

Dear Shareholders,

We wish to extend our sincere gratitude for your continued support.

This document has been sent in order to notify you of the 145th Ordinary General Meeting of Shareholders, which will be convened on Wednesday June 29, 2016. Included in the material is an overview of Mitsubishi Electric's business operations during fiscal 2016 as well as a summary of its future initiatives.

June 2016

Masaki Sakuyama, President & CEO, Member of the Board

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## IMPORTANT NOTICE

The present Notice of Convocation and all of the attached materials are English translations of the original Japanese-language notice, which has been prepared in compliance with requirements under applicable Japanese laws, regulations and/or administrative ordinances. Please note that this English translation is published for the purposes of reference and convenience and UNDER NO CIRCUMSTANCES shall this English translation create any binding effect on Mitsubishi Electric Corporation; ONLY the Japanese original shall have effect on the exercise of shareholders' rights, and only to the extent secured under the laws of Japan. Also, Mitsubishi Electric Corporation makes no warranty of any nature as to the accuracy or preciseness of the present English translation of the Notice of Convocation.

(Stock Code: 6503)

June 1, 2016

To Our Shareholders

Mitsubishi Electric Corporation  
2-7-3, Marunouchi, Chiyoda-ku, Tokyo  
Masaki Sakuyama  
President & CEO, Member of the Board

## NOTICE OF CONVOCATION OF THE 145TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are cordially invited to attend the 145th Ordinary General Meeting of Shareholders of Mitsubishi Electric Corporation.

**If you are unable to attend the meeting, you are requested to review the attached reference materials and to exercise your voting rights, indicating your approval or disapproval of each of the proposals put forward for resolution, by no later than 5:30 PM on Tuesday, June 28, 2016, using either of the methods listed below.**

### ***Exercise of Voting Rights in Writing***

Please complete and send by return mail the enclosed Voting Right Exercise Form indicating your approval or disapproval to each of the proposals put forward for resolution.

### ***Exercise of Voting Rights via the Internet***

Please have access to the website (<http://www.evotep.jp/>) as identified on page 8 titled as "Instructions for the Exercise of Voting Rights via the Internet", in which you may indicate your approval or disapproval of the agenda. The pertinent procedures are outlined on the above-referred page.

## Particulars

1. **Meeting Date and Time:** Wednesday, June 29, 2016 at 10:00 AM (entry begins at 9:00 AM)
2. **Meeting Venue:** Palace Hotel Tokyo, 2<sup>nd</sup> Floor "AOI"  
1-1-1 Marunouchi, Chiyoda-ku, Tokyo

3. **Meeting Agenda:**

**Tabling of Reports**

Tabling of the Business Report, Consolidated and Non-Consolidated Financial Statements, Independent Auditor's Report and the Audit Committee's Report on Consolidated Financial Statements for the 145th fiscal year (from April 1, 2015 to March 31, 2016)

**Matters for Resolution**

The Election of Twelve (12) Directors

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1. Shareholders attending the meeting on June 29, 2016 are requested to submit the enclosed Voting Rights Exercise Form at the front desk of the meeting venue.
  2. The following items of the Business Report and Consolidated and Non-Consolidated Financial Statements are posted on the Company's Website (<http://www.MitsubishiElectric.com/company/ir/meeting/index.html>) and therefore are not included in the Notice of Convocation of the 145th Ordinary General Meeting of Shareholders, in accordance with laws and Article 15 of Mitsubishi Electric's Articles of Incorporation.
    - (1) Summary of systems necessary to ensure the properness of operations of the Company and the status of the management

- (2) Consolidated Statement of Equity
- (3) Notes to Consolidated Financial Statements
- (4) Statement of Changes in Net Assets
- (5) Notes to Financial Statements

Statements to be audited, including relevant notes to be disclosed on the Company's Website, have been duly audited by the Audit Committee and Independent Auditor.

- 3. Please kindly take note that amendments to reference materials, the Business Report and the Consolidated and Non-Consolidated Financial Statements will be posted on the Company's Website (<http://www.MitsubishiElectric.com/company/ir/meeting/index.html>).

## Reference Materials for the 145th Ordinary General Meeting of Shareholders

### Reference Items

#### Item: The Election of Twelve (12) Directors

The terms of office with all the Company's Directors (twelve members) will expire at the end of this Ordinary General Meeting of Shareholders. Therefore, Mitsubishi Electric Corporation is to submit an agenda item concerning the election of 12 Directors, including 5 Outside Directors, in line with a decision made by the Nomination Committee.

Details of the candidates are as follows:

No.	Name	Current major positions and assignments at the Company	Status of attendance at Board of Directors' meetings
1	Kenichiro Yamanishi <Reappointment>	Chairman, Member of the Board	100% (Seven out of seven meetings)
2	Masaki Sakuyama (Reappointment)	Director, Representative Executive Officer, President & CEO	100% (Seven out of seven meetings)
3	Hiroki Yoshimatsu (Reappointment)	Director, Chairman of the Audit Committee	100% (Seven out of seven meetings)
4	Nobuyuki Okuma (Reappointment)	Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Senior Vice President, Auditing, General Affairs, Human Resources and Legal Affairs & Compliance	100% (Seven out of seven meetings)
5	Akihiro Matsuyama (Reappointment)	Director, Member of the Compensation Committee, Senior Vice President, Accounting and Finance	100% (Seven out of seven meetings)
6	Masayuki Ichige (New Candidate)	Corporate Adviser	—
7	Yutaka Ohashi (New Candidate)	Representative Executive Officer, Executive Vice President, Corporate Strategic Planning and Operations of Associated Companies	—
8	Mitoji Yabunaka (Reappointment) (Candidate for Outside Director) (Independent Director)	Director, Member of the Nomination Committee, Member of the Compensation Committee	100% (Seven out of seven meetings)
9	Hiroshi Obayashi (Reappointment) (Candidate for Outside Director) (Independent Director)	Director, Member of the Nomination Committee, Member of the Audit Committee	100% (Seven out of seven meetings)
10	Kazunori Watanabe (Reappointment) (Candidate for Outside Director) (Independent Director)	Director, Member of the Audit Committee, Member of the Compensation Committee	100% (Five out of five meetings)
11	Katsunori Nagayasu (New Candidate) (Candidate for Outside Director) (Candidate for Independent Director)	—	—
12	Hiroko Koide (New Candidate) (Candidate for Outside Director) (Candidate for Independent Director)	—	—

Note:

Mitsubishi Electric Corporation held seven Board of Directors meetings during the fiscal year.

The status of attendance for Mr. Kazunori Watanabe is based on the number of Board of Directors meetings held after he assumed the office on June 26, 2015.

	Name (Date of Birth)	Career summary, major positions and assignments at the Company and important concurrent positions	The number of shares owned
1	Kenichiro Yamanishi (February 25, 1951) (Status of attendance at Board of Directors' meetings: 100%)	<p>April 1975    Joined Mitsubishi Electric Corporation</p> <p>April 2006    Executive Officer, Total Productivity Management &amp; Environmental Programs</p> <p>April 2008    Senior Executive Officer, Semiconductor &amp; Device</p> <p>April 2010    Representative Executive Officer, President &amp; CEO</p> <p>June 2010    Director, Representative Executive Officer, President &amp; CEO</p> <p>April 2014    Chairman, Member of the Board (current position)</p> <p><b>Important concurrent positions:</b> Outside Director, TOYOTA INDUSTRIES CORPORATION</p> <p><b>Reasons for the nomination:</b> Mr. Yamanishi has gained a wide range of experience and insights by leading the Company's business operations as President &amp; CEO and overseeing the Company's business operations as Chairman of the Board of Directors. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations.</p>	85,000
2	Masaki Sakuyama (March 17, 1952) (Status of attendance at Board of Directors' meetings: 100%)	<p>April 1977    Joined Mitsubishi Electric Corporation</p> <p>April 2008    Executive Officer, Energy &amp; Industrial Systems</p> <p>April 2010    Senior Vice President, Corporate Strategic Planning and Operations of the Associated Companies</p> <p>June 2010    Director, Member of the Nomination Committee, Senior Vice President, Corporate Strategic Planning, and Operations of the Associated Companies</p> <p>April 2012    Director, Member of the Nomination Committee, Representative Executive Officer, Executive Vice President, Semiconductor &amp; Device</p> <p>June 2012    Representative Executive Officer, Executive Vice President, Semiconductor &amp; Device</p> <p>April 2014    Representative Executive Officer, President &amp; CEO</p> <p>June 2014    Director, Representative Executive Officer, President &amp; CEO (current position)</p> <p><b>Reasons for the nomination:</b> As President &amp; CEO, Mr. Sakuyama controls the execution of business closely related to matters to be deliberated at the Board of Directors. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations.</p>	59,000
3	Hiroki Yoshimatsu (December 4, 1953) (Status of attendance at Board of Directors' meetings: 100%)	<p>April 1976    Joined Mitsubishi Electric Corporation</p> <p>April 2009    Executive Officer, Accounting and Finance</p> <p>June 2009    Director, Member of the Compensation Committee, Executive Officer, Accounting and Finance</p> <p>April 2013    Director, Member of the Compensation Committee</p> <p>June 2013    Director, Member of the Audit Committee</p> <p>June 2014    Director, Chairman of the Audit Committee (current position)</p> <p><b>Reasons for the nomination:</b> Mr. Yoshimatsu has gained a wide range of experience and insights through his involvement in the Company's business operations as Executive Officer in charge of Accounting and Finance. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations.</p>	31,000

