Corporate Strategy

Nov. 2016

MITSUBISHI ELECTRIC CORPORATION
Contents

1. Forecast for FY2016
2. Management Policy
3. Embodiment of the Corporate Mission
4. Growth through Value Creation
5. Additional Value Creation through Technology & Business Synergies
6. Strengthen Business Competitiveness
7. Future-oriented R&D for Continuous and Stable Growth (Examples)
8. Greater Corporate Value
9. Corporate Governance

Note
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
FY2016: April 1, 2016-March 31, 2017
## 1. Forecast for FY2016
### (1) Consolidated performance

<table>
<thead>
<tr>
<th></th>
<th>FY2012 (Billions of yen)</th>
<th>FY2013 (Billions of yen)</th>
<th>FY2014 (Billions of yen)</th>
<th>FY2015 (Billions of yen)</th>
<th>FY2016 (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>3,567.1</td>
<td>4,054.3</td>
<td>4,323.0</td>
<td>2,063.2</td>
<td>4,394.3</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>152.0</td>
<td>235.1</td>
<td>317.6</td>
<td>127.0</td>
<td>301.1</td>
</tr>
<tr>
<td></td>
<td>4.3%</td>
<td>5.8%</td>
<td>7.3%</td>
<td>6.2%</td>
<td>6.9%</td>
</tr>
<tr>
<td><strong>Income before</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>income taxes</strong></td>
<td>65.1</td>
<td>248.9</td>
<td>322.9</td>
<td>133.0</td>
<td>318.4</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>69.5</td>
<td>153.4</td>
<td>234.6</td>
<td>92.9</td>
<td>228.4</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Return On Equity)</td>
<td>5.7%</td>
<td>10.9%</td>
<td>13.9%</td>
<td>-</td>
<td>12.4%</td>
</tr>
<tr>
<td><strong>Shareholders’</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>1,300.0</td>
<td>1,524.3</td>
<td>1,842.2</td>
<td>1,811.8</td>
<td>1,838.7</td>
</tr>
<tr>
<td>%</td>
<td>38.1%</td>
<td>42.2%</td>
<td>45.4%</td>
<td>46.9%</td>
<td>45.3%</td>
</tr>
<tr>
<td><strong>Debt</strong></td>
<td>540.5</td>
<td>373.4</td>
<td>381.9</td>
<td>357.4</td>
<td>404.0</td>
</tr>
<tr>
<td>%</td>
<td>15.9%</td>
<td>10.3%</td>
<td>9.4%</td>
<td>9.3%</td>
<td>10.0%</td>
</tr>
<tr>
<td><strong>FCF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Free Cash Flow)</td>
<td>-70.9</td>
<td>310.2</td>
<td>180.1</td>
<td>84.8</td>
<td>111.2</td>
</tr>
<tr>
<td><strong>Dividend</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(yen per share)</td>
<td>11</td>
<td>17</td>
<td>27</td>
<td>9</td>
<td>27</td>
</tr>
<tr>
<td>Dividend ratio(%)</td>
<td>34.0%</td>
<td>23.8%</td>
<td>24.7%</td>
<td>-</td>
<td>25.4%</td>
</tr>
</tbody>
</table>

**Forecast for FY2016**

- **2nd half rate**
  - 83JPY/USD
  - 106JPY/EUR
  - 100JPY/USD
  - 134JPY/EUR
  - 110JPY/USD
  - 139JPY/EUR

- **6-Month rate**
  - 122JPY/USD
  - 135JPY/EUR
  - 121JPY/USD
  - 133JPY/EUR
  - 107JPY/USD
  - 120JPY/EUR
  - 110JPY/EUR

