Corporate Strategy

Nov. 2018

MITSUBISHI ELECTRIC CORPORATION
Contents

1. Management Philosophy
2. Management Policy
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5. Make Strong Businesses Stronger
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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

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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.

**Embodiment 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*
1. Management philosophy
— Topics: Toward realizing a prosperous society —

**E**
Selected as a top “A List” company by CDP\(^1\) for outstanding climate- and water-management practices in its supply chain programs. This is Mitsubishi Electric's second consecutive year to be named to these leaders' lists.

**E**
Achieved most of the groups' environmental targets in areas such as reduction in CO\(_2\) emissions and resource inputs for production (FY2017)\(^2\)
- Set a new target on the effective use of water in the “9th Environmental Plan” (FY2018~2020)

**E**
Expanded supply of equipment lineup for Electric Vehicles

**E**
New plant in Himeji works starts operation to increase production of components such as inverters for Electric Vehicles (May 2018)
- Construction of a new laboratory at Himeji works to strengthen development and evaluation structure of motors / inverters for Electric Vehicles
  (Expected to start operation Aug.2019)

**E**
Started “Mitsubishi Electric ‘Going Up’ campaign for school” on a full scale (2H 2018～)

Rolled out the “Nationwide caravan for Mitsubishi Electric ‘Going Up’ campaign” – a program that started from 2016 to enhance understanding and awareness for sports for the people with disabilities – to schools

**E**
Started demonstration experiments to utilize Electric Vehicles for demand-supply adjustment of electricity (Jun.2018)\(^3\)

Named as a constituent of the “FTSE4 Good Index Series” and “FTSE Blossom Japan Index” for the second consecutive year

Since 2018 Mitsubishi Electric has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.

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*1: An international non-governmental organization that conducts surveys, discloses performance and evaluates the environmental activities of companies and cities (formerly the Carbon Disclosure Project). In addition to the supply-chain programs, Mitsubishi Electric had been named to the separate CDP Climate 2017 A List and CDP Water 2017 A List, both for the second consecutive year, in recognition of the company's outstanding efforts to mitigate climate change and protect water resources, respectively.

*2: FY2017 was the last year for the “8th Environmental Plan” which stipulated Mitsubishi Electric Group’s environmental activity targets for FY2015 to 2017.

*3: Jointly implemented by the following 5 organizations: Kyushu Electric Power Company, Central Research Institute of Electric Power Industry, Nissan Motors, Mitsubishi Motors, and Mitsubishi Electric
2. Management Policy
— Maintain Balanced Corporate Management for Sustainable Growth —

- Strive for Continuous Innovation
- Toward a Higher Level of Growth

- Pursue the Satisfaction of the Four Stakeholder Categories
  - Social Contributions
  - Excellent Products and Services
    - Society
    - Customers
    - Shareholders
    - Employees

- Greater Corporate Value
- Profitability Efficiency
- Soundness

Growth
- Accelerate growth of strong businesses
- Technology synergies/ Business synergies
- Agile response to changes in business environment

Profitability Efficiency
- Enhance capital efficiency
- Create a stronger business foundation

Soundness
- Constantly review and refresh business portfolio
- Maintain sound financial standing
- Strengthen corporate governance and compliance on a continuous basis

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></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
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<tr>
<td><strong>(Billions of JPY)</strong></td>
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<td>U.S.GAAP</td>
<td>U.S.GAAP</td>
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<tr>
<td>Net Sales</td>
<td>4,394.3</td>
<td>4,238.6</td>
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<tr>
<td>Operating Income</td>
<td>301.1</td>
<td>270.1</td>
<td>318.6</td>
<td>152.8</td>
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<tr>
<td>(%</td>
<td>6.9%</td>
<td>6.4%</td>
<td>7.2%</td>
<td>7.2%</td>
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<tr>
<td>Income before income taxes</td>
<td>318.4</td>
<td>296.2</td>
<td>364.5</td>
<td>166.1</td>
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<tr>
<td>Net Income</td>
<td>228.4</td>
<td>210.4</td>
<td>271.8</td>
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<tr>
<td>ROE (Return On Equity)</td>
<td>12.4%</td>
<td>10.9%</td>
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<tr>
<td>Shareholders' Equity</td>
<td>1,838.7</td>
<td>2,039.6</td>
<td>2,259.3</td>
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<tr>
<td>(%</td>
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<td>Debt</td>
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<td>352.1</td>
<td>311.4</td>
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<td>(%</td>
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<td>27</td>
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<tr>
<td>Dividend ratio(%)</td>
<td>25.4%</td>
<td>27.5%</td>
<td>31.6%</td>
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**Forecast (Oct.2018)**

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### 3. Forecast for FY2018 (Segment Forecast)