	Name (Date of Birth)	Career summary, major positions and assignments at the Company and important concurrent positions	The number of shares owned
4	Nobuyuki Okuma (July 31, 1958) (Status of attendance at Board of Directors' meetings: 100%)	<p>April 1982    Joined Mitsubishi Electric Corporation</p> <p>April 2010    General Manager, Planning &amp; Administration Department, Factory Automation Systems Group</p> <p>April 2012    Executive Officer, Human Resources</p> <p>June 2012    Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Executive Officer, Human Resources</p> <p>April 2013    Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Executive Officer, General Affairs and Human Resources</p> <p>April 2016    Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Senior Vice President, Audit, General Affairs, Human Resources and Legal Affairs &amp; Compliance (current position)</p> <p><b>Reasons for the nomination:</b> As Executive Officer in charge of General Affairs and Human Resources, Mr. Okuma carries out the execution of business closely related to matters to be deliberated at the Board of Directors. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations.</p>	24,000
5	Akihiro Matsuyama (June 1, 1957) (Status of attendance at Board of Directors' meetings: 100%)	<p>April 1981    Joined Mitsubishi Electric Corporation</p> <p>April 2010    General Manager, Associated Companies Operation Division</p> <p>April 2013    Executive Officer, Accounting and Finance</p> <p>June 2013    Director, Member of the Compensation Committee, Executive Officer, Accounting and Finance</p> <p>April 2016    Director, Member of the Compensation Committee, Senior Vice President, Accounting and Finance (current position)</p> <p><b>Reasons for the nomination:</b> As Executive Officer in charge of Accounting and Finance, Mr. Matsuyama carries out the execution of business closely related to matters to be deliberated at the Board of Directors. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations.</p>	22,000
6	Masayuki Ichige (February 22, 1953)  (New Candidate)	<p>April 1975    Joined Mitsubishi Electric Corporation</p> <p>April 2008    General Manager, Kansai Branch Office</p> <p>April 2012    Executive Officer, Government &amp; External Relations, General Affairs and Public Relations</p> <p>October 2012    Executive Officer, Audit, Government &amp; External Relations, General Affairs and Public Relations</p> <p>April 2013    Executive Officer, Audit, Government &amp; External Relations and Public Relations</p> <p>April 2014    Senior Vice President, Audit, Government &amp; External Relations and Public Relations</p> <p>April 2016    Corporate Adviser (current position)</p> <p><b>Reasons for the nomination:</b> Mr. Ichige has gained a wide range of experience and insights through his involvement in the Company's business operations as Executive Officer in charge of Audit, General Affairs and other assignments. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations.</p>	31,000
7	Yutaka Ohashi (October 23, 1955)  (New Candidate)	<p>April 1980    Joined Mitsubishi Electric Corporation</p> <p>October 2010    Group Senior Vice President, Automotive Equipment</p> <p>April 2012    Executive Officer, Automotive Equipment</p> <p>April 2014    Representative Executive Officer, Senior Vice President, Automotive Equipment</p> <p>April 2016    Representative Executive Officer, Executive Vice President, Corporate Strategic Planning and Operations of Associated Companies (current position)</p> <p><b>Reasons for the nomination:</b> As Executive Officer in charge of Corporate Strategic Planning, Mr. Ohashi carries out the execution of business closely related to matters to be deliberated at the Board of Directors. Mitsubishi Electric has thus judged that he is qualified as a Director to oversee the Company's business operations.</p>	33,000

	Name (Date of Birth)	Career summary, major positions and assignments at the Company and important concurrent positions	The number of shares owned
8	Mitoji Yabunaka (January 23, 1948) (Status of attendance at Board of Directors' meetings: 100%) (Period of Service: 4 years)  (Candidate for Outside Director)	<p>April 1969      Joined the Ministry of Foreign Affairs of Japan January 2008      Vice-Minister, Ministry of Foreign Affairs of Japan August 2010      Retired from Ministry of Foreign Affairs of Japan October 2010      Advisor, Nomura Research Institute, Ltd. (current position) June 2012      Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)</p> <p><b>Important concurrent positions:</b> Advisor, Nomura Research Institute, Ltd. Professor, Ritsumeikan University Outside Director, Kawasaki Kisen Kaisha, Ltd. Specially Appointed Professor, Osaka University Outside Director, Komatsu Ltd. Outside Director, Takasago Thermal Engineering Co., Ltd.</p> <p><b>Reasons for the nomination:</b> Mr. Yabunaka's experience and insights as an expert in international affairs cultivated through the course of a career are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.</p> <p><b>Any act contrary to pertinent laws, Mitsubishi Electric regulations and Articles of Incorporation thereof as well as those of other companies at which the concurrent post of executive officer is held by Outside Director candidates:</b> During Mr. Yabunaka's time of service as an Outside Director, Kawasaki Kisen Kaisha, Ltd. received a cease-and-desist order as well as an order for surcharge payment from the Japan Fair Trade Commission in March 2014, for suspected infringement of the Antimonopoly Act in connection with the transportation of automobiles and other cargo. Subsequently, in September 2014, the company accepted a plea bargain with the U.S. Department of Justice to pay the fines. Moreover, the company received an order for penalty payment from China's National Development and Reform Commission in December 2015. Mr. Yabunaka was unaware of the infringement. However, Mr. Yabunaka had constantly called the attention of the company's directors to relevant issues in the interest of ensuring legal compliance. After the incident, Mr. Yabunaka instructed the directors to conduct rigorous investigation and to prevent the recurrence of similar violations.</p>	4,000
9	Hiroshi Obayashi (June 17, 1947) (Status of attendance at Board of Directors' meetings: 100%) (Period of Service: 3 years)  (Candidate for Outside Director)	<p>April 1972      Appointed as Public Prosecutor June 2006      Vice-Minister, Ministry of Justice of Japan July 2008      Superintending Prosecutor, Tokyo High Public Prosecutors Office June 2010      Appointed as the Prosecutor General December 2010      Retired from office of the Prosecutor General March 2011      Attorney-at-law (current position) June 2013      Director, Member of the Nomination Committee and Member of the Audit Committee, Mitsubishi Electric Corporation (current position)</p> <p><b>Important concurrent positions:</b> Attorney-at-law Outside Auditor, Daiwa Securities Co. Ltd. Outside Audit &amp; Supervisory Board Member, NIPPON STEEL &amp; SUMITOMO METAL CORPORATION Outside Auditor, Japan Tobacco Inc.</p> <p><b>Reasons for the nomination:</b> Mr. Obayashi's experience and insights cultivated through the course of a career as a lawyer (public prosecutor, attorney-at-law) are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.</p>	5,000
10	Kazunori Watanabe (October 9, 1950) (Status of attendance at Board of Directors' meetings: 100%) (Period of Service: 1 year)  (Candidate for Outside Director)	<p>April 1975      Joined Showa Audit Corporation (current Ernst &amp; Young ShinNihon LLC) September 1978      Registered as a certified public accountant (current position) March 1980      Registered as a tax accountant (current position) May 2002      Partner, Shin Nihon &amp; Co. (current Ernst &amp; Young ShinNihon LLC) August 2008      Executive Partner, Ernst &amp; Young ShinNihon LLC March 2010      Retired Ernst &amp; Young ShinNihon LLC Chief, Kazunori Watanabe Certified Public Accountant &amp; Tax Accountant Office (current position) June 2015      Director, Member of the Audit Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)</p> <p><b>Important concurrent positions:</b> Certified Public Accountant Tax Accountant Outside Corporate Auditor, BELLSYSTEM24 Holdings, Inc.</p> <p><b>Reasons for the nomination:</b> Mr. Watanabe's experience and insights as a certified public accountant cultivated over the course of his career are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.</p>	1,000



	Name (Date of Birth)	Career summary, major positions and assignments at the Company and important concurrent positions	The number of shares owned
11	Katsunori Nagayasu (April 6, 1947)  (New Candidate) (Candidate for Outside Director)	<p>May 1970      Joined The Mitsubishi Bank, Ltd. (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>April 2008      President, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Director, Mitsubishi UFJ Financial Group, Inc.</p> <p>April 2010      President &amp; CEO, Mitsubishi UFJ Financial Group, Inc.</p> <p>April 2012      Chairman of the Board, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>April 2013      Director, Mitsubishi UFJ Financial Group, Inc.</p> <p>April 2016      Senior Corporate Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current position)</p> <p><b>Important concurrent positions:</b> Senior Corporate Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Outside Audit &amp; Supervisory Board Member, NIPPON STEEL &amp; SUMITOMO METAL CORPORATION External Statutory Auditor, Isetan Mitsukoshi Holdings Ltd. Outside Audit &amp; Supervisory Board Member, Mitsubishi Motors Corporation Outside Director, Kirin Holdings Company, Ltd.</p> <p><b>Reasons for the nomination:</b> Mr. Nagayasu's experience and insights as a business specialist cultivated over the course of his career in bank management are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.</p> <p><b>Any act contrary to pertinent laws, Mitsubishi Electric regulations and Articles of Incorporation thereof as well as those of other companies at which the concurrent post of executive officer is held by Outside Director candidates:</b> During Mr. Nagayasu's time of service as an Outside Audit &amp; Supervisory Board Member, Mitsubishi Motors Corporation had engaged in improper conduct in order to show that fuel efficiency data was better than actual performance, in its effort to acquire light vehicle certification. Testing methods differing from those prescribed under Japanese laws were also revealed. Mr. Nagayasu had not been aware of the relevant facts in advance. However, Mr. Nagayasu had constantly called the attention of the company's audit &amp; supervisory board members to relevant issues in the interest of ensuring legal compliance. After the facts came to light, Mr. Nagayasu instructed the directors to conduct rigorous investigation and to prevent the recurrence of similar violations.</p>	0
12	Hiroko Koide (August 10, 1957)  (New Candidate) (Candidate for Outside Director)	<p>May 1993      Joined Nippon Lever K.K. (now Unilever Japan K.K.)</p> <p>April 2001      Director, Nippon Lever K.K.</p> <p>April 2006      Joined Masterfoods Ltd. (now Mars Japan Limited)</p> <p>April 2008      Chief Operating Officer (COO), Mars Japan Limited</p> <p>November 2010      President and Director, Parfums Christian Dior Japon K.K.</p> <p>April 2013      Senior Vice President, Global Marketing, Newell Rubbermaid (U.S.) (now Newell Brands Inc. (U.S.)) (current position)</p> <p><b>Important concurrent positions:</b> Senior Vice President, Global Marketing, Newell Brands Inc. (U.S.) Outside Director of the Board, Kirin Company, Limited</p> <p><b>Reasons for the nomination:</b> Ms. Koide's experience and insights as a business specialist cultivated over the course of her career in international corporate management are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects her to bring an objective viewpoint to the overseeing of the Company's business operations.</p>	0

Notes:

1. There is no special interest between any of the candidates and the Company.
2. Messrs. Mitoji Yabunaka, Hiroshi Obayashi, Kazunori Watanabe and Katsunori Nagayasu and Ms. Hiroko Koide are five candidates for Outside Directors, as defined under Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
3. Mitsubishi Electric Corporation has named Messrs. Mitoji Yabunaka, Hiroshi Obayashi and Kazunori Watanabe given that they satisfy the requirement of independency in accordance with the Securities Listing Regulations of the Tokyo Stock Exchange as independent directors. The Company has filed notification with the Tokyo Stock Exchange of such designations. Likewise, as Mr. Katsunori Nagayasu and Ms. Hiroko Koide satisfy the requirement of independency in accordance with the Securities Listing Regulations of the Tokyo Stock Exchange, the Company intends to file notification with the Exchange of designating them as independent directors.  
In addition, Messrs. Mitoji Yabunaka, Hiroshi Obayashi, Kazunori Watanabe and Katsunori Nagayasu and Ms. Hiroko Koide satisfy the requirement of independency guideline for Outside Directors of the Company.
4. Mitsubishi Electric made and entered into agreements with Messrs. Kenichiro Yamanishi, Hiroki Yoshimatsu, Mitoji Yabunaka, Hiroshi Obayashi and Kazunori Watanabe, to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act. Based on these agreements, the limit of liability is either ¥10 million or the minimum statutory amount, whichever is higher.

