MITSUBISHI ELECTRIC
Changes for the Better

for a greener tomorrow eco Changes

2016 ANNUAL REPORT

For the year ended March 31, 2016

Contents

A Global, Leading Green Company That Contributes to the Realization of a Prosperous Society

As the Mitsubishi Electric Group comes closer to celebrating in fiscal 2021
the 100th anniversary of our founding, we will contribute to
the realization of a prosperous society as a global, leading green company.

By “realization of a prosperous society,” we mean creating a “people-friendly” society
where everyone can live their lives in safety, peace of mind, health, and comfort—
and at the same time an “earth-friendly” society that reduces impact to the
environment by advancing the efficient use and reuse of resources and energy.

We of the Mitsubishi Electric Group have come to provide cutting-edge
technologies and diverse businesses globally,
and on a broad scale of applications ranging from homes, offices,
and factories to social infrastructure and outer space.

“To pave the way to a better and brighter tomorrow”— this will be
our mindset for future efforts as we increase collaboration within
the Group and continually challenge ourselves to innovate.

Changes for the Better

To Our Shareholders

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. To this end, all members of the Group will pursue the following Seven Guiding Principles.

Seven Guiding Principles

Trust, Quality, Technology, Citizenship, Ethics and Compliance, Environment, Growth

Looking back on the economic situation during the fiscal year ended March 31, 2016 (hereinafter fiscal 2016), the economies of China and elsewhere in East Asia experienced growth, yet at a gradual and constantly slower pace. Meanwhile, personal consumption remained weak in Japan. Globally, while the economies of some newly emerging nations stagnated, the U.S. economy was robust and some European economies saw modest but sustained recovery. Turning to movements in foreign currency exchange rates, although the yen remained weak against the U.S. dollar compared to the previous fiscal year, there was a turnaround in January 2016, leading to the appreciation of the yen during the fourth quarter.

Under these circumstances, the Mitsubishi Electric Group placed greater emphasis than ever before on promoting growth strategies rooted in its competitive advantages, as well as on initiatives to boost its competitiveness and strengthen its management structure.

As a result, the Mitsubishi Electric Group recorded consolidated net sales of ¥4,394.3 billion in the fiscal year ended March 31, 2016, an increase of 2% compared to the previous fiscal year. Operating income decreased 5% year-on-year to ¥301.1 billion, for a Group operating income ratio of 6.9%. Moving forward, the plan is to implement initiatives that will enable the Group to maintain a return on equity (ROE) above 10%, while keeping the ratio of interest-bearing debt to total assets below 15%, in accordance with management targets. At the same time, the goal is to achieve consolidated net sales of ¥5.0 trillion or more and an operating income ratio of 8% or more by fiscal 2021.

Toward securing these fiscal 2021 growth targets and sustained business expansion, the Mitsubishi Electric Group is accelerating and strengthening its initiatives to create additional value by combining and coordinating its technologies and technologies, and businesses and businesses while enhancing each product, system, and service.

Based on our Corporate Mission and Seven Guiding Principles, we of the Mitsubishi Electric Group position corporate social responsibility (CSR) initiatives as our main pillar of corporate management. Accordingly, we are committed to taking on the challenges that society is now confronting, such as environmental issues, and resource and energy issues, on a worldwide basis. In this way, we will become a global, leading green company capable of contributing to the realization of a prosperous society.

As we resolutely advance forward to achieve our goals, we ask for your continued support.

July 2016

M. Sakuyama

President & CEO **Masaki Sakuyama**

Financial Highlights

Performance for the Year Ended March 31, 2016

Years ended March 31	2016	2015	2014	2016
	Yen (millions)			U.S. dollars (thousands)
Net sales	**¥4,394,353**	¥4,323,041	¥4,054,359	**$38,888,080**
Operating income	**301,172**	317,604	235,172	**2,665,239**
Net income attributable to Mitsubishi Electric Corp.	**228,494**	234,694	153,473	**2,022,071**
Total assets	**4,059,941**	4,059,451	3,612,966	**35,928,681**
Interest-bearing debt	**404,039**	381,994	373,478	**3,575,567**
Mitsubishi Electric Corp. shareholders' equity	**1,838,773**	1,842,203	1,524,322	**16,272,327**
Capital expenditures	**182,251**	199,758	151,840	**1,612,841**
R&D expenditures	**202,922**	195,314	178,945	**1,795,770**
	Yen			U.S. dollars
Per-Share Amounts				
Net income attributable to Mitsubishi Electric Corp.				
Basic	**¥106.43**	¥109.32	¥71.49	**$0.942**
Diluted	**—**	—	—	**—**
Cash dividends declared	**27**	27	17	**0.239**
	%			
Statistical Information				
Operating income ratio	**6.9%**	7.3%	5.8%	—
Return on equity (ROE)	**12.4**	13.9	10.9	—
Interest-bearing debt to total assets	**10.0**	9.4	10.3	—

See accompanying Notes to Consolidated Financial Statements on page 41.

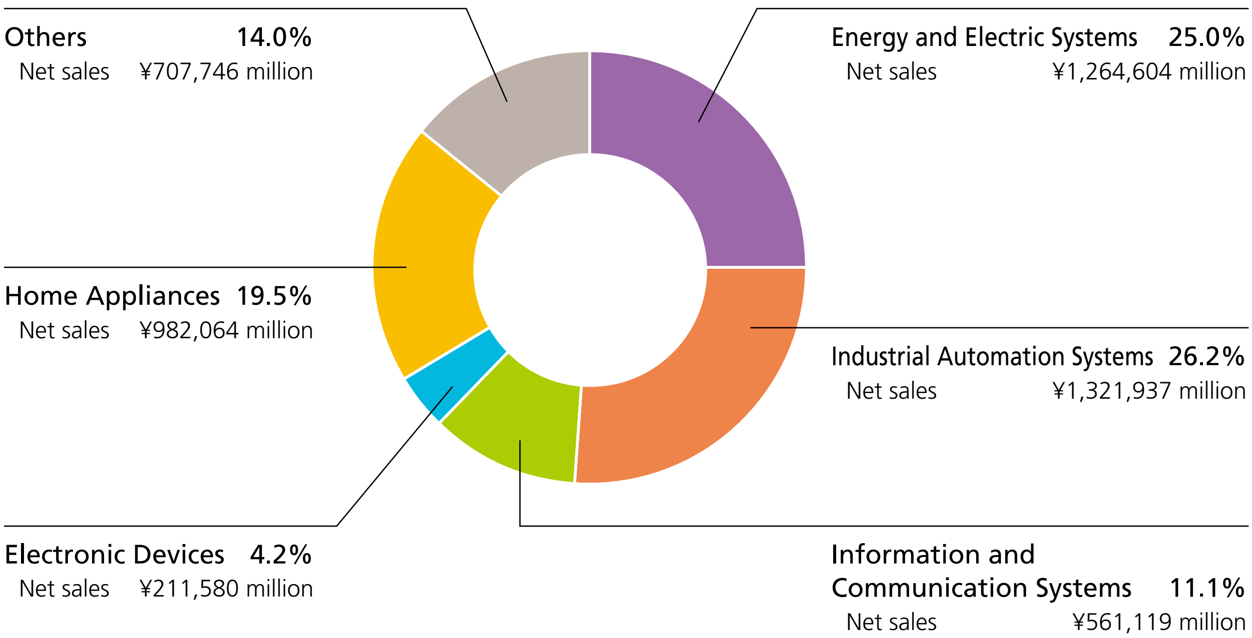
1 The Company prepares consolidated financial statements with procedures, accounting terms, forms, and preparation that are in conformity with accounting principles generally accepted in the United States of America based on the rules and regulations applicable in Japan.

2 Operating income is presented as net sales less cost of sales, selling, general, administrative, and R&D expenses, and loss on impairment of long-lived assets.

3 Diluted net income per share attributable to Mitsubishi Electric Corp. is not included in the above figure as no dilutive securities existed.

4 U.S. dollar amounts are converted from yen at the rate of ¥113=U.S.$1, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2016.

Net Sales Breakdown by Business Segment



Note: Inter-segment sales are included in the amounts of the diagram above.

Management Policy

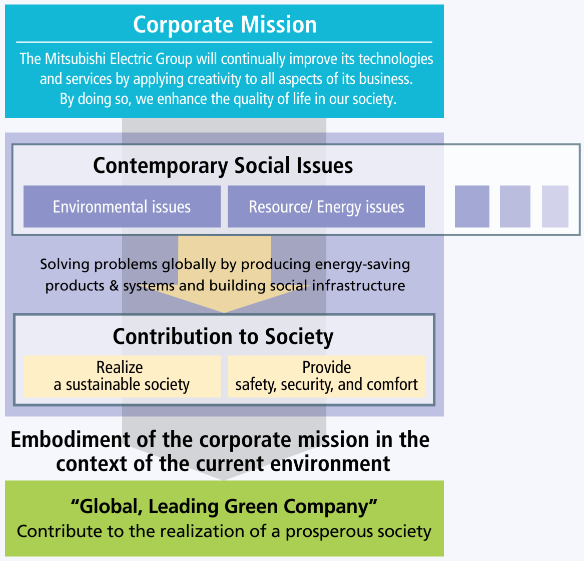
The Mitsubishi Electric Group, based on its Corporate Mission and Seven Guiding Principles, has positioned corporate social responsibility (CSR) initiatives as the pillar of its corporate management. Accordingly, the Group aspires to win the appreciation of its stakeholders for its initiatives aimed at resolving various challenges that society is now confronting. Furthermore, it seeks to become a corporation that is trusted by society, customers, shareholders, and employees, and that earns their satisfaction through its business activities.

Taking on these challenges on a global basis, the Group is promoting energy-saving products and systems while helping to develop social infrastructure, with the aim of providing solutions for environmental issues, and resource and energy issues. In doing so, the Group embodies its corporate mission in the context of the current environment as a "global, leading green company" capable of contributing to the realization of a prosperous society that simultaneously achieves "sustainability" and "safety, security, and comfort."

Since fiscal 2002, the Mitsubishi Electric Group has continued to pursue sustainable growth by undertaking balanced management initiatives that stem from the three perspectives of growth, profitability and efficiency, and soundness. Looking ahead, the Group will continue carrying out such initiatives and thereby increase its corporate value.

As for corporate ethics and compliance, the entire Mitsubishi Electric Group will continue to strictly observe all statutory, regulatory, and ethical requirements while strengthening internal control.

Embodiment of the Corporate Mission
Aim to Become a "Global, Leading Green Company"



Management Targets

Toward "High-Quality" Growth

In line with its efforts to achieve a higher level of growth, the Mitsubishi Electric Group has revised its growth targets for fiscal 2021 to consolidated net sales of ¥5.0 trillion or more and an operating income ratio of 8% or more. The Group will also continue with efforts to achieve the following management targets: secure an ROE of 10% or more and secure an interest-bearing debt to total assets ratio of 15% or less.

In fiscal 2016, the Mitsubishi Electric Group achieved a second consecutive year of record-high consolidated net sales, which totaled ¥4,394.3 billion. Operating income stood at ¥301.1 billion. In addition, the Group continued to achieve its management targets for ROE of 10% or more and a ratio of interest-bearing debt to total assets of 15% or less, recording figures of 12.4% and 10.0%, respectively.

Moving forward, the Group will continue to focus on executing balanced management initiatives, thereby pursuing "high-quality" growth.

• Growth Targets to be Achieved by Fiscal 2021

Net sales ¥**5.0** trillion or more
Operating income ratio **8**% or more

• Management Targets to be Continuously and Stably Achieved

ROE **10**% or more
Ratio of interest-bearing debt to total assets **15**% or less

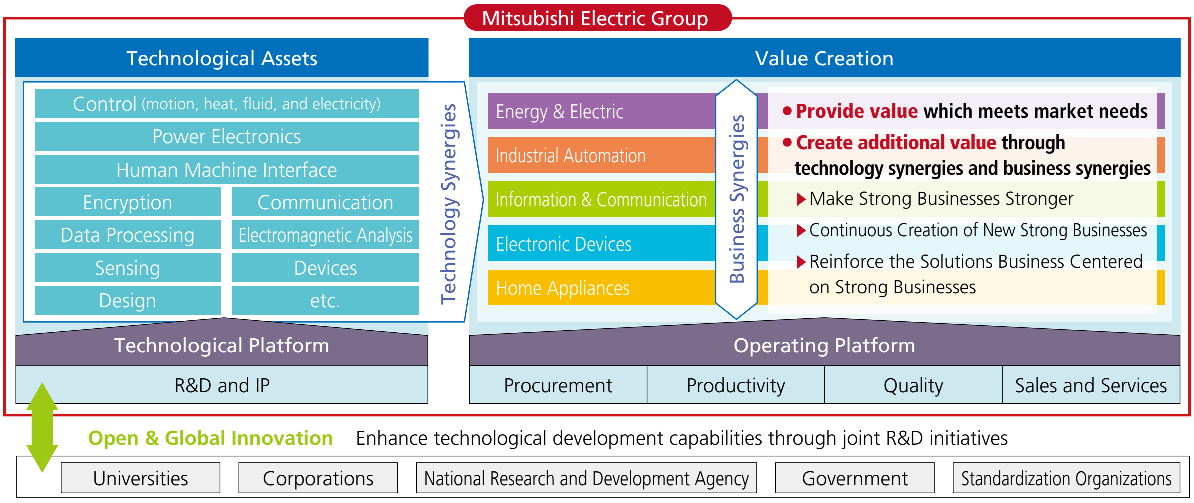
Management Policy
Maintain Balanced Corporate Management for Sustainable Growth

Bolstering Growth Strategies

Realizing Growth through Value Creation with Growth Drivers

The Mitsubishi Electric Group's strength lies in its abundant technological assets, which encompass a wide range of technologies such as control technologies and power electronics. In addition, the Group possesses a solid operating platform that encompasses

Growth through Value Creation—Overview



materials procurement, production, quality assurance, and sales and services, in all of which a culture of improvement is firmly entrenched. The Mitsubishi Electric Group is thus well-positioned to freely leverage its competitive edge in a wide range of diverse businesses.

With this in mind, the Group has positioned "making strong businesses stronger" as the core of its growth strategies. Currently, the Group has identified eight businesses—power systems, transportation systems, building systems, factory automation (FA) systems, automotive equipment, space systems, power devices, and air-conditioning and refrigeration systems—as growth drivers. Focusing on these businesses, the Group will expand its operations in markets worldwide, ranging from Japan, North America, Europe, and China to newly emerging nations, including those elsewhere in Asia. As it moves forward, the Group will continue to create and provide new value to satisfy the needs of each market and garner the appreciation of customers, thereby securing sustainable growth.

Additional Value Creation through Technology Synergies and Business Synergies

Toward securing its fiscal 2021 growth targets and sustained business expansion, the Mitsubishi Electric Group is accelerating and strengthening its initiatives to create additional value by combining and coordinating its technologies and technologies, and businesses and businesses while enhancing each product, system, and service.

Specifically, the Group seeks to create technology synergies and business synergies through the coordination of business activities. In addition to improving the performance and reliability of every product and service it offers, the Group will enhance its responsiveness to customers' business challenges and needs by innovatively combining its technologies, products, systems, and services. Through these efforts, the Group will garner even greater customer recognition in existing business fields while developing new businesses and markets and thus secure greater earnings.

Increasing the Allocation of Resources to Steps Aimed at Strengthening Competitiveness

As it increases the allocation of development, capital, and other investment resources, the Mitsubishi Electric Group targets business fields where the Group is capable of quickly securing growth while generating short-term investment benefits as well as those exhibiting a high probability of expansion with little or no performance volatility. At the same time, the Group constantly reviews and refreshes its business portfolio to reallocate its management resources to growth fields. Moreover, the Group works to strengthen this portfolio by continuously creating new strong businesses capable of driving future growth. In addition, the Group is committed to forward-looking R&D aimed at securing a more robust technological platform that will, in turn, ensure its sustainable growth from fiscal 2021 onward.

Additionally, aiming to augment its growth, the Mitsubishi Electric Group will actively pursue collaborative ties and M&As from the three perspectives of: supplementing product groups and technology fields in which the Group is lacking, to expand business; securing sales and service networks when advancing into new regions and markets; and acquiring new customer segments in order to bolster the Group's business platform.

Building a Robust Management Foundation

To strengthen its management foundation, the Mitsubishi Electric Group continuously strives to enhance its capital efficiency. As a part of initiatives to this end, the Group continues to expand net sales and reduce costs while engaging in activities aimed at improving inventory turnover, trade receivables turnover, and Just in Time operations. In addition to implementing these efforts in an exhaustive manner, in fiscal 2016 the Group began utilizing an internal performance indicator, ROIC (calculated by Mitsubishi Electric's own standards), to monitor asset efficiency by business segment, thereby improving the ROE of Group operations.

Looking ahead, the Mitsubishi Electric Group will continue to focus on generating stable cash flows, actively investing in growth fields, maintaining well-balanced shareholder returns commensurate with profit growth, and diligently working to increase corporate value.

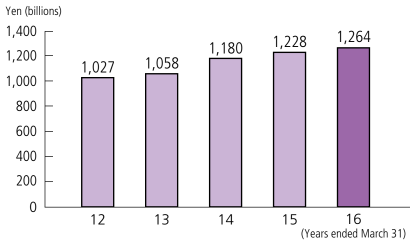
Continuous Innovation

The Mitsubishi Electric Group will steadfastly carry out its management policies guided by a commitment to balanced management, while putting into practice its overarching corporate statement, Changes for the Better. Each and every employee will share the common goal of developing new frontiers through continuous innovation, and the Mitsubishi Electric Group—by continuing to undergo transformation itself—will mature into a corporation that is always producing something better.

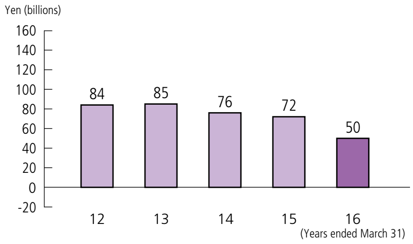
At a Glance

Energy and Electric Systems

Net sales



Operating income

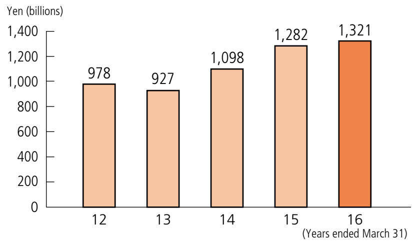


MAIN PRODUCTS AND BUSINESS LINES

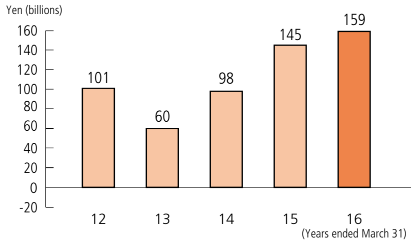
Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switchgears, switch control devices, surveillance-system control and security systems, large display devices, electrical equipment for locomotives and rolling stock, elevators, escalators, building security systems, building management systems, particle therapy systems, and others

Industrial Automation Systems

Net sales



Operating income

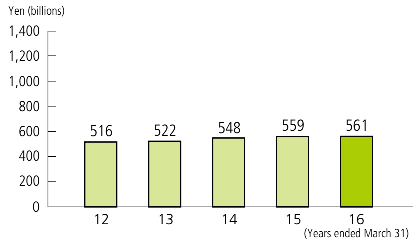


MAIN PRODUCTS AND BUSINESS LINES

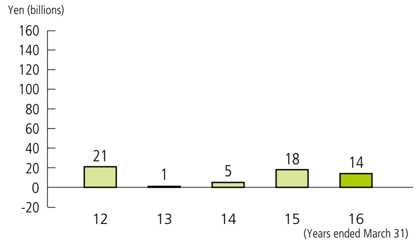
Programmable logic controllers, inverters, servomotors, human-machine interface, motors, hoists, magnetic switches, no-fuse circuit breakers, short-circuit breakers, transformers for electricity distribution, time and power meters, uninterruptible power supply, industrial fans, computerized numerical controllers, electrical discharge machines, laser processing machines, industrial robots, clutches, automotive electrical equipment, car electronics and car mechatronics, car multimedia, and others

Information and Communication Systems

Net sales



Operating income



MAIN PRODUCTS AND BUSINESS LINES

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

Fiscal 2016 Topics

- Awarded a contract by Spanish train builder Construcciones y Auxiliar de Ferrocarriles, S.A. (CAF) to supply high tech traction equipment for 118 New Generation Sprinter (SNG) EMUs for Dutch Railways (NS).