- **100JPY/USD**
  - 107JPY/EUR
  - 120JPY/EUR

- **110JPY/EUR**
  - 121JPY/EUR
  - 133JPY/EUR

© Mitsubishi Electric Corporation
# 1. Forecast for FY2016

## (2) Segment Forecast

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td></td>
<td>2nd half rate</td>
</tr>
<tr>
<td>Net Sales 1,058.1</td>
<td>1,180.0</td>
<td>1,228.9</td>
<td>1,264.6</td>
<td>1,200.0</td>
<td></td>
</tr>
<tr>
<td>Operating Income/Loss 85.1</td>
<td>76.3</td>
<td>72.4</td>
<td>50.3</td>
<td>49.0</td>
<td></td>
</tr>
<tr>
<td>(%) 8.0%</td>
<td>6.5%</td>
<td>5.9%</td>
<td>4.0%</td>
<td>4.1%</td>
<td></td>
</tr>
<tr>
<td>Energy &amp; Electric Systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales 927.8</td>
<td>1,098.7</td>
<td>1,282.7</td>
<td>1,321.9</td>
<td>1,250.0</td>
<td></td>
</tr>
<tr>
<td>Operating Income/Loss 60.5</td>
<td>98.0</td>
<td>145.9</td>
<td>159.1</td>
<td>125.0</td>
<td></td>
</tr>
<tr>
<td>(%) 6.5%</td>
<td>8.9%</td>
<td>11.4%</td>
<td>12.0%</td>
<td>10.0%</td>
<td></td>
</tr>
<tr>
<td>Industrial Automation Systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales 522.4</td>
<td>548.2</td>
<td>559.5</td>
<td>561.1</td>
<td>460.0</td>
<td></td>
</tr>
<tr>
<td>Operating Income/Loss 1.5</td>
<td>5.5</td>
<td>18.9</td>
<td>14.9</td>
<td>13.0</td>
<td></td>
</tr>
<tr>
<td>(%) 0.3%</td>
<td>1.0%</td>
<td>3.4%</td>
<td>2.7%</td>
<td>2.8%</td>
<td></td>
</tr>
<tr>
<td>Information &amp; Communication Systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales 164.0</td>
<td>194.6</td>
<td>238.4</td>
<td>211.5</td>
<td>170.0</td>
<td></td>
</tr>
<tr>
<td>Operating Income/Loss -5.5</td>
<td>10.0</td>
<td>30.1</td>
<td>16.8</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>(%) -3.4%</td>
<td>5.2%</td>
<td>12.7%</td>
<td>8.0%</td>
<td>1.8%</td>
<td></td>
</tr>
<tr>
<td>Electronic Devices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales 821.2</td>
<td>944.3</td>
<td>944.8</td>
<td>982.0</td>
<td>1,000.0</td>
<td></td>
</tr>
<tr>
<td>Operating Income/Loss 19.3</td>
<td>52.8</td>
<td>54.2</td>
<td>63.8</td>
<td>71.0</td>
<td></td>
</tr>
<tr>
<td>(%) 2.3%</td>
<td>5.6%</td>
<td>5.7%</td>
<td>6.5%</td>
<td>7.1%</td>
<td></td>
</tr>
<tr>
<td>Home Appliances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales 590.3</td>
<td>676.0</td>
<td>740.5</td>
<td>707.7</td>
<td>690.0</td>
<td></td>
</tr>
<tr>
<td>Operating Income/Loss 18.7</td>
<td>19.8</td>
<td>23.7</td>
<td>23.6</td>
<td>19.0</td>
<td></td>
</tr>
<tr>
<td>(%) 3.2%</td>
<td>2.9%</td>
<td>3.2%</td>
<td>3.3%</td>
<td>2.8%</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales 3,567.1</td>
<td>4,054.3</td>
<td>4,323.0</td>
<td>4,394.3</td>
<td>4,150.0</td>
<td></td>
</tr>
<tr>
<td>Operating Income/Loss 152.0</td>
<td>235.1</td>
<td>317.6</td>
<td>301.1</td>
<td>250.0</td>
<td></td>
</tr>
<tr>
<td>(%) 4.3%</td>
<td>5.8%</td>
<td>7.3%</td>
<td>6.9%</td>
<td>6.0%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Inter-segment sales are included in the above chart.
2. Management Policy

(1) Maintain Balanced Corporate Management for Sustainable Growth

Towards 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

<table>
<thead>
<tr>
<th>Social Contributions, CSR</th>
<th>Excellent Products and Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Society</td>
<td>Customers</td>
</tr>
<tr>
<td>Increase Corporate Value</td>
<td>Rewarding Workplace</td>
</tr>
<tr>
<td>Shareholders</td>
<td>Employees</td>
</tr>
</tbody>
</table>
2. Management Policy
(2) Ensure “High-Quality” Growth

-%

<table>
<thead>
<tr>
<th>Year</th>
<th>OPM</th>
<th>ROE</th>
<th>Debt ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>6.5</td>
<td>15.1</td>
<td>10.9</td>
</tr>
<tr>
<td>2007</td>
<td>3.8</td>
<td>5.7</td>
<td>15.9</td>
</tr>
<tr>
<td>2008</td>
<td>2.8</td>
<td>3.1</td>
<td>16.0</td>
</tr>
<tr>
<td>2009</td>
<td>6.4</td>
<td>12.4</td>
<td>10.3</td>
</tr>
<tr>
<td>2010</td>
<td>6.2</td>
<td>10.3</td>
<td>15.9</td>
</tr>
<tr>
<td>2011</td>
<td>5.8</td>
<td>7.3</td>
<td>9.4</td>
</tr>
<tr>
<td>2012</td>
<td>7.3</td>
<td>6.9</td>
<td>10.0</td>
</tr>
<tr>
<td>2013</td>
<td>6.0</td>
<td>6.0</td>
<td>6.0</td>
</tr>
</tbody>
</table>

Growth Target
8% or more

To Be Continuously and Stably Achieved
10% or more
15% or less

*CAGR: Compound Average Growth Rate
3. Embodiment of the Corporate Mission

(1) Aim to Become a “Global, Leading Green Company”

【Corporate Mission】
The Mitsubishi Electric Group will continually improve its technologies and services by applying creativity to all aspects of its business. By doing so, we enhance the quality of life in our society.

