Corporate Strategy

May. 2018
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1. Management Philosophy
2. Management Policy
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7. For Sustainable Growth

Note
FY2014: April 1, 2014-March 31, 2015
FY2015: April 1, 2015-March 31, 2016
FY2016: April 1, 2016-March 31, 2017
FY2017: April 1, 2017-March 31, 2018
FY2018: April 1, 2018-March 31, 2019
FY2019: April 1, 2019-March 31, 2020
FY2020: April 1, 2020-March 31, 2021
As the New President and CEO

IoT, big data and AI are connecting everyone and everything, creating new value in society. Transition to a low carbon society is also taking place. Mitsubishi Electric will celebrate its 100th anniversary in FY2020 against the backdrop of these changes. To achieve our growth targets and to sustain growth beyond FY2020, I believe there are areas where we must continue and areas where we must transform.

What we must to continue, is to practice the important philosophy of, what we call the Three Principles -the Mitsubishi DNA-, as well as to pursue Balanced Corporate Management from the standpoint of “growth”, “profitability/efficiency” and “soundness”.

On the other hand, there are two transformations which need to be made. First is Business Transformation. In accordance with societal and technological changes, our business model also needs to be constantly re-evaluated. While we strengthen our existing –including our strongest– businesses, we will leverage technological and business synergies, and accelerate our initiatives towards autonomous driving, net-Zero Energy Building (ZEB), and developing of smart factories. Furthermore, we will aim to establish new growth drivers by pursuing cross-organizational initiatives and collaborating with external partners.

Second is Operational Transformation. By furthering work-style reform, we will raise the quality of our work, and realize a corporate culture that values individuals more than ever, so that our employees can work with greater energy and vision while achieving greater personal growth.
1. Management Philosophy

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.

Embodyment of the Corporate Mission

“Global, Leading Green Company”
Contribute to the realization of a prosperous society that simultaneously achieves "sustainability" and "safety, security and comfort"

Growth Targets to be Achieved by FY2020
Net Sales 5 trillion JPY or more
OPM 8% or more

Initiatives to Create Value

Provide Products, Systems, and Services Globally

Make Strong Businesses Stronger

Technology Synergies/Business Synergies

Contemporary Challenges in Society

Environmental issues
Resource/Energy issues
1. Management Philosophy

Mitsubishi Electric group will contribute to meeting the SDGs' globally shared 17 goals by continuing to pursue sustainable growth through all corporate activities, including value creation to solve challenges in society.

*SDGs: “Sustainable Development Goals” adopted by the United Nations as goals to achieve towards 2030
2. Management Policy
— Maintain Balanced Corporate Management for Sustainable Growth —

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

- Strive for Continuous Innovation
  - Always improving.
  - Always delivering new value.

- Toward a Higher Level of Growth
  - Growth Targets to be Achieved by FY2020
    - Net Sales: 5 trillion JPY or more
    - OPM: 8% or more
  - Management Targets to be Continuously and Stably Achieved
    - ROE: 10% or more
    - Debt Ratio: 15% or less
## 3. Forecast for FY2018 (Consolidated performance)

<table>
<thead>
<tr>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
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<tbody>
<tr>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
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<tr>
<td>(Billions of JPY)</td>
<td>111JPY/USD</td>
<td>120JPY/USD</td>
<td>109JPY/USD</td>
<td>111JPY/USD</td>
</tr>
<tr>
<td>Net Sales</td>
<td>4,323.0</td>
<td>4,394.3</td>
<td>4,238.6</td>
<td>4,431.1</td>
</tr>
<tr>
<td>Operating Income</td>
<td>317.6</td>
<td>301.1</td>
<td>270.1</td>
<td>318.6</td>
</tr>
<tr>
<td>(%)</td>
<td>7.3%</td>
<td>6.9%</td>
<td>6.4%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>322.9</td>
<td>318.4</td>
<td>296.2</td>
<td>364.5</td>
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<tr>
<td>Net Income</td>
<td>234.6</td>
<td>228.4</td>
<td>210.4</td>
<td>271.8</td>
</tr>
<tr>
<td>ROE (Return On Equity)</td>
<td>13.9%</td>
<td>12.4%</td>
<td>10.9%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>1,842.2</td>
<td>1,838.7</td>
<td>2,039.6</td>
<td>2,259.3</td>
</tr>
<tr>
<td>(%)</td>
<td>45.4%</td>
<td>45.3%</td>
<td>48.9%</td>
<td>53.0%</td>
</tr>
<tr>
<td>Debt</td>
<td>381.9</td>
<td>404.0</td>
<td>352.1</td>
<td>311.4</td>
</tr>
<tr>
<td>(%)</td>
<td>9.4%</td>
<td>10.0%</td>
<td>8.4%</td>
<td>7.3%</td>
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<tr>
<td>FCF (Free Cash Flow)</td>
<td>180.1</td>
<td>111.2</td>
<td>217.3</td>
<td>62.2</td>
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<tr>
<td>Dividend (JPY per share)</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>40</td>
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<tr>
<td>Dividend ratio(%)</td>
<td>24.7%</td>
<td>25.4%</td>
<td>27.5%</td>
<td>31.6%</td>
</tr>
</tbody>
</table>