- Established an elevator factory for Mitsubishi Elevator India Private Limited in Bangalore, India.

- Developed the EMIRAI3 xAUTO, an automated concept car incorporating a full suite of Mitsubishi Electric technologies for safe, accurate next-generation automated driving, and the EMIRAI3 xDAS, a concept car featuring next-generation driving-assistance technology that promises to enhance the safety and comfort of driving.

2015

- Expanded business in Africa with the launch of a new Mitsubishi Electric Europe B.V. office in Johannesburg, South Africa.

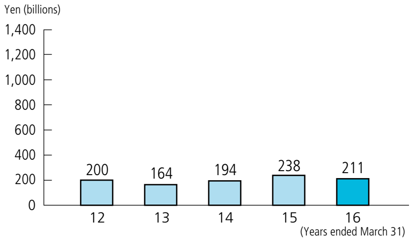
- Expanded manufacturing and logistics capabilities with a new facility for Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. in Chonburi Province, aiming to reinforce air-conditioning systems business in Asia and other regions.

- Successfully launched the TURKSAT-4B satellite which was carried out under a turnkey contract awarded by Turksat Satellite Communication, Cable TV and Operation Inc. Co. (Turksat A.S.) in 2011.

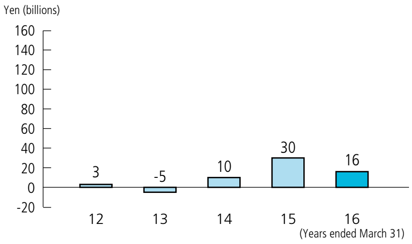
© International Launch Services

Electronic Devices

Net sales



Operating income (loss)

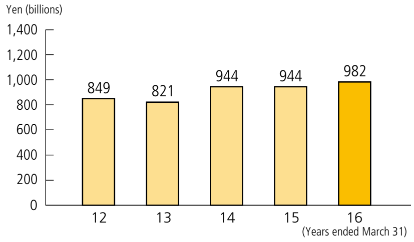


MAIN PRODUCTS AND BUSINESS LINES

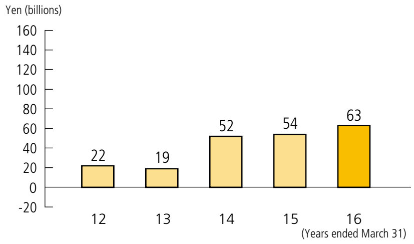
Power modules, high-frequency devices, optical devices, LCD devices, and others

Home Appliances

Net sales



Operating income

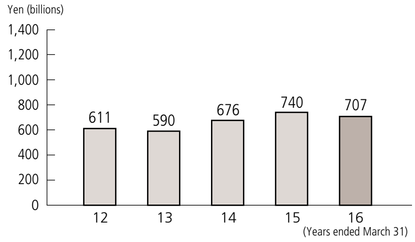


MAIN PRODUCTS AND BUSINESS LINES

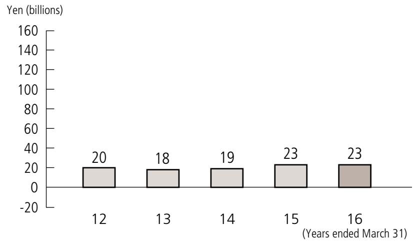
LCD televisions, room air conditioners, package air conditioners, air-to-water heat pump boilers, refrigerators, electric fans, ventilators, photovoltaic systems, hot water supply systems, LED lamps, fluorescent lamps, indoor lighting, compressors, chillers, dehumidifiers, air purifiers, showcases, cleaners, jar rice cookers, microwave ovens, IH cooking heaters, and others

Others

Net sales



Operating income



MAIN PRODUCTS AND BUSINESS LINES

Procurement, logistics, real estate, advertising, finance, and other services

- Established the Norwegian Branch of Mitsubishi Electric Europe B.V. by acquiring Norwegian air conditioning equipment distributor MIBA AS.

- Opened a factory for transportation-systems business in Bidadi, near Bengaluru, India.

- Delivered the world's largest energy-storage system of 50 MW output and 300MWh rated capacity to Kyushu Electric Power Co.

2016

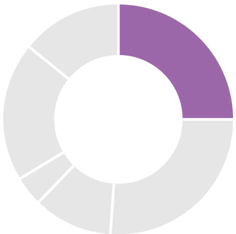
- Began operating the fourth factory of elevator and escalator manufacturing companies in China, Mitsubishi Electric Shanghai Electric Elevator Co., Ltd. (MESE).

- Acquired DeLclima S.p.A. ("DeLclima") as MELCO Hyrdronics & IT Cooling S.p.A., to strengthen commercial heating, ventilation and air conditioning (HVAC) business globally.

- Awarded first contract with Siemens AG for railcar air-conditioning systems, which will be used in Desiro High Capacity railcars on the Rhine-Ruhr express (RRX) train network that connects cities and provinces in Germany's North Rhine-Westphalia region.

Energy and Electric Systems

Net Sales Breakdown by Business Segment



25.0%

Net Sales

¥1,264.6billion

up 3% year on year

Operating Income

¥50.3billion

down ¥22.1 billion year on year

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 to 1,264.6 billion yen. Operating income decreased by 22.1 billion yen from the previous fiscal year to 50.3 billion yen due primarily to a shift in project portfolios and lower profit in the social infrastructure systems business.

Next-generation SiC Inverter for Railcars

Mitsubishi Electric has developed a traction inverter for railcars that incorporates silicon carbide (SiC), a new type of semiconductor. This new inverter, with its energy-efficient, compact, lightweight, low-maintenance, and low-noise design, is expected to play a major role in next-generation railcar propulsion systems.

Large-scale Visual Information System for QVC Marine Field

A total of five Diamond Vision displays—one main screen, two sub-screens for outfield stands, and two sub-screens for the area behind the backstop netting—have been delivered to QVC Marine Field, the home field of the Chiba Lotte Marines (Japanese professional baseball team). Various images and videos can be shown in an interconnected display, further contributing to excitement throughout the ballpark.

Particle Therapy System

Utilizing the characteristic features of protons, carbon, and other heavy ions, particle therapy is a cutting edge technology that allows for the pinpoint targeting of cancerous tumors while minimizing side effects on surrounding normal tissues. It is increasingly selected as an advanced solution in the treatment of cancer.

Power Plants

Mitsubishi Electric power plant installations are used both by power utility companies and by companies in various industries as in-house power generators. Owing to its accumulated expertise and leading technological capabilities, Mitsubishi Electric is able to provide optimal power plants in various power generation fields.

AXIEZ Machine-room-less Elevators

Along with enhanced energy-saving functions, including lighting that is entirely LED, AXIEZ machine-room-less elevators offer outstanding function and design. Furthermore, Mitsubishi Electric has added a new large-capacity model to the AXIEZ lineup, thereby extending the range of target buildings to include large-scale office buildings, commercial facilities, and hospitals.

Facima BA-System, an Open Integrated Management System for Building Facilities

The Facima BA-system provides a variety of functions which help save energy and make building management more efficient. In order to target buildings of a wider range of sizes and purposes, Mitsubishi Electric has launched a new wall-mounted model with an LCD touch panel as part of its Facima lineup.

Industrial Automation Systems

Net Sales Breakdown by Business Segment

Net Sales

¥1,321.9billion
up 3% year on year

Operating Income

¥159.1billion
up ¥13.1 billion year on year

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 to 1,321.9 billion yen. Operating income increased by 13.1 billion yen from the previous fiscal year to 159.1 billion yen due primarily to the increase in sales.

Programmable Logic Controllers

Mitsubishi Electric's MELSEC series of programmable logic controllers supports a wide array of production and social infrastructure applications; solutions range from control and safety devices to information and instrumentation management. As a leading global brand, the MELSEC series contributes to the construction of cutting-edge control systems owing to its capabilities, performance, product variety, and high reliability.

Industrial Robots

Featuring cutting-edge technologies, Mitsubishi Electric's robotic systems are key components in Factory Automation (FA). They are ideal for cell-based production coupled with intelligent sensors, thanks to their high-speed, high-precision core performance characteristics. By providing complete FA solutions that combine programmable logic controllers and AC servomotors, Mitsubishi Electric can create automated systems that encompass the assembly, inspection, and conveyance processes.

Low-voltage Circuit Breakers

Low-voltage Circuit Breakers are used for wiring protection and short-circuit protection in low-voltage circuits. Since 1933, Mitsubishi Electric has been continuously designing and developing such breakers, the latest of which is the new WS-V "World" series. The lineup is ideal for both power distribution and OEM markets.

Electrical Discharge Machines (EDMs)

Beginning with the newly launched MP series, a strategic product on a global scale, Mitsubishi Electric provides a lineup of EDMs that add value and improve the manufacturing productivity of molds and precision components. Such equipment is indispensable to the production of automobiles, home electronics, and IT-related devices.

Electric Power Steering (Motors and Controllers)

Mitsubishi Electric was the first company in the world to mass produce motors and controllers for electric power steering to assist driver steering in line with driving conditions. Over the years, Mitsubishi Electric has helped to improve steering feel, response, and stability while delivering compact units and high-output performance, and contributing to reduced automobile CO_2 emissions.

Car Navigation System

The DIATONE SOUND. NAVI NR-MZ100 Series car audio-navigation system offers superior quality in terms of responsiveness, image resolution, and design. It enhances the driving experience more than ever, with faster and more visually appealing navigation.

Information and Communication Systems

Net Sales Breakdown by Business Segment

11.1%

Net Sales

¥561.1 billion

unchanged year on year

Operating Income

¥14.9 billion

down ¥3.9 billion year on year

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 amounted to 561.1 billion yen, virtually unchanged from the previous fiscal year. Operating income decreased by 3.9 billion yen from the previous fiscal year to 14.9 billion yen due primarily to a shift in project portfolios.

Information System Integrated Control Center

Specialist engineers are available 24/7 to remotely operate and monitor client information systems and to analyze and determine any problem that might occur using automated tools, enabling a rapid response to any system malfunction. (Mitsubishi Electric Information Network Corporation)

Mission-critical Server

Employing virtualization technology in its complete fault-tolerant system as an overarching concept, this server not only ensures the succession of customers' application assets, but also integrates internal mission-critical tasks and systems for situations where failure is not an option.
(Mitsubishi Electric Information Network Corporation)

DS2000 Standard Satellite Platform

The DS2000 is a standard satellite platform modeled after JAXA's ETS-VIII platform, which was designed to meet the need for high-quality, low-cost satellites with shortened delivery times. The DS2000 has maintained a competitive edge internationally, having been selected for use in satellites Himawari-7, 8, and 9, and commercial satellites for Turkey and Qatar, and is employed in nine satellites currently circling the earth.

Vehicle-mounted Stations for Satellite Communications

Vehicle-mounted satellite communication equipment enables transmission of video and audio for broadcast news (satellite news gathering) and information for disaster management. Mitsubishi Electric products are employed by Japanese broadcasters, the public sector, and infrastructure companies such as gas and electricity utilities.

Broadband Optical Access Systems

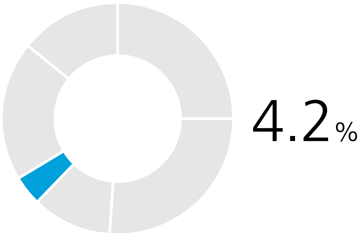
Mitsubishi Electric is progressively installing Gigabit Ethernet Passive Optical Network (GE-PON) systems, which play a central role in broadband services. The need for GE-PON systems is steadily expanding due to high-capacity broadband content, including the increased use of visual services.

Digital CCTV (Closed-circuit Television) System

This digital CCTV system meets the expanding range of needs for video surveillance systems, which is achieved through new digital technology incorporated into its high-resolution megapixel camera and its high level of scalability, which can accommodate even large-scale systems.

Electronic Devices

Net Sales Breakdown by Business Segment



Net Sales

¥211.5 billion

down 11% year on year

Operating Income

¥16.8 billion

down ¥13.2 billion year on year

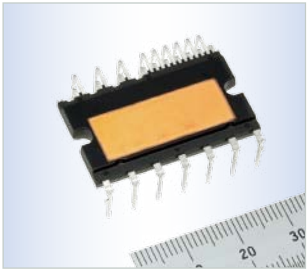
The electronic devices business saw decreases in both orders and sales from the previous fiscal year due to a decrease in demand mainly for power modules used in automotive, railcar, consumer and industrial applications, despite an increase in optical communication devices.

As a result, total sales for this segment decreased by 11% compared with the previous fiscal year to 211.5 billion yen. Operating income decreased by 13.2 billion yen compared with the previous fiscal year to 16.8 billion yen due primarily to the decrease in sales.

IGBT Modules T Series with 7th-generation IGBT

Installation of the latest 7th-generation IGBT chips realizes industrial equipment such as general-purpose inverters, elevators, and uninterruptible power supply devices with lower power consumption and higher reliability. Available in two packages[1] and two pin layouts[2], a new lineup of 65 products contributes to providing the best devices for wide-ranging applications and diversified industrial equipment needs.

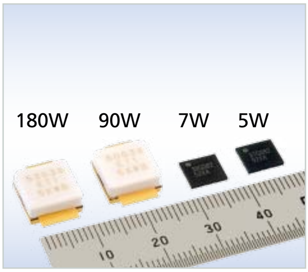
[1] NX package and standard package
[2] Choice of solder-pin or press-fit pin models



SLIMDIP Series of Power Semiconductor Modules

The size of the power semiconductor packages for driving the inverters of home appliances such as residential-use air-conditioners and refrigerators has been reduced by 30% compared to conventional products[1], realizing the world's smallest[2] 1.5kW-class motor. The compact packages contribute to reducing the size and weight of the inverters used in home appliances.

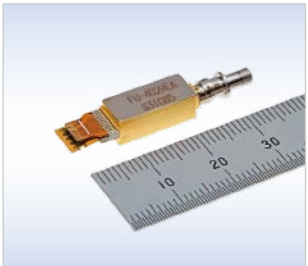
[1] Super-mini Dual In-Line Package Intelligent Power Module (DIPIPM™) Ver.6
[2] As of April 23, 2015, based on internal research



3.5GHz-band GaN HEMT for Mobile Communications Base Transceiver Stations

Mitsubishi Electric has developed GaN[1] HEMTs[2] for use in Base Transceiver Stations (BTS) operating in the 3.5GHz-band of fourth generation mobile communication systems. The four new GaN-HEMTs offer output power and efficiency levels that are among the highest[3] currently available. High efficiency allows use of a simple cooling system, which contributes to the smaller size and lower power consumption of BTSs.

[1] Gallium Nitride
[2] High Electron Mobility Transistor
[3] As of December 22, 2015, based on internal research



Compact Integrated 100Gbps EML-TOSA

A high-performance EML[1] helps to realize the industry's longest-distance[2] (i.e., 40km) transmissions. With a size reduction to just 30 percent[3] that of its predecessor, the new model will allow optical transceivers to be made more compact. This is expected to help reduce the size of 100Gbps communication facilities and expand high-speed 100Gbps optical transmission networks.

[1] Electro-absorption Modulated Laser diode
[2] As of March 16, 2016, based on internal research. IEEE 100GBASE-ER4 standards (based on Ethernet basic standards for 100Gbps communication speed of the American Institute of Electrical and Electronics Engineers)
[3] Compared with FU-401REA, previous Mitsubishi Electric product.

7-inch WVGA TFT-LCD Modules with Touch Panels for Industrial Use

The new TFT-LCD module with a projection-capacitive touch panel is able to operate with 5-mm-thick cover glass, multi-touch up to a maximum of 10 points, the use of thick heat-resistant gloves, and a wet screen. It is optimized for outdoor applications through pursuit of shock resistance and water resistance.

Tough Series 10.4-inch SVGA Color TFT LCD Modules for Industrial Use

In addition to the industry's highest[1] anti-vibration performance (i.e., 6.8G acceleration) and a wide guaranteed temperature operating range (-40°C to +85°C), ultrabright visual display (1,500cd/m^2) is realized. This contributes to improving the visual quality of large-screen, high-brightness displays used in harsh environments outside, such as panels for construction machinery, agricultural machinery, and machining tools.

[1] As of November 25, 2015, based on internal research

Home Appliances

Net Sales Breakdown by Business Segment

19.5%

Net Sales

¥982.0billion

up ¥4% year on year

Operating Income

¥63.8billion

up ¥9.5 billion year on year

The home appliances business saw an increase in sales of 4% compared with the previous fiscal year to 982.0 billion yen, 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 yen compared with the previous fiscal year to 63.8 billion yen largely due to the increase in sales.

Room Air Conditioners

In addition to KIRIGAMINE room air conditioners, Mitsubishi Electric offers an extensive lineup of products with applications extending from stores, offices, and buildings to factories and industrial facilities while featuring environmentally compatible, energy-saving technologies. These qualities allow Mitsubishi Electric to meet air conditioning needs globally.

Housing Equipment

ENEDIA is a system that effectively uses renewable energy through the ingenious application of a home energy management system (HEMS) that stores electricity generated by solar panels in the batteries of an electric vehicle. ENEDIA is based on Mitsubishi Electric's concept of a smart electric home that conserves energy by using highly efficient air conditioners, water heaters, and cooking equipment. It gives residents a way to conserve energy without sacrificing comfort.

Home Appliances

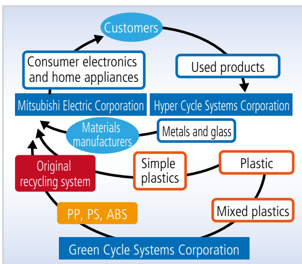
Mitsubishi Electric develops home appliances by incorporating its unique technologies and perspectives so that its products can be used in various scenes of daily life, such as the kitchen, living room, and bedroom. Efforts are made to develop products that contribute to making life more comfortable for users, meeting and even surpassing their expectations.

Lighting Fixtures and Light Bulbs

Mitsubishi Electric offers an extensive lineup of high-efficiency, long-lasting LED products that meet diverse needs for energy-saving light bulbs and equipment in households, stores, offices, and factories. The company's LED products make the future brighter for families and society as a whole.