【Contemporary Social Issues】
Environmental issues
Resource/Energy issues
Solving problems globally by producing energy-saving products & systems and building social infrastructure

【Contribution to Society】
Realize a sustainable society
Provide safety, security, and comfort

Embodiment of the corporate mission in the context of the current environment

“Global, Leading Green Company”
Contribute to the realization of a prosperous society
3. Embodiment of the Corporate Mission

(2) Contribution to Society

Value Creation through Simultaneously Achieving a “Sustainable Society” and “Safety/Security/Comfort” (Value for Society)

Realize a sustainable society

- Low-carbon society
  - All-SiC power module inverter equipment for railcars
    Achieve energy-savings (40% compared to before) through reducing size significantly and improving regenerative electricity by mounting SiC power modules which realize low electricity consumption on railcar inverter equipment
  - High-capacity energy storage system
    Improve the balance of electricity supply and demand when renewable energy is introduced on a massive scale
  - High efficiency packaged air-conditioner for shops/offices
    • Realize high levels of energy-savings (APF 5.5) by adopting low-loss power semiconductor module all-SiC DIPIPM and high efficiency compressors
    • Reduce environmental impact by adopting low global warming potential refrigerant R32

Provide safety, security, and comfort

- Security
  - Provide security systems for buildings and factories according to their varying security levels
- Safe driving assistance (under development)
  - Realize a safe and comfortable motorized society through advances in driving-assistance technology which combine HMI/communication/sensors technologies with automobile control technologies such as engine and steering control
- 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

Other examples of CSR initiatives

Environmental Activities

Selected as one of the companies on the “CDP 2016 Climate A List”, which recognizes companies’ activities responding to reducing CO2 emissions and alleviating climate change

- A List Companies
  - 193 companies were selected out of 6,000 major companies worldwide
  - In Japan, 22 companies were selected among the 500 nominees

Activities under the Eighth Environment Plan

- Reduce CO2 emission during product use (make them more energy efficient)
- Reduce greenhouse gas emission during production
- Increase the recycling % of plastic used in home appliances (to 70% or more)

Social Contribution Activities

- Supporting social welfare facilities and disaster relief aids by a matching gift program (Japan)
- Empowering youth with disabilities to lead productive lives and to be prepared to enter the workforce (U.S.)
- Supporting the Special Olympics (Europe)

Reduce environmental burden

- Improve environmental management level of domestic and overseas manufacturing bases

Examples

- All-SiC DIPIPM: Dual Inline Package Intelligent Power Module
- APF: Annual Performance Factor
- PP: Polypropylene
- PS: Polystyrene
- ABS: Acrylonitrile Butadiene Styrene
- HMI: Human Machine Interface

(Aftermarket service)

Promote resource saving through aftermarket services
- Renewal of elevators (minimum refurbishing)
- Rebuilt automotive electric equipment

(Recycling)

Promote “closed recycling” by using technology to sort main plastics (PP/PS/ABS) from mixed plastics of home appliances and reusing them in our Company’s products

Examples

- Room Air Conditioner
  - The world’s first independent double-fan system creating a comfortable atmosphere with temperature space fit for each person with advanced sensing technology
  - Our company survey regarding residential air-conditioner indoor unit (as of October 30th 2015 at time of product launch)

Other examples of CSR initiatives

- Resource conservation/Recycling
  - Promote resource saving through aftermarket services
  - Promote “closed recycling” by using technology to sort main plastics (PP/PS/ABS) from mixed plastics of home appliances and reusing them in our Company’s products

- Reduce environmental burden
  - Improve environmental management level of domestic and overseas manufacturing bases

- Improve environmental management level of domestic and overseas manufacturing bases
4. Growth through Value Creation
(1) Overview

Open & Global Innovation
Enhance technological development capabilities through joint R&D initiatives

- Provide value which meet market needs
- Create additional value through technology synergies and business synergies
- Make Strong Businesses Stronger
- Continuous Creation of New Strong Businesses
- Reinforce the Solutions Business Centered on Strong Businesses

Technology Synergies

Value Creation

Mitsubishi Electric Group

Operating Platform

Procurement  Productivity  Quality  Sales and Services

Technological Platform

R&D and IP

Technological Assets

Control (motion, heat, fluid, and electricity)
Power Electronics
Human Machine Interface
Encryption
Communication
Data Processing
Electromagnetic Analysis
Sensing
Devices
Design

Business Synergies

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

Universities  Corporations  National Research and Development Agency  Government  Standardization Organizations
4. Growth through Value Creation
(2) Growth Drivers

- **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.