*Financial results up until FY 2017 are made in accordance with U.S.GAAP. As Mitsubishi Electric will voluntarily adopt International Financial Reporting Standards (IFRS) from Q1 of FY 2018, FY2018 is stated in accordance with IFRS. The figures in brackets for FY 2018 are year-on-year comparison(%) with IFRS-based FY 2017 figures (non-audited basis).*
### 3. Forecast for FY2018 (Segment Forecast)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td></td>
<td>111JPY/USD</td>
<td>120JPY/USD</td>
<td>109JPY/USD</td>
<td>111JPY/USD</td>
<td>1290.0 (103)</td>
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<tr>
<td>Energy &amp; Electric Systems</td>
<td>1,228.9</td>
<td>1,264.6</td>
<td>1,227.9</td>
<td>1,241.9</td>
<td>1,290.0 (103)</td>
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<tr>
<td>Net Sales</td>
<td>72.4</td>
<td>50.3</td>
<td>44.3</td>
<td>51.7</td>
<td>68.0 (104)</td>
</tr>
<tr>
<td>Operating Income/Loss (%)</td>
<td>5.9%</td>
<td>4.0%</td>
<td>3.6%</td>
<td>4.2%</td>
<td>5.3%</td>
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<tr>
<td></td>
<td>138JPY/ EUR</td>
<td>133JPY/ EUR</td>
<td>119JPY/ EUR</td>
<td>113JPY/ EUR</td>
<td></td>
</tr>
<tr>
<td>Industrial Automation Systems</td>
<td>1,282.7</td>
<td>1,321.9</td>
<td>1,310.1</td>
<td>1,444.9</td>
<td>1,450.0 (100)</td>
</tr>
<tr>
<td>Net Sales</td>
<td>145.9</td>
<td>159.1</td>
<td>140.0</td>
<td>190.8</td>
<td>184.0 (98)</td>
</tr>
<tr>
<td>Operating Income/Loss (%)</td>
<td>11.4%</td>
<td>12.0%</td>
<td>10.7%</td>
<td>13.2%</td>
<td>12.7%</td>
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<tr>
<td></td>
<td>151JPY/ EUR</td>
<td>153JPY/ EUR</td>
<td>140JPY/ EUR</td>
<td>155JPY/ EUR</td>
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<tr>
<td>Information &amp; Communication Systems</td>
<td>559.5</td>
<td>561.1</td>
<td>447.7</td>
<td>436.0</td>
<td>430.0 (98)</td>
</tr>
<tr>
<td>Net Sales</td>
<td>18.9</td>
<td>14.9</td>
<td>12.7</td>
<td>11.9</td>
<td>10.0 (88)</td>
</tr>
<tr>
<td>Operating Income/Loss (%)</td>
<td>3.4%</td>
<td>2.7%</td>
<td>2.8%</td>
<td>2.7%</td>
<td>2.3%</td>
</tr>
<tr>
<td></td>
<td>159JPY/ EUR</td>
<td>163JPY/ EUR</td>
<td>145JPY/ EUR</td>
<td>153JPY/ EUR</td>
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<tr>
<td>Electronic Devices</td>
<td>238.4</td>
<td>211.5</td>
<td>186.5</td>
<td>202.2</td>
<td>220.0 (109)</td>
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<tr>
<td>Net Sales</td>
<td>30.1</td>
<td>16.8</td>
<td>8.3</td>
<td>14.5</td>
<td>13.0 (92)</td>
</tr>
<tr>
<td>Operating Income/Loss (%)</td>
<td>12.7%</td>
<td>8.0%</td>
<td>4.5%</td>
<td>7.2%</td>
<td>5.9%</td>
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<tr>
<td></td>
<td>174JPY/ EUR</td>
<td>179JPY/ EUR</td>
<td>158JPY/ EUR</td>
<td>170JPY/ EUR</td>
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</tr>
<tr>
<td>Home Appliances</td>
<td>944.8</td>
<td>982.0</td>
<td>1,004.4</td>
<td>1,049.3</td>
<td>1,060.0 (101)</td>
</tr>
<tr>
<td>Net Sales</td>
<td>54.2</td>
<td>63.8</td>
<td>69.6</td>
<td>56.0</td>
<td>48.0 (86)</td>
</tr>
<tr>
<td>Operating Income/Loss (%)</td>
<td>5.7%</td>
<td>6.5%</td>
<td>6.9%</td>
<td>5.3%</td>
<td>4.5%</td>
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<tr>
<td></td>
<td>193JPY/ EUR</td>
<td>200JPY/ EUR</td>
<td>173JPY/ EUR</td>
<td>185JPY/ EUR</td>
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<tr>
<td>Others</td>
<td>740.5</td>
<td>707.7</td>
<td>713.6</td>
<td>764.3</td>
<td>670.0 (100)</td>
</tr>
<tr>
<td>Net Sales</td>
<td>23.7</td>
<td>23.6</td>
<td>23.2</td>
<td>23.9</td>
<td>24.0 (100)</td>
</tr>
<tr>
<td>Operating Income/Loss (%)</td>
<td>3.2%</td>
<td>3.3%</td>
<td>3.3%</td>
<td>3.1%</td>
<td>3.6%</td>
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<td>177JPY/ EUR</td>
<td>180JPY/ EUR</td>
<td>176JPY/ EUR</td>
<td>183JPY/ EUR</td>
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<tr>
<td>Total</td>
<td>4,323.0</td>
<td>4,394.3</td>
<td>4,238.6</td>
<td>4,431.1</td>
<td>4,500.0 (101)</td>
</tr>
<tr>
<td>Net Sales</td>
<td>317.6</td>
<td>301.1</td>
<td>270.1</td>
<td>318.6</td>
<td>315.0 (96)</td>
</tr>
<tr>
<td>Operating Income/Loss (%)</td>
<td>7.3%</td>
<td>6.9%</td>
<td>6.2%</td>
<td>7.2%</td>
<td>7.0%</td>
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</tbody>
</table>