The Company intends to enter into the same agreement with Mr. Katsunori Nagayasu and Ms. Hiroko Koide, the candidates for Outside Directors, should this Item be approved by shareholders.

In addition, should this Item be approved by shareholders, the Company intends to enter into the same agreement with Mr. Masayuki Ichige, on the condition that he assumes the office of Non-Executive Director.

(Reference) **Independency Guideline for Outside Directors**

Mitsubishi Electric Corporation nominates persons with experience in company management in the business world, attorneys and academics, among other specialists, who are appropriate to oversee the Company's business operations and not falling under any of the following cases, as candidates for Outside Directors. Each of the following 1), 2), 4) and 5) includes a case in any fiscal year during the past three fiscal years.

- 1) Persons who serve as Executive Directors, Executive Officers, managers or other employees (hereinafter "business executers") at a company whose amount of transactions with the Company accounts for more than 2% of the consolidated sales of the Company or the counterparty
- 2) Persons who serve as business executers at a company to which the Company has borrowings that exceed 2% of the consolidated total assets
- 3) Persons who are related parties of the Company's independent auditor
- 4) Persons who receive more than ¥10 million of compensation from the Company as specialists or consultants
- 5) Persons who serve as Executive Officers (Directors, etc.) of an organization to which the Company offers contribution that exceeds ¥10 million and 2% of the total revenue of the organization
- 6) Persons who are the Company's major shareholders (holding more than 10% of voting rights) or who serve as their business executers
- 7) Persons who are related parties of a person or company that have material conflict of interest with the Company

## Instructions for the Exercise of Voting Rights via the Internet

Please read the following instructions on how to exercise your voting rights via the Internet.

1. How to Exercise Voting Rights via the Internet
  - (1) To vote using the Internet, please access the site <http://www.evotep.jp/> either through a personal computer, smartphone or mobile phone. At this site, you may indicate your approval or disapproval of the agenda. Log in using the Login ID and temporary password provided on the Voting Right Exercise Form and then follow the instructions provided on screen so that you can exercise vote.
  - (2) In order to prevent illegal access (*i.e.* impersonation by a third party) as well as the falsification of voting results, shareholders will be asked to change their temporary password once they access the site to exercise their voting rights.
  - (3) The Company will provide shareholders with new Login IDs and temporary passwords with each convocation notice of General Meeting of Shareholders.
  - (4) Voting rights may be exercised via the Internet until 5:30 PM Tuesday, June 28, 2016 (the site is closed from 2:00 AM–5:00 AM every day).
  
2. About Voting Right Exercise Website
  - (1) Some elements of the Internet setting at a shareholder, including firewall and other security software installed, anti-virus software and the use of proxy servers, may preclude shareholders from casting a vote on the site.
  - (2) For the exercise of voting rights via mobile phone, please use either i-mode, EZweb or Yahoo! Keitai\* services. For security purposes, the site is not accessible from handsets incapable of SSL communication and mobile data transmission.
    - \* “i-mode” is a trademark of NTT DOCOMO, Inc., “EZweb” is a trademark of KDDI Corporation and “Yahoo!” is a trademark and registered brand of Yahoo! Inc. of the United States.
  
3. Multiple Exercises of Voting Rights
  - (1) Please note that if your voting rights were exercised both in written form and via the Internet, the Internet vote shall take precedence.
  - (2) In instances where a shareholder exercises their voting rights more than once via the Internet, the very last vote cast shall take precedence. In instances where a shareholder exercising their voting rights using both a personal computer and a mobile phone, the very last vote cast shall take precedence.

Please direct queries to the Help Desk as shown below:

Mitsubishi UFJ Trust and Banking Corporation Transfer Agent Department (Help Desk) Toll-free number (Japan only): 0120-173-027 Office hours: From 9:00 AM to 9:00 PM
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## Business Report

(April 1, 2015 to March 31, 2016)

### I. Matters Relating to the Mitsubishi Electric Group

#### 1. Business Development and Results

During the fiscal year ended March 31, 2016 (hereinafter fiscal 2016), the business environment experienced buoyancy in the U.S. economy, which showed expansion, and a gradual trend of economic recovery continuing in Europe, despite a gradual slowdown continuing in China and other East Asian markets, weakness in personal consumption in Japan and stagnation in certain emerging markets. In addition, the yen weakened against the U.S. dollar compared to the previous year, while becoming stronger in the fourth quarter.

Under these circumstances, the Mitsubishi Electric Group has been working even harder than before to promote growth strategies rooted in its advantages, while continuously implementing initiatives to strengthen its competitiveness and business structure.

As a result, in fiscal 2016, the Mitsubishi Electric Group recorded net sales of ¥4,394.3 billion, up 2% from the previous fiscal year, operating income of ¥301.1 billion, down 5%. Income before income taxes decreased by 1% compared to the previous fiscal year to ¥318.4 billion, and net income attributable to Mitsubishi Electric Corp. decreased by 3% to ¥228.4 billion.

#### Consolidated Performance (Billions of yen)

Fiscal period Classification	144th Fiscal 2015	145th Fiscal 2016
Net sales	4,323.0	4,394.3
Operating income	317.6	301.1
Income before income taxes	322.9	318.4
Net income attributable to Mitsubishi Electric Corp.	234.6	228.4

## Net Sales by Business Segment

(Billions of yen)

Business Segment	144th Fiscal 2015		145th Fiscal 2016	
	Net sales	As a percentage of net sales	Net sales	As a percentage of net sales
Energy and Electric Systems	1,228.9	24.6	1,264.6	25.0
Industrial Automation Systems	1,282.7	25.7	1,321.9	26.2
Information and Communication Systems	559.5	11.2	561.1	11.1
Electronic Devices	238.4	4.8	211.5	4.2
Home Appliances	944.8	18.9	982.0	19.5
Others	740.5	14.8	707.7	14.0
Subtotal	4,994.9	100.0	5,049.0	100.0
Eliminations and other	(671.9)	—	(654.6)	—
Total	4,323.0	—	4,394.3	—

Note: The figures shown in this table, include internal sales amounts between segments (transfer).  
The later section “Information by Business Segment” reflect the figures computed at the same condition.

## Net Sales by Location

(Billions of yen)

Location	144th Fiscal 2015		145th Fiscal 2016	
	Net sales	As a percentage of net sales	Net sales	As a percentage of net sales
Japan	2,512.3	58.1	2,521.1	57.4
North America	398.5	9.2	447.5	10.2
Asia (excluding Japan)	959.5	22.2	963.6	21.9
Europe	360.6	8.4	369.9	8.4
Others	91.9	2.1	91.9	2.1
Overseas	1,810.6	41.9	1,873.1	42.6
Total	4,323.0	100.0	4,394.3	100.0

Note: Net sales are shown by country and region based on customer location.

## Information by Business Segment

### *Energy and Electric Systems*

Net sales	¥1,264.6 billion (up 3% YoY)	Operating income	¥50.3 billion (down ¥22.1 billion YoY)
Principal products (as of March 31, 2016): Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switchgears, switch control devices, surveillance-system control and security systems, large display devices, electrical equipment for locomotives and rolling stock, elevators, escalators, building security systems, building management systems, particle therapy systems, and others			

The social infrastructure systems business saw increases in both orders and sales compared to the previous fiscal year due to increases in the power systems business and the transportation systems business in Japan, despite decreases in the public utility systems business in Japan and the transportation systems business outside Japan.

The building systems business experienced an increase in orders, while sales remained unchanged compared to the previous fiscal year, owing to growth in the new installation of elevators and escalators outside Japan.

As a result, total sales for this segment increased by 3% from the previous fiscal year. Operating income decreased by ¥22.1 billion from the previous fiscal year due primarily to a shift in project portfolios and lower profit in the social infrastructure systems business.

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

Net sales	¥1,321.9 billion (up 3% YoY)	Operating income	¥159.1 billion (up ¥13.1 billion YoY)
Principal products (as of March 31, 2016): Programmable logic controllers, inverters, servomotors, human-machine interface, motors, hoists, magnetic switches, no-fuse circuit breakers, short-circuit breakers, transformers for electricity distribution, time and power meters, uninterruptible power supply, industrial fans, computerized numerical controllers, electrical discharge machines, laser processing machines, industrial robots, clutches, automotive electrical equipment, car electronics and car mechatronics, car multimedia, and others			

The factory automation systems business saw a decrease in orders from the previous fiscal year mainly due to stagnant capital expenditures in China and other emerging markets, while sales remained unchanged from the previous fiscal year due to growth in capital expenditures relating to the automotive industry and facility replacements by manufacturers in Japan, and due additionally to the weaker yen.

The automotive equipment business saw increases in both orders and sales from the previous fiscal year due primarily to growth in the car sales market in North America and Europe, as well as the positive influence of the weaker yen.

As a result, total sales for this segment increased by 3% from the previous fiscal year. Operating income increased by ¥13.1 billion from the previous fiscal year due primarily to an increase in sales.

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

Net sales	¥561.1 billion (unchanged YoY)	Operating income	¥14.9 billion (down ¥3.9 billion YoY)
Principal products (as of March 31, 2016): Wireless and wired communications systems, surveillance cameras, satellite communications equipment, satellites, radar equipment, antennas, missile systems, fire control systems, broadcasting equipment, data transmission devices, network security systems, information systems equipment, systems integration, and others			

The telecommunications equipment business remained unchanged in both orders and sales compared to the previous fiscal year.

The information systems and service business saw an increase in sales compared to the previous fiscal year, mainly owing to an increase in the system integrations business.

The electronic systems business saw an increase in orders compared to the previous fiscal year, due to an increase in orders for large-scale projects in the space business, while sales remained unchanged compared to the previous fiscal year due to a shift in the portfolios of large-scale projects in the defense systems business.

As a result, total sales for this segment remained unchanged compared to the previous fiscal year. Operating income decreased by ¥3.9 billion from the previous fiscal year due primarily to a shift in project portfolios.

### ***Electronic Devices***

Net sales	¥211.5 billion (down 11% YoY)	Operating income	¥16.8 billion (down ¥13.2 billion YoY)
Principal products (as of March 31, 2016): Power modules, high-frequency devices, optical devices, LCD devices, and others			

The electronic devices business saw decreases in both orders and sales from the previous fiscal year due to a decrease in demand mainly for power modules used in automotive, railcar, consumer and industrial applications, despite an increase in optical communication devices.

As a result, total sales for this segment decreased by 11% compared to the previous fiscal year. Operating income decreased by ¥13.2 billion compared to the previous fiscal year due primarily to a decrease in sales.

