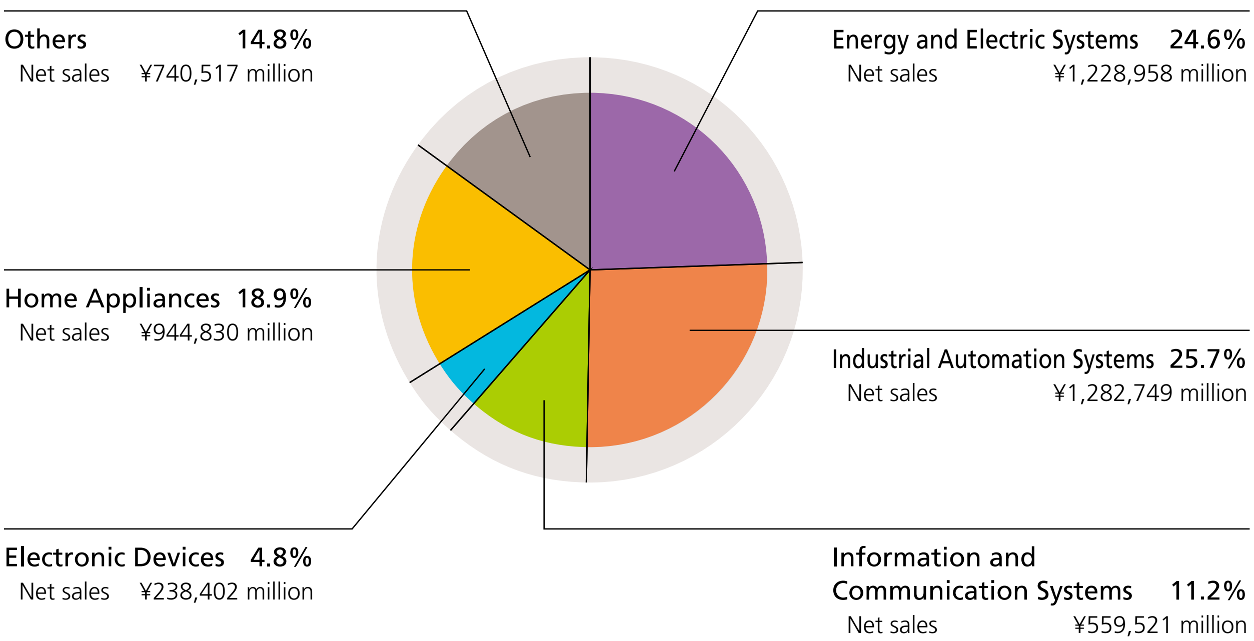
Performance for the Year Ended March 31, 2015

Years ended March 31	2015	2014	2013	2015
	Yen (millions)			U.S. dollars (thousands)
Net sales	¥4,323,041	¥4,054,359	¥3,567,184	$36,025,342
Operating income	317,604	235,172	152,095	2,646,700
Net income attributable to Mitsubishi Electric Corp.	234,694	153,473	69,517	1,955,783
Total assets	4,059,451	3,612,966	3,410,410	33,828,758
Interest-bearing debt	381,994	373,478	540,572	3,183,282
Mitsubishi Electric Corp. shareholders' equity	1,842,203	1,524,322	1,300,070	15,351,692
Capital expenditures	199,758	151,840	150,425	1,664,650
R&D expenditures	195,314	178,945	172,222	1,627,617
	Yen			U.S. dollars
Per-Share Amounts				
Net income attributable to Mitsubishi Electric Corp.				
Basic	¥109.32	¥71.49	¥32.38	$0.911
Diluted	—	—	—	—
Cash dividends declared	27	17	11	0.225
	%			
Statistical Information				
Operating income ratio	7.3%	5.8%	4.3%	—
Return on equity (ROE)	13.9	10.9	5.7	—
Interest-bearing debt to total assets	9.4	10.3	15.9	—

See accompanying Notes to Consolidated Financial Statements on page 41.

1 The Company prepares consolidated financial statements with procedures, accounting terms, forms, and preparation that are in conformity with accounting principles generally accepted in the United States of America based on the rules and regulations applicable in Japan.
2 Operating income is presented as net sales less cost of sales, selling, general, administrative, and R&D expenses, and loss on impairment of long-lived assets.
3 Diluted net income per share attributable to Mitsubishi Electric Corp. is not included in the above figure as no dilutive securities existed.
4 U.S. dollar amounts are converted from yen at the rate of ¥120=U.S.$1, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2015.

Net Sales Breakdown by Business Segment



Corporate Strategy

Management Policy

The Mitsubishi Electric Group, based on its Corporate Mission and Seven Guiding Principles, has positioned corporate social responsibility (CSR) initiatives as the pillar of its corporate management. It seeks to become a corporation that is trusted by society, customers, shareholders, and employees, and that earns their satisfaction through its business activities. At the same time, the Group strives to simultaneously address the need to create an environment in which people can live safe, secure, and comfortable lives and promote a sustainable society. Concerning CSR—in particular, corporate ethics and compliance—the entire Mitsubishi Electric Group will continue to strictly observe all statutory, regulatory, and ethical requirements while strengthening internal control. In addition, every effort will be made to implement improvement measures, including initiatives aimed at properly addressing Japan's Corporate Governance Code.

Since fiscal 2002, the Mitsubishi Electric Group has continued to pursue sustainable growth by undertaking balanced management initiatives that stem from the three perspectives of growth, profitability and efficiency, and soundness. Looking ahead, the Group will carry out these initiatives while promoting the global expansion of business in the areas of environment and energy- and social infrastructure- related systems. As a global, leading green company, Mitsubishi Electric is committed to creating an affluent society, securing business growth, and diligently working to increase corporate value.

Management Targets

In line with its efforts to achieve a higher level of growth, the Mitsubishi Electric Group has revised its growth targets for fiscal 2021 to consolidated net sales of ¥5.0 trillion or more and an operating income ratio of 8% or more.

Looking ahead, the Group will also continue with efforts to achieve the following management targets: secure an ROE of 10% or more and secure an interest-bearing debt to total assets ratio of 15% or less.

- **Growth Targets to be Achieved by Fiscal 2021**

  Net sales ¥**5.0** trillion or more

  Operating income ratio **8**% or more

- **Management Targets to be Continuously and Stably Achieved**

  ROE **10**% or more

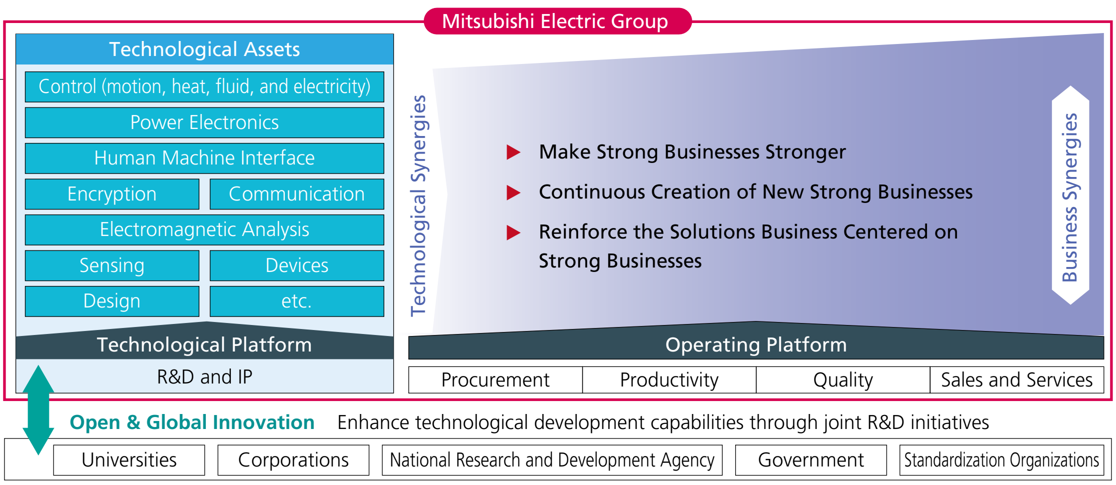
  Ratio of interest-bearing debt to total assets **15**% or less

Bolstering Growth Strategies: For a Higher Level of Growth

Fundamental Concepts of the Group's Growth Strategies

The Mitsubishi Electric Group's strength lies in its solid technology platform, which encompasses a wide range of technologies such as control technologies and power electronics. In addition, the Group possesses a solid business platform that encompasses materials procurement, production, quality assurance, and sales

Overview of Growth Strategies



and services, in all of which a culture of improvement is firmly entrenched. The Mitsubishi Electric Group's growth strategies are built on its efforts to create technological and operating synergies by coordinating and combining operations between these platforms consistently, as well as its efforts to make strong businesses stronger, continuously create new strong businesses, and reinforce the solutions business centered on strong businesses.

Further Global Business Expansion

The Mitsubishi Electric Group works actively to achieve stable growth and greater profitability in the Japanese market. The Group's principal operating market Japan accounts for approximately 60% of total net sales. In markets outside of Japan, the Group will strengthen the competitiveness of operations and expand its business scale in Europe, the United States, and China, which form the nucleus of its global business development endeavors.

Furthermore, in order to realize an even higher level of growth, the Group will promote the cultivation of new markets by establishing business systems in newly emerging regions such as India, Southeast Asia, and Central and South America.

Toward "High-Quality" Growth

In fiscal 2015, the Mitsubishi Electric Group achieved record highs in net sales and operating income on a consolidated basis. Specifically, consolidated net sales and operating income totaled ¥4,323.0 billion and ¥317.6 billion, respectively.

In addition, the Group continued to achieve its management targets for ROE of 10% or more and a ratio of interest-bearing debt to total assets of 15% or less, recording figures of 13.9% and 9.4%, respectively.

Moving forward, the Group will continue to focus on executing balanced management initiatives while boosting competitiveness. At the same time, it will endeavor to expand sales, increase profitability, and pursue "high-quality" growth by constantly reviewing and refreshing its business portfolio and enhancing capital efficiency.

Boosting Competitiveness

Increasing the Allocation of Resources to Businesses Driving Future Growth

The Mitsubishi Electric Group is active across a wide range of diverse businesses.

Aiming for "high-quality" growth, the Group has positioned the power systems, transportation systems, building systems, factory automation (FA) systems, automotive equipment, space systems, power devices, and air conditioning (AC) systems businesses as the drivers of future growth. In addition to increasing the allocation of resources to each of these businesses, the Mitsubishi Electric Group will boost competitiveness in line with each business' attributes.

In increasing the allocation of development, capital, and other investment resources, the Group will target businesses that are capable of quickly securing growth while generating short-term investment benefits and exhibiting a high probability of expansion with little or no performance volatility. Additionally, aiming to augment its growth, the Mitsubishi Electric Group will actively pursue collaborative ties and M&As from the three perspectives of: supplementing product groups and technology fields in which the Group is lacking, to expand business; securing sales and service networks when advancing into new regions and markets; and acquiring new customer segments in order to bolster the Group's business platform.

Initiatives for Creating New Businesses Capable of Driving Growth

To ensure sustainable growth beyond fiscal 2021, the Mitsubishi Electric Group will work to maximize the operations of its overseas bases in Europe, the United States, and China, and engage in joint research and development with external partners. Such efforts are in line with the Group's commitment to forward-looking R&D aimed at creating new businesses that are capable of driving future growth.

Building a Robust Management Foundation

To strengthen its management foundation, the Mitsubishi Electric Group will reallocate management resources to growth fields by reviewing and refreshing its business portfolio and continuously enhancing capital efficiency.

As a part of the initiatives to enhance capital efficiency, the Group will continue to expand net sales and reduce costs while engaging in activities aimed at improving inventory turnover, trade receivables turnover, and Just in Time operations. Furthermore, in fiscal 2016, a new internal performance indicator that comprehensively measures operating efficiency was introduced to widen the scope of improvement activities. This will enable the Group as a whole to secure further improvements in ROE by continuously improving this indicator for each business.

Looking ahead, the Mitsubishi Electric Group will continue to focus on generating stable cash flows, actively investing in growth fields, pursuing the balanced distribution of profits to shareholders through the payment of dividends, and diligently working to increase corporate value.

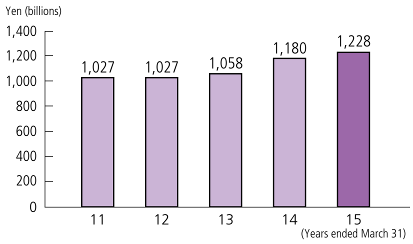
Continuous Innovation

The Mitsubishi Electric Group will steadfastly carry out its management policies guided by a commitment to balanced management, while putting into practice its overarching corporate statement, Changes for the Better. Each and every employee will share the common goal of developing new frontiers through continuous innovation, and the Mitsubishi Electric Group—by continuing to undergo transformation itself—will mature into a corporation that is always producing something better.

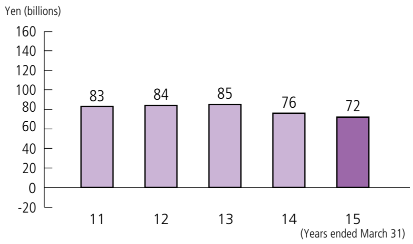
At a Glance

Energy and Electric Systems

Net sales



Operating income

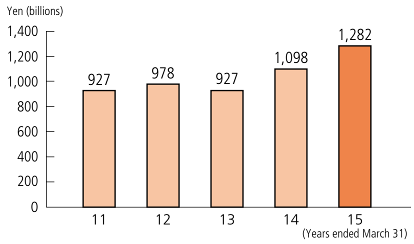


MAIN PRODUCTS AND BUSINESS LINES

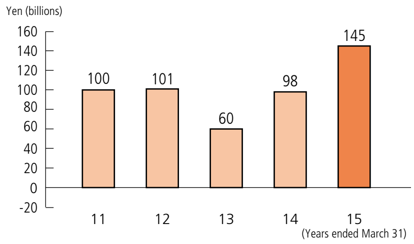
Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switches, switch control devices, surveillance-system control and security systems, large display devices, electrical equipment for locomotives and rolling stock, elevators, escalators, building security systems, building management systems, particle therapy systems, and others

Industrial Automation Systems

Net sales



Operating income

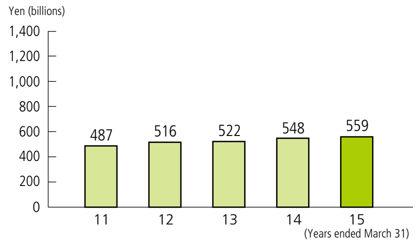


MAIN PRODUCTS AND BUSINESS LINES

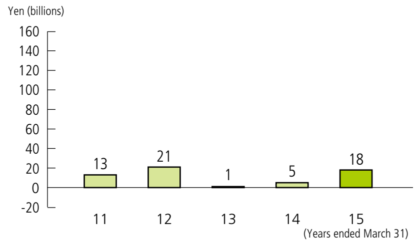
Programmable logic controllers, inverters, servomotors, human-machine interface, motors, hoists, magnetic switches, no-fuse circuit breakers, short-circuit breakers, transformers for electricity distribution, time and power meters, uninterruptible power supply, industrial fans, computerized numerical controllers, electrical discharge machines, laser processing machines, industrial robots, clutches, automotive electrical equipment, car electronics and car mechatronics, car multimedia, and others

Information and Communication Systems

Net sales



Operating income



MAIN PRODUCTS AND BUSINESS LINES

Wireless and wired communications systems, surveillance cameras, 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

■ Fiscal 2015 Overview

2014

April

Particle Therapy System

- Reorganized particle therapy business operations for expansion into global markets.
- Announced that Singapore-based subsidiary, Mitsubishi Electric Asia Pte Ltd, has established a branch office in Yangon, Myanmar.

Yangon Branch Office, Mitsubishi Electric Asia Pte Ltd

- Launched a new division at Mitsubishi Electric Europe B.V. to strengthen the market position of transportation systems business in Europe.

May

- Successfully launched the ALOS-2: DAICHI-2 advanced land-observation satellite.
- Began operating a new production facility for factory automation products at Nagoya Works.

ALOS-2

New production facility at Nagoya Works

June

- Reorganized particle therapy business operations for expansion into global markets.
- Launched the MELSEC iQ-R Controller series.

MELSEC iQ-R series

July

- Completed the integration of former air conditioning distributor Klima Plus into local subsidiary Mitsubishi Electric Turkey A.Ş., which now consists of two business units, Factory Automation Systems and Air Conditioning.
- Began operation at new elevator manufacturing factory in China, owned by Mitsubishi Electric Shanghai Electric Elevator Co., Ltd.
- Began using the same corporate logo both in Japan and overseas.

MITSUBISHI ELECTRIC

September

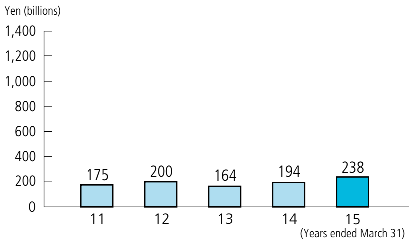
- Awarded contract to deliver the Es'hail 2 communications satellite to operator Qatar Satellite Company (Es'hailSat) in Doha.
- Awarded a project to modernize traction equipment in 46 Intercity Express 2 (ICE-2) High-Speed trains by Deutsche Bahn AG (DB).

Es'hail 2

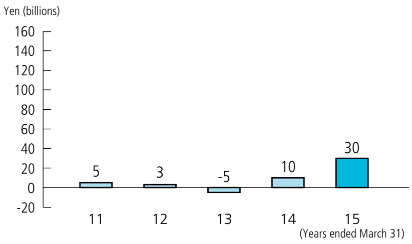
Intercity Express 2 high-speed trains by DB

Electronic Devices

Net sales



Operating income (loss)

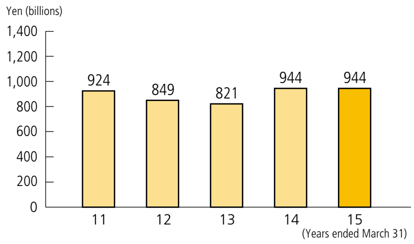


MAIN PRODUCTS AND BUSINESS LINES

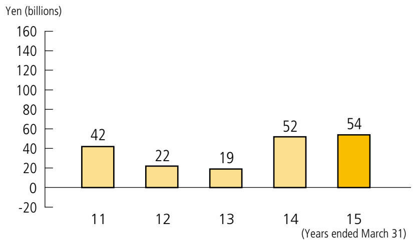
Power modules, high-frequency devices, optical devices, LCD devices, and others

Home Appliances

Net sales



Operating income

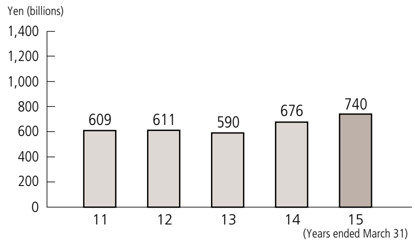


MAIN PRODUCTS AND BUSINESS LINES

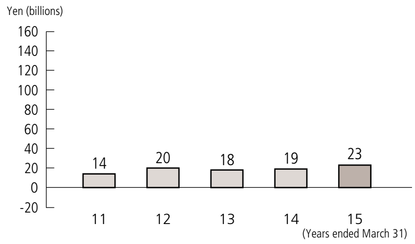
LCD televisions, room air conditioners, package air conditioners, air-to-water heat pump boilers, refrigerators, electric fans, ventilators, photovoltaic systems, hot water supply systems, LED lamps, fluorescent lamps, indoor lighting, compressors, chillers, dehumidifiers, air purifiers, showcases, cleaners, jar rice cookers, microwave ovens, IH cooking heaters, and others

Others

Net sales



Operating income



MAIN PRODUCTS AND BUSINESS LINES

Procurement, logistics, real estate, advertising, finance, and other services

October

- Completed Elevators and Escalators QM center located at the company's Inazawa Works to develop and test global models.
- Successfully launched the Himawari-8 satellite.
- Commenced automotive parts manufacturing and sales operations in new Mexican subsidiary, Mitsubishi Electric Automotive de Mexico, S.A. de C.V.
- Established Mitsubishi Electric (Russia) LLC, a comprehensive sales company of Mitsubishi Electric for Russia.

Himawari-8

Mitsubishi Electric Automotive de Mexico, S.A. de C.V

Mitsubishi Electric (Russia) LLC

November

- Established a new FA product showroom in the headquarters of Mitsubishi Electric Automation Korea Co., Ltd.
- Unveiled a Diamond Vision display that exceeds 4k ultra-high-definition pixel density at 1535 Broadway in New York City's iconic Times Square.

New FA product showroom in Korea

Diamond Vision screen at Marriott Marquis Hotel

2015

December

- Received an order for railcar traction inverter with all-silicon carbide (SiC) power modules incorporating SiC transistors and SiC diodes, placed by Odakyu Electric Railway Co., Ltd.
- Launched a new line of computerized numerical controllers (CNCs), the M800W series.
- Announced the successful completion of verification tests on VP-X turbine generator for thermal power plants. Commercial launch planned for April 2015.

Odakyu 1000 series train

M800W series

VP-X high-efficiency 870 MVA generator

February

- Delivered 15 elevators and 36 escalators to Shanghai New World Daimaru Department Store.
- Completed the upgrade and the expansion of the South East Asia—Middle East—Western Europe 4 (SEA-ME-WE 4) Cable System.

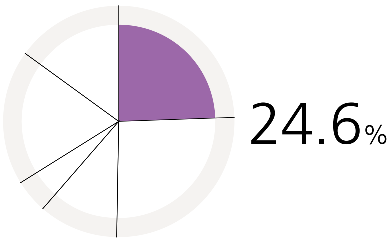
Cable network expansion project

Elevators and spiral escalators in Shanghai New World Daimaru Department Store, China (image)

Spiral Escalators

Energy and Electric Systems

Net Sales Breakdown by Business Segment



Net Sales

¥1,228.9billion
up 4% year on year

Operating Income

¥72.4billion
down ¥3.8 billion year on year

The social infrastructure systems business saw a decrease in orders compared to the previous fiscal year due primarily to a decrease in the power generation and public utility systems businesses in Japan. Sales, meanwhile, remained unchanged compared to the previous fiscal year owing to increases in the rolling-stock equipment business outside Japan.

The building systems business experienced increases in both orders and sales compared to the previous fiscal year, owing to growth in new installation of elevators and escalators overseas, mainly in China and ASEAN countries, as well as the weaker yen.

As a result, total sales for this segment increased by 4% from the previous fiscal year to 1,228.9 billion yen. Operating income decreased by 3.8 billion yen from the previous fiscal year to 72.4 billion yen due primarily to a shift in project portfolio.

Next-generation SiC Inverter for Railcars

Mitsubishi Electric has developed a traction inverter for railcars that incorporates silicon carbide (SiC), a new type of semiconductor. This new inverter, with its energy-efficient, compact, lightweight, low-maintenance, and low-noise design, is expected to play a major role in next-generation railcar propulsion systems.

Digital Signage System at Narita International Airport

Mitsubishi Electric has successfully installed Japan's largest digital signage system[1] at Narita International Airport. This system comprises 100 display units made up of a total of 336 display panels, including a unit consisting of 27 46-inch LCD multi-display screens. As a part of efforts to ensure the presentation of information in an appropriate and timely manner, a wide range of content, including airport news and entertainment, is delivered according to the location of each display.

[1] Based on Mitsubishi Electric research as of June 2012

Particle Therapy System

Utilizing the characteristic features of protons, carbon, and other heavy ions, particle therapy is a cutting edge technology that allows for the pinpoint targeting of cancerous tumors while minimizing side effects on surrounding normal tissues. It is increasingly selected as an advanced solution in the treatment of cancer.

Power Plants

Mitsubishi Electric power plant installations are used both by power utility companies and by companies in various industries as in-house power generators. Owing to its accumulated expertise and leading technological capabilities, Mitsubishi Electric is able to provide optimal power plants in various power generation fields.

AXIEZ Machine-room-less Elevators

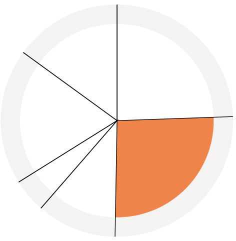
Along with enhanced energy-saving functions, including lighting that is entirely LED, AXIEZ machine-room-less elevators offer outstanding function and design. Furthermore, Mitsubishi Electric has added a new large-capacity model to the AXIEZ lineup, thereby extending the range of target buildings to include large-scale office buildings, commercial facilities, and hospitals.

Facima BA-System, an Open Integrated Management System for Building Facilities

The Facima BA-system provides a variety of functions which help save energy and make building management more efficient. In order to target buildings of a wider range of sizes and purposes, Mitsubishi Electric has launched a new wall-mounted model with an LCD touch panel as part of its Facima lineup.

Industrial Automation Systems

Net Sales Breakdown by Business Segment



25.7%

Net Sales

¥1,282.7 billion
up 17% year on year

Operating Income

¥145.9 billion
up ¥47.9 billion year on year

The factory automation systems business saw increases in both orders and sales from the previous fiscal year due to growth in capital expenditures relating to smartphone and automotive industries as well as facility replacements by manufacturers in Japan, and due additionally to the weaker yen.

The automotive equipment business saw increases in both orders and sales from the previous fiscal year due primarily to growth in the car sales market in North America and China, as well as the positive influence of the weaker yen.

As a result, total sales for this segment increased by 17% from the previous fiscal year to 1,282.7 billion yen. Operating income increased by 47.9 billion yen from the previous fiscal year to 145.9 billion yen due primarily to an increase in sales.

Programmable Logic Controllers

Mitsubishi Electric's MELSEC series of programmable logic controllers supports a wide array of production and social infrastructure applications; solutions range from control and safety devices to information and instrumentation management. As a leading global brand, the MELSEC series contributes to the construction of cutting-edge control systems owing to its capabilities, performance, product variety, and high reliability.

Industrial Robots

Featuring cutting-edge technologies, Mitsubishi Electric's robotic systems are key components in Factory Automation (FA). They are ideal for cell-based production coupled with intelligent sensors, thanks to their high-speed, high-precision core performance characteristics. By providing complete FA solutions that combine programmable logic controllers and AC servomotors, Mitsubishi Electric can create automated systems that encompass the assembly, inspection, and conveyance processes.

Low-voltage Circuit Breakers

Low-voltage Circuit Breakers are used for wiring protection and short-circuit protection in low-voltage circuits. Since 1933, Mitsubishi Electric has been continuously designing and developing such breakers, the latest of which is the new WS-V "World" series. The lineup is ideal for both power distribution and OEM markets.

Electrical Discharge Machines (EDMs)

Beginning with the newly launched MP series, a strategic product on a global scale, Mitsubishi Electric provides a lineup of EDMs that add value and improve the manufacturing productivity of molds and precision components. Such equipment is indispensable to the production of automobiles, home electronics, and IT-related devices.

Electric Power Steering (Motors and Controllers)

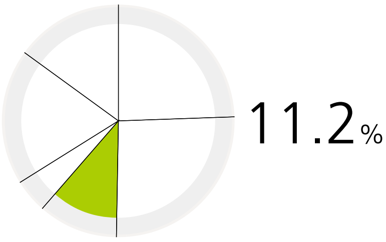
Mitsubishi Electric was the first company in the world to mass produce motors and controllers for electric power steering to assist driver steering in line with driving conditions. Over the years, Mitsubishi Electric has helped to improve steering feel, response, and stability while delivering compact units and high-output performance, and contributing to reduced automobile CO_2 emissions.

Memory Car Navigation System

Mitsubishi Electric's DIATONE SOUND.NAVI is a car navigation system that incorporates acoustic technology cultivated during the development of DIATONE products to offer improved sound quality. The impressive audio reproduction properties of the NR-MZ90 series bring more excitement to driving.

Information and Communication Systems

Net Sales Breakdown by Business Segment



Net Sales

¥559.5billion

up 2% year on year

Operating Income

¥18.9billion

up ¥13.4 billion year on year

The telecommunications equipment business saw decreases in both orders and sales from the previous fiscal year due primarily to a decrease in demand for communications infrastructure products.

Sales in the information systems and services business saw decreases compared to sales of the previous fiscal year mainly due to decreases in the system integration business.

The electronic systems business saw a decrease in orders compared to the previous fiscal year due to decreases in large-scale projects in the defense system and space system businesses. Sales, meanwhile, experienced an increase compared to the previous fiscal year due to progress in orders already received for projects in the defense systems business.

As a result, total sales for this segment increased by 2% compared to the previous fiscal year to 559.5 billion yen. Operating income increased by 13.4 billion yen from the previous fiscal year to 18.9 billion yen due primarily to an increase in sales.

Information System Integrated Control Center

Specialist engineers are available 24/7 to remotely operate and monitor client information systems and to analyze and determine any problem that might occur using automated tools, enabling a rapid response to any system malfunction. (Mitsubishi Electric Information Network Corporation)

Mission-critical Server

Employing virtualization technology in its complete fault-tolerant system as an overarching concept, this server not only ensures the succession of customers' application assets, but also integrates internal mission-critical tasks and systems for situations where failure is not an option.
(Mitsubishi Electric Information Network Corporation)

DS2000 Standard Satellite Platform

The DS2000 is a standard satellite platform modeled after JAXA's ETS-VIII platform, which was designed to meet the need for high-quality, low-cost satellites with shortened delivery times. The DS2000 has maintained a competitive edge internationally, having been selected for use in satellites Himawari-7, 8, and 9, and commercial satellites for Turkey and Qatar, and is employed in eight satellites currently circling the earth.

