

**FOR IMMEDIATE RELEASE**

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*Investor Relations Inquiries:*

Yasumitsu Kugenuma  
Corporate Finance Division  
Mitsubishi Electric Corporation  
Tel: +81-3-3218-2391  
Cad.Irg@rk.MitsubishiElectric.co.jp

*Media Contact:*

Travis Woodward  
Public Relations Division  
Mitsubishi Electric Corporation  
Tel: +81-3-3218-3380  
prd.gnews@nk.MitsubishiElectric.co.jp  
<http://global.mitsubishielectric.com/news/>

## **MITSUBISHI ELECTRIC ANNOUNCES CONSOLIDATED AND NON-CONSOLIDATED FINANCIAL RESULTS FOR FISCAL 2007**

**Tokyo, April 27, 2007** – Mitsubishi Electric Corporation (President and CEO: Setsuhiro Shimomura) announced today its consolidated and non-consolidated financial results for fiscal 2007 (April 1, 2006-March 31, 2007).

### **Consolidated Financial Results**

Net sales:	3,855.7	billion yen	(7% increase from the previous fiscal year)
Operating income:	233.0	billion yen	(48% increase from the previous fiscal year)
Income before income taxes:	184.7	billion yen	(21% increase from the previous fiscal year)
Net income:	123.0	billion yen	(29% increase from the previous fiscal year)

### **Non-consolidated Financial Results**

Net sales:	2,363.6	billion yen	(7% increase from the previous fiscal year)
Ordinary profit:	131.4	billion yen	(75% increase from the previous fiscal year)
Net income:	41.6	billion yen	(14% decrease from the previous fiscal year)

The business environment in FY 2007 saw a general underlying strength in the global economy such as continuing recovery in Europe, despite a partial sense of stagnation in the latter half of the fiscal year. The Japanese economy also saw a general underlying strength with recovery mainly in the corporate sector due to continued buoyancy in both foreign demand and capital investment, etc., despite a shift to less dynamic consumer spending.

Meanwhile, the Mitsubishi Electric Group is involved in structural reforms that respond to changing operating circumstances to increase and strengthen profitability in each business segment under its ‘make strong businesses stronger’ strategy. We also continue to strengthen production and sales systems both in domestic and overseas markets by establishing and reinforcing operating facilities as well as strengthening our competitive edge through business alliances, etc. In addition, we are involved in company-wide improvement activities like reducing inventory and increasing productivity in addition to continuing our cost reducing A-Sigma program and Just In Time activities. We are also strengthening our competitive edge through HR investments and optimizing our HR structure.

We have set reserves of 42.1 billion yen for contingent liabilities arising from various competition law related expenses as Other expenses (consolidated) and Extraordinary loss (non-consolidated).

### **CONSOLIDATED FINANCIAL RESULTS BY BUSINESS SEGMENT**

#### ***Energy and Electric Systems***

Total sales:	951.0	billion yen	(9% increase from the previous fiscal year)
Operating income:	49.3	billion yen	(24.0 billion yen increase from the previous fiscal year)

The social infrastructure systems business saw increases in both orders and sales from the previous fiscal year due to expansions both domestic and abroad in our power generation and transmission/distribution related business as well as in electric equipment for rolling stock.

Building system business experienced an increase in both orders and sales from the previous fiscal year due to things like an increase in domestic large-scale installation and refitting orders for elevators and escalators as well as increased orders in the Middle East, Southeast Asia, and the United States.

As a result, total sales for this segment increased 9% from the previous fiscal year, and operating income increased 24.0 billion yen from the previous fiscal year due to increased sales, etc.

#### ***Industrial Automation Systems***

Total sales:	956.9	billion yen	(11% increase from the previous fiscal year)
Operating income:	126.2	billion yen	(30.2 billion yen increase from the previous fiscal year)

Factory automation systems business saw an increase in both orders and sales from the previous fiscal year due to increases in capital investments related to flat panel display and surface mounting systems in the first half of the fiscal year, and robust power distribution business and capital investments related to semiconductors in the latter half of the fiscal year.

The automotive equipment business saw an increase in both orders and sales from the previous fiscal year due to increases in alternators and starters etc. for both domestic and overseas automotive manufacturers.