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4. Toward a Higher Level of Growth

Growth Strategy (Initiatives for value creation)

Make Strong Businesses Stronger: Promote investments and improvements to further strengthen growth drivers

Technology Synergies and Business Synergies: Pursue value creation and competitiveness by leveraging our strengths

Strength of the Mitsubishi Electric Group

- A wide range of technological assets such as controls and power electronics
- Activities in diverse businesses with different business features
- “Kaizen” (improvement) culture taking root in every field, including production, quality management, sales, services, etc.

Technological Assets

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

Technological Platform

Value Creation

- Technology Synergies: Create value and strengthen competitiveness of products/systems/services through optimal combination of technological assets
- Business Synergies: Create additional value and competitiveness through collaboration of a wide variety of businesses (through combination of products/systems/services)

Operating Platform

- Procurement
- Productivity
- Quality
- Sales
- Services

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

Universities
Corporations
R&D Agency
Government
Standardization Organizations
4. Toward a Higher Level of Growth

- Maximize investment outcome
- Improve low profitability businesses
- Proactive investments mainly in growth drivers
- Strengthen business portfolios
- Expand technology and business synergies
- Invest for sustainable growth beyond FY2020

(Billions of JPY)

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<tbody>
<tr>
<td>Others</td>
<td>3,665</td>
<td>3,353</td>
<td>3,645</td>
<td>3,639</td>
<td>3,567</td>
<td>4,054</td>
<td>4,323</td>
<td>4,394</td>
<td>4,238</td>
<td>4,431</td>
<td>4,500</td>
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<tr>
<td>Home Appliances</td>
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<tr>
<td>Electronic Devices</td>
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<tr>
<td>Information &amp; Communication Systems</td>
<td>139 JPY/EUR</td>
<td>131</td>
<td>113</td>
<td>110</td>
<td>107</td>
<td>100</td>
<td>111</td>
<td>119</td>
<td>120</td>
<td>125</td>
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<tr>
<td>Energy &amp; Electric Systems</td>
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<thead>
<tr>
<th>Year</th>
<th>OPM</th>
<th>ROE</th>
<th>Debt ratio</th>
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<tr>
<td>2008</td>
<td>3.8%</td>
<td>1.3%</td>
<td>20.3%</td>
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<tr>
<td>2009</td>
<td>2.8%</td>
<td>3.1%</td>
<td>16.7%</td>
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<tr>
<td>2010</td>
<td>6.4%</td>
<td>12.4%</td>
<td>14.5%</td>
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<tr>
<td>2011</td>
<td>6.2%</td>
<td>10.3%</td>
<td>16.0%</td>
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<td>2012</td>
<td>4.3%</td>
<td>5.7%</td>
<td>15.9%</td>
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<td>2013</td>
<td>5.8%</td>
<td>10.9%</td>
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<td>2014</td>
<td>7.3%</td>
<td>13.9%</td>
<td>9.4%</td>
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<td>2015</td>
<td>6.9%</td>
<td>12.4%</td>
<td>10.0%</td>
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<tr>
<td>2016</td>
<td>6.4%</td>
<td>10.9%</td>
<td>8.4%</td>
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<tr>
<td>2017</td>
<td>7.2%</td>
<td>12.6%</td>
<td>7.3%</td>
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<tr>
<td>2018</td>
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<td>2019</td>
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<td>2020</td>
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</tbody>
</table>

Growth Target

- OPM: To Be Continuously and Stably Achieved 8% or more
- ROE: 10% or more
- Debt ratio: 15% or less

4. Toward a Higher Level of Growth
— To realize FY2020 growth targets —

**Initiatives to realize Sales of 5 trillion JPY or more**
- Maximize investment outcome
- Expand businesses in North America, Europe, China and emerging countries including India, ASEAN, etc.
- Strengthen aftermarket service business (Power Systems, Transportation Systems, Building Systems)
- Expand equipment for electric vehicles (Automotive Equipment, Power Devices)

**Initiatives to realize OPM of 8% or more**
- Maximize investment outcome
- Improve low profitability businesses
  - Continuous strengthening of project management
  - Shift resources to growth businesses/areas
- Reduce manufacturing cost by utilizing IoT (e-F@ctory)
- Enhance operating efficiency

**Initiatives to realize sustainable growth beyond FY2020**
- Expand technology and business synergies
- Investments for future sustainable growth

