Corporate Strategy

Nov. 2015

MITSUBISHI ELECTRIC CORPORATION
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9. Contribution to Society
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Note
FY2009: April 1, 2009-March 31, 2010
FY2010: April 1, 2010-March 31, 2011
FY2012: April 1, 2012-March 31, 2013
FY2013: April 1, 2013-March 31, 2014
FY2014: April 1, 2014-March 31, 2015
FY2015: April 1, 2015-March 31, 2016
### 1. Forecast for FY2015

#### (1) Consolidated performance

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>(Billions of yen)</td>
<td>92JPY/USD 130JPY/EUR</td>
<td>86JPY/USD 113JPY/EUR</td>
<td>79JPY/USD 110JPY/EUR</td>
<td>83JPY/USD 106JPY/EUR</td>
<td>100JPY/USD 134JPY/EUR</td>
<td>103JPY/USD 139JPY/EUR</td>
<td>110JPY/USD 139JPY/EUR</td>
<td>122JPY/USD 135JPY/EUR</td>
<td>115JPY/USD 130JPY/EUR</td>
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<tr>
<td>Net Sales</td>
<td>3,353.2</td>
<td>3,645.3</td>
<td>3,639.4</td>
<td>3,567.1</td>
<td>4,054.3</td>
<td>1,972.8</td>
<td>4,323.0</td>
<td>2,063.2</td>
<td>4,380.0</td>
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</tr>
<tr>
<td>Operating Income (%)</td>
<td>94.3</td>
<td>233.7</td>
<td>225.4</td>
<td>152.0</td>
<td>235.1</td>
<td>121.3</td>
<td>317.6</td>
<td>127.0</td>
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<tr>
<td>Income before income taxes</td>
<td>64.2</td>
<td>210.2</td>
<td>224.0</td>
<td>65.1</td>
<td>248.9</td>
<td>145.9</td>
<td>322.9</td>
<td>133.0</td>
<td>315.0</td>
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<td>Net Income (%)</td>
<td>28.2</td>
<td>124.5</td>
<td>112.0</td>
<td>69.5</td>
<td>153.4</td>
<td>97.8</td>
<td>234.6</td>
<td>92.9</td>
<td>220.0</td>
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<tr>
<td>ROE (Return On Equity)</td>
<td>3.1%</td>
<td>12.4%</td>
<td>10.3%</td>
<td>5.7%</td>
<td>10.9%</td>
<td>-</td>
<td>13.9%</td>
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<tr>
<td>Shareholders’ Equity (%)</td>
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<td>1,050.3</td>
<td>1,132.4</td>
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<td>1,524.3</td>
<td>1,662.8</td>
<td>1,842.2</td>
<td>1,811.8</td>
<td>46.9%</td>
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<td>Debt (%)</td>
<td>537.5</td>
<td>484.3</td>
<td>542.2</td>
<td>540.5</td>
<td>373.4</td>
<td>381.0</td>
<td>381.9</td>
<td>357.4</td>
<td>9.3%</td>
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<tr>
<td>FCF (Free Cash Flow)</td>
<td>195.7</td>
<td>182.0</td>
<td>-80.9</td>
<td>-70.9</td>
<td>310.2</td>
<td>137.0</td>
<td>180.1</td>
<td>84.8</td>
<td>-</td>
<td></td>
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<tr>
<td>Dividend (%)</td>
<td>30.3%</td>
<td>20.7%</td>
<td>23.0%</td>
<td>34.0%</td>
<td>23.8%</td>
<td>-</td>
<td>24.7%</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Dividend (yen per share)</td>
<td>4</td>
<td>12</td>
<td>12</td>
<td>11</td>
<td>17</td>
<td>9</td>
<td>27</td>
<td>9</td>
<td>-</td>
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# 1. Forecast for FY2015
## (2) Segment Forecast

<table>
<thead>
<tr>
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<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Forecast (Oct. 2015) 2nd half rate</td>
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<td><strong>Energy &amp; Electric Systems</strong></td>
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<td>1,250.0</td>
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<tr>
<td>Net Sales (Billions of Yen)</td>
<td>1,039.6</td>
<td>1,027.7</td>
<td>1,027.1</td>
<td>1,058.1</td>
<td>1,180.0</td>
<td>1,228.9</td>
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<tr>
<td>Operating Income/Loss (%)</td>
<td>7.2%</td>
<td>8.1%</td>
<td>8.3%</td>
<td>8.0%</td>
<td>6.5%</td>
<td>5.9%</td>
<td>68.0</td>
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<tr>
<td><strong>Industrial Automation Systems</strong></td>
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<td></td>
<td></td>
<td></td>
<td>1,300.0</td>
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<tr>
<td>Net Sales (Billions of Yen)</td>
<td>733.1</td>
<td>927.0</td>
<td>978.3</td>
<td>927.8</td>
<td>1,098.7</td>
<td>1,282.7</td>
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<tr>
<td>Operating Income/Loss (%)</td>
<td>3.6%</td>
<td>10.8%</td>
<td>10.3%</td>
<td>6.5%</td>
<td>8.9%</td>
<td>11.4%</td>
<td>152.0</td>
</tr>
<tr>
<td><strong>Information &amp; Communication Systems</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>550.0</td>
</tr>
<tr>
<td>Net Sales (Billions of Yen)</td>
<td>526.1</td>
<td>487.9</td>
<td>516.3</td>
<td>522.4</td>
<td>548.2</td>
<td>559.5</td>
<td>550.0</td>
</tr>
<tr>
<td>Operating Income/Loss (%)</td>
<td>3.5%</td>
<td>2.8%</td>
<td>4.1%</td>
<td>0.3%</td>
<td>1.0%</td>
<td>3.4%</td>
<td>14.0</td>
</tr>
<tr>
<td><strong>Electronic Devices</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>210.0</td>
</tr>
<tr>
<td>Net Sales (Billions of Yen)</td>
<td>138.9</td>
<td>175.9</td>
<td>200.7</td>
<td>164.0</td>
<td>194.6</td>
<td>238.4</td>
<td>210.0</td>
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<tr>
<td>Operating Income/Loss (%)</td>
<td>-7.1%</td>
<td>5.9%</td>
<td>3.5%</td>
<td>-5.5%</td>
<td>10.0%</td>
<td>30.1%</td>
<td>19.0</td>
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<tr>
<td><strong>Home Appliances</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>990.0</td>
</tr>
<tr>
<td>Net Sales (Billions of Yen)</td>
<td>824.6</td>
<td>924.4</td>
<td>849.2</td>
<td>821.2</td>
<td>944.3</td>
<td>944.8</td>
<td>990.0</td>
</tr>
<tr>
<td>Operating Income/Loss (%)</td>
<td>4.8%</td>
<td>4.5%</td>
<td>2.6%</td>
<td>2.3%</td>
<td>5.6%</td>
<td>5.7%</td>
<td>54.0</td>
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<tr>
<td><strong>Others</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>730.0</td>
</tr>
<tr>
<td>Net Sales (Billions of Yen)</td>
<td>552.9</td>
<td>609.4</td>
<td>611.6</td>
<td>590.3</td>
<td>676.0</td>
<td>740.5</td>
<td>730.0</td>
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<tr>
<td>Operating Income/Loss (%)</td>
<td>3.2%</td>
<td>14.4%</td>
<td>20.3%</td>
<td>18.7%</td>
<td>19.8%</td>
<td>23.7%</td>
<td>21.0</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,380.0</td>
</tr>
<tr>
<td>Net Sales (Billions of Yen)</td>
<td>3,353.2</td>
<td>3,645.3</td>
<td>3,639.4</td>
<td>3,567.1</td>
<td>4,054.3</td>
<td>4,323.0</td>
<td>4,380.0</td>
</tr>
<tr>
<td>Operating Income/Loss (%)</td>
<td>2.8%</td>
<td>6.4%</td>
<td>6.2%</td>
<td>4.3%</td>
<td>5.8%</td>
<td>7.3%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