- **Information & Communication Systems**
  - **Space Systems**
    - Satellites, Ground systems for
      satellite control, etc.
  - **Defense Systems**
    - Radar equipment, Antennas, etc.
  - **Communication Systems**
    - Optical, wireless and satellite
      communications systems, etc.
  - **Video Monitoring Systems**
    - Network cameras, 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 & Refrigeration 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**

4. Growth through Value Creation

(3) Value Creation in Growth Drivers (Value for Customers)

**Power Systems Business**

Contribute to the stable supply of electricity by providing a highly efficient, environment-friendly total system from power generation to transmission and distribution

- Reduce environmental burden by introducing a large-capacity, compact, and highly efficient, indirect hydrogen cooling turbine generator VP-X high-efficiency turbine generator
  - Good Design Award 2014
  - JEMA Platinum Award 2016 (65th) for Electric manufacturing achievement
  - JIPC (Japan Institute of Invention and Innovation) Chairman Award 2016 National Commendation for Inventions

- Contribute to stabilizing the power system and spreading the wider use of renewable energy, by providing the static synchronous compensator SVC-Diamond® and the voltage-sourced converters based HVDC systems HVDC-Diamond® (both which apply power electronics technology), as well as high-capacity energy storage systems

- Supply smart-meter systems which will become a new social infrastructure supporting deregulation of the retail electricity market

- Provide maintenance of aged equipment and renewal into high efficiency equipment in a short period of time to enable the stable supply of electricity

**Major Activities**

- Delivery of high-capacity energy storage system (for pilot project) to Kyushu Electric Power (Mar. 2016)
- Shipped the first high-capacity 765kV (highest-voltage in U.S.A.) power transformer by MEPEP (US subsidiary) (May. 2016)
- Launched D-ŠMiree system for MV/ LV DC Distribution (Jul. 2016) (Billions of yen)
- Launched new Mitsubishi Low Voltage Motor Control Center Type-D (Sep. 2016)
- Started to build HVDC verification facility at Transmission and Distribution Systems Center (Oct. 2016)

*SVC: Static Var Compensator, HVDC: High Voltage Direct Current, MEPEP: Mitsubishi Electric Power Products, Inc., S-EIV: Station Energy Saving Inverter, CBTC: Communication Based Train Control

**Transportation Systems Business**

Optimize total energy of railway transport by leveraging the strength to realize “driving” “braking” and “controlling” in a single Company

- Improve energy efficiency of railcars and regenerative power during braking by introducing smaller/ lighter high efficiency equipment
  - Railcar traction inverter with all-SiC power modules
  - All-SiC applied inverter equipment mounted type-1000 commuter vehicle for Odakyu Electric Railway won the Excellence Prize at the 12th Eco-Products Award
  - The Ichimura Prize in Industry (48th) for Excellent Achievement

- Contribute to energy conservation of the station building as a whole, through the Station Energy-Saving Inverter (S-EIV®) which delivers surplus regenerative electricity to the station’s electric facilities

- Work on CBTC which applies wireless technology

- Contribute to enhancing efficiency and longevity of products and systems by expanding renewal/ maintenance/ aftermarket service utilizing the local sales bases

**Major Activities**

- Was awarded a contract for the verification and testing of CBTC system by MTA New York City Transit (Jan. 2016)
- Was awarded a contract for railcar air conditioning system for Rhine-Ruhr express train network (Mar. 2016)
- Started operation of new plant for control panels in the Kobe area (Jun. 2016)
- Received orders from the Transport for New South Wales for railcar electric equipment (Sep. 2016)
- Productized storage battery-type auxiliary power device for small-scale train stations (S-EIV) (Sep. 2016)
- Received orders for railcar electric equipment for Hong Kong MTR Train Replacement Project (Sep. 2016)
4. Growth through Value Creation

(3) Value Creation in Growth Drivers (Value for Customers)

**Building Systems Business**
Provide total support from new installation to maintenance, and renewal, through highly safe and reliable products as well as high field engineering capabilities

- Achieve energy-savings by reducing size and weight of each product lineup which have a rich track record in safety and reliability
- Minimize the downtime of elevators by providing maintenance and renewal services according to customer needs, and also make renewals into elevators meeting the latest safety standards
- Reduce operation cost and energy consumption of the total building by using "Facima", the open integrated management system for building facilities
  - Reduce electricity consumption through the monitoring and controlling of air conditioning, lighting, and entrance/exit situation of building facilities

**Air-Conditioning & Refrigeration Systems Business**
Respond to energy-saving needs unique to the region through high functionality/high efficiency devices and advanced control technologies