### ***Home Appliances***

Net sales	¥982.0 billion (up 4% YoY)	Operating income	¥63.8 billion (up ¥9.5 billion YoY)
Principal products (as of March 31, 2016): LCD televisions, room air conditioners, package air conditioners, air-to-water heat pump boilers, refrigerators, electric fans, ventilators, photovoltaic systems, hot water supply systems, LED lamps, fluorescent lamps, indoor lighting, compressors, chillers, dehumidifiers, air purifiers, showcases, cleaners, jar rice cookers, microwave ovens, IH cooking heaters, and others			

The home appliances business saw an increase in sales of 4% compared to the previous fiscal year due to an increase in sales of residential and industrial air conditioners in Japan, as well as air conditioners for Europe, Asia and North America. The weaker yen also brought about a positive influence.

Operating income increased by ¥9.5 billion compared to the previous fiscal year largely due to an increase in sales.

### ***Others***

Net sales	¥707.7 billion (down 4% YoY)	Operating income	¥23.6 billion (down ¥0.1 billion YoY)
Principal products (as of March 31, 2016): Procurement, logistics, real estate, advertising, finance, and other services			



Sales decreased by 4% compared to the previous fiscal year due to decreases mainly at affiliated companies involved in materials procurement.

Operating income decreased by ¥0.1 billion from the previous fiscal year due primarily to a decrease in sales.

## 2. Capital Expenditures

During fiscal 2016, the Mitsubishi Electric Group invested a total of ¥212.5 billion, up 3% compared to the previous fiscal year, in order to realize its growth strategies and increase profitability in line with its policy of improving performance by implementing the Balanced Corporate Management Policy while pursuing further growth.

Principal capital expenditures per segment are as follows:

Segment	Amount (Billions of Yen)	Major Projects Completed within Consolidated Basis Fiscal 2016	Major Ongoing Projects within Consolidated Basis Fiscal 2016
Energy and Electric Systems	35.2	Mitsubishi Electric Shanghai Electric Elevator Co., Ltd. China-based new factory building	Kobe Region New factory for control panel
Industrial Automation Systems	75.0	Mitsubishi Electric Automotive (China) Co., Ltd. China-based production facilities for ignition coils —streamlining manufacturing systems	Nagoya Works FA Development Center No.2
Information and Communication Systems	22.3	Kamakura Works Production facilities for automotive millimeter-wave radar—reinforcing manufacturing systems	Kamakura Works, Sagami Factory New satellite equipment production laboratory building
Electronic Devices	17.1	Power Device Works 7th generation wafer processing technology —streamlining manufacturing systems	Power Device Works Production facilities for DIPM—streamlining manufacturing systems
Home Appliances	45.9	Air-Conditioning & Refrigeration Systems Works Engineering laboratory building	Shizuoka Works Air conditioners R&D assessment laboratory building
Others	17.0	Advanced Technology R&D Center New experiment laboratory building	Mitsubishi Electric Logistics Corporation Kyushu Logistics Center Warehouse No.2

## 3. Research and Development

As the cornerstone of its growth strategy, the Mitsubishi Electric Group strategically increased its investment in future oriented development aimed at sustainable growth, in addition to its short- to medium-term R&D themes. It will contribute to the creation of a richer future by focusing its efforts on R&D that support an even higher level of growth. Representative achievements in fiscal 2016 are as follows.

### **Development of Air Conditioner with Personal Twin Flow**

Mitsubishi Electric Corporation has developed the world's first\* air conditioner with Personal Twin Flow, featuring two independent-driven left and right fans.

Move Eye KIWAMI, with its new independently driven left and right side fans and its improved sensing resolution, creates separate temperature spaces tailored to the preferences of different people in the same room, providing both a high level of comfort while reducing energy consumption. It adopts a simple design that harmonizes with room interiors, based on the concept of "changing the atmosphere of living rooms with a single air conditioner."

Mitsubishi Electric Corporation will continue to develop air conditioners that create refined living spaces.

\*As of October 30, 2015. World's first for air conditioner indoor units for domestic use (survey conducted by Mitsubishi Electric Corporation).

### **Development of SeaAerial Seawater Antenna**

Mitsubishi Electric Corporation has developed an innovative antenna system, called SeaAerial, which shoots a column of seawater into the air to create a conductive plume for the transmission and reception of radio-frequency waves.

The system can be easily implemented offshore or along shorelines. SeaAerial is thought to be the world's first seawater antenna capable of receiving digital terrestrial broadcasts for normal viewing.

The company will develop new businesses leveraging its compact size, such as using it as a substitute in the event of disasters or other situations in which conventional large-scale antennas cannot be used.

\*As of January 27, 2016 (survey conducted by Mitsubishi Electric Corporation)

### **Development of Air-Quality Sensor Capable of High-Precision Detection of PM2.5<sup>\*1</sup> Density**

Mitsubishi Electric Corporation has developed a small, high-precision air-quality sensor that can detect the density of PM2.5 using laser beams.

This sensor uses a unique design that ensures stable air flow volume and laser beam paths to achieve high sensor accuracy and a compact design. It is the world's first<sup>\*2</sup> sensor able to distinguish PM2.5 particles as well as pollen and dust.

By accurately assessing the density of fine particles suspended in the air, it will contribute to creating environments with cleaner air.

\*1 All fine particles measuring no more than 2.5 micrometers in diameter. (1 micrometer is 1/1000 millimeter)

\*2 As of February 8, 2016 (survey conducted by Mitsubishi Electric Corporation)

### **Development of Searchable Encryption Technology**

Mitsubishi Electric Corporation has developed the first\* string-searchable encryption software that enables both partial-match searching of encrypted data without decryption in cloud services and access control to ensure information security.

Mitsubishi Electric Corporation has made it possible to perform both exact

and partial-match searches on encrypted data without decryption, ensuring a high level of safety while making it possible to easily retrieve information even using simple search strings.

This technology will contribute to better security measures which protect confidential information and privacy using encryption while offering greater convenience to those performing searches.

\*As of February 4, 2016 (survey conducted by Mitsubishi Electric Corporation)

## **4. Topics**

### **Development of EMIRAI3 xAUTO Automated Driving Concept Car**

In October 2015, Mitsubishi Electric Corporation exhibited its newly developed EMIRAI3 xAUTO, an active safety (automated driving) concept car at Tokyo Motor Show 2015. This concept car uses active safety technologies, combining our technical strengths, to provide the safety and comfort needed for the cars of the future. Mitsubishi Electric Corporation will continue to engage in further R&D of active safety technologies that support automated driving, such as sensor technologies, artificial-intelligence technologies, high-accuracy positioning technologies, and high-precision vehicle-motion control technologies, to achieve safe, comfortable automated driving.

### **Opening of Transportation-systems Factory for Rolling Stock Equipment in India**

In November 2015, the new factory for electrical equipment for rolling stock went into operation in Bengaluru, in the Indian state of Karnataka. Operations of this plant will meet the needs of large-scale projects such as subway and train projects in India, where rail infrastructure demand is growing, and further reinforce maintenance operations. Mitsubishi Electric Corporation aims to expand annual revenue of transportation-systems business in Indian market to ¥20 billion scale in fiscal 2021, which is double that of fiscal 2015.

### **Opening of Mitsubishi Electric's METoA Ginza Event Space**

In March 2016, the Mitsubishi Electric Group opened METoA Ginza, an event space where visitors can easily experience the technologies and services of the Mitsubishi Electric Group, in Tokyu Plaza Ginza, located in Ginza, Tokyo. Led by the concepts of “seeing,” “feeling,” and “experiencing,” METoA Ginza will use hands-on events in its event and gallery space, and collaborations with cafe restaurant, to stimulate greater interest in the Mitsubishi Electric Group, increasing corporate value by imparting a greater understanding.

## 5. Corporate Agenda

Despite global business conditions facing concerns of a gradual economic slowdown in China, continued economic stagnation in some emerging markets as well as stagnation in consumption in the Japanese market, a continued gradual trend of economic expansion is expected mainly in the U.S. and Europe. However, it will not necessarily be possible to adopt an optimistic outlook regarding business performance due to concerns primarily of the yen continuing to strengthen.

In order to pursue sustainable growth based on the Mitsubishi Electric Group's threefold balanced management policy of "Growth," "Profitability & Efficiency" and "Soundness," the Group will make resilient businesses even stronger, create strong businesses and strengthen its solutions business that take root in its vibrant businesses, and achieve a higher level of growth with targets of consolidated net sales of 5 trillion yen or more and an operating income ratio of 8% or more by fiscal 2021 at the latest. Also, the Group will continue to aim on achieving management targets of an ROE of 10% or more and a ratio of interest-bearing debt to total assets of 15% or less as before.

To further expand its global business, the Mitsubishi Electric Group will make efforts to create new value by building and reinforcing an optimal business structure and through cooperation between business segments, in both global terms and for the entire corporate Group. Moreover, as a global, leading green company, the Group will further expand and promote its environment and energy related business and its social infrastructure systems related business, while reinforcing competitiveness in the U.S., Europe and China and also focusing on meeting demands in growing markets such as India, Southeast Asia and Central and South America.

Additionally, as part of its initiative to strengthen its business foundation that is to realize high-quality growth, the Group will make efforts—centered on growth-driving businesses—to supplement products and technologies and secure sales and services networks in new regions and markets, and take part in mergers and acquisitions, collaborations and other strategic activities with the goal of acquiring new customer bases, while reinforcing investments in development and infrastructure. Furthermore, the Group will achieve steady growth by reinforcing resource inputs and optimizing resource distribution through continuous metabolism of its business. With an objective of strengthening its integrated "craftsmanship," the Group will strengthen its development and productivity, and continue to streamline its productivity with measures such as Just-in-Time production. From the very first stages of design and development, the Mitsubishi Electric Group will strengthen activities that contribute to an emphasis on quality. The Group will utilize and optimally deploy human resources to enhance competitiveness, and engage in activities such as streamlining its human resources structure. The Group also intends to improve its financial standing and improve its comprehensive business efficiency from a medium and long term perspective, using Mitsubishi Electric's version of ROIC<sup>1</sup>, a comprehensive business efficiency indicator.

The Mitsubishi Electric Group is committed to enhancing Corporate Social Responsibility (CSR) activities based on the Corporate Mission<sup>2</sup> and Seven Guiding Principles<sup>3</sup>. In terms of legal and ethical compliance, which the Group has set as a priority task spanning the entire consolidated Mitsubishi Electric Group, the Group as a whole will further strengthen its compliance structure through intensive

compliance policy, internal control measures and internal training. The Group intends to improve its corporate governance structure through continuous promotion of measures such as compliance with Japan's Corporate Governance Code. The Group will also promote environmental initiatives to create a low-carbon and recycling-based society in order to acquire a higher level of trust from society, customers and shareholders.