* Inter-segment sales are included in the above chart.
2. Management Policy
Maintain Balanced Corporate Management for Sustainable Growth

Toward a Higher Level of Growth
Growth Targets to be Achieved by FY2020
- Net Sales: 5 trillion yen or more
- OPM: 8% or more

Management Targets to be Continuously and Stably Achieved
- ROE: 10% or more
- Debt Ratio: 15% or less

The debt ratio target, “15% or less,” represents the Company’s financial discipline, which will allow the Company to secure the financing capability to raise necessary funds for further, greater investment.

Strive for Continuous Innovation
Through continuous innovation, we develop new frontiers.

Pursue the Satisfaction of the Four Stakeholder Categories
- Social Contributions, CSR
- Excellent Products and Services
- Increase Corporate Value
- Rewarding Workplace
- Shareholders
- Employees

Society
Customers

Dedicated to Sustainable Growth
Through continuous innovation, we develop new frontiers.
3. Overview of Growth Strategies

Mitsubishi Electric Group

- Make Strong Businesses Stronger
- Continuous Creation of New Strong Businesses
- Reinforce the Solutions Business Centered on Strong Businesses

Technological Synergies

Open & Global Innovation
Enhance technological development capabilities through joint R&D initiatives
3. Overview of Growth Strategies

Ensure “High-Quality” Growth

**Billions of yen**
- Sales
- Operating Income

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>Sales (JPY/EUR)</th>
<th>Operating Income (JPY/USD)</th>
<th>OPM Target (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 Actual</td>
<td>195.3</td>
<td>109</td>
<td>6% or more</td>
</tr>
<tr>
<td>2007 Actual</td>
<td>264.0</td>
<td>147</td>
<td>7% or more</td>
</tr>
<tr>
<td>2008 Actual</td>
<td>114</td>
<td>130</td>
<td>5% or more</td>
</tr>
<tr>
<td>2009 Actual</td>
<td>102</td>
<td>86</td>
<td>13% or more</td>
</tr>
<tr>
<td>2010 Actual</td>
<td>92</td>
<td>113</td>
<td>8% or more</td>
</tr>
<tr>
<td>2011 Actual</td>
<td>34.3</td>
<td>79</td>
<td>Growth Target</td>
</tr>
<tr>
<td>2012 Actual</td>
<td>86</td>
<td>106</td>
<td>8% or more</td>
</tr>
<tr>
<td>2013 Actual</td>
<td>79</td>
<td>100</td>
<td>To Be Continuously and Stably Achieved</td>
</tr>
<tr>
<td>2014 Actual</td>
<td>110</td>
<td>139</td>
<td>10% or more</td>
</tr>
<tr>
<td>2015 Actual</td>
<td>130</td>
<td>139</td>
<td>13% or more</td>
</tr>
<tr>
<td>2020 (FY) Actual</td>
<td>115</td>
<td>139</td>
<td>8% or more</td>
</tr>
</tbody>
</table>

**Growth Target**
- 8% or more

**To Be Continuously and Stably Achieved**
- 10% or more
- 13% or more
- 5% or more

**Debt ratio**
- 15% or less

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4. Actions Towards FY2020

**Phase 1**
- FY2014
- Set Targets
- Set Growth Target (Group total / by Segment)
- Reinforce business portfolio management
- In addition to business strategies, introduce approaches and strategies for separate regional markets

**Phase 2**
- FY2015
- FY2016
- FY2017
- Implement Plan
- Net Sales: 5 trillion yen or more / OPM: 8% or more
- Further strengthen growth driver businesses
  - Allocate more resources
  - Reinforce business foundations for global expansion
- Expand global market share for growth driver businesses and develop them into global top businesses
- Promote R&D backcasting from what we envision for the future society
- Strengthen the inter-business collaboration-supporting divisions that foster the solutions business
- Create new strong businesses
- Deliver new value through solutions business
- Strengthen local bases, local R&D capabilities that cater to local needs, IT foundations, etc.

**Phase 3**
- FY2018
- FY2019
- FY2020
- Achieve Results
- Firmly maintain a sound B/S through highly-selective investments for growth
- Constantly review and refresh business portfolio
- Introduce benchmark figures for assessing efficient use of assets by businesses
- Create new strong businesses
- Deliver new value through solutions business

**Areas to focus on in the Growth Strategy**
- Secure Soundness
- Simultaneously Pursue Sales Increase and Profitability Improvement
- Improve overall operational efficiency
- Introduce benchmark figures for assessing efficient use of assets by businesses
- Firmly maintain a sound B/S through highly-selective investments for growth
- Constantly review and refresh business portfolio

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4. Actions Towards FY2020
(1) Trend of Results with Segment Breakdown

- Effects of economic fluctuation varies between segments because of the difference in the nature of businesses

- To achieve growth of the company as a whole, strengthen business competitiveness for each segment with different approaches

Different approaches to strengthen business competitiveness

For businesses where the effects of economic fluctuation appears in the short term

- Maximize sales and profits during favorable economic climate
- Minimize effects during times of economic downturn

For businesses where the effects of economic fluctuation appears with a time lag

- Sustainably expand business size
- Strengthen profit generation
4. Actions Towards FY2020
(2) Measures to Strengthen Business Competitiveness

Strengthen resource allocation to Growth Drivers

【Features of the investment targets】
• Businesses where fruits of investments can be realized in a short period of time, and capture market growth
• Businesses where performance fluctuation is small and certainty for growth is high