- Contribute to lowering environmental burden, including responding to environmental and energy-saving regulations
  - Improve energy efficiency by adopting technologies such as all-SiC DIPIPM mounting, aluminum flat tube heat exchanger, and high efficiency compressors
  - Reduce environmental impact by adopting refrigerant R32
  - Realize energy efficiency and high heating ability even under low outside temperature by Mitsubishi Electric's original flash injection circuit
  - Have a lineup of replacement VRF that can be renewed into new refrigerant air-conditioners with shorter construction periods by utilizing existing piping
  - Respond closely to the needs of different regions
  - Respond to the broad range of needs from room air-conditioning to large size air-conditioning and refrigeration systems including chillers mainly in Europe, through the acquisition and consolidation of DeLclima (currently: MEHIT)
  - Respond to European needs by introducing to the market HVAC systems that are tested in the mock-house (Scotland, U.K.)

**Major Activities**

- Developed technology for ultra high speed, world's fastest elevator (1,230m/min.) (May. 2015)
- Started operation of Inazawa Work's new training center "SOLAE place" (Jun. 2016)
- Received orders for 78 elevators including Korea’s fastest elevators (600m/min.) (Aug. 2016)
- Delivered 174 elevators and escalators to MRT Purple Line (Thailand) (Aug. 2016)
- Started operation of IMEC (Sep. 2016)

**Major Activities**

- Achieved 100% ownership of Italy’s commercial HVAC company DeLclima (Feb. 2016)
- Started operation of the new engineering facility at the Air-Conditioning & Refrigeration Systems Works (Mar. 2016)
- Established MACT (Apr. 2016)
- Started operation of Iwade logistics center at Refrigeration Systems Works (Jun. 2016)
- Room air-conditioner "Kiriagamine FL series" was awarded "Good Design Best 100" for Good Design Award 2016 (Sep. 2016)

**Overseas**

- (Billions of yen)

**Japan**

- (Billions of yen)

IMA: Mitsubishi Electric Air-Conditioning Systems Manufacturing Turkey Joint Stock Company,
4. Growth through Value Creation

(3) Value Creation in Growth Drivers (Value for Customers)

Factory Automation (FA) Systems Business

Propose an optimal “manufacturing method” utilizing IT, made possible by the evolution of "e-F@ctory", the FA integrated solution

- Promote TCO reduction through “e-F@ctory”
  - Improve real-time information gathering capabilities through rich FA product lines and network formulations and simplify production line systems for multi-cycle, flexible production system with different models and quantity
  - Increase capacity utilization and improve delivery time and quality through automation by robots

- Provide safe and secure services by developing products and strengthening support systems to respond to global needs
  - Strengthen capability to support global production sites by expanding the global FA center
  - Support building of optimal production lines utilizing energy-saving products and international safety standard compliant products

Example of “e-F@ctory”

Cell production line

Automotive Equipment Business

Realize safety, security, comfort, and environment-friendliness through high efficiency equipment and advanced control technology

- Supply a wide range of products and systems responding to the needs of each market
  - Alternators
  - Starters
  - Electric Power Steering
  - Inverter

- With the productization of the electric powertrain system, contribute to environmental load-reduction through lower fuel consumption and improve comfort during driving

- Promote development of preventive safety technology for a safe and comfortable automated driving
  - 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

【Major Activities】

- Launched Redundant PLC MELSEC iQ-R series (May, 2016)
- Launched SCADA software “MC Works 64” (May, 2016)
- Agreed on joint development with Aichi Tokei Denki for a data management system on “B/NET” (Mitsubishi electricity distribution control network) for data collected from various meter systems (Jun. 2016)
- IIC approved Industry IoT Testbed (joint proposal with Hitachi and Intel) (Jun. 2016)
- Launched C-language controller which has edge computing assistance functions (Sep. 2016)
- Launched laser processing machine (for drilling circuit board) “GTW 5 Series” (Oct. 2016)

*TCO: Total Cost of Ownership, IoT: Internet of Things, IIC: Industrial Internet Consortium, MEAA: Mitsubishi Electric Automotive America, Inc.