As a result, total sales for this segment increased by 11% compared to the previous fiscal year. Operating income rose by 30.2 billion yen from the previous fiscal year due to increase in sales, etc.

#### ***Information and Communication Systems***

Total sales:	688.0	billion yen	(7% increase from the previous fiscal year)
Operating income:	20.8	billion yen	(0.1 billion yen increase from the previous fiscal year)

The telecommunications equipment business saw an increase in both orders and sales due to buoyant shifts in mobile handsets as well as communications infrastructure.

The information system service business saw an increase in sales from the previous fiscal year due to expansion in the system integration business.

The electronic systems business sales increased from the previous fiscal year due to our satellite related business etc., however orders remained the same as the previous fiscal year.

As a result, total sales for this segment showed an increase of 7% from the previous fiscal year. Operating income was in line with the previous fiscal year.

#### ***Electronic Devices***

Total sales:	185.9	billion yen	(9% increase from the previous fiscal year)
Operating income:	12.1	billion yen	(1.3 billion yen decrease from the previous fiscal year)

The semiconductor business saw an increase in both orders and sales from the previous fiscal year due to increases in power modules for consumer use mainly for air conditioners and industrial use as well as power amplifiers for mobile handsets.

The liquid crystal business saw a decrease in both orders and sales from the previous fiscal year. Despite increases in medium sized products for industrial use, there were decreases in small sized products for consumer use in mobile handsets, etc.

As a result, total sales for this segment increased by 9% from the previous fiscal year, and operating income decreased by 1.3 billion yen from the previous fiscal year due to falling liquid crystal prices, etc.

#### ***Home Appliances***

Total sales:	921.9	billion yen	(3% increase from the previous fiscal year)
Operating income:	36.6	billion yen	(21.6 billion yen increase from the previous fiscal year)

The home appliance business saw a 3% increase in sales from the previous fiscal year due to increases in air conditioners and solar power generation systems for the foreign market in addition to residential home equipment such as electric water heaters, induction heating cooking systems, etc. for the domestic market. Operating income increased by 21.6 billion yen from the previous fiscal year due to increased sales, etc.

#### ***Others***

Total sales:	630.5	billion yen	(4% increase from the previous fiscal year)
Operating income:	15.1	billion yen	(1.8 billion yen increase from the previous fiscal year)

Sales increased 4% from the previous fiscal year mainly in our material procurement, logistics, and engineering, etc. affiliated companies. Operating income increased by 1.8 billion yen from the previous fiscal year due to increased sales, etc.

***Fundamental dividend distribution policy***

Our fundamental policy is to comprehensively measure improvement in shareholder profits from the viewpoints of appropriate profit distribution commensurate with earning performance of its respective fiscal year as well as strengthening our financial standing through our internal reserves, with the ultimate goal of improving corporate value.

***FY 2007 and FY 2008 dividend***

With our financial standing and business performance continuing to improve, we will pay a year-end retained earnings dividend of 6 yen per share for fiscal 2007. Adding the interim dividend of 4 yen per share, the total annual dividend is 10 yen per share. Payment of year-end dividends will start on June 4, 2007. The retained earnings dividend for fiscal 2008 is still undecided.

*cf. Fiscal 2006 dividend was 8 yen per share (interim dividend of 3 yen per share and a year-end dividend of 5 yen per share)*

**FINANCIAL CONDITION (CONSOLIDATED BASIS)**

***Assets, Liabilities, and Shareholders' Equity***

The company's total assets for the fiscal year increased from the end of the previous fiscal year by 138.4 billion yen to 3,452.2 billion yen. This increase is mainly attributable to increases in cash and cash equivalents by 38.1 billion yen, increases in trade receivables by 47.0 billion yen along with a 28.2 billion yen increase in inventories in response to increased orders and sales.

The balance of outstanding debts and corporate bonds fell by 52.0 billion yen from the balance as of the end of the previous fiscal year to 641.0 billion yen, resulting in a reduction of its ratio against total assets down to 18.6% (an improvement of 2.3 points compared to the end of the previous fiscal year). While retirement and severance benefits decreased by 59.6 billion yen, other current liabilities increased by 59.0 billion yen due to increases in accrued income tax and other fixed liabilities also increased by 41.0 billion yen due to appropriation of competition law related expenditure allowances, etc.