- R&D
  - Strengthen business competitiveness through collaboration/ M&A which contribute to the Company’s growth
    • Supplement missing parts (products/ technology) essential for business expansion
    • Secure distribution-/ service- network (supply chain) in entering new regions/ markets
    • Acquire new customer bases in order to strengthen business foundations

- Capital Investment
  - Reallocation of business resources to promising areas through regeneration of businesses
  - Continuous creation of new businesses which underpin future growth
  - Improve capital efficiency
    • Track and continuously improve overall operational efficiency of each business by applying a new performance index

<table>
<thead>
<tr>
<th>Features of the investment targets</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15 (FY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D</td>
<td>151.7</td>
<td>169.6</td>
<td>172.2</td>
<td>178.9</td>
<td>195.3</td>
<td>202.0</td>
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<tr>
<td>Capital Investment</td>
<td>191.9</td>
<td>179.2</td>
<td>160.1</td>
<td>222.3</td>
<td>206.8</td>
<td>235.0</td>
</tr>
</tbody>
</table>

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4. Actions Towards FY2020

(3) Improvement of Overall Operational Efficiency

Further improve the Company's ROE
by redefining and pursuing performance improvement activities in each business

Past efforts to improve profitability and efficiency

Utilities

Measures after FY2015

Continuously improve ROIC in each business

Since asset composition differs among business segments, we will not compare ROICs among different segments and will not apply them in appraising performance or making investment decisions depending on them.

<table>
<thead>
<tr>
<th>Measures after FY2015</th>
<th>Just In Time (JIT)</th>
<th>Receivables turnover improvement activities</th>
<th>Inventory turnover improvement activities</th>
<th>Sales expansion/ Cost reduction activities</th>
</tr>
</thead>
</table>

- Receivables turnover
  - 4.2 times
  - 4.1 times

- Inventory turnover
  - 7.1 times
  - 6.1 times

- Cost of sales ratio
  - 74.7%
  - 70.1%

**Improving segment ROIC**

\[
\text{ROIC} = \frac{\text{Operating Income}}{\text{Working Capital + Fixed Assets}}
\]

- Numerator improvement (increase): increase operating income
- Denominator improvement (decrease): improved efficiency of working capital and fixed assets

**Improving the Company's ROE**

\[
\text{ROE} = \frac{\text{Net Income}}{\text{Shareholders' Equity}}
\]

We do not intend to use leverage merely to improve ROE

**ROIC (Mitsubishi Electric version)**

A comprehensive business efficiency indicator which is calculated by asset items (fixed assets, cash, etc.) per different segments (and not by capital and liability) so that it is easier to track and improve.
5. Growth Drivers
Aim to Become “Global, Leading Green Company”
Further Accelerate Global Expansion in Environment & Energy- and Social Infrastructure-related Systems Businesses

- **Energy & Electric Systems**
  - **Power Systems**
    - Power generation systems,
    - Transmission & distribution systems,
    - Power distribution systems,
    - Particle therapy systems, etc.
  - **Transportation Systems**
    - Inverters, main motors and air conditioning systems for railcars,
    - Train Vision, Train control and management systems,
    - Railcar operation management systems, etc.
  - **Building Systems**
    - Elevators, Escalators,
    - Building management systems, etc.
  - **Public Systems**
    - Water treatment systems,
    - Disaster prevention systems, etc.

- **Industrial Automation Systems**
  - **Factory Automation (FA) Systems**
    - PLCs, AC servomotors,
    - CNCs, Industrial robots,
    - Laser processing machines, etc.
  - **Automotive Equipment**
    - Starters, Alternators, Car multimedia,
    - Electric power steering, etc.

- **Information & Communication Systems**
  - **Space Systems**
    - Satellites, Ground systems for satellite control, etc.
  - **Communication Systems**
    - Optical, wireless and satellite communications systems, etc.
  - **Video Monitoring Systems**
    - CCTV, Car Vision, etc.
  - **IT Solution**
  - **Electronic Devices**
    - **Power Devices**
      - SiC modules, IGBT modules, etc.
    - **High Frequency and Optical Devices**
      - High frequency devices (GaN and GaAs), Optical devices, etc.
  - **TFT LCD Modules**

- **Home Appliances**
  - **Air Conditioning Systems**
    - Room and package air conditioners,
    - Multiple AC units for buildings,
    - Lossnay ventilation systems, etc.
  - **Housing Equipment**
    - Smart appliances, Lighting, HEMS, etc.
  - **Kitchen and Other Household Appliances**

5. Growth Drivers

(1) Power Systems Business

Challenge to transform into global top players

Business Environment
- Demand for high-efficiency power generation systems worldwide
- Growing demand for replacement of aged facilities in advanced countries
- High-efficiency power generation systems
- Electricity system reform in Japan
  - FY2016: Liberalization of electricity retail
  - FY2020 onwards: Unbundling of generation and transmission

Our Competitive Advantage
- Ability to provide high efficiency, low-environmental load, total systems, from power generation to transmission & distribution

(Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Japan</th>
<th>Overseas</th>
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<tbody>
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<td>12</td>
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<tr>
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<td></td>
<td></td>
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<tr>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 (FY)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Strengthen Business Foundations
- Respond to changes in the market environment and create new businesses
- Strengthen local bases (sales and engineering functions)
- Cultivate new markets and strengthen business competitiveness, through collaboration, etc.

Major Activities
- Launched static synchronous compensator SVC-Diamond™ (Aug. 2014)
- Launched VP-X high-efficiency turbine generator (Apr. 2015)
- Started construction of the new factory for control panels (Kobe area) (Jun. 2015)
- Received orders from Kyushu Electric Power Co., Inc. for installation of high-capacity battery storage systems (Jun. 2015)
- Signed a technical license agreement with Myanmar’s Asia General Transformer Co., Ltd. for 100MVA 230/66kV oil-immersed core-form transformers (Jun. 2015)
- Received orders from Electricity Generating Authority of Thailand for 500kV gas-insulated switchgear (GIS) (Aug. 2015)

1. Strengthen competitiveness of core businesses
- Expand business for power generation systems by introducing new VP-X series turbine generators
- Enhance business competitiveness of transmission & distribution business through development of new products that fit market needs

VP-X high-efficiency turbine generator

2. Expand aftermarket service business
- Cultivate markets by strengthening and fostering collaboration among local bases
- Thermal power generation
  - North America, Middle East, etc.
- Transmission & distribution
  - North America, Middle East, Southeast Asia, etc.
- Nuclear power generation
  - North America, China

Switchgear Digital instrumentation control system in a Chinese nuclear power plant

[Maintenance, Upgrade, and Replacement]