Visual Equipment for Public and Business Applications

Mitsubishi Electric's high-quality image processing technologies deliver exceptionally sharp images with superior color reproduction and are incorporated in a wide range of products developed to suit a variety of application needs. These systems are being used in Japan and abroad for large-screen applications, such as digital signage used to display images, data, and information at public facilities and other venues.



Recycling Consumer Electronics and Home Appliances

Mitsubishi Electric has developed technologies for automatically sorting the three major types of plastic (polypropylene (PP), polystyrene (PS), and acrylonitrile-butadiene-styrene (ABS)) used in consumer electronics and home appliances. This original recycling system is being utilized to promote the reuse of plastics in the company's products by improving the physical properties of the sorted materials.

Research and Development

R&D Initiatives

The Mitsubishi Electric Group's R&D network consists of the Advanced Technology R&D Center, Information Technology R&D Center, and Industrial Design Center in Japan as well as laboratories in the United States, Europe, and China. These centers operate under the umbrella of the Corporate Research and Development Group working in collaboration with the development departments of individual Mitsubishi Electric business groups.

The Mitsubishi Electric Group has positioned R&D as one of the principal vehicles driving growth strategies forward. Aspiring to deliver greater value to customers through R&D, the Group has identified four key areas—the Internet of Things, Smart Mobility, comfortable dwelling spaces, and a safe and secure infrastructure—as areas on which to focus its R&D efforts in order to help create a prosperous society.

At the same time, the Group is committed to making strong businesses stronger by expanding the possibilities of the existing operations. The Group also seeks to create new strong businesses by, for example, exploring business areas into which it has yet to enter, coordinating operations that involve similar business functions or areas of activity, and bringing together contrasting but complementary businesses.

In addition to pursuing breakthroughs along the lines of short- and medium-term R&D themes, the Group is stepping up long-term R&D projects. To ensure sustainable growth, the Mitsubishi Electric Group will engage in ongoing R&D initiatives, thereby contributing to society with an eye toward not only 2020 but ten years and even twenty years beyond that.

R&D Achievements in Fiscal 2016

● Development of Air Conditioner with Personal Twin Flow

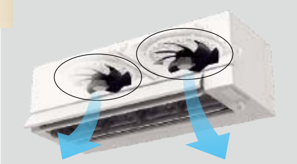
Mitsubishi Electric Corporation has developed the world's first* air conditioner with Personal Twin Flow, featuring two independent-driven left and right fans.

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).

A simple rectangular design



Two separate outlets allow the air volume and flow direction to be independently controlled

Creating separate temperature spaces in the same room

● Development of SeaAerial Seawater Antenna

Mitsubishi Electric Corporation has developed an innovative antenna system, called SeaAerial, which shoots a column of seawater in to 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)

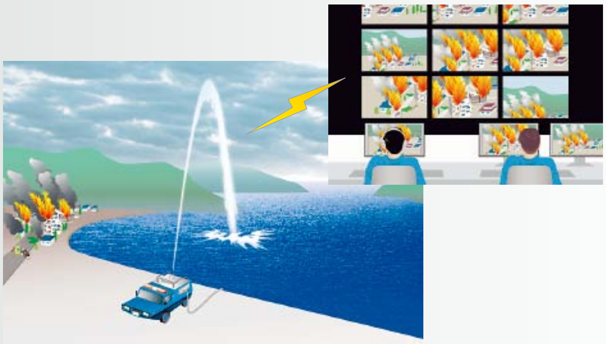


Illustration of application

A column of seawater transmits/receives radio-frequency waves

● Development of Air-Quality Sensor Capable of High-Precision Detection of PM2.5*1 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*2 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)

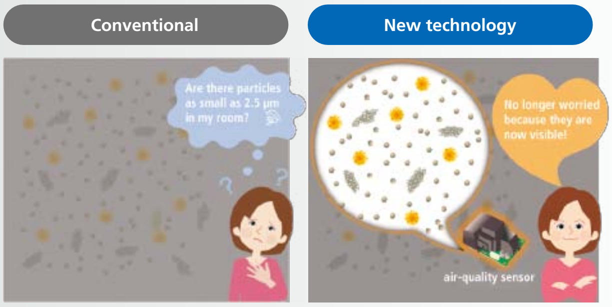


Illustration of application

Contributing to creating environments with cleaner air

Intellectual Property

Basic Policy

The Mitsubishi Electric Group recognizes that intellectual property (IP) rights represent a vital management resource essential to its future and must be protected. Through integrating business, R&D, and IP activities, the Group is proactively strengthening its global IP assets, which are closely linked to the Group's business growth strategies and contribute to both business and society.

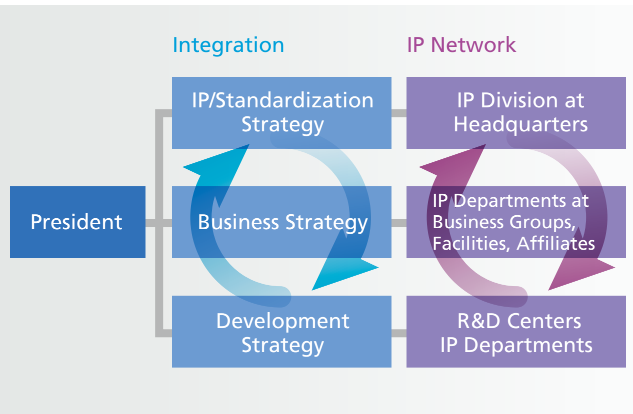
Structure of the Intellectual Property Division

The IP divisions of the Mitsubishi Electric Group include the Head Office IP Division, which is the direct responsibility of the president, and the IP divisions at the Works, R&D centers, and affiliated companies. The activities of each IP division are carried out under the executive officer in charge of IP at each location. The Head Office IP Division formulates strategies for the entire Group, promotes critical projects, coordinates interaction with external agencies including patent offices, and is in charge of IP public relations activities. At the Works, R&D center, and affiliated company level, IP divisions promote individual strategies in line with the Group's overall IP strategies. Through mutual collaboration, these divisions work to link and fuse their activities in an effort to develop more effective initiatives.

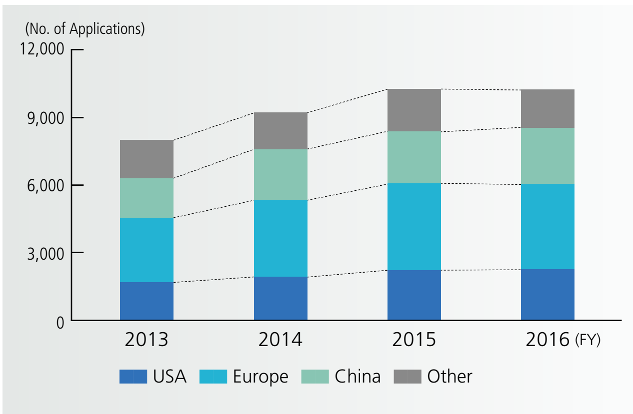
Global IP Strategy

The Mitsubishi Electric Group identifies critical IP-related themes based on its mainstay businesses and important R&D projects, and is accelerating the globalization of IP activities also by filing patents prior to undertaking business development in emerging countries where an expansion of business opportunities is expected.

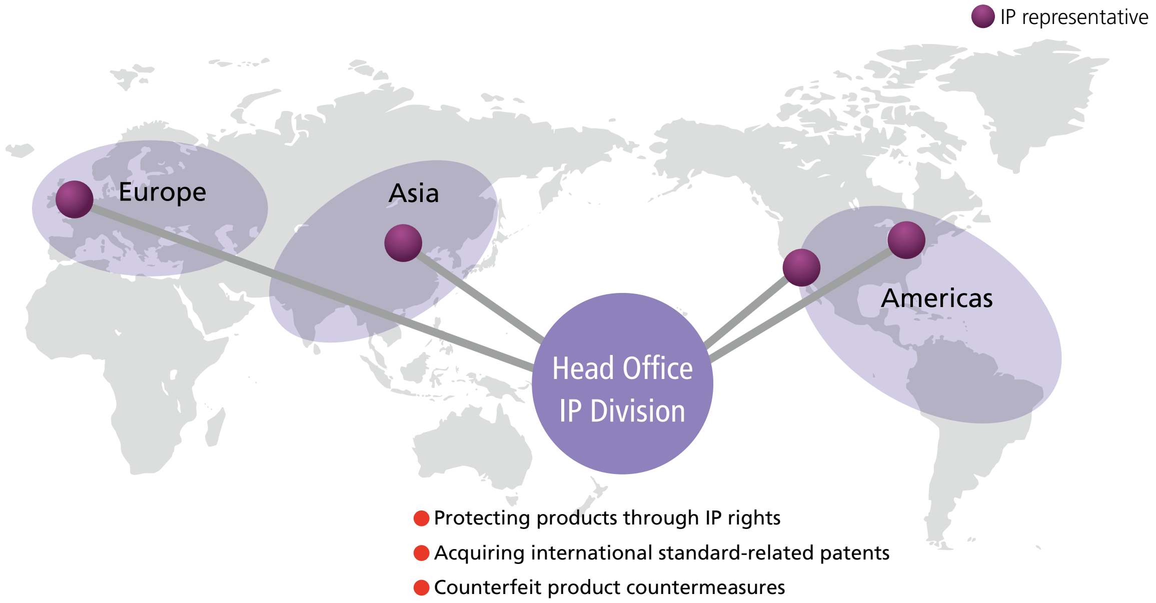
Integrating Business, R&D, and IP Activities



Annual Trends in Overseas Patent Applications by the Mitsubishi Electric Group



Further Strengthening Global IP Capabilities



Furthermore, resident officers are assigned to Mitsubishi Electric sites in the United States, Europe, and China to take charge of IP activities and strengthen the IP capabilities of business offices, R&D centers, and affiliated companies in each country. Through these initiatives, we strive to create a robust global patent network.

IP Strategy for International Standardization

In order to expand business in global markets, the Mitsubishi Electric Group is actively promoting international standardization. Activities to acquire patents that support international standards (e.g., essential standards patents) are openly promoted.

As the member of an organization in which patent pools for items such as MPEG and Blu-ray Disc™* collectively control essential standards patents, the IP revenues obtained through the organization are contributing to improvement and growth in business earnings. The Group is also working to increase activities for acquiring patents in competitive fields involving international standards, and promoting IP activities that contribute to increasing product competitiveness and expanding market share.

*Blu-ray Disc™ is a trademark of the Blu-ray Disc Association.

Activities Aimed at Preventing Infringement of the Group's IP Rights

The Mitsubishi Electric Group works diligently to prevent any infringement of its IP rights by other companies. In addition to in-house activities, the Group places particular weight on collaborating with industry organizations while approaching government agencies and other entities in Japan and overseas as a part of a wide range of measures to prevent the counterfeiting of its products.

Respecting the IP Rights of Others

The Mitsubishi Electric Group recognizes that the infringement of another company's IP rights has the potential to significantly impair its continued viability as a going concern. The resulting potential impairments include being obliged to pay significant licensing fees, being forced to discontinue manufacturing of a certain product, or other related actions. To prevent the infringement of another company's IP rights, the Group provides education and training—centering on engineers and employees responsible for IP affairs—to raise awareness and instill the utmost respect said rights. At the same time, the Group has put in place a set of rules to facilitate appropriate actions, such as surveying other companies' patent rights at every stage from product development to sales, and ensuring strict adherence to these rules.

The Mitsubishi Electric Group promotes its corporate social responsibility (CSR) activities based on the conviction that all business activities must take CSR into consideration. The Group's Corporate Mission and Seven Guiding Principles form its basic CSR policies. It is vigilant in its enforcement of corporate ethics and compliance and constantly works to improve educational programs and strengthen its internal control system. At the same time, it pursues initiatives related to quality management, global environmental conservation, philanthropy, and improved communication with all stakeholders.

The Mitsubishi Electric Group's Corporate Social Responsibility

The Mitsubishi Electric Group's commitment to CSR was first articulated in the Keys to Management (in Japanese, *Keiei no Yotei*), which was drawn up at the time of Mitsubishi Electric's founding in 1921. The spirit of this document, which states the Group's contributions in areas such as the prosperity of society, product quality, and customer satisfaction, lives on today in its Corporate Mission and Seven Guiding Principles. With these tenets as its core principles, the Group promotes various initiatives in order to fulfill its corporate social responsibilities.

In recent years, the Group has adopted a more CSR-centric management approach, redefining CSR as an integral component of corporate management activities with a long-term arc of execution. Currently well into fiscal 2016, the Mitsubishi Electric Group has identified the challenges that society now faces and, by referring to such resources as international standards, it has clarified what needs to be done by the Group as a global company. Among items needing to be addressed, the Group has prioritized the following CSR materialities, taking into account its corporate strategies and the expectations of its stakeholders.

Mitsubishi Electric Group's Four CSR Materialities

- Realize a sustainable society
- Provide safety, security, and comfort
- Respect human rights and promote the active participation of diverse human resources
- Strengthen corporate governance and compliance on a continuous basis

In fiscal 2017, the CSR Committee—chaired by an executive officer in charge of general affairs—has confirmed that the Group will address these materialities in partnership with entities in the supply chain, and is implementing ongoing improvement activities based on the PDCA (Plan-Do-Check-Action) approach.

In addition, to facilitate customers' understanding of the Group's CSR initiatives, efforts are now under way to better communicate the environmental, social, and governance (ESG) aspects of these initiatives to the general public.

Since its founding, the Mitsubishi Electric Group has maintained a commitment to continuously adapting and evolving as part of its unwavering pursuit of excellence. Having bolstered the Group's longstanding operations, this spirit is now encapsulated by the corporate statement "Changes for the Better." Remaining true to this spirit, the Group will steadfastly transform itself into a global leading green company, rallying its overall strength and employing its robust product lineup ranging from home appliances to spacecraft components. In these ways, the Group will help realize a sustainable and prosperous society.

Philanthropic Activities

Philosophy and Policies on Philanthropic Activities

The Mitsubishi Electric Group shares a common Philosophy and Policies based on its Corporate Mission and Seven Guiding Principles, and carries out a variety of activities accordingly.

Philosophy

As a corporate citizen committed to meeting societal needs and expectations, the Mitsubishi Electric Group will make full use of the resources it has at hand to contribute to creating an affluent society in partnership with its employees.

Policies

- We shall carry out community-based activities in response to societal needs in the fields of social welfare and global environmental conservation.
- We shall contribute to developing the next generation through activities that support the promotion of science and technology, culture and arts, and sports.

Supporting Children Affected by the Great East Japan Earthquake (Mitsubishi Electric Corporation)

"Mouth and Foot Painting Artists of the World Exhibition" (Mitsubishi Electric Building Techno-Service Co., Ltd.)

Supporting the Special Olympics (Mitsubishi Electric Europe B.V. Italian Branch, Mitsubishi Electric Europe, B.V. German Branch)

Foundations

The Mitsubishi Electric America Foundation and Mitsubishi Electric Thai Foundation, both founded in 1991, also carry out various activities in the spirit of the Mitsubishi Electric Group's Philosophy and Policies. The Mitsubishi Electric America Foundation, with the cooperation of its branches in the United States, helps young people with disabilities to become employed and participate more fully in society. The Mitsubishi Electric Thai Foundation, in addition to providing scholarships to university students and supporting a school lunch program for grade school students, has in recent years been promoting employee-involved volunteer activities that support education and environmental protection.

An employee volunteer working with a student on Disability Mentoring Day (United States)

Local Mitsubishi Electric Companies in joint tree planting activity (Thailand)

Environmental Activities

Transitioning from the 7th Environmental Plan to the 8th Environmental Plan

The Mitsubishi Electric Group defines a "global leading green company" to be one that fully utilizes its advanced technologies in business activities around the world—including environmental issues—in order to contribute to the realization of a prosperous society where both a "sustainable society" and "safe, secure, and comfortable lifestyles" are simultaneously achieved. In 2007, the Group established Environmental Vision 2021, a long-term vision for environmental management. To realize this vision, the Group is striving to fulfill its responsibilities to society from an environmental perspective by developing and promoting the widespread use of products and services that boast outstanding resource and energy efficiency across all business fields, and advancing efforts to reduce the environmental impact of all of its business activities from procurement through production to logistics.

In order to incorporate a PDCA cycle into its environmental activities in a systematic and definitive manner, the Group has identified specific activity targets as a part of its latest medium-term environmental plan, which has been renewed every three years since 1993. Having successfully completed each activity item identified in the Group's 7th Environmental Plan, covering fiscal 2013 through fiscal 2015, it has embarked on the 8th Environmental Plan, covering fiscal 2016 through fiscal 2018.

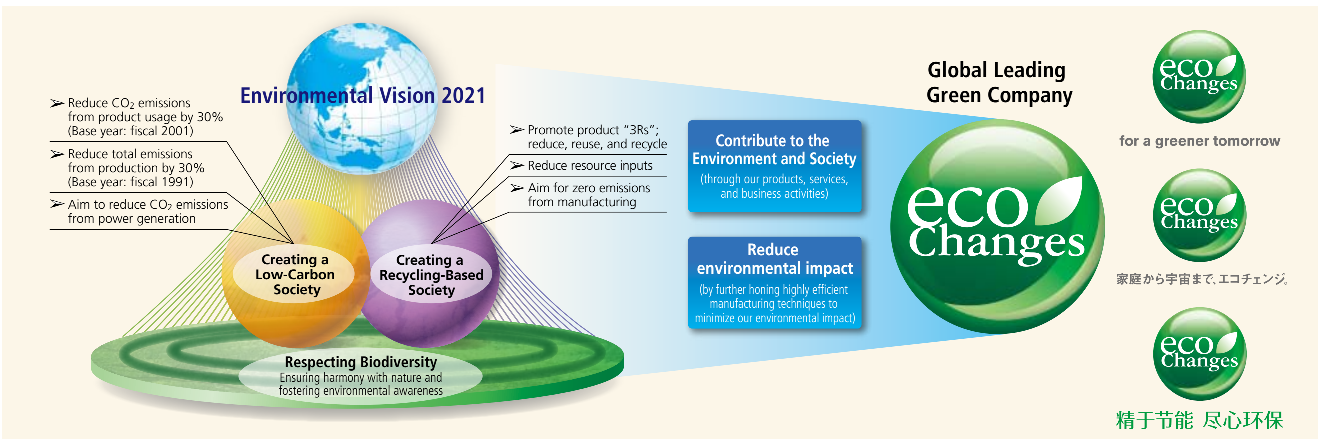
● Activity Items of the 8th Environmental Plan

1. Initiatives aimed at realizing a low-carbon society
   Increase the level of contribution to society by reducing CO_2. Specifically, (1) reduce CO_2 from production, and (2) reduce CO_2 from product usage.
2. Initiatives aimed at forming a low-carbon society
   (1) Promote the effective use of resources utilizing the final disposal ratio as a key indicator, (2) reduce resource inputs, and (3) strengthen partnerships with resource recycling businesses.
3. Initiatives aimed at realizing a symbiotic society
   (1) Hold various events, including the Mitsubishi Electric Outdoor Classroom and the Satoyama Woodland Preservation Project, and (2) foster environmental awareness by promoting online environmental education on a global scale.
4. Efforts toward strengthening the environmental management platform
   (1) Improve the execution of quantitative assessment of environmental risk and management at factories in Japan and overseas, and (2) adhere strictly to environmental rules and regulations.