Shareholders' equity increased by 117.0 billion yen compared to the previous fiscal year to 1,059.2 billion yen. This was due to inclusion of total net income of 123.0 billion yen for this fiscal year despite a 19.3 billion yen decrease from dividend payments. The ratio of shareholders' equity to total assets was 30.7%, a 2.3 points improvement compared to the previous fiscal year.

***Cash Flow***

Cash flows from operating activities for this financial year decreased by 30.2 billion yen compared to the previous fiscal year to 274.6 billion yen (positive) due to increases in trade receivables and increases in inventory, etc., despite increases in net income.

Investment cash flow decreased by 0.6 billion yen to 155.5 billion yen (used) due to reduced securities acquisition despite increases in capital investment compared to previous fiscal year. As a result, free cash flow was 119.0 billion yen (positive).

Financial cash flow was 88.7 billion yen (used) due to continued debt repayment and bond redemption in order to improve financial standing.

*Cash Flow related index*

	<i>FY '03</i>	<i>FY '04</i>	<i>FY '05</i>	<i>FY '06</i>	<i>FY '07</i>
Cash Flow to interest bearing debt ratio <sup>1</sup>	5.7 times	4.3 times	4.4 times	2.4 times	2.4 times
Interest coverage ratio <sup>2</sup>	10.0 times	17.0 times	17.6 times	31.5 times	28.1 times

<sup>1</sup>balance of outstanding debts and corporate bonds\* divided by cash flow from operating activities

\*balance of outstanding debts and corporate bonds is the average of the year-start and year-end balance of outstanding debts and corporate bonds.

<sup>2</sup>cash flow from operating activities divided by interest paid

## **CURRENT FORECAST FOR FISCAL 2008**

The world economy is expected to remain steady similar to the previous fiscal year, while there will be persistent sense of general stagnation, particularly in the US economy. As far as the Japanese economy is concerned, also a setback is foreseeable in terms of its current recovery around the middle of fiscal 2008. Further, some specific economic indicators such as possible increases in petroleum and material prices, risks from a fluctuating exchange rate, etc, do not allow us to be optimistic about our management environments in the near future.

In the meantime, the Mitsubishi Electric Group will continue to increase and strengthen profitability in each business field. In addition, we are committed to implementing various company-wide managerial measures toward improving business performance and financial standing. The growth strategies will be steadfastly adhered to in the interest of maintaining sustainable growth.

### ***Current forecast for fiscal 2008: consolidated***

Net sales	3,940.0	billion yen	(2% increase from fiscal 2007)
Operating income	200.0	billion yen	(14% decrease from fiscal 2007)
Income before income taxes	185.0	billion yen	(no change from fiscal 2007)
Net income	125.0	billion yen	(2% increase from fiscal 2007)

### ***Current forecast for fiscal 2008: non-consolidated***

Net sales	2,430.0	billion yen	(3% increase from fiscal 2007)
Operating income	110.0	billion yen	(14% decrease from fiscal 2007)
Ordinary profit	105.0	billion yen	(20% decrease from fiscal 2007)
Net income	75.0	billion yen	(80% increase from fiscal 2007)

## **MANAGEMENT POLICY**

### ***Fundamental Management Policy***

Based on its corporate statement “Changes for the Better”, the Mitsubishi Electric Group hopes to build a better tomorrow by contributing to the creation of new societies, industries and lifestyles.

Keeping this corporate approach in mind, Mitsubishi Electric will establish a solid business foundation and implement sustainable growth through a three point balanced management of “Growth,” “Profitability & Efficiency” and “Soundness”.

Mitsubishi Electric will also work to further enhance its corporate value by becoming a conglomerate of highly competitive electric-electronic businesses with a synergistic unity, capable of responding to the expectations of customers, shareholders, and all of our stakeholders.