3. Expand new businesses
- Expand in the area of smart grid related businesses
- Expand smart meters and related systems
- Complete pilot projects of smart grid and storage battery control experiment
- Expand grid stabilization systems business by applying SVC-Diamond™
- Develop and expand business through collaboration with power companies and IPP/PPS companies
- Further entry into the U.S. Particle Therapy Systems market (strengthen the local operating bases/encourage activities to acquire FDA approvals)

* SVC: Static Var Compensator, IPP: Independent Power Producer, PPS: Power Producer and Supplier, FDA: Food and Drug Administration

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5. Growth Drivers
(2) Transportation Systems Business

From the top transportation equipment manufacturer
to the No.1 transportation systems integrator in the world

<table>
<thead>
<tr>
<th>Business Environment</th>
<th>2015 (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Abundant demand for railways in Europe and emerging economies</td>
<td></td>
</tr>
<tr>
<td>• Consolidations in railcars/ electrical equipment/ signals industries</td>
<td></td>
</tr>
<tr>
<td><strong>Our Competitive Advantage</strong></td>
<td></td>
</tr>
<tr>
<td>• The only manufacturer capable of providing driving, braking, and controlling as a single company</td>
<td></td>
</tr>
<tr>
<td>• Order track record of electrical equipment for approximately 44,000 railcars around the world (Supplied for approximately 6,800 railcars in NY and other parts of North America)</td>
<td></td>
</tr>
<tr>
<td>• Product lineup equipped with SiC power module</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strengthens Business Foundations</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strengthen competitiveness of railcar systems</td>
<td></td>
</tr>
<tr>
<td>• Develop ground-based systems business</td>
<td></td>
</tr>
<tr>
<td>• Reinforce global sales force and production bases</td>
<td></td>
</tr>
<tr>
<td>• Cultivate new markets and strengthen competitiveness, through collaboration and M&amp;A</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expand sales of railcar electrical equipment in the Japanese market</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Expand sales of railcar electrical equipment in high-efficiency electrical equipment</td>
<td></td>
</tr>
<tr>
<td>Railcar traction inverter with all-SiC power modules</td>
<td></td>
</tr>
<tr>
<td>Air-conditioning equipment for railcars</td>
<td></td>
</tr>
<tr>
<td>APS with all-SiC power modules</td>
<td></td>
</tr>
<tr>
<td>High-efficiency enclosed type traction motor</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Develop business in overseas markets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Expand sales of railcar air conditioning equipment, APS, etc. by strengthening local sales force and collaborating engineering with MEKT and MEDCOM</td>
<td></td>
</tr>
<tr>
<td>• Complete project to supply electrical equipment for NYC suburban M-9 train</td>
<td></td>
</tr>
<tr>
<td>• Enter into the area of maintenance/ service</td>
<td></td>
</tr>
<tr>
<td>• Complete project to supply electrical equipment for Delhi Metro RS-10</td>
<td></td>
</tr>
<tr>
<td>• MEI rolling stock equipment factory (Plan to start operation 2015/12)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expand ground-based systems businesses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Improve competitiveness of the proposals made for CBTC</td>
<td></td>
</tr>
<tr>
<td>• Expand business for S-EIV®</td>
<td></td>
</tr>
<tr>
<td>S-EIV®</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Develop railway solutions business</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Advance development to enable use for feeding control system which will contribute to energy savings of the total railway system</td>
<td></td>
</tr>
</tbody>
</table>

## 5. Growth Drivers
### (3) Building Systems Business

**Business Environment**

- Despite China and other emerging countries’ shift to moderate economic growth, global demand for new installation for elevators are gradually increasing.
- Increase in renewal demand in the Japanese elevator market.
- Further heightening of needs for security and energy conservation for buildings.

**Our Competitive Advantage**

- Highly safe and reliable products as well as high field-engineering ability (construction/maintenance), evident from our rich track record.
- Global business operations in markets such as China, ASEAN, Middle East, and Latin America.

<table>
<thead>
<tr>
<th>FY</th>
<th>Japan</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td></td>
<td></td>
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<tr>
<td>14</td>
<td></td>
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<tr>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Major Activities since

- Launched “MELSAFETY-Px”, an entry control system for small to mid sized buildings (Jun. 2014).
- Started operation of the new MESE (#3) factory (Sep. 2014).
- Completed the Inazawa works’ Elevators and Escalators QM center to develop and test global models (Oct. 2014).
- Launched “ELE-NAVI”, a destination oriented allocation system (DOAS) for elevators (Dec. 2014).
- Started construction of the new AMEC plant (Apr. 2015).
- Started construction of new plant for IMEC in India (Jun. 2015).
- Announced to build a new training center at Inazawa works (Jun. 2015).
- Commenced operation of MESE (#4) new factory (Oct. 2015).

### Business Expansion in large and emerging markets

1. **China**
   - Sustain the top brand in our largest market, China
   - Promote our two-brand strategy
   - Strengthen sales and marketing capability to aim for 100,000 orders
   - Fortify our maintenance/renewal business structure

2. **India**
   - Expand distribution network, capture mid-range market
   - Increase competitiveness by establishing a new factory
   - Establish an education system in the field training center

3. **Emerging**
   - Launch new products and promote regional strategies
   - Introduce regional strategic products
   - Cultivate and penetrate new markets
   - Further improve technology and skills of installation/maintenance

### Continuous Growth in the Japanese market as the leading company

- Product improvement to provide additional safety and security
- Provide latest and premium maintenance service
- Accelerate renewal business in response to expanding demand, and increase value of buildings
- Streamlined elevator car
- Hands-free access entry control system
- World’s fastest elevator for Shanghai Tower (1080m/minute) (At time of completion, Sep. 2015 own company research.)

### Expand and develop building solutions business

- Create a new building solutions business with security and energy management at its core
- Expand services and further collaborate with DOAS and building management systems, starting with elevators

5. Growth Drivers
(4) Factory Automation (FA) Systems Business

Reinforce proposals of “e-F@ctory”, the FA integrated solution to realize IoT in manufacturing

Business Environment
- Public-private sector cooperation projects to increase productivity of manufacturing through establishing flexible production systems using IoT in Europe as well as in Japan
- Factory automation demand is rising in emerging countries where there is a shortage of labor and labor costs are rising for the manufacturing sector

Our Competitive Advantage
- Rich product lineup which is top-class in the industry
- Ability to respond to support and service needs globally
- Ability to provide the FA integrated solution which realizes factory automation to management of energy conservation