Vehicle-mounted Stations for Satellite Communications

Vehicle-mounted satellite communication equipment enables transmission of video and audio for broadcast news (satellite news gathering) and information for disaster management. Mitsubishi Electric products have achieved Japan's highest market share in this field, and are employed by Japanese broadcasters, the public sector, and infrastructure companies such as gas and electricity utilities.

Broadband Optical Access Systems

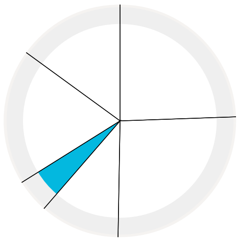
Mitsubishi Electric is progressively installing Gigabit Ethernet Passive Optical Network (GE-PON) systems, which play a central role in broadband services. The need for GE-PON systems is steadily expanding due to high-capacity broadband content, including the increased use of visual services.

Digital CCTV (Closed-circuit Television) System

This digital CCTV system meets the expanding range of needs for video surveillance systems, which is achieved through new digital technology incorporated into its high-resolution megapixel camera and its high level of scalability, which can accommodate even large-scale systems.

Electronic Devices

Net Sales Breakdown by Business Segment



4.8%

Net Sales

¥238.4billion

up 22% year on year

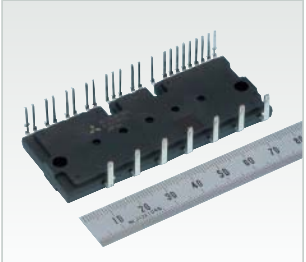
Operating Income

¥30.1 billion

up ¥20.1 billion year on year,

The electronic devices business saw increases in both orders and sales from the previous fiscal year due to an increase in demand mainly for power modules used in automotive applications owing to expansion in hybrid and electric vehicle markets, as well as an increase in demand for power modules used in railcar, consumer, and industrial applications and for optical communication devices mainly in the Chinese market, and due additionally to the weaker yen.

As a result, total sales for this segment increased by 22% compared to the previous fiscal year to 238.4 billion yen. Operating income increased by 20.1 billion yen compared to the previous fiscal year to 30.1 billion yen due primarily to an increase in sales.



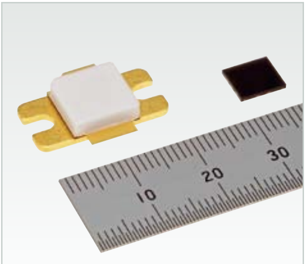
Hybrid SiC Large DIPIPM™ for Photovoltaic Applications

This hybrid SiC large DIPIPM[1] is designed with built-in SiC[2]-SBDs[3] and seventh-generation IGBT[4] chips, enabling power loss to be reduced by 25%, thereby contributing to a reduction of power consumption in PV inverter systems.

[1] Dual In-line Package Intelligent Power Module
[2] Silicon Carbide
[3] Schottky Barrier Diodes
[4] Insulated Gate Bipolar Transistor

J1 Series Power Semiconductor Modules for Automobiles

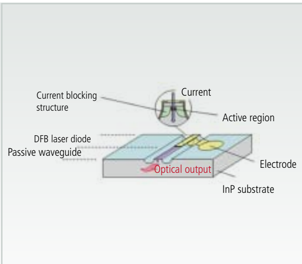
Mitsubishi Electric has expanded its lineup of J1 Series power semiconductor modules mainly for motor drive applications in electric and hybrid vehicles. The new modules contribute to more compact, highly reliable automotive inverters thanks to a direct cooling package with cooling fins.



3.5GHz-band GaN-HEMT for 4G Mobile Communication Base Transceiver Stations

Mitsubishi Electric GaN[1]-HEMTs[2] boast an industry-leading[3] level output power of 100W and superior efficiency through the use of GaN and an optimized transistor structure. Small in design, these devices help to make base transceiver stations more compact and energy efficient, enabling telecommunications providers to increase the number of small-cell base stations and thus expand the coverage area of macro-cell base stations for 3.5GHz-band 4th-generation mobile communications systems.

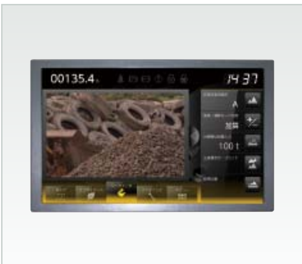
[1] Gallium Nitride
[2] High Electron Mobility Transistor
[3] Based on survey conducted by Mitsubishi Electric Corporation on March 11, 2015



DFB Laser Diode Developed for 25Gbps Optical-fiber Communication in 100Gbps Systems

Mitsubishi Electric has developed a DFB[1] laser diode that is capable of operating in a wide range of temperatures for 25Gbps optical-fiber communication applications. As a light source for communication applications, the device can be used in 100Gbps optical-fiber communication systems. Using four DFB laser diodes for 25Gbps optical-fiber communication systems operating in tandem, it is possible to create high-speed 100Gbps optical-fiber communication systems with simpler designs, and that consume less power while offering improved performance.

[1] Distributed Feed-Back



Tough Series 7.0-inch WVGA Color TFT-LCD Modules for Industrial Applications

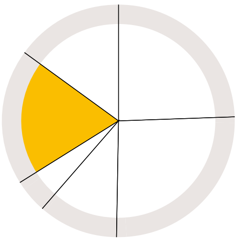
Tough Series 7.0-inch WVGA color TFT-LCD modules are highly resistant to vibration (6.8G acceleration resistance) and can operate over a wide temperature range (–40°C to +85°C). These in harsh environments, or characteristics make them ideal for use as displays in construction and agricultural equipment.

12.1-inch WXGA and 15.0-inch SXGA+ Color TFT-LCD Modules for Industrial Applications

Mitsubishi Electric TFT-LCD modules are designed for a broad range of applications including as displays for medical and machining equipment. Unique features include ultra-wide viewing angles (170° horizontally and vertically), high resolution, high brightness, high contrast ratio, and an industry-leading operating temperature range (-30°C - +80°C).

Home Appliances

Net Sales Breakdown by Business Segment



18.9%

Net Sales

¥944.8billion

unchanged year on year

Operating Income

¥54.2billion

up ¥1.4 billion year on year

The home appliances business remained substantially unchanged compared to the previous fiscal year with total sales for this segment amounting to 944.8 billion yen, despite increased sales in air conditioners in Asian, North American, and European markets and in package air conditioners in Japan, as well as the weaker yen, due to impact from the last-minute surge in demand experienced in Japan before the rise in consumption tax the previous year.

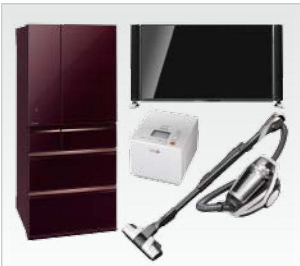
Operating income increased by 1.4 billion yen compared to the previous fiscal year to 54.2 billion yen largely due to the weaker yen.

Room Air Conditioners

In addition to KIRIGAMINE room air conditioners, Mitsubishi Electric offers an extensive lineup of products with applications extending from stores, offices, and buildings to factories and industrial facilities while featuring environmentally compatible, energy-saving technologies. These qualities allow Mitsubishi Electric to meet air conditioning needs globally.

Housing Equipment

ENEDIA is a system that effectively uses renewable energy through the ingenious application of a home energy management system (HEMS) that stores electricity generated by solar panels in the batteries of an electric vehicle. ENEDIA is based on our concept of a smart electric home that conserves energy by using highly efficient air conditioners, water heaters, and cooking equipment. It gives residents a way to conserve energy without sacrificing comfort.



Home Appliances

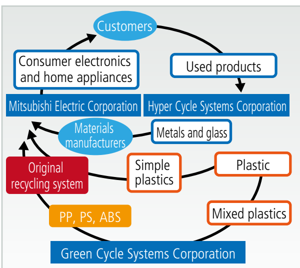
The home appliances business strives to deliver technologies and products that bring convenience, comfort, and enjoyment to everyday life. Focusing on keywords such as “delicious,” “delightful,” and “soothing,” every effort is made to further enhance people’s quality of life through intelligent, connected, and economical—or, in short, "smart"—technologies.

LED Lighting

Mitsubishi Electric offers an extensive lineup of high-efficiency, long-lasting LED products that meet diverse needs for energy-saving light bulbs and equipment in households, stores, offices, and factories. Our LED products make the future brighter for families and society as a whole.

Visual Equipment for Public and Business Applications

Mitsubishi Electric's high-quality image processing technologies deliver exceptionally sharp images with superior color reproduction and are incorporated in a wide range of products developed to suit a variety of application needs. These systems are being used in Japan and abroad for large-screen applications, such as digital signage used to display images, data, and information at public facilities and other venues.



Recycling Consumer Electronics and Home Appliances

Mitsubishi Electric has developed technologies for automatically sorting the three major types of plastic (polypropylene (PP), polystyrene (PS), and acrylonitrile-butadiene-styrene (ABS)) used in consumer electronics and home appliances. This original recycling system is being utilized to promote the reuse of plastics in the Company's products by improving the physical properties of the sorted materials.

Research and Development

R&D Initiatives

The Mitsubishi Electric Group's R&D network consists of the Advanced Technology R&D Center, Information Technology R&D Center, and Industrial Design Center in Japan as well as laboratories in the United States, Europe, and China. These centers operate under the umbrella of the Corporate Research and Development Group working in collaboration with the development departments of individual Mitsubishi Electric business groups. Through the diligent pursuit of R&D, the Group is promoting the achievement of an even higher level of growth by making strong businesses stronger, continuously creating new strong businesses, and reinforcing the solutions business centered on strong businesses.

To make strong businesses stronger and continuously create new strong businesses, the Mitsubishi Electric Group is promoting R&D that will bolster power systems, transportation systems, building systems, FA systems, automotive equipment, space systems, power devices, air conditioning systems, and other systems.

To reinforce the solutions business centered on strong businesses, the Group is pursuing R&D that will expand the solutions business, which encompasses products and services in the smart community, rail, factory, building, housing, security, and other fields.

Global strategies are simultaneously being reinforced, with energies channeled toward development that takes advantage of increasingly robust ties with local bases, research laboratories, and universities in North America, Europe, China, and Asia.

R&D is the vehicle that drives growth strategies forward. Moving forward, the Mitsubishi Electric Group will aim for developments that can be leveraged in tomorrow's products while pursuing R&D themes that will yield results in ten, or even twenty, years from now.

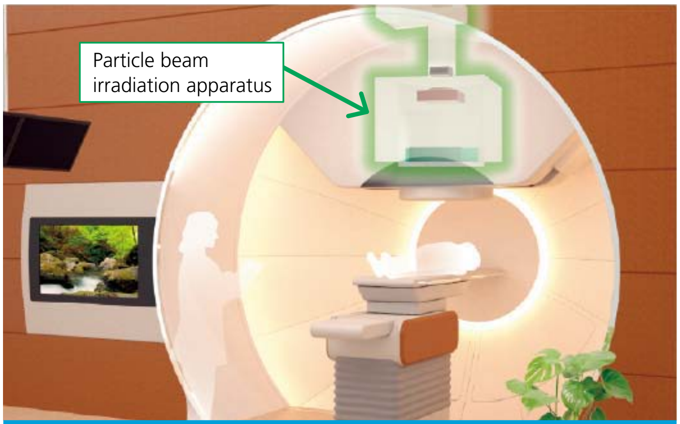
R&D Achievements in Fiscal 2015

Development of New Irradiation Technology for Proton-type Particle Therapy System

Mitsubishi Electric Corporation has developed a new irradiation technology for particle therapy systems used in cancer treatment that can treat various types of tumors by switching between three different particle beams.

The shapes and locations of tumors differ from patient to patient, and this has made it difficult to use a single therapy system for treatments. However, the new technology allows for irradiation of a wide range of tumors with a high degree of precision using a single therapy system.

Mitsubishi Electric Corporation will continue to work on developing more advanced particle therapy systems, and offering systems that are reliable to use.



Treating various types of tumors utilizing new irradiation technology

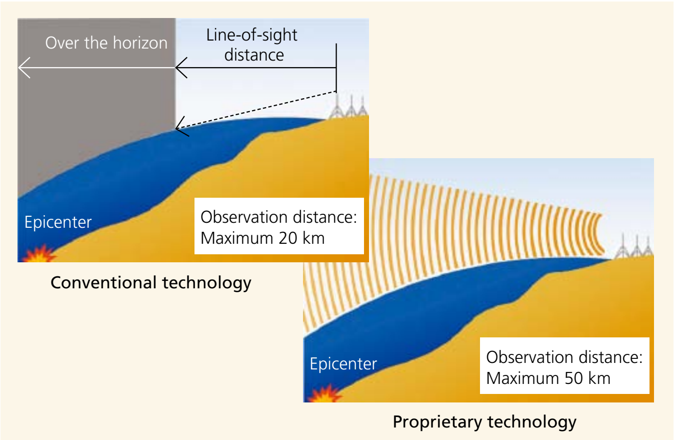
Development of Support Technologies for Tsunami Radar Monitoring

Mitsubishi Electric Corporation has developed the world's first* tsunami monitoring support technologies that can detect the development of tsunamis from sea-surface data produced with radar observations, and estimate the height of the wave.

Traditional observation methods could only observe tsunami waves on ocean surfaces up to 20 km offshore, due to the curvature of the Earth. However, the new technologies can observe tsunami waves on ocean surfaces up to 50 km offshore under certain conditions, by using oceanographic radar technology.

Being able to quickly detect tsunamis arising at a greater distance will help mitigate and prevent damage to coastal regions.

*As of February 17, 2015 (survey conducted by Mitsubishi Electric Corporation)



Helping to mitigate and prevent damage to coastal regions

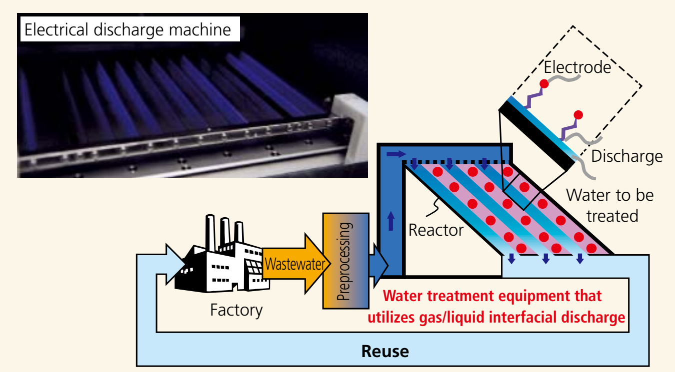
Development of Water Treatment Technology Using Gas/Liquid Interfacial* Discharge

Mitsubishi Electric Corporation has developed a novel water treatment technology for treating and reusing industrial wastewater and sewage that can decompose substances which were difficult with conventional technologies.

The treatment system places electrodes on slanted surfaces, over which the water to be treated flows. Discharges from the electrodes then generate hydroxyl radicals with strong capacity to decompose substances. These hydroxyl radicals are used for the highly efficient breakdown of substances which were difficult using chlorination or ozonation.

This enables building a system for reusing industrial wastewater and sewage at a lower cost, contributing to the creation of a sustainable water recycling society.

*Gas/liquid interface: the contact surface between a gas and a liquid



Conceptual diagram of a system that reuses industrial wastewater

Contributing to the creation of a water recycling society through the low-cost reuse of industrial wastewater and sewage

Intellectual Property

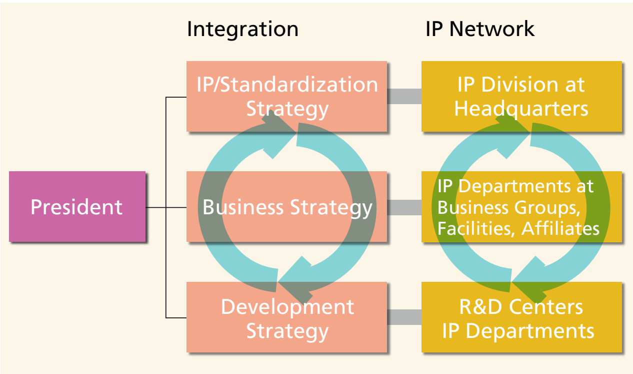
Basic Policy

The Mitsubishi Electric Group recognizes that intellectual property (IP) rights represent a vital management resource essential to its future. Therefore, every effort is made to integrate the Group's business, R&D, and IP activities. Moving forward, the Mitsubishi Electric Group will further strengthen its IP capabilities while promoting its growth strategy.

Structure of the Intellectual Property Division

The Mitsubishi Electric Group's IP-related operations are the direct responsibility of the president and are overseen by the Head Office IP Division under an appointed IP executive officer. Day-to-day issues are handled by IP departments at relevant facilities, R&D centers, and affiliated companies. The Head Office IP Division formulates strategies for the entire Group, promotes critical IP-related projects, and coordinates interaction with the patent office. At the manufacturing facility, R&D center, and affiliated company levels, IP departments pursue specific objectives in line with the Group's overall IP strategies.

Integrating Business, R&D, and IP Activities

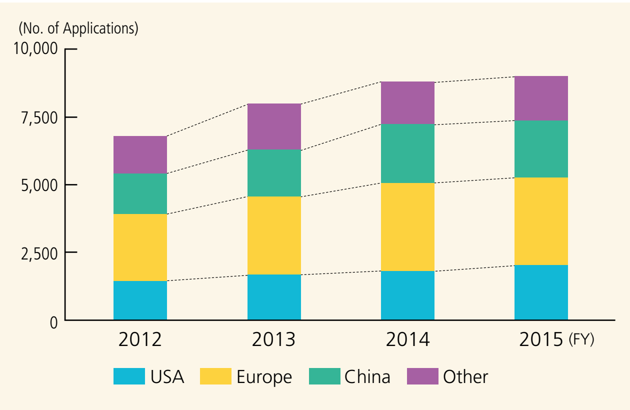


Global IP Strategy

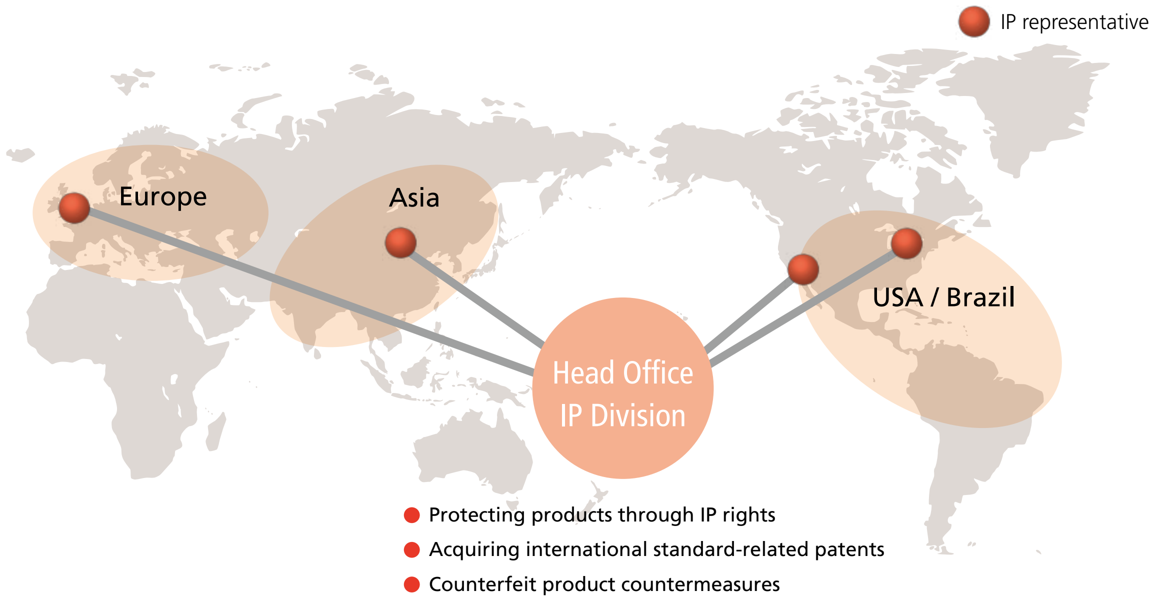
The Mitsubishi Electric Group identifies critical IP-related themes in connection with mainstay businesses and important R&D projects. At the same time, the Group channels its energies toward the globalization of its robust patent portfolio by promoting patent filing activities. With regard to its overseas operations, the Group is accelerating the globalization of its IP activities through actions such as working to increase the number of patent applications it files prior to undertaking business development in emerging countries, including India and Brazil.

Moreover, the Mitsubishi Electric Group is actively engaging in activities aimed at acquiring design rights in Japan and overseas to further enhance its robust patent portfolio. These efforts are intended to specifically protect proprietary assets in both technology and design areas.

Annual Trends in Overseas Patent Applications by the Mitsubishi Electric Group



Further Strengthening Global IP Capabilities



The Mitsubishi Electric Group has assigned IP representatives to each of its bases in the United States, Europe, and China. Every effort is being made to strengthen IP capabilities at Group facilities, R&D centers, and affiliated companies in each country.

■ Standardization Strategy

As companies continue to globalize their business activities, the international standardization of technologies that contribute to global market growth is significantly impacting business strategies. For this reason, the importance of promoting IP strategies in consideration of international standards is increasing. In response to this situation, the Mitsubishi Electric Group is placing emphasis on activities to standardize its development technologies and acquire related IP rights. The Group is paying particular attention to the acquisition of international standard patents, while patent pools, including those for MPEG and Blu-ray Disc™*, are proving to be a wellspring for IP revenues. These revenues are contributing to improvement and growth in business earnings.
Furthermore, the Mitsubishi Electric Group is working to reinforce its activities to acquire rights for international standard-related technologies. The Group is looking to utilize these patents to help increase the market share of its products.

*Blu-ray Disc™ is a trademark of the Blu-ray Disc Association

■ Activities Aimed at Preventing Infringement on the Group's IP Rights

The Mitsubishi Electric Group works diligently to prevent any infringement on its IP rights by other companies. In addition to in-house activities, the Group places particular weight on collaborating with industry organizations while approaching government agencies both in Japan and overseas as a part of a wide range of measures to prevent the counterfeiting of its products.

■ Respecting the IP Rights of Others

The Mitsubishi Electric Group recognizes that any infringement on the IP rights of another company has the potential to significantly impair the Group's continued viability as a going concern. The resulting potential impairments include being obliged to pay significant licensing fees or being forced to discontinue the manufacture of a certain product. In order to prevent any infringement on the IP rights of other companies, the Group provides education and training to raise employee awareness and promote greater respect for the IP rights of others. At the same time, the Group has put in place a set of rules to facilitate appropriate actions such as surveying other companies' patent rights at every stage from development to production. The Mitsubishi Electric Group works diligently to ensure strict adherence to these rules.

Corporate Social Responsibility

The Mitsubishi Electric Group promotes its corporate social responsibility (CSR) activities based on the conviction that all business activities must take CSR into consideration. The Group's Corporate Mission and Seven Guiding Principles form its basic CSR policies. It is vigilant in its enforcement of corporate ethics and compliance and constantly works to improve educational programs and strengthen its internal control system. At the same time, it pursues initiatives related to quality management, global environmental conservation, philanthropy, and improved communication with all stakeholders.

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. To this end, all members of the Group will pursue the following Seven Guiding Principles.

Seven Guiding Principles

Trust, Quality, Technology, Citizenship, Ethics and Compliance, Environment, Growth

The Mitsubishi Electric Group's Corporate Social Responsibility

The operating environment continues to undergo dramatic changes, reflecting advances in globalization, revisions to legislation, and other factors. What must continue regardless of how the times may change is a respect for corporate ethics and compliance and a commitment to never compromise on environmental issues and product quality.

This commitment of the Mitsubishi Electric Group was first articulated in the Keys to Management (in Japanese, *Keiei no Yotei*), which was drawn up at the time of Mitsubishi Electric's founding in 1921.

The spirit of this document, which states the Group's contributions in areas such as the prosperity of society, product quality, and customer satisfaction, lives on today in its Corporate Mission and Seven Guiding Principles. With these tenets as its core principles, the Group promotes various initiatives in order to fulfill its corporate social responsibilities.

In particular, the Group's commitment to corporate ethics and compliance has underpinned corporate management while forming the core of the Group's efforts to strengthen its internal control system and implement employee training programs. Looking ahead, the Group will continue to strictly adhere to a policy of compliance. It will also redouble its efforts to bolster activities and to establish relationships built on robust mutual trust with all stakeholders.

As a member on society, the Mitsubishi Electric Group is responsible for upholding corporate ethics and compliance as well as contributing to society. The Group recognizes its responsibility to contribute to society through the technologies it has built up over the years.

A sincere concern for the environment permeates every facet of the Mitsubishi Electric Group's operations. Thus, it can be said that each facet of the Group's business activities is geared toward contributing to the environment. The technologies and products that make up its portfolio support environmental protection, energy conservation, and social infrastructure while being gentle to humankind and the earth, thereby enriching society.

Looking ahead, the Group will help create a more prosperous and sustainable society by harnessing the strengths of its wide-ranging technological capabilities.

Philanthropic Activities

Philosophy and Policies on Philanthropic Activities

The Mitsubishi Electric Group shares a common Philosophy and Policies based on its Corporate Mission and Seven Guiding Principles, and carries out a variety of activities accordingly.

Philosophy

As a corporate citizen committed to meeting societal needs and expectations, the Mitsubishi Electric Group will make full use of the resources it has at hand to contribute to creating an affluent society in partnership with its employees.

Policies

- We shall carry out community-based activities in response to societal needs in the fields of social welfare and global environmental conservation.
- We shall contribute to developing the next generation through activities that support the promotion of science and technology, culture and arts, and sports.

Promoting Activities Deeply Rooted in Local Communities and Activities that Develop the Next Generation

The Mitsubishi Electric's philanthropic activities are underpinned primarily by the Mitsubishi Electric SOCIO-ROOTS Fund, a gift program in which the Company matches any donation made by an employee to social welfare facilities; the "Satoyama" Woodland Preservation Project, which involves employee volunteers participating in environmental restoration activities in the areas surrounding its offices and production facilities; and science workshops that foster the development of the engineers of tomorrow by encouraging children to experience for themselves the appeal of science.

Focusing on philanthropic activities of affiliate companies in and outside of Japan, the Group implements a broad range of initiatives, including undertaking activities with the help of

Supporting Children Affected by the Great East Japan Earthquake (Mitsubishi Electric Corporation)

"Mouth and Foot Painting Artists of the World Exhibition" (Mitsubishi Electric Building Techno-Service Co., Ltd.)

Supporting the Special Olympics (Mitsubishi Electric Europe B.V. Italian Branch, Mitsubishi Electric Europe, B.V. German Branch) employee volunteers, funding social welfare organizations, and offering support for young musicians and sports teams.

Foundations

The Mitsubishi Electric America Foundation and Mitsubishi Electric Thai Foundation, both founded in 1991, also carry out various activities in the spirit of the Mitsubishi Electric Group's Philosophy and Policies. The Mitsubishi Electric America Foundation, with the cooperation of its branches in the United States, helps young people with disabilities to become employed and participate more fully in society. The Mitsubishi Electric Thai Foundation, in addition to providing scholarships to university students and supporting a school lunch program for grade school students, has in recent years been promoting employee-involved volunteer activities that support education and environmental protection.

An employee volunteer working with a student on Disability Mentoring Day (United States)

Local Mitsubishi Electric Companies in joint mangrove tree planting activity (Thailand)

Environmental Activities

Transitioning from the 7th Environmental Plan to the 8th Environmental Plan

The Mitsubishi Electric Group has set the goal of becoming a global, leading green company that helps to realize a sustainable society in which people around the world live contentedly and in comfort, and where diverse forms of life coexist. In 2007, the Group put in place the Environmental Vision 2021, a long-term vision for environmental management. Under this vision, the Group will fulfill its responsibilities to society from an environmental perspective by developing and promoting the widespread use of products and services that boast outstanding resource and energy efficiency across all business fields, and advancing efforts to reduce the environmental impact of all of its business activities from procurement through production to logistics.

In order to incorporate a PDCA cycle into its environmental activities in a systematic and definitive manner, the Group has identified specific activity targets as a part of its latest medium-term environmental plan, which has been renewed every three years since 1993. Having successfully completed each activity item identified in the Group's 7th Environmental Plan, covering fiscal 2013 through fiscal 2015, it has embarked on the 8th Environmental Plan, covering fiscal 2016 through fiscal 2018.