Steadily executing the strategies above, the Mitsubishi Electric Group will work to further enhance its corporate value. Looking ahead, the Group asks for the understanding and support of all its stakeholders.

<sup>1</sup> ROIC (Mitsubishi Electric version): A comprehensive business efficiency indicator which is calculated by asset items (fixed assets, cash, etc.) per different segments (and not by capital and liability) so that it is easier to track and improve.

<sup>2</sup> 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.

<sup>3</sup> These principles are:

Trust: Establish relationships with society, customers, shareholders, employees, and business partners based on strong mutual trust and respect.

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

Technology: Pioneer new markets by promoting research and development, and fostering technological innovation.

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

Ethics and Compliance: In all endeavors, conduct ourselves in compliance with applicable laws and high ethical standards.

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

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

## 6. Trends in Operating Results and Financial Condition

(Billions of yen, except net income per share data)

### (1) The Mitsubishi Electric Group (Consolidated)

	142nd Period Fiscal 2013	143rd Period Fiscal 2014	144th Period Fiscal 2015	145th Period Fiscal 2016
Net sales	3,567.1	4,054.3	4,323.0	4,394.3
Operating income	152.0	235.1	317.6	301.1
Income before income taxes	65.1	248.9	322.9	318.4
Net income	69.5	153.4	234.6	228.4
Net income per share	¥32.38	¥71.49	¥109.32	¥106.43
Total assets	3,410.4	3,612.9	4,059.4	4,059.9

Note: The data contained in the above chart is drawn from the Mitsubishi Electric Group's consolidated financial statements prepared in accordance with U.S. accounting standards.

(2) Mitsubishi Electric Corporation (Non-Consolidated)

	142nd Period Fiscal 2013	143rd Period Fiscal 2014	144th Period Fiscal 2015	145th Period Fiscal 2016
Net sales	2,236.0	2,480.5	2,675.6	2,675.7
Ordinary income	60.5	127.4	171.4	185.7
Net income	18.5	100.3	135.2	163.8
Net income per share	¥8.66	¥46.73	¥63.00	¥76.31
Total assets	2,255.6	2,421.6	2,705.8	2,718.0

7. Principal Offices (As of March 31, 2016)

(1) Mitsubishi Electric Corporation

1. Head Office: Tokyo

2. Marketing Bases:

Branch Name	Location (Prefecture)	Branch Name	Location (Prefecture)
Hokkaido Branch Office	Hokkaido	Chubu Branch Office	Aichi
Tohoku Branch Office	Miyagi	Kansai Branch Office	Osaka
Kanetsu Branch Office	Saitama	Chugoku Branch Office	Hiroshima
Kanagawa Branch Office	Kanagawa	Shikoku Branch Office	Kagawa
Hokuriku Branch Office	Ishikawa	Kyushu Branch Office	Fukuoka

3. Research Laboratories

Laboratory Name	Location (Prefecture)	Laboratory Name	Location (Prefecture)
Information Technology R&D Center	Kanagawa	Manufacturing Engineering Center	Hyogo
Industrial Design Center	Kanagawa	Advanced Technology R&D Center	Hyogo
Living Environment Systems Laboratory	Kanagawa	Automotive Electronics Development Center	Hyogo
Design Systems Engineering Center	Hyogo		

#### 4. Manufacturing Facilities

Business Segment	Facility Name	Location (Prefecture)
Energy and Electric Systems	Inazawa Works	Aichi
	Itami Works	Hyogo
	Transmission & Distribution Systems Center	Hyogo
	Kobe Works	Hyogo
	Energy Systems Center	Hyogo
	Power Distribution Systems Center	Kagawa
	Nagasaki Works	Nagasaki
Industrial Automation Systems	Nagoya Works	Aichi
	Sanda Works	Hyogo
	Himeji Works	Hyogo
	Fukuyama Works	Hiroshima
Information and Communication Systems	Information Systems & Network Service Division	Kanagawa
	Kamakura Works	Kanagawa
	Communication Systems Center	Hyogo
	Communication Networks Center	Hyogo
Electronic Devices	High Frequency & Optical Device Works	Hyogo
	Power Device Works	Fukuoka
	LCD Division	Kumamoto
Home Appliances	Gunma Works	Gunma
	Shizuoka Works	Shizuoka
	Nakatsugawa Works	Gifu
	Kyoto Works	Kyoto
	Air-Conditioning & Refrigeration Systems Works	Wakayama

#### (2) Subsidiaries

Please refer to Section 11. Principal Subsidiaries.

#### 8. Employees (As of March 31, 2016)

Business Segment	Number of employees	Year-on-Year increase (decrease)
Energy and Electric Systems	43,864	1,141
Industrial Automation Systems	28,448	1,628
Information and Communication Systems	15,751	(6)
Electronic Devices	5,222	(21)
Home Appliances	25,204	2,667
Others	11,712	281
Common	4,959	221
Total	135,160	5,911

Notes: 1. Employees whose job and functions are not directly attributable to any of the aforementioned business segments are included in the line titled as “common”.

2. Breakdown of employees: 87,642 located in Japan; 47,518 located overseas.



## 9. Fund Raising

Mitsubishi Electric Corporation procured sufficient capital for growth and working capital by taking bank loans, while it repaid the borrowings reaching their maturities within the fiscal 2016.

As a result, the balance of interest-bearing debt as of the end of fiscal 2016 stood at ¥404.0 billion, an increase by ¥22.0 billion compared with the previous fiscal year.

## 10. Principal Lenders (As of March 31, 2016)

(Billions of yen)

Name of Lender	Outstanding Borrowings
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	81.2
Mitsubishi UFJ Trust and Banking Corporation	60.2
Meiji Yasuda Life Insurance Company	26.2
The Norinchukin Bank	25.1

## 11. Principal Subsidiaries (As of March 31, 2016)

### (1) Subsidiaries in Japan

Subsidiary Name	Business Segment	Paid-in capital (millions)	Owner -ship	Principal Business Activities	Location
Mitsubishi Electric Building Techno-Service Co., Ltd.	Energy and Electric Systems	¥5,000	100.0%	Sale, installation, maintenance and repair of the Company's elevators and escalators and other building equipment	Tokyo
Mitsubishi Electric Lighting Corporation	Home Appliances	¥3,790	100.0%	Manufacture and sales of lighting equipment, LED lamps, fluorescent lamps	Kanagawa
Mitsubishi Precision Co., Ltd.	Information and Communication Systems	¥3,170	67.1%	Manufacture and sale of simulators and precision electronic equipment	Tokyo
Mitsubishi Electric Life Service Corporation	Others	¥3,000	100.0%	Real estate trade, rental and intermediary services, operation and management of the Company-owned facilities for fringe benefits	Tokyo
Mitsubishi Electric Life Network Corporation	Home Appliances	¥2,800	100.0%	Sale of electric home appliance products	Kanagawa
The Kodensha Co., Ltd.	Others	¥1,520	50.5%	Contractor undertaking electrical construction, sale of the Company's products	Tokyo

## (2) Overseas Subsidiaries

Region	Subsidiary Name	Business Segment	Paid-in capital (millions)	Owner-ship	Principal Business Activities	Location
North America	Mitsubishi Electric US, Inc.	—	\$31.623	100.0%	Sale & distribution of Group products	United States
North America	Mitsubishi Electric Automotive America, Inc.	Industrial Automation Systems	\$28.00	100.0%	Manufacture and sale of automotive equipment	United States
North America	Mitsubishi Electric Power Products, Inc.	Energy and Electric Systems	\$25.85	100.0%	Manufacture, sale and engineering of various types of transformers, electric equipment for rolling stock and other products	United States
Asia	Mitsubishi Electric (Guangzhou) Compressor Co., Ltd.	Home Appliances	\$122.22	100.0%	Manufacture and sale of rotary compressors for air conditioners	China
Asia	Shanghai Mitsubishi Electric & Shangling Air-Conditioner and Electric Appliance Co., Ltd.	Home Appliances	\$58.00	52.4%	Manufacture and sale of air conditioners	China
Asia	Mitsubishi Elevator Asia Co, Ltd.	Energy and Electric Systems	1,151.5 Thai baht	100.0%	Manufacture and sale of elevators and escalators	Thailand
Europe	Mitsubishi Electric Europe B.V.	—	€100.596	100.0%	Sale and distribution of Group products	The Netherlands
Europe	Mitsubishi Electric Automotive Czech s.r.o.	Industrial Automation Systems	350.00 Czech Koruna	100.0%	Manufacture and sale of automotive equipment	Czech Republic
Europe	Vincotech Holdings Sa.r.l.	Electronic Devices	€0.036	100.0%	Development, manufacture and sale of industrial power devices	Luxemburg
Other	Mitsubishi Electric Australia Pty. Ltd.	—	11.00 Australian dollars	100.0%	Sale and distribution of Group products	Australia

Note Mitsubishi Electric US, Inc., Mitsubishi Electric Europe B.V. and Mitsubishi Electric Australia Pty. Ltd. sell and distribute the products produced by Mitsubishi Electric Corporation and/or the companies belonging to the Group, and marketed by multiple business segments.

## Number of Consolidated Subsidiaries

Region	Japan	Overseas					Total
		North America	Asia	Europe	Other	Subtotal	
Number	97	12	71	34	4	121	218

## II. Matters Related to Mitsubishi Electric Corporation

### 1. Matters Related to Shares (As of March 31, 2016)

- (1) Authorized shares: 8,000,000,000 shares  
 (2) Shares issued and outstanding 2,147,201,551 shares  
 (3) Number of shareholders 96,118  
 (4) Outstanding share information by shareholder category

Category	Number of Shareholders	Number of Shares Held (Thousand shares)	Percentage of Ownership
Government and municipal public organizations	1	1	0.0%
Financial institutions	194	896,374	41.7%
Traders of financial instruments	98	45,909	2.1%
Other corporations	1,324	134,315	6.3%
Foreign corporations <i>et al.</i>	811	777,449	36.2%
Individual <i>et al.</i>	93,690	293,152	13.7%

### (5) Principal shareholders (Top 10)

Shareholder	Holdings of the Company's Shares	
	Number of Shares Held (Thousand Shares)	Percentage of Ownership
The Master Trust Bank of Japan, Ltd. (Trust Account)	138,061	6.4%
State Street Bank and Trust Company	108,266	5.0%
Japan Trustee Services Bank, Ltd. (Trust Account)	106,124	4.9%
Meiji Yasuda Life Insurance Company	81,862	3.8%
Nippon Life Insurance Company	61,639	2.9%
Mitsubishi Electric Group Employees Shareholding Union	43,602	2.0%
JP Morgan Chase Bank 385632	41,759	1.9%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	36,822	1.7%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	35,595	1.7%
The Bank of New York Mellon SA/NV 10	32,515	1.5%

Note: Shareholder ratio calculations deduct 415,396 company-owned shares.