【Major Activities since】
- Launched Micro PLCs MELSEC iQ-F series FX5 (Jan. 2015)
- Launched circuit board laser drilling machines GTF3 series (May. 2015)
- Provided full line-up of fiber laser processing machines (Jun. 2015)
- Launched MELSEC iQ-R series Safety CPU (Jul. 2015)
- Expansion of type of CC-Link IE connecting equipment (107 types) (Jul. 2015)
- Launched large-size industrial robots ML3015SR-32XP (Jul. 2015)
- Launched NC-EDM systems EA-PS (Oct. 2015)

Our Competitive Advantage

- Accelerate collaboration with partners in order to deepen “e-F@ctory”, the FA integrated solution [Partnering companies (Sep. 2015)] e-F@ctory: 279, CC-Link: 2,431
- Expand product lineup by continuously launching new products
- Expand global development, production capacity
- Accelerate penetration into markets through collaboration and use of M&A

1. Improve product competitiveness and capture new areas
- Development of new business areas such as social infrastructure, instrumentation, and building management markets by utilizing PLCs iQ-R series
- Expansion of application areas such as cutting and punching of difficult-to-machine materials in the processing machinery business
- Increase product lineup to respond to regional needs

2. Further cultivate emerging markets
- Strengthen sales and service networks in strategic areas (India, Russia, Turkey, Central/South America (Mexico & Brazil))
- Enhance support capability in the ASEAN region where Japanese companies continue to increase

3. Accelerate promotion of “e-F@ctory”
- Assist reduction of TCO for overall development, production and maintenance by utilizing the most advanced FA products and IT

Business Environment

<table>
<thead>
<tr>
<th>PLCs</th>
<th>AC servomotors</th>
<th>CNCs</th>
<th>Laser processing machines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global share</td>
<td>Global share</td>
<td>Global share</td>
<td>Global share</td>
</tr>
<tr>
<td>China</td>
<td>China</td>
<td>China</td>
<td>China</td>
</tr>
<tr>
<td>17%</td>
<td>15%</td>
<td>22%</td>
<td>75%</td>
</tr>
<tr>
<td>13%</td>
<td>12%</td>
<td>39%</td>
<td>80%</td>
</tr>
</tbody>
</table>

[Graph showing information sharing across production systems]

- Effects of introduction: Improved productivity, Enhanced quality, More Eco-friendly, Increased safety


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5. Growth Drivers
(5) Automotive Equipment Business

For motorized society that is eco-friendly, safe and secure, and comfortable

For motorized society that is eco-friendly, safe and secure, and comfortable

Business Environment
• Production volume is expected to increase in line with the expansion of the large markets in North/ Central America, Europe, and China
• Heightened expectations towards automobile functions, such as improvement in environmental efficiency, attention to safety and security, and pursuit of IVI (In-Vehicle Infotainment), etc.

Our Competitive Advantage
• Contribute to the motorized society of the next generation by providing high quality products with high efficiency and advanced control technology

Strengthen Business Foundations
• Implement strategies for existing businesses to add value and differentiate from competitors, and embark upon new business areas
• Allocate business resources that respond to the evolution of expanding technological areas and establish development and production systems

1. Continuously strengthen the competitiveness of core businesses
• Enrich local customer support system focusing on development/ production and sales, in line with customers’ global expansion
• Launch and propose products and systems that correspond to needs of each market

MEAX

2. Develop new core businesses
• Make electric power train systems business into one of the core businesses
• Expand multimedia business by accelerating development in the areas such as enriching network functions, integrating displays, with due attention to market trends
• Expand and develop preventive safety business
  - Promote technological development through collaboration and fusion of current products and system control technologies
  - Strengthen collaboration with communication technology and infrastructure businesses, to support advanced safety driving assistance

Alternators
Global share 16%

Starters
Global share 17%

Electric Power Steering
Global share 22%

*MEAX: Mitsubishi Electric Automotive de Mexico, S.A. de C.V., MEAA: Mitsubishi Electric Automotive America, Inc.
5. Growth Drivers

(6) Space Systems Business

**Business developments in line with the expansion of use of space infrastructure systems**

**Business Environment**
- Established the new “Basic plan on space policy” which promotes utilization of space and development of Japan’s space industry
- Increase in demand for satellite communication in emerging countries

**Our Competitive Advantage**
- With a wide range of satellite system products in the area of communication, positioning, and observations, able to contribute to creating a global social infrastructure
- Rich experience in the field, such as being the first Japanese satellite manufacturer to enter the Arab commercial communications satellite market

**Strengthen Business Foundations**
- Strengthen technological development being mindful of governmental demand for space infrastructure and demand for commercial satellites in the global market

---

**Capture governmental demand for satellite infrastructure**
- Promote development of the second to fourth quasi-zenith satellites in preparation for their launch from 2017
- Further develop business in accordance with the new “Basic plan on space policy”
- Fortify business foundations and land station business foundations for artificial satellites to realize the seven unit structure for quasi-zenith satellites and observational satellite infrastructure

**Capture global demand for commercial satellites**
- Complete delivery of communication satellite “Turksat-4B” to Turksat A.S., the Turkish state-run satellite communication provider
- Progress with the producing of “Es’hail 2” for Es’hailSat, the Qatari state-run satellite communication provider

**Create solutions business utilizing quasi-zenith satellites**
- To expand use in quasi-zenith satellites, launched a company-wide project to facilitate discussions for business creation in this field
- Promote business environment to realize a centimeter-level, high-accuracy positioning society (use of 3-D maps, MMS, and positioning terminal)

---

**17**

- 12 13 14 15
- Overseas
- Japan
- 100 (Billions of yen)
- 20 (FY)

---

**Major Activities**
- Commenced development of GOSAT-2 to observe greenhouse gases (Apr. 2014)
- Received order for detailed design for the lens tube structure portion of TMT (Apr. 2014)
- Launched advanced land observing satellite “Daichi-2 (ALOS-2)” (May. 2014)
- Received order from Qatar for communication satellite “Es’hail 2” (Sep. 2014)
- Launched geostationary meteorological satellite “Himawari-8” (Oct. 2014)
- Launched KOUNOTORI 5 (HTV5, a cargo transporter to the International Space Station) (avionics module) (Aug. 2015)
- Launched TURKSAT-4B, Turkey’s communication satellite (Oct. 2015)
5. Growth Drivers
(7) Power Devices Business

Provide power saving key devices as the world’s No.1 power devices company

**Business Environment**
- Increase in demand for inverter control equipment as global requirements for saving energy and protecting the environment heightens
- Heightening of needs for high efficiency devices which are suitable for application fields

**Our Competitive Advantage**
- High-performance and high-reliability based on the most advanced power semi-conductor technology
- Rich product lineup fostered by advanced power electronics technology
- Further advances in power device functions through application of SiC

**Strengthen Business Foundations**
- Continuously introduce new products
- Cultivate overseas markets and strengthen sales force
- Build a globally optimal production system