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<td>5.4%</td>
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<td>Operating Income/Loss</td>
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<td>10.7%</td>
<td>13.2%</td>
<td>13.0%</td>
<td>11.9%</td>
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<td>109JPY/USD</td>
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<td>109JPY/USD</td>
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<tr>
<td>Information &amp; Communication Systems</td>
<td>559.5</td>
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<td>Net Sales</td>
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<td>12.7</td>
<td>11.9</td>
<td>11.3</td>
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<tr>
<td>Operating Income/Loss</td>
<td>3.4%</td>
<td>2.7%</td>
<td>2.8%</td>
<td>2.7%</td>
<td>2.6%</td>
<td>2.3%</td>
</tr>
<tr>
<td></td>
<td>127JPY/EUR</td>
<td>127JPY/EUR</td>
<td>111JPY/USD</td>
<td>109JPY/USD</td>
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<td>Electronic Devices</td>
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<tr>
<td>Operating Income/Loss</td>
<td>12.7%</td>
<td>8.0%</td>
<td>4.5%</td>
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<tr>
<td></td>
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<td>127JPY/EUR</td>
<td>111JPY/USD</td>
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<td>Home Appliances</td>
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<td>1,049.3</td>
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<td>Net Sales</td>
<td>54.2</td>
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<td>69.6</td>
<td>56.0</td>
<td>55.4</td>
<td>52.0</td>
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<tr>
<td>Operating Income/Loss</td>
<td>5.7%</td>
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<td>109JPY/USD</td>
<td>108JPY/USD</td>
<td>109JPY/USD</td>
</tr>
<tr>
<td>Others</td>
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<td>713.6</td>
<td>764.3</td>
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<td>670.0</td>
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<tr>
<td>Net Sales</td>
<td>23.7</td>
<td>23.6</td>
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<td>23.9</td>
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<tr>
<td>Operating Income/Loss</td>
<td>3.2%</td>
<td>3.3%</td>
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<td>3.1%</td>
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<tr>
<td>Total</td>
<td>4,323.0</td>
<td>4,394.3</td>
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</tr>
</tbody>
</table>

*Mitsubishi Electric adopts International Financial Reporting Standards (IFRS) from Q1 of FY 2018. *Inter-segment sales are included in the above chart.
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.

Mitsubishi Electric Group

Technological Assets

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

Technological Platform

- R&D and IP

Value Creation

- Energy & Electric
- Industrial Automation
- Information & Communication
- Electronic Devices
- Home Appliances

Operating Platform

- Procurement
- Productivity
- Quality
- Sales
- Services

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)

Enhance technological development capabilities through joint R&D initiatives

Open & Global Innovation

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

- **Expand technology and business synergies**
- **Invest for sustainable growth beyond FY2020**
- **Maximize investment outcome**
- **Improve low profitability businesses**

### Financial Targets

- **Growth Target**
  - 8% or more (To Be Continuously and Stably Achieved)
  - 13% or more
  - 5% or more
  - 7% or more
  - 6% or more
  - 7% or more
  - 5% or more
  - 6% or more

### Key Performance Indicators

- **Net Sales**
- **Operating Income**
- **Operating Profit Margin (OPM)**
- **Return on Equity (ROE)**
- **Debt ratio**

### Fiscal Years Analysis

- **2008-2019** (Actual)
- **2020** (Forecast)

### Segments

- **Industrial Automation Systems**
- **Information & Communication Systems**
- **Electronic Devices**
- **Home Appliances**
- **Energy & Electric Systems**
- **Others**

### Key Points

- Maximize investment outcome
- Improve low profitability businesses
- Proactive investments mainly in growth drivers
- Strengthen business portfolios

### Currencies

- **JPY/EUR**
- **JPY/USD**
- **U.S. GAAP**
- **IFRS**

### Additional Notes

- Net Sales in Billions of JPY
- Operating Income by Segment
- Growth Target by Segment

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

- **Net Sales**
  - **FY2018 Forecast**: 4.51 trillion JPY
  - **FY2020 Target**: 5 trillion JPY or more
  - **OPM**
    - **FY2018 Forecast**: 6.8%
    - **FY2020 Target**: 8.0% or more

**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
4. Toward a higher level of growth
   — For sustainable growth beyond FY2020 —

Pursue value creation and competitiveness by leveraging our strengths

**Home Appliances**
- Air conditioning & Refrigeration Systems Business: Renewal and maintenance business

**Energy & Electric Systems**
- Building Systems Business: Global models for elevators
- Transport Systems Business: Optimization of overall railway energy
- Power Systems Business: Electricity system reforms and stable supply needs (Inverter for railcars made with SiC, etc.)