### ***Management Targets***

The Mitsubishi Electric Group has established three management targets that it continuously aims to achieve: an operating income ratio of 5% or more, ROE of 10% or more, and a interest-bearing debt ratio of 20% or less. Business performance for fiscal 2007 achieved all of our management targets. Because of efforts we have taken thus far in structural improvement of our businesses, improving productivity, and improving our financial standing, we had an operating profit ratio of 6.0%, ROE of 12.3%, and an interest-bearing debt ratio of 18.6%. The Group revised its targeted ratio of interest-bearing debts to 15% or less, while also continuing efforts to accomplish our other management targets.

	<i>Management Target</i>
Ratio of operating income to net sales	<b>5% or more</b>
ROE	<b>10% or more</b>
Ratio of interest-bearing debt to total assets	<b>20% or less =&gt; 15% or less</b>

### ***Corporate Agenda***

Based on its three point balanced management of “Growth,” “Profitability & Efficiency” and “Soundness”, the Mitsubishi Electric Group will continuously improve by strengthening quality, cost competitiveness, and intellectual property as well as productivity, R&D, and sales capabilities. We will also strengthen our two-tiered growth strategy VI<sup>1</sup> strategy, ‘making strong businesses stronger’, and AD<sup>2</sup> strategy, ‘reinforcing solutions businesses centered on strong businesses’. While also restructuring business segments in response to changing business environments, we strive to create a management base that will continue to strengthen and improve our business performance.

Specifically, with an objective of strengthening our integrated “Craftsmanship”, we will strengthen our development and productivity in software and hardware, and continue to streamline our productivity with measures like Just In Time production. From the very first stages of design and development, we will promote cost reduction activities that respond to material price hikes and exert quality consciousness. We will utilize human resources to enhance competitiveness, and engage in activities such as streamlining our human resources structure from a mid- and long-term perspective. We will improve our financial standing by further pursuing such measures as inventory reduction. Also, we will further promote ‘Global Integration’ to build an optimal business structure both in global terms and for the entire corporate Group. In business development in overseas markets, we will pay intensive attention on managing associated risks. Finally, we will enhance our operational structure to manage various businesses, through integration and coordination among various aspects, including research, development, procurement, production, sales and services etc.

In addition, we will be committed to enhance Corporate Social Responsibility (CSR) efforts based on the Corporate Mission<sup>3</sup> and Seven Guiding Principles<sup>4</sup>. We will also improve corporate value while responding to external environmental changes such as legislative reforms to the Commercial Code.

Steadily executing the above strategy, the Mitsubishi Electric Group will work to further enhance its corporate value.

<sup>1</sup>VI, the first two letters of ‘Victory’

<sup>2</sup>AD, the first two letters of ‘Advance’

<sup>3</sup>Corporate Mission: The Mitsubishi Electric Group will continually improve its technologies and services through creativity, and at the same time contribute to society.

<sup>4</sup> These principles are:

Trust: Establish relationships with all stakeholders based on strong mutual trust and respect,

Quality: Provide the best products and services with unsurpassed quality,

Technology: Pioneer new markets by promoting research and development,

Citizenship: As a global player, contribute to the development of communities and society as a whole,

Ethics: Honor high ethical standards in all endeavors,

Environment: Respect nature, and strive to protect and improve the global environment,

Growth: Assure fair earnings to build a foundation for future growth.

## CONSOLIDATED AND NON-CONSOLIDATED FINANCIAL RESULTS

### 1. CONSOLIDATED FINANCIAL RESULTS

(in billions of yen except where noted)

	<b>FY '07 (A)</b> (Apr. 1, 2006 – Mar. 31, 2007)	FY '06 (B)	A/B (%)
Net sales	3,855.7	3,604.1	107
Operating income	233.0	157.7	148
Income before income taxes	184.7	152.3	121
Net income	123.0	95.6	129
Basic net income per share	57. <sup>34</sup> yen	44. <sup>64</sup> yen	128

**Note:** 1) Consolidated financial charts made according to U.S. GAAP.  
2) Company has 148 consolidated subsidiaries.

### 2. NON-CONSOLIDATED FINANCIAL RESULTS

(in billions of yen except where noted)