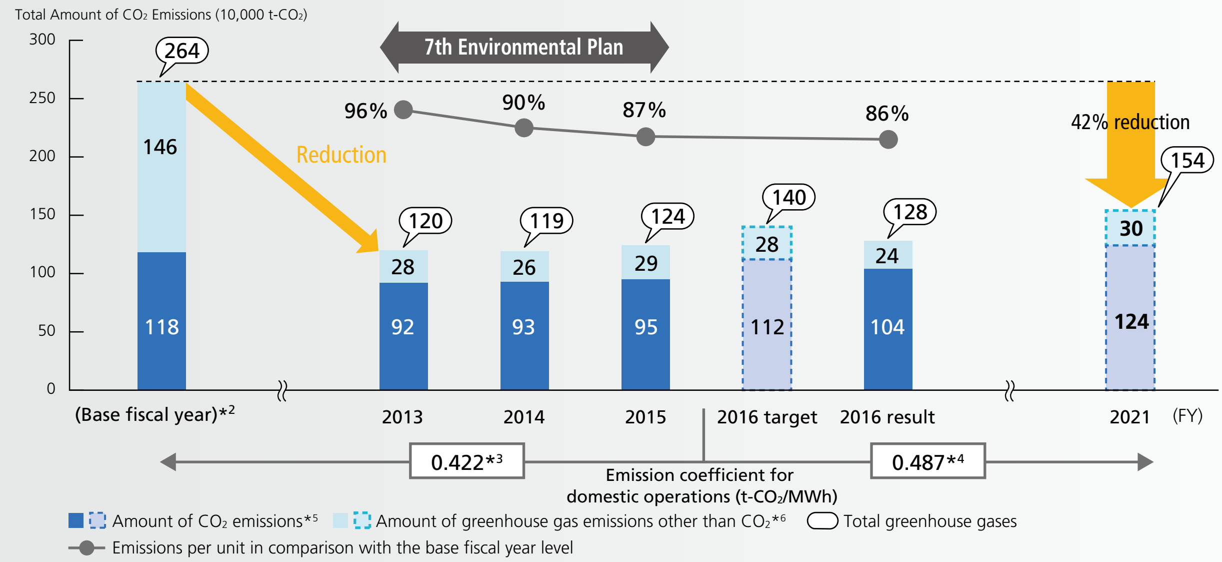
• Major Activity Item 1:
Reducing CO_2 Emissions from Production

Under its 8th Environmental Plan, the Mitsubishi Electric Group will integrate and promote the reduction of CO_2 from energy sources and the management of efforts aimed at reducing greenhouse gases other than CO_2*1, activities that were previously undertaken on an individual basis, in order to comprehensively evaluate and manage the impact of greenhouse gases on the goal of realizing a low-carbon society. The plan, ending in fiscal 2018, calls for the total of CO_2 from energy sources and greenhouse gases other than CO_2 to be kept below 1,370,000 tons on an annual CO_2 equivalent emission basis, considerably lower than the base fiscal year figure of 2,640,000 tons.

*1 Emissions of such substances as SF6, PFC, and HFC



Plan to Reduce CO_2 Emissions from Production across the Mitsubishi Electric Group



*2 CO_2 from energy sources: Mitsubishi Electric (non-consolidated) 1991; affiliates in Japan 2001; overseas affiliates 2006
Greenhouse gases other than CO_2: Mitsubishi Electric (non-consolidated) and affiliates in Japan 2001; overseas affiliates 2006
*3 "The Japan Electrical Manufacturers' Association"(1997)
*4 "Federation of Electric Power Companies of Japan"(2013 During 8th Environmental Plan was preparing, 2 Nuclear Power Plants were running)
*5 Quoted overseas "CO_2 emission factors" published by "The Japan Electrical Manufacturers' Association"(2006).
*6 Quoted "global warming potentials" published by "IPCC Second Assessment Report: Climate Change 1995".

In an effort to reduce CO_2 from energy sources, the Mitsubishi Electric Group is introducing high-efficiency air conditioners and other equipment while shifting to LED lighting. The Group is also striving to understand energy consumption at the point of production. To eliminate waste, the Group is looking at improving heat loss while reducing standby power. Working to reduce such greenhouse gases as SF6, HFC, and PFC, the Group is shifting to the use of refrigerant gases with low global warming potential. Other ongoing initiatives include the building of a handling scheme that extends from gas recovery through recycling to eventual destruction; efforts to reinforce countermeasures aimed at preventing leaking; and the early introduction of treatment systems.

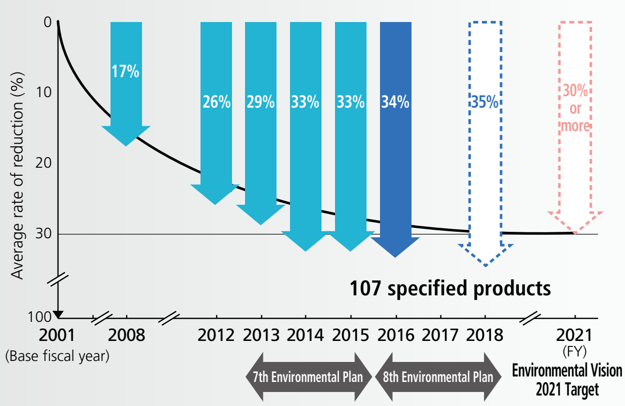
In fiscal 2016, the Mitsubishi Electric Group reduced total annual greenhouse gas emissions to 1.28 million tons, which is 12 thousand less than the target of 1.4 million tons. While the scale of production is projected to rise during the period of the 8th Environmental Plan, the Mitsubishi Electric Group expects to achieve the aforementioned target by steadfastly implementing the previously identified measures.

• Major Activity Item 2:

Reducing CO_2 Emissions from Product Usage through Improved Energy Efficiency Performance

Regarding greenhouse gas emissions outside the scope of the Mitsubishi Electric Group's business activities, a principal source is the CO_2 derived from electric power consumption during the period that products are used. When the amount of CO_2 emitted during product use is calculated, the levels during product use can be several dozen times the amount emitted during production. Therefore, the development and widespread use of highly energy-efficient products can contribute significantly to the reduction of CO_2 emissions. Under the 8th Environmental Plan, the Mitsubishi Electric Group is aiming for an average CO_2 reduction ratio of 35% or more compared with fiscal 2001 for specific products where the Group can take the initiative regarding design and development and where the reduction of CO_2 emissions during product use is deemed important from an environmental aspect. The number of specified products in fiscal 2016 was 107. The average rate of CO_2 emissions reduction among these products was 34%. Based on this result, the Group is making steady progress toward achieving its target. Looking ahead, the Group will continue to promote improvements.

Plan for Reducing CO_2 from Product Usage through Improved Energy Efficiency



More information about the Mitsubishi Electric Group's environmental and CSR initiatives is available on the following websites:
http://www.MitsubishiElectric.com/company/csr/
http://www.MitsubishiElectric.co.jp/corporate/environment/

Corporate Governance

Basic Corporate Governance Policy

To realize sustained growth and increase corporate value, the Mitsubishi Electric Group works to maintain the flexibility of its operations while promoting management transparency. These endeavors are supported by an efficient corporate governance structure that clearly defines and reinforces the supervisory functions of management while ensuring that the Company is responsive to the expectations of customers, shareholders, and all of its stakeholders.

Corporate Management and Governance Structure

Corporate Management Structure

In June 2003, Mitsubishi Electric became a company with a committee system. Key to this structure is the separation of supervisory and executive functions; the Board of Directors plays a supervisory decision-making role and executive officers handle the day-to-day running of the Company.

The present Board is comprised of twelve directors (five of whom are outside directors), who objectively supervise and advise the Company's management. The Board of Directors has three internal bodies: the Audit, Nomination and Compensation committees. Each body has five members, the majority of whom are outside directors. The Audit Committee is supported by dedicated independent staff.

A salient characteristic of Mitsubishi Electric's management structure is that the roles of Chairman of the Board, who heads the supervisory function, and the President, who is head of all executive officers, are clearly separated. Additionally, neither is included among the members of the Nomination and Compensation Committees. The clear division of supervisory and executive functions allows the Company to ensure effective corporate governance.

Internal Control System

1. For proper execution of duties by the Audit Committee, the committee's independence is ensured such as by assigning dedicated employees to assist in its duties, and the expenses and responsibilities incurred by the committee in the course of executing its duties are appropriately processed according to internal regulations.

   A framework is also in place for reporting to the Audit Committee. The Internal Control Department keeps the Audit Committee informed of information about Mitsubishi Electric and affiliate companies, and an internal reporting system is used to report that information to audit committee members.

   Audit committee members attend executive officers' meetings and other such important conferences, and conduct hearings and surveys of executive officers and the executive staff of Mitsubishi Electric offices and affiliated companies. It also receives regular reports from the accounting auditor and executive officer in charge of auditing, and discusses auditing policies and methods and the implementation status and results of audits.
2. Internal regulations and system are in place to ensure proper operations by the Mitsubishi Electric Group. Within this system, executive officers undertake their duties on their own responsibility and hold executive officers' meetings to deliberate on important matters.

   Executive officers themselves make periodic inspections of the operational status of the system, and the Internal Control Department inspects the design and operation of the internal control framework and regulations, and the status of internal reporting system and then report the result to audit committee members.

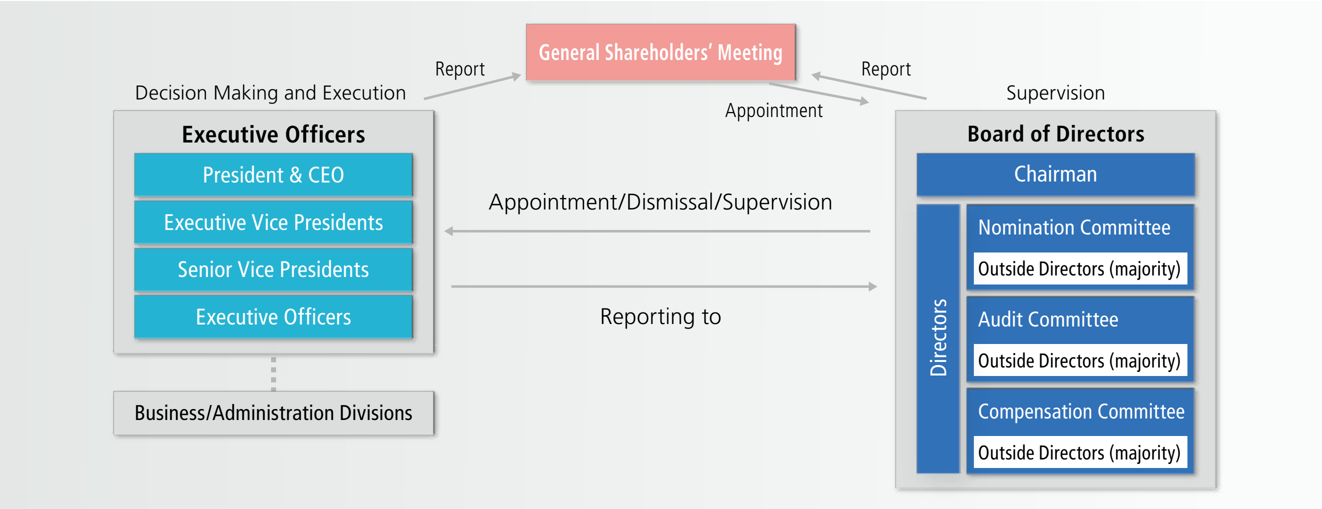
   Furthermore, an internal auditor audits the operational status of the framework, and through an executive officer in charge of auditing, regularly reports the results of such audits to the Audit Committee.

Corporate Auditing Division and Audit Committee

Acting independently, Mitsubishi Electric's Corporate Auditing Division conducts internal audits of the Company from a fair and impartial standpoint. In addition, the division's activities are supported by auditors with profound knowledge of their particular fields, assigned from certain business units.

The Audit Committee is made up of five directors, three of whom are outside directors. In accordance with the policies and assignments agreed to by the committee, the performances of directors and executive officers as well as affiliated companies are audited.

Corporate Governance Framework



The Corporate Auditing Division, through the executive officer in charge of auditing, submits reports to the Audit Committee, which holds periodic meetings to exchange information and discuss auditing policies. In addition, the Audit Committee discusses policies and methods of auditing with accounting auditors, who furnish it with reports on the status and results of the audits of the Company that they themselves conduct.

Policies Regarding Decisions on Compensation, Etc.

Compensation Scheme for Directors and Executive Officers

Policies regarding decisions on compensation, etc. will be made through resolutions by the Compensation Committee, the majority of which consists of Outside Directors. A summary of the policies is as follows.

Compensation Scheme for Directors

1. Directors give advice to and supervise the Company's management from an objective point of view, and therefore, the compensation scheme for Directors is the payment of fixed-amount compensation and the retirement benefit upon resignation.
2. Directors will receive their compensation as a fixed amount, and the compensation to be paid will be set at a level considered reasonable, while taking into account the contents of the Directors' duties and the Company's conditions, etc.
3. Directors will receive the retirement benefit upon their resignation, and the retirement benefit to be paid will be set at a level decided on the basis of the monthly amount of compensation and the number of service years, etc.

Compensation Scheme for Executive Officers

1. 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.
2. Fixed-amount compensation will be set at a level considered reasonable taking into account the contents of the Executive Officers duties and the Company's conditions.
3. 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.
4. 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.

Outside Directors

Effective Utilization of Outside Directors

The Board of Directors comprises twelve members, including five Outside Directors (42% composition ratio).

Outside Directors receive reports about the activity status of internal auditors, the audit committee, accounting auditors, and internal control departments via the Board of Directors, and provide their impartial views regarding Mitsubishi Electric's management from an objective perspective. By doing so, they bring greater transparency to the management framework and strengthen the Board's function of supervising management.

Criteria for Judgment of the Independence of Independent Outside Directors

Outside Directors are expected to supervise management from a high-level perspective based on their abundant experience. Those who are comprehensively judged to possess the character, acumen, and business and professional experience suited to fulfill that role, and who satisfy the requirements of independent executives specified by the Tokyo Stock Exchange and the requirements specified in Mitsubishi Electric's Guidelines on the Independence of Outside Directors (see below) and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the company, are selected as outside director candidates by the Nominating Committee.

< 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.

Note that 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

Directors and Executive Officers

Directors (As of June 29, 2016)

Kenichiro Yamanishi .... Chairman
Masaki Sakuyama
Hiroki Yoshimatsu .... Chairman of the Audit Committee
Nobuyuki Okuma .... Member of the Nomination Committee, Chairman of the Compensation Committee
Akihiro Matsuyama........... Member of the Compensation Committee
Masayuki Ichige .... Member of the Audit Committee
Yutaka Ohashi
Mitoji Yabunaka................ Member of the Nomination Committee, Member of the Compensation Committee, Advisor, Nomura Research Institute, Ltd.
Hiroshi Obayashi .... Chairman of the Nomination Committee, Member of the Audit Committee, Attorney-at-Law
Kazunori Watanabe .... Member of the Audit Committee, Member of the Compensation Committee, Certified Public Accountant, Registered Tax Accountant
Katsunori Nagayasu .... Member of the Nomination Committee, Member of the Audit Committee, Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Hiroko Koide .... Member of the Nomination Committee, Member of the Compensation Committee, Senior Vice President, Global Marketing, Newell Brands Inc.

Representative Executive Officers (As of April 1, 2016)

Masaki Sakuyama
Hideyuki Okubo
Yutaka Ohashi

Executive Officers (As of April 1, 2016)

President & CEO:

Masaki Sakuyama

Executive Vice Presidents:

Hideyuki Okubo .... In charge of Export Control and Total Productivity Management & Environmental Programs
Yutaka Ohashi....................... In charge of Corporate Strategic Planning and Operations of Associated Companies

Senior Vice Presidents:

Isao Iguchi .... In charge of Automotive Equipment
Nobuyuki Okuma .... In charge of Auditing, General Affairs, Human Resources and Legal Affairs & Compliance
Akihiro Matsuyama .... In charge of Accounting and Finance
Kenji Kondo........................... In charge of IT and Research & Development
Takeshi Sugiyama .... In charge of Living Environment & Digital Media Equipment

Executive Officers:

Takashi Sakamoto .... In charge of Purchasing
Takahiro Kikuchi................ In charge of Public Utility Systems
Nobuyuki Abe.................... In charge of Building Systems
Katsuya Takamiya............. In charge of Global Strategic Planning & Marketing
Nobushi Morooka .... In charge of Government & External Relations, Public Relations and Export Control
Yasuyuki Ito .... In charge of Energy & Industrial Systems
Hideaki Nagatomo............ In charge of Living Environment & Digital Media Equipment
Toru Sanada....................... In charge of Semiconductor & Device
Takashi Nishimura .... In charge of Communication Systems
Shinya Fushimi................... In charge of Information Systems & Network Service
Kei Uruma.......................... In charge of Factory Automation Systems
Hisashi Kato .... In charge of Intellectual Property
Minoru Hagiwara................. In charge of Advertising and Domestic Marketing
Masamitsu Okamura .... In charge of Electronic Systems

Organization (As of April 1, 2016)

- Board of Directors
  - Chairman
  - Nomination Committee
  - Audit Committee
  - Compensation Committee
- Audit Committee Office

- Executive Officers' Meeting
  - President & CEO
  - Senior Vice Presidents
  - Executive Officers

- Corporate Auditing Div.
- Corporate Strategic Planning Div.
- Corporate IT Strategy Div.
- Associated Companies Div.
- Government & External Relations Div.
- Corporate Administration Div.
- Corporate Human Resources Div.
- Corporate Accounting Div.
- Corporate Finance Div.
- Corporate Purchasing Div.
- Public Relations Div.
- Corporate Advertising Div.
- Corporate Legal & Compliance Div.
- Corporate Export Control Div.
- Corporate Licensing Div.
- Corporate Intellectual Property Div.