**Electronic Devices**
- Power Device business: High-performance / Low power loss Si/SiC-mounted devices
- Electric powertrain for Electric Vehicles (Next generation Si/SiC)

**Industrial Automation Systems**
- Automotive Equipment Business: High efficiency equipment lineup
- Factory Automation Systems Business: e-F@ctory
- Autonomous driving related systems
- e-F@ctory (Developing of smart factories)

**Information & Communication Systems**
- Space Systems Business: Contribution for global social infrastructure

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

- Up to FY2020: Expand businesses in Japan, North America, Europe and China
- FY2020 and beyond: shift gear to expand sales in emerging countries

| 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 |

### Major initiatives since FY2014

#### North America
- **[T]** - Strengthened MEPPi maintenance system (May 2014)
- **[AR]** - Established a distribution J/V with Ingersoll Rand (US) (May 2018)

#### Europe
- **[T]** - MEKT (Italy) (Apr. 2014)
- **[B]** - Invested (capital participation) MEDCOM (Poland) (Oct. 2015)
- **[S]** - Established Sapcorda Services, a high precision GNSS positioning services company (Aug. 2017)

#### China
- **[B]** - MESE’s new plant (Nov. 2015)

#### Japan
- **[P]** - The demonstration facility for MVDC distribution at the Power Distribution Systems Center (Jul. 2016)
- **[T]** - New plant in Ibaraki Works (Apr. 2015)
- **[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 “EMIRAI4” (Oct. 2017)

#### Asia (excl. China)
- **[AE]** - MEA (Oct. 2014)
- **[AL]** - MEU (Russia) (Nov. 2014)
- **[AR]** - Wholly acquired Delclima (Italy) (Feb. 2016), and consolidated and reorganized their subsidiaries (Jan. 2017)

#### Others
- **[P]** - Power Systems
- **[T]** - Transportation Systems
- **[B]** - Building Systems
- **[AR]** - Air-Conditioning & Refrigeration Systems
- **[FA]** - FA Systems
- **[AE]** - Automotive Equipment
- **[S]** - Space Systems
- **[AL]** - ALL


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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**

*EPS: Electric Power Steering, ADAS: Advanced Driving Assistant System, IGBT: Insulated Gate Bipolar Transistor,
GaN: Gallium Nitride, GaAs: Gallium Arsenide, HEMS: Home Energy Management System*
5. Make Strong Businesses Stronger
— Value Creation in Growth Drivers —

Power Systems Business

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

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

- 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)
- Started demonstration experiments to utilize Electric Vehicles for demand-supply adjustment of electricity (Jun.2018)
- Started full-scale production of vacuum interrupters and circuit breakers in the factory at the Power Distributions Systems Center (Aug.2018)
- *VPP: Virtual Power Plant

- Started commercial operation of the mass production E235 railcar installed with all-SiC inverter, for East Japan Railway Company (May 2017)
- 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)
- *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 entrance/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
  - Strengthen 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) (Italy: RMI)
  - 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)
- Start construction of Elevator Training Center at Inazawa Works (Nov.2017)
- Started operation of KMEC new plant in South Korea (Mar.2018)
- 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 total support from new installation to maintenance, and renewal, through highly safe and reliable products as well as high field engineering capabilities
- Respond to energy-saving needs unique to the region through high functionality/high efficiency devices and advanced control technologies
- Respond to energy-saving needs unique to the region through high functionality/high efficiency devices and advanced control technologies
- Capture demand in North America/ Europe/ China, etc. (Maximize investment outcome)
- Strengthen aftermarket service business (Japan/China, etc.)
- Capture demand in China/ India/ ASEAN, etc. (Maximize investment outcome)
- Maximize synergies with MEHITS
- Consolidated and reorganized subsidiaries under formerly DeLclima (Jan.2017)
- Launched 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)

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

**Factory Automation (FA) Systems Business**
Propose an optimal "manufacturing method" made possible by the evolution of "e-F@ctory", the FA-IT integrated solution

- **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**
Realize environment-friendliness, safety and security, integrating a wide range of high efficiency equipment, systems, and advanced control technology

- **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, and by strengthening collaboration with communication technology / infrastructure businesses with the view of advanced driving support

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**Sales (¥Bn.)**

<table>
<thead>
<tr>
<th></th>
<th>FY 16</th>
<th>FY 17</th>
<th>FY 18</th>
<th>FY 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overseas</td>
<td>0</td>
<td>300</td>
<td>600</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td>16</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20</td>
</tr>
</tbody>
</table>

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

- **Expand global supply of high efficiency equipment**
  - (Maximize investment outcome)
  - Expand equipment for electric vehicles
  - Expand preventive safety / Autonomous driving related businesses

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- **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)**
- **Started operation of the new plant at Himeji Works (May 2018)**
- **Started construction of the new laboratory building at Himeji Works (Aug.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 “Ibuki-2” to improve the measurement accuracy of green house 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)

- Increased capital investment in DMP (DMP has shifted from a planning company to an operating company) (Jun.2017)
- Established Sapcorda Services, which provides high-precision GNSS positioning service (Aug.2017)