	<b>FY '07 (A)</b> (Apr. 1, 2006 – Mar. 31, 2007)	FY '06 (B)	A/B (%)
Net sales	2,363.6	2,217.0	107
Ordinary profit	131.4	75.1	175
Net income	41.6	48.5	86
Dividend per share			
Annual dividend	10 yen	8 yen	125
Interim dividend	4 yen	3 yen	
Year-end dividend	6 yen	5 yen	
Net income per share	19. <sup>42</sup> yen	22. <sup>66</sup> yen	86

## CONSOLIDATED PROFIT AND LOSS STATEMENT

(in millions of yen)

	FY '07 (A) (Apr. 1, 2006 – Mar. 31, 2007)		FY '06(B) (Apr. 1, 2005 – Mar. 31, 2006)		Comparison to previous year (A – B)	
		% of total		% of total		A/B (%)
Net sales	<b>3,855,745</b>	<b>100.0</b>	3,604,185	100.0	251,560	107
Cost of sales	<b>2,831,309</b>	<b>73.5</b>	2,694,985	74.8	136,324	105
Selling, general and administrative expenses	<b>791,434</b>	<b>20.5</b>	751,482	20.8	39,952	105
Operating income	<b>233,002</b>	<b>6.0</b>	157,718	4.4	75,284	148
Other income	<b>40,745</b>	<b>1.1</b>	45,980	1.3	(5,235)	89
Interest and Dividends	<b>12,281</b>	<b>0.3</b>	9,492	0.3	2,789	129
Other	<b>28,464</b>	<b>0.8</b>	36,488	1.0	(8,024)	78
Other expenses	<b>88,971</b>	<b>2.3</b>	51,372	1.5	37,599	173
Interest	<b>9,375</b>	<b>0.2</b>	9,648	0.3	(273)	97
Other	<b>79,596</b>	<b>2.1</b>	41,724	1.2	37,872	191
Income before income taxes	<b>184,776</b>	<b>4.8</b>	152,326	4.2	32,450	121
Income taxes	<b>80,203</b>	<b>2.1</b>	69,701	1.9	10,502	115
Equity in earnings of affiliated companies	<b>18,507</b>	<b>0.5</b>	13,067	0.4	5,440	142
Net income	<b>123,080</b>	<b>3.2</b>	95,692	2.7	27,388	129

## CONSOLIDATED BALANCE SHEET

(in millions of yen)

	FY '07 (A) (ending March 31, 2007)	FY '06 (B) (ending March 31, 2006)	A – B
<b>(Assets)</b>			
Current assets	<b>2,050,500</b>	1,886,779	163,721
Cash and cash equivalents	<b>342,640</b>	304,514	38,126
Short-term investments	<b>16,258</b>	7,991	8,267
Trade receivables	<b>891,271</b>	843,600	47,671
Inventories	<b>520,238</b>	491,950	28,288
Prepaid expenses and other current assets	<b>280,093</b>	238,724	41,369
Long-term receivables	<b>3,711</b>	4,378	(667)
Investments	<b>571,458</b>	584,871	(13,413)
Net property, plant and equipment	<b>605,285</b>	589,998	15,287
Other assets	<b>221,277</b>	247,716	(26,439)
<b>Total assets</b>	<b>3,452,231</b>	3,313,742	138,489
<b>(Liabilities and shareholders' equity)</b>			
Current liabilities	<b>1,529,838</b>	1,440,133	89,705
Bank loans and current portion of long-term debt	<b>253,141</b>	247,595	5,546
Trade payables	<b>739,585</b>	714,455	25,130
Other current liabilities	<b>537,112</b>	478,083	59,029
Long-term debt	<b>387,941</b>	445,583	(57,642)
Retirement and severance benefits	<b>360,713</b>	420,348	(59,635)
Other fixed liabilities	<b>54,169</b>	13,081	41,088
Minority interests	<b>60,361</b>	52,395	7,966
Shareholders' equity	<b>1,059,209</b>	942,202	117,007
Common stock	<b>175,820</b>	175,820	–
Capital surplus	<b>210,910</b>	210,938	(28)
Retained earnings	<b>632,003</b>	528,240	103,763
Accumulated other comprehensive income (loss)	<b>40,932</b>	27,718	13,214
Treasury stock at cost	<b>(456)</b>	(514)	58
<b>Total liabilities and shareholders' equity</b>	<b>3,452,231</b>	3,313,742	138,489
Balance of Debt	<b>641,082</b>	693,178	(52,096)
Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	<b>32,088</b>	9,426	22,662
Minimum pension liability adjustments	–	(58,695)	58,695
Pension liability adjustments	<b>(59,723)</b>	–	(59,723)
Unrealized gains on securities	<b>68,578</b>	76,970	(8,392)
Unrealized gains (losses) on derivative instruments	<b>(11)</b>	17	(28)