● Activity Items of the 8th Environmental Plan

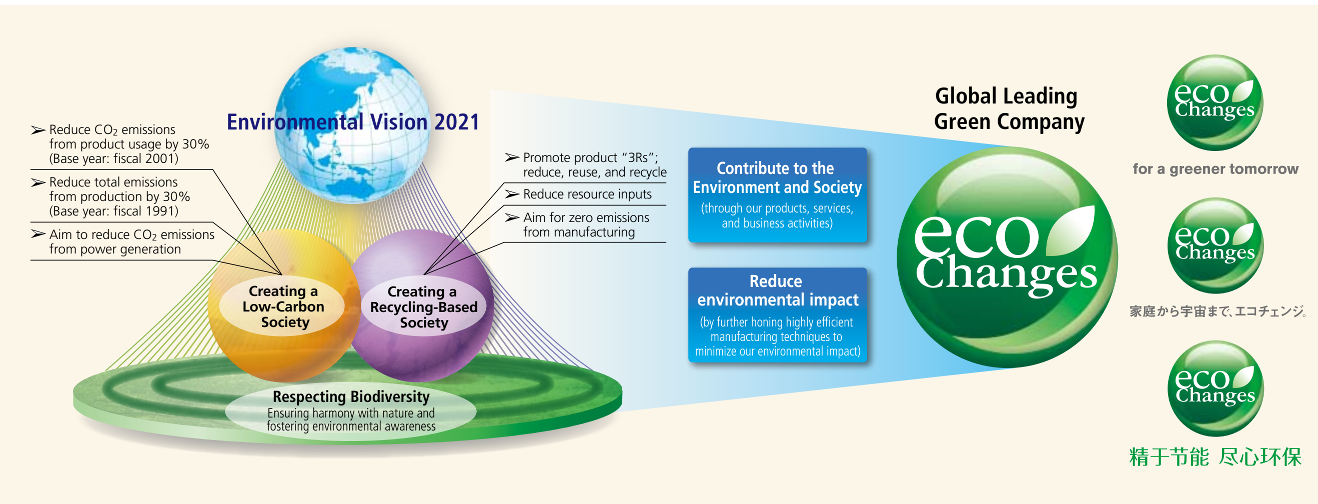
1. Initiatives aimed at realizing a low-carbon society
   Increase the level of contribution to society by reducing CO_2. Specifically, (1) reduce CO_2 from production, and (2) reduce CO_2 from product usage.
2. Initiatives aimed at forming a low-carbon society
   (1) Promote the effective use of resources utilizing the final disposal ratio as a key indicator, (2) reduce resource inputs, and (3) strengthen partnerships with resource recycling businesses.
3. Initiatives aimed at realizing a symbiotic society
   (1) Hold various events, including the Mitsubishi Electric Outdoor Classroom and the Satoyama Woodland Preservation Project, and (2) foster environmental awareness by promoting online environmental education on a global scale.
4. Efforts toward strengthening the environmental management platform
   (1) Improve the execution of quantitative assessment of environmental risk and management at factories in Japan and overseas, and (2) adhere strictly to environmental rules and regulations.

• Major Activity Item 1:
Reducing CO_2 Emissions from Production

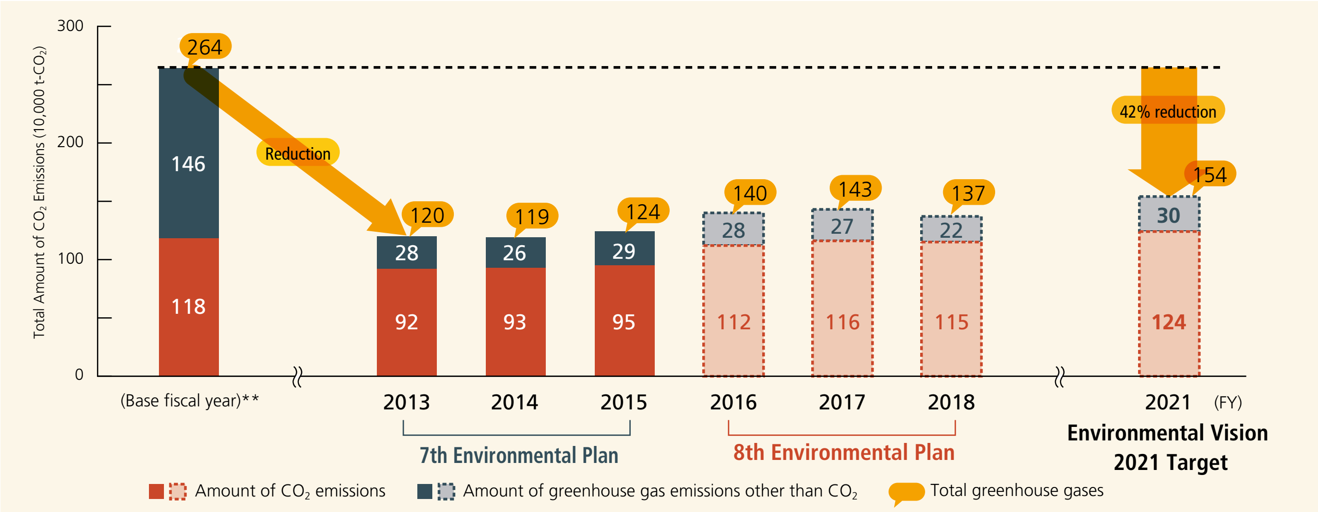
Under its 8th Environmental Plan, the Mitsubishi Electric Group will integrate and promote the reduction of CO_2 from energy sources and the management of efforts aimed at reducing greenhouse gases other than CO_2*, activities that were previously undertaken on an individual basis, in order to comprehensively evaluate and manage the impact of greenhouse gases on the goal of realizing a low-carbon society. The plan, ending in fiscal 2018, calls for the total of CO_2 from energy sources and greenhouse gases other than CO_2 to be kept below 1,370,000 tons on an annual CO_2 equivalent emission basis, considerably lower than the base year figure of 2,640,000 tons**.

* Emissions of such substances as SF_6, PFC, and HFC that are subject to reduction under the Kyoto Protocol

** CO_2 from energy sources:
Mitsubishi Electric (non-consolidated) 1990; affiliates in Japan 2000; overseas affiliates 2005
Greenhouse gases other than CO_2:
Mitsubishi Electric (non-consolidated) and affiliates in Japan 2000; overseas affiliates 2005



Plan to Reduce CO_2 from Production across the Mitsubishi Electric Group



Note: CO_2 emissions are calculated using an emission coefficient of 0.422t-CO_2/MWh up to fiscal 2015 and an emission coefficient of 0.487t-CO_2/MWh from fiscal 2016.

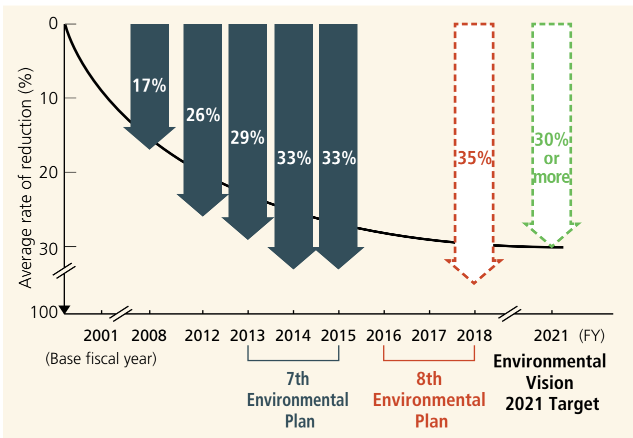
In an effort to reduce CO_2 from energy sources, the Mitsubishi Electric Group is introducing high-efficiency air conditioners and other equipment while shifting to LED lighting. The Group is also striving to understand energy consumption at the point of production. To eliminate waste, the Group is looking at improving heat loss while reducing standby power. Working to reduce such greenhouse gases as SF_6, HFC, and PFC, the Group is shifting to the use of refrigerant gases with low global warming potential. Other ongoing initiatives include the building of a handling scheme that extends from gas recovery through recycling to eventual destruction; efforts to reinforce countermeasures aimed at preventing leaking; and the early introduction of treatment systems.

The amount of emissions came to 1,240,000 tons in fiscal 2015, an increase of 50,000 tons compared with the level recorded in fiscal 2014. While the scale of production is projected to rise during the period of the 8th Environmental Plan, the Mitsubishi Electric Group expects to achieve the aforementioned target by steadfastly implementing the previously identified measures.

- **Major Activity Item 2:**
  Reducing CO_2 Emissions from Product Usage through Improved Energy Efficiency Performance

Regarding greenhouse gas emissions outside the scope of the Mitsubishi Electric Group's business activities, a principal source is the CO_2 derived from electric power consumption during the period that products are used. When the amount of CO_2 emitted during product use is calculated, the levels during product use can be several dozen to several hundred times the amount emitted during production. Therefore, the development and widespread use of highly energy-efficient products can contribute significantly to the reduction of CO_2 emissions. Under the 8th Environmental Plan, the Mitsubishi Electric Group is aiming for an average CO_2 reduction ratio of 35% or more compared with fiscal 2001 for specific products where the Group can take the initiative regarding design and development and where the reduction of CO_2 emissions during product use is deemed important from an environmental aspect. The number of specified products in fiscal 2015 was 107 (90 end products and 17 intermediate products). The average rate of CO_2 emissions reduction among these products was 33%. Based on this result, the Group is making steady progress toward achieving its target. Looking ahead, the Group will continue to promote improvements.

Plan for Reducing CO_2 from Product Usage through Improved Energy Efficiency



More information about the Mitsubishi Electric Group's environmental and CSR initiatives is available on the following websites:
http://www.MitsubishiElectric.com/company/csr/
http://www.MitsubishiElectric.co.jp/corporate/environment/

Basic Corporate Governance Policy

To realize sustained growth and increase corporate value, Mitsubishi Electric works to maintain the flexibility of its operations while promoting management transparency. These endeavors are supported by an efficient corporate governance structure that clearly defines and reinforces the supervisory functions of management while ensuring that the Company is responsive to the expectations of customers, shareholders, and all of its stakeholders.

Corporate Management and Governance Structure

Corporate Management Structure

In June 2003, Mitsubishi Electric became a company with a committee system. Key to this structure is the separation of supervisory and executive functions; the Board of Directors plays a supervisory decision-making role and executive officers handle the day-to-day running of the Company.

The present Board is comprised of twelve directors (five of whom are outside directors), who objectively supervise and advise the Company's management. The Board of Directors has three internal bodies: the Audit, Nomination and Compensation committees. Each body has five members, three of whom are outside directors. The Audit Committee is supported by dedicated independent staff.

Internal Control System

Further ensuring effective corporate governance, the roles of Chairman and President & CEO are clearly defined and exclusive. The Chairman heads the board of directors and the President & CEO heads the Company's executive officers. Neither the Chairman nor the President & CEO is a member of the Nomination or Compensation Committees. This allows for the clear division of executive and supervisory functions, thereby enabling Mitsubishi Electric to ensure effective corporate governance.

Executive officers are responsible for ensuring compliance and management efficiency in their assigned areas of operations. Internal auditors monitor executive officers' performance of duties. Internal auditors report on the results of such monitoring to the executive officer in charge of auditing, and the executive officer in charge of auditing and accounting auditors report on the results of such monitoring to the Audit Committee.

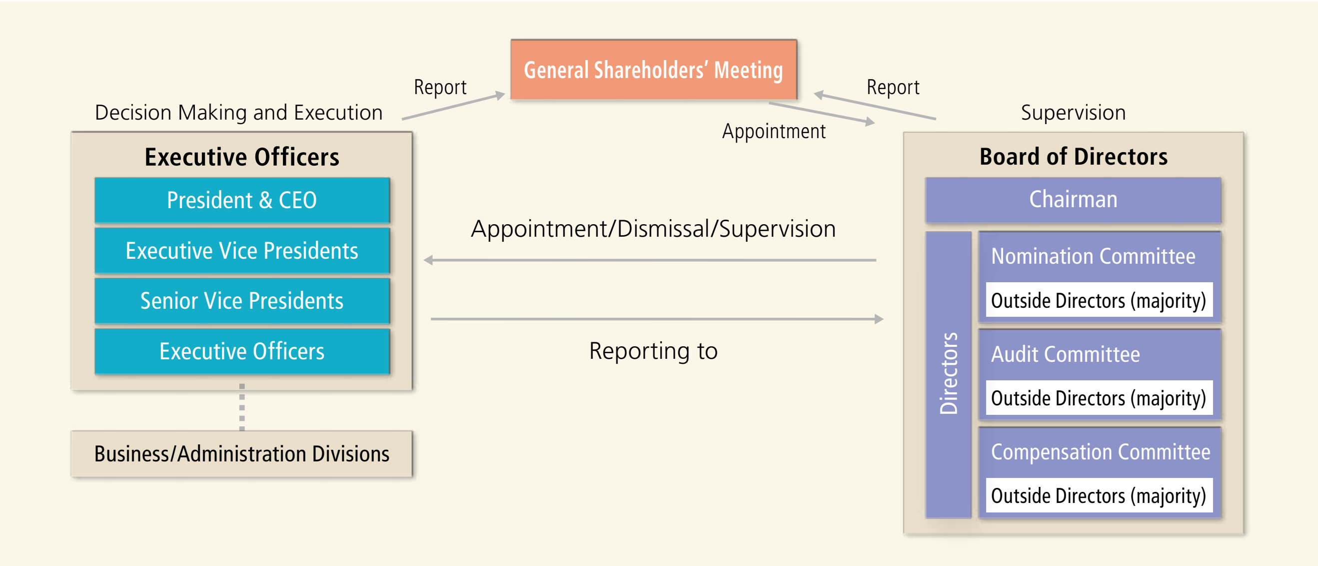
Mitsubishi Electric maintains a multi-dimensional risk management system in which all executive officers participate. Under this system, executive officers are responsible for risk management in their assigned areas of operation. In addition, executive officers exchange information and participate in important management initiatives and decisions through regularly scheduled executive officers' meetings.

The Corporate Auditing Division and Audit Committee

Acting independently, Mitsubishi Electric's Corporate Auditing Division conducts internal audits of the Company from a fair and impartial standpoint. In addition, the division's activities are supported by auditors with profound knowledge of their particular fields, assigned from certain business units.

The Audit Committee is made up of five directors, three of whom are outside directors. In accordance with the policies and assignments agreed to by the committee, the performances of directors and executive officers as well as affiliated companies are audited.

The Corporate Auditing Division, through the executive officer in charge of auditing, submits reports to the Audit Committee, which holds periodic meetings to exchange information and discuss auditing policies. In addition, the Audit Committee discusses policies and methods of auditing with accounting auditors, who furnish it with reports on the status and results of the audits of the Company that they themselves conduct.



Policies Regarding Decisions on Compensation, etc.

Policies regarding decisions on compensation, etc. will be made through resolutions by the Compensation Committee, the majority of which consists of Outside Directors. A summary of the policies is as follows.

The compensation scheme for Directors

1. Directors give advice to and supervise the Company's management from an objective point of view, and therefore, the compensation scheme for Directors is the payment of fixed-amount compensation and the retirement benefit upon resignation.
2. Directors will receive their compensation as a fixed amount, and the compensation to be paid will be set at a level considered reasonable, while taking into account the contents of the Directors' duties and the Company's conditions, etc.
3. Directors will receive the retirement benefit upon their resignation, and the retirement benefit to be paid will be set at a level decided on the basis of the monthly amount of compensation and the number of service years, etc.

The compensation scheme for the Executive Officers

1. 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.
2. Fixed-amount compensation will be set at a level considered reasonable taking into account the contents of the Executive Officers duties and the Company's conditions.
3. 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.
4. 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.

Directors and Executive Officers

Directors (As of June 26, 2015)

Kenichiro Yamanishi .... Chairman

Masaki Sakuyama .... Representative Executive Officer, President & CEO

Hiroki Yoshimatsu .... Chairman of the Audit Committee

Noritomo Hashimoto .... Member of the Nomination Committee, Senior Vice President

Nobuyuki Okuma .... Chairman of the Nomination Committee, Chairman of the Compensation Committee, Executive Officer

Akihiro Matsuyama .... Member of the Compensation Committee, Executive Officer

Takashi Sasakawa .... Member of the Audit Committee

Mikio Sasaki .... Member of the Compensation Committee, Senior Corporate Advisor, Mitsubishi Corporation

Shigemitsu Miki .... Member of the Nomination Committee, Member of the Audit Committee, Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Mitoji Yabunaka .... Member of the Nomination Committee, Member of the Compensation Committee, Advisor, Nomura Research Institute, Ltd.

Hiroshi Obayashi .... Member of the Nomination Committee, Member of the Audit Committee, Attorney-at-Law

Kazunori Watanabe .... Member of the Audit Committee, Member of the Compensation Committee, Certified Public Accountant, Registered Tax Accountant

Representative Executive Officers (As of April 1, 2015)

Masaki Sakuyama

Hideyuki Okubo

Yutaka Ohashi

Executive Officers (As of April 1, 2015)

President & CEO:

Masaki Sakuyama

Senior Vice Presidents:

Hideyuki Okubo .... In charge of Export Control and Total Productivity Management & Environmental Programs

Yutaka Ohashi .... In charge of Automotive Equipment

Noritomo Hashimoto .... In charge of Corporate Strategic Planning and Operations of Associated Companies

Yoshiaki Nakatani............. In charge of Electronic Systems

Masayuki Ichige................ In charge of Auditing, Government & External Relations and Public Relations

Executive Officers:

Isao Iguchi......................... In charge of Advertising and Domestic Marketing

Nobuyuki Okuma .... In charge of General Affairs and Human Resources

Akihiro Matsuyama........... In charge of Accounting and Finance

Takashi Sakamoto .... In charge of Purchasing

Takahiro Kikuchi............... In charge of Public Utility Systems

Kenji Kondo....................... In charge of IT and Research & Development

Nobuyuki Abe.................... In charge of Building Systems

Katsuya Takamiya............. In charge of Global Strategic Planning & Marketing

Takaaki Kukita.................. In charge of Global Strategic Planning & Marketing

Takeshi Sugiyama .... In charge of Living Environment & Digital Media Equipment

Nobushi Morooka .... In charge of Legal Affairs & Compliance, Export Control and Intellectual Property

Yasuyuki Ito .... In charge of Energy & Industrial Systems

Hideaki Nagatomo .... In charge of Living Environment & Digital Media Equipment

Toru Sanada .... In charge of Semiconductor & Device

Takashi Nishimura .... In charge of Communication Systems

Shinya Fushimi.................. In charge of Information Systems & Network Service

Kei Uruma .... In charge of Factory Automation Systems

Organization (As of June 26, 2015)

- Board of Directors
  - Chairman
  - Nomination Committee
  - Audit Committee
  - Compensation Committee
- Audit Committee Office

- Executive Officers' Meeting
  - President & CEO
  - Senior Vice Presidents
  - Executive Officers

- Corporate Auditing Div.
- Corporate Strategic Planning Div.
- Corporate IT Strategy Div.
- Associated Companies Div.
- Government & External Relations Div.
- Corporate Administration Div.
- Corporate Human Resources Div.
- Corporate Accounting Div.
- Corporate Finance Div.
- Corporate Purchasing Div.
- Public Relations Div.
- Corporate Advertising Div.
- Corporate Legal & Compliance Div.
- Corporate Export Control Div.
- Corporate Licensing Div.
- Corporate Intellectual Property Div.

- Corporate Marketing Group
  - Business Planning Office
  - Market Planning & Administration Dept.
  - Compliance Dept.
  - Marketing Research & Business Development Dept.
  - Branch Offices (Hokkaido, Tohoku, Kanetsu, Kanagawa, Hokuriku, Chubu, Kansai, Chugoku, Shikoku, Kyushu)
- Global Strategic Planning & Marketing Group
  - Global Planning & Administration Div.
  - Compliance Dept.
  - Regional Marketing Div.
  - Regional Strategic Development Div.
  - Regional Corporate Offices
    - Americas (U.S.A.)
    - Europe (U.K.)
    - Asia (Singapore)
    - China
    - Taiwan
- Corporate Total Productivity Management & Environmental Programs Group
  - Corporate Productivity Engineering Dept.
  - Compliance Dept.
  - Corporate Quality Assurance Planning Dept.
  - Corporate Environmental Sustainability Group
  - Corporate Logistics Dept.
  - Design Systems Engineering Center
  - Manufacturing Engineering Center
- Corporate Research and Development Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Advanced Technology R&D Center
  - Information Technology R&D Center
  - Industrial Design Center
- Information Systems & Network Service Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Information Systems & Network Service Div.
- Public Utility Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Engineering Planning Dept.
  - ITS Business Development Group
  - Public-Use Systems Marketing Div.
  - Transportation Systems Div.
  - Overseas Marketing Div.
  - Plant Engineering & Construction Div.
  - Branch Offices
  - Kobe Works, Itami Works, Nagasaki Works
- Energy & Industrial Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Engineering Planning Dept.
  - Nuclear Power Plant Technical Supervisory Office
  - Business Development & Strategic Planning Div.
  - Transmission & Distribution Systems Marketing Div.
  - Power & Energy Systems Marketing Div.
  - Nuclear Energy, Advanced Magnetic & Medical Systems Marketing Div.
  - Power Plant Engineering & Construction Center
  - Branch Offices
  - Energy Systems Center, Transmission & Distribution Systems Center, Power Distribution Systems Center
- Building Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Engineering Planning Dept.
  - Total Security Systems Dept.
  - Domestic Marketing Div.
  - Overseas Marketing Div.
  - Building Systems Field Operation Div.
  - Branch Offices
  - Inazawa Works
- Electronic Systems Group
  - Electronic Systems Compliance Dept.
  - Planning & Administration Dept.
  - Defense Systems Div.
  - Space Systems Div.
  - IT Space Solutions Div.
  - Branch Offices
  - Communication Systems Center, Kamakura Works
- Communication Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Communication Systems Engineering Center
  - Telecommunication Systems Sales & Marketing Div.
  - Branch Offices
  - Communication Networks Center
- Living Environment & Digital Media Equipment Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Engineering Dept.
  - Branding Strategy Dept.
  - External Relations Dept.
  - Customer Satisfaction Promotion Dept.
  - Marketing & Operations Strategic Planning Dept.
  - Eco-Facility Systems Marketing Dept.
  - Air-Conditioning & Refrigeration Systems Div.
  - Overseas Air-Conditioning & Refrigeration Systems Div.
  - Lighting, Ventilation, Home Equipment and Photovoltaic Systems Div.
  - Home Appliances & Digital Media Equipment Div.
  - Living Environment Systems Laboratory
  - Branch Offices
  - Nakatsugawa Works, Air-Conditioning & Refrigeration Systems Works, Shizuoka Works, Kyoto Works, Gunma Works
- Factory Automation Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Industrial Products Marketing Div.
  - Industrial Automation Marketing Div.
  - Overseas Marketing Div.
  - Global Account Management Div.
  - Branch Offices
  - Nagoya Works, Fukuyama Works
- Automotive Equipment Group
  - Planning & Administration Dept.
  - Automotive Equipment Compliance Dept.
  - Automotive Equipment Marketing Div.
  - Automotive Electronics Development Center
  - Branch Offices
  - Himeji Works, Sanda Works
- Semiconductor & Device Group
  - Planning & Administration Div.
  - Compliance Dept.
  - Semiconductor & Device Marketing Div. A
  - Semiconductor & Device Marketing Div. B
  - LCD Div.
  - Branch Offices
  - Power Device Works, High Frequency & Optical Device Works

Major Subsidiaries and Affiliates (As of March 31, 2015)

	Manufacturing	Sales/Installation/Services	Comprehensive Sales Companies
Energy and Electric Systems	Toyo Electric Corporation Tada Electric Co., Ltd. Mitsubishi Electric Power Products, Inc. Mitsubishi Electric Shanghai Electric Elevator Co., Ltd. Mitsubishi Elevator Asia Co., Ltd. Taiwan Mitsubishi Elevator Co., Ltd. Toshiba Mitsubishi-Electric Industrial Systems Corporation Mitsubishi Hitachi Home Elevator Corporation Shanghai Mitsubishi Elevator Co., Ltd. Zhuzhou Shiling Transportation Equipment Company Limited	Mitsubishi Electric Building Techno-Service Co., Ltd. Mitsubishi Electric Plant Engineering Corporation Mitsubishi Electric Control Software Corporation Ryoden Elevator Construction, Ltd. Ryoko Co., Ltd. RYO-SA BUILWARE Co., Ltd. Mitsubishi Elevator Hong Kong Co., Ltd. Mitsubishi Elevator Korea Co., Ltd. Hitachi Mitsubishi Hydro Corporation ETA-Melco Elevator Co. L.L.C.	Chiyoda Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (9 companies) Mitsubishi Electric Europe B.V. Mitsubishi Electric US, Inc. Mitsubishi Electric Taiwan Co., Ltd. Mitsubishi Electric & Electronics (Shanghai) Co., Ltd. Mitsubishi Electric Asia Pte. Ltd. Mitsubishi Electric (H.K.) Ltd. Mitsubishi Electric Australia Pty. Ltd. Ryoden Trading Co., Ltd. Kanaden Corporation Mansei Corporation
Industrial Automation Systems	DB Seiko Co., Ltd. Mitsubishi Electric Automotive America, Inc. Mitsubishi Electric Thai Auto-Parts Co., Ltd. Mitsubishi Electric Automotive (China) Co., Ltd. Mitsubishi Electric Dalian Industrial Products Co., Ltd. Mitsubishi Electric Automation, Inc. Mitsubishi Electric Automotive Czech s.r.o. Shizuki Electric Co., Inc. Nippon Injector Corporation Shihlin Electric & Engineering Corporation	Ryowa Corporation Setsuyo Astec Corporation Ryoden Koki Engineering Co., Ltd. Meldas System Engineering Corporation Mitsubishi Electric Mechatronics Software Corporation Mitsubishi Electric Automation (Hong Kong) Ltd. Mitsubishi Electric Automation Korea Co., Ltd.	
Information and Communication Systems	Mitsubishi Electric TOKKI Systems Corporation Mitsubishi Precision Co., Ltd. SPC Electronics Corporation Seiryo Electric Co., Ltd. Oi Electric Co., Ltd. Miyoshi Electronics Corporation	Diamond Telecommunication Co., Ltd. Mitsubishi Electric Information Systems Corporation Mitsubishi Electric Information Network Corporation Mitsubishi Space Software Co., Ltd. Mitsubishi Electric Business Systems Co., Ltd. Mitsubishi Electric Micro-Computer Application Software Co., Ltd. Itec Hankyu Hanshin Co., Ltd.	
Electronic Devices	Melco Power Device Corporation Melco Display Technology Inc. Vincotech Holdings S.à r.l. Powerex, Inc.	Melco Semiconductor Engineering Corporation	
Home Appliances	Mitsubishi Electric Lighting Corporation Mitsubishi Electric Home Appliance Co., Ltd. Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. Shanghai Mitsubishi Electric & Shangling Air-Conditioner and Electric Appliance Co., Ltd. Mitsubishi Electric (Guangzhou) Compressor Co., Ltd. Siam Compressor Industry Co., Ltd. Mitsubishi Electric Air Conditioning Systems Europe Ltd. Kang Yong Electric Public Co., Ltd.	Mitsubishi Electric Living Environment Systems Corporation Mitsubishi Electric Life Network Co., Ltd. Mitsubishi Electric Air Conditioning & Refrigeration Equipment Sales Co., Ltd. Mitsubishi Electric Air Conditioning & Refrigeration Systems Co., Ltd. Melco Facilities Corporation Mitsubishi Electric Kang Yong Watana Co., Ltd. Mitsubishi Electric Air-Conditioning & Visual Information Systems (Shanghai) Ltd.	
Others		Mitsubishi Electric Trading Corporation Mitsubishi Electric Engineering Co., Ltd. Mitsubishi Electric Logistics Corporation Mitsubishi Electric System & Service Co., Ltd. Mitsubishi Electric Life Service Corporation The Kodensha Co., Ltd. iPLANET Inc. Melco Trading (Thailand) Co.,Ltd. Mitsubishi Electric Credit Corporation KITA KOUDENSHA Corporation	

Notes:
1. Comprehensive sales companies include several companies that are responsible for selling products from a number of businesses, and therefore these are placed into their own separate category rather than grouped by business segment.
2. Companies shaded in gray are consolidated subsidiaries, while others are equity-method affiliate companies.