- Corporate Marketing Group
  - Business Planning Office
  - Market Planning & Administration Dept.
  - Compliance Dept.
  - Marketing Research & Business Development Dept.
  - Olympic and Paralympic Promotion Dept.
  - Branch Offices (Hokkaido, Tohoku, Kanetsu, Kanagawa, Hokuriku, Chubu, Kansai, Chugoku, Shikoku, Kyushu)
- Global Strategic Planning & Marketing Group
  - Global Planning & Administration Div.
  - Compliance Dept.
  - Regional Marketing Div.
  - Regional Strategic Development Div.
  - Regional Corporate Offices
    - Americas (U.S.A.)
    - Europe (U.K.)
    - Asia (Singapore)
    - China
    - Taiwan
- Corporate Total Productivity Management & Environmental Programs Group
  - Corporate Productivity Engineering Dept.
  - Compliance Dept.
  - Corporate Quality Assurance Planning Dept.
  - Corporate Environmental Sustainability Group
  - Corporate Logistics Dept.
  - Design Systems Engineering Center
  - Manufacturing Engineering Center
  - Component Production Engineering Center
- Corporate Research and Development Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Advanced Technology R&D Center
  - Information Technology R&D Center
  - Industrial Design Center
- Information Systems & Network Service Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Information Systems & Network Service Div.
- Public Utility Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Engineering Planning Dept.
  - ITS Business Development Group
  - Public-Use Systems Marketing Div.
  - Transportation Systems Div.
  - Overseas Marketing Div.
  - Plant Engineering & Construction Div.
  - Branch Offices
  - Kobe Works, Itami Works, Nagasaki Works
- Energy & Industrial Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Engineering Planning Dept.
  - Nuclear Power Plant Technical Supervisory Office
  - Business Development & Strategic Planning Div.
  - Transmission & Distribution Systems Marketing Div.
  - Power & Energy Systems Marketing Div.
  - Nuclear Energy, Advanced Magnetic & Medical Systems Marketing Div.
  - Power Plant Engineering & Construction Center
  - Branch Offices
  - Energy Systems Center, Transmission & Distribution Systems Center, Power Distribution Systems Center
- Building Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Engineering Planning Dept.
  - Total Security Systems Dept.
  - Domestic Marketing Div.
  - Overseas Marketing Div.
  - Building Systems Field Operation Div.
  - Branch Offices
  - Inazawa Works
- Electronic Systems Group
  - Electronic Systems Compliance Dept.
  - Planning & Administration Dept.
  - Defense Systems Div.
  - Space Systems Div.
  - IT Space Solutions Div.
  - Branch Offices
  - Communication Systems Center, Kamakura Works
- Communication Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Communication Systems Engineering Center
  - Telecommunication Systems Sales & Marketing Div.
  - Branch Offices
  - Communication Networks Center
- Living Environment & Digital Media Equipment Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Engineering Dept.
  - Branding Strategy Dept.
  - External Relations Dept.
  - Customer Satisfaction Promotion Dept.
  - Marketing & Operations Strategic Planning Dept.
  - Eco-Facility Systems Marketing Dept.
  - Air-Conditioning & Refrigeration Systems Div.
  - Overseas Air-Conditioning & Refrigeration Systems Div.
  - Lighting, Ventilation, Home Equipment and Photovoltaic Systems Div.
  - Home Appliances & Digital Media Equipment Div.
  - Living Environment Systems Laboratory
  - Branch Offices
  - Nakatsugawa Works, Air-Conditioning & Refrigeration Systems Works, Shizuoka Works, Kyoto Works, Gunma Works
- Factory Automation Systems Group
  - Planning & Administration Dept.
  - Compliance Dept.
  - Industrial Products Marketing Div.
  - Industrial Automation Marketing Div.
  - Overseas Marketing Div.
  - Global Account Management Div.
  - Branch Offices
  - Nagoya Works, Fukuyama Works
- Automotive Equipment Group
  - Planning & Administration Dept.
  - Automotive Equipment Compliance Dept.
  - Automotive Equipment Marketing Div.
  - Automotive Electronics Development Center
  - Branch Offices
  - Himeji Works, Sanda Works
- Semiconductor & Device Group
  - Planning & Administration Div.
  - Compliance Dept.
  - Semiconductor & Device Marketing Div. A
  - Semiconductor & Device Marketing Div. B
  - LCD Div.
  - Branch Offices
  - Power Device Works, High Frequency & Optical Device Works

Major Subsidiaries and Affiliates (As of March 31, 2016)

Segment	Manufacturing	Sales/Installation/Services
Energy and Electric Systems	Toyo Electric Corporation Mitsubishi Electric Power Products, Inc. Mitsubishi Electric Shanghai Electric Elevator Co., Ltd. Mitsubishi Elevator Asia Co., Ltd. Mitsubishi Elevator Korea Co., Ltd. Taiwan Mitsubishi Elevator Co., Ltd. Toshiba Mitsubishi-Electric Industrial Systems Corporation Mitsubishi Hitachi Home Elevator Corporation Shanghai Mitsubishi Elevator Co., Ltd. Zhuzhou Shiling Transportation Equipment Company Limited	Mitsubishi Electric Building Techno-Service Co., Ltd. Mitsubishi Electric Plant Engineering Corporation Mitsubishi Electric Control Software Corporation Ryoden Elevator Construction, Ltd. Ryoko Co., Ltd. RYO-SA BUILWARE Co., Ltd. Mitsubishi Elevator Hong Kong Co., Ltd. Mitsubishi Electric Saudi Ltd. Hitachi Mitsubishi Hydro Corporation ETA-Melco Elevator Co. L.L.C.
Industrial Automation Systems	DB Seiko Co., Ltd. Mitsubishi Electric Automotive America, Inc. Mitsubishi Electric Thai Auto-Parts Co., Ltd. Mitsubishi Electric Automotive (China) Co., Ltd. Mitsubishi Electric Automation, Inc. Mitsubishi Electric Dalian Industrial Products Co., Ltd. Mitsubishi Electric Automotive Czech s.r.o. Shizuki Electric Co., Inc. Nippon Injector Corporation Shihlin Electric & Engineering Corporation	Ryowa Corporation Setsuyo Astec Corporation Ryoden Koki Engineering Co., Ltd. Meldas System Engineering Corporation Mitsubishi Electric Mechatronics Software Corporation Mitsubishi Electric Automation (Hong Kong) Ltd. Mitsubishi Electric Automation Korea Co., Ltd.
Information and Communication Systems	Mitsubishi Electric TOKKI Systems Corporation Mitsubishi Precision Co., Ltd. SPC Electronics Corporation Seiryo Electric Co., Ltd. Oi Electric Co., Ltd. Miyoshi Electronics Corporation	Mitsubishi Electric Information Systems Corporation Mitsubishi Electric Information Network Corporation Mitsubishi Space Software Co., Ltd. Mitsubishi Electric Micro-Computer Application Software Co., Ltd. Itec Hankyu Hanshin Co., Ltd.
Electronic Devices	Melco Power Device Corporation Melco Display Technology Inc. Vincotech Holdings S.à r.l. Powerex, Inc.	Melco Semiconductor Engineering Corporation
Home Appliances	Mitsubishi Electric Lighting Corporation Mitsubishi Electric Home Appliance Co., Ltd. Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. Shanghai Mitsubishi Electric & Shangling Air-Conditioner and Electric Appliance Co., Ltd. MELCO Hydronics & IT Cooling S. p. A. Mitsubishi Electric (Guangzhou) Compressor Co., Ltd. Siam Compressor Industry Co., Ltd. Mitsubishi Electric Air Conditioning Systems Europe Ltd. Kang Yong Electric Public Co., Ltd.	Mitsubishi Electric Living Environment Systems Corporation Mitsubishi Electric Life Network Co., Ltd. Mitsubishi Electric Air Conditioning & Refrigeration Equipment Sales Co., Ltd. Mitsubishi Electric Air Conditioning & Refrigeration Systems Co., Ltd. Melco Facilities Corporation Mitsubishi Electric Kang Yong Watana Co., Ltd. Mitsubishi Electric Air-Conditioning & Visual Information Systems (Shanghai) Ltd.
Others		Mitsubishi Electric Trading Corporation Mitsubishi Electric Engineering Co., Ltd. Mitsubishi Electric Logistics Corporation Mitsubishi Electric System & Service Co., Ltd. Mitsubishi Electric Life Service Corporation The Kodensha Co., Ltd. iPLANET Inc. Melco Trading (Thailand) Co.,Ltd. Mitsubishi Electric Credit Corporation KITA KOUDENSHA Corporation

Comprehensive Sales Companies

Chiyoda Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (9 companies)
Mitsubishi Electric Europe B.V.
Mitsubishi Electric US, Inc.
Mitsubishi Electric Taiwan Co., Ltd.
Mitsubishi Electric & Electronics (Shanghai) Co., Ltd.
Mitsubishi Electric Asia Pte. Ltd.
Mitsubishi Electric (H.K.) Ltd.
Mitsubishi Electric Australia Pty. Ltd.

Ryoden Trading Co., Ltd.
Kanaden Corporation
Mansei Corporation

Notes:
1. Comprehensive sales companies include several companies that are responsible for selling products from a number of businesses, and therefore these are placed into their own separate category rather than grouped by business segment.
2. Companies shaded in gray are consolidated subsidiaries, while others are equity-method affiliate companies.
3. The name of Ryoden Koki Engineering Co., Ltd. was changed to Mitsubishi Electric Mechatronics Engineering Corporation on April 1, 2016.

Financial Section

Contents

Five-Year Summary

Mitsubishi Electric Corporation and Subsidiaries

Years ended March 31	2016	2015	2014	2013	2012	2016
					Yen (millions)	U.S. dollars (thousands)
Summary of Operations						
Net sales	**¥4,394,353**	¥4,323,041	¥4,054,359	¥3,567,184	¥3,639,468	**$38,888,080**
Cost of sales	**3,071,435**	3,032,161	2,914,589	2,604,360	2,628,964	**27,180,842**
Selling, general, administrative and R&D expenses	**1,013,264**	970,191	900,807	806,412	781,278	**8,966,938**
Loss on impairment of long-lived assets	**8,482**	3,085	3,791	4,317	3,782	**75,062**
Operating costs	**4,093,181**	4,005,437	3,819,187	3,415,089	3,414,024	**36,222,841**
Operating income	**301,172**	317,604	235,172	152,095	225,444	**2,665,239**
Income before income taxes	**318,476**	322,968	248,990	65,141	224,080	**2,818,372**
Net income attributable to Mitsubishi Electric Corp.	**¥ 228,494**	¥ 234,694	¥ 153,473	¥ 69,517	¥ 112,063	**$ 2,022,071**
Financial Ratios						
Return on sales (%)	**5.20**	5.43	3.79	1.95	3.08	—
Return on equity (%)	**12.41**	13.94	10.87	5.72	10.27	—
Return on assets (%)	**5.63**	6.12	4.37	2.04	3.33	—
Equity ratio (%)	**45.29**	45.38	42.19	38.12	33.39	—
Per-Share Amounts						
Net income attributable to Mitsubishi Electric Corp. (yen/U.S. dollars)						
Basic	**¥ 106.43**	¥ 109.32	¥ 71.49	¥ 32.38	¥ 52.20	**$ 0.942**
Diluted	—	—	—	—	—	—
Cash dividends declared (yen/U.S. dollars)	**¥ 27**	¥ 27	¥ 17	¥ 11	¥ 12	**$ 0.239**
Statistical Information						
Current assets	**¥2,551,863**	¥2,633,445	¥2,290,007	¥2,129,395	¥2,180,362	**$22,582,858**
Current liabilities	**1,507,943**	1,612,582	1,494,243	1,386,067	1,387,744	**13,344,628**
Working capital	**1,043,920**	1,020,863	795,764	743,328	792,618	**9,238,230**
Mitsubishi Electric Corp. shareholders' equity	**1,838,773**	1,842,203	1,524,322	1,300,070	1,132,465	**16,272,327**
Cash dividends paid	**57,963**	42,936	25,762	23,616	27,910	**512,947**
Total assets	**4,059,941**	4,059,451	3,612,966	3,410,410	3,391,651	**35,928,681**
Capital expenditures	**182,251**	199,758	151,840	150,425	159,346	**1,612,841**
R&D expenditures	**202,922**	195,314	178,945	172,222	169,686	**1,795,770**
Depreciation	**¥ 145,249**	¥ 156,205	¥ 132,956	¥ 127,942	¥ 127,244	**$ 1,285,389**
Employees (at the end of the year)	**135,160**	129,249	124,305	120,958	117,314	—

Notes: 1. The Company prepares consolidated financial statements with procedures, accounting terms, forms, and preparation that are in conformity with accounting principles generally accepted in the United States of America based on the rules and regulations applicable in Japan.
2. Operating income is presented as net sales less cost of sales, selling, general, administrative and R&D expenses, and loss on impairment of long-lived assets. Total operating income for each segment conforms to above mentioned operating income. Business restructuring expenses are shown as non-operating expenses.
3. R&D expenditures include elements spent on quality improvements, which constitute manufacturing costs.
4. U.S. dollar amounts are translated from yen at the rate of ¥113=U.S.$1, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2016.
5. The Company has 218 consolidated subsidiaries and 38 equity-method companies as of March 31, 2016.
6. Diluted net income per share attributable to Mitsubishi Electric Corp. is not included in the above table as no dilutive securities existed.

OVERVIEW

The business environment in the fiscal year ended March 31, 2016 (hereinafter, fiscal 2016) experienced buoyancy in the U.S. economy, which showed expansion, and a gradual trend of economic recovery continuing in Europe, despite a gradual slow-down 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 yen and operating income of 301.1 billion yen. Income before income taxes came to 318.4 billion yen. Net income attributable to Mitsubishi Electric Corporation was 228.4 billion yen for the fiscal year.

Net Sales

The Mitsubishi Electric Group recorded increases in sales in the following segments: Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems and Home Appliances. In the fiscal year, consolidated net sales climbed by ¥71.3 billion year on year to ¥4,394.3 billion.

Cost of Sales, Expenses and Operating Income

The cost of sales increased by ¥39.2 billion compared with the previous fiscal year to ¥3,071.4 billion, representing 69.9% of total net sales, an improvement of 0.2 of a percentage point. Selling, general and administrative (SG&A) expenses together with research and development (R&D) expenses totaled ¥1,013.2 billion, up ¥43.0 billion year on year. As a result, the ratio of SG&A and R&D expenses to net sales deteriorated by 0.5 of a percentage point year on year to 23.0%. Loss on impairment of long-lived assets increased by ¥5.3 billion year on year to ¥8.4 billion.

Accounting for the aforementioned factors, operating income amounted to ¥301.1 billion, a decrease of ¥16.4 billion compared with the previous fiscal year. This decrease was primarily attributable to decreases in income in Energy and Electric Systems, Information and Communications Systems and Electronic Devices business segments.

Non-Operating Income and Expenses

Financial income, the sum of interest and dividend income less interest expenses, amounted to ¥5.0 billion, an improvement of ¥1.7 billion compared with the previous fiscal year. Equity in earnings of affiliated companies totaled ¥29.4 billion, an improvement of ¥1.7 billion compared with the previous fiscal year.

Other income decreased by ¥20.7 billion to ¥22.5 billion year on year. Other expenses decreased by ¥29.2 billion year on year to ¥39.7 billion.

Income before Income Taxes

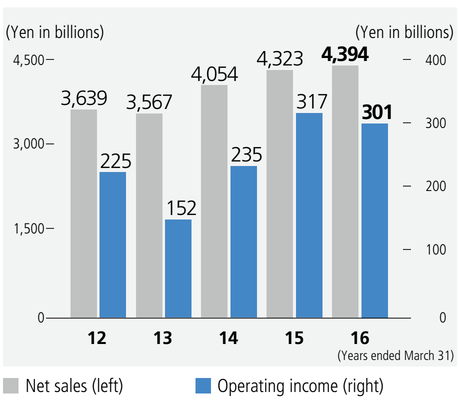
Income before income taxes decreased by ¥4.4 billion compared with the previous fiscal year to ¥318.4 billion, for a ratio to net sales of 7.2%.

This is largely attributable to the aforementioned decrease in operating income of ¥16.4 billion, which offset upswing in the balance of non-operating income totaling ¥11.9 billion.

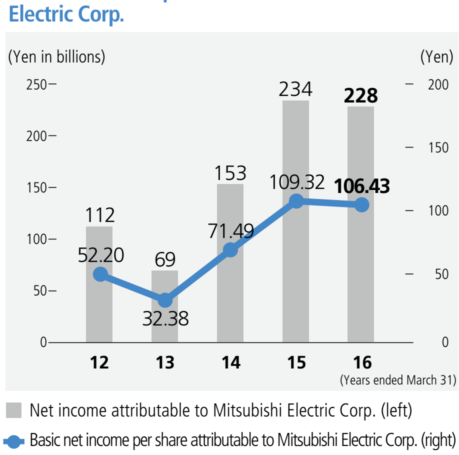
Net Income Attributable to Mitsubishi Electric Corp.

Net income attributable to Mitsubishi Electric Corp. decreased by ¥6.2 billion year on year to ¥228.4 billion (a ratio to net sales of 5.2%) largely on the back of the decrease in income before income taxes.

Net sales / Operating income



Net income attributable to Mitsubishi Electric Corp. / Basic net income per share attributable to Mitsubishi Electric Corp.



Business Risks

The Mitsubishi Electric Group (hereinafter "the Group") is involved in development, manufacture and sales in a wide range of fields including Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices and Home Appliances, and these operations extend globally, not only inside Japan, but also in North America, Europe, Asia and other regions. While the statements herein are based on certain assumptions and premises that the Company trusts and considers to be reasonable under the circumstances on the date of announcement, actual operating results are subject to change due to any of the factors as contemplated hereunder and/or any additional factor unforeseeable as of the date of this announcement. Such factors materially affecting the expectations expressed herein shall include but are not limited to the following:

(1) Important trends
The Group's operations may be affected by trends in the global economy, social conditions, laws, tax codes and regulations.

(2) Foreign currency exchange rates
Fluctuations in foreign currency markets may affect the Group's sales of exported products and purchases of imported materials that are denominated in U.S. dollars or euros, as well as its Asian production bases' sales of exported products and purchases of imported materials that are denominated in foreign currencies.

(3) Stock markets
A fall in stock market prices may cause Mitsubishi Electric to record devaluation losses on marketable securities, or cause an increase in retirement benefit obligations in accordance with a decline in the fair value of pension assets.

(4) Supply/demand balance for products and procurement conditions for materials and components
A decline in prices and shipments due to changes in the supply/demand balance, as well as an increase in material prices due to a worsening of material and component procurement conditions, may adversely affect the Group's performance.

(5) Fund raising
An increase in interest rates, the yen interest rate in particular, would increase the Group's interest expenses.

(6) Significant patent matters
Important patent filings, licensing, copyrights and patent-related disputes may adversely affect related businesses.

(7) Environmental legislation or relevant issues
The Group may incur losses or expenses owing to changes in environmental legislation or the occurrence of environmental issues. Such changes in legislation or the occurrence of environmental issues may also impact manufacturing and all corporate activities of the Group.

(8) Flaws or defects in products or services
The Group may incur losses or expenses resulting out of flaws or defects in products or services, and the lowered reputation of the quality of all its products and services may affect the entire Group.

(9) Litigation and other legal proceedings
The Group's operations may be affected by lawsuits or other legal proceedings against Mitsubishi Electric, its subsidiaries and/or equity-method affiliated companies.

(10) Disruptive changes
Disruptive changes in technology, development of products using new technology, timing of production and market introduction may adversely affect the Group's performance.

(11) Business restructuring
The Group may record losses due to restructuring measures.

(12) Information security
The performance of the Group may be affected by computer virus infections, unauthorized access and other unpredictable incidents that lead to the loss or leakage of personal information held by the Group or confidential information regarding the Group's business such as its technology, sales and other operations.

(13) Natural disasters
The Group's operations, particularly manufacturing activities, may be affected by the occurrence of earthquakes, typhoons, tsunami, fires and other large-scale disasters.

(14) Other significant factors
The Group's operations may be affected by the outbreak of social or political upheaval due to terrorism, war, pandemic by new strains of influenza and other diseases, or other factors.