Key targets:
- **Net Sales**: 4.5 trillion JPY
- **OPM**: 7.0% in 2018, 8.0% or more in 2020 (FY)
4. Toward a Higher Level of Growth

- Since FY2014, have been actively investing mainly in growth drivers, strengthening the business portfolio
- Maximize investment outcome to realize growth targets for FY2020 and sustain further growth beyond FY2020

**Japan**

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

**North America/ Europe/ China**

Achieve greater competitiveness in current markets while increasing the scale of operations

**Asia (excl. China)/ Others**

Cultivate new markets by developing local business networks

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**Major initiatives since FY2014)**

**[P]** The demonstration facility for MVDC distribution at the Power Distribution Systems Center (Jul.2016)
- HVDC verification facility at Transmission and Distribution Systems Center (1st half of FY2018)
- Transfer particle therapy system business (Jun.2018)

**[T]**
- New plant in Itami Works (Apr.2015)
- New plant for control panels in Kobe area (Jun.2016)

**[B]**

**[AR]**
- Development engineering/ testing facility at Shizukawa Works (Jun.2019)

**[FA]**
- New aftermarket service support facility at Nagoya Works (Oct.2016)
- The 2nd FA development center (Jul.2017)

**[AE]**
- Developed next-generation driving-assistance technology concept car "EMIRA4" (Oct.2017)
- Himeji Works’ new plant (May 2018)

**[S]**

**[Others]**
- Sold a mobile phone distribution company (Apr.2016)

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**North America**

- Strengthened MEPPM maintenance system (May 2014)
- Strengthened MEAAI maintenance system (May 2014)
- Established a distribution J/V with Ingersoll Rand (US) (May 2018)

**Europe**

- MEKT (Italy) (Apr.2014)
- Invested (capital participation) MEDCOM (Poland) (Oct.2015)
- Established Sapcordo Services, a high precision GNSS positioning services company (Aug.2017)
- Wholly acquired DeLclima (Italy) (Feb.2016), and consolidated and reorganized their subsidiaries (Jan.2017)

**Asia (excl. China)/ Others**

- MESE’s new plant (Nov.2015)

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5. Make Strong Businesses Stronger
— Growth Drivers —

- **Energy & Electric Systems**
  - **Power Systems**
    - Power generation systems, Transmission & distribution systems, Power distribution systems, etc.
  - **Transportation Systems**
    - Inverters, main motors and air conditioning systems for railcars, Train Vision, Train control and management systems, Railcar operation management systems, Signaling 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, EPS system products, Car multimedia, Electric powertrain system, ADAS products, 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 camera systems
  - **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, Chillers, etc.
  - **Housing Equipment**
    - Smart appliances, Lighting, HEMS, etc.
  - **Kitchen and Other Household Appliances**

5. Make Strong Businesses Stronger  
— Value Creation in Growth Drivers —

**Power Systems Business**

Provide a highly efficient, environment friendly products and systems from power generation to transmission and distribution which contribute to the stable supply of electricity

- Respond to needs to use energy effectively and stabilize power systems, which have increased with the expansion of renewable energy and distributed energy resources
  - Provide power electronics systems, high capacity energy storage systems, integrally management solution of distributed energy resources (VPP solution)
- Contribute to building the infrastructure which underpins the electricity system reforms
  - The Company’s share in smart meter (communication system): 5 out of 10 Japanese electric power companies
- Maintain aging products, and respond to needs for replacement into high efficiency products with a shorter construction period
  - Respond to advancing needs, such as inspection of turbine generators by ultra-thin robots (Total number of turbine generators delivered: c. 2,100 units, of which aged equipment: c. 1,000 units)

**Transportation Systems Business**

Optimize the total energy of railway transport by leveraging the strength of products and systems which can realize “driving” “braking” and “controlling” in a single company

- Improve energy efficiency of railcars and regenerative power during braking
  - Launched compact and lighter high efficiency models (railcar traction inverter and APS with all-SiC power modules, and air-conditioning equipment for railcars)
- Energy conservation of the station building as a whole
  - Launched Station Energy Saving Inverter (S-EIV®) which supply excess regenerative power to the station’s power facilities
- Safe and efficient train operation using train control which applies wireless technology (CBTC)
- Energy-savings by replacing railcar electrical products to high-efficiency models
  - Expand renewal/ maintenance/ aftermarket service utilizing the local sales bases

- **Expand introducing new products and systems (Maximize investment outcome)
  - Strengthen aftermarket service business (Japan/ Americas/ Middle East, etc.)

- **Capture demand in Japan/ Europe/ India, etc. (Maximize investment outcome)
  - Strengthen aftermarket service business (Europe/ Americas, etc.)