## 2. Members of the Board of Directors

(1) Directors (As of March 31, 2016)

1) Title, positions held and important concurrent posts of Directors

Title	Name	Positions Held	Important Concurrent Positions
Chairman	Kenichiro Yamanishi		Outside Director, TOYOTA INDUSTRIES CORPORATION
Director	Masaki Sakuyama		
Director	Hiroki Yoshimatsu	Chairman of the Audit Committee	
Director	Noritomo Hashimoto	Member of the Nomination Committee	
Director	Nobuyuki Okuma	Chairman of the Nomination Committee, Chairman of the Compensation Committee	
Director	Akihiro Matsuyama	Member of the Compensation Committee	
Director	Takashi Sasakawa	Member of the Audit Committee	
Outside Director	Mikio Sasaki	Member of the Compensation Committee	Senior Corporate Advisor, Mitsubishi Corporation Outside Director, Mitsubishi Motors Corporation Outside Director, Mitsubishi Research Institute, Inc. Outside Director, Tokio Marine Holdings, Inc.
Outside Director	Shigemitsu Miki	Member of the Nomination Committee, Member of the Audit Committee	Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Outside Director, Mitsubishi Logistics Corporation
Outside Director	Mitoji Yabunaka	Member of the Nomination Committee, Member of the Compensation Committee	Advisor, Nomura Research Institute, Ltd. Professor, Ritsumeikan University Outside Director, Kawasaki Kisen Kaisha, Ltd. Specially Appointed Professor, Osaka University Outside Director, Komatsu Ltd. Outside Director, Takasago Thermal Engineering Co., Ltd.
Outside Director	Hiroshi Obayashi	Member of the Nomination Committee, Member of the Audit Committee	Attorney-at-Law Outside Auditor, Daiwa Securities Co. Ltd. Outside Audit & Supervisory Board Member, NIPPON STEEL & SUMITOMO METAL CORPORATION Outside Auditor, Japan Tobacco Inc.
Outside Director	Kazunori Watanabe	Member of the Audit Committee, Member of the Compensation Committee	Certified Public Accountant Tax Accountant Outside Corporate Auditor, BELLSYSTEM24 Holdings, Inc.

- Notes:
1. Directors Masaki Sakuyama, Noritomo Hashimoto, Nobuyuki Okuma and Akihiro Matsuyama all concurrently serve as Executive Officers.
  2. Outside Director Kazunori Watanabe was newly elected to the Board of Directors at the Company's 144th General Meeting of Shareholders, which convened on June 26, 2015.
  3. Director Fujiatsu Makino left the Board of Directors on June 26, 2015, the date of the Company's 144th General Meeting of Shareholders and of the expiration of their terms of office.
  4. Mr. Hiroki Yoshimatsu, the Chairman of the Audit Committee, have many years of extensive experience in the Company's Corporate Accounting and Finance Division. Mr. Kazunori Watanabe, a member of the Audit Committee, is a certified public accountant with considerable knowledge and experience in the fields of finance and accounting.
  5. Mitsubishi Electric Corporation appointed Directors, namely, Messrs. Hiroki Yoshimatsu and Takashi Sasakawa as the Standing Members of the Audit Committee to attend important meetings such as Executive Officer meetings, collect information from Internal Auditors, conduct continuous and effective investigations such as interview with the execution divisions, and sufficiently cooperate with the divisions in charge of internal control.
  6. Mitsubishi Electric Corporation has filed a notification on the nomination of its five Outside Directors, namely, Messrs. Mikio Sasaki, Shigemitsu Miki, Mitoji Yabunaka, Hiroshi Obayashi and Kazunori Watanabe, as Independent Directors to the Tokyo Stock Exchange in accordance with its directives and on the grounds that these individuals' nomination is in conformity with the requirement of independency.  
Five Outside Directors, namely, Messrs. Mikio Sasaki, Shigemitsu Miki, Mitoji Yabunaka, Hiroshi Obayashi and Kazunori Watanabe, satisfies the requirement of independency guidelines of Outside Directors of the Company.
  7. Although the Company maintains business relationships with Mitsubishi Corporation, Mitsubishi Motors Corporation, Mitsubishi Research Institute, Inc., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi Logistics Corporation, Komatsu Ltd., Takasago Thermal Engineering Co., Ltd., Daiwa Securities Co. Ltd., and NIPPON STEEL & SUMITOMO METAL CORPORATION, it does not maintain special relationships with any of these companies that would conflict the interest of its shareholders.

## 2) Overview of the limited liability agreements

Mitsubishi Electric Corporation made and entered into agreements with three Directors, namely, Messrs. Kenichiro Yamanishi, Hiroki Yoshimatsu and Takashi Sasakawa, and five Outside Directors, namely, Messrs. Mikio Sasaki, Shigemitsu Miki, Mitoji Yabunaka, Hiroshi Obayashi and Kazunori Watanabe, to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act. Based on these agreements, the limit of liability is either ¥10 million or the minimum statutory amount, whichever is higher.

### 3) Principal activities of Outside Directors

Name	Principal Activities
Mikio Sasaki	100% (seven out of seven) attendance at Board of Directors' meetings. Primarily provides constructive comments relating to the management of the Company from the standpoint of a specialist in managing a general trading company.
Shigemitsu Miki	100% (seven out of seven) attendance at Board of Directors' meetings and 100% (seven out of seven) attendance at Audit Committee meetings. Primarily provides constructive comments related to the management of the Company from the standpoint of a banking specialist.
Mitoji Yabunaka	100% (seven out of seven) attendance at Board of Directors' meetings. Primarily provides constructive comments related to the management of the Company from the standpoint of a specialist in international affairs.
Hiroshi Obayashi	100% (seven out of seven) attendance at Board of Directors' meetings and 100% (seven out of seven) attendance at Audit Committee meetings. Primarily provides constructive comments related to the management of the Company from the standpoint of a legal affairs specialist as an attorney-at-law.
Kazunori Watanabe	100% (five out of five) attendance at Board of Directors' meetings and 100% (five out of five) attendance at Audit Committee meetings. Primarily provides constructive comments related to the management of the Company from the standpoint of a certified public accountant with specialist knowledge.

Note: Mitsubishi Electric Corporation held seven Board of Directors meetings during the fiscal year.

The status of attendance for Mr. Kazunori Watanabe is based on the number of Board of Directors meetings and Audit Committee meetings held after he assumed the office on June 26, 2015.

### (2) Executive Officers (As of March 31, 2016)

Title	Name	Positions Held
Representative Executive Officer President & CEO	Masaki Sakuyama	
Representative Executive Officer Senior Vice President	Hideyuki Okubo	In charge of Export Control, Total Productivity Management & Environmental Programs
Representative Executive Officer Senior Vice President	Yutaka Ohashi	In charge of Automotive Equipment
Senior Vice President	Noritomo Hashimoto	In charge of Corporate Strategic Planning, and Operations of Associated Companies
Senior Vice President	Yoshiaki Nakatani	In charge of Electronic Systems
Senior Vice President	Masayuki Ichige	In charge of Audit, Government & External Relations, and Public Relations
Executive Officer	Isao Iguchi	In charge of Advertising, Domestic Marketing
Executive Officer	Nobuyuki Okuma	In charge of Administration, and Human Resources
Executive Officer	Akihiro Matsuyama	In charge of Accounting and Finance
Executive Officer	Takashi Sakamoto	In charge of Purchasing
Executive Officer	Takahiro Kikuchi	In charge of Public Utility Systems
Executive Officer	Kenji Kondo	In charge of IT and Research & Development
Executive Officer	Nobuyuki Abe	In charge of Building Systems

Title	Name	Positions Held
Executive Officer	Katsuya Takamiya	In charge of Global Strategic Planning & Marketing
Executive Officer	Takaaki Kukita	In charge of Global Strategic Planning & Marketing
Executive Officer	Takeshi Sugiyama	In charge of Living Environment & Digital Media Equipment
Executive Officer	Nobushi Morooka	In charge of Legal Affairs & Compliance, Export Control, Licensing, and Intellectual Property
Executive Officer	Yasuyuki Ito	In charge of Energy & Industrial Systems
Executive Officer	Hideaki Nagatomo	In charge of Living Environment & Digital Media Equipment
Executive Officer	Toru Sanada	In charge of Semiconductor & Device
Executive Officer	Takashi Nishimura	In charge of Communication Systems
Executive Officer	Shinya Fushimi	In charge of Information Systems & Network Service
Executive Officer	Kei Uruma	In charge of Factory Automation Systems

- Notes: 1. Representative Executive Officer, President & CEO Masaki Sakuyama, Senior Vice President Noritomo Hashimoto, and Executive Officers Nobuyuki Okuma and Akihiro Matsuyama also serve concurrently as Directors.
2. The category, Important Concurrent Positions, does not apply to all 23 Executive Officers.
3. Of those listed above, Senior Vice President Noritomo Hashimoto, Senior Vice President Yoshiaki Nakatani, Senior Vice President Masayuki Ichige and Executive Officer Takaaki Kukita retired upon the expiration of their terms of office on March 31, 2016.
4. Executive Officers as of April 1, 2016 are as follows:

Title	Name	Positions Held
Representative Executive Officer President & CEO	Masaki Sakuyama	
Representative Executive Officer Executive Vice President	Hideyuki Okubo	In charge of Export Control, Total Productivity Management & Environmental Programs
Representative Executive Officer Executive Vice President	Yutaka Ohashi	In charge of Corporate Strategic Planning, and Operations of Associated Companies
Senior Vice President	Isao Iguchi	In charge of Automotive Equipment
Senior Vice President	Nobuyuki Okuma	In charge of Audit, Administration, Human Resources, and Legal Affairs & Compliance
Senior Vice President	Akihiro Matsuyama	In charge of Accounting and Finance
Senior Vice President	Kenji Kondo	In charge of IT and Research & Development
Senior Vice President	Takeshi Sugiyama	In charge of Living Environment & Digital Media Equipment
Executive Officer	Takashi Sakamoto	In charge of Purchasing
Executive Officer	Takahiro Kikuchi	In charge of Public Utility Systems
Executive Officer	Nobuyuki Abe	In charge of Building Systems
Executive Officer	Katsuya Takamiya	In charge of Global Strategic Planning & Marketing
Executive Officer	Nobushi Morooka	In charge of Government & External Relations, Public Relations and Export Control
Executive Officer	Yasuyuki Ito	In charge of Energy & Industrial Systems

Title	Name	Positions Held
Executive Officer	Hideaki Nagatomo	In charge of Living Environment & Digital Media Equipment
Executive Officer	Toru Sanada	In charge of Semiconductor & Device
Executive Officer	Takashi Nishimura	In charge of Communication Systems
Executive Officer	Shinya Fushimi	In charge of Information Systems & Network Service
Executive Officer	Kei Uruma	In charge of Factory Automation Systems
Executive Officer	Hisashi Kato	In charge of Licensing, and Intellectual Property
Executive Officer	Minoru Hagiwara	In charge of Advertising, and Domestic Marketing
Executive Officer	Masamitsu Okamura	In charge of Electronic Systems

### (3) Directors' and Executive Officers' Compensation (Millions of yen)

	Number Receiving Payment	Compensation Amount
Directors	3	191
Outside Directors	6	66
Executive Officers	23	2,876

Notes: 1. The number of Directors receiving compensation does not include Outside Directors or Directors who concurrently hold posts as Executive Officers.