© Mitsubishi Electric Corporation
4. Growth through Value Creation
(3) Value Creation in Growth Drivers (Value for Customers)

**Space Systems Business**
Contribute to building a global social infrastructure through satellite system product groups across various areas

- Contribute to the prevention of global warming, enhanced monitoring of climatic phenomena and global environment, and understanding of disaster situations, by observation satellites
  - Development of “GOSAT-2” to improve the measurement accuracy of greenhouse gas concentration distribution, “Himawari-8,9” to improve resolution and drastically reduce imaging time, and “Daichi-2” to improve resolution and wider observation of land
- Contribute to various areas such as automobile, railways and agriculture with highly accurate information from positioning satellites
  - Currently developing the 2nd-4th quasi-zenith satellite system in preparation for launch from 2017
- Contribute to the advancement of communications/ broadcasting infrastructure in various regions through the development of communication satellites
  - Development of “TURKSAT-4A/ 4B” for TURKSAT (Turkey) and “Es’hail 2” for Es’hail SAT (Qatar)

**Power Devices Business**
Provide key devices for energy conservation based on the most advanced power semiconductor technology by anticipating the needs of customers

- Provide a rich product lineup in areas such as railways, power systems, automobile, home appliances, and industrial equipment, to increase the value and competitiveness of customers’ products
  - 7th generation IGBT mounted IGBT Module T Series
  - HVIGBT module X Series
- Develop and supply SiC mounted devices which achieve low electricity consumption
  - SiC power module for home appliances
  - Hybrid SiC-IPM for industrial equipment
  - All/ hybrid SiC power modules for railcar traction system

**Major Activities**
- Established Dynamic Map Planning Co. Ltd. (Jun. 2016)
- Agreed on development cooperation with U-blox of Switzerland for automobile receiver chips which support “Centimeter Level Augmentation Service” (Sep. 2016)
- Launched geostationary meteorological satellite Himawari-9 (Nov. 2016)

*GOSAT: Greenhouse gases Observing SATellite, IGBT: Insulated Gate Bipolar Transistor, HVIGBT: High Voltage Insulated Gate Bipolar Transistor, DIPIPM: Dual Inline Package Intelligent Power Module

![Graph showing growth in various regions](image-url)
4. Growth through Value Creation
(4) Global Expansion

Business expansion policy for each region
- Up to FY2020, expand business in the currently operating markets of Japan, North America, Europe and China
- Growth in revenue as a result of investment into emerging markets will come to fruition after FY2020

<table>
<thead>
<tr>
<th>Japan</th>
<th>North America/ Europe/ China</th>
<th>Asia (excl. China)/ Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve stable growth and greater profitability as a core operating region to drive business expansion</td>
<td>Achieve greater competitiveness in current markets while increasing the scale of operations</td>
<td>Cultivate new markets by developing local business networks</td>
</tr>
<tr>
<td><strong>[Recent initiatives]</strong></td>
<td><strong>[Recent initiatives]</strong></td>
<td><strong>[Recent initiatives]</strong></td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td><strong>North America</strong></td>
<td><strong>Asia (excl. China)/ Others</strong></td>
</tr>
<tr>
<td>Opened Mitsubishi ENEDIA House Kyoto, a smart house facility (Jun. 2015)</td>
<td>Strengthened MEAA production system (Jan. 2016)</td>
<td><strong>Thailand</strong></td>
</tr>
<tr>
<td>Started operation of new plant for control panels in the Kobe area (Jun. 2016)</td>
<td>Completed construction of MEU Germany branch building and general showroom (Nov. 2015)</td>
<td>Started operation of AMP’s new plant (Sep. 2016)</td>
</tr>
<tr>
<td>Opened new training center for Inazawa works (Jun. 2016)</td>
<td>Achieved total ownership of Italy’s commercial air conditioning company DeLclima (Feb. 2016)</td>
<td><strong>India</strong></td>
</tr>
<tr>
<td>Started operation of new aftermarket service support facility at Nagoya Works (Oct. 2016)</td>
<td><strong>China</strong></td>
<td>Started operation of AMEC’s new plant (May. 2016)</td>
</tr>
</tbody>
</table>

**Reinforcement of global business bases since 2013**
- Power, Transportation, Building
- FA, Automotive Equipment
- Air-Conditioning & Refrigeration
- Others


5,000 (Billions of Yen)
5. Additional Value Creation through Technology & Business Synergies

(1) Methods to Create Synergies by Leveraging our Strengths

Further Value Creation through Combinations of Technologies

**Strengthening competitiveness of power electronics-related business units**

- Able to develop products based on feedback from business units on client needs

**Power Devices**

Through an optimal combination of strong technological assets (control/ power electronics/ devices, etc.), pursue efficiencies, size and weight reduction, and high reliability of products and systems

By coordinating and combining various technological assets owned, strengthen those technological assets and expand the applicable areas for technology, and improve the responsiveness to social and customer needs on a wider area

**Initiatives Towards Automated Driving**

- Promote technology development for preventive safety systems for vehicles
  - Linking and integrating vehicle control, sensing and information technologies
- Develop and verify high precision 3-dimensional maps, etc.
  - Establishment of "Dynamic Map Planning Co. Ltd."
- Utilize high precision positioning information from quasi-zenith satellites
  - Agreement with U-blox of Switzerland in development cooperation of automobile receiver chips

**Progression of "e-F@ctory" (FA-IT collaboration and visualization & utilization of data)**

In addition to the unifying our FA technology (control, driving, network, HMI, etc.) and IT (information, communication, cloud, IoT etc.), propose optimal "manufacturing method" by collaborating with partner companies

**Partner companies (Sep. 2016)**

- e-F@ctory 324
- CC-Link 2,830

*Concept of edge computing*

A mechanism where the data collected in the production site is first processed and is then seamlessly connected to the IT system

5. Additional Value Creation through Technology & Business Synergies
(1) Methods to Create Synergies by Leveraging our Strengths
Further Value Creation through Combinations of Businesses

Contribute to solving customers’ issues and enhancing value of their assets by offering products, systems, and services in one package.