By providing the latest devices to our power electronics-related businesses, they enhance their competitiveness

1. Expand lineup of products that improve product value and competitiveness of customers

   - Develop next generation large power semiconductor modules which can be utilized for different application, such as railcars and power, including those for industrial use (including renewables)
   - Expand product lineup of J1 series power modules for EV
   - Launched a new product for SLIMDIP™ series suited for home appliances (May. 2015)
   - Expand product lineup of Super mini DIPIPMTM embedded with SJ-MOSFET for energy saving air conditioners (May. 2015)

2. Expand business fields/ scales with SiC power devices

   - Launch and expand sales of SiC power devices for major markets
     - Full/ hybrid SiC power module for railcar traction system
     - Hybrid SiC-IPM for industrial equipment
     - SiC power module for home appliances
     - Super-mini Full SiC DIPPFC™ for home appliances
     - Large hybrid SiC DIPIPMTM for PV application

**Major Activities**
- Started to provide sample hybrid SiC power semiconductor modules for high-frequency switching applications (May. 2014)
- Launched Super-mini Full SiC DIPPFC™ (Jul. 2014)
- Launched 1200V Large DIPIPMTM Ver.6 series and 1200V mini DIPIPMTM series (Sep. 2014)
- Expanded lineup of J1 series for automobiles (EV/HEV) (Oct. 2014)
- Launched large hybrid SiC DIPIPMTM for PV application (Nov. 2014)
- Started to provide J-Series T-PM extra compact type for automobiles (Feb. 2015)
- Launched 1200V HVIC with desaturation detection function (Mar. 2015)
- Shipped samples of seventh-generation IGBT module T series (May. 2015)

5. Growth Drivers
(8) Air Conditioning Systems Business

Business expansion in accordance with specific needs of each region

【Business Environment】
- Rise in high functional air conditioning demand which realizes both comfort and energy conservation, in line with the advancement of buildings
- Increase in air conditioning demand in emerging markets with the change in people’s lifestyles
- Movement towards tightening environmental regulations in each region

【Energy saving-type air conditioning system with high functionality devices and advanced control technology】
- A wide range of products and systems lineup ranging from residential to industrial refrigeration

【Our Competitive Advantage】
- Strengthen business operational structure in each region, in accordance with the features of each region
- Promote local production, local consumption
- Develop production capacity of local bases
- Utilize collaboration and M&A

【Strengthen Business Foundations】
- Introduce high functionality, low-GWP refrigerant products (RAC/PAC) complying to the new regulation for refrigerants
- Elevate brand value by expanding promotional activities
- Introduce air conditioning and water heating system which caters to European needs taking into consideration the findings from the mock-house HVAC testing facility in Scotland, U.K.
- Capture demand for the volume zone by enhancing product lineup
- Accelerate sales expansion by strengthening distribution channels
- Expand sales of solution-type air conditioning system market in collaboration with external third parties’ air handling unit
- Create a coherent structure encompassing R&D, production and sales in order to respond to local needs in MEUS/ PIMS

【Major Activities】
- Started construction of a “New technology building” at the Air Conditioning & Refrigeration Systems Works (Wakayama prefecture) (Development base for new global products) (Feb. 2015)
- Acquired MIBA AS, a HVAC distributor in Norway (Jun. 2015)
- Started operation of new MCP building (distribution warehouse) (Jul. 2015)
- Started construction of air conditioning design, development and evaluation building at Shizuoka Works (Jul. 2015)
- Started operation of the MKY training center “Advance & Innovation Center” (Aug. 2015)
- Entered into agreement to acquire majority interest in DeLclima S.p.A., an Italian company (Aug. 2015)

【Reinforce business strategy through acquisition of DeLclima】
- Strengthen business competitiveness, aiming to become the No.1 HVAC manufacturer in the European market
  - Full-scale entry into the large-sized industrial use products by the Chiller business and address environmental regulation
  - Increase product line-up, and strengthen measures that address providing air conditioning solutions such as providing comprehensive proposal on air conditioning/ energy management and maintenance
- Promote global Expansion by mutually utilizing global bases
  - Increase volume by expanding distribution channels and through cross-sell
  - Develop and strengthen global production and supply bases

1. Strengthen Regional Strategies
- Introduce high functionality, low-GWP refrigerant products (RAC/PAC) complying to the new regulation for refrigerants
- Elevate brand value by expanding promotional activities
- Introduce air conditioning and water heating system which caters to European needs taking into consideration the findings from the mock-house HVAC testing facility in Scotland, U.K.
- Capture demand for the volume zone by enhancing product lineup
- Accelerate sales expansion by strengthening distribution channels

2. Business Development in Emerging Markets
- Expand sales through strengthening the distribution network of METR (Turkey)
- Expand sales through strengthening the distribution and production network in Thailand
- Accelerate development and creation of distribution network in emerging countries

5. Growth Drivers
(9) Global Expansion

Key Initiatives for Global Expansion

- Reinforce business networks in target markets
- Develop global supply bases

Japanese Market
Achieve stable growth and greater profitability as a core operating region to drive business expansion

- Continuous business expansion in transportation systems, space systems, and air conditioning systems

Existing Overseas Markets
Achieve greater competitiveness while increasing the scale of operations

- North America
  - Develop aftermarket service businesses in the power systems and transportation systems business
  - Expand automotive equipment and air conditioning systems business, etc.
- Europe
  - Expand sales in the transportation/power devices/air conditioning systems businesses
  - Promote the two-brand strategy for building systems
  - Introduce FA systems to respond to production automation needs, etc.
- China
  - Launch building/air conditioning systems products that meet market needs
  - Reinforce sales/service structure for FA systems, etc.
  - Expand product lineup for building/air conditioning systems products that meet market needs
  - Expand aftermarket service business for thermal power generation and transmission & distribution equipment, etc.

Emerging Markets
Cultivate new markets by developing local business networks

- Asia
- Other

Net Sales by Region

- Asia
- Europe
- North America
- Japan

Overseas Sales by Segments

- Others
- Air Conditioning
- Power Devices
- Space
- Automotive Equipment
- FA
- Building
- Transportation
- Power

Reinforce global business bases in 2013 and beyond

- Power, Transportation, Building
- FA, Automotive Equipment
- Air Conditioning
- Others

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6. Expansion of Solutions Business
(1) Reinforce Solutions Business centered on Strong Business

Create and deliver new value to communities by employing combinations of the solution businesses.

Advance solutions businesses by employing combinations of products and systems.

Promote each product and system.

Promote each business.

Promote the combination of businesses.