- **Developed a ultra-thin inspection robot for power generators (Jan.2017)
  - Started to provide the solutions that utilize IoT Platform “INFOPRISM” for Social Infrastructure & Energy Systems (Nov.2017)
  - Reached agreement with Hitachi on integrating the particle therapy system business (Dec.2017)
  - Developed power transaction bidding system assistance technology (Jan.2018)
  - Completed construction of “vacuum interrupters and circuit breakers production factory” at the Power Distribution Systems Center (Feb.2018)
- **Start tracking to use energy effectively and stabilize power systems, which have increased with the expansion of renewable energy and distributed energy resources (VPP solution)
  - Started measurement/ analysis service for “Mitsubishi Infrastructure Monitoring System II” (Nov.2017)
  - Expanded lineup of integrated 400V AC-output S-EIV® (Nov.2017)
  - Received orders for railcar electric equipment (traction transformers for rail cars) from French National Railways for the first time (Dec.2017)
  - Delivered radio equipment for CBTC system to Tokyo Metro (Feb.2018)

*VPP: Virtual Power Plant

*APS: Auxiliary Power Supply, CBTC: Communication Based Train Control
5. Make Strong Businesses Stronger
— Value Creation in Growth Drivers —

Building Systems Business

- Provide safety and reliability based on a rich track record, and achieve energy-savings by reducing size and weight of product lineup
- Reduce operation cost and energy consumption of the total building
  - Monitor and control building facilities such as air conditioning, lighting and enter/exit situation with a building management system
- Minimize the downtime of elevators during renewal periods
  - Started to provide new renewal products which realize “0 days” (less than 24 hours) of continuous downtime for elevators during construction (Number of units up for renewal by FY2020: c. 90,000 units)
- Provide premium maintenance services
  - Strength maintenance system and expand services

Air-Conditioning & Refrigeration Systems Business

- Respond to environmental and energy-saving regulations, and lower environmental burden
  - Adopt technologies such as all-SiC DIPIPM mounting, aluminum flat tube heat exchanger, and high efficiency compressors
  - Adopt refrigerant R32
  - Adopt our original Flash Injection Circuit (to achieve both high heating capability and high energy efficiency under cold external temperatures)
- 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: MEHITS)
  - Launch heating and hot-water supply system meeting European needs
- Develop renewal and maintenance business
  - Renew into new-refrigerant air conditioner in a shorter construction period using existing piping (replace models)
  - Accelerate receiving orders for maintenance services through collaboration with building systems business (Japan) Systems S.p.A., RMI: Remote Monitoring Interface
  - Strengthen facility operating systems and remote management services (overseas) (Italy: RMI)

• Expanded the elevator types which are subject to Elemotion+[ZERO] (approx. 50% of elevators manufactured by the Company which will be up for renewals in FY2020) (Oct. 2017)
• Started construction of Elevator Training Center at Inazawa Works (Nov. 2017)
• Started operation of MACT new plant in South Korea (Mar. 2018)

<table>
<thead>
<tr>
<th>Year</th>
<th>Overseas Sales (¥Bn.)</th>
<th>Japan Sales (¥Bn.)</th>
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<tbody>
<tr>
<td>16</td>
<td>160</td>
<td>300</td>
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<tr>
<td>17</td>
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<td>18</td>
<td>200</td>
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<tr>
<td>20 (FY)</td>
<td>240</td>
<td>400</td>
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</table>

• Consolidated and reorganized subsidiaries under formerly DeLclima (Jan. 2017)
• Launch a room air-conditioner with “Move Eye mirA.I.”, the world’s first AI application which predicts the sensible temperature (Nov. 2017)* as of Nov. 2017, own research
• Started operation of MACT new plant in Turkey (Dec. 2017)
• Received FY2017 Energy Conservation Grand Prize Award for “Kirigamine FZ series” (Jan. 2018)
• Established a joint venture company with Ingersoll Rand (US) to distribute ductless air conditioning systems (Jan. 2018)


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5. Make Strong Businesses Stronger — Value Creation in Growth Drivers —

Factory Automation (FA) Systems Business

- **TCO reduction through “e-F@ctory”**
  - Strengthen products in the edge computing domain which is the linchpin of IoT utilization at the manufacturing site (Industrial PC, application software)
  - Utilize our AI technology “Maisart” and knowledge of production scenes to analyze equipment utilization and accident prevention/predictive maintenance

- **Establish systems to strengthen production and stabilize supply**
  - Strengthen production capacity (servo, PLC, Robot)
  - Consider expansion of production bases (Japan/China/India)

- **Strengthen support systems**
  - Provide support for IoT utilizing production and maintenance services [iQ Care Remote 4U](electrical discharge/laser processing machines)
  - Continue to strengthen service bases such as Global FA Centers (50 locations in 30 countries)

Automotive Equipment Business

- **Reduce environmental burden and improve fuel mileage**
  - Contribute to further improvement in fuel mileage and reducing environmental burden by globally supplying a wide variety of high efficiency equipment which meet market needs, and offering electric powertrain systems

- **Improve comfort during driving**
  - Contribute to further improving comfort through next-generation information equipment which integrates entertainment/navigation/connectivity/driver assistance functions

- **Realize a safe and comfortable autonomous driving**
  - Contribute to realizing an autonomous driving society by connecting and integrating existing products and system control technology to expand preventive safety businesses, and by strengthening collaboration with communication technology/infrastructure businesses with the view of advanced driving support

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

- **Capture demand in China/India/ASEAN, etc. (Maximize investment outcome)**
- **Promote e-F@ctory**

- **Combine**

- **Realize environment-friendliness, safety and security, and comfort by coordinating and integrating a wide range of high efficiency equipment, including electric powertrain systems, and advanced control technology**