Since business is conducted in multiple areas, an optimal combination of Mitsubishi Electric group’s products, systems, and services can be offered together in accordance with customer needs.

---

**Energy-savings for large energy consuming facilities**

- Reduce and optimize energy use in facilities and equipment needed to be maintained 24 hours, including ensuring security, by combining visualization of energy consumption, controlling energy demand in response to the operating situation of facilities, and achieving energy-savings for individual equipment ⇒ data centers, hospitals, refrigeration warehouse, etc.

**Expand product groups which extend over several businesses**

Supply our range of products to buildings
- Supplied facilities such as elevators, escalators, air-conditioners, lighting equipment, hand driers, security products, substation equipment, and in-house power generators to Dainagoya building
- Provide convenience to users, support security and disaster prevention measures, and contribute to lowering environmental burden by supplying energy-saving products

Delivery of several products to "VADI ISTANBUL", Turkey’s large-scale complex projects
- Received orders for elevators, escalators and air-conditioning equipment in Turkey, through the cooperation between ETA-MELCO and METR
- Creating a comfortable building space by providing high quality and high performance products

**Consolidate management (maintenance) of the currently dispersed facilities and equipment**

Integrated support in aftermarket service
- Consolidate the management and maintenance of facilities and equipment such as elevators, air conditioners, automatic doors, fire prevention equipment and substation equipment including products of other manufacturers
- Achieve efficiency and reduce total cost of management by consolidating management and maintenance by utilizing technologies such as remote surveillance

---

5. Additional Value Creation through Technology & Business Synergies

(2) Further Value Creation (Examples)

Stable use of renewable energy resources such as solar- and wind-generated power

Hybrid battery energy storage system for Chugoku Electric Power Company

By a coordinated control of storage batteries with different features and diesel power generators, utilize renewable energy within the isolated islands in a stable manner

- Built and supplied hybrid battery energy storage system using both NAS and lithium ion batteries to Oki islands (Japan)
- Through EMS, forecast the use of electricity and production by renewable sources (solar and wind power, etc.) within the isolated islands, and by coordinated control of power generated by diesel power generators and the charge and release of electricity by storage batteries, contribute to a stable supply of electricity as well as lowering their environmental burden

※For long cycle variations which disrupt the balance of supply and demand, absorb with NAS batteries to adjust the balance, and for short cycle frequency fluctuations, use lithium ion batteries which can alleviate fluctuations through their quick charge and release of electricity, which will help stabilize the frequency

Realize energy conservation and improve safety/ security/ comfort on a community level

Smart community in the area in front of Tsukaguchi Station (JR Line) in Amagasaki city (Japan)

Realize energy-savings and enhanced safety/ security/ comfort by offering combined systems and services and our partners for “ZUTTOCITY” in front of Tsukaguchi station

- Introduce “DIAPLANET TOWNEMS” for smart towns, and visualize and display in real-time, through digital signage, the energy consumption of the whole city block
- Meet electricity demand response requests during summer and winter peak hours and contribute to consolidating energy saving activities
- Offer services which support comfortable living and provide safety and security to residents including disaster prevention information in coordination with local governments’ disaster prevention e-mail, information on notice boards and circulars, and notifications from building management companies on elevator maintenance

ZUTTOCITY

©Nomura Real Estate Development Co., Ltd
5. Additional Value Creation through Technology & Business Synergies

(3) Enhance Earning Power by Additional Value Creation

Examples

- Building facilities in one package
  - HVAC
  - Elevators
  - Substation equipment
  - Lighting equipment, etc.

- “e-F@ctory”
  - FA equipment
  - IT (IoT), etc.

- ZUTTOCITY
  - EMS
  - Smart meters
  - Elevators
  - Digital Signage
  - Relay server (cooperation with partners), etc.

- High-capacity energy storage Systems
  - EMS
  - Substation equipment
  - Batteries (cooperation with partners), etc.

Business development by combining products/systems/services

Technological Assets

Control, Power Electronics, Communication, IT, Devices, etc.

PRESENT

Value

Expand Synergies

Create New Value through IoT
Connect and Control

- xEMS
- ZEH/ ZEB
- ADAS, etc.