## CONSOLIDATED CASH FLOW STATEMENT

(in millions of yen)

	FY '07 (A) (Apr. 1, 2006 – Mar. 31, 2007)	FY '06 (B) (Apr. 1, 2005 – Mar. 31, 2006)	A - B
<b>I Cash flows from operating activities</b>			
1 Net income	123,080	95,692	27,388
2 Adjustments to reconcile net income to net cash provided by operating activities			
(1) Depreciation of tangible fixed assets and other	141,514	135,821	5,693
(2) Decrease in deferred income taxes	9,553	22,796	(13,243)
(3) Decrease (increase) in trade receivables	(35,474)	(19,359)	(16,115)
(4) Decrease (increase) in inventories	(15,954)	(9,379)	(6,575)
(5) Decrease (increase) in prepaid expenses and other assets	964	(3,308)	4,272
(6) Increase in trade payables	19,252	60,170	(40,918)
(7) Increase in other liabilities	44,382	35,346	9,036
(8) Other, net	(12,687)	(12,938)	251
Net cash provided by operating activities	274,630	304,841	(30,211)
<b>II Cash flows from investing activities</b>			
1 Capital expenditure	(140,557)	(134,413)	(6,144)
2 Proceeds from sale of property, plant and equipment	4,782	5,374	(592)
3 Purchase of short-term investments and investment securities	(24,115)	(33,590)	9,475
4 Proceeds from sale of short-term investments and investment securities	28,163	32,937	(4,774)
5 Other, net	(23,872)	(26,517)	2,645
Net cash used in investing activities	(155,599)	(156,209)	610
<b>I + II Free cash flow</b>	119,031	148,632	(29,601)
<b>III Cash flows from financing activities</b>			
1 Proceeds from long-term debt	32,200	62,675	(30,475)
2 Repayment of long-term debt	(154,250)	(100,024)	(54,226)
3 Increase (decrease) in bank loans, net	50,496	(43,794)	94,290
4 Dividends paid	(19,317)	(15,000)	(4,317)
5 Purchase of treasury stock	(132)	(4,583)	4,451
6 Reissuance of treasury stock	162	125	37
7 Other, net	2,107	-	2,107
Net cash provided by (used in) financing activities	(88,734)	(100,601)	11,867
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	7,829	9,920	(2,091)
<b>V Net increase in cash and cash equivalents</b>	38,126	57,951	(19,825)
<b>VI Cash and cash equivalents at beginning of period</b>	304,514	246,563	57,951
<b>VII Cash and cash equivalents at end of period</b>	342,640	304,514	38,126

## CONSOLIDATED SEGMENT INFORMATION

### 1. SALES AND OPERATING INCOME BY BUSINESS SEGMENT

(in millions of yen)

Business Segment	FY '07 (Apr. 1, 2006 – Mar. 31, 2007)			FY '06 (Apr. 1, 2005 – Mar. 31, 2006)			A/B (%)
	Sales (A)		Operating income	Sales (B)		Operating income	
		% of total			% of total		
Energy and Electric Systems	951,065	21.9	49,310	868,789	21.5	25,296	109
Industrial Automation Systems	956,930	22.1	126,227	860,111	21.3	95,967	111
Information and Communication Systems	688,004	15.9	20,803	644,111	15.9	20,677	107
Electronic Devices	185,911	4.3	12,141	170,394	4.2	13,531	109
Home Appliances	921,948	21.3	36,644	896,437	22.2	14,958	103
Others	630,510	14.5	15,169	603,585	14.9	13,342	104
Subtotal	4,334,368	100.0	260,294	4,043,427	100.0	183,771	107
Eliminations and other	(478,623)	-	(27,292)	(439,242)	-	(26,053)	-
Consolidated Total	3,855,745	-	233,002	3,604,185	-	157,718	107

\*Note: Inter-segment sales are included in the above chart.