- **Supported the establishment of Changshu Innovation Center for Green & Intelligent Manufacturing (Jul. 2017)**
- **Completed the 2nd FA development center in Nagoya Works (Jul. 2017)**
- **Announced plan to start of Robot production in China in Jun. 2018 (Nov. 2017)**
- **Established production capacity of 480k units per month for AC servomotors (Mar. 2018)**
- **Started South Korea/Taiwan e-F@ctory Alliance (Mar. 2018)**
- **Launched new edge computing products (May 2018)**

- **CLAS: Centimeter-Level Augmentation Service, BSG: Belt-driven Starter-Generator, ISG: Integrated Starter-Generator**

- **Propose solution which reduces total cost across the phases of development/production/and maintenance, utilizing FA technology and IT**

- **Started field test for autonomous driving using CLAS signals with “xAUTO”, the autonomous driving test vehicle (Sep. 2017)**
- **Developed the concept car “EMIRAI4” (Oct. 2017)**
- **Reached agreement with HERE Technologies (Netherlands) on collaboration to expand use of advanced location services (Oct. 2017)**
- **Started mass production of crankshaft ISG system for 48V hybrid vehicles (for Daimler AG) (Oct. 2017)**

- **Supported the establishment of Changshu Innovation Center for Green & Intelligent Manufacturing (Jul. 2017)**
- **Completed the 2nd FA development center in Nagoya Works (Jul. 2017)**
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- **Launched new edge computing products (May 2018)**
5. Make Strong Businesses Stronger
— Value Creation in Growth Drivers —

Space Systems Business
Contribute to building a global social infrastructure through satellite systems products across various areas
- Contribute to the prevention of global warming, enhanced monitoring of climatic phenomena and global environment, and understanding of disaster situations (develop observational 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
- Offer high-precision positioning information (develop positioning satellites)
  - Development of the 2nd-4th quasi-zenith satellites (completed launch during FY2017)
- Advance communications/broadcasting infrastructure in various regions (develop communication satellites)
  - Development of “TURKSAT-4A/4B” for TURKSAT (Turkey) and “Es’hail 2” for Es’hailSAT (Qatar)
- Capture satellite systems demand in Japan and overseas (Maximize investment outcome)
- Expand high precision positioning related businesses (autonomous driving, etc.)

Power Devices Business
Provide key devices for energy-savings based on the most advanced power semiconductor technology by anticipating the needs of customers
- Increase the value and competitiveness of customer’s products
  - Supply low power loss 7th generation IGBT devices which enable energy-savings and improve product performance
  - Acquire power device sales business from Powerex (US) (Nov.2017)
  - Expanded lineup of 1200V Large DIPIPM Ver.6 (Aug.2017)
  - Expanded lineup of HVIGBT Module X series (Sep.2017)
  - Launched LV100-type HVIGBT Module X series (Sep.2017)
  - Acquired power device sales business from Powerex (US) (Nov.2017)
  - Developed 6.5kV Full-SiC Power Semiconductor Module (Jan.2018)
- Realize low electricity consumption
  - Develop and supply low power loss SiC mounted devices
  - Expanded lineup of 1200V Large DIPIPM Ver.6 (Aug.2017)
  - Expanded lineup of HVIGBT Module X series (Sep.2017)
  - Launched LV100-type HVIGBT Module X series (Sep.2017)
  - Acquired power device sales business from Powerex (US) (Nov.2017)
  - Developed 6.5kV Full-SiC Power Semiconductor Module (Jan.2018)
- Make the inverter for railcars compact and lighter, ensure lower losses and high reliability
- Make inverters compact, expand interior spaces, improve fuel mileage
- Further energy-savings, compact refrigerating systems, flattening and miniaturizing devices
- Improve productivity of machine tools by enabling high-torque, high speed, high function

Sales (¥Bn.)
Overseas
Japan

Railcars
Automobiles
Home Appliances
Industrial

Sales (¥Bn.)
Overseas
Japan

*HVIGBT: High Voltage IGBT, IPM: Intelligent Power Module

*GOSAT: Greenhouse gases Observing SATellite, GNSS: Global Navigation Satellite System

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6. Technology Synergies and Business Synergies  
— Safe, Secure and Comfortable Autonomous Driving Society —

Contribute to realizing a safe and comfortable autonomous driving society from both “autonomous driving systems” and “vehicle-infrastructure cooperative systems”.

**Vehicle-infrastructure Cooperative systems**
- Positioning satellites such as QZS
  - Sending positioning signals
  - High-precision locator

**Utilizing information infrastructure such as QZS and ITS**
- Ground Systems for QZS
  - ETC2.0
  - V2X onboard equipment
  - Obtain real-time information on the road condition through road-vehicle and inter-vehicle linked communication (DSRC, 5G, etc.)

**Autonomous driving systems**
- Perimeter Monitoring camera
- Front end monitoring camera
- Millimeter wave radars
- Ultrasonic sensors
- ECU (ADAS, etc.)