Additional Value Creation through Technology & Business Synergies

Business development for individual products/systems/services

Create New Synergies

Make Strong Businesses Stronger

Sustainable Growth with Growth Drivers

Strengthen Technological Assets

HEREAFTER

6. Strengthen Business Competitiveness

**Focused Investment in Growing Businesses**

**Strengthen resource allocation to Growth Drivers**

- R&D
  - 169.6 172.2 178.9 195.3 202.9 213.0
  - 11 12 13 14 15 16 (FY)

- Capital Investment
  - 179.2 160.1 222.3 206.8 212.5 245.0
  - 11 12 13 14 15 16 (FY)

**Strengthen Business Portfolios**

**Constantly review and refresh business portfolio**

- Reallocation of business resources to promising areas through regeneration of businesses
- Continuous creation of new businesses which underpin future growth

**Growth contributing collaboration and M&A**

- 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
7. Future-oriented R&D for Continuous and Stable Growth (Examples)

**Mega Trends**
- Advancement of informatization
- Shift in population structure
- Rapid urbanization
- Delay in measures against climate change and energy conservation
- Changes in world affairs (Terrorism, Monopolization of energy)

**Challenges**
- Diversifying needs
- Aging advanced countries
- Traffic jams in cities
- Global warming/ PM2.5
- Energy shortage
- Natural disasters
- Man-made threats

**IoT**
A “compact” Artificial Intelligence
- Technology which makes each equipment smarter without large-scale server

**Smart mobility**
Fully automated driving technology for future society
- Realize a safe and environment-friendly society without accidents or traffic jams

**Comfortable space**
High-precision air quality sensor and applicable air-conditioning system
- Distinguish between PM2.5, dust, and pollen with one sensor and contribute to a safe and comfortable environment with high air cleanliness

**Safe and secure infrastructure**
Technology to detect and defend against cyber attacks
- Detect and defend against attacks from new viruses by monitoring just 50 modes of cyber attacks
8. Greater Corporate Value
Value Creation Based on a Sound Financial Position (Value for Shareholders)

**Cash Flow**

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>08</th>
<th>09</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable Generation of Cash Flow</td>
<td>195.7</td>
<td>182.0</td>
<td>310.2</td>
<td>180.1</td>
<td>111.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Flow from Operating Activities</td>
<td>-33.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>-80.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Flow from Investing Activities</td>
<td>-70.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focused Investment in Growing Businesses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Dividend**

Shareholder Returns according to Increase in Earnings

<table>
<thead>
<tr>
<th>(Yen per share)</th>
<th>08</th>
<th>09</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Dividend</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interim Dividend</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sound Financial Base**

**OPM/ ROE/ Debt Ratio**

<table>
<thead>
<tr>
<th>(%)</th>
<th>08</th>
<th>09</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Ratio</td>
<td>6.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROE</td>
<td>12.4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPM</td>
<td>10.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

【Growth Targets to be Achieved by 2020】

**OPM** 8% or more

Enhance earning power by additional value creation through technology synergies and business synergies

【Management Targets to be Continuously and Stably Achieved】

**ROE** 10% or more

Continuous improvement of ROE through improvement of ROIC (Mitsubishi Electric version) of each business units

**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.
9. 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: 5
  - of which concurrently serve as executive officers: 4
- Minimal number of executive officers (22 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

**Greater Corporate Value**

- Appropriate response to revisions of legislation and other external factors
- Appropriate disclosure to shareholders and other stakeholders
## 9. Corporate Governance

### (2) Main Components of Disclosure according to Each Principle of Japan’s Corporate Governance Code

<table>
<thead>
<tr>
<th>Independent directors</th>
<th>Strategic shareholdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Outside (external) directors will be designated as independent directors</td>
<td>● Policy on strategic shareholdings of listed shares</td>
</tr>
<tr>
<td>● 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</td>
<td>- 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</td>
</tr>
</tbody>
</table>

**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. 2016)】

Number of issued shares: 2,147,201,551 shares

- Financial institutions: 41.4%
- Foreign companies, etc.: 37.9%
- Individual/other: 13.3%
- Government/municipalities: 0.0%
- Securities companies: 1.2%
- Other corporations: 6.2%

© Mitsubishi Electric Corporation 23
9. 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

<table>
<thead>
<tr>
<th>Performance-based stock compensation plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>[Before]</strong></td>
</tr>
<tr>
<td>Basic compensation</td>
</tr>
<tr>
<td>Cash compensation (100) [Short-term incentive]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>[After]</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic compensation</td>
</tr>
<tr>
<td>Cash compensation (50) [Short-term incentive]</td>
</tr>
</tbody>
</table>

In three years, 50% of the performance-based compensation to the executive officers will be made in the form of “stock compensation”
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