Financial Section

Contents

Five-Year Summary

Mitsubishi Electric Corporation and Subsidiaries

Years ended March 31	2015	2014	2013	2012	2011	2015
	Yen (millions)					U.S. dollars (thousands)
Summary of Operations						
Net sales	**¥4,323,041**	¥4,054,359	¥3,567,184	¥3,639,468	¥3,645,331	**$36,025,342**
Cost of sales	**3,032,161**	2,914,589	2,604,360	2,628,964	2,622,959	**25,268,009**
Selling, general, administrative and R&D expenses	**970,191**	900,807	806,412	781,278	784,606	**8,084,925**
Loss on impairment of long-lived assets	**3,085**	3,791	4,317	3,782	4,005	**25,708**
Operating costs	**4,005,437**	3,819,187	3,415,089	3,414,024	3,411,570	**33,378,642**
Operating income	**317,604**	235,172	152,095	225,444	233,761	**2,646,700**
Income before income taxes	**322,968**	248,990	65,141	224,080	210,237	**2,691,400**
Net income attributable to Mitsubishi Electric Corp.	**¥ 234,694**	¥ 153,473	¥ 69,517	¥ 112,063	¥ 124,525	**$ 1,955,783**
Financial Ratios						
Return on sales (%)	**5.43**	3.79	1.95	3.08	3.42	—
Return on equity (%)	**13.94**	10.87	5.72	10.27	12.36	—
Return on assets (%)	**6.12**	4.37	2.04	3.33	3.80	—
Equity ratio (%)	**45.38**	42.19	38.12	33.39	31.52	—
Per-Share Amounts						
Net income attributable to Mitsubishi Electric Corp. (yen/U.S. dollars)						
Basic	**¥109.32**	¥71.49	¥32.38	¥52.20	¥58.00	**$0.911**
Diluted	**—**	—	—	—	—	**—**
Cash dividends declared (yen/U.S. dollars)	**¥ 27**	¥ 17	¥ 11	¥ 12	¥ 12	**$0.225**
Statistical Information						
Current assets	**¥2,633,445**	¥2,290,007	¥2,129,395	¥2,180,362	¥2,052,887	**$21,945,375**
Current liabilities	**1,612,582**	1,494,243	1,386,067	1,387,744	1,421,174	**13,438,183**
Working capital	**1,020,863**	795,764	743,328	792,618	631,713	**8,507,192**
Mitsubishi Electric Corp. shareholders' equity	**1,842,203**	1,524,322	1,300,070	1,132,465	1,050,340	**15,351,692**
Cash dividends paid	**42,936**	25,762	23,616	27,910	19,315	**357,800**
Total assets	**4,059,451**	3,612,966	3,410,410	3,391,651	3,332,679	**33,828,758**
Capital expenditures	**199,758**	151,840	150,425	159,346	107,638	**1,664,650**
R&D expenditures	**195,314**	178,945	172,222	169,686	151,779	**1,627,617**
Depreciation	**¥ 156,205**	¥ 132,956	¥ 127,942	¥ 127,244	¥ 105,280	**$ 1,301,708**
Employees (at the end of the year)	**129,249**	124,305	120,958	117,314	114,443	—

Notes: 1. The Company prepares consolidated financial statements with procedures, accounting terms, forms, and preparation that are in conformity with accounting principles generally accepted in the United States of America based on the rules and regulations applicable in Japan.
2. Operating income is presented as net sales less cost of sales, selling, general, administrative and R&D expenses, and loss on impairment of long-lived assets. Total operating income for each segment conforms to above mentioned operating income. Business restructuring expenses are shown as non-operating expenses.
3. R&D expenditures include elements spent on quality improvements, which constitute manufacturing costs.
4. U.S. dollar amounts are translated from yen at the rate of ¥120=U.S.$1, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2015.
5. The Company has 172 consolidated subsidiaries and 36 equity-method companies as of March 31, 2015.
6. Diluted net income per share attributable to Mitsubishi Electric Corp. is not included in the above table as no dilutive securities existed.

Financial Review

OVERVIEW

The business environment in the fiscal year ended March 31, 2015 (hereinafter, fiscal 2015) in general experienced an gradual upward trend, with buoyant economic expansion in the U.S. and economic recovery in Europe having a positive effect, despite Japan's economy remaining in a state of weak recovery centered around consumption and despite the economic slowdown in China and some emerging markets. In addition, the weakening of the yen advanced against the U.S. dollar, while the yen became stronger against the euro.

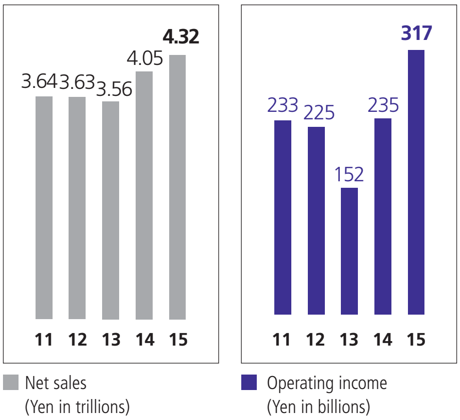
Under these circumstances, the Mitsubishi Electric Group has been working even harder than before to promote growth strategies rooted in its advantages, while continuously implementing initiatives to strengthen its competitiveness and business structure.

As a result, in fiscal 2015, the Mitsubishi Electric Group recorded net sales of 4,323.0 billion yen and operating income of 317.6 billion yen. Income before income taxes came to 322.9 billion yen. Net income attributable to Mitsubishi Electric Corporation was 234.6 billion yen for the fiscal year.

Net Sales

The Mitsubishi Electric Group recorded increases in sales in all its business segments, namely, Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances and Others. In the fiscal year, consolidated net sales climbed by ¥268.6 billion year on year to ¥4,323.0 billion.

Net sales / Operating income

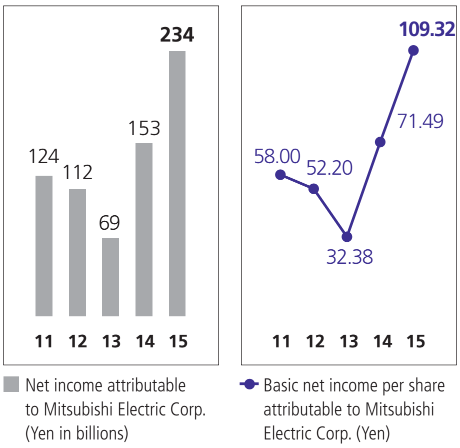


Cost of Sales, Expenses and Operating Income

The cost of sales increased by ¥117.5 billion compared with the previous fiscal year to ¥3,032.1 billion, representing 70.1% of total net sales, an improvement of 1.8 percentage points. Selling, general and administrative (SG&A) expenses together with research and development (R&D) expenses totaled ¥970.1 billion, up ¥69.3 billion year on year. As a result, the ratio of SG&A and R&D expenses to net sales deteriorated by 0.3 of a percentage point year on year to 22.5%. Loss on impairment of long-lived assets decreased by ¥0.7 billion year on year to ¥3.0 billion.

Accounting for the aforementioned factors, operating income amounted to ¥317.6 billion, an increase of ¥82.4 billion compared with the previous fiscal year. This increase was primarily attributable to higher income in the Industrial Automation Systems, Information and Communications Systems, Electronic Devices, Home Appliances, and Other business segments.

Net income attributable to Mitsubishi Electric Corp. / Basic net income per share attributable to Mitsubishi Electric Corp.



Non-Operating Income and Expenses

Financial income, the sum of interest and dividend income less interest expenses, amounted to ¥3.3 billion, essentially unchanged from the previous fiscal year.

Equity in earnings of affiliated companies totaled ¥27.7 billion, an improvement of ¥4.5 billion compared with the previous fiscal year.

Other income increased by ¥18.7 billion to ¥43.3 billion year on year. Other expenses grew by ¥31.8 billion year on year to ¥69.0 billion.

Income before Income Taxes

Income before income taxes increased by ¥73.9 billion compared with the previous fiscal year to ¥322.9 billion, for a ratio to net sales of 7.5%. As previously mentioned, this is largely attributable to the aforementioned upswing in operating income of ¥82.4 billion.

Net Income Attributable to Mitsubishi Electric

Net income attributable to Mitsubishi Electric Corp. grew by ¥81.2 billion year on year to ¥234.6 billion (a ratio to net sales of 5.4%) largely on the back of the increase in income before income taxes.

Business Risks

The Mitsubishi Electric Group engages in the development, manufacture and sale of products in the Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances and Other business fields in Japan as well as North America, Europe, Asia and other overseas regions. As a result, the Group's financial standing and business performance may be affected by a variety of factors.

Factors that may affect the financial standing and business performance of the Mitsubishi Electric Group include but are not limited to the following. As such, additional factors may arise at any given time.

(1) Important trends
The Mitsubishi Electric Group's operations may be affected by trends in the global economy, social conditions, laws, tax codes and regulations.

(2) Foreign currency exchange rates
Fluctuations in foreign currency markets may affect Mitsubishi Electric's sales of exported products and purchases of imported materials that are denominated in U.S. dollars or euros, as well as its Asian production bases' sales of exported products and purchases of imported materials that are denominated in foreign currencies.

(3) Stock markets
A fall in stock market prices may cause Mitsubishi Electric to record devaluation losses on marketable securities or cause an increase in retirement benefit obligations in accordance with a decline in the fair value of pension assets.

(4) Supply/demand balance for products and procurement conditions for materials and components
A decline in prices and shipments due to changes in the supply/demand balance as well as an increase in costs due to a worsening of material and component procurement conditions may adversely affect the Mitsubishi Electric Group's performance.

(5) Fund raising
An increase in interest rates, the yen interest rate in particular, would increase Mitsubishi Electric's interest expenses.

(6) Significant intellectual property matters
Important patent filings, licensing, copyrights and patent-related disputes may adversely affect related businesses.

(7) Environmental legislation or relevant issues
Mitsubishi Electric may incur losses or expenses owing to changes in environmental legislation or the occurrence of environmental issues. Such changes in legislation or the occurrence of environmental issues may also affect the Group's overall operations, including manufacturing activities.

(8) Flaws or defects in products or services
Mitsubishi Electric may incur losses or expenses relating to flaws or defects in products or services. A decrease in the general assessment of the quality of Group products and services may also impact overall operations.

(9) Lawsuits and other legal proceedings
Lawsuits and/or other legal proceedings against the Mitsubishi Electric Group may affect its overall operations.

(10) Disruptive changes
Disruptive changes in the technology, development and manufacturing of products using new technology and timing of market introduction may adversely affect the Mitsubishi Electric Group's performance.

(11) Business restructuring
The Mitsubishi Electric Group may record losses due to restructuring measures.

(12) Incidents related to information security
The performance of the Mitsubishi Electric Group may be affected by computer virus infections, unauthorized access and other unpredictable incidents that lead to the loss or leakage of personal information held by the Group or confidential information regarding the Group's business such as its technology, sales and other operations.

(13) Natural disasters
The Mitsubishi Electric Group's operations, particularly manufacturing activities, may be affected by the occurrence of earthquakes, typhoons, tsunami, fires and other large-scale disasters.

(14) Other significant factors
The Mitsubishi Electric Group's operations may be affected by the outbreak of social or political upheaval due to terrorism, war, pandemic by new strains of influenza and other diseases, or other factors.

RESULTS BY BUSINESS SEGMENT

Net Sales by Business Segment

Years ended March 31	2015	2014	2013	2012	2011	2015
	Yen (millions)					U.S. dollars (thousands)
Energy and Electric Systems	**¥1,228,958**	¥1,180,093	¥1,058,177	¥1,027,115	¥1,027,749	**$10,241,317**
Industrial Automation Systems	**1,282,749**	1,098,796	927,857	978,380	927,002	**10,689,575**
Information and Communication Systems	**559,521**	548,282	522,422	516,354	487,915	**4,662,675**
Electronic Devices	**238,402**	194,658	164,065	200,799	175,910	**1,986,683**
Home Appliances	**944,830**	944,351	821,298	849,274	924,478	**7,873,583**
Others	**740,517**	676,034	590,366	611,619	609,416	**6,170,975**
Subtotal	**4,994,977**	4,642,214	4,084,185	4,183,541	4,152,470	**41,624,808**
Eliminations	**(671,936)**	(587,855)	(517,001)	(544,073)	(507,139)	**(5,599,466)**
Consolidated total	**¥4,323,041**	¥4,054,359	¥3,567,184	¥3,639,468	¥3,645,331	**$36,025,342**

Operating Income (Loss) by Business Segment

Years ended March 31	2015	2014	2013	2012	2011	2015
	Yen (millions)					U.S. dollars (thousands)
Energy and Electric Systems	**¥ 72,448**	¥ 76,324	¥ 85,140	¥ 84,920	¥ 83,055	**$ 603,733**
Industrial Automation Systems	**145,982**	98,079	60,592	101,192	100,089	**1,216,517**
Information and Communication Systems	**18,934**	5,529	1,591	21,312	13,743	**157,783**
Electronic Devices	**30,163**	10,050	(5,580)	3,585	5,901	**251,358**
Home Appliances	**54,296**	52,878	19,300	22,358	42,008	**452,467**
Others	**23,742**	19,801	18,790	20,348	14,475	**197,850**
Subtotal	**345,565**	262,661	179,833	253,715	259,271	**2,879,708**
Eliminations and other	**(27,961)**	(27,489)	(27,738)	(28,271)	(25,510)	**(233,008)**
Consolidated total	**¥317,604**	¥235,172	¥152,095	¥225,444	¥233,761	**$2,646,700**

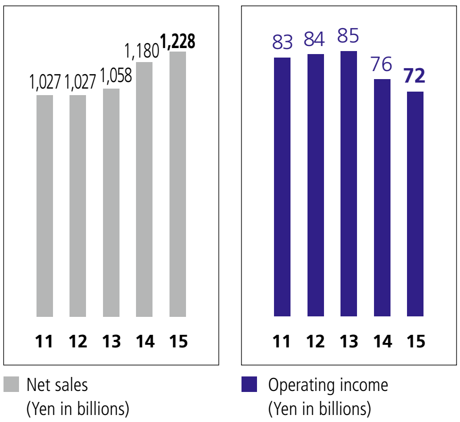
Energy and Electric Systems

The social infrastructure systems business saw a decrease in orders compared to the previous fiscal year due primarily to a decrease in the power generation and public utility systems businesses in Japan. Sales, meanwhile, remained unchanged compared to the previous fiscal year owing to increases in the rolling-stock equipment business outside Japan.

The building systems business experienced increases in both orders and sales compared to the previous fiscal year, owing to growth in new installation of elevators and escalators overseas, mainly in China and ASEAN countries, as well as the weaker yen.

As a result, total sales for this segment increased by 4% from the previous fiscal year to 1,228.9 billion yen. Operating income decreased by 3.8 billion yen from the previous fiscal year to 72.4 billion yen due primarily to a shift in project portfolio.

Net sales and Operating income of Energy and Electric Systems



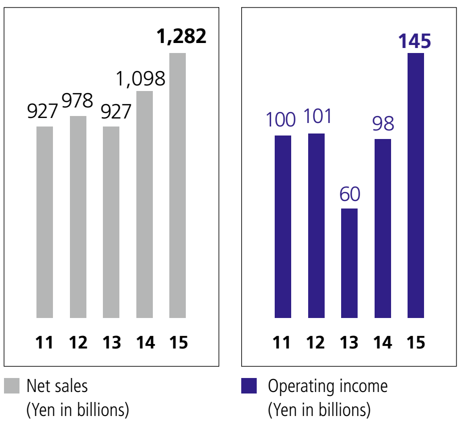
Industrial Automation Systems

The factory automation systems business saw increases in both orders and sales from the previous fiscal year due to growth in capital expenditures relating to smartphone and automotive industries as well as facility replacements by manufacturers in Japan, and due additionally to the weaker yen.

The automotive equipment business saw increases in both orders and sales from the previous fiscal year due primarily to growth in the car sales market in North America and China, as well as the positive influence of the weaker yen.

As a result, total sales for this segment increased by 17% from the previous fiscal year to 1,282.7 billion yen. Operating income increased by 47.9 billion yen from the previous fiscal year to 145.9 billion yen due primarily to an increase in sales.

Net sales and Operating income of Industrial Automation Systems



Information and Communication Systems

The telecommunications equipment business saw decreases in both orders and sales from the previous fiscal year due primarily to a decrease in demand for communications infrastructure products.

Sales in the information systems and services business saw decreases compared to sales of the previous fiscal year mainly due to decreases in system integration business.

The electronic systems business saw a decrease in orders compared to the previous fiscal year due to decreases in large-scale projects in the defense system and space system businesses. Sales, meanwhile, experienced an increase compared to the previous fiscal year due to progress in orders already received for projects in the defense systems business.

As a result, total sales for this segment increased by 2% compared with the previous fiscal year to 559.5 billion yen. Operating income increased by 13.4 billion yen from the previous fiscal year to 18.9 billion yen due primarily to an increase in sales.

Electronic Devices

The electronic devices business saw increases in both orders and sales from the previous fiscal year due to an increase in demand mainly for power modules used in automotive applications owing to expansion in hybrid and electric vehicle markets, as well as an increase in demand for power modules used in railcar, consumer and industrial applications and for optical communication devices mainly in the Chinese market, and due additionally to the weaker yen.

As a result, total sales for this segment increased by 22% compared with the previous fiscal year to 238.4 billion yen. Operating income increased by 20.1 billion yen compared with the previous fiscal year to 30.1 billion yen due primarily to an increase in sales.

Home Appliances

The home appliances business remained substantially unchanged compared with the previous fiscal year with total sales for this segment amounting to 944.8 billion yen, despite increased sales in air conditioners in Asian, North American and European markets and in package air conditioners in Japan, as well as the weaker yen, due to impact from the last-minute surge in demand experienced in Japan before the rise in consumption tax the previous year.

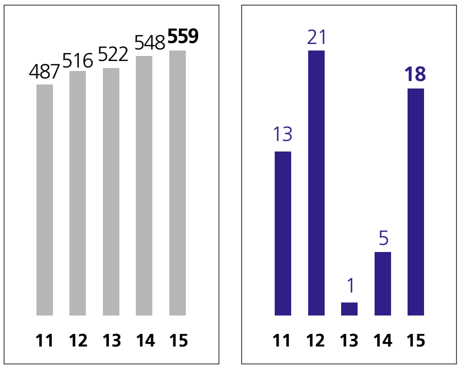
Operating income increased by 1.4 billion yen compared with the previous fiscal year to 54.2 billion yen largely due to the weaker yen.

Others

Sales increased by 10% compared with the previous fiscal year to 740.5 billion yen, mainly at affiliated companies involved in materials procurement.

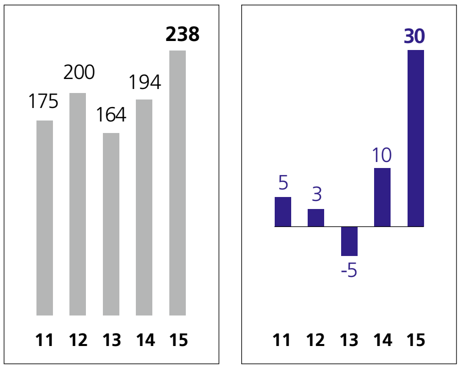
Operating income increased by 3.9 billion yen compared with the previous fiscal year to 23.7 billion yen due primarily to an increase in sales.

Net sales and Operating income of Information and Communication Systems



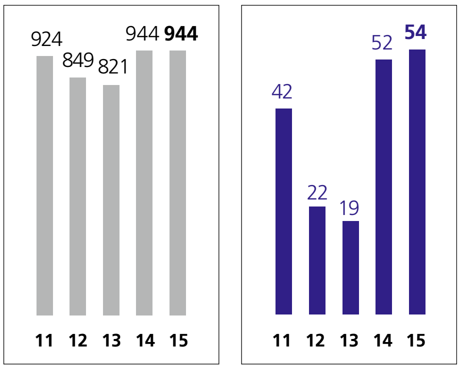
Net sales (Yen in billions)
Operating income (Yen in billions)

Net sales and Operating income (loss) of Electronic Devices



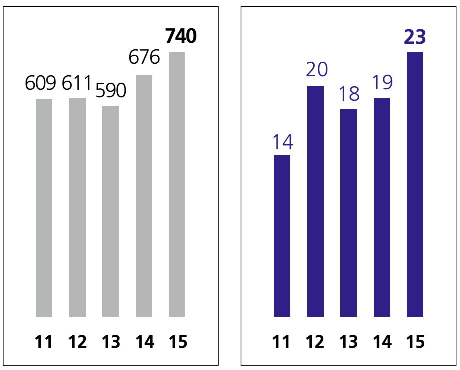
Net sales (Yen in billions)
Operating income (loss) (Yen in billions)

Net sales and Operating income of Home Appliances



Net sales (Yen in billions)
Operating income (Yen in billions)

Net sales and Operating income of Others



Net sales (Yen in billions)
Operating income (Yen in billions)

RESULTS BY GEOGRAPHIC SEGMENT

Net Sales by Geographic Segment

Years ended March 31	2015	2014	2013	2012	2011	2015
	Yen (millions)					U.S. dollars (thousands)
Japan	**¥ 3,578,960**	¥3,362,854	¥3,064,014	¥3,186,719	¥3,176,605	**$29,824,667**
North America	**388,021**	325,224	248,105	222,543	229,958	**3,233,508**
Asia (excluding Japan)	**1,047,758**	887,022	624,724	582,888	583,827	**8,731,317**
Europe	**383,965**	352,950	289,933	309,997	293,952	**3,199,708**
Others	**49,495**	47,824	40,255	40,184	38,200	**412,458**
Eliminations	**(1,125,158)**	(921,515)	(699,847)	(702,863)	(677,211)	**(9,376,316)**
Consolidated total	**¥ 4,323,041**	¥4,054,359	¥3,567,184	¥3,639,468	¥3,645,331	**$36,025,342**

Operating Income (Loss) by Geographic Segment

Years ended March 31	2015	2014	2013	2012	2011	2015
	Yen (millions)					U.S. dollars (thousands)
Japan	**¥226,199**	¥177,315	¥116,923	¥179,452	¥177,354	**$1,884,992**
North America	**5,178**	1,679	(1,744)	3,339	1,363	**43,150**
Asia (excluding Japan)	**82,419**	59,023	36,172	34,220	43,734	**686,825**
Europe	**11,803**	4,768	4,527	6,319	7,830	**98,358**
Others	**402**	1,735	2,209	3,905	4,329	**3,350**
Eliminations	**(8,397)**	(9,348)	(5,992)	(1,791)	(849)	**(69,975)**
Consolidated total	**¥317,604**	¥235,172	¥152,095	¥225,444	¥233,761	**$2,646,700**

Japan

Sales totaled 3,578.9 billion yen, up 6% compared with the previous fiscal year. This largely reflected the upswing in sales in the FA systems, automotive equipment, and semiconductor businesses. Operating income increased by 48.8 billion yen to 226.1 billion yen.

North America

Sales increased by 19% year on year to 388.0 billion yen primarily due to higher sales in the FA systems, and automotive equipment businesses. Mitsubishi Electric reported operating income in its operations in North America totaling 5.1 billion yen. This was an improvement of 3.4 billion yen compared with the previous fiscal year.

Asia (excluding Japan)

Sales totaled 1,047.7 billion yen, up 18% compared with the previous fiscal year mainly because of higher sales in the FA systems, automotive equipment, and air conditioner businesses. Operating income increased by 23.3 billion yen to 82.4 billion yen.

Europe

Sales increased by 9% year on year to 383.9 billion yen mainly because of higher sales in the FA systems, automotive equipment, and air conditioner businesses. Operating income increased by 7.0 billion yen to 11.8 billion yen.

Others

Sales in other regions, including figures for Mitsubishi Electric's Australian subsidiary, amounted to 49.4 billion yen, while operating income was 0.4 billion yen.

RESEARCH AND DEVELOPMENT

R&D Expenditures

Years ended March 31	2015	2014	2013	2012	2011	2015
	Yen (billions)					U.S. dollars (millions)
Energy and Electric Systems	**¥ 31.4**	¥ 28.8	¥ 29.8	¥ 30.5	¥ 27.0	**$ 261.7**
Industrial Automation Systems	**70.5**	63.4	58.9	54.9	44.9	**587.5**
Information and Communication Systems	**16.3**	15.6	16.4	16.1	14.9	**135.8**
Electronic Devices	**10.9**	9.3	8.2	9.3	8.5	**90.8**
Home Appliances	**37.3**	34.1	30.8	30.4	30.7	**310.8**
Others	**28.6**	27.5	27.7	28.2	25.5	**238.3**
Consolidated total	**¥195.3**	¥178.9	¥172.2	¥169.6	¥151.7	**$1,627.6**

The Mitsubishi Electric Group actively promotes R&D initiatives that cover fundamental and advanced applications as well as product commercialization and manufacturing technologies. Carrying out these initiatives are various Group facilities, including corporate laboratories in Japan and laboratories in the United States and Europe as well as the R&D departments of factories and consolidated subsidiaries. Moreover, we pursue advanced and wide-ranging R&D activities in partnership with universities and research institutions both in Japan and overseas.

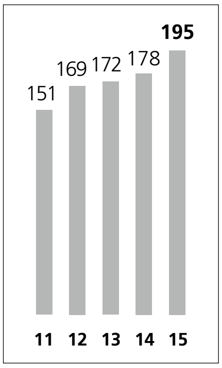
In fiscal 2015, total R&D expenditures, including quality improvement expenses constituting manufacturing costs, amounted to ¥195.3 billion. Mitsubishi Electric reports R&D activities by business segment according to purpose, type, result and expenditure.

In the Energy and Electric Systems segment, our research is directed at boosting the competitiveness of such core products as rotating machines for generators, electric motors and other machinery; switches and transformers; other power transmission/ distribution/reception equipment and systems; transportation systems; and elevators and escalators. Other R&D areas include IT-application systems for supervision and control, power information systems, building management systems and visual information systems. Notable among Mitsubishi Electric's recent R&D achievements are the 3 screen layout train vision system; the MELNET-ES1200 high-reliability Ethernet switch; heat pump technologies for rolling stock air-conditioning equipment; the SVC-Diamond static synchronous compensator; the acquisition of three communication standards between communication unit for smart meter and HEMS equipment; the completion of VP-X series high efficiency turbine generator verification tests; the launch of NEXIEZ-LITE low- and mid-rise residential and office building elevators in the Indian market; the Destination Oriented Allocation System for elevators; and the MELSAFETY-Px access control system for small to mid-sized buildings. R&D expenditures in this segment totaled ¥31.4 billion.

In the Industrial Automation Systems segment, R&D activities are aimed at enhancing the competitiveness of our lineup, which includes FA control equipment and systems; drive products such as AC servo motor systems; power distribution and control equipment; mechatronics equipment; industrial robots; automotive electric and electronic components, including electric power steering (EPS) and related products; and car multimedia systems. Mitsubishi Electric's important R&D successes encompass the MELSEC iQ-R and iQ-F series programmable controllers; the FREQROL-F800 series of general-purpose inverters; the M800S series and M80 series of computerized numerical controllers; the MP series of wire-cut electrical discharge machines; the NR-MZ90 series DIATONE SOUND. NAVI car audio and navigation system; the DS-G500 DIATONE car speaker; a power unit for the three-motor HEV system; an eighth-generation airbag control unit; and a next-generation brushless alternator. R&D expenditures in this segment totaled ¥70.5 billion.

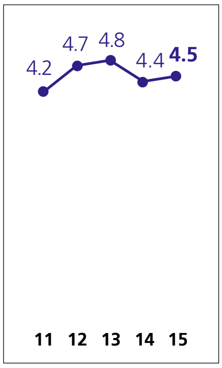
In the Information and Communication Systems segment, Mitsubishi Electric pursues research related to the development of information and communications infrastructure, network solutions equipment, and space systems. Notable R&D successes for Mitsubishi Electric include the "smartstar" communication gateway; the new functions of MELOOKμII recorder; the PON protection function for 10G-EPON system; GE-PON systems for smart grid; the 100G media converter; the HM-3000 high-sensitivity 3 MOS HD PTZ camera; the DIAPLANET smart control cloud service; the DIASITE website solution; and the MIND tablet PC that

R&D expenditures



R&D expenditures (Yen in billions)

R&D expenditures ratio



R&D expenditures / Net sales (%)

combines PC functions with the lightweight convenience of a portable tablet device. R&D expenditures in this segment totaled ¥16.3 billion.

In the Electronic Devices segment, our R&D focuses on semiconductor and other electronic devices that are themselves vital components used in all our business segments. Major R&D achievements include SiC power semiconductor modules such as the super-mini full SiC DIPPFC; power semiconductor modules for 3-level inverters; the J1-Series of power semiconductor modules for automobiles; the 3.5GHz-band GaN-HEMT for 4G mobile-communication base transceiver stations; the 100Gbps DWDM tunable DFB laser array; and tough-series 7.0-inch WVGA color TFT-LCD modules for industrial applications. R&D expenditures in this segment totaled ¥10.9 billion.

In the Home Appliances segment, Mitsubishi Electric is engaged in the development of products in such wide-ranging fields as air conditioning equipment, kitchen appliances, vacuum cleaners, lighting, visual information systems, electronic housing products and photovoltaic systems. Major R&D achievements include the KIRIGAMINE L series room air conditioners that can be installed in narrow spaces above windows; the JX series of smart refrigerators with super cool chilling case; the iNSTICK cordless stick cleaner; the REAL 4K LS1 series of LCD televisions equipped with 4K high-definition laser backlights; and the smart house-related brand called ENEDIA:Energy-management Network Enhancing Demand-side Integration Activities. R&D expenditures in this segment totaled ¥37.3 billion.

In Others, fundamental technology R&D that benefits the entire Group is carried out to enhance global business competitiveness and create new businesses. In our main areas of R&D we have developed multi-function irradiation technologies for proton-type particle therapy systems; tsunami radar monitoring technologies; water treatment technology using gas/liquid interfacial discharge; security solution for IoT devices; cutting tool position-control method for machine; a multihop wireless network for surveillance cameras; and the establishment of production systems for multi-story production facilities. R&D expenditures in this area amounted to ¥28.6 billion.

