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Mitsubishi Electric Announces Difference between Earnings Forecast and Actual Results for First Half of, and Revises Earnings Forecast for, Fiscal 2017 (April 1, 2016-March 31, 2017)

TOKYO, October 31, 2016 – [Mitsubishi Electric Corporation](http://www.mitsubishielectric.com) (TOKYO: 6503) announced today the difference between its consolidated earnings forecast previously announced on July 28, 2016 and the actual results for the first half of the current fiscal year, from April through September, 2016. The company has also revised its consolidated earnings forecast for the current fiscal year ending March, 2017 (fiscal 2017).

Difference in Earnings Forecast and Result for First Half of Fiscal 2017

(In millions of yen)

	Net Sales	Operating income	Income before income taxes	Net income attributable to Mitsubishi Electric Corp.	Basic net income per share attributable to Mitsubishi Electric Corp.
Previous forecast (A)	1,960,000	90,000	100,000	70,000	32. ⁶¹ yen
Actual results (B)	1,972,354	121,747	123,726	88,342	41. ¹⁶ yen
Differential (B-A)	12,354	31,747	23,726	18,342	
Differential ratio (%)	0.6%	35.3%	23.7%	26.2%	
cf. Fiscal 2016 first half actual results	2,063,285	127,014	133,058	92,925	43. ²⁹ yen

The consolidated net sales for the first half of fiscal 2017 exceeded the previous forecast, owing to buoyancy in automotive equipment sales in the European and North American markets in the Industrial Automation Systems segment, and also to large-scale project sales recorded ahead of schedule in the Energy and Electric Systems segment. Consolidated operating income exceeded the previous forecast in all segments, mainly owing to improved profitability of air conditioners outside Japan in the Home Appliances segment, increased sales in the Energy and Electric Systems and Industrial Automation Systems segments, and positive results of business improvement measures in the Information and Communication Systems segment.

Revised Forecast for Fiscal 2017 (April 1, 2016 – March 31, 2017)

(In millions of yen)

	Net Sales	Operating income	Income before income taxes	Net income attributable to Mitsubishi Electric Corp.	Basic net income per share attributable to Mitsubishi Electric Corp.
Previous forecast (A)	4,180,000	235,000	255,000	175,000	81. ⁵² yen
Revised forecast (B)	4,150,000	250,000	265,000	185,000	86.¹⁹ yen
Differential (B-A)	(30,000)	15,000	10,000	10,000	
Differential ratio (%)	(0.7%)	6.4%	3.9%	5.7%	
cf. Fiscal 2016 actual results	4,394,353	301,172	318,476	228,494	106. ⁴³ yen

The consolidated net sales forecast for fiscal 2017 is expected to fall below the previous forecast announced on July 28, 2016, mainly as a result of the company's revised terms of foreign currency rates in which it sees the yen stronger in and after the third quarter of fiscal 2017. Operating income and other figures, however, are expected to exceed the previous forecast mainly in the Home Appliances and Information and Communication Systems segments, despite the negative influence of the change in terms of foreign currency rates.

Note: *The results forecast above is based on assumptions deemed reasonable by the Company at the present time, and actual results may differ significantly from forecasts. Please refer to the cautionary statement below.*

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 Company trusts and considers to be reasonable under the circumstances on the date of announcement, actual 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 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 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.

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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 4,394.3 billion yen (US\$ 38.8 billion*) in the fiscal year ended March 31, 2016. For more information visit:

<http://www.MitsubishiElectric.com>

*At an exchange rate of 113 yen to the US dollar, the rate given by the Tokyo Foreign Exchange Market on March 31, 2016