- Smart Grid
  - Smart meters

- Railway Solutions
  - Railway integrated energy-environmental solutions

- Factory Solutions
  - e-F@ctory
  - Energy saving for entire factories

- Building Solutions
  - Facima
  - Energy saving for entire buildings

- Housing Solutions (Smart House)
  - MITSUBISHI HEMS

- Total Security Solutions
  - DIGUARD

- Imaging Solutions
  - Digital Signage

- Imaging Solutions
  - Security Gate
  - Room entry/exit control

- Imaging Solutions
  - Power Systems
  - Electric equipment for rolling stock

- Imaging Solutions
  - Power Systems
  - Elevators

- Imaging Solutions
  - Air conditioners
  - Lighting
  - Home appliances

- Imaging Solutions
  - Elevators
  - Control equipment
  - CCTV

- Imaging Solutions
  - Home appliances
  - MITSUBISHI HEMS

- Imaging Solutions
  - Facima
  - e-F@ctory

- Imaging Solutions
  - Railways
  - Rail integrated energy-environmental solutions

- Imaging Solutions
  - Security Gate
  - Room entry/exit control

- Imaging Solutions
  - Power Systems
  - Electric equipment for rolling stock

- Imaging Solutions
  - Elevators
  - Control equipment
  - CCTV

- Imaging Solutions
  - Air conditioners
  - Lighting
  - Home appliances
6. Expansion of Solutions Business
(2) Create and Deliver New Value to Communities

Imaging Solutions
Ranging from small-to-large scale solutions, such as Diamond Vision, Train Vision, Kantan Signage, etc.

MITSUBISHI HEMS
Optimally control various home appliances and housing equipment by interlocking them via networks and making status of use visible. Help users live comfortably with less energy use through the provision of energy and life management solutions.

Facima
A service aimed at creating energy-saving, comfortable building spaces by efficiently monitoring and controlling air conditioning, lighting, and other equipment.

e&eco-F@ctory
Integrated FA solutions that help manufacturing sites improve productivity and reduce energy costs through combinations of FA equipment control and networking technologies as well as energy saving and measuring technologies.

Railway integrated Energy-environmental Solutions
By utilizing ICT, optimize the energy use of entire railway systems through the combined use of equipment and energy management solutions for railcars, stations, railroads, and railyards.

DIGUARD
Provide total solutions in terms of physical and information security in line with required security levels through the combination of room access, video monitoring, and cryptography systems as well as linkage with business administration and building management systems.

Smart Grid
- **Smart Meters**
  - Obtain orders from electric power companies for smart meters and related systems.

- **Pilot Projects**
  - Participate in the KEIHANNA Eco-City Next-Generation Energy and Social Systems Demonstration Project.
  - Deliver systems for use in verification testing carried out by Kyushu Electric Power and Tyugoku Electric Power in relation to a smart grid and the control of storage batteries on an isolated island.
7. Future-oriented R&D for Continuous and Stable Growth (Examples)

Measures to further strengthen the Growth Drivers

<table>
<thead>
<tr>
<th>IoT solution technology</th>
<th>Space creation devices/ systems technology</th>
<th>Automated driving technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factory efficiency</td>
<td>Creating a comfortable and healthy space</td>
<td>For a safe and convenient car society</td>
</tr>
</tbody>
</table>

- **IoT solution technology**
  - Algorithms for large scale optimization
  - Next generation artificial intelligence
  - Big data
  - Security

- **Space creation devices/ systems technology**
  - Noise-free
  - Design
  - Quantifying human senses

- **Automated driving technology**
  - Infrastructure
  - ADAS-ECU
    - Surrounding
    - Operation
    - Decision
    - Vehicle operation
  - Satellite
  - Roadside sensor
  - Sonar
  - Millimeter-wave
  - Camera
  - Vehicle-mounted sensor
  - Operating object

Measures to create new Growth Drivers

- **Technologies for social infrastructure maintenance management system**
  - Maintain safe and secure social infrastructure
  - Automated measurement/ analyses, and establish a system to assist evaluation/ replacement planning
  - Making high precision 3D measurements of the change in conditions of road equipment while driving
  - Managing records, evaluate material degradation and prepare replacement plans
  - Using high precision cameras/radars/3D lasers, detect cracks and cavities of tunnels

- **Antenna technology for 5G mobile networks**
  - Realize high speed communication
  - Camera image
  - Visualization by augmented reality
  - GPS
  - Gyroscope
  - Accelerometer

*ADAS: Advanced Driver Assistance System, ECU: Electric Control Unit, GPS: Global Positioning System, MMSD™: Mitsubishi mobile monitoring system for diagnosis*
8. “Corporate Mission” and “Seven Guiding Principles”

<table>
<thead>
<tr>
<th>Corporate Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Seven Guiding Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trust</strong></td>
</tr>
<tr>
<td>Establish relationships with all stakeholders based on strong mutual trust and respect.</td>
</tr>
<tr>
<td><strong>Quality</strong></td>
</tr>
<tr>
<td>Provide the best products and services with unsurpassed quality.</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
</tr>
<tr>
<td>Pioneer new markets by promoting research and development, and fostering technological innovation.</td>
</tr>
<tr>
<td><strong>Citizenship</strong></td>
</tr>
<tr>
<td>As a global player, contribute to the development of communities and society as a whole.</td>
</tr>
<tr>
<td><strong>Ethics and Compliance</strong></td>
</tr>
<tr>
<td>Honor high ethical standards in all endeavors.</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
</tr>
<tr>
<td>Respect nature, and strive to protect and improve the global environment.</td>
</tr>
<tr>
<td><strong>Growth</strong></td>
</tr>
<tr>
<td>Assure fair earnings to build a foundation for future growth.</td>
</tr>
</tbody>
</table>
9. Contribution to Society
Balancing “Safety/Security/Comfort” and a “Sustainable Society”

Contribution to people’s lives
Provide safety, security, and comfort

Safety/Security
- Security
  Provide security systems for buildings and factories according to their varying security levels
- Utilizing of quasi-zenith satellites (under R&D)
  Improve safety precision of automated driving systems and realize appropriate maintenance of social infrastructure by utilizing high-accuracy positioning information
- Technology to assist tsunami-monitoring by radars
  (Plan to produce after FY 2015)
  Extract tsunami information from conventional radar observations of sea surfaces. These technologies are expected to help observers detect tsunamis earlier and give evacuators more time to implement emergency countermeasures

Comfort
- Room Air Conditioner
  World’s first, “personal twin flow” mechanism with left and right fans that move independently, creating a comfortable environment for each person
- Smart House Solution “ENEDIA”
  - By just touching the icon of your tablet or smartphone, you can operate appliances around the house, which increases the quality of your space and alleviates stress in your lives
  - By collaboration among creating, saving and conserving, contribute to the effective way of consuming energy