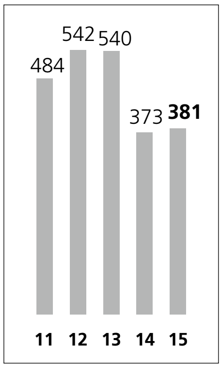
FINANCIAL POSITION

Total assets amounted to ¥4,059.4 billion as of March 31, 2015, an increase of ¥446.4 billion compared with the end of previous fiscal year. The change in the balance of total assets is mainly attributable to increases of ¥150.4 billion in cash and cash equivalents; ¥103.0 billion in inventories; ¥87.3 billion in investments in securities and other on the back of such factors as the upswing in share prices; ¥65.8 billion in trade receivables and long-term trade receivables; and ¥57.0 billion in tangible fixed assets.

Under liabilities, the outstanding balance of debt and corporate bonds grew by ¥8.5 billion compared with the end of the previous fiscal year to ¥381.9 billion. As a result, the ratio of interest-bearing debt to total assets was 9.4%, a decrease of 0.9 of a percentage point year on year. While retirement and severance benefits fell by ¥30.3 billion largely because of an increase in pension plan assets caused by higher share prices, trade payables and other current liabilities increased by ¥48.3 billion and ¥34.6 billion, respectively. As a result of these and other factors, total liabilities increased by ¥116.6 billion to ¥2,129.2 billion.

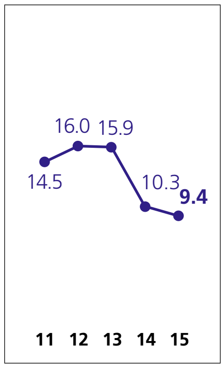
Mitsubishi Electric Corp. shareholders' equity rose by ¥317.8 billion compared with the end of previous fiscal year to ¥1,842.2 billion and the ratio of Mitsubishi Electric Corp. shareholders' equity to total assets was 45.4%, up 3.2 percentage points year on year. Despite the decrease attributable to the payment of cash dividends totaling ¥42.9 billion, this increase was largely the result of the net income attributable to Mitsubishi Electric Corp. amounting to ¥234.6 billion for the fiscal year and the increase in accumulated other comprehensive income of ¥122.1 billion, reflecting such factors as the weak yen and upswing in share prices.

Interest-bearing debt



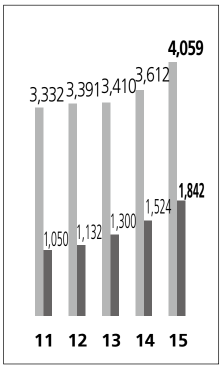
Interest-bearing debt (Yen in billions)

Debt ratio



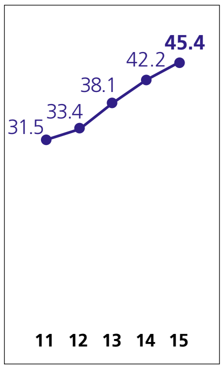
Interest-bearing debt / Total assets (%)

Total assets / Mitsubishi Electric Corp. shareholders' equity



Total assets (Yen in billions)
Mitsubishi Electric Corp. shareholders' equity (Yen in billions)

Shareholders' equity ratio



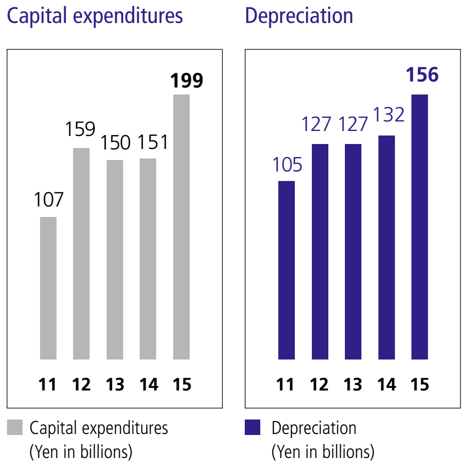
Shareholders' equity ratio (%)

CAPITAL EXPENDITURES

In line with its policy of improving performance by implementing the Balanced Corporate Management Policy and pursuing sustainable growth, the Mitsubishi Electric Group aims to realize its growth strategies as it increases profitability. To that end, the Group directed its capital investment mainly toward the areas of energy and electric systems, factory automation equipment, automotive equipment, power devices, and air conditioning equipment. At the same time the Group continued to reinforce its solid business platform through the careful selection and concentration of investments.

On an individual business segment basis, investments were made in Energy and Electric Systems (including power systems, electric equipment for rolling stock, and elevators/escalators) aimed at increasing production capacity, streamlining operations, and enhancing quality. In Industrial Automation, capital expenditures were used primarily for boosting production capacity for factory automation systems and automotive equipment operations. In Information and Communication Systems, funds were appropriated for bolstering research and development capabilities, while in Electronic Devices, Mitsubishi Electric directed investment mainly toward augmenting production in the power device business. In Home Appliances, expenditures focused largely on increasing the air conditioners production capacity, streamlining operations, and enhancing quality. In Common and Others, investments mainly went toward boosting research and development capabilities.

Capital expenditures are derived from cash on hand and funds from operations. For this fiscal year, production capacity was not materially affected by the sale, disposal, damage, or loss due to natural disaster of property, plant and equipment.



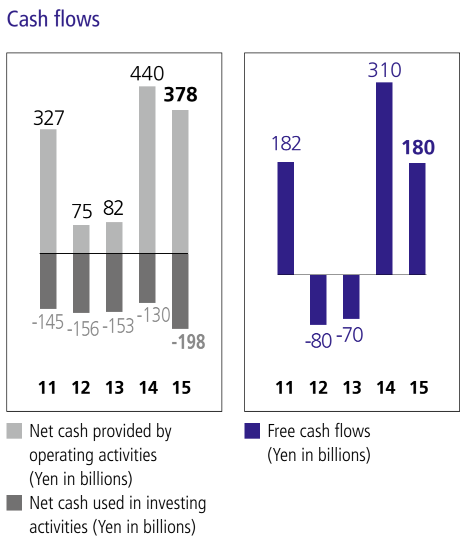
CASH FLOWS

In the year ended March 31, 2015, net cash provided by operating activities amounted to ¥378.3 billion, while net cash used in investing activities was ¥198.1 billion. As a result, free cash flow was an inflow of ¥180.1 billion, down ¥130.1 billion compared with the previous fiscal year. Taking this into account along with net cash used in financing activities of ¥49.6 billion, the end of fiscal year cash and cash equivalents amounted to ¥568.5 billion, an increase of ¥150.4 billion year on year.

Net cash provided by operating activities decreased by ¥62.1 billion compared with the previous fiscal year to ¥378.3 billion. Despite posting net income of ¥248.0 billion, this downturn was largely attributable to increases in inventories and trade receivables.

Net cash used in investing activities increased by ¥67.9 billion year on year to ¥198.1 billion. During the period, purchase of property, plant and equipment increased while proceeds from the sale of short-term investments and investment securities decreased.

Net cash used in financing activities was ¥49.6 billion, down ¥159.3 billion year on year. Despite an outflow due to cash dividends paid, cash inflows increased due to the procurement of funds through increases in borrowings and the issuance of bonds.



Consolidated Balance Sheets

Mitsubishi Electric Corporation and Subsidiaries
March 31, 2015 and 2014

	Yen (millions) 2015	Yen (millions) 2014	U.S. dollars (thousands) (note 2) 2015
Assets			
Current assets:			
Cash and cash equivalents	**¥ 568,517**	¥ 418,049	**$ 4,737,642**
Short-term investments (notes 3, 17 and 18)	**—**	51	**—**
Trade receivables (notes 4, 6 and 15)	**1,048,542**	983,468	**8,737,850**
Inventories (note 5)	**705,420**	602,341	**5,878,500**
Prepaid expenses and other current assets (notes 9, 14 and 18)	**310,966**	286,098	**2,591,383**
Total current assets	**2,633,445**	2,290,007	**21,945,375**
Long-term receivables and investments:			
Long-term trade receivables (note 17)	**5,633**	4,813	**46,942**
Investments in securities and other (notes 3, 10, 14, 17 and 18)	**401,367**	314,047	**3,344,725**
Investments in affiliated companies (note 6)	**194,461**	183,463	**1,620,508**
Total long-term receivables and investments	**601,461**	502,323	**5,012,175**
Property, plant and equipment (notes 18, 19 and 20)**:**			
Land	**109,708**	104,272	**914,233**
Buildings	**749,926**	703,223	**6,249,384**
Machinery and equipment	**1,844,255**	1,712,632	**15,368,792**
Construction in progress	**48,328**	54,632	**402,733**
	2,752,217	2,574,759	**22,935,142**
Less accumulated depreciation	**2,045,742**	1,925,374	**17,047,850**
Net property, plant and equipment	**706,475**	649,385	**5,887,292**
Other assets (notes 9 and 18)	**118,070**	171,251	**983,916**
Total assets	**¥4,059,451**	¥3,612,966	**$33,828,758**

See accompanying notes to consolidated financial statements.

	Yen (millions)		U.S. dollars (thousands) (note 2)
	2015	2014	**2015**
Liabilities and Equity			
Current liabilities:			
Bank loans (note 7)	**¥ 72,385**	¥ 60,275	**$ 603,208**
Current portion of long-term debt (notes 7, 17 and 20)	**92,017**	101,777	**766,808**
Trade payables (notes 6 and 8)	**807,289**	758,913	**6,727,408**
Accrued expenses (note 16)	**358,082**	337,571	**2,984,017**
Accrued income taxes (note 9)	**29,624**	17,151	**246,867**
Other current liabilities (notes 10, 14 and 18)	**253,185**	218,556	**2,109,875**
Total current liabilities	**1,612,582**	1,494,243	**13,438,183**
Long-term debt (notes 7, 17 and 20)	**217,592**	211,426	**1,813,266**
Retirement and severance benefits (note 10)	**182,282**	212,638	**1,519,017**
Other liabilities (notes 9 and 16)	**116,828**	94,308	**973,567**
Total liabilities	**2,129,284**	2,012,615	**17,744,033**
Mitsubishi Electric Corp. shareholders' equity			
Common stock (note 11):			
Authorized 8,000,000,000 shares;			
issued 2,147,201,551 shares in 2015 and in 2014	**175,820**	175,820	**1,465,167**
Capital surplus (note 11)	**211,155**	207,089	**1,759,625**
Legal reserve	**64,058**	62,739	**533,817**
Retained earnings	**1,267,438**	1,076,999	**10,561,984**
Accumulated other comprehensive			
income (loss) (notes 3, 9, 10, 12 and 14)	**124,064**	1,957	**1,033,866**
Treasury stock, at cost			
385,990 shares in 2015 and			
348,999 shares in 2014	**(332)**	(282)	**(2,767)**
Total Mitsubishi Electric Corp. shareholders' equity	**1,842,203**	1,524,322	**15,351,692**
Noncontrolling interests	**87,964**	76,029	**733,033**
Total equity	**1,930,167**	1,600,351	**16,084,725**
Commitments and contingent liabilities (note 16)			
Total liabilities and equity	**¥4,059,451**	¥3,612,966	**$33,828,758**

Consolidated Statements of Income

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2015, 2014 and 2013

	Yen (millions) 2015	2014	2013	U.S. dollars (thousands) (note 2) 2015
Revenues:				
Net sales (note 6)	**¥4,323,041**	¥4,054,359	¥3,567,184	**$36,025,342**
Interest and dividends (note 6)	**7,365**	7,799	7,742	**61,375**
Equity in earnings of affiliated companies (note 6)	**27,725**	23,153	—	**231,042**
Other (notes 3, 12, 14 and 19)	**43,304**	24,554	25,361	**360,866**
Total revenues	**4,401,435**	4,109,865	3,600,287	**36,678,625**
Costs and expenses:				
Cost of sales (notes 10 and 20)	**3,032,161**	2,914,589	2,604,360	**25,268,009**
Selling, general and administrative (notes 10, 19 and 20)	**790,563**	737,042	648,890	**6,588,025**
Research and development	**179,628**	163,765	157,522	**1,496,900**
Loss on impairment of long-lived assets (notes 18 and 19)	**3,085**	3,791	4,317	**25,708**
Interest	**4,023**	4,539	6,507	**33,525**
Equity in losses of affiliated companies (note 6)	**—**	—	14,619	**—**
Other (notes 3, 12, 14, 15, 16 and 19)	**69,007**	37,149	98,931	**575,058**
Total costs and expenses	**4,078,467**	3,860,875	3,535,146	**33,987,225**
Income before income taxes	**322,968**	248,990	65,141	**2,691,400**
Income taxes (note 9)**:**				
Current	**60,183**	34,241	23,490	**501,525**
Deferred	**14,730**	51,957	(32,999)	**122,750**
	74,913	86,198	(9,509)	**624,275**
Net income	**248,055**	162,792	74,650	**2,067,125**
Net income attributable to noncontrolling interests	**13,361**	9,319	5,133	**111,342**
Net income attributable to Mitsubishi Electric Corp.	**¥ 234,694**	¥ 153,473	¥ 69,517	**$ 1,955,783**

Net income per share attributable to Mitsubishi Electric Corp. (note 13)**:**

	Yen 2015	2014	2013	U.S. dollars (note 2) 2015
Basic	**¥109.32**	¥71.49	¥32.38	**$0.911**
Diluted	**—**	—	—	**—**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2015, 2014 and 2013

	Yen (millions) 2015	2014	2013	U.S. dollars (thousands) (note 2) 2015
Net income	**¥248,055**	¥162,792	¥74,650	**$2,067,125**
Other comprehensive income (loss), net of tax (note 12)**:**				
Foreign currency translation adjustments	**72,583**	51,769	66,592	**604,858**
Pension liability adjustments (note 10)	**21,171**	(6,756)	47,633	**176,425**
Unrealized gains (losses) on securities (note 3)	**36,710**	55,556	14,845	**305,917**
Unrealized gains (losses) on derivative instruments (note 14)	**7**	(80)	43	**58**
Total	**130,471**	100,489	129,113	**1,087,258**
Comprehensive income	**378,526**	263,281	203,763	**3,154,383**
Comprehensive income attributable to noncontrolling interests	**21,725**	14,364	12,130	**181,042**
Comprehensive income attributable to Mitsubishi Electric Corp.	**¥356,801**	¥248,917	¥191,633	**$2,973,341**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Equity

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2015, 2014 and 2013

Yen (millions)

	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Mitsubishi Electric Corp. shareholders' equity	Non-controlling interests	Total equity
Balance at March 31, 2012	¥175,820	¥206,343	¥61,040	¥905,086	¥(215,603)	¥ (221)	¥1,132,465	¥58,555	¥1,191,020
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				69,517			69,517		69,517
Net income attributable to noncontrolling interests								5,133	5,133
Other comprehensive income (loss), net of tax (note 12):									
Foreign currency translation adjustments					59,631		59,631	6,961	66,592
Pension liability adjustments (note 10)					47,633		47,633		47,633
Unrealized gains (losses) on securities (note 3)					14,803		14,803	42	14,845
Unrealized gains (losses) on derivative instruments (note 14)					49		49	(6)	43
							191,633	12,130	203,763
Transfer to legal reserve			366	(366)			—		—
Equity transactions with noncontrolling interests and other		(398)					(398)	(3,764)	(4,162)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(23,616)			(23,616)		(23,616)
Purchase of treasury stock						(16)	(16)		(16)
Reissuance of treasury stock						2	2		2
Balance at March 31, 2013	¥175,820	¥205,945	¥61,406	¥ 950,621	¥ (93,487)	¥ (235)	¥1,300,070	¥66,921	¥1,366,991
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				153,473			153,473		153,473
Net income attributable to noncontrolling interests								9,319	9,319
Other comprehensive income (loss), net of tax (note 12):									
Foreign currency translation adjustments					46,675		46,675	5,094	51,769
Pension liability adjustments (note 10)					(6,756)		(6,756)		(6,756)
Unrealized gains (losses) on securities (note 3)					55,591		55,591	(35)	55,556
Unrealized gains (losses) on derivative instruments (note 14)					(66)		(66)	(14)	(80)
							248,917	14,364	263,281
Transfer to legal reserve			1, 333	(1,333)			—		—
Equity transactions with noncontrolling interests and other		1.144					1,144	(5,256)	(4,112)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(25,762)			(25,762)		(25,762)
Purchase of treasury stock						(48)	(48)		(48)
Reissuance of treasury stock						1	1		1
Balance at March 31, 2014	¥175,820	¥207,089	¥62,739	¥1,076,999	¥ 1,957	¥ (282)	¥1,524,322	¥76,029	¥1,600,351
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				234,694			234,694		234,694
Net income attributable to noncontrolling interests								13,361	13,361
Other comprehensive income (loss), net of tax (note 12):									
Foreign currency translation adjustments					64,307		64,307	8,276	72,583
Pension liability adjustments (note 10)					21,171		21,171		21,171
Unrealized gains (losses) on securities (note 3)					36,616		36,616	94	36,710
Unrealized gains (losses) on derivative instruments (note 14)					13		13	(6)	7
							356,801	21,725	378,526
Transfer to legal reserve			1,319	(1,319)			—		—
Equity transactions with noncontrolling interests and other		4,066					4,066	(9,790)	(5,724)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(42,936)			(42,936)		(42,936)
Purchase of treasury stock						(50)	(50)		(50)
Reissuance of treasury stock						0	0		0
Balance at March 31, 2015	¥175,820	¥211,155	¥64,058	¥1,267,438	¥124,064	¥(332)	¥1,842,203	¥87,964	¥1,930,167

U.S. dollars (thousands) (note 2)

	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Mitsubishi Electric Corp. shareholders' equity	Non-controlling interests	Total equity
Balance at March 31, 2014	$1,465,167	$1,725,742	$522,825	$8,974,993	$ 16,308	$(2,350)	$12,702,685	$633,574	$13,336,259
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				1,955,783			1,955,783		1,955,783
Net income attributable to noncontrolling interests								111,342	111,342
Other comprehensive income (loss), net of tax (note 12):									
Foreign currency translation adjustments					535,892		535,892	68,966	604,858
Pension liability adjustments (note 10)					176,425		176,425		176,425
Unrealized gains (losses) on securities (note 3)					305,133		305,133	784	305,917
Unrealized gains (losses) on derivative instruments (note 14)					108		108	(50)	58
							2,973,341	181,042	3,154,383
Transfer to legal reserve			10,992	(10,992)			—		—
Equity transactions with noncontrolling interests and other		33,883					33,883	(81,583)	(47,700)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(357,800)			(357,800)		(357,800)
Purchase of treasury stock						(417)	(417)		(417)
Reissuance of treasury stock						0	0		0
Balance at March 31, 2015	$1,465,167	$1,759,625	$533,817	$10,561,984	$1,033,866	$(2,767)	$15,351,692	$733,033	$16,084,725

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2015, 2014 and 2013

	Yen (millions)			U.S. dollars (thousands) (note 2)
	2015	2014	2013	**2015**
Cash flows from operating activities:				
Net income	**¥248,055**	¥162,792	¥ 74,650	**$2,067,125**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	**156,205**	132,956	127,942	**1,301,708**
Impairment losses of property, plant and equipment	**2,751**	3,627	4,014	**22,925**
Loss (gain) from sales and disposal of property, plant and equipment, net	**(1,950)**	67	(296)	**(16,250)**
Deferred income taxes	**14,730**	51,957	(32,999)	**122,750**
Loss (gain) from sales of securities and other, net	**(383)**	1,108	(2,480)	**(3,192)**
Devaluation losses of securities and other, net	**1,148**	607	4,828	**9,567**
Equity in losses (earnings) of affiliated companies	**(27,725)**	(23,153)	14,619	**(231,042)**
Decrease (increase) in trade receivables	**(42,044)**	14,812	(49)	**(350,367)**
Decrease (increase) in inventories	**(75,829)**	18,141	16,706	**(631,908)**
Decrease (increase) in other assets	**(6,966)**	(12,580)	(21,241)	**(58,050)**
Increase (decrease) in trade payables	**47,948**	83,179	(62,549)	**399,567**
Increase (decrease) in accrued expenses and retirement and severance benefits	**(18,772)**	(10,756)	(63,638)	**(156,433)**
Increase in other liabilities	**60,595**	21,494	16,787	**504,958**
Other, net	**20,550**	(3,764)	6,458	**171,250**
Net cash provided by operating activities	**378,313**	440,487	82,752	**3,152,608**
Cash flows from investing activities:				
Capital expenditure	**(199,758)**	(151,840)	(150,425)	**(1,664,650)**
Proceeds from sale of property, plant and equipment	**6,768**	4,930	4,792	**56,400**
Purchase of short-term investments and investment securities (net of cash acquired)	**(5,608)**	(21,312)	(13,036)	**(46,733)**
Proceeds from sale of short-term investments and investment securities	**10,722**	44,134	29,088	**89,350**
Decrease (increase) in loans receivable	**24**	1,882	(14,398)	**200**
Other, net	**(10,311)**	(8,015)	(9,722)	**(85,925)**
Net cash used in investing activities	**(198,163)**	(130,221)	(153,701)	**(1,651,358)**
Cash flows from financing activities:				
Proceeds from long-term debt	**90,598**	193	57,003	**754,984**
Repayment of long-term debt	**(103,497)**	(105,445)	(90,786)	**(862,475)**
Increase (decrease) in short-term debt, net	**11,392**	(73,266)	19,237	**94,933**
Dividends paid	**(42,936)**	(25,762)	(23,616)	**(357,800)**
Purchase of treasury stock	**(50)**	(48)	(16)	**(417)**
Reissuance of treasury stock	**0**	1	2	**0**
Other, net	**(5,130)**	(4,694)	(2,977)	**(42,750)**
Net cash provided by (used in) financing activities	**(49,623)**	(209,021)	(41,153)	**(413,525)**
Effect of exchange rate changes on cash and cash equivalents	**19,941**	17,923	18,802	**166,175**
Net increase (decrease) in cash and cash equivalents	**150,468**	119,168	(93,300)	**1,253,900**
Cash and cash equivalents at beginning of year	**418,049**	298,881	392,181	**3,483,742**
Cash and cash equivalents at end of year	**¥568,517**	¥418,049	¥298,881	**$4,737,642**

See accompanying notes to consolidated financial statements.

(1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of Business

Mitsubishi Electric Corporation (the "Company") is a multinational organization which develops, manufactures, sells and distributes a broad range of electrical and electronic equipments in the fields as diverse as home appliances and space electronics.

The Company and its subsidiaries' principal lines of business are: (1) Energy and Electric Systems, (2) Industrial Automation Systems, (3) Information and Communication Systems, (4) Electronic Devices, (5) Home Appliances and (6) Others.

Each line's sales as a percentage of total consolidated sales, before elimination of internal sales, for the year ended March 31, 2015 are as follows: Energy and Electric Systems – 24%, Industrial Automation Systems – 26%, Information and Communication Systems – 11%, Electronic Devices – 5%, Home Appliances – 19% and Others – 15%.

Majority of the operations of the Company and its subsidiaries is mainly conducted in Japan. Net sales for the year ended March 31, 2015 comprises of the following geographical locations: Japan – 58%, North America – 9%, Asia (excluding Japan) – 22%, Europe – 9% and Others – 2%.

Our manufacturing operations are conducted principally at the Parent company with 23 manufacturing sites located in Japan as well as overseas manufacturing sites located in the United States, United Kingdom, Thailand, Malaysia, China and other countries.

(b) Basis of Presentation

The Company and its subsidiaries maintain their books of account in conformity with financial accounting standards in the countries of their domicile.

The Company prepares the consolidated financial statements with reflecting the adjustments which are considered necessary to conform with accounting principles generally accepted in the United States of America.

(c) Consolidation

The Company prepares the consolidated financial statements including the accounts of the parent company and those of its majority-owned subsidiaries, whether directly or indirectly controlled. All significant intercompany transactions, accounts, and unrealized gains or losses have been eliminated.

Investments in corporate joint ventures and affiliated companies with the ownership interest of 20% to 50%, in which the Company does not have control, but has the ability to exercise significant influence, are accounted for by the equity method of accounting. Investments of less than 20% or on which the Company does not have significant influence are accounted for by the cost method.

The Company evaluates Variable Interest Entities (VIEs) whether it has a controlling financial interest in an entity through means other than voting rights and whether it should consolidate the entity as the primary beneficiary when the Company has a controlling financial interest.

(d) Use of Estimates

The Company makes estimates and assumptions to prepare the consolidated financial statements in conformity with generally accepted accounting principles, and those estimates and assumptions affect the reported amounts of assets and liabilities as well as the disclosed amounts of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation allowances for receivables, inventories and deferred tax assets; the carrying amount of property, plant and equipment; and assets and obligations related to employee benefits. Actual results could differ from those estimates.

(e) Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents for the consolidated cash flow statements.

(f) Short-Term Investments and Investment Securities

The Company classifies investments in debt and equity securities into trading, available-for-sale, or held-to-maturity securities.

Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. All securities not included in trading or held-to-maturity are classified as available-for-sale.

Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Unrealized holding gains and losses on trading securities are included in earnings. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of other comprehensive income (loss) until realized. Realized gains or losses from the sale of securities are determined on the average cost of the particular security held at the time of sale.

A decline in the fair value of any available-for-sale security below costs that is other-than-temporary results in a reduction in carrying amount to the fair value, which becomes the new cost basis for the security.

To determine whether an impairment of equity security is other-than-temporary, the Company considers whether it has the ability and intent to hold the security until a market price recovery and considers whether evidence indicating the market price of the security is recoverable to the carrying amount outweighs the counter evidence. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, and forecasted performance of the investee.

To determine whether an impairment of debt security is other-than-temporary, the Company considers whether it has the intent to sell the debt security and it is more likely than not that the Company is required to sell until a market price of the investment is recoverable to the amortized cost.

Other investments are stated at cost. The Company recognizes a loss when there is other-than-temporary decline in value of other investments, using the same policy as described above for available-for-sale security impairments.

(g) Allowance for Doubtful Receivables

The Company records an allowance for doubtful receivables based on credit loss history and evaluation of specific doubtful receivables.

(h) Inventories

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. Net costs in excess of billings on long-term contracts are included in inventories. Raw material and finished product inventories are generally recorded using the average-cost method, and evaluated at the lower of cost or market. In accordance with the general practice in the heavy electrical industry, inventories related to Energy and Electric Systems include items with long manufacturing periods which are not realizable within one year.

(i) Property, Plant and Equipment

The Company records property, plant and equipment at cost. Depreciation of property, plant and equipment is generally calculated by the declining-balance method, except for certain assets which are depreciated by the straight-line method, over the estimated useful life of the assets according to general class, type of construction, and use of these assets.

The estimated useful life of buildings is 3 to 50 years, while machinery and equipment is 2 to 20 years.

(j) Leases

The Company records capital leases at the inception of the lease at the lower of the discounted present value of future minimum lease payments or the fair value of the leased assets. The depreciation of the leased assets is calculated in accordance with the Company's normal depreciation policy.

(k) Income Taxes

The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Valuation allowances are established to reduce deferred tax assets to their net realizable value if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

The Company recognizes the financial statement effects of unrecognized tax benefits only if those positions are more likely than not of being sustained.

(l) Product Warranties

The Company generally offers warranties on its products against certain manufacturing and other defects for the specific periods of time and/or usage of the product depending on the nature of the product, the geographic location of its sale and other factors. The Company recognizes accrued warranty costs based primarily on historical experience of actual warranty claims as well as current information on repair costs.

(m) Retirement and Severance Benefits

The Company recognizes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its pension plans in the consolidated balance sheet at the end of the year, and records the corresponding amount to accumulated other comprehensive income (loss), net of tax. The adjustment items for accumulated other comprehensive income (loss) are unrecognized prior service cost and unrecognized net gain or loss. The amounts of these adjustments are recognized as net periodic pension cost in future years.

(n) Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement including title transfer exists, delivery has occurred, the sales price is fixed or determinable, and collectibility is probable. These criteria are met for mass-merchandising products such as consumer products and semiconductors at the time when the product is received by the customer, and for products with acceptance provisions such as heavy machinery and industrial products at the time when the product is received by the customer and the specific criteria of the product are demonstrated by the Company with only certain inconsequential or perfunctory work left to be performed by the customer. Revenue from maintenance agreements is recognized over the contract term when the maintenance is provided and the cost is incurred. Also, the Company applies the percentage of completion method for long-term construction contracts. The Company measures the percentage of completion by comparing expenses recognized through the current year to the aggregate amount of estimated cost. Any anticipated losses on fixed price contracts are charged to operations when such losses can be estimated. Provisions are made for contingencies in the period when they become known pursuant to specific contract terms and conditions and are estimable.

For the contract which may consists of any combination of products, equipment, installation and maintenance, revenue is allocated to each accounting unit based on its relative fair value, when each deliverable is accounted for by each separate accounting unit.

(o) Research and Development and Advertising

The Company accounts for the costs of research and development and advertising as expense when those costs are incurred.

(p) Shipping and Handling Costs

The Company records shipping and handling costs mainly as selling, general and administrative expenses.

(q) Net Income per Share

The Company calculates basic net income per share attributable to Mitsubishi Electric Corp. by dividing net income attributable to Mitsubishi Electric Corp. by the weighted-average number of common shares outstanding during each year. Diluted net income per share attributable to Mitsubishi Electric Corp. reflects the potential dilution and is calculated on the basis that dilutive securities were converted at the beginning of the year or at time of issuance (if later), and that dilutive stock option were exercised (less the number of treasury stock assumed to be purchased from the proceeds using the average market price of the Company's common stock).