2. Regarding three Executive Officers who assumed the office in the 144th fiscal year, there was a difference amounting to ¥41 million between the total compensation disclosed for the previous fiscal year and the compensation paid during fiscal 2016. Said difference was not included in the amount disclosed above.

### (4) The Policy for Determining Compensation for Directors and Executive Officers

#### 1) Basic Policies

- i. As a Company with a Three-committee System, the Company segregates the supervisory function and the execution function of management. The supervisory function of management is assigned to the Board of Directors and the execution function of management is assigned to the Executive Officers. The compensation scheme for Directors and the compensation scheme for the Executive Officers will be set differently, corresponding to the contents and responsibilities of each of the duty and position.
- ii. Directors give advice to and supervise the Company's management from an objective point of view, and therefore, the basic policy of the compensation scheme for Directors is the payment of fixed-amount compensation and the retirement benefit upon resignation.
- iii. The compensation scheme for the Executive Officers focuses on incentives for the realization of management policies and the improvement of business performance, and performance-based compensation will be paid in addition to the payment of fixed-amount compensation and the retirement benefit upon resignation, based on the following basic policies:
  - a. The compensation scheme should raise awareness of the contribution to



- the improvement of the mid- and long-term business performance, and to the enhancement of the Group's corporate value.
- b. The compensation scheme should be closely linked with the company's performance and be highly transparent and objective.
  - c. The compensation scheme should mainly aim at sharing of interest with shareholders and raising management awareness which places importance on the interest of shareholders.
- iv. In order to introduce from the outside objective points of view and specialized knowledge about the executive compensation scheme, the Company will employ external compensation consultants, and deliberate the compensation level, compensation scheme, etc. with the support of such consultants, taking into consideration external data concerning compensation in major Japanese corporations developing their businesses globally, the domestic economic environment, industry trends, management conditions, etc.
- 2) The System and the Policy for Determining Compensation for Directors and Executive Officers.
- i. Compensation for Directors:
    - a. A fixed amount of compensation shall be set at a level considered reasonable, while taking into account the contents of the Directors' duties and the Company's conditions, etc.
    - b. The amount of the retirement benefit will be decided on the basis of the monthly amount of compensation and the number of service years, etc.
  - ii. Compensation for Executive Officers:
    - a. A fixed amount of compensation shall be set at a level considered reasonable, while taking into account the contents of the Executive Officer's duties and the Company's conditions, etc.
    - b. The level of performance-based compensation will be decided while taking into account the consolidated business performance and the performance of the business to which the respective Executive Officer is assigned, etc. With the purposes of meshing the interest of shareholders with the Executive Officers and further raising management awareness that places importance on the interest of shareholders, and increasing the incentives for the improvement of business performance from the mid- and long-term perspectives, 50% of performance-based compensation will be paid in the form of shares. The Company sets a rule that, when the Executive Officers acquire the Company shares as a part of compensation, they are required to continue the shareholding until 1 year has passed from resignation.

- c. The amount of the retirement benefit will be decided on the basis of the monthly amount of compensation and the number of service years, etc.

### 3. Status of the Independent Auditor

(1) Name of the Independent Auditor

KPMG AZSA LLC

(2) Compensation Paid to the Independent Auditor in Fiscal 2016

(Millions of yen)

	Payment
1) Compensation and other payments to the Independent Auditor by Mitsubishi Electric Corporation	264
2) A total of financial returns payable on monetary and other assets by Mitsubishi Electric Corporation and its subsidiaries	582

- Notes: 1. In its auditing agreements with independent auditors, the Company makes no distinction between compensation for audits as defined by the Companies Act or for audits as defined under the Financial Instruments and Exchange Law. The total of compensation for such audits is included in 1) in the above table.
2. Aside from audit work defined in Article 2, Paragraph 1 of the Certified Public Accountant Law, Mitsubishi Electric Corporation has paid the Independent Auditor a fee for advisory services related to assessment of the Company's accounting operations.
3. Ten of the Company's principal subsidiaries have been audited by audit corporations (or accounting firms) other than the Independent Auditor retained by Mitsubishi Electric Corporation. Accounting firms in alliance with the Independent Auditor retained by Mitsubishi Electric Corporation audited nine out of such ten subsidiaries.
4. Audit Committee determined that the compensation for Independent Auditors were legitimate and agreed to the amount, as it was based on the estimated audit hours taking into account the audit policies and plans for the fiscal 2016, which were confirmed with the Independent Auditors, and as the compensation unit price was a reasonable amount.

(3) Policy on Dismissal or Non-Reappointment of the Independent Auditor

1) The Independent Auditor may be dismissed in the event that it:

- a. Commits any breach or omission of due fulfillment of the responsibilities of its work;
- b. Acts in a manner that is inappropriate for an independent auditor; or,
- c. Is involved in any sort of incident or activity that is deemed to fall within the scope of (a) and (b) above.

2) In addition to the event as contemplated in 1) above, for such reasons as (but not limited to) amelioration of the audit quality, the Company may opt, as necessary, not to renew the retention or appointment of the Independent Auditor.

#### **4. Summary of Systems Necessary to Ensure the Properness of Operations of the Company and the Status of Management**

(1) For the execution of the duties of the Audit Committee, its independence is secured by assigning employees whose job is exclusively to assist the Audit Committee members. In addition, internal regulations regarding the processing of expenses and debts incurred in the execution of the duties of the Audit Committee members are established and such expenses and debts are properly processed.

A system for reporting to the Audit Committee is developed to report information about the Company and its subsidiaries to the Audit Committee via the divisions in charge of internal control and an internal whistle-blower system is developed and its details are reported to the Audit Committee members.

Furthermore, the Audit Committee members attend important meetings including Executive Officer meetings and conduct investigations such as interviews with Executive Officer and the executives of the Company's offices and subsidiaries, and undertake deliberations to determine audit policies, methods, implementation status, and results of the audit by regularly receiving reports from the Independent Auditor and Executive Officers in charge of audits.

(2) Internal regulations and systems to ensure the properness of operations within the Mitsubishi Electric Group are established. Executive Officers take responsibility for constructing such systems within the areas over which they are appointed. Important matters are deliberated by convening Executive Officer meetings.

Executive Officers regularly monitor the status of management of the systems. The divisions in charge of internal control monitor the status of design and management of internal control system and regulations. Also an internal whistle-blower system is established and the matters reported thereto are informed to the Audit Committee members.

Furthermore, the status of management of the system is audited by internal auditors, and the audit results are reported regularly to the Audit Committee via Executive Officers in charge of audit.

Details of this section are posted on the Company's Website (<http://www.MitsubishiElectric.com/company/ir/library/>).

#### **5. Basic Policy Regarding Control over the Company**

At present, Mitsubishi Electric Corporation has not formulated basic policies or anti-takeover measures.

The Company aims to further enhance corporate value in incessant pursuit of growth and *better-than-ever* business results. Through proactive IR activities, Mitsubishi Electric Corporation endeavors to convey timely information to investors and financial markets, regarding the Company's management policies, strategies and business results.

However, due to the possibility that large volumes of shares may be purchased, Mitsubishi Electric Corporation believes it is necessary to take appropriate steps in response to any action not in conformity with the objective of enhancing the Company's corporate value, or in contrary to the common interest of shareholders. Looking forward, the Company will maintain a careful watch over social trends and examine avenues of action.

## **6. Policy on the Determination of Dividends from Surplus**

### **(1) Medium- to long-term policy**

Mitsubishi Electric Corporation shall remain focused on enhancing corporate value as its ultimate objective. The Company aims to maintain a balance between distributing profits that reflect earnings conditions for the respective fiscal year and strengthening its financial standings by improving internal reserves. From this perspective, Mitsubishi Electric's fundamental policy is to improve overall shareholder returns.

### **(2) Dividends for the fiscal year ended March 31, 2016**

In the fiscal year ended March 31, 2016, Mitsubishi Electric Corporation decided to pay a fiscal year-end dividend of ¥18 per share in line with its performance and financial standing during the fiscal period.

As a result, the annual dividend for the fiscal year ended March 31, 2016, amounted to ¥27 per share, which includes an interim dividend of ¥9 per share paid on December 2, 2015.

Note: Fiscal year-end dividends will be paid on Thursday, June 2, 2016.