RESULTS BY BUSINESS SEGMENT

Net Sales by Business Segment

Years ended March 31	2016	2015	2014	2013	2012	2016
	Yen (millions)					U.S. dollars (thousands)
Energy and Electric Systems	**¥1,264,604**	¥1,228,958	¥1,180,093	¥1,058,177	¥1,027,115	**$11,191,186**
Industrial Automation Systems	**1,321,937**	1,282,749	1,098,796	927,857	978,380	**11,698,558**
Information and Communication Systems	**561,119**	559,521	548,282	522,422	516,354	**4,965,655**
Electronic Devices	**211,580**	238,402	194,658	164,065	200,799	**1,872,389**
Home Appliances	**982,064**	944,830	944,351	821,298	849,274	**8,690,832**
Others	**707,746**	740,517	676,034	590,366	611,619	**6,263,239**
Subtotal	**5,049,050**	4,994,977	4,642,214	4,084,185	4,183,541	**44,681,859**
Eliminations	**(654,697)**	(671,936)	(587,855)	(517,001)	(544,073)	**(5,793,779)**
Consolidated total	**¥4,394,353**	¥4,323,041	¥4,054,359	¥3,567,184	¥3,639,468	**$38,888,080**

Operating Income (Loss) by Business Segment

Years ended March 31	2016	2015	2014	2013	2012	2016
	Yen (millions)					U.S. dollars (thousands)
Energy and Electric Systems	**¥ 50,342**	¥ 72,448	¥ 76,324	¥ 85,140	¥ 84,920	**$ 445,504**
Industrial Automation Systems	**159,160**	145,982	98,079	60,592	101,192	**1,408,496**
Information and Communication Systems	**14,999**	18,934	5,529	1,591	21,312	**132,735**
Electronic Devices	**16,870**	30,163	10,050	(5,580)	3,585	**149,292**
Home Appliances	**63,856**	54,296	52,878	19,300	22,358	**565,097**
Others	**23,620**	23,742	19,801	18,790	20,348	**209,027**
Subtotal	**328,847**	345,565	262,661	179,833	253,715	**2,910,151**
Eliminations and other	**(27,675)**	(27,961)	(27,489)	(27,738)	(28,271)	**(244,912)**
Consolidated total	**¥301,172**	¥317,604	¥235,172	¥152,095	¥225,444	**$2,665,239**

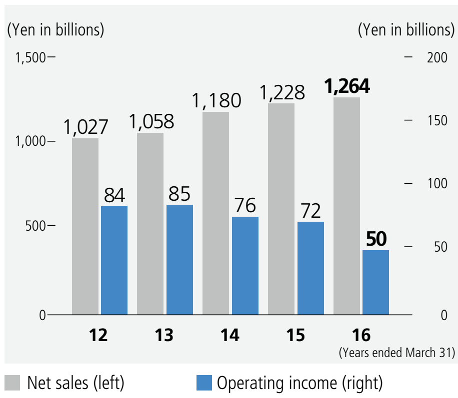
Energy and Electric Systems

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 to 1,264.6 billion yen. Operating income decreased by 22.1 billion yen from the previous fiscal year to 50.3 billion yen due primarily to a shift in project portfolios and lower profit in the social infrastructure systems business.

Net sales and Operating income of Energy and Electric Systems



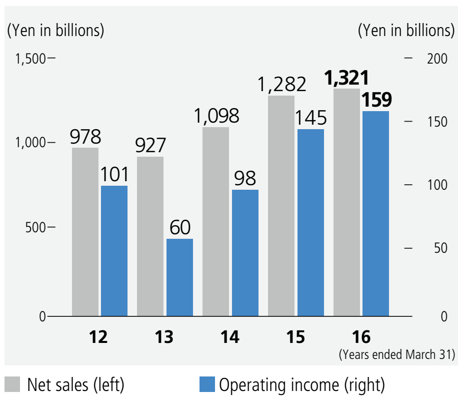
Industrial Automation Systems

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 to 1,321.9 billion yen. Operating income increased by 13.1 billion yen from the previous fiscal year to 159.1 billion yen due primarily to the increase in sales.

Net sales and Operating income of Industrial Automation Systems



Information and Communication Systems

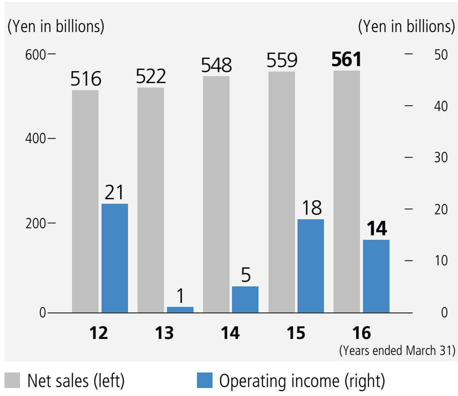
The telecommunications equipment business remained unchanged in both orders and sales compared to the previous fiscal year.

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 amounted to 561.1 billion yen, virtually unchanged from the previous fiscal year. Operating income decreased by 3.9 billion yen from the previous fiscal year to 14.9 billion yen due primarily to a shift in project portfolios.

Net sales and Operating income of Information and Communication Systems

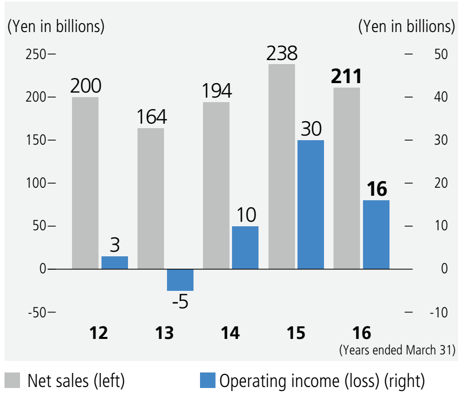


Electronic Devices

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 with the previous fiscal year to 211.5 billion yen. Operating income decreased by 13.2 billion yen compared with the previous fiscal year to 16.8 billion yen due primarily to the decrease in sales.

Net sales and Operating income (loss) of Electronic Devices

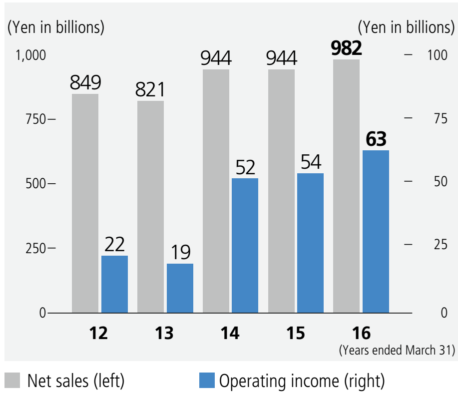


Home Appliances

The home appliances business saw an increase in sales of 4% compared with the previous fiscal year to 982.0 billion yen, 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 yen compared with the previous fiscal year to 63.8 billion yen largely due to the increase in sales.

Net sales and Operating income of Home Appliances

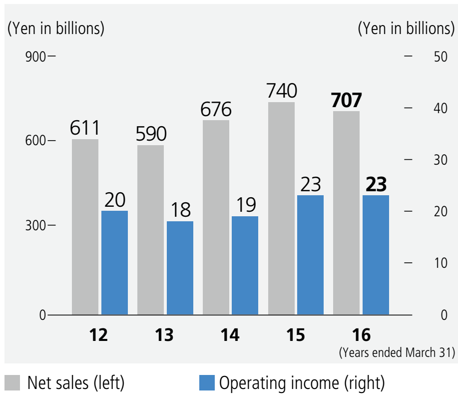


Others

Sales decreased by 4% compared with the previous fiscal year to 707.7 billion yen due to decreases mainly at affiliated companies involved in materials procurement.

Operating income decreased by 0.1 billion yen from the previous fiscal year to 23.6 billion yen due primarily to the decrease in sales.

Net sales and Operating income of Others



RESULTS BY GEOGRAPHIC SEGMENT

Net Sales by Geographic Segment

Years ended March 31	2016	2015	2014	2013	2012	2016
	Yen (millions)					U.S. dollars (thousands)
Japan	**¥3,563,530**	¥ 3,578,960	¥3,362,854	¥3,064,014	¥3,186,719	**$31,535,664**
North America	**446,935**	388,021	325,224	248,105	222,543	**3,955,177**
Asia (excluding Japan)	**1,054,563**	1,047,758	887,022	624,724	582,888	**9,332,416**
Europe	**387,628**	383,965	352,950	289,933	309,997	**3,430,336**
Others	**50,260**	49,495	47,824	40,255	40,184	**444,779**
Eliminations	**(1,108,563)**	(1,125,158)	(921,515)	(699,847)	(702,863)	**(9,810,292)**
Consolidated total	**¥4,394,353**	¥ 4,323,041	¥4,054,359	¥3,567,184	¥3,639,468	**$38,888,080**

Operating Income (Loss) by Geographic Segment

Years ended March 31	2016	2015	2014	2013	2012	2016
	Yen (millions)					U.S. dollars (thousands)
Japan	**¥173,383**	¥226,199	¥177,315	¥116,923	¥179,452	**$1,534,363**
North America	**9,421**	5,178	1,679	(1,744)	3,339	**83,372**
Asia (excluding Japan)	**91,006**	82,419	59,023	36,172	34,220	**805,363**
Europe	**14,806**	11,803	4,768	4,527	6,319	**131,026**
Others	**904**	402	1,735	2,209	3,905	**8,000**
Eliminations	**11,652**	(8,397)	(9,348)	(5,992)	(1,791)	**103,115**
Consolidated total	**¥301,172**	¥317,604	¥235,172	¥152,095	¥225,444	**$2,665,239**

Japan

Sales totaled 3,563.5 billion yen, virtually unchanged from the previous fiscal year. Operating income decreased by 52.8 billion yen to 173.3 billion yen. This largely reflected a shift in project portfolios and lower profit in the social infrastructure systems business.

North America

Sales increased by 15% year on year to 446.9 billion yen primarily due to higher sales in the power systems and automotive equipment businesses. Operating income increased by 4.2 billion yen to 9.4 billion yen.

Asia (excluding Japan)

Sales totaled 1,054.5 billion yen, up 1% compared with the previous fiscal year mainly because of higher sales in the automotive equipment and air conditioner businesses. Operating income increased by 8.5 billion yen to 91.0 billion yen.

Europe

Sales increased by 1% year on year to 387.6 billion yen mainly because of higher sales in the automotive equipment and air conditioner businesses. Operating income increased by 3.0 billion yen to 14.8 billion yen.

Others

Sales in other regions, including figures for Mitsubishi Electric's Australian subsidiary, amounted to 50.2 billion yen, while operating income was 0.9 billion yen.

RESEARCH AND DEVELOPMENT

R&D Expenditures

Years ended March 31	2016	2015	2014	2013	Yen (billions) 2012	U.S. dollars (millions) 2016
Energy and Electric Systems	**¥ 33.7**	¥ 31.4	¥ 28.8	¥ 29.8	¥ 30.5	**$ 298.2**
Industrial Automation Systems	**70.8**	70.5	63.4	58.9	54.9	**626.5**
Information and Communication Systems	**18.9**	16.3	15.6	16.4	16.1	**167.3**
Electronic Devices	**10.6**	10.9	9.3	8.2	9.3	**93.8**
Home Appliances	**39.8**	37.3	34.1	30.8	30.4	**352.2**
Others	**28.7**	28.6	27.5	27.7	28.2	**254.0**
Consolidated total	**¥202.9**	¥195.3	¥178.9	¥172.2	¥169.6	**$1,795.8**

The Mitsubishi Electric Group actively promotes R&D initiatives that cover fundamental and advanced applications as well as product commercialization and manufacturing technologies. Carrying out these initiatives are various Group facilities, including corporate laboratories in Japan and laboratories in the United States and Europe as well as the R&D departments of factories and consolidated subsidiaries. Moreover, we pursue advanced and wide-ranging R&D activities in partnership with universities and research institutions both in Japan and overseas.

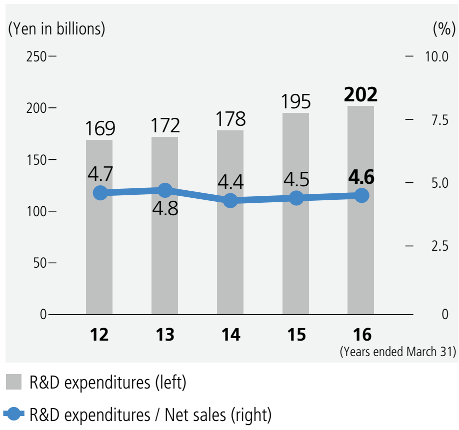
In fiscal 2016, total R&D expenditures, including quality improvement expenses constituting manufacturing costs, amounted to ¥202.9 billion. Mitsubishi Electric reports R&D activities by business segment according to purpose, type, result and expenditure.

In the Energy and Electric Systems segment, our research is directed at boosting the competitiveness of such core products as rotating machines for generators, electric motors and other machinery; switches and transformers; other power transmission/distribution/reception equipment and systems; transportation systems; and elevators and escalators. Other R&D areas include IT-application systems for supervision and control, power information systems, building management systems and visual information systems. Notable among Mitsubishi Electric's recent R&D achievements are the Mitsubishi Infrastructure Monitoring System for Diagnosis (MMSD) designed to maintain social infrastructure; a compact and upgraded version of the Station Energy Saving Inverter (S-EIV); a water-cooling propulsion and control system for high-speed train; reduction in size and weight of gas-insulated switchgear for overseas markets; high-capacity energy-storage system; upgrading of the MELSAFETY-PX access control system for use in small to medium-sized buildings; and enhancing competitiveness of the NEXIEZ-MR, standard passenger elevator for overseas customers. R&D expenditures in this segment totaled ¥33.7 billion.

In the Industrial Automation Systems segment, R&D activities are aimed at enhancing the competitiveness of our lineup, which includes FA control equipment and systems; drive products such as AC servo motor systems; power distribution and control equipment; mechatronics equipment; industrial robots; automotive electric and electronic components, including electric power steering (EPS) and related products; car multimedia systems; and automated driving and driving assistance systems. Mitsubishi Electric's important R&D successes encompass the ML3015eX-F40 2-Dimensional fiber laser processing systems, the ML3015SR-32XP CO2 2-Dimensional laser processing systems; MELSEC iQ-R series programmable controllers (safety); GTW4-UVF20 series laser drilling systems; the EA12PS die sinking electrical discharge machine; the DIATONE SOUND. NAVI NR-MZ100 Series car audio-navigation system; EP-E216SBG/SB in-vehicle DSRC unit (ETC 2.0); and the EMIRAI3 xAUTO and EMIRAI3 xDAS concept cars exhibited at the Tokyo Motor Show 2015. R&D expenditures in this segment totaled ¥70.8 billion.

In the Information and Communication Systems segment, Mitsubishi Electric pursues research related to the development of information and communications infrastructure, network solutions equipment, and space systems. Notable R&D successes for Mitsubishi Electric include road inspection vehicle utilizing Mobile Mapping System (MMS) with high density laser and line cameras, real time visualization of laser point clouds obtained by MMS; new products of versatile, high-quality video surveillance system; video content analysis; 100Gbps, 88-channel, 8-degree optical cross connect systems; an active phased array antenna for 5G; an optical network unit with a built-in Wi-Fi; a 150MHz band digital train radio

R&D expenditures / R&D expenditures ratio



system; the DIAPLANET TOWNEMS cloud services for town energy management systems; the CloudMinder hybrid cloud service; an advanced persistent threat detection service; and the Package Plus Transporter service for the secure transmission of confidential data files. R&D expenditures in this segment totaled ¥18.9 billion.

In the Electronic Devices segment, our R&D focuses on semiconductor and other electronic devices that are themselves vital components used in all our business segments. Major R&D achievements include power semiconductor modules with 7th generation IGBT; a high-speed transmission laser diode modules for optical-fiber communication in 100Gbps Systems; a silicon RF MOSFET-RD70HUP2; and a color TFT-LCD module, which boasts super-wide viewing angles for industrial use. R&D expenditures in this segment totaled ¥10.6 billion.

In the Home Appliances segment, Mitsubishi Electric is engaged in the development of products in such wide-ranging fields as air conditioning equipment, kitchen appliances, vacuum cleaners, lighting, visual information systems, electronic housing products and photovoltaic systems. Major R&D achievements include the KIRIGAMINE FZ series room air conditioners incorporating two independent-driven fans; the SLIM series package air conditioners for store and office use; the WX and JX series refrigerators with Supercool chilling compartment; the Hon-Sumigama KAMADO IH jar rice cooker; and the COMPACT CUBE DT-R air-cooling heat pump chiller for building and factory use. R&D expenditures in this segment totaled ¥39.8 billion.

In the area of cutting-edge R&D, Mitsubishi Electric is developing cutting-edge technologies aimed at enriching society well into the future, and to this end, has identified four target categories: the Internet of Things, Smart Mobility, Comfortable Space, and Infrastructure for Safety and Relief. Major R&D achievements include machine-learning technology to detect cognitive distractions in drivers; string-searchable encryption software to support partial-match searching of encrypted data; collision-avoidance technology for advanced driver-assistance system; road-illuminating directional indicators to help avoid accidents; a high-precision air-quality sensor for PM2.5; an Aerial Display that projects large images midair; cyber attack detection technology; and the SeaAerial antenna using seawater plume. With regard to fundamental R&D that benefits the entire Group, our achievements included manufacturing technology for virtual validation; a high-efficiency DC fan motor for package air conditioners; and an automated painting technology for designed model of room air conditioners. R&D expenditures in this area totaled ¥28.7 billion.

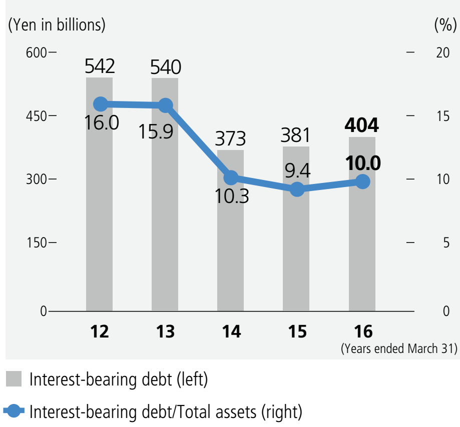
FINANCIAL POSITION

Total assets amounted to ¥4,059.9 billion as of March 31, 2016, an increase of ¥0.4 billion compared with the end of the previous fiscal year. Negative factors contributing to this result included decreases of ¥65.0 billion in investments in securities and other due to lower share prices and ¥61.2 billion in inventories while positive factors included an increase of ¥135.0 billion in other assets due to the acquisition of MELCO Hydronics & IT Cooling S.p.A.