Contribution to the environment
Realize a sustainable society

Low-carbon society
- PV system for public and industrial use
  Contribute to reducing greenhouse gases by providing products (solar cells to power conditioners) as a system
- Smart Meters
  Adjust power demand and supply, and realize energy consumption through such adjustments

Measures to reduce greenhouse gas under the Eighth Environmental Plan
- Reduce the total annual greenhouse gas emissions (CO2 equivalent) from 2.64 million tons (base year*) to 1.37 million tons (FY2017 target)
- Through the improvement of energy efficiency, reduce emission of CO2 during product use by an average of 35% compared to FY2000 (FY2017 target)
  *For CO2 equivalent energy:
    Company standalone- FY1990, affiliates (Japan- FY2000, Overseas- FY2005)
  *For greenhouse gases other than CO2:
    Company standalone, affiliates in Japan: FY2000, Overseas affiliates FY2005

Recycling-based Society/Society in Tune with Nature
- Resource recycling/ recovering
  - Commenced metal / rare earth recycling business
  - Promote reuse of water in industrial and sewer services by using an ozone generator
- Biodiversity
  Promote Green Procurement with consideration for biodiversity in Japan and overseas

Social Contribution Activities (Examples)
- Activity to restore the natural woodlands of Mt. Fuji (Japan)
- Scholarship program (Asia)
- Vocational learning opportunities for youth with disabilities (U.S.)
- Support to Special Olympics (Europe)
10. Corporate Governance
(1) Basic Design of the Governance System

In June 2003, Mitsubishi Electric became a company with a committee system (currently: nomination committee system company) and separated the supervisory and executive functions of management, to further continue with the promoting flexibility of operations and transparency of management.

Actual practices at Mitsubishi Electric
- Thorough separation of supervision and execution
- Majority of board of directors NOT assuming responsibility as executive officer
  - Directors
    - of which are independent directors
    - of which concurrently serve as executive officers
- Minimal number of executive officers (23 members) responsible for day-to-day operation of each business division and corporate administrative sections
- Multi-phase risk management through executive officers meeting
- Implement global internal control system to ensure compliance with the Corporation Law and J-SOX Act (Financial Instruments and Exchange Law)
- Maintaining systems to respond to company-wide risks
- Appropriate responses to Japan’s Corporate Governance Code

More than 50% of members composing each of the three committees shall be independent directors.

Appropriate response to revisions of legislation and other external factors

Appropriate disclosure to shareholders and other stakeholders

Greater Corporate Value
10. Corporate Governance
(2) Main Components of Disclosure according to Each Principle of Japan’s Corporate Governance Code

Independent directors
- Outside (external) directors will be designated as independent directors
- Appoint people from the business community with management experience, lawyers, academic experts, who are appropriate to supervise the management of Mitsubishi Electric (hereinafter “the Company”) and are not in conflict with the Independence Guidelines

Independence Guidelines
1. The candidate is currently an executive director, corporate officer, manager or other employee (hereinafter “Business Executor”) of a company whose transaction amount with the Company is over 2% of the Company or that company’s consolidated revenue
2. The candidate is currently a Business Executor of a company where the Company’s borrowings from that company is over 2% of that company’s consolidated total assets
3. The candidate is a person affiliated to the Company’s independent accounting auditors
4. The candidate is receiving compensation from the Company of over 10 million yen as an expert/consultant
5. The candidate is an executive director (or in a similar role) of an organization who has received donations from the Company of over 10 million yen and constitutes over 2% of the organization’s total revenue
6. The candidate is a major shareholder of the Company (holds 10% or over of voting rights) or is currently a Business Executor of a major shareholder
7. The candidate has an issue which may give rise to a serious conflict of interest with the Company or is affiliated with a company which may give rise to a serious conflict of interest
*For 1, 2, 4, 5, this includes situations which may have been applicable for the last 3 business years

Strategic shareholdings
- Policy on strategic shareholdings of listed shares
  - Periodically assess the significance of holding these shares, taking into consideration aspects such as business necessity, future prospects and risks as well as overall returns for holding them, and in principle, will not hold shares that have no significance
- Criteria for exercising voting rights for owned shares
  - Make overall assessments on the rationality of the invested company’s proposal from the perspective of raising corporate value, and exercise voting rights accordingly

【Shareholder composition (Sep. 2015)】
Number of issued shares: 2,147,201,551 shares

- Financial institutions 40.45%
- Foreign companies, etc. 37.99%
- Securities companies 1.40%
- Other corporations 6.37%
- Individual/other 13.77%
- Treasury stock 0.02%
- Government/ municipalities 0.00%
10. Corporate Governance
(3) Revision of Compensation Scheme for Executive Officers

**Objective of the revision**
- To realize a growth strategy aiming to achieve “a higher level of growth”
- Further improvement in awareness of shareholder-oriented management, through matching of interests between shareholders and executive officers

**Introduction of performance-based stock compensation plan**

【Resolved at the remuneration committee held on May 28th, 2015】

Revised the executive officers’ compensation plan to one which provides a balanced incentives for both short- and medium to long-term

### Performance-based stock compensation plan

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<tr>
<th>Before</th>
<th>After</th>
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<tbody>
<tr>
<td>Basic compensation</td>
<td>Basic compensation</td>
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<tr>
<td>Performance-based compensation</td>
<td>Performance-based compensation</td>
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<tr>
<td>Cash compensation (100) [Short-term incentive]</td>
<td>Stock compensation (50) [Medium to long term incentive]</td>
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<tr>
<td>Retirement benefit</td>
<td>Retirement benefit</td>
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In three years, 50% of the performance-based compensation to the executive officers will be made in the form of “stock compensation”
Changes for the Better

Cautionary Statements

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 that 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. As such, additional factors may arise at any given time.

1. Any change in worldwide economic and social conditions, as well as laws, regulations, taxation and other legislation
2. Changes in foreign currency exchange rates, especially yen/dollar rates
3. Changes in stock markets, especially in Japan
4. Changes in balance of supply and demand of products that may affect prices and volume, as well as material procurement conditions
5. Changes in the ability to fund raising, especially in Japan
6. Uncertainties relating to patents, licenses and other intellectual property, including disputes involving patent infringement
7. New environmental regulations or the arising of environmental issues
8. Defects in products or services
9. Litigation and legal proceedings brought and contemplated against the Company or its subsidiaries and affiliates that may adversely affect operations or finances
10. Technological change, the development of products using new technology, manufacturing and time-to-market
11. Business restructuring
12. Incidents related to information security
13. Occurrence of large-scale disasters including earthquakes, typhoons, tsunami, fires and others
14. Social or political upheaval caused by terrorism, war, pandemic by new strains of influenza and other diseases, or other factors