

3. Sales by Location of Customers

(In millions of yen)

Location of Customers	FY '17 Q3 (Oct. 1, 2016 – Dec. 31, 2016)		FY '18 Q3 (Oct. 1, 2017 – Dec. 31, 2017)		B – A	B/A (%)
	Sales (A)	% of total net sales	Sales (B)	% of total net sales		
Japan	534,678	54.9	549,194	52.9	14,516	103
North America	101,932	10.4	97,671	9.4	(4,261)	96
Asia (excluding Japan)	229,080	23.5	263,447	25.3	34,367	115
Europe	90,282	9.3	104,790	10.1	14,508	116
Others	18,787	1.9	23,568	2.3	4,781	125
Total overseas sales	440,081	45.1	489,476	47.1	49,395	111
Consolidated total	974,759	100.0	1,038,670	100.0	63,911	107

Cautionary Statement

The Mitsubishi Electric Group (hereafter “the Group”) is involved in development, manufacture and sales in a wide range of fields including Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices and Home Appliances, and these operations extend globally, not only inside Japan, but also in North America, Europe, Asia and other regions. While the statements herein are based on certain assumptions and premises that the Group trusts and considers to be reasonable under the circumstances on the date of announcement, actual financial standings and operating results are subject to change due to any of the factors as contemplated hereunder and/or any additional factor unforeseeable as of the date of this announcement. Such factors materially affecting the expectations expressed herein shall include but are not limited to the following:

(1) Important trends

The 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 the Group’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 the Group 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 material prices due to a worsening of material and component procurement conditions, may adversely affect the Group’s performance.

(5) Fund raising

An increase in interest rates, the yen interest rate in particular, would increase the Group’s interest expenses.

(6) Significant patent matters

Important patent filings, licensing, copyrights and patent-related disputes may adversely affect related businesses.

(7) Environmental legislation or relevant issues

The Group 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 impact manufacturing and all corporate activities of the Group.

- (8) Flaws or defects in products or services
The Group may incur losses or expenses resulting out of flaws or defects in products or services, and the lowered reputation of the quality of all its products and services may affect the entire Group.
- (9) Litigation and other legal proceedings
The Group's operations may be affected by lawsuits or other legal proceedings against Mitsubishi Electric, its subsidiaries and/or equity-method affiliated companies.
- (10) Disruptive changes
Disruptive changes in technology, development of products using new technology, timing of production and market introduction may adversely affect the Group's performance.
- (11) Business restructuring
The Group may record losses due to restructuring measures.
- (12) Information security
The performance of the 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 Group's operations, particularly manufacturing activities, may be affected by the occurrence of earthquakes, typhoons, tsunamis, fires and other large-scale disasters.
- (14) Other significant factors
The 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.

Notes

1. Change in the accounting policy

On April 1, 2017, the Company adopted Accounting Standards Update 2015-17 "Balance Sheet Classification of Deferred Taxes" issued by the Financial Accounting Standards Board. To reflect this adoption, all deferred tax assets and liabilities have been classified as noncurrent in the consolidated balance sheets and subsequently, deferred tax assets and liabilities in the same tax-paying component or tax jurisdiction were offset. The consolidated balance sheet as of March 31, 2017 has been reclassified to reflect this adoption and accordingly, deferred tax assets previously included in 'Prepaid expenses and other current assets' and deferred tax liabilities previously included in 'Other liabilities' have been reclassified as 'Other assets'.

###

About Mitsubishi Electric Corporation

With over 90 years of experience in providing reliable, high-quality products, Mitsubishi Electric Corporation (TOKYO: 6503) is a recognized world leader in the manufacture, marketing and sales of electrical and electronic equipment used in information processing and communications, space development and satellite communications, consumer electronics, industrial technology, energy, transportation and building equipment. Embracing the spirit of its corporate statement, Changes for the Better, and its environmental statement, Eco Changes, Mitsubishi Electric endeavors to be a global, leading green company, enriching society with technology. The company recorded consolidated group sales of 4,238.6 billion yen (US\$ 37.8 billion*) in the fiscal year ended March 31, 2017. For more information visit:

<http://www.MitsubishiElectric.com>

*At an exchange rate of 112 yen to the US dollar, the rate given by the Tokyo Foreign Exchange Market on March 31, 2017