# CONSOLIDATED BALANCE SHEET

(March 31, 2016)

(Millions of yen)

Assets		Liabilities	
Current assets:	2,551,863	Current liabilities:	1,507,943
Cash and cash equivalents	574,170	Bank loans and current portion of long-term debt	116,532
Trade receivables	1,035,168	Trade payables	773,714
Inventories	644,127	Other current liabilities	617,697
Other current assets	298,398	Long-term debt	287,507
Long-term trade receivables	4,661	Retirement and severance benefits	229,750
Investments	537,706	Other liabilities	97,238
Net property, plant and equipment	712,599	<b>Total liabilities</b>	<b>2,122,438</b>
Other assets	253,112	<b>Equity</b>	
		Mitsubishi Electric Corp. shareholders' equity:	1,838,773
		Common stock	175,820
		Capital surplus	211,999
		Retained earnings	1,502,027
		Accumulated other comprehensive income (loss)	(50,699)
		Treasury stock, at cost	(374)
		Noncontrolling interests	98,730
		<b>Total equity</b>	<b>1,937,503</b>
<b>Total assets</b>	<b>4,059,941</b>	<b>Total liabilities and equity</b>	<b>4,059,941</b>

# CONSOLIDATED STATEMENT OF INCOME

(April 1, 2015 to March 31, 2016)

(Millions of yen)

Net sales	4,394,353
Cost of sales	3,071,435
Selling, general and administrative expenses	1,013,264
Loss on impairment of long-lived assets	8,482
Operating income	301,172
Non-operating incomes:	
Interest and dividends	8,573
Equity in earnings of affiliated companies	29,433
Other	22,570
	60,576
Non-operating expenses:	
Interest	3,495
Other	39,777
	43,272
Income before income taxes	318,476
Income taxes	77,046
Net income	241,430
Net income attributable to noncontrolling interests	12,936
Net income attributable to Mitsubishi Electric Corp.	228,494

[Reference]

## CONSOLIDATED STATEMENT OF CASH FLOWS

(April 1, 2015 to March 31, 2016)

(Millions of yen)

Cash flows from operating activities	366,677
Cash flows from investing activities	(255,443)
Free cash flow	111,234
Cash flows from financing activities	(82,144)
Effect of exchange rate changes on cash and cash equivalents	(23,437)
Net increase in cash and cash equivalents	5,653

# BALANCE SHEET

(March 31, 2016)

(Millions of yen)

Assets		Liabilities	
Current assets:	1,518,240	Current liabilities:	1,303,236
Cash and cash equivalents	265,551	Electronically recorded obligations - operating	131,812
Notes receivable	661	Trade accounts payable	340,522
Accounts receivable	762,156	Short-term loans payable	391,641
Finished goods	69,165	Lease obligation	3,305
Raw materials	33,350	Other accounts payable	137,392
Work in process	150,482	Accrued expenses	88,302
Advance payments	41,400	Income taxes payable	1,819
Deferred tax assets	56,449	Advances received	92,429
Other	139,109	Reserve for product warranties	44,732
Allowance for doubtful accounts	(86)	Reserve for loss on construction contracts	44,236
Noncurrent assets:	1,199,766	Other	27,041
Property, plant and equipment	358,852	Noncurrent liabilities:	444,571
Buildings, net	163,084	Bonds payable	40,000
Structures, net	10,205	Long-term loans payable	329,430
Machinery and equipment, net	78,661	Lease obligations	6,397
Vehicles, net	403	Reserve for retirement benefits	38,420
Tools, furniture and fixtures, net	25,849	Reserve for loss on investments in foreign subsidiaries and affiliates	6,039
Land	47,235	Reserve for directors' retirement benefits	1,258
Lease assets, net	5,851	Reserve for competition-law-related expenses	11,491
Construction in progress	27,560	Asset retirement obligations	418
Intangible fixed assets	22,637	Other	11,114
Software	22,174		
Other	462	Total liabilities	1,747,808
Investments and other assets	818,276	Net assets	
Investment in securities	235,906	Shareholders' equity:	890,668
Investment in subsidiaries and affiliates	401,585	Common stock	175,820
Long-term loans receivable	41,069	Capital surplus	181,320
Long-term prepaid expenses	3,734	Legal capital surplus	181,140
Deferred tax assets	27,964	Other capital surplus	180
Other	114,276	Retained earnings	533,900
Allowance for doubtful accounts	(6,259)	Legal retained earnings	43,955
		Other retained earnings	489,945
		Reserve for special depreciation	754
		Reserve for reduction entry	8,696
		General reserve	180,000
		Retained earnings brought forward	300,494
		Treasury stock	(374)
		Valuation and translations adjustments:	79,531
		Unrealized gains (losses) on securities	79,549
		Deferred gains or losses on hedges	(18)
		Total net assets	970,199
Total assets	2,718,007	Total liabilities and net assets	2,718,007



# STATEMENT OF INCOME

(April 1, 2015 to March 31, 2016)

(Millions of yen)

Net sales		2,675,749
Cost of sales		2,075,361
Gross profit		600,387
Selling, general and administrative expenses		488,315
Operating income		112,071
Non-operating incomes		
Interest and dividends	103,661	
Other	14,127	117,789
Non-operating expenses		
Interest	4,725	
Other	39,374	44,099
Ordinary income		185,761
Extraordinary loss		
Loss on impairment	3,544	3,544
Income before income taxes		182,216
Income taxes-current		1,669
Income taxes-deferred		16,717
Net income		163,829

## Independent Auditor's Report

April 26, 2016

Masaki Sakuyama  
President and CEO  
Mitsubishi Electric Corporation

KPMG AZSA LLC

Hiroto Kaneko (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Kenji Tanaka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Terukazu Nagamine (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of equity and the related notes of Mitsubishi Electric Corporation as at March 31, 2016 and for the year from April 1, 2015 to March 31, 2016 in accordance with Article 444-4 of the Companies Act.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120, Paragraph 1 of the Ordinance of Company's Accounting, which is applied mutatis mutandis pursuant to Article 120-3-3 of the same Ordinance, that prescribes some omissions of disclosure items required under U.S. generally accepted accounting principles (see note to consolidated financial statements 1.(1) Basis of Preparation of Consolidated Financial Statements), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the

purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the second sentence of Article 120, Paragraph 1 of the Ordinance of Company's Accounting, which is applied mutatis mutandis pursuant to Article 120-3-3 of the same Ordinance, that prescribes some omissions of disclosure items required under U.S. generally accepted accounting principles (see note to consolidated financial statements 1.(1) Basis of Preparation of Consolidated Financial Statements), present fairly, in all material respects, the financial position and the results of operations of Mitsubishi Electric Corporation and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared.

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## Audit Committee Report on Consolidated Financial Statements

The Audit Committee has audited the consolidated balance sheets, the consolidated statements of income, the consolidated statements of shareholders' equity and the notes to consolidated financial statements (hereinafter "financial statements") for the 145th fiscal period (April 1, 2015 to March 31, 2016). A report covering the methodology and findings of the audit follows.

### 1. Methodology and Scope of Audit:

The Company's Audit Committee received reports from Executive Officers and others in accordance with policies and duties established by the Audit Committee concerning the consolidated financial statements and other documentation. Where necessary, the Committee sought clarification on these matters. In addition to monitoring and examining the activities of the Independent Auditor to ensure that it maintains its independent position and that it conducts its auditing duties properly, the Audit Committee received reports from the Independent Auditor regarding the status of its activities and sought explanations where necessary. Furthermore, the Independent Auditor notified the Committee that it was adhering to "Quality Management Standards Regarding Audits" (Business Accounting Council of the Financial Services Agency, October 28, 2005) as it worked to improve its system "to ensure that its duties are properly executed," as stipulated in Article 131 of the "Company Accounting Regulations." The Committee sought explanations where necessary.

Based upon the above methods, the Audit Committee carefully examined the consolidated financial statements for the fiscal year ended March 31, 2016.

### 2. Audit Results:

The procedures and report of the audit by the independent auditor, KPMG AZSA LLC, are adequate.

April 27, 2016

The Audit Committee  
Mitsubishi Electric Corporation

Hiroki Yoshimatsu, Committee Member (Standing)  
Takashi Sasakawa, Committee Member (Standing)  
Shigemitsu Miki, Committee Member  
Hiroshi Obayashi, Committee Member  
Kazunori Watanabe, Committee Member

Note: Shigemitsu Miki, Hiroshi Obayashi and Kazunori Watanabe are Outside Directors as prescribed under Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

## Independent Auditor's Report

April 26, 2016

Masaki Sakuyama  
President and CEO  
Mitsubishi Electric Corporation

KPMG AZSA LLC

Hiroto Kaneko (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Kenji Tanaka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Terukazu Nagamine (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Mitsubishi Electric Corporation as at March 31, 2016 and for the year from April 1, 2015 to March 31, 2016 in accordance with Article 436-2-1 of the Companies Act.

### **Management's Responsibility for the Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Mitsubishi Electric Corporation for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## Audit Committee Report

The Audit Committee has conducted audits of the Directors and Executive Officers of the Company with regard to their performance of duties during the 145th fiscal period (April 1, 2015 to March 31, 2016). A report covering the methodology and findings of the audit follows.

### 1. Methodology and Scope of Audit

The Company's Audit Committee monitored and examined the content of resolutions of the Board of Directors related to matters set forth in Article 416, Paragraph 1, Item 1, Sections 2 and 5 of the Companies Act, as well as the structure of the Company's internal control system as set forth in the aforementioned resolutions. To this end, the Audit Committee received periodic reports from Directors, Executive Officers and employees regarding the content of the above resolutions, along with the constitution and operating effectiveness of the above-referred internal control system. The Audit Committee, where necessary, sought explanations and voiced opinions on these matters. At the same time, the Audit Committee conducted audits using the following methods.

(a) In accordance with its established policies and procedures and in collaboration with the divisions in charge of internal control, the Audit Committee attended important meetings, received reports on business activities from Directors and Executive Officers, sought explanations where necessary, perused documents pertaining to important decisions, and surveyed properly the condition of operations and assets at the Company's head office and key operational facilities. Where necessary, the Audit Committee sought reports on the operations and assets of subsidiaries.

(b) In addition to monitoring and examining the activities of the independent auditor to ensure that it maintains its independent position and that it conducts its auditing duties properly, the Audit Committee received reports from the Independent Auditor regarding the status of its activities and sought explanations when necessary. Furthermore, the Independent Auditor notified the Committee that it was adhering to "Quality Management Standards Regarding Audits" (Business Accounting Council of the Financial Services Agency, October 28, 2005) as it worked to improve its system "to ensure that its duties are properly executed," as stipulated in Article 131 of the "Company Accounting Regulations." The Committee sought explanations where necessary.

Based upon the above methods, the Audit Committee carefully examined the Business Report, the financial statements (balance sheets, statements of income, statements of changes in shareholders' equity and notes to non-consolidated financial statements) and the supplementary schedules for the fiscal year ended March 31, 2016.

### 2. Audit Results

(1) Results of the Audit of the Business Report and Supplementary Schedules

(a) The Business Report and Supplementary Schedules present fairly, in conformity with applicable laws and regulations and the Company's Articles of Incorporation, the conditions of the Company.

(b) In executing their duties, the Directors and Executive Officers have not made any significant transactions or actions deemed to be in contradiction of any laws or the Company's Articles of Incorporation.

(c) The content of the Board of Directors' resolutions related to internal control systems as set forth in Article 416, Paragraph 1, Item 1, Sections 2 and 5, of the Companies Act is adequate. Moreover, we find no issues of concern with regard to contents of the Business Report and the performance of Directors and Executive Officers in their duties related to internal control systems.

(2) Results of the Audit of Non-Consolidated Financial Statements and Supplementary Schedules

The procedures and report of the audit by the Independent Auditor, KPMG AZSA LLC, are adequate.

April 27, 2016

The Audit Committee  
Mitsubishi Electric Corporation

Hiroki Yoshimatsu, Committee Member (Standing)  
Takashi Sasakawa, Committee Member (Standing)  
Shigemitsu Miki, Committee Member  
Hiroshi Obayashi, Committee Member  
Kazunori Watanabe, Committee Member

Note: Shigemitsu Miki, Hiroshi Obayashi and Kazunori Watanabe are Outside Directors as prescribed under Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.