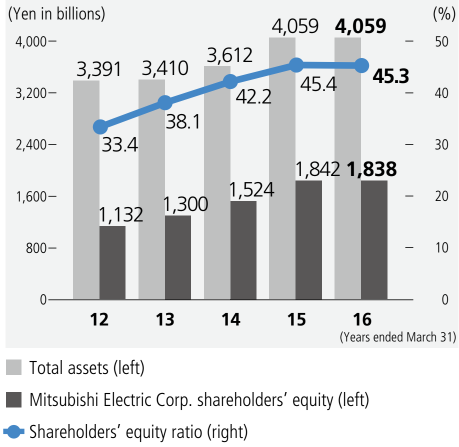
Under liabilities, the outstanding balance of debt and corporate bonds grew by ¥22.0 billion compared with the end of the previous fiscal year to ¥404.0 billion. As a result, the ratio of interest-bearing debt to total assets was 10.0%, an increase of 0.6 of a percentage point year on year. While retirement and severance benefits rose by ¥47.4 billion largely because of a decrease in pension plan assets caused by lower share prices, trade payables, other non-current liabilities and other current liabilities decreased by ¥33.5 billion, ¥19.5 billion, and ¥17.5 billion, respectively. As a result of these and other factors, total liabilities decreased by ¥6.8 billion to ¥2,122.4 billion.

Mitsubishi Electric Corp. shareholders' equity fell by ¥3.4 billion compared with the end of the previous fiscal year to ¥1,838.7 billion and the ratio of Mitsubishi Electric Corp. shareholders' equity to total assets was 45.3%, down 0.1 of a percentage point year on year. Despite the posting of net income attributable to Mitsubishi Electric Corp. amounting ¥228.4 billion for the fiscal year, a decrease attributable to the payment of cash dividends totaling ¥57.9 billion and a decrease in accumulated other comprehensive income of ¥174.7 billion due to lower share prices from the end of the previous fiscal year until March 31, 2016, as well as the appreciation of the yen, led to the overall fall in shareholders' equity.

Interest-bearing debt / Debt ratio



Total assets / Mitsubishi Electric Corp. shareholders' equity / Shareholders' equity ratio



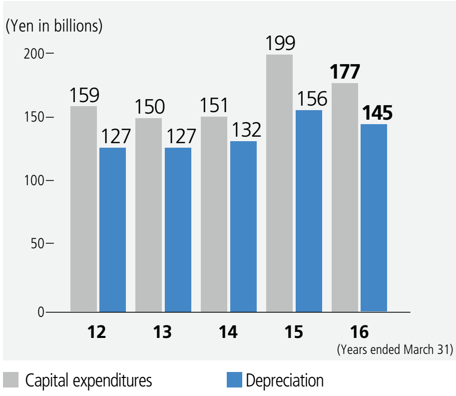
CAPITAL EXPENDITURES

In line with its policy of improving performance by implementing the Balanced Corporate Management Policy and pursuing sustainable growth, the Mitsubishi Electric Group aims to realize its growth strategies as it increases profitability. To that end, the Group directed its capital investment mainly toward the areas of energy and electric systems, factory automation equipment, automotive equipment, power devices, and air conditioning equipment. At the same time the Group continued to reinforce its solid business platform through the careful selection and concentration of investments.

On an individual business segment basis, investments were made in Energy and Electric Systems (including power systems, electric equipment for rolling stock, and elevators/escalators) aimed at increasing production capacity, streamlining operations, and enhancing quality. In Industrial Automation, capital expenditures were used primarily for boosting production capacity for factory automation systems and automotive equipment operations. In Information and Communication Systems, funds were appropriated for bolstering research and development capabilities, while in Electronic Devices, Mitsubishi Electric directed investment mainly toward augmenting production in the power device business. In Home Appliances, expenditures focused largely on increasing the air conditioners production capacity, streamlining operations, and enhancing quality. In Common and Others, investments mainly went toward boosting research and development capabilities.

Capital expenditures are derived from cash on hand and funds from operations. For this fiscal year, production capacity was not materially affected by the sale, disposal, damage, or loss due to natural disaster of property, plant and equipment.

Capital expenditures / Depreciation



CASH FLOWS

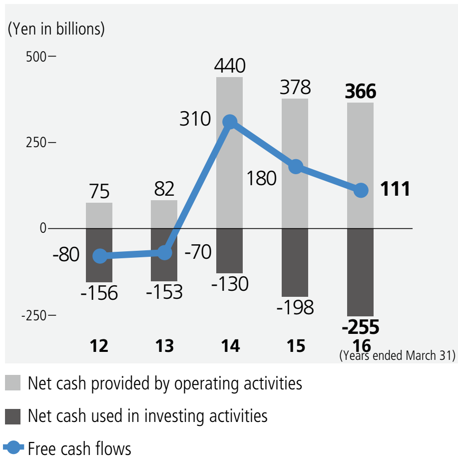
In the year ended March 31, 2016, net cash provided by operating activities amounted to ¥366.6 billion, while net cash used in investing activities was ¥255.4 billion. As a result, free cash flow was an inflow of ¥111.2 billion, down ¥68.9 billion compared with the previous fiscal year. Taking this into account along with other factors, including net cash used in financing activities of ¥82.1 billion, the end of fiscal year cash and cash equivalents amounted to ¥574.1 billion, an increase of ¥5.6 billion year on year.

Net cash provided by operating activities decreased by ¥11.6 billion compared with the previous fiscal year. Despite a decrease in inventories, this downturn was largely attributable to decreases in trade payables, accrued expenses and retirement and severance benefits.

Net cash used in investing activities increased by ¥57.2 billion year on year, due mainly to the acquisition of shares of MELCO Hydronics & IT Cooling S.p.A. (net of cash acquired).

Net cash used in financing activities increased by ¥32.5 billion year on year, due mainly to the acquisition of non-controlling equity in MELCO Hydronics & IT Cooling S.p.A. and an increase in the payment of cash dividends.

Cash flows



Consolidated Balance Sheets

Mitsubishi Electric Corporation and Subsidiaries
March 31, 2016 and 2015

	Yen (millions)		U.S. dollars (thousands) (note 2)
	2016	2015	**2016**
Assets			
Current assets:			
Cash and cash equivalents	**¥ 574,170**	¥ 568,517	**$ 5,081,150**
Trade receivables (notes 4, 6 and 16)	**1,035,168**	1,048,542	**9,160,779**
Inventories (note 5)	**644,127**	705,420	**5,700,239**
Prepaid expenses and other current assets (notes 10, 15 and 19)	**298,398**	310,966	**2,640,690**
Total current assets	**2,551,863**	2,633,445	**22,582,858**
Long-term receivables and investments:			
Long-term trade receivables (note 18)	**4,661**	5,633	**41,248**
Investments in securities and other (notes 3, 11, 15, 18 and 19)	**336,328**	401,367	**2,976,354**
Investments in affiliated companies (note 6)	**201,378**	194,461	**1,782,106**
Total long-term receivables and investments	**542,367**	601,461	**4,799,708**
Property, plant and equipment (notes 19, 20 and 21)**:**			
Land	**113,564**	109,708	**1,004,991**
Buildings	**777,792**	749,926	**6,883,116**
Machinery and equipment	**1,843,309**	1,844,255	**16,312,469**
Construction in progress	**47,772**	48,328	**422,760**
	2,782,437	2,752,217	**24,623,336**
Less accumulated depreciation	**2,069,838**	2,045,742	**18,317,150**
Net property, plant and equipment	**712,599**	706,475	**6,306,186**
Other assets (notes 8, 10, 19, 20 and 22)	**253,112**	118,070	**2,239,929**
Total assets	**¥4,059,941**	¥4,059,451	**$35,928,681**

See accompanying notes to consolidated financial statements.

	Yen (millions) 2016	2015	U.S. dollars (thousands) (note 2) 2016
Liabilities and Equity			
Current liabilities:			
Bank loans (note 7)	**¥ 61,873**	¥ 72,385	**$ 547,549**
Current portion of long-term debt (notes 7, 18 and 21)	**54,659**	92,017	**483,708**
Trade payables (notes 6 and 9)	**773,714**	807,289	**6,847,027**
Accrued expenses (note 17)	**359,089**	358,082	**3,177,778**
Accrued income taxes (note 10)	**22,962**	29,624	**203,204**
Other current liabilities (notes 11, 15 and 19)	**235,646**	253,185	**2,085,362**
Total current liabilities	**1,507,943**	1,612,582	**13,344,628**
Long-term debt (notes 7, 18 and 21)	**287,507**	217,592	**2,544,310**
Retirement and severance benefits (note 11)	**229,750**	182,282	**2,033,186**
Other liabilities (notes 10 and 17)	**97,238**	116,828	**860,513**
Total liabilities	**2,122,438**	2,129,284	**18,782,637**
Mitsubishi Electric Corp. shareholders' equity			
Common stock (note 12):			
Authorized 8,000,000,000 shares;			
issued 2,147,201,551 shares in 2016 and in 2015	**175,820**	175,820	**1,555,929**
Capital surplus (note 12)	**211,999**	211,155	**1,876,097**
Legal reserve	**65,652**	64,058	**580,991**
Retained earnings	**1,436,375**	1,267,438	**12,711,284**
Accumulated other comprehensive income (loss) (notes 3, 10, 11, 13 and 15)	**(50,699)**	124,064	**(448,664)**
Treasury stock, at cost			
415,396 shares in 2016 and			
385,990 shares in 2015	**(374)**	(332)	**(3,310)**
Total Mitsubishi Electric Corp. shareholders' equity	**1,838,773**	1,842,203	**16,272,327**
Noncontrolling interests (note 22)	**98,730**	87,964	**873,717**
Total equity	**1,937,503**	1,930,167	**17,146,044**
Commitments and contingent liabilities (note 17)			
Total liabilities and equity	**¥4,059,941**	¥4,059,451	**$35,928,681**

Consolidated Statements of Income

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2016, 2015 and 2014

	Yen (millions) 2016	2015	2014	U.S. dollars (thousands) (note 2) 2016
Revenues:				
Net sales (note 6)	**¥4,394,353**	¥4,323,041	¥4,054,359	**$38,888,080**
Interest and dividends (note 6)	**8,573**	7,365	7,799	**75,867**
Equity in earnings of affiliated companies (note 6)	**29,433**	27,725	23,153	**260,469**
Other (notes 3, 13, 15 and 20)	**22,570**	43,304	24,554	**199,735**
Total revenues	**4,454,929**	4,401,435	4,109,865	**39,424,151**
Costs and expenses:				
Cost of sales (notes 11 and 21)	**3,071,435**	3,032,161	2,914,589	**27,180,842**
Selling, general and administrative (notes 11, 20 and 21)	**826,232**	790,563	737,042	**7,311,788**
Research and development	**187,032**	179,628	163,765	**1,655,150**
Loss on impairment of long-lived assets (notes 19 and 20)	**8,482**	3,085	3,791	**75,062**
Interest	**3,495**	4,023	4,539	**30,929**
Other (notes 3, 13, 15, 16, 17 and 20)	**39,777**	69,007	37,149	**352,008**
Total costs and expenses	**4,136,453**	4,078,467	3,860,875	**36,605,779**
Income before income taxes	**318,476**	322,968	248,990	**2,818,372**
Income taxes (note 10)**:**				
Current	**52,691**	60,183	34,241	**466,292**
Deferred	**24,355**	14,730	51,957	**215,531**
	77,046	74,913	86,198	**681,823**
Net income	**241,430**	248,055	162,792	**2,136,549**
Net income attributable to noncontrolling interests	**12,936**	13,361	9,319	**114,478**
Net income attributable to Mitsubishi Electric Corp.	**¥ 228,494**	¥ 234,694	¥ 153,473	**$ 2,022,071**

Net income per share attributable to Mitsubishi Electric Corp. (note 14)**:**

	Yen 2016	2015	2014	U.S. dollars (note 2) 2016
Basic	**¥106.43**	¥109.32	¥71.49	**$0.942**
Diluted	**—**	—	—	**—**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2016, 2015 and 2014

	Yen (millions) 2016	2015	2014	U.S. dollars (thousands) (note 2) 2016
Net income	**¥241,430**	¥248,055	¥162,792	**$2,136,549**
Other comprehensive income (loss), net of tax (note 13)**:**				
Foreign currency translation adjustments	**(70,881)**	72,583	51,769	**(627,266)**
Pension liability adjustments (note 11)	**(86,516)**	21,171	(6,756)	**(765,628)**
Unrealized gains (losses) on securities (note 3)	**(25,498)**	36,710	55,556	**(225,646)**
Unrealized gains (losses) on derivative instruments (note 15)	**(8)**	7	(80)	**(71)**
Total	**(182,903)**	130,471	100,489	**(1,618,611)**
Comprehensive income	**58,527**	378,526	263,281	**517,938**
Comprehensive income attributable to noncontrolling interests	**4,796**	21,725	14,364	**42,442**
Comprehensive income attributable to Mitsubishi Electric Corp.	**¥ 53,731**	¥356,801	¥248,917	**$ 475,496**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Equity

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2016, 2015 and 2014

Yen (millions)

	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Mitsubishi Electric Corp. shareholders' equity	Non-controlling interests	Total equity
Balance at March 31, 2013	¥175,820	¥205,945	¥61,406	¥950,621	¥(93,487)	¥(235)	¥1,300,070	¥66,921	¥1,366,991
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				153,473			153,473		153,473
Net income attributable to noncontrolling interests								9,319	9,319
Other comprehensive income (loss), net of tax (note 13):									
Foreign currency translation adjustments					46,675		46,675	5,094	51,769
Pension liability adjustments (note 11)					(6,756)		(6,756)		(6,756)
Unrealized gains (losses) on securities (note 3)					55,591		55,591	(35)	55,556
Unrealized gains (losses) on derivative instruments (note 15)					(66)		(66)	(14)	(80)
							248,917	14,364	263,281
Transfer to legal reserve			1,333	(1,333)			-		-
Equity transactions with noncontrolling interests and other		1,144					1,144	(5,256)	(4,112)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(25,762)			(25,762)		(25,762)
Purchase of treasury stock						(48)	(48)		(48)
Reissuance of treasury stock		0				1	1		1
Balance at March 31, 2014	¥175,820	¥207,089	¥62,739	¥1,076,999	¥1,957	¥(282)	¥1,524,322	¥76,029	¥1,600,351
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				234,694			234,694		234,694
Net income attributable to noncontrolling interests								13,361	13,361
Other comprehensive income (loss), net of tax (note 13):									
Foreign currency translation adjustments					64,307		64,307	8,276	72,583
Pension liability adjustments (note 11)					21,171		21,171		21,171
Unrealized gains (losses) on securities (note 3)					36,616		36,616	94	36,710
Unrealized gains (losses) on derivative instruments (note 15)					13		13	(6)	7
							356,801	21,725	378,526
Transfer to legal reserve			1,319	(1,319)			-		-
Equity transactions with noncontrolling interests and other		4,066					4,066	(9,790)	(5,724)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(42,936)			(42,936)		(42,936)
Purchase of treasury stock						(50)	(50)		(50)
Reissuance of treasury stock		0				0	0		0
Balance at March 31, 2015	¥175,820	¥211,155	¥64,058	¥1,267,438	¥124,064	¥(332)	¥1,842,203	¥87,964	¥1,930,167
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				228,494			228,494		228,494
Net income attributable to noncontrolling interests								12,936	12,936
Other comprehensive income (loss), net of tax (note 13):									
Foreign currency translation adjustments					(63,112)		(63,112)	(7,769)	(70,881)
Pension liability adjustments (note 11)					(86,123)		(86,123)	(393)	(86,516)
Unrealized gains (losses) on securities (note 3)					(25,510)		(25,510)	12	(25,498)
Unrealized gains (losses) on derivative instruments (note 15)					(18)		(18)	10	(8)
							53,731	4,796	58,527
Transfer to legal reserve			1,594	(1,594)			-		-
Acquisition of subsidiary							-	33,439	33,439
Equity transactions with noncontrolling interests and other		844					844	(27,469)	(26,625)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(57,963)			(57,963)		(57,963)
Purchase of treasury stock						(43)	(43)		(43)
Reissuance of treasury stock		0				1	1		1
Balance at March 31, 2016	**¥175,820**	**¥211,999**	**¥65,652**	**¥1,436,375**	**¥(50,699)**	**¥(374)**	**¥1,838,773**	**¥98,730**	**¥1,937,503**

U.S. dollars (thousands) (note 2)

	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Mitsubishi Electric Corp. shareholders' equity	Non-controlling interests	Total equity
Balance at March 31, 2015	$1,555,929	$1,868,628	$566,885	$11,216,266	$1,097,911	$(2,938)	$16,302,681	$778,442	$17,081,123
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				2,022,071			2,022,071		2,022,071
Net income attributable to noncontrolling interests								114,478	114,478
Other comprehensive income (loss), net of tax (note 13):									
Foreign currency translation adjustments					(558,514)		(558,514)	(68,752)	(627,266)
Pension liability adjustments (note 11)					(762,150)		(762,150)	(3,478)	(765,628)
Unrealized gains (losses) on securities (note 3)					(225,752)		(225,752)	106	(225,646)
Unrealized gains (losses) on derivative instruments (note 15)					(159)		(159)	88	(71)
							475,496	42,442	517,938
Transfer to legal reserve			14,106	(14,106)			-		-
Acquisition of subsidiary							-	295,920	295,920
Equity transactions with noncontrolling interests and other		7,469					7,469	(243,087)	(235,618)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(512,947)			(512,947)		(512,947)
Purchase of treasury stock						(381)	(381)		(381)
Reissuance of treasury stock		0				9	9		9
Balance at March 31, 2016	**$1,555,929**	**$1,876,097**	**$580,991**	**$12,711,284**	**$(448,664)**	**$(3,310)**	**$16,272,327**	**$873,717**	**$17,146,044**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2016, 2015 and 2014

	Yen (millions)			U.S. dollars (thousands) (note 2)
	2016	2015	2014	**2016**
Cash flows from operating activities:				
Net income	**¥241,430**	¥248,055	¥162,792	**$2,136,549**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	**145,249**	156,205	132,956	**1,285,389**
Impairment losses of property, plant and equipment	**5,766**	2,751	3,627	**51,026**
Loss (gain) from sales and disposal of property, plant and equipment, net	**2,159**	(1,950)	67	**19,106**
Deferred income taxes	**24,355**	14,730	51,957	**215,531**
Loss (gain) from sales of securities and other, net	**(1,511)**	(383)	1,108	**(13,372)**
Devaluation losses of securities and other, net	**1,110**	1,148	607	**9,823**
Equity in earnings of affiliated companies	**(29,433)**	(27,725)	(23,153)	**(260,469)**
Decrease (increase) in trade receivables	**1,583**	(42,044)	14,812	**14,009**
Decrease (increase) in inventories	**39,220**	(75,829)	18,141	**347,080**
Decrease (increase) in other assets	**7,612**	(6,966)	(12,580)	**67,363**
Increase (decrease) in trade payables	**(21,754)**	47,948	83,179	**(192,513)**
Increase (decrease) in accrued expenses and retirement and severance benefits	**(53,706)**	(18,772)	(10,756)	**(475,274)**
Increase (decrease) in other liabilities	**(39,104)**	60,595	21,494	**(346,053)**
Other, net	**43,701**	20,550	(3,764)	**386,734**
Net cash provided by operating activities	**366,677**	378,313	440,487	**3,244,929**
Cash flows from investing activities:				
Capital expenditure	**(182,251)**	(199,758)	(151,840)	**(1,612,841)**
Proceeds from sale of property, plant and equipment	**2,400**	6,768	4,930	**21,239**
Purchase of short-term investments and investment securities (net of cash acquired)	**(13,285)**	(5,608)	(21,312)	**(117,566)**
Purchase of shares of MELCO Hydronics & IT Cooling S.p.A. (net of cash acquired)	**(50,587)**	—	—	**(447,673)**
Proceeds from sale of short-term investments and investment securities	**8,511**	10,722	44,134	**75,319**
Decrease (increase) in loans receivable	**(854)**	24	1,882	**(7,558)**
Other, net	**(19,377)**	(10,311)	(8,015)	**(171,478)**
Net cash used in investing activities	**(255,443)**	(198,163)	(130,221)	**(2,260,558)**
Cash flows from financing activities:				
Proceeds from long-term debt	**110,108**	90,598	193	**974,408**
Repayment of long-term debt	**(93,163)**	(103,497)	(105,445)	**(824,451)**
Increase (decrease) in short-term debt, net	**(13,912)**	11,392	(73,266)	**(123,115)**
Dividends paid	**(57,963)**	(42,936)	(25,762)	**(512,947)**
Purchase of treasury stock	**(43)**	(50)	(48)	**(381)**
Reissuance of treasury stock	**1**	0	1	**9**
Purchase of MELCO Hydronics & IT Cooling S.p.A.'s noncontrolling interests	**(21,825)**	—	—	**(193,142)**
Other, net	**(5,347)**	(5,130)	(4,694)	**(47,319)**
Net cash provided by (used in) financing activities	**(82,144)**	(49,623)	(209,021)	**(726,938)**
Effect of exchange rate changes on cash and cash equivalents	**(23,437)**	19,941	17,923	**(207,407)**
Net increase in cash and cash equivalents	**5,653**	150,468	119,168	**50,026**
Cash and cash equivalents at beginning of year	**568,517**	418,049	298,881	**5,031,124**
Cash and cash equivalents at end of year	**¥574,170**	¥568,517	¥418,049	**$5,081,150**

See accompanying notes to consolidated financial statements.