**Combination of sensing technology and vehicle control technology**
- Recognize
- Judge
- Operate

*xAUTO*, the autonomous driving test vehicle

**Progress (Examples)**
Implementing various road tests in Japan and overseas to establish safe autonomous driving technology

- Road test on the metropolitan highway (“Shutoko”) (2H 2017–)
- Test drive in cold climates (Jan. 2018–)
- Road test in Detroit, US (2H 2017–)

**Outlook on market size for autonomous driving systems**

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<td>Source: Strategy Analysis Nov. 2017</td>
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*Includes autonomous driving levels of 1 to 5 (from driving assistance to fully autonomous driving)*

**<Relationship of Mitsubishi Electric’s autonomous driving related technologies and major business development partners>**
- Through cooperation with partners in and outside Japan, promote strengthening of competitiveness, global expansion, and standardization

**HERE (Netherlands)**
- Automotive equipment
- High-precision positioning

**Sapcorda Services (Germany)**
- Dynamic Map Platform
- 5GAA

**Mitsubishi Electric’s autonomous driving**
- Road-vehicle/inter-vehicle linked communication
- High-precision 3D maps


Deliver products/ systems/ services across various business domains, and contribute to energy-saving, safety security and comfort, intellectual productivity and raising of asset value of the building

**Progress (Examples)**

- Delivered a facility/system to contribute to ZEB as the first ZEB planner as an electronics manufacturer

**Shirasagi Denki Kogyo Head Office Building**

(Completed Jan. 2018)

 Achieved 74% reduction against the standard primary energy consumption amount

- Facility and services delivered
  - ZEB facility consulting, air conditioning, ventilation, lighting, elevators, solar power generation, power conditioner for EV, image monitoring, access control/management, substations (AC/DC), BEMS, operation and maintenance services

**Device-linking technology for smart Appliances**

- Enable coordination between devices through IoT technology (without having to go through the cloud)
- Possible to equip home appliances in a compact manner. Deliver new value through linking of devices

*Standard Primary Energy Consumption Amount: The total converted calorific value of the energy consumed by facilities and equipment such as air conditioners, whose consumption amount is determined by the 2016 Energy Saving Standard per region, use of building, and use of room. For the Shirasagi Denki Kogyo Head Office Building, while the initial reduction was expected at around 70.1%, as a result of re-evaluation before the final specification confirmation, further reduction was achieved. BEMS: Building Energy Management System
6. Technology Synergies and Business Synergies — Strengthening Competitiveness of Manufacturing through IoT —

Reducing total cost of development, production and maintenance through the utilization of FA and IT technologies

**e-F@ctory** IoT Architecture of Manufacturing

**IT system**

**Edge**

**Production site**

**<Partner companies>** *Mar.2018*

- **e-F@ctory**: Approx. 610 participating companies
  - Software Partners (approx. 150)
  - SI partners (approx. 310)
  - Equipment partners (approx. 150)

- **CC-Link**: Approx. 3,300 participating companies
  Approx. 1,800 connectable products

**Progress (Examples)**

- Joined Edgecross consortium (Nov. 2017)
- Launched Edgecross-compatible edge computing products (May. 2018)
- Strengthened global expansion of e-F@ctory

**Japan**

- East Japan FA Solution Center to be opened (Jul. 2018)
- Completed construction of an e-F@ctory concept integrated-automation factory (Power Distribution Systems Center, VI and VCB factory, Feb. 2018)

**China**

- Built ITEI Intelligent Manufacturing model line (Nov. 2017)
- Strengthened local organization

**South Korea/ Taiwan**

- Started South Korea/ Taiwan e-F@ctory Alliance formed (Mar. 2018)

*Edgecross*: An open software platform in edge computing which realize FA and IT harmonization. SCADA: Supervisory Control And Data Acquisition, VI: Vacuum Interrupters, VCB: Vacuum Circuit Breakers, ITEI: Instrumentation Technology and Economy Institute. Research organization directly under the Chinese government which promotes Intelligent Manufacturing.
6. Technology Synergies and Business Synergies
— Further expanding Mitsubishi Electric AI technology “Maisart” —

Compact AI which is our original technology promote the wider applicability of AI in diverse business

**Object-recognition camera technology for electronic mirrors**
Recognize objects which are about 100m away from rear side of car through real-time processing

<Application fields/Use>
- Electronic mirrors, Autonomous driving
- Monitoring, Crime prevention

**Intelligent wireless system utilizing AI**
Improve a amplifier gain and movement efficiency by optimal tuning and reduce power consumption of communication equipment

<Application fields/Use>
- 5G mobile base stations, terminal unit
- IoT-related equipment in homes, factories, etc.

**Compact hardware AI**
Realize implementation of AI into small FPGA. Expand applicable areas for AI by reducing computational time and lowering cost

<Application fields/Use>
- Home appliances, Elevators, High precision maps, etc.