(r) Foreign Currency Translation

The Company translates receivables and payables in foreign currency at the prevailing rates of exchange at the balance sheet date. Gains and losses resulting from translation of receivables and payables are recognized in current earnings. Assets and liabilities of the Company's overseas consolidated subsidiaries are translated into Japanese yen at the prevailing rates of exchange at the balance sheet date. Income and expense items are translated at the average exchange rate prevailing during the year. Gains and losses resulting from translation of financial statements are recognized as foreign currency translation adjustments in other comprehensive income (loss).

(s) Derivatives

The Company recognizes all derivatives as either assets or liabilities in the consolidated financial statements and measures them at fair value. For derivatives designated as fair value hedges, changes in fair value of the hedged item and the derivative are recognized in current earnings. For derivatives designated as cash flow hedges, fair value changes of the effective portion of the hedging instruments are recognized as a component of other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of all hedges is recognized in earnings immediately.

The Company discloses the use and purpose of derivative instruments, accounting for derivative instruments and related hedged items. The Company also discloses the effects on the entity's financial position, results of operations, and cash flows by the derivative instruments and hedging activities.

(t) Securitizations

The Company accounts for the securitization of the accounts receivables as a sale, if it is determined based on the Company's evaluation that it has surrendered control over the transferred receivables.

Accordingly, the receivables sold under these facilities are excluded from Trade receivables in the accompanying consolidated balance sheets. Gain or loss on sale of receivables is calculated based on the allocated carrying amount of the receivables sold. When a portion of accounts receivables is transferred, the participating interest that continues to be held is recorded at the allocated carrying amount of the assets based on their relative fair values at the date of the transfer. The Company estimates fair value based on the present value of future expected cash flows less credit losses.

(u) Impairment of Long-Lived Assets

The Company reviews for impairment of long-lived assets such as property, plant, and equipment and purchased intangibles subject to amortization, to be held and used whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment loss is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Long-lived assets to be disposed of other than sale continue to be classified as held and used until they are disposed.

Long-lived assets classified as held-for-sale are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held-for-sale are presented separately in the appropriate asset and liability sections of the consolidated balance sheets.

(v) Goodwill and Other Intangible Assets

The Company accounts for business combinations using the acquisition method. The Company recognizes at fair value the assets acquired, the liabilities assumed, any noncontrolling interests in the acquiree, and acquired goodwill at the acquisition date. The Company discloses the nature of business combination to enable the readers to evaluate the effects of such transaction on the consolidated financial statements.

The Company does not amortize goodwill and other intangible assets with indefinite useful life but tests it for impairment at least annually. Also other intangible assets determined to have useful life are amortized over their respective estimated useful life and tested for impairment.

(w) Cost Associated with Exit or Disposal Activities

The Company recognizes the costs associated with exit or disposal activities as liability only when it meets the definition of a liability in the Statements of Financial Accounting Concepts No. 6, "Elements of Financial Statements". The Company uses fair value for initial measurement of liabilities related to exit or disposal activities.

(x) Guarantees

The Company recognizes the guarantees and indemnification arrangements as liability measured at fair value as they are issued or modified by the Company, and discloses the guarantees that the Company has undertaken, including a rollforward of the Company's product warranty liabilities. The Company continually monitors the conditions of the guarantees and indemnifications to identify occurrence of probable losses, and when such losses are identified and if estimable, they are recognized in current earnings.

(y) Asset Retirement Obligations

The Company recognizes legal obligations associated with the retirement of long-lived assets that result from an acquisition, construction and development, and (or) from a normal operation of a long-lived asset, except for certain lease obligations. The Company recognizes a liability for an asset retirement obligation at fair value in the period which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and subsequently allocated to expense over the asset's useful life. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

(z) Reclassifications

The Company has made certain reclassifications of the previous fiscal years' consolidated financial statements to conform to the presentation used for the year ended March 31, 2015.

(aa) Future Application of New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2014-09 "Revenue from Contracts with Customers" (A Creation of Accounting Standards Codification (ASC) Topic 606 "Revenue from Contracts with Customers"). ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company is required to adopt ASU 2014-09 on April 1, 2017 retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially adopting this update recognized at the date of the initial adoption. In April 2015, FASB issued proposed ASU "Revenue from Contracts with Customers-Deferral of the Effective Date" which defers an adoption date of ASU2014-09 for one year. The Company has not yet determined which method it will apply and is currently evaluating the effects on the Company's consolidated financial position and results of operations upon adoption of ASU 2014-09.

(2) U.S. DOLLAR AMOUNTS

The Company has presented the consolidated financial statements in Japanese yen, and solely for the convenience of the reader, has provided translated amounts in United States dollars at the rate of ¥120=U.S.$1, which was the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market at the end of March 2015. This translation should not be construed as a representation that the amounts shown could be converted into United States dollars at such rate.

(3) SECURITIES

Marketable securities included in short-term investments and investments in securities and other consist of available-for-sale securities. The cost, gross unrealized holding gains, gross unrealized holding losses and fair value for such securities by equity securities and debt securities at March 31, 2015 and 2014 were as follows:

	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
				Yen (millions)
2015:				
Available-for-sale:				
Equity securities	**¥96,210**	**¥176,013**	**¥780**	**¥271,443**
Debt securities	**500**	**21**	**2**	**519**
	¥96,710	**¥176,034**	**¥782**	**¥271,962**

	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
				Yen (millions)
2014:				
Available-for-sale:				
Equity securities	¥ 96,587	¥127,931	¥1,345	¥223,173
Debt securities	3,861	—	49	3,812
	¥100,448	¥127,931	¥1,394	¥226,985

	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
				U.S. dollars (thousands)
2015:				
Available-for-sale:				
Equity securities	**$801,750**	**$1,466,775**	**$6,500**	**$2,262,025**
Debt securities	**4,167**	**175**	**17**	**4,325**
	$805,917	**$1,466,950**	**$6,517**	**$2,266,350**

Debt securities consist of Japanese government debt securities, corporate debt securities and others.

In the years ended March 31, 2015, 2014 and 2013, net unrealized gains on available-for-sale securities, net of taxes and noncontrolling interests, increased by ¥36,616million ($305,133 thousand), ¥55,591 million and ¥14,803 million, respectively.

As of March 31, 2015 and 2014, the cost of non-marketable equity securities were ¥14,545 million ($121,208 thousand) and ¥14,550 million, respectively.

Maturities of marketable securities classified as available-for-sale at March 31, 2015 were as follows:

	Yen (millions)		U.S. dollars (thousands)	
	Cost	Fair value	Cost	Fair value
Due after one year through five years	¥ 200	¥ 198	$ 1,667	$ 1,650
Due after five years	300	321	2,500	2,675
Marketable equity securities	96,210	271,443	801,750	2,262,025
	¥96,710	¥271,962	$805,917	$2,266,350

Gross unrealized losses on available-for-sale securities and the fair value of the related securities, aggregated by length of time that individual securities have been in a continuous unrealized loss positions, at March 31, 2015 were as follows:

						Yen (millions)
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Available-for-sale:						
Equity securities	¥528	¥139	¥444	¥641	¥ 972	¥780
Debt securities	198	2	—	—	198	2
	¥726	¥141	¥444	¥641	¥1,170	¥782

						U.S. dollars (thousands)
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Available-for-sale:						
Equity securities	$4,400	$1,158	$3,700	$5,342	$8,100	$6,500
Debt securities	1,650	17	—	—	1,650	17
	$6,050	$1,175	$3,700	$5,342	$9,750	$6,517

The Company did not recognize an impairment loss from the decline in the fair value of the marketable securities including the unrealized losses. Based on that evaluation and the Company's ability and intent to hold those securities for a reasonable period of time sufficient for a recovery of fair value, the Company does not consider those securities to be other-than-temporarily impaired.

Proceeds from the sale of available-for-sale securities and gross realized gains and losses on those sales in the years ended March 31, 2015, 2014 and 2013 were as follows:

			Yen (millions)	U.S. dollars (thousands)
	2015	2014	2013	**2015**
Proceeds	**¥3,034**	¥26,964	¥22,287	**$25,283**
Gross realized gains	**111**	161	2,527	**925**
Gross realized losses	**74**	1,327	47	**617**

For the years ended March 31, 2015 and 2014, the Company did not recognize any material losses on impairment of marketable securities due to other-than-temporary declines in fair value.

For the year ended March 31, 2013, the Company recognized loss on impairment of marketable securities of ¥3,860 million, due to other-than-temporary declines in fair value.

(4) TRADE RECEIVABLES

Trade receivables are summarized as follows:

		Yen (millions)	U.S. dollars (thousands)
	2015	2014	**2015**
Notes receivable	**¥ 81,995**	¥ 68,335	**$ 683,292**
Accounts receivable	**977,044**	925,181	**8,142,033**
Allowance for doubtful receivables	**(10,497)**	(10,048)	**(87,475)**
	¥1,048,542	¥983,468	**$8,737,850**

(5) INVENTORIES

Inventories are comprised of the following:

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Work in process	**¥297,976**	¥262,466	**$2,483,133**
Less accumulated billings on long-term contracts	**19,182**	14,955	**159,850**
	278,794	247,511	**2,323,283**
Raw materials	**116,027**	100,150	**966,892**
Finished products	**310,599**	254,680	**2,588,325**
	¥705,420	¥602,341	**$5,878,500**

(6) INVESTMENTS IN AFFILIATED COMPANIES

A summary of the combined financial information relating to affiliated companies accounted for by the equity method of accounting (Toshiba Mitsubishi-Electric Industrial Systems Corporation, Shanghai Mitsubishi Elevator Co., Ltd, etc.) as of March 31, 2015 and 2014, and for the years ended March 31, 2015, 2014 and 2013 is as follows:

Results of Operations for the years ended March 31, 2014 and 2013 include the financial information of Renesas Electric Corporation (Renesas) which was excluded from affiliated companies accounted for by the equity method of accounting on September 30, 2013.

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Financial Position			
Current assets	**¥1,363,332**	¥1,240,376	**$11,361,101**
Property, plant and equipment	**114,754**	109,668	**956,283**
Other assets	**115,663**	105,591	**963,858**
Total assets	**¥1,593,749**	¥1,455,635	**$13,281,242**
Current liabilities	**¥ 933,014**	¥ 830,046	**$ 7,775,117**
Long-term debt	**139,057**	133,766	**1,158,808**
Total liabilities	**1,072,071**	963,812	**8,933,925**
Shareholders' equity	**521,678**	491,823	**4,347,317**
Total liabilities and shareholders' equity	**¥1,593,749**	¥1,455,635	**$13,281,242**

	Yen (millions)			U.S. dollars (thousands)
	2015	2014	2013	**2015**
Results of Operations				
Sales	**¥1,255,026**	¥1,648,617	¥1,869,079	**$10,458,550**
Net income (loss) attributable to affiliated companies	**70,429**	54,383	(84,953)	**586,908**

The balances and transactions with affiliated companies accounted for by the equity method of accounting as of March 31, 2015 and 2014, and for the years ended March 31, 2015, 2014 and 2013 are as follows:
The transactions for the years ended March 31, 2014 and 2013 include those with Renesas.

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Trade receivables	**¥ 69,997**	¥ 71,578	**$ 583,308**
Trade payables	**154,915**	149,964	**1,290,958**

	Yen (millions)			U.S. dollars (thousands)
	2015	2014	2013	**2015**
Sales	**¥307,841**	¥313,119	¥298,033	**$2,565,342**
Purchases	**143,904**	173,897	166,633	**1,199,200**
Dividends	**16,886**	12,418	10,174	**140,717**

Investments in affiliated companies accounted for by the equity method of accounting include the shares of 9 publicly quoted affiliates, which are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Investments at equity	**¥41,121**	¥35,378	**$342,675**
Quoted market value	**55,640**	45,595	**463,667**

(7) BANK LOANS AND LONG-TERM DEBT

Bank loans consisted of the following:

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Borrowings from banks and others	**¥72,385**	¥60,275	**$603,208**

The weighted average interest rates on borrowings from banks and others outstanding as of March 31, 2015 and 2014 were 0.83% and0.51%, respectively.

At March 31, 2015, the Company and its subsidiaries had unused committed lines of credit that can provide short-term funds from subscribing financial institutions amounting to ¥81,500 million ($679,167 thousand).

Long-term debt consisted of the following:

	Yen (millions) 2015	Yen (millions) 2014	U.S. dollars (thousands) 2015
Borrowings from banks and other companies, due2015 to 2022 with bearing interest rate ranging from 0.15% to 5.42% at March 31, 2015: due2014 to 2022 with bearing interest rate ranging from 0.29% to 3.20% at March 31, 2014:			
Secured	**¥ —**	¥ 403	**$ —**
Unsecured	**245,765**	256,877	**2,048,042**
1.17% Japanese yen bonds due 2014	**—**	30,000	**—**
0.27% Japanese yen bonds due 2019	**20,000**	—	**166,666**
0.43% Japanese yen bonds due 2021	**20,000**	—	**166,666**
Capital lease obligations	**23,844**	25,923	**198,700**
	309,609	313,203	**2,580,074**
Less amount due within one year	**92,017**	101,777	**766,808**
	¥217,592	¥211,426	**$1,813,266**

The aggregate annual maturities of long-term debt outstanding at March 31,2015 were as follows:

Year ending March 31:	Yen (millions)	U.S. dollars (thousands)
2016	¥ 92,017	$ 766,808
2017	51,258	427,150
2018	39,656	330,466
2019	61,361	511,342
2020	30,565	254,708
Thereafter	34,752	289,600
Total	¥309,609	$2,580,074

Substantially all of the loans with banks and others have basic written agreements. With respect to all present or future loans, these agreements state that the Company would need to provide collateral or guarantors immediately upon the banks' requests and that any collateral furnished pursuant to such agreements will be used against repayment of debts in case of default.

(8) TRADE PAYABLES

Trade payables are summarized as follows:

	Yen (millions) 2015	Yen (millions) 2014	U.S. dollars (thousands) 2015
Notes payable	**¥ 14,141**	¥ 15,029	**$ 117,842**
Accounts payable	**793,148**	743,884	**6,609,566**
	¥807,289	¥758,913	**$6,727,408**

(9) INCOME TAXES

Total income taxes were allocated as follows:

	Yen (millions)			U.S. dollars (thousands)
	2015	2014	2013	**2015**
Income before income taxes	**¥ 74,913**	¥ 86,198	¥ (9,509)	**$624,275**
Shareholders' equity—accumulated other comprehensive income (loss):				
Foreign currency translation adjustments	**9,096**	4,280	5,037	**75,800**
Pension liability adjustments	**12,595**	(2,151)	26,637	**104,958**
Unrealized gains (losses) on securities	**14,316**	30,818	7,230	**119,300**
Unrealized gains (losses) on derivative instruments	**7**	(24)	38	**59**
	¥110,927	¥119,121	¥29,433	**$924,392**

The significant components of deferred tax expense attributable to income taxes are as follows:

	Yen (millions)			U.S. dollars (thousands)
	2015	2014	2013	**2015**
Change in valuation allowance related to deferred tax assets	**¥(14,531)**	¥ (4,129)	¥(40,029)	**$(121,092)**
Other	**29,261**	56,086	7,030	**243,842**
	¥ 14,730	¥51,957	¥(32,999)	**$ 122,750**

The Company is subjected to a number of income taxes. The statutory tax rate is approximately 35.5% for the year ended March 31, 2015, approximately 38% for the years ended March 31, 2014 and 2013.

The "Act to Partially Revise the Local Tax Act" (Act No. 2 of 2015) and the "Act to Partially Revise the Income Tax Act" (Act No. 9 of 2015) were enacted and promulgated in March 2015 in Japan, resulting in a reduction of the corporation tax rate effective for fiscal years beginning on or after April 1, 2015. As a result, the Company and domestic subsidiaries adjusted the statutory tax rates to be applied in the calculation of deferred tax assets and liabilities arising from temporary differences expected to be recovered or settled on or after April 1, 2015. Before the adjustment, the statutory tax rate applied was approximately 35.5% for temporary differences expected to be recovered or settled on or after April 1, 2015. After the adjustment, the statutory tax rates applied are approximately 33.0% for temporary differences expected to be recovered or settled between April 1, 2015 and March 31, 2016 and approximately 32.0% for temporary differences expected to be recovered or settled on or after April 1, 2016.

For the year ended March 31, 2015, ¥14,697 million ($122,475 thousand) of income tax expense is included in "Income taxes – Deferred" in the Consolidated Statements of Income, as a result of the aforementioned adjustment of deferred tax assets and liabilities balances.

The effective tax rate for the years ended March 31,2015, 2014 and 2013 is reconciled with the Japanese statutory tax rate in the following table:

	2015	2014	2013
Japanese statutory tax rate	**35.5%**	38.0%	38.0%
Change in valuation allowance	**(1.6)**	(1.9)	(60.1)
Adjustment for unrealized profit on intercompany transactions	**(4.3)**	2.4	21.4
Expenses permanently not deductible for tax purposes	**0.5**	4.2	2.8
International tax rate difference	**(7.3)**	(8.4)	(17.9)
Tax credits	**(4.1)**	(0.1)	(0.3)
Tax effect attributable to investments at equity	**(0.6)**	(2.1)	(10.4)
Effect of income tax rate change	**4.6**	3.2	7.6
Other	**0.5**	(0.7)	4.3
Effective tax rate	**23.2%**	34.6%	(14.6)%

For the year ended March 31, 2013, because it was expected that certain investments in affiliated companies would no longer be accounted for by the equity method of accounting during the following year, the Company concluded that it was more likely than not that the temporary differences related to its investment in affiliated companies would be realized. The effects were included in Change in valuation allowance.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at March 31, 2015 and 2014 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Deferred tax assets:			
Retirement and severance benefits	**¥ 41,966**	¥ 60,624	**$ 349,716**
Accrued expenses	**82,973**	88,148	**691,442**
Property, plant and equipment	**30,699**	32,566	**255,825**
Inventories	**39,260**	21,779	**327,167**
Pension liability adjustments	**62,436**	81,317	**520,300**
Tax loss carryforwards	**12,738**	35,506	**106,150**
Other	**89,508**	78,569	**745,900**
Total gross deferred tax assets	**359,580**	398,509	**2,996,500**
Valuation allowance	**(50,016)**	(64,547)	**(416,800)**
Deferred tax assets, less valuation allowance	**309,564**	333,962	**2,579,700**
Deferred tax liabilities:			
Securities contributed to employee retirement benefit trust	**27,407**	30,404	**228,391**
Property, plant and equipment	**5,900**	10,252	**49,167**
Net unrealized gains on securities	**32,315**	25,385	**269,292**
Other	**61,873**	39,298	**515,608**
Total gross deferred tax liabilities	**127,495**	105,339	**1,062,458**
Net deferred tax assets	**¥182,069**	¥228,623	**$1,517,242**

The valuation allowance for deferred tax assets as of April 1, 2013 was ¥68,676 million. The net change in the total valuation allowance for the years ended March 31, 2015 and 2014 was a decrease of ¥14,531 million ($121,092 thousand) and ¥4,129 million, respectively. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

At March 31, 2015, the Company and certain subsidiaries had net operating loss carryforwards of ¥30,980 million ($258,167 thousand) and ¥70,670 million ($588,917 thousand) for corporate and local income tax purposes, respectively, which were available to offset future taxable income, if any. A significant portion of the net operating loss carryforwards will expire in the years ending March 31, 2019 and 2023.

Net deferred tax assets and liabilities at March 31, 2015 and 2014 are reflected in the accompanying consolidated balance sheets under the following captions:

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Prepaid expenses and other current assets	**¥135,994**	¥120,413	**$1,133,283**
Other assets	**51,593**	113,773	**429,942**
Other liabilities	**(5,518)**	(5,563)	**(45,983)**
	¥182,069	¥228,623	**$1,517,242**

Deferred tax liabilities have been recognized for the undistributed earnings of subsidiaries and affiliated companies. Deferred tax liabilities have not been recognized for undistributed earnings of some domestic subsidiaries and affiliated companies as such earnings, if distributed in the form of dividends, are either not taxable under present circumstances or are not material.

Although the Company believes that there are no significant unrecognized tax benefits as of March 31, 2015 and 2014, future determination by tax authorities could affect the effective tax rate in the future periods.

The Company records interest and penalties related to additional income tax, etc. in Income Taxes in the Consolidated Statements of Income. Both interest and penalties accrued as of March 31, 2015 and 2014, and interest and penalties for the years ended March 31, 2015, 2014 and 2013 are not material.

The Company and its subsidiaries file income tax returns in Japan and various foreign tax jurisdictions. The tax years that remain subject to examination by major tax jurisdictions are as follows:

Location	Open tax years
Japan	2008-2015
United States	2011-2015
Thailand	2010-2015
Europe	2010-2015

(10) RETIREMENT AND SEVERANCE BENEFITS

The Company has non-contributory and contributory defined benefit plans covering substantially all of its employees who meet eligibility requirements.

Under the non-contributory plans, employees with less than twenty years of service are entitled to lump-sum severance indemnities at date of severance, and employees with twenty or more years of service are entitled to annuity payments subsequent to retirement, determined by the current basic rate of pay, length of service and termination conditions. In addition, certain employees who meet the eligibility requirements are entitled to additional lump-sum payments at the date of retirement based on the retirement age. Under the contributory plans, employees are entitled to annuity payments at a certain age. The assets of certain of the non-contributory plans and the contributory plans are combined in accordance with the regulations and administered by a board of trustees comprised equally of employer and employee representatives. An employee retirement benefit trust is established for certain of the non-contributory plans.

The Company amended its benefit plan under labor and management agreement during the year ended March 31, 2005, and established a defined contribution plan on April 1, 2005. In addition, the Company amended its contributory defined benefit plan and introduced a cash balance pension plan. Under the cash balance pension plan, each participant has a notional account which is credited yearly based on the current rate of contribution and market-related interest rate.

The domestic consolidated subsidiaries sponsor various pension plans, which are partially or entirely employees' pension fund plan, and/or corporate pension fund plan, based on each subsidiary's respective pension policies.

In addition, the foreign consolidated subsidiaries that have adopted pension policy mainly sponsor defined contribution pension plan.

The Company measures the fair value of plan assets and the projected benefit obligation at the end of the year, and recognizes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of pension in consolidated balance sheets with the amount of corresponding adjustment to Accumulated other comprehensive income (loss), net of tax.

Obligations and funded status

Reconciliations of beginning and ending balances of the benefit obligations and the fair value of the plan assets are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Change in benefit obligations:			
Benefit obligations at beginning of year	**¥1,067,140**	¥1,038,169	**$ 8,892,833**
Service cost	**30,284**	29,486	**252,367**
Interest cost	**15,205**	19,123	**126,708**
Plan participants' contributions	**1,047**	1,063	**8,725**
Amendments	**—**	339	**—**
Actuarial loss	**73,625**	50,408	**613,542**
Benefits paid	**(68,263)**	(74,167)	**(568,858)**
Acquisitions and divestitures, etc.	**95**	2,719	**791**
Benefit obligations at end of year	**1,119,133**	1,067,140	**9,326,108**
Change in plan assets:			
Fair value of plan assets at beginning of year	**857,933**	784,686	**7,149,441**
Actual return on plan assets	**113,876**	56,929	**948,967**
Employer contributions	**47,513**	48,280	**395,942**
Plan participants' contributions	**1,047**	1,063	**8,725**
Benefits paid	**(34,029)**	(35,477)	**(283,575)**
Acquisitions and divestitures, etc.	**174**	2,452	**1,450**
Fair value of plan assets at end of year	**986,514**	857,933	**8,220,950**
Funded status at end of year	**¥ (132,619)**	¥ (209,207)	**$(1,105,158)**

Amounts recognized in the consolidated balance sheets at March 31, 2015 and 2014 consist of:

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Investments in securities and other	**¥ 53,691**	¥ 7,651	**$ 447,425**
Other current liabilities	**(4,028)**	(4,220)	**(33,566)**
Retirement and severance benefits	**(182,282)**	(212,638)	**(1,519,017)**
	¥(132,619)	¥(209,207)	**$(1,105,158)**

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2015 and 2014 consist of:

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Actuarial gain or loss	**¥240,293**	¥286,221	**$2,002,442**
Prior service cost	**(42,837)**	(54,959)	**(356,975)**
	¥197,456	¥231,262	**$1,645,467**

The accumulated benefit obligations for all defined benefit plans were as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Accumulated benefit obligations	**¥1,093,819**	¥1,050,423	**$9,115,158**

Components of net periodic retirement and severance costs and other amounts recognized in other comprehensive income (loss)

Net periodic retirement and severance costs for the years ended March 31, 2015, 2014 and 2013 consisted of the following components:

	Yen (millions)			U.S. dollars (thousands)
	2015	2014	2013	**2015**
Service cost	**¥ 31,331**	¥ 30,549	¥ 30,510	**$ 261,092**
Interest cost on projected benefit obligation	**15,205**	19,123	21,562	**126,708**
Expected return on plan assets	**(15,123)**	(13,911)	(13,556)	**(126,025)**
Amortization of prior service cost	**(12,122)**	(22,216)	(21,748)	**(101,017)**
Amortization of actuarial loss	**20,721**	21,544	27,253	**172,675**
	40,012	35,089	44,021	**333,433**
Plan participants' contributions	**(1,047)**	(1,063)	(1,077)	**(8,725)**
Net periodic retirement and severance costs	**¥ 38,965**	¥ 34,026	¥ 42,944	**$ 324,708**

Other changes in plan assets and projected benefit obligations recognized in other comprehensive income (loss) for the years ended March 31, 2015 and 2014 were summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Actuarial gain or loss	**¥(25,207)**	¥ 7,674	**$ 210,059**
Amortization of actuarial loss (gain)	**(20,721)**	(21,544)	**(172,675)**
Prior service cost	**—**	339	**—**
Amortization of prior service cost	**12,122**	22,216	**101,017**
	¥(33,806)	¥ 8,685	**$(281,717)**

The estimated actuarial gain or loss and prior service cost for the defined benefit pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next year are summarized as follows:

	Yen (millions)	U.S. dollars (thousands)
Actuarial gain or loss	¥ 13,146	$109,550
Prior service cost	(11,571)	(96,425)

Actuarial assumptions

Actuarial assumptions used to determine benefit obligations at March 31, 2015 and 2014 were as follows:

	2015	2014
Discount rate	**1.0%**	1.5%
Assumed rate of increase in future compensation levels	**1.7%**	1.7%

Actuarial assumptions used to determine net periodic retirement and severance costs for the years ended March 31, 2015, 2014 and 2013 were as follows:

	2015	2014	2013
Discount rate	**1.5%**	2.0%	2.0%
Assumed rate of increase in future compensation levels	**1.7%**	1.7%	1.7%
Expected long-term rate of return on plan assets	**2.5%**	2.5%	2.5%

The expected long-term rate of return is based on actual historical returns and the expectations for future returns of each plan asset category in which the Company invests.

Plan Assets

The fair values of the Company's pension plan assets at March 31, 2015 and 2014 were as follows:

	Yen (millions)			
	2015			
	Level 1	Level 2	Level 3	Total
Equity securities				
Marketable equity securities	**¥228,741**	**¥ —**	**¥ —**	**¥228,741**
Pooled funds	**—**	**188,634**	**—**	**188,634**
Debt securities				
Government, municipal and corporate debt securities	**4,864**	**18,862**	**—**	**23,726**
Pooled funds	**—**	**354,320**	**—**	**354,320**
Other assets				
Life insurance company general accounts	**—**	**95,127**	**—**	**95,127**
Other	**—**	**60,525**	**35,441**	**95,966**
Total plan assets	**¥233,605**	**¥717,468**	**¥35,441**	**¥986,514**

Notes: 1. Marketable equity securities include mainly domestic stocks.
2. Pooled funds of equity securities include approximately 20% domestic stocks and 80% foreign stocks.
3. Pooled funds of debt securities include approximately 70% domestic bonds and 30% foreign bonds.
4. Government, municipal and corporate debt securities of level 1 include government debt securities.

	Yen (millions)			
	2014			
	Level 1	Level 2	Level 3	Total
Equity securities				
Marketable equity securities	¥178,946	¥ —	¥ —	¥178,946
Pooled funds	—	179,921	—	179,921
Debt securities				
Government, municipal and corporate debt securities	5,111	21,727	—	26,838
Pooled funds	—	322,495	—	322,495
Other assets				
Life insurance company general accounts	—	91,567	—	91,567
Other	—	42,604	15,562	58,166
Total plan assets	¥184,057	¥658,314	¥15,562	¥857,933

Notes: 1. Marketable equity securities include mainly domestic stocks.
2. Pooled funds of equity securities include approximately 20% domestic stocks and 80% foreign stocks.
3. Pooled funds of debt securities include approximately 70% domestic bonds and 30% foreign bonds.
4. Government, municipal and corporate debt securities of level 1 include government debt securities.