*GNSS: Global Navigation Satellite System

### 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
  - Expanded lineup of 1200V Large DIP/PIPM 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
  - 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
  - Expanded lineup of 1200V Large DIP/PIPM 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)
  - Launched MISOP Surface-mount Package IPM (Apr.2018)

*NHIGBT: High Voltage IGBT, IPM: Intelligent Power Module
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”

<table>
<thead>
<tr>
<th>Vehicle-infrastructure Cooperative systems</th>
<th>Utilizing information infrastructure such as QZS and ITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positioning satellites such as GPS</td>
<td>QZS</td>
</tr>
<tr>
<td>Sending positioning signals</td>
<td>Ground Systems for QZS</td>
</tr>
<tr>
<td>High-precision locator</td>
<td>ETC2.0, V2X onboard equipment</td>
</tr>
<tr>
<td>“xAUTO”, the autonomous driving test vehicle</td>
<td></td>
</tr>
</tbody>
</table>

**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 (million units)

Source: Strategy Analysis Nov.2017
*Includes autonomous driving levels of 1 to 5 (From driving assistance to fully autonomous driving)

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

- Road test in Detroit, US (2H 2017-)
- Test drive in cold climates (Jan.2018-)

**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

**Mitsubishi Electric’s autonomous driving**

- Automotive equipment
- High-precision 3D maps
- Road-vehicle/inter-vehicle linked communication

**HERE (Netherlands)**

- Dynamic Map Platform
- Automotive equipment
- High-precision positioning

**Sapcorda Services (Germany)**

- 5GAA

**HERE (Netherlands)**

- Road-vehicle/inter-vehicle linked communication
- High-precision 3D maps

6. Technology Synergies and Business Synergies

- Energy-saving, Safety, Security and comfort for Buildings -

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.

**ZEB ONE-STOP SOLUTION**

- Set an optimal goal and execution plan
- Support business management
- Health check of building
- Watch over buildings and people
- Continuous surveillance of building, analysis of equipment utilization
- ZEB design assistance
- Energy saving, energy creation, energy storage and security
  - Introduce high efficiency equipment
  - Sensing and equipment collaboration control
- Leasing service etc.
- Support the whole building with a one-stop maintenance and service

**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 "Nearly ZEB" by 75% reduction against the standard primary energy consumption amount.

Evaluated by BELS (Jun.2018)

<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

**Market size projection (Japan)**

<table>
<thead>
<tr>
<th>ZEB deals</th>
<th>Market size projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>200 400 600 800 1000</td>
</tr>
<tr>
<td>FY</td>
<td>18 20 25 30</td>
</tr>
</tbody>
</table>

*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%, further reduction was achieved. BELS: Building-Housing Energy-efficiency Labeling System, 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

**Progress (Examples)**
- Joined Edgecross consortium (Nov. 2017)
- Launched Edgecross-compatible edge computing products (May 2018)
- Strengthened global expansion of e-F@ctory
  - Opened East Japan FA Solution Center (Jul. 2018)
  - Completed construction of an e-F@ctory concept integrated-automation factory (Power Distribution Systems Center, VI and VCB factory, Feb. 2018)

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

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

**South Korea/ Taiwan**

6. Technology Synergies and Business Synergies
— Further expanding Mitsubishi Electric AI technology “Maisart” —

**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.

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

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*Mitsubishi Electric AI technology “Maisart”*

**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

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*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
Contribute to efficient transmission of massively deployed renewable energy

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*S1 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). *S2 A part of this research is based on results obtained from a project subsidized by (NEDO). *S3 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.
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”

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.

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

Strategic Investments for "Growth"
※Refer to the following page for details.

Shareholder Returns according to Increase in Earnings
- Dividend

Continuous improvements of "Profitability/Efficiency" and "Soundness"
- OPM/ ROE/ Debt Ratio

【Growth Targets to be Achieved by 2020】
<table>
<thead>
<tr>
<th>OPM</th>
<th>8% or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>10% or more</td>
</tr>
</tbody>
</table>

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】
<table>
<thead>
<tr>
<th>ROE</th>
<th>10% or more</th>
</tr>
</thead>
</table>

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

<table>
<thead>
<tr>
<th>Debt Ratio</th>
<th>15% or less</th>
</tr>
</thead>
</table>

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.

*Data of FY17 are presented in accordance with U.S.GAAP
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.)
  - 08 09 10 11 12 13 14 15 16 17 18
  - 167.7 191.9 179.2 160.1 222.3 206.8 212.5 221.1 204.2 250.0

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

### 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

*Note: The chart shows the distribution of investments across different business segments.*

- **Business Segments**
  - 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.

**Actual practices at Mitsubishi Electric**

- 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 4
- 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