*Maisart: Mitsubishi Electric’s AI creates the State-of-the-ART in technology*

---

**Deep Learning**
Compact algorithm
Implement high level AI for all equipment

**Reinforcement Learning**
Implement our AI in a short period of time by speedy learning

**Big data analysis**
Efficiently analyze large volumes of data with limited amount of computation

*FPGA: Field Programmable Gate Array*
7. For Sustainable Growth — Research and Development —

**Smart manufacturing**
Smart robots adapting flexibly to condition changes
Real-time and high precision control by AI of the target object’s position and angle deviation

**Smart mobility**
Concept of a future station
Enable easy passage for passengers by having a ticket gate without physical barriers

**Comfortable space**
Frictionally charged air cleaning device
Catch PM 2.5 and pollen with less maintenance

**Infrastructure for safety, security and relief**
High voltage direct current transmission technology*1
Contribute to efficient transmission of massively deployed renewable energy

---

Social issues
- Aging population in advanced countries
- Traffic jam in cities
- Global warming
- Energy/water shortage
- Natural disasters
- Aging infrastructure
- Man-made threats

Keywords for solving issues and creating value
- Aging population in advanced countries
- Traffic jam in cities
- Global warming
- Energy/water shortage
- Natural disasters
- Aging infrastructure
- Man-made threats

*1 A part of this research was implemented by the "Next Generation Power Electronics" project (a cross-ministerial strategic innovation promotion (SIP) program) by the council for science, technology and innovation. The project was administrated by the New Energy and Industrial Technology Development Organization (NEDO).
*2 A part of this research is based on results obtained from a project subsidized by (NEDO).
*3 The above includes a part of the results of "The research and development project for realization of the fifth-generation mobile communications system" commissioned by Japan’s Ministry of Internal Affairs and Communications.
7. For Sustainable Growth
— Intellectual Property Activities —

Protect technology based business advantages through patents over the medium and long term, and actively pursue intellectual property activities worldwide

Patent PCT application ranking  #4 globally
World Intellectual Property Organization (WIPO)

Design registration numbers ranking  #1 in Japan
Japan Patent Office (JPO)

Patent registration numbers ranking  #1 in Japan
Japan Patent Office (JPO)

Patent asset size ranking (all industries)  #1 in Japan
Japan Patent Office (JPO)

*M: Patent Cooperation Treaty

Mitsubishi Electric’s inventions received double awards for『FY2017 National Commendation for Invention』

【The Prize of Commissioner of Japan Patent Office】
“Invention of variable-shape mirror for improving laser via drilling accuracy”

【The Asahi Shimbun Prize】
“Rotor eccentricity estimation method and rotor eccentricity presumption system for rotating electrical machine”

PCB laser hole drilling machine

Schematic diagram

Changed the shape of the mirror surface which reflects the laser beam correcting the distortion of the laser beam. This enabled manufacturing of reduced-size and high-density hole drilling.

15% volume reduction

Motor for ventilator

Established a highly accurate assembly method for the rotor of the motor (rotating electrical machines), thereby realizing energy-saving, down-sizing, and low vibration/low noise.
7. For Sustainable Growth
— Balance “Growth”, “Profitability/Efficiency”, and “Soundness” —

Stable Generation of Cash Flow

- Cash Flow

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<tr>
<td>Cash Flow from Operating Activities</td>
<td>-33.8</td>
<td>195.7</td>
<td>182.0</td>
<td>310.2</td>
<td>180.1</td>
<td>111.2</td>
<td>217.3</td>
<td>62.2</td>
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<td>Cash Flow from Investing Activities</td>
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<td>80.9</td>
<td>70.9</td>
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Strategic Investments for "Growth"

※Refer to the following page for details.

Shareholder Returns according to Increase in Earnings

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<th>Dividend</th>
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<tr>
<td>(JPY per share)</td>
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<td>Annual Dividend</td>
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<td>6</td>
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Continuous improvements of "Profitability/Efficiency" and "Soundness"

- OPM/ ROE/ Debt Ratio

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<tr>
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<tbody>
<tr>
<td>Debt Ratio</td>
<td>12.6%</td>
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<td>ROE</td>
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<td>OPM</td>
<td>12.6%</td>
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</table>

【Growth Targets to be Achieved by 2020】
OPM 8% or more
Enhance earning power by maximizing investment outcome, and creating additional value 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.
7. For Sustainable Growth
— Balance “Growth”, “Profitability/Efficiency”, and “Soundness” —

### Strategic Investments for "Growth"

#### Proactive investments mainly in growth drivers

- **Capital Investment**
  - Continue with a high level of capital investment
  - (¥Bn.)
  - 167.7 191.9 179.2 160.1 222.3 206.8 212.5 221.1 204.2 250.0
  - 08 09 10 11 12 13 14 15 16 17 18 (FY)

- **R&D**
  - Balance short-, medium-, and long term development investments
  - (¥Bn.)
  - 144.4 133.7 151.7 169.6 172.2 178.9 195.3 202.9 201.3 210.3 225.0
  - 08 09 10 11 12 13 14 15 16 17 18 (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 talent in order to strengthen business execution capabilities**

---

- **Energy & Electric Systems**
- **Industrial Automation Systems**
- **Information & Communication Systems**
- **Electronic Devices**
- **Home Appliances**
- **Others**
7. For Sustainable Growth
— Corporate Governance —

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.

- Thorough separation of supervision and execution
- Majority of board of directors NOT assuming responsibility as executive officer
  - Directors 12
  - of which are independent directors 5
  - of which concurrently serve as executive officers 2
- Minimal number of executive officers (21 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

Appropriate response to revisions of legislation and other external factors
Appropriate disclosure to shareholders and other stakeholders
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 JPY/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