	U.S. dollars (thousands)			
	2015			
	Level 1	Level 2	Level 3	Total
Equity securities				
Marketable equity securities	**$1,906,175**	**$ —**	**$ —**	**$1,906,175**
Pooled funds	**—**	**1,571,950**	**—**	**1,571,950**
Debt securities				
Government, municipal and corporate debt securities	**40,533**	**157,183**	**—**	**197,716**
Pooled funds	**—**	**2,952,667**	**—**	**2,952,667**
Other assets				
Life insurance company general accounts	**—**	**792,725**	**—**	**792,725**
Other	**—**	**504,375**	**295,342**	**799,717**
Total plan assets	**$1,946,708**	**$5,978,900**	**$295,342**	**$8,220,950**

The Company's investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, the Company formulates an investment portfolio comprised of the optimal combination of equity and debt securities. Plan assets are invested in individual equity and debt securities using the guidelines of the investment portfolio in order to produce a total return that will match the expected return on a mid-term to long-term basis. The Company evaluates the gap between expected return and actual return of invested plan assets on an annual basis. In addition, taking into the consideration the management environment and the revision of regulations, the Company revises the investment portfolio when and to the extent considered necessary to achieve the expected long-term rate of return on plan assets based on the pension asset and liability management method.

The Company's investment portfolio consists of three major components. The Company's target asset allocation percentage is that approximately 25% is invested in equity securities, approximately 65% is invested in debt securities and investments in life insurance company general accounts, and approximately 10% is invested in hedge funds. As for selection of plan assets, the Company has examined the contents of investment, and appropriately diversified investments.

See note 18 which shows categorized input for fair value measurements by the valuation technique into a three-level hierarchy.

Each level into which assets are categorized is based on inputs used to measure the fair value of the assets.

Level 1 assets are comprised principally of equity securities and government bonds, which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 assets are comprised principally of pooled funds that invest in equity and debt securities, corporate bonds and investments in life insurance company general accounts. Pooled funds are valued at their net asset values that are calculated by the sponsor of the fund. Corporate bonds are valued using quoted prices for identical assets in markets that are not active. Investments in life insurance company general accounts are valued at the amounts that are the conventional interest adding to the principle amounts calculated by life insurance company. Level 3 assets comprise hedge funds, which are valued based on unobservable inputs.

An analysis of the changes in Level 3 assets which comprise hedge funds measured at fair value for the years ended March 31, 2015 and 2014 is as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Balance at beginning of year	**¥15,562**	¥15,138	**$129,684**
Actual return:			
Relating to assets sold	**—**	(8)	**—**
Relating to assets still held	**379**	432	**3,158**
Purchases, sales and settlements	**19,500**	—	**162,500**
Transfers in and/or out of Level 3	**—**	—	**—**
Balance at end of year	**¥35,441**	¥15,562	**$295,342**

Cash Flows

The Company expects to contribute ¥48,928 million ($407,733 thousand) to its pension plan in the year ending March 31, 2016. Estimated future benefit payments are as follows:

Year ending March 31:	Yen (millions)	U.S. dollars (thousands)
2016	¥ 69,840	$ 582,000
2017	63,592	529,933
2018	58,372	486,433
2019	58,902	490,850
2020	56,729	472,742
2021-2025	267,228	2,226,900

The amount of cost recognized for the Company and certain subsidiaries' defined contribution plans for the years ended March 31, 2015, 2014 and 2013 were ¥9,469million ($78,908 thousand), ¥8,423 million and ¥7,447 million, respectively.

(11) SHAREHOLDERS' EQUITY

Changes in common stock for the years ended March 31, 2015 and 2014 were as follows:

	Shares	
	2015	2014
Number of common shares issued:		
Balance at beginning of year	**2,147,201,551**	2,147,201,551
Balance at end of year	**2,147,201,551**	2,147,201,551

Conversions into common stock of convertible debenture issued subsequent to October 1, 1982 and exercise of warrants were accounted for in accordance with the provisions of the Japanese Commercial Code by crediting one-half of the conversion price and exercise price to each of the common stock account and the capital surplus account.

The Japanese Corporate Law enforced on May 1, 2006 requires that an amount equal to 10% of dividends and other distributions paid in cash by the Company and its domestic subsidiaries be appropriated as a legal reserve until the aggregated amount of additional paid-in capital and the legal reserve equal to 25% of the common stocks. The additional paid-in capital and the legal reserve may be used to reduce a deficit or transferred to common stock with a resolution of the shareholders' meeting.

The amount available for dividends under the Japanese Corporate Law is based on the amount recorded in the Company's books of account in accordance with accounting standards of Japan. The adjustments included in the accompanying consolidated financial statements to have them conform with accounting principles generally accepted in the United States of America, but not recorded in the books of account, have no effect on the determination of retained earnings available for dividends under the Japanese Corporate Law. Retained earnings available for dividends shown in the Company's books of account amounted to ¥383,927 million ($3,199,392 thousand) at March 31, 2015.

Cash dividends and appropriations to the legal reserve charged to retained earnings during the years ended March 31, 2015, 2014 and 2013 represent dividends paid out during the years and the related appropriations to the legal reserve.

(12) OTHER COMPREHENSIVE INCOME (LOSS)

Changes in accumulated other comprehensive income (loss) for the years ended March 31, 2015, 2014 and 2013 are as follows:

Yen (millions)

	2015				
	Foreign currency translation adjustments	Pension liability adjustments	Unrealized gains (losses) on securities	Unrealized gains (losses) on derivative instruments	Total
Balance at beginning of year	**¥ 38,652**	**¥(119,279)**	**¥ 82,636**	**¥(52)**	**¥ 1,957**
Other comprehensive income before reclassifications	**65,788**	**15,625**	**36,452**	**22**	**117,887**
Amounts reclassified from accumulated other comprehensive income	**(1,481)**	**5,546**	**164**	**(9)**	**4,220**
Net change during the year	**64,307**	**21,171**	**36,616**	**13**	**122,107**
Balance at end of year	**¥102,959**	**¥ (98,108)**	**¥119,252**	**¥(39)**	**¥124,064**

Yen (millions)

	2014				
	Foreign currency translation adjustments	Pension liability adjustments	Unrealized gains (losses) on securities	Unrealized gains (losses) on derivative instruments	Total
Balance at beginning of year	¥ (8,023)	¥(112,523)	¥27,045	¥ 14	¥(93,487)
Other comprehensive income before reclassifications	46,675	(6,323)	54,831	(98)	95,085
Amounts reclassified from accumulated other comprehensive income	—	(433)	760	32	359
Net change during the year	46,675	(6,756)	55,591	(66)	95,444
Balance at end of year	¥38,652	¥(119,279)	¥82,636	¥(52)	¥ 1,957

	2013				
Yen (millions)	Foreign currency translation adjustments	Pension liability adjustments	Unrealized gains (losses) on securities	Unrealized gains (losses) on derivative instruments	Total
Balance at beginning of year	¥(67,654)	¥(160,156)	¥12,242	¥(35)	¥(215,603)
Net change during the year	59,631	47,633	14,803	49	122,116
Balance at end of year	¥ (8,023)	¥(112,523)	¥27,045	¥ 14	¥ (93,487)

	2015				
U.S. dollars (thousands)	Foreign currency translation adjustments	Pension liability adjustments	Unrealized gains (losses) on securities	Unrealized gains (losses) on derivative instruments	Total
Balance at beginning of year	**$322,100**	**$(993,992)**	**$688,633**	**$(433)**	**$ 16,308**
Other comprehensive income before reclassifications	**548,234**	**130,208**	**303,766**	**183**	**982,391**
Amounts reclassified from accumulated other comprehensive income	**(12,342)**	**46,217**	**1,367**	**(75)**	**35,167**
Net change during the year	**535,892**	**176,425**	**305,133**	**108**	**1,017,558**
Balance at end of year	**$857,992**	**$(817,567)**	**$993,766**	**$(325)**	**$1,033,866**

Reclassifications out of accumulated other comprehensive income (loss) for the years ended March 31, 2015 and 2014 are as follows:

	2015		
Details about Accumulated other comprehensive income components	Amounts reclassified from accumulated other comprehensive income		Affected line items in consolidated statements of income
	Yen (millions)	U.S. dollars (thousands)	
Foreign currency translation adjustments			
	¥ (1,481)	**$ (12,342)**	Other revenues
	(1,481)	**(12,342)**	Total before tax
	—	**—**	Income tax
	(1,481)	**(12,342)**	Net of tax
Pension liability adjustments			
Amortization of prior service cost	**(12,122)**	**(101,017)**	See Note
Amortization of actuarial loss	**20,721**	**172,675**	See Note
	8,599	**71,658**	Total before tax
	(3,053)	**(25,441)**	Income tax
	5,546	**46,217**	Net of tax
Unrealized gains (losses) on securities			
Realized losses on sales	**(37)**	**(308)**	Other revenues
Other	**189**	**1,575**	Other costs and expenses
	152	**1,267**	Total before tax
	12	**100**	Income tax
	164	**1,367**	Net of tax
Unrealized gains (losses) on derivative instruments			
	(15)	**(125)**	Other revenues
	(15)	**(125)**	Total before tax
	6	**50**	Income tax
	(9)	**(75)**	Net of tax
Total amounts reclassified	**¥ 4,220**	**$ 35,167**	Net of tax

Note: These accumulated other comprehensive income components are included in the computation of net periodic retirement and severance costs. See Note 10 “Retirement and Severance Benefits”.

	Yen (millions)	
	2014	
Details about Accumulated other comprehensive income components	Amounts reclassified from accumulated other comprehensive income	Affected line items in consolidated statements of income
Pension liability adjustments		
Amortization of prior service cost	¥(22,216)	See Note
Amortization of actuarial loss	21,544	See Note
	(672)	Total before tax
	239	Income tax
	(433)	Net of tax
Unrealized gains (losses) on securities		
Realized losses on sales	1,166	Other costs and expenses
Other	13	Other costs and expenses
	1,179	Total before tax
	(419)	Income tax
	760	Net of tax
Unrealized gains (losses) on derivative instruments		
Other	42	Other costs and expenses
	42	Total before tax
	(10)	Income tax
	32	Net of tax
Total amounts reclassified	¥ 359	Net of tax

Note: These accumulated other comprehensive income components are included in the computation of net periodic retirement and severance costs. See Note 10 "Retirement and Severance Benefits".

Tax effects allocated to each component of other comprehensive income (loss) and reclassification adjustments for the years ended March 31, 2015, 2014 and 2013 are as follows:

	Yen (millions)		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2015:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	**¥ 74,884**	**¥ (9,096)**	**¥ 65,788**
Less reclassification adjustments for gains (losses) realized in net income	**(1,481)**	**—**	**(1,481)**
Net change in foreign currency translation adjustments during the year	**73,403**	**(9,096)**	**64,307**
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	**25,167**	**(9,542)**	**15,625**
Less reclassification adjustments for gains (losses) realized in net income	**8,599**	**(3,053)**	**5,546**
Net change in pension liability adjustment	**33,766**	**(12,595)**	**21,171**
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	**50,780**	**(14,328)**	**36,452**
Less reclassification adjustments for gains (losses) realized in net income	**152**	**12**	**164**
Net change in unrealized gains (losses) on securities	**50,932**	**(14,316)**	**36,616**
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	**35**	**(13)**	**22**
Less reclassification adjustments for gains (losses) realized in net income	**(15)**	**6**	**(9)**
Net change in unrealized gains (losses) on derivative instruments	**20**	**(7)**	**13**
Other comprehensive income (loss)	**¥158,121**	**¥(36,014)**	**¥122,107**

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
			Yen (millions)
2014:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	¥ 50,955	¥ (4,280)	¥46,675
Less reclassification adjustments for gains (losses) realized in net income	—	—	—
Net change in foreign currency translation adjustments during the year	50,955	(4,280)	46,675
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	(8,235)	1,912	(6,323)
Less reclassification adjustments for gains (losses) realized in net income	(672)	239	(433)
Net change in pension liability adjustment	(8,907)	2,151	(6,756)
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	85,230	(30,399)	54,831
Less reclassification adjustments for gains (losses) realized in net income	1,179	(419)	760
Net change in unrealized gains (losses) on securities	86,409	(30,818)	55,591
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	(132)	34	(98)
Less reclassification adjustments for gains (losses) realized in net income	42	(10)	32
Net change in unrealized gains (losses) on derivative instruments	(90)	24	(66)
Other comprehensive income (loss)	¥128,367	¥(32,923)	¥95,444

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
			Yen (millions)
2013:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	¥ 64,668	¥ (5,037)	¥ 59,631
Less reclassification adjustments for gains (losses) realized in net income	—	—	—
Net change in foreign currency translation adjustments during the year	64,668	(5,037)	59,631
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	68,765	(24,545)	44,220
Less reclassification adjustments for gains (losses) realized in net income	5,505	(2,092)	3,413
Net change in pension liability adjustment	74,270	(26,637)	47,633
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	20,071	(6,489)	13,582
Less reclassification adjustments for gains (losses) realized in net income	1,962	(741)	1,221
Net change in unrealized gains (losses) on securities	22,033	(7,230)	14,803
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	134	(53)	81
Less reclassification adjustments for gains (losses) realized in net income	(47)	15	(32)
Net change in unrealized gains (losses) on derivative instruments	87	(38)	49
Other comprehensive income (loss)	¥161,058	¥(38,942)	¥122,116

			U.S. dollars (thousands)
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2015:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	**$ 624,034**	**$ (75,800)**	**$ 548,234**
Less reclassification adjustments for gains (losses) realized in net income	**(12,342)**	**—**	**(12,342)**
Net change in foreign currency translation adjustments during the year	**611,692**	**(75,800)**	**535,892**
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	**209,725**	**(79,517)**	**130,208**
Less reclassification adjustments for gains (losses) realized in net income	**71,658**	**(25,441)**	**46,217**
Net change in pension liability adjustment	**281,383**	**(104,958)**	**176,425**
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	**423,166**	**(119,400)**	**303,766**
Less reclassification adjustments for gains (losses) realized in net income	**1,267**	**100**	**1,367**
Net change in unrealized gains (losses) on securities	**424,433**	**(119,300)**	**305,133**
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	**292**	**(109)**	**183**
Less reclassification adjustments for gains (losses) realized in net income	**(125)**	**50**	**(75)**
Net change in unrealized gains (losses) on derivative instruments	**167**	**(59)**	**108**
Other comprehensive income (loss)	**$1,317,675**	**$(300,117)**	**$1,017,558**

(13) NET INCOME PER SHARE ATTRIBUTABLE TO MITSUBISHI ELECTRIC CORP.

A reconciliation of the numerators and denominators of the basic and diluted net income per share attributable to Mitsubishi Electric Corp. calculations is as follows:

			Yen (millions)	U.S. dollars (thousands)
	2015	2014	2013	**2015**
Net income attributable to Mitsubishi Electric Corp.	**¥234,694**	¥153,473	¥69,517	**$1,955,783**
Effect of dilutive securities	**—**	—	—	**—**
Diluted net income attributable to Mitsubishi Electric Corp.	**¥234,694**	¥153,473	¥69,517	**$1,955,783**

			Shares
	2015	2014	2013
Average common shares outstanding	**2,146,835,581**	2,146,871,671	2,146,906,220
Effect of dilutive securities:	**—**	—	—
Diluted common shares outstanding	**2,146,835,581**	2,146,871,671	2,146,906,220

			Yen	U.S. dollars
	2015	2014	2013	**2015**
Net income per share attributable to Mitsubishi Electric Corp.:				
Basic	**¥109.32**	¥71.49	¥32.38	**$0.911**
Diluted	**—**	—	—	**—**

Diluted net income per share attributable to Mitsubishi Electric Corp. is not presented as no dilutive securities existed as of and for the years ended March 31, 2015, 2014 and 2013.

(14) DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Foreign Exchange Risk Management and Interest Rate Risk Management

The Company and its subsidiaries operate internationally, giving rise to significant exposure to market risks from changes in foreign currencies and interest rates. Derivative financial instruments are comprised principally of foreign exchange contracts, foreign currency swaps and interest rate swaps utilized by the Company and certain of its subsidiaries to reduce these risks. The Company and its subsidiaries do not hold or issue financial instruments for trading purposes.

Contract Amounts, Notional Principal Amounts and Credit Risk

The Company and its subsidiaries are exposed to risk of credit-related losses in the event of nonperformance by counterparties to foreign exchange contracts, foreign currency swaps and interest rate swaps. The Company believes such risk is minimal due to the high credit ratings of these counterparties.

Information with Respect to Fair Value Hedges

Certain subsidiaries have entered into foreign currency swaps to hedge currency exposure and designate them as fair value hedges.

Information with Respect to Cash Flow Hedges

The Company and certain of its subsidiaries have entered into forward foreign exchange contracts mainly with forecasted transactions to hedge against market risks from changes in foreign currencies and interest rate swap agreements to modify the interest rate characteristics of a portion of its long-term debt from a variable to a fixed rate. The Company and certain of its subsidiaries designate them as cash flow hedges. The maximum period for cash flow hedges is 30 months. The Company expects that the amounts of net loss of ¥46 million ($383 thousand) in accumulated other comprehensive income (loss) will be reclassified into earnings over the next 12 months with transactions such as collection of foreign currency receivables and payment of foreign currency payables and interests on long-term debt.

Derivatives not designated as hedging Instruments

The Company and certain of its subsidiaries enter into foreign exchange contracts and certain of foreign currency swaps and interest rate swaps that are not designated as hedging instruments to hedge against certain foreign currency and interest rate exposures. The Company and certain of its subsidiaries recognize the changes in unrealized gains and losses on such instruments in earnings.

Contract amounts of foreign exchange contracts and foreign currency swaps and notional principal amounts of interest rate swaps at March 31, 2015 and 2014 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Foreign exchange contracts:			
Forwards to sell foreign currencies	**¥240,279**	¥208,775	**$2,002,325**
Forwards to buy foreign currencies	**97,441**	91,194	**812,008**
Foreign currency swaps	**31,400**	37,010	**261,667**
Interest rate swaps	**2,000**	2,000	**16,667**

The estimated fair values of foreign exchange contracts, foreign currency swaps and interest rate swaps at March 31, 2015 and 2014 are as follows:

Derivatives designated as hedging instruments	Consolidated balance sheet line item	Asset derivatives Estimated fair value Yen (millions)		U.S. dollars (thousands)
		2015	2014	**2015**
Foreign exchange contracts	Prepaid expenses and other current assets	**¥95**	¥27	**$792**

Derivatives designated as hedging instruments	Consolidated balance sheet line item	Liability derivatives Estimated fair value Yen (millions)		U.S. dollars (thousands)
		2015	2014	**2015**
Foreign exchange contracts	Other current liabilities	**¥61**	¥115	**$508**

Derivatives not designated as hedging instruments	Consolidated balance sheet line item	Asset derivatives Estimated fair value		
		Yen (millions)		U.S. dollars (thousands)
		2015	2014	**2015**
Foreign exchange contracts	Prepaid expenses and other current assets	**¥5,499**	¥1,006	**$45,825**
Foreign currency swaps	Prepaid expenses and other current assets	**126**	70	**1,050**
Interest rate swaps	Investments in securities and other	**21**	60	**175**
Total		**¥5,646**	¥1,136	**$47,050**

Derivatives not designated as hedging instruments	Consolidated balance sheet line item	Liability derivatives Estimated fair value		
		Yen (millions)		U.S. dollars (thousands)
		2015	2014	**2015**
Foreign exchange contracts	Other current liabilities	**¥2,673**	¥1,993	**$22,275**
Foreign currency swaps	Other current liabilities	**381**	2	**3,175**
Total		**¥3,054**	¥1,995	**$25,450**

The effect of foreign exchange contracts and interest rate swaps designated as cash flow hedges on the consolidated statements of income for the years ended March 31, 2015 and 2014 are as follows:

Derivatives designated as cash flow hedging instruments	Amount of gain or (loss) recognized in OCI on derivative (effective portion)		
	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Foreign exchange contracts	**¥20**	¥(151)	**$167**
Interest rate swaps	**—**	61	**—**
Total	**¥20**	¥ (90)	**$167**

Derivatives designated as cash flow hedging instruments	Line item of gain or (loss) recognized from accumulated OCI into income	Amount of gain or (loss) recognized from accumulated OCI into income (effective portion)		
		Yen (millions)		U.S. dollars (thousands)
		2015	2014	**2015**
Foreign exchange contracts	Other revenues (cost and expenses)	**¥15**	¥(42)	**$125**

The effect of foreign exchange contracts, foreign currency swaps and interest rate swaps not designated as hedging instruments on the consolidated statements of income for the years ended March 31, 2015 and 2014 are set forth below:

Derivatives not designated as hedging instruments	Line item of gain or (loss) recognized in income on derivative	Amount of gain or (loss) recognized in income on derivative		
		Yen (millions)		U.S. dollars (thousands)
		2015	2014	**2015**
Foreign exchange contracts	Other revenues (cost and expenses)	**¥(12,324)**	¥(19,807)	**$(102,700)**
Foreign currency swaps	Other revenues (cost and expenses)	**(1,779)**	704	**(14,825)**
Interest rate swaps	Other revenues (cost and expenses)	**(39)**	(24)	**(325)**
Total		**¥(14,142)**	¥(19,127)	**$(117,850)**

(15) SECURITIZATIONS

The Company sells its accounts receivable under several securitization programs.

When the Company retains subordinated interests in the certain accounts receivables after the sale of these receivables, a portion of these, where the Company retains subordinated interests, is not taken off from the balance sheet and is recorded at their fair value. Such carrying value is adjusted to reflect the portion that is not expected to be collectible. As of March 31, 2015, the Company did not retain subordinated interests in the certain accounts receivables after the sale of these receivables.

The Company recognized losses of ¥541 million ($4,508 thousand), ¥485 million and ¥492 million on the securitizations of receivables for the years ended March 31, 2015, 2014 and 2013, respectively.

Subsequent to securitization, the Company retains collection and administrative responsibilities for the receivables. The Company has not recorded a servicing asset or liability since the cost of collection effort is approximate to the amount of commission income.

Certain cash flows received from special purpose entities (SPEs) and banks on the above transactions for the years ended March 31, 2015, 2014 and 2013 are as follows:

	Yen (millions)			U.S. dollars (thousands)
	2015	2014	2013	**2015**
Proceeds from new securitizations	**¥441,395**	¥424,556	¥404,156	**$3,678,292**

Quantitative information about trade receivables including securitized receivables as of March 31, 2015 and 2014 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Trade receivables	**¥1,182,431**	¥1,106,139	**$9,853,592**
Less: Securitized receivables	**133,889**	122,671	**1,115,742**
Total receivables	**¥1,048,542**	¥ 983,468	**$8,737,850**

As of March 31, 2015 and 2014, delinquencies and credit losses of trade receivables including securitized receivables are immaterial.

(16) COMMITMENTS AND CONTINGENT LIABILITIES

At March 31, 2015, commitments outstanding for the purchase of property, plant and equipment were ¥23,450 million ($195,417 thousand).

It is common practice in Japan for companies, in the ordinary course of business, to receive promissory notes in settlement of accounts receivable and to subsequently discount such notes at banks. At March 31, 2015, certain subsidiaries were contingently liable to trade notes discounted in the amount of ¥414 million ($3,450 thousand). Certain subsidiaries account for the discounted notes as sale of receivables.

As of March 31, 2015, the Company has no significant concentrations of credit risk.

While the Company and certain of its subsidiaries are defendants and co-defendants in various lawsuits and legal actions, based upon the advice of legal counsel, the Company's management is of the opinion that damages, if any, would not have a material effect on the Company's consolidated financial position and results of operations, except for the following cases.

In January 2007, the Company received a decision rendered by the European Commission imposing fines for an infringement of EU Competition Law in connection with its sales of certain gas-insulated switchgears in Europe. However, there was a significant inconsistency on recognition of the material underlying facts between the European Commission and the Company. Therefore, the Company appealed to the European General Court and challenged the decision. In July 2011, the Company received a judgment from the European General Court upholding the European Commission's decision on the underlying facts while annulling the fine imposed on the Company on the basis that the European Commission applied inconsistent methods of calculation to different companies.

In September 2011, since there was still a significant inconsistency on recognition of the material underlying facts between the European Commission and the Company, the Company appealed to the European Court of Justice.

In June 2012, the Company received the European Commission's decision presenting an amount of fine as payable by the Company after revision of the pertinent computations. In September 2012, the Company took another legal action with the European General Court seeking a revision of the current computation method presented by the European Commission, which would result in a downward modification of the fine. In December 2013, the Company received a judgment from the European Court of Justice upholding the European Commission's underlying facts. The legal action the Company filed in September 2012 with the European General Court is currently pending.

Since July 2011, the Company has been cooperating with Competition Law investigations and inquiries conducted by the European Commission regarding the sales of certain automotive parts in Europe. In addition, civil lawsuits relating to the Antitrust Laws regarding the sale of certain automotive parts have also been raised in the United States of America. The Company agreed to settle with some purchasers in relation to the aforementioned matter and made settlement payments.

As of March 31, 2015, the Company recorded an estimated amount of ¥36,763 million ($306,358 thousand) as a reserve for these various competition-law-related expenses in "Other liabilities" relating to the gas-insulated switchgears case in Europe and certain automotive parts cases in the United States of America and Europe. For the year ended March 31, 2015, the Company also recorded ¥44,163 million ($368,025 thousand) as various competition-law-related expenses in "Costs and expenses – Other", which represents the difference between the reserve amount at the prior year-end and the sum of the reserve amount at the current year–end plus the actual amounts paid and other miscellaneous items recorded during the current year.

The following table provides the undiscounted maximum amount of potential future payments for each major group of guarantees at March 31, 2015:

	Yen (millions)	U.S. dollars (thousands)
Guarantees of bank loan:		
Employees	¥3,191	$26,592
Affiliated and other companies	260	2,166
Other	6,203	51,692
Total	¥9,654	$80,450

The guarantees for the employees are principally made for their housing loans, and the term of guarantees is 1 year to 14 years. The guarantees for the affiliated and other companies are made to enhance their credit, and the term of guarantees is 1 year.

Change in accrued product warranty for the years ended March 31, 2015 and 2014 is summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2014	**2015**
Balance at beginning of year	**¥58,268**	¥46,920	**$485,566**
Addition	**47,922**	50,781	**399,350**
Utilization	**51,160**	40,091	**426,333**
Foreign currency translation adjustments	**453**	658	**3,775**
Balance at end of year	**¥55,483**	¥58,268	**$462,358**

(17) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses the following methods and assumptions to estimate the fair value of each class of financial instrument for which it is practical to estimate its value:

(a) Cash and cash equivalents, Trade receivables, Bank loans, Trade payables and Other current liabilities

The carrying amount approximates fair value because of the short term nature of these instruments.

(b) Short-term investments and Investments in securities and other

The fair values of most short-term investments and investments in securities and other are estimated based on quoted market prices for these instruments. For other investments for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs.

(c) Long-term trade receivables

The fair value of the Company's long-term trade receivables is calculated under income approach using market interest rates, therefore, it is classified in level 2.

(d) Long-term debt

The fair value of the Company's corporate bonds is calculated under market approach using quoted published price, therefore, it is classified in level 2. The fair value of the Company's long-term debt is calculated under income approach using market interest rates, therefore, it is classified in level 2. The Company excludes the financial instruments relating to lease activities because its carrying amount approximates fair value.

(e) Derivative financial instruments

The fair values of derivative financial instruments, consisting principally of foreign exchange contracts, foreign currency swaps and interest rate swaps are estimated by obtaining quotes from brokers. (See note 14 about estimated fair value.)

The estimated fair values of the Company's financial instruments at March 31, 2015 and 2014 are summarized as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2015		2014		**2015**	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Nonderivatives:						
Assets:						
Marketable securities and other	**¥271,962**	**¥271,962**	¥226,985	¥226,985	**$2,266,350**	**$2,266,350**
Long-term trade receivables	**5,633**	**5,615**	4,813	4,865	**46,942**	**46,792**
Liabilities:						
Long-term debt, including current portion	**285,765**	**285,407**	287,280	287,852	**2,381,375**	**2,378,392**

Limitations

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(18) FAIR VALUE MEASUREMENTS

The Company defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". On that basis, the Company has categorized the inputs for fair value measurement by the valuation technique into a three-level hierarchy, and placed the order of priority.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are directly or indirectly observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of March 31, 2015 and 2014. The Company measures the fair value of those assets and liabilities in accordance with the requirements of FASB ASC for those assets and liabilities.