### 2. SALES AND OPERATING INCOME BY LOCATION

(in millions of yen)

Location	FY '07 (Apr. 1, 2006 – Mar. 31, 2007)		FY '06 (Apr. 1, 2005 – Mar. 31, 2006)		A/B (%)
	Sales (A)	Operating income	Sales (B)	Operating income (loss)	
Japan	3,346,100	191,274	3,131,472	123,578	107
North America	277,555	6,345	251,717	(4,100)	110
Asia (excluding Japan)	482,363	31,057	430,976	29,205	112
Europe	299,401	11,041	228,993	8,148	131
Others	30,819	1,007	27,567	945	112
Subtotal	4,436,238	240,724	4,070,725	157,776	109
Eliminations	(580,493)	(7,722)	(466,540)	(58)	-
Consolidated Total	3,855,745	233,002	3,604,185	157,718	107

\*Note: Inter-segment sales are included in the above chart.

### 3. OVERSEAS SALES

(in millions of yen)

Location	FY '07 (Apr. 1, 2006 – Mar. 31, 2007)		FY '06 (Apr. 1, 2005 – Mar. 31, 2006)		A/B (%)
	Sales (A)	% of total net sales	Sales (B)	% of total net sales	
North America	297,360	7.7	281,502	7.8	106
Asia (excluding Japan)	470,886	12.2	426,579	11.9	110
Europe	340,121	8.8	270,761	7.5	126
Others	91,951	2.4	69,727	1.9	132
Total overseas sales	1,200,318	31.1	1,048,569	29.1	114

### **Cautionary Statement**

The expectation of operating results herein and any associated statement to be made orally with respect to the Company's current plans, estimates, strategies and beliefs and any other statements that are not historical facts are forward-looking statements. Words such as "expects", "anticipates", "plans", "believes", "scheduled", "estimated", "targeted" along with any variations of these words and similar expressions are intended to identify forward-looking statements which include but are not limited to projections of revenues, earnings, performance and production. While the statements herein are based on certain assumptions and premises that the Company trusts and considers to be reasonable under the circumstances to the date of announcement, you are requested to kindly take note that 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 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 may adversely affect mainly Mitsubishi Electric's Information and Communication Systems, Electronic Devices, and Home Appliances segments. In addition, an increase in material prices due to a worsening of material and component procurement conditions may adversely affect all of Mitsubishi Electric's operations.
- (5) Fund procurement  
An increase in interest rates, the yen interest rate in particular, would increase Mitsubishi Electric's interest expenses.
- (6) Significant patent matters  
Important patent filings, licensing, copyrights and patent-related disputes may adversely affect related businesses.
- (7) Environmental matters  
We may appropriate funds for losses or increase allowances to respond to regulation trends or outbreaks of issues related to the environment. This may impact manufacturing and all corporate activities of the Mitsubishi Electric Group.
- (8) Quality of products and services  
We may appropriate funds for losses from defective services or products, and the lowered reputation of the quality of all our products and services may affect the entire Mitsubishi Electric group.
- (9) Litigation and other legal proceedings  
The Mitsubishi Electric 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 performance mainly in Mitsubishi Electric's Information and Communication Systems, Electronic Devices, and Home Appliances segments.
- (11) Business restructuring  
The Mitsubishi Electric Group may record losses due to restructuring measures.

(12) Natural disasters

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

(13) Other significant factors

The Mitsubishi Electric Group's operations may be affected by the outbreak of social or political upheaval due to terrorism, war or other factors.

**About Mitsubishi Electric**

With over 80 years of experience in providing reliable, high-quality products to both corporate clients and general consumers all over the world, Mitsubishi Electric Corporation (TSE: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. The company recorded consolidated group sales of 3,855.7 billion yen (US\$ 32.7billion\*) in the fiscal year ended March 31, 2007. For more information visit

<http://global.mitsubishielectric.com>

\*At an exchange rate of 118 yen to the US dollar, the rate given by the Tokyo Foreign Exchange Market on March 31, 2007

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