	Yen (millions)			
	2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities				
Marketable equity securities	**¥271,443**	**¥ —**	**¥ —**	**¥271,443**
Debt securities				
Government, municipal and corporate debt securities, and others	**—**	**—**	**—**	**—**
Investment trusts	**—**	**519**	**—**	**519**
Derivatives	**—**	**5,741**	**—**	**5,741**
Liabilities:				
Derivatives	**—**	**3,115**	**—**	**3,115**

	Yen (millions)			
	2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities				
Marketable equity securities	¥223,173	¥ —	¥ —	¥223,173
Debt securities				
Government, municipal and corporate debt securities, and others	—	2,952	—	2,952
Investment trusts	—	860	—	860
Derivatives	—	1,163	—	1,163
Liabilities:				
Derivatives	—	2,110	—	2,110

	U.S. dollars (thousands)			
	2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities				
Marketable equity securities	**$2,262,025**	**$ —**	**$ —**	**$2,262,025**
Debt securities				
Government, municipal and corporate debt securities, and others	**—**	**—**	**—**	**—**
Investment trusts	**—**	**4,325**	**—**	**4,325**
Derivatives	**—**	**47,842**	**—**	**47,842**
Liabilities:				
Derivatives	**—**	**25,958**	**—**	**25,958**

Level 1 equity securities are marketable equity securities, which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Debt securities are comprised of government, municipal and corporate debt securities and others, and investment trusts. Level 1 debt securities are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 debt securities are valued based on market approach, using quoted prices for identical assets in markets that are not active. Level 2 derivatives are comprised principally of foreign exchange contracts, which are valued based on market approach, using quotes obtained from counterparties or third parties.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

At March 31, 2015, in accordance with the requirements of FASB ASC Topic 360 "Property, Plant and Equipment", a portion of long-lived assets was written down to their fair value of ¥4,197 million ($34,975 thousand), resulting in an impairment charge of ¥3,085 million ($25,708 thousand), which was included in loss on impairment of long-lived assets for the year ended March 31, 2015. The impaired long-lived assets are classified as Level 3 assets, because they are measured based on the unobservable inputs such as estimated future cash flows under income approach or net sale price under market approach.

At March 31, 2014, in accordance with the requirements of FASB ASC Topic 360 "Property, Plant and Equipment", a portion of long-lived assets was written down to their fair value of ¥4,162 million, resulting in an impairment charge of ¥3,791 million, which was included in loss on impairment of long-lived assets for the year ended March 31, 2014. The impaired long-lived assets are classified as Level 3 assets, because they are measured based on the unobservable inputs such as estimated future cash flows under income approach or net sale price under market approach.

The valuation process of long-lived assets is documented in "Notes to Consolidated Financial Statements (1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (u)Impairment of Long-Lived Assets".

(19) SUPPLEMENTARY INCOME AND EXPENSE INFORMATION

	Yen (millions)			U.S. dollars (thousands)
	2015	2014	2013	**2015**
Advertising expenses	**¥(28,101)**	¥(23,847)	¥(18,029)	**$(234,175)**
Shipping and handling costs	**(87,610)**	(79,634)	(71,613)	**(730,083)**
Exchange gains	**7,749**	9,709	8,034	**64,575**
Business restructuring costs	**(4,804)**	—	—	**(40,033)**
Competition-law-related expenses (for the United States Department of Justice)	**—**	(7,738)	—	**—**
Refund payment for overcharged expenses	**—**	—	(75,717)	**—**
Loss on impairment of long-lived assets	**(3,085)**	(3,791)	(4,317)	**(25,708)**

Advertising expenses are included in "Costs and expenses - Selling, general and administrative".

Shipping and handling costs represents the costs included in "Costs and expenses - Selling, general and administrative".

Exchange gains are included in "Revenues - Other".

Business restructuring costs are included in "Costs and expenses - Other".

For the year ended March 31,2015, the Company recognized business restructuring costs of ¥4,804 million ($40,033 thousand) related to the loss associated with inventories under sales contracts, the removal and disposal of facilities and the retirement benefits resulting from the Company's decision to discontinue the copper alloy business.

Competition-law-related expenses (for the United States Department of Justice) are included in "Costs and expenses - Other".

Since July 2011, the Company and certain of its subsidiaries had been subject to investigations and inquiries conducted by the United States Department of Justice in relation to United States Antitrust Laws regarding the sale of certain automotive parts in the United States of America. Consequently, in September 2013, the Company entered into a plea agreement with the United States Department of Justice in which the Company agreed to pay US$190,000 thousand (¥18,573 million based on the rate of exchange in effect at the date of the transaction) in fines for the infringement of United States Antitrust Laws. For the year ended March 31, 2014, the Company recorded ¥7,738 million, which was equivalent to the difference between the fines and its reserves as of March 31, 2013 as various competition-law-related expenses.

Refund payment for overcharged expenses is included in "Costs and expenses - Other".

For the electronic systems business, it was revealed in January 2012 that the Company had been billing improperly overcharged project costs by transferring man-hours among different contracts which the Company entered into with the Japanese Ministry of Defense(MOD), Cabinet Satellite Intelligence Center, Japan Aerospace Exploration Agency, and National Institute of Information and Communications Technology. Also, similar incidents were identified concerning contracts between four of the Company's affiliates and MOD. As a result of investigation conducted by the entities, for the year ended March 31, 2013, the Company recorded a total of ¥75,717 million as a refund payment for overcharged expenses in "Costs and expenses – Other" that covered the refund of overcharged expenses, related penalties and interest arising from the series of incidents referred to herein.

Loss on impairment of long-lived assets is included in "Costs and expenses - Loss on impairment of long-lived assets".

For the year ended March 31, 2015, the Company and certain of its subsidiaries recognized impairment losses of ¥2,751 million ($22,925 thousand) on tangible assets such as buildings and tools, and ¥334 million ($2,783 thousand) on intangible assets. The impairment losses included ¥562 million ($4,683 thousand) for Energy and Electric Systems business related assets and ¥1,740 million ($14,500 thousand) for Home Appliances business related assets due to a decline in profitability. The impairment losses were mainly measured based on the fair value less costs to sell.

For the year ended March 31, 2014, the Company and certain of its subsidiaries recognized impairment losses of ¥3,627 million on tangible assets such as land, buildings and tools, and ¥164 million on intangible assets. The impairment losses included ¥1,217 million for Home Appliances business related assets due to a decline in profitability and ¥2,260 million for welfare related assets which are scheduled to be sold. The impairment losses were mainly measured based on the fair value less costs to sell.

For the year ended March 31, 2013, the Company and certain of its subsidiaries recognized impairment losses of ¥4,014 million on tangible assets such as buildings and machinery, and ¥303 million on intangible assets. The impairment losses included ¥2,404 million for Electronic Devices business related assets and ¥1,212 million for Home Appliances business related assets due to a decline in profitability. The impairment losses were mainly measured based on the fair value of the discounted present value of expected future cash flow.

(20) LEASES

The Company and certain of its subsidiaries enter into capital lease and operating lease agreements with Mitsubishi Electric Credit Corporation, an equity method investee. The leased assets, which are committed under capital lease agreements, are capitalized.

The Company and certain of its subsidiaries lease machinery and equipments. At March 31, 2015, the aggregated cost and accumulated depreciation of leased assets under capital leases amounted to ¥39,264 million ($327,200 thousand) and ¥21,671 million ($180,592 thousand), respectively.

Future minimum lease payments under capital and non-cancelable operating leases as of March 31, 2015 are as follows:

	Yen (millions)		U.S. dollars (thousands)	
	Capital leases	Operating leases	Capital leases	Operating leases
Year ending March 31:				
2016	¥10,009	¥ 6,076	$ 83,408	$ 50,633
2017	7,761	4,315	64,675	35,958
2018	5,069	2,847	42,242	23,725
2019	2,455	1,649	20,458	13,742
2020	614	1,155	5,117	9,625
Thereafter	47	3,003	392	25,025
Total minimum lease payments	25,955	¥19,045	216,292	$158,708
Less: Estimated executory costs	1,314		10,950	
Net minimum lease payments	24,641		205,342	
Less: Amount representing interest	797		6,642	
Present value of net minimum capital lease payments	23,844		198,700	
Less: Current portion of obligations under capital leases	9,199		76,658	
Obligations under capital leases, excluding current portion	¥14,645		$122,042	

Rental expenses related to operating leases for the years ended March 31, 2015, 2014 and 2013 amounted to ¥47,670 million ($397,250 thousand), ¥45,246 million and ¥42,587 million, respectively. These operating leases are for office space, warehouses, employee facilities and computer equipment, and are customarily renewed.

(21) SUPPLEMENTARY CASH FLOW INFORMATION

	Yen (millions)			U.S. dollars (thousands)
	2015	2014	2013	**2015**
Cash paid during the year for:				
Interest	**¥ 3,816**	¥ 4,795	¥ 6,425	**$ 31,800**
Income taxes	**53,712**	37,434	41,022	**447,600**

(22) SEGMENT INFORMATION

Operating segment presented below is identified based on the segments for which separate financial information is available, and is periodically used for decision of business resources allocation and evaluation of business operation by the Company's management.

The Company conducts business through 6 reportable business segments, Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances, and Others, based on types and characteristics of products, production method, and similarity in market.

Principal businesses of each segment are as follows:

Energy and Electric Systems	Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switches, switch control devices, surveillance-system control and security systems, large display devices, electrical equipment for locomotives and rolling stock, elevators, escalators, building security systems, building management systems, particle beam treatment systems, and others
Industrial Automation Systems	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
Information and Communication Systems	Wireless and wired communications systems, surveillance cameras, 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
Electronic Devices	Power modules, high-frequency devices, optical devices, LCD devices, and others
Home Appliances	LCD televisions, room air conditioners, package air conditioners, air-to-water heat pump boilers, refrigerators, electric fans, ventilators, photovoltaic power generation systems, hot water supply systems, LED lamps, fluorescent lamps, indoor lighting, compressors, chillers, dehumidifiers, air purifiers, showcases, cleaners, rice cookers, microwave ovens, IH cooking heaters, and others
Others	Procurement, logistics, real estate, advertising, finance and other services

Intersegment transactions are conducted generally at the price that the Company's management recognizes as approximate arm's length price. Operating income (loss) in Segment Information is measured in a manner consistent with consolidated operating income.

Segment Information

Segment information for the years ended March 31, 2015, 2014 and 2013 are as follows:

As of and for the year ended March 31, 2015 Yen (millions)

	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income									
Sales:									
(1) External customers	**¥1,219,983**	**¥1,268,858**	**¥520,853**	**¥209,235**	**¥925,004**	**¥179,108**	**¥4,323,041**	**¥ —**	**¥4,323,041**
(2) Intersegment	**8,975**	**13,891**	**38,668**	**29,167**	**19,826**	**561,409**	**671,936**	**(671,936)**	**—**
Net sales	**1,228,958**	**1,282,749**	**559,521**	**238,402**	**944,830**	**740,517**	**4,994,977**	**(671,936)**	**4,323,041**
Operating costs	**1,156,510**	**1,136,767**	**540,587**	**208,239**	**890,534**	**716,775**	**4,649,412**	**(643,975)**	**4,005,437**
Operating income	**¥ 72,448**	**¥ 145,982**	**¥ 18,934**	**¥ 30,163**	**¥ 54,296**	**¥ 23,742**	**¥ 345,565**	**¥ (27,961)**	**¥ 317,604**
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	**¥1,300,581**	**¥1,064,560**	**¥383,692**	**¥206,981**	**¥769,899**	**¥246,136**	**¥3,971,849**	**¥ 87,602**	**¥4,059,451**
Depreciation and amortization	**29,056**	**56,842**	**23,814**	**26,055**	**30,605**	**6,241**	**172,613**	**—**	**172,613**
Loss on impairment of long-lived assets	**562**	**26**	**2**	**203**	**1,740**	**552**	**3,085**	**—**	**3,085**
Capital expenditures	**35,500**	**67,943**	**18,383**	**38,406**	**46,598**	**8,382**	**215,212**	**—**	**215,212**

As of and for the year ended March 31, 2014 — Yen (millions)

	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income									
Sales:									
(1) External customers	¥1,171,292	¥1,089,109	¥513,712	¥174,082	¥927,868	¥178,296	¥4,054,359	¥ —	¥4,054,359
(2) Intersegment	8,801	9,687	34,570	20,576	16,483	497,738	587,855	(587,855)	—
Net sales	1,180,093	1,098,796	548,282	194,658	944,351	676,034	4,642,214	(587,855)	4,054,359
Operating costs	1,103,769	1,000,717	542,753	184,608	891,473	656,233	4,379,553	(560,366)	3,819,187
Operating income	¥ 76,324	¥ 98,079	¥ 5,529	¥ 10,050	¥ 52,878	¥ 19,801	¥ 262,661	¥ (27,489)	¥ 235,172
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	¥1,161,790	¥932,857	¥399,215	¥172,925	¥706,833	¥242,496	¥3,616,116	¥ (3,150)	¥3,612,966
Depreciation and amortization	27,852	52,381	21,289	11,638	28,748	6,000	147,908	—	147,908
Loss on impairment of long-lived assets	—	—	—	115	1,217	2,459	3,791	—	3,791
Capital expenditures	32,639	63,660	22,172	10,405	30,334	8,490	167,700	—	167,700

As of and for the year ended March 31, 2013 — Yen (millions)

	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income									
Sales:									
(1) External customers	¥1,049,982	¥918,123	¥491,792	¥142,961	¥799,817	¥164,509	¥3,567,184	¥ —	¥3,567,184
(2) Intersegment	8,195	9,734	30,630	21,104	21,481	425,857	517,001	(517,001)	—
Net sales	1,058,177	927,857	522,422	164,065	821,298	590,366	4,084,185	(517,001)	3,567,184
Operating costs	973,037	867,265	520,831	169,645	801,998	571,576	3,904,352	(489,263)	3,415,089
Operating income (loss)	¥ 85,140	¥ 60,592	¥ 1,591	¥ (5,580)	¥ 19,300	¥ 18,790	¥ 179,833	¥ (27,738)	¥ 152,095
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	¥1,134,443	¥863,477	¥486,183	¥132,793	¥668,313	¥213,989	¥3,499,198	¥ (88,788)	¥3,410,410
Depreciation and amortization	26,274	46,477	24,769	11,573	25,821	6,393	141,307	—	141,307
Loss on impairment of long-lived assets	143	—	—	2,404	1,212	558	4,317	—	4,317
Capital expenditures	39,449	55,824	19,706	13,732	27,869	6,913	163,493	—	163,493

As of and for the year ended March 31, 2015 — U.S. dollars (thousands)

	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income									
Sales:									
(1) External customers	**$10,166,525**	**$10,573,817**	**$4,340,442**	**$1,743,625**	**$7,708,366**	**$1,492,567**	**$36,025,342**	**$ —**	**$36,025,342**
(2) Intersegment	**74,792**	**115,758**	**322,233**	**243,058**	**165,217**	**4,678,408**	**5,599,466**	**(5,599,466)**	**—**
Net sales	**10,241,317**	**10,689,575**	**4,662,675**	**1,986,683**	**7,873,583**	**6,170,975**	**41,624,808**	**(5,599,466)**	**36,025,342**
Operating costs	**9,637,584**	**9,473,058**	**4,504,892**	**1,735,325**	**7,421,116**	**5,973,125**	**38,745,100**	**(5,366,458)**	**33,378,642**
Operating income	**$ 603,733**	**$ 1,216,517**	**$ 157,783**	**$ 251,358**	**$ 452,467**	**$ 197,850**	**$ 2,879,708**	**$ (233,008)**	**$ 2,646,700**
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	**$10,838,175**	**$ 8,871,333**	**$3,197,433**	**$1,724,843**	**$6,415,825**	**$2,051,133**	**$33,098,742**	**$ 730,016**	**$33,828,758**
Depreciation and amortization	**242,134**	**473,683**	**198,450**	**217,125**	**255,042**	**52,008**	**1,438,442**	**—**	**1,438,442**
Loss on impairment of long-lived assets	**4,683**	**217**	**17**	**1,691**	**14,500**	**4,600**	**25,708**	**—**	**25,708**
Capital expenditures	**295,833**	**566,192**	**153,192**	**320,050**	**388,316**	**69,850**	**1,793,433**	**—**	**1,793,433**

Notes: 1 The amount of unallocatable R&D expenditure included in “Eliminations and other” on “Operating costs” for the years ended March 31, 2015, 2014 and 2013 are ¥27,961 million ($233,008 thousand), ¥27,489 million and ¥27,738 million, respectively.

2 The amount of company-wide shared assets included in “Eliminations and other” on “Assets” for the years ended March 31, 2015, 2014 and 2013 are ¥309,521 million ($2,579,342 thousand), ¥197,227 million and ¥126,212 million, respectively, and those amounts are mainly the Company’s deposit in bank.

Geographical Information

Sales to external customers by the location of customers, and long-lived assets by the location of the Company and its subsidiaries as of and for the years ended March 31, 2015, 2014 and 2013 are as follows:

As of and for the year ended March 31, 2015 — Yen (millions)

		Overseas					
	Japan	North America	Asia (excluding Japan)	Europe	Others	Overseas total	Consolidated total
Sales to external customers	**¥2,512,357**	**¥398,501**	**¥959,540**	**¥360,668**	**¥91,975**	**¥1,810,684**	**¥4,323,041**
% of total net sales	**58.1%**	**9.2%**	**22.2%**	**8.4%**	**2.1%**	**41.9%**	**100.0%**
Long-lived assets	**542,524**	**55,757**	**144,669**	**24,391**	**3,611**	**228,428**	**770,952**

As of and for the year ended March 31, 2014 — Yen (millions)

		Overseas					
	Japan	North America	Asia (excluding Japan)	Europe	Others	Overseas total	Consolidated total
Sales to external customers	¥2,480,369	¥330,861	¥811,081	¥340,611	¥91,437	¥1,573,990	¥4,054,359
% of total net sales	61.2%	8.2%	20.0%	8.4%	2.2%	38.8%	100.0%
Long-lived assets	534,521	39,831	109,774	17,426	3,742	170,773	705,294

As of and for the year ended March 31, 2013 — Yen (millions)

		Overseas					
	Japan	North America	Asia (excluding Japan)	Europe	Others	Overseas total	Consolidated total
Sales to external customers	¥2,335,713	¥262,706	¥604,335	¥280,126	¥84,304	¥1,231,471	¥3,567,184
% of total net sales	65.5%	7.4%	16.9%	7.8%	2.4%	34.5%	100.0%
Long-lived assets	516,568	27,663	90,798	14,160	2,692	135,313	651,881

As of and for the year ended March 31, 2015 — U.S. dollars (thousands)

		Overseas					
	Japan	North America	Asia (excluding Japan)	Europe	Others	Overseas total	Consolidated total
Sales to external customers	**$20,936,308**	**$3,320,842**	**$7,996,167**	**$3,005,567**	**$766,458**	**$15,089,034**	**$36,025,342**
% of total net sales	**58.1%**	**9.2%**	**22.2%**	**8.4%**	**2.1%**	**41.9%**	**100.0%**
Long-lived assets	**4,521,033**	**464,642**	**1,205,575**	**203,258**	**30,092**	**1,903,567**	**6,424,600**

Notes: The major countries and regions included in each segments are as follows:
(1) North America : United States, Canada, and Mexico
(2) Asia (excluding Japan) : China, South Korea, Thailand, Malaysia, Singapore, Indonesia, and India
(3) Europe : United Kingdom, France, Germany, the Netherlands, Spain, Italy, and Czech

In addition to the disclosure requirement of FASB ASC Topic 280 "Segment Reporting", the Company discloses the following information as supplement.

Geographical Information Based on the Location of the Company and Its Subsidiaries

As of and for the year ended March 31, 2015 — Yen (millions)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income								
Sales:								
(1) External customers	**¥2,782,686**	**¥364,686**	**¥ 755,081**	**¥371,235**	**¥49,353**	**¥4,323,041**	**¥ —**	**¥4,323,041**
(2) Intersegment	**796,274**	**23,335**	**292,677**	**12,730**	**142**	**1,125,158**	**(1,125,158)**	**—**
Net sales	**3,578,960**	**388,021**	**1,047,758**	**383,965**	**49,495**	**5,448,199**	**(1,125,158)**	**4,323,041**
Operating costs	**3,352,761**	**382,843**	**965,339**	**372,162**	**49,093**	**5,122,198**	**(1,116,761)**	**4,005,437**
Operating income	**¥ 226,199**	**¥ 5,178**	**¥ 82,419**	**¥ 11,803**	**¥ 402**	**¥ 326,001**	**¥ (8,397)**	**¥ 317,604**
II Assets	**¥2,809,868**	**¥304,311**	**¥ 872,163**	**¥248,599**	**¥45,607**	**¥4,280,548**	**¥ (221,097)**	**¥4,059,451**

As of and for the year ended March 31, 2014 — Yen (millions)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income								
Sales:								
(1) External customers	¥2,719,567	¥306,537	¥638,518	¥342,072	¥47,665	¥4,054,359	¥ —	¥4,054,359
(2) Intersegment	643,287	18,687	248,504	10,878	159	921,515	(921,515)	—
Net sales	3,362,854	325,224	887,022	352,950	47,824	4,975,874	(921,515)	4,054,359
Operating costs	3,185,539	323,545	827,999	348,182	46,089	4,731,354	(912,167)	3,819,187
Operating income	¥ 177,315	¥ 1,679	¥ 59,023	¥ 4,768	¥ 1,735	¥ 244,520	¥ (9,348)	¥ 235,172
II Assets	¥2,637,710	¥254,978	¥673,309	¥233,252	¥39,884	¥3,839,133	¥(226,167)	¥3,612,966

As of and for the year ended March 31, 2013 — Yen (millions)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income								
Sales:								
(1) External customers	¥2,561,242	¥233,548	¥450,791	¥281,400	¥40,203	¥3,567,184	¥ —	¥3,567,184
(2) Intersegment	502,772	14,557	173,933	8,533	52	699,847	(699,847)	—
Net sales	3,064,014	248,105	624,724	289,933	40,255	4,267,031	(699,847)	3,567,184
Operating costs	2,947,091	249,849	588,552	285,406	38,046	4,108,944	(693,855)	3,415,089
Operating income (loss)	¥ 116,923	¥ (1,744)	¥ 36,172	¥ 4,527	¥ 2,209	¥ 158,087	¥ (5,992)	¥ 152,095
II Assets	¥2,594,608	¥210,356	¥559,138	¥184,872	¥34,043	¥3,583,017	¥(172,607)	¥3,410,410

As of and for the year ended March 31, 2015 — U.S. dollars (thousands)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income								
Sales:								
(1) External customers	**$23,189,050**	**$3,039,050**	**$6,292,342**	**$3,093,625**	**$411,275**	**$36,025,342**	**$ —**	**$36,025,342**
(2) Intersegment	**6,635,617**	**194,458**	**2,438,975**	**106,083**	**1,183**	**9,376,316**	**(9,376,316)**	**—**
Net sales	**29,824,667**	**3,233,508**	**8,731,317**	**3,199,708**	**412,458**	**45,401,658**	**(9,376,316)**	**36,025,342**
Operating costs	**27,939,675**	**3,190,358**	**8,044,492**	**3,101,350**	**409,108**	**42,684,983**	**(9,306,341)**	**33,378,642**
Operating income	**$ 1,884,992**	**$ 43,150**	**$ 686,825**	**$ 98,358**	**$ 3,350**	**$ 2,716,675**	**$ (69,975)**	**$ 2,646,700**
II Assets	**$23,415,567**	**$2,535,925**	**$7,268,025**	**$2,071,658**	**$380,058**	**$35,671,233**	**$(1,842,475)**	**$33,828,758**

Notes: 1 The Company has identified 5 location segments based on geographical proximity, similarity in market, and interconnectedness within business activities.
2 The major countries and regions included in each segments are as follows:
(1) North America : United States, Canada, and Mexico
(2) Asia (excluding Japan) : China, South Korea, Thailand, Malaysia, Singapore, Indonesia, and India
(3) Europe : United Kingdom, France, Germany, the Netherlands, Spain, Italy, and Czech
3 The amount of company-wide shared assets included in "Eliminations and other" on "Assets" for the years ended March 31, 2015, 2014 and 2013 is ¥309,521 million ($2,579,342 thousand), ¥197,227 million and ¥126,212 million, respectively, and those amounts are mainly the Company's deposit in bank.

(23) SUBSEQUENT EVENT

On June 26, 2015, the date the consolidated financial statements were issued, there are no incidence of subsequent events that would have material effects on the Company's consolidated financial position and results of operations.

Independent Auditors' Report

The Board of Directors
Mitsubishi Electric Corporation:

We have audited the accompanying consolidated financial statements of Mitsubishi Electric Corporation and its subsidiaries, which comprise the consolidated balance sheets as of March 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended March 31, 2015, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the auditors' judgment, 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, the auditor considers 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 present fairly in all material respects, the financial position of Mitsubishi Electric Corporation and its subsidiaries as of March 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2015, in accordance with U.S. generally accepted accounting principles.

KPMG AZSA LLC

Tokyo, Japan
June 26, 2015

Corporate Data

Mitsubishi Electric Corporation

Tokyo Building, 2-7-3, Marunouchi,
Chiyoda-ku, Tokyo 100-8310, Japan
Tel: +81(3)3218-2111

Established: January 15, 1921
Paid-in Capital: ¥175,820 million
Shares issued: 2,147,201,551 shares
Employees: 129,249

Annual Meeting

The annual meeting of shareholders of the Corporation is regularly held in June each year. Additionally, special shareholders meetings may be held as necessary.

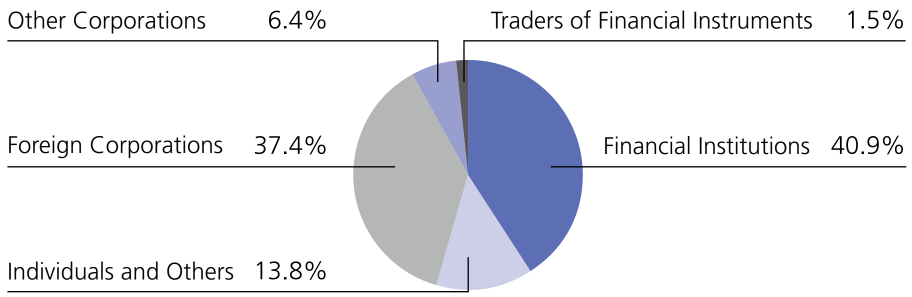
Stock Exchange Listings

Japan: Tokyo
Europe: London

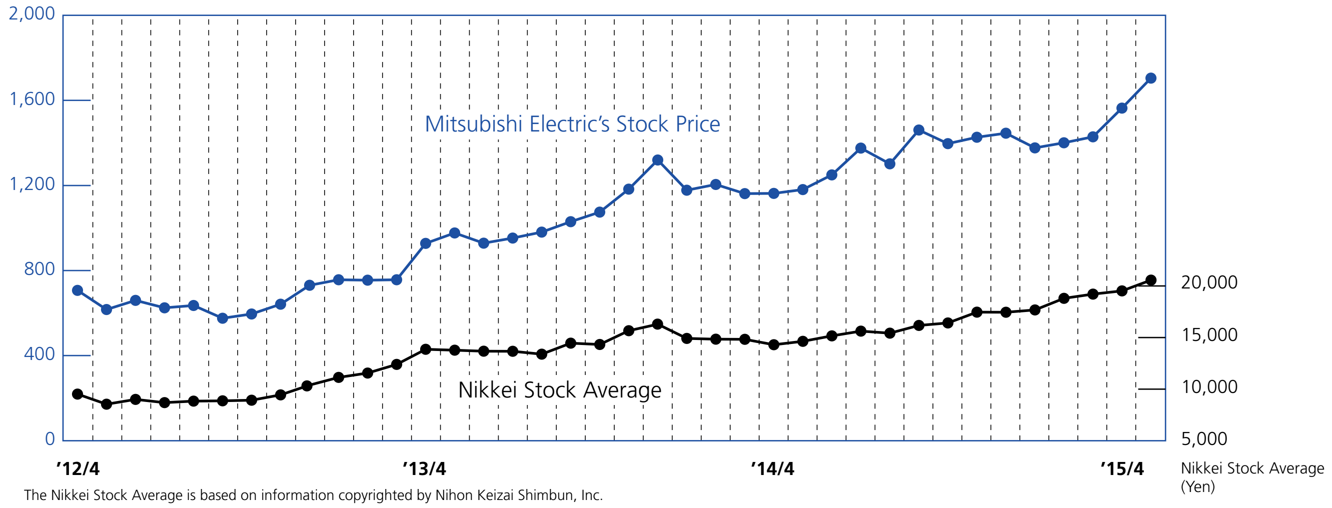
Major Shareholders

	Number of Shares (thousands)	Percentage of Ownership
The Master Trust Bank of Japan, Ltd. (Trust Account)	150,017	7.0%
Japan Trustee Services Bank, Ltd. (Trust Account)	88,748	4.1%
Meiji Yasuda Life Insurance Company	81,862	3.8%
State Street Bank and Trust Company	68,109	3.2%
Nippon Life Insurance Company	61,639	2.9%
Mitsubishi Electric Group Employees Shareholding Union	44,610	2.1%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	36,822	1.7%
The Bank of New York Mellon SA/NV 10	34,894	1.6%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	33,592	1.6%
State Street Bank West Client—Treaty 505234	26,228	1.2%

Distribution of Shareholders



Stock Price (Yen)



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MITSUBISHI ELECTRIC CORPORATION

http://www.MitsubishiElectric.com

eco Changes

for a greener tomorrow

Eco Changes is the Mitsubishi Electric Group's environmental statement, and expresses the Group's stance on environmental management. Through a wide range of businesses, we are helping contribute to the realization of a sustainable society.

Please address inquiries for further information to:
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