(1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of Business

Mitsubishi Electric Corporation (the "Company") is a multinational organization which develops, manufactures, sells and distributes a broad range of electrical and electronic equipments in the fields as diverse as home appliances and space electronics.

The Company and its subsidiaries' principal lines of business are: (1) Energy and Electric Systems, (2) Industrial Automation Systems, (3) Information and Communication Systems, (4) Electronic Devices, (5) Home Appliances and (6) Others.

Each line's sales as a percentage of total consolidated sales, before elimination of internal sales, for the year ended March 31, 2016 are as follows: Energy and Electric Systems – 25%, Industrial Automation Systems – 26%, Information and Communication Systems – 11%, Electronic Devices – 4%, Home Appliances – 20% and Others – 14%.

Majority of the operations of the Company and its subsidiaries is mainly conducted in Japan. Net sales for the year ended March 31, 2016 comprises of the following geographical locations: Japan – 57%, North America – 10%, Asia (excluding Japan) – 22%, Europe – 9% and Others – 2%.

Our manufacturing operations are conducted principally at the Parent company with 23 manufacturing sites located in Japan as well as overseas manufacturing sites located in the United States, United Kingdom, Thailand, Malaysia, China and other countries.

(b) Basis of Presentation

The Company and its subsidiaries maintain their books of account in conformity with financial accounting standards in the countries of their domicile.

The Company prepares the consolidated financial statements with reflecting the adjustments which are considered necessary to conform with accounting principles generally accepted in the United States of America.

(c) Consolidation

The Company prepares the consolidated financial statements including the accounts of the parent company and those of its majority-owned subsidiaries, whether directly or indirectly controlled. All significant intercompany transactions, accounts, and unrealized gains or losses have been eliminated.

Investments in corporate joint ventures and affiliated companies with the ownership interest of 20% to 50%, in which the Company does not have control, but has the ability to exercise significant influence, are accounted for by the equity method of accounting. Investments of less than 20% or on which the Company does not have significant influence are accounted for by the cost method.

The Company evaluates Variable Interest Entities (VIEs) whether it has a controlling financial interest in an entity through means other than voting rights and whether it should consolidate the entity as the primary beneficiary when the Company has a controlling financial interest.

(d) Use of Estimates

The Company makes estimates and assumptions to prepare the consolidated financial statements in conformity with generally accepted accounting principles, and those estimates and assumptions affect the reported amounts of assets and liabilities as well as the disclosed amounts of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation allowances for receivables, inventories and deferred tax assets; the carrying amount of property, plant and equipment; goodwill and other intangible assets; and assets and obligations related to employee benefits. Actual results could differ from those estimates.

(e) Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents for the consolidated cash flow statements.

(f) Short-Term Investments and Investment Securities

The Company classifies investments in debt and equity securities into trading, available-for-sale, or held-to-maturity securities.

Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. All securities not included in trading or held-to-maturity are classified as available-for-sale.

Marketable trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Unrealized holding gains and losses on trading securities are included in earnings. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of other comprehensive income (loss) until realized. Realized gains or losses from the sale of securities are determined on the average cost of the particular security held at the time of sale.

A decline in the fair value of any available-for-sale security below costs that is other-than-temporary results in a reduction in carrying amount to the fair value, which becomes the new acquisition cost for the security.

To determine whether an impairment of equity security is other-than-temporary, the Company considers whether it has the ability and intent to hold the security until a market price recovery and considers whether evidence indicating the market price of the security is recoverable to the carrying amount outweighs the counter evidence. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, and forecasted performance of the investee.

To determine whether an impairment of debt security is other-than-temporary, the Company considers whether it has the intent to sell the debt security and it is more likely than not that the Company is required to sell until a market price of the investment is recoverable to the amortized cost.

Other investments are stated at cost. The Company recognizes a loss when there is other-than-temporary decline in value of other investments, using the same policy as described above for available-for-sale security impairments.

(g) Allowance for Doubtful Receivables

The Company records an allowance for doubtful receivables based on credit loss history and evaluation of specific doubtful receivables.

(h) Inventories

In work-in-process, the Company records the ordered products at the acquisition cost and the regular purchased products at the average production costs. Those products are recorded at the lower of cost or market. Net costs in excess of billings on long-term contracts are included in inventories. Raw material and finished product inventories are generally recorded using the average-cost method, and evaluated at the lower of cost or market. In accordance with the general practice in the heavy electrical industry, inventories related to Energy and Electric Systems include items with long manufacturing periods which are not realizable within one year.

(i) Property, Plant and Equipment

The Company records property, plant and equipment at cost. Depreciation of property, plant and equipment is generally calculated by the declining-balance method, except for certain assets which are depreciated by the straight-line method, over the estimated useful life of the assets according to general class, type of construction, and use of these assets.

The estimated useful life of buildings is 3 to 50 years, while machinery and equipment is 2 to 20 years.

(j) Leases

The Company records capital leases at the inception of the lease at the lower of the discounted present value of future minimum lease payments or the fair value of the leased assets. The depreciation of the leased assets is calculated in accordance with the Company's normal depreciation policy.

(k) Income Taxes

The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Valuation allowances are established to reduce deferred tax assets to their net realizable value if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

The Company recognizes the financial statement effects of unrecognized tax benefits only if those positions are more likely than not of being sustained.

(l) Product Warranties

The Company generally offers warranties on its products against certain manufacturing and other defects for the specific periods of time and/or usage of the product depending on the nature of the product, the geographic location of its sale and other factors. The Company recognizes accrued warranty costs based primarily on historical experience of actual warranty claims as well as current information on repair costs.

(m) Retirement and Severance Benefits

The Company recognizes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its pension plans in the consolidated balance sheet at the end of the year, and records the corresponding amount to accumulated other comprehensive income (loss), net of tax. The adjustment items for accumulated other comprehensive income (loss) are unrecognized prior service cost and unrecognized net gain or loss. The amounts of these adjustments are recognized as net periodic pension cost in future years.

(n) Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement including title transfer exists, delivery has occurred, the sales price is fixed or determinable, and collectability is probable. These criteria are met for mass-merchandising products such as consumer products and semiconductors at the time when the product is received by the customer, and for products with acceptance provisions such as heavy machinery and industrial products at the time when the product is received by the customer and the specific criteria of the product are demonstrated by the Company with only certain inconsequential or perfunctory work left to be performed by the customer. Revenue from maintenance agreements is recognized over the contract term when the maintenance is provided and the cost is incurred. Also, the Company applies the percentage of completion method for long-term construction contracts. The Company measures the percentage of completion by comparing expenses recognized through the current year to the aggregate amount of estimated cost. Any anticipated losses on fixed price contracts are charged to operations when such losses can be estimated. Provisions are made for contingencies in the period when they become known pursuant to specific contract terms and conditions and are estimable.

For the contract which may consist of any combination of products, equipment, installation and maintenance, revenue is allocated to each accounting unit based on its relative fair value, when each deliverable is accounted for by each separate accounting unit.

(o) Research and Development and Advertising

The Company accounts for the costs of research and development and advertising as expense when those costs are incurred.

(p) Shipping and Handling Costs

The Company records shipping and handling costs mainly as selling, general and administrative expenses.

(q) Net Income per Share

The Company calculates basic net income per share attributable to Mitsubishi Electric Corp. by dividing net income attributable to Mitsubishi Electric Corp. by the weighted-average number of common shares outstanding during each year. Diluted net income per share attributable to Mitsubishi Electric Corp. reflects the potential dilution and is calculated on the basis that dilutive securities were converted at the beginning of the year or at time of issuance (if later), and that dilutive stock option were exercised (less the number of treasury stock assumed to be purchased from the proceeds using the average market price of the Company's common stock).

(r) Foreign Currency Translation

The Company translates receivables and payables in foreign currency at the prevailing rates of exchange at the balance sheet date. Gains and losses resulting from translation of receivables and payables are recognized in current earnings. Assets and liabilities of the Company's overseas consolidated subsidiaries are translated into Japanese yen at the prevailing rates of exchange at the balance sheet date. Income and expense items are translated at the average exchange rate prevailing during the year. Gains and losses resulting from translation of financial statements are recognized as foreign currency translation adjustments in other comprehensive income (loss).

(s) Derivatives

The Company recognizes all derivatives as either assets or liabilities in the consolidated financial statements and measures them at fair value. For derivatives designated as fair value hedges, changes in fair value of the hedged item and the derivative are recognized in current earnings. For derivatives designated as cash flow hedges, fair value changes of the effective portion of the hedging instruments are recognized as a component of other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of all hedges is recognized in earnings immediately.

The Company discloses the use and purpose of derivative instruments, accounting for derivative instruments and related hedged items. The Company also discloses the effects on the entity's financial position, results of operations, and cash flows by the derivative instruments and hedging activities.

(t) Securitizations

The Company accounts for the securitization of the accounts receivables as a sale, if it is determined based on the Company's evaluation that it has surrendered control over the transferred receivables.

Accordingly, the receivables sold under these facilities are excluded from Trade receivables in the accompanying consolidated balance sheets. Gain or loss on sale of receivables is calculated based on the allocated carrying amount of the receivables sold. When a portion of accounts receivables is transferred, the participating interest that continues to be held is recorded at the allocated carrying amount of the assets based on their relative fair values at the date of the transfer. The Company estimates fair value based on the present value of future expected cash flows less credit losses.

(u) Impairment of Long-Lived Assets

The Company reviews for impairment of long-lived assets such as property, plant, and equipment and purchased intangibles subject to amortization, to be held and used whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment loss is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Long-lived assets to be disposed of other than sale continue to be classified as held and used until they are disposed.

Long-lived assets classified as held-for-sale are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held-for-sale are presented separately in the appropriate asset and liability sections of the consolidated balance sheets.

(v) Goodwill and Other Intangible Assets

The Company accounts for business combinations using the acquisition method. The Company recognizes at fair value the assets acquired, the liabilities assumed, any noncontrolling interests in the acquiree, and acquired goodwill at the acquisition date. The Company discloses the nature of business combination to enable the readers to evaluate the effects of such transaction on the consolidated financial statements. The Company does not amortize goodwill and other intangible assets with indefinite useful life but tests it for impairment at least annually. Also other intangible assets determined to have useful life are amortized over their respective estimated useful life and tested for impairment.

(w) Cost Associated with Exit or Disposal Activities

The Company recognizes the costs associated with exit or disposal activities as liability only when it meets the definition of a liability in the Statements of Financial Accounting Concepts No. 6, "Elements of Financial Statements". The Company uses fair value for initial measurement of liabilities related to exit or disposal activities.

(x) Guarantees

The Company recognizes the guarantees and indemnification arrangements as liability measured at fair value as they are issued or modified by the Company, and discloses the guarantees that the Company has undertaken, including a rollforward of the Company's product warranty liabilities. The Company continually monitors the conditions of the guarantees and indemnifications to identify occurrence of probable losses, and when such losses are identified and if estimable, they are recognized in current earnings.

(y) Asset Retirement Obligations

The Company recognizes legal obligations associated with the retirement of long-lived assets that result from an acquisition, construction and development, and (or) from a normal operation of a long-lived asset, except for certain lease obligations. The Company recognizes a liability for an asset retirement obligation at fair value in the period which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and subsequently allocated to expense over the asset's useful life. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

(z) Reclassifications

The Company has made certain reclassifications of the previous fiscal years' consolidated financial statements to conform to the presentation used for the year ended March 31, 2016.

(aa) Future Application of New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2014-09 "Revenue from Contracts with Customers" (A Creation of Accounting Standards Codification (ASC) Topic 606 "Revenue from Contracts with Customers"). ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

In August 2015, the FASB issued ASU2015-14 "Revenue from Contracts with Customers-Deferral of the Effective Date". ASU2015-14 defers the effective date of ASU2014-09 for one year. The Company is required to adopt ASU2014-09 and ASU2015-14 on April 1, 2018 retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially adopting this update recognized at the date of the initial adoption. The Company has not yet determined which method it will apply and is currently evaluating the effects on the Company's consolidated financial position and results of operations upon adoption of ASU 2014-09 and ASU2015-14.

In September 2015, the FASB issued ASU 2015-16 "Simplifying the Accounting for Measurement-Period Adjustments" (an amendment of ASC Topic 805 "Business Combinations"). ASU2015-16 eliminates the requirement to retrospectively adjust the financial statements for measurement-period adjustments that occur in periods after a business combination is consummated. The Company is required to adopt ASU 2015-16 on April 1, 2016. The adoption of ASU 2015-16 will not have a material effect on the Company's consolidated financial position and results of operations.

In November 2015, the FASB issued ASU 2015-17 "Balance Sheet Classification of Deferred Taxes" (an amendment of ASC Topic 740 "Income Taxes"). ASU 2015-17 requires deferred tax assets and liabilities to be classified as noncurrent in a classified balance sheet. The Company is required to adopt ASU 2015-17 on April 1, 2017 either prospectively or retrospectively. The application of ASU2015-17 affects the Company's consolidated balance sheet, and as of March 31, 2016, deferred tax assets classified as current assets are ¥130,569 million ($1,155,478 thousand). The Company has not yet determined which method it will apply upon adoption of ASU 2015-17.

In January 2016, the FASB issued ASU 2016-01 "Recognition and Measurement of Financial Assets and Financial Liabilities" (an amendment of ASC Topic 825-10 "Financial Instruments-Overall"). ASU 2016-01 is an amendment of recognition, measurement, presentation and disclosure of financial instruments and requires equity investments to be measured at fair value with changes in the fair value recognized in net income. The Company is required to adopt ASU 2016-01 on April 1, 2018 retrospectively with the cumulative effect of initially adopting this update recognized at the date of the initial adoption. The Company is currently evaluating the effects on the Company's consolidated financial position and results of operations upon adoption of ASU 2016-01.

In February 2016, the FASB issued ASU 2016-02 "Leases" (an amendment of ASC Topic 842 "Leases"). ASU 2016-02 requires the recognition of lease assets and lease liabilities on balance sheet by lessees for most leases including operating leases. The Company is required to adopt ASU 2016-02 on

April 1, 2019 retrospectively with the cumulative effect of initially adopting this update recognized at the date of the initial adoption. The Company is currently evaluating the effects on the Company's consolidated financial position and results of operations upon adoption of ASU 2016-02.

(2) U.S. DOLLAR AMOUNTS

The Company has presented the consolidated financial statements in Japanese yen, and solely for the convenience of the reader, has provided translated amounts in United States dollars at the rate of ¥113=U.S.$1, which was the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market at the end of March 2016. This translation should not be construed as a representation that the amounts shown could be converted into United States dollars at such rate.

(3) SECURITIES

Marketable securities included in investments in securities and other consists of available-for-sale securities. The cost, gross unrealized holding gains, gross unrealized holding losses and fair value for such securities by equity securities and debt securities at March 31, 2016 and 2015 were as follows:

	Yen (millions)			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
2016:				
Available-for-sale:				
Equity securities	**¥92,736**	**¥142,998**	**¥763**	**¥234,971**
Debt securities	**200**	**—**	**1**	**199**
	¥92,936	**¥142,998**	**¥764**	**¥235,170**

	Yen (millions)			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
2015:				
Available-for-sale:				
Equity securities	¥96,210	¥176,013	¥780	¥271,443
Debt securities	500	21	2	519
	¥96,710	¥176,034	¥782	¥271,962

	U.S. dollars (thousands)			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
2016:				
Available-for-sale:				
Equity securities	**$820,673**	**$1,265,469**	**$6,752**	**$2,079,390**
Debt securities	**1,770**	**—**	**9**	**1,761**
	$822,443	**$1,265,469**	**$6,761**	**$2,081,151**

Debt securities consist of investment trusts.

In the year ended March 31, 2016, net unrealized gains on available-for-sale securities, net of taxes and noncontrolling interests, decreased by ¥25,510 million ($225,752 thousand), and in the years ended March 31, 2015 and 2014, increased by ¥36,616 million and ¥55,591 million, respectively.

As of March 31, 2016 and 2015, the cost of non-marketable equity securities were ¥15,738 million ($139,274 thousand) and ¥14,545 million, respectively.

Maturities of marketable securities classified as available-for-sale at March 31, 2016 were as follows:

	Yen (millions)		U.S. dollars (thousands)	
	Cost	Fair value	Cost	Fair value
Due after one year through five years	¥ 200	¥ 199	$ 1,770	$ 1,761
Marketable equity securities	92,736	234,971	820,673	2,079,390
	¥96,710	¥271,962	$805,917	$2,266,350

Gross unrealized losses on available-for-sale securities and the fair value of the related securities, aggregated by length of time that individual securities has been in continuous unrealized loss positions, at March 31, 2016 were as follows:

	Yen (millions)					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Available-for-sale:						
Equity securities	¥5,362	¥698	¥133	¥65	¥5,495	¥763
Debt securities	—	—	199	1	199	1
	¥5,362	¥698	¥332	¥66	¥5,694	¥764

	U.S. dollars (thousands)					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Available-for-sale:						
Equity securities	$47,451	$6,177	$1,177	$575	$48,628	$6,752
Debt securities	—	—	1,761	9	1,761	9
	$47,451	$6,177	$2,938	$584	$50,389	$6,761

The Company did not recognize any impairment losses from the decline in the fair value of the marketable securities. Based on that evaluation and the Company's ability and intention to hold those securities for a reasonable period of time sufficient for recovery of fair value, the Company does not consider those securities to be other-than-temporarily impaired.

Proceeds from the sale of available-for-sale securities and gross realized gains and losses on those sales in the years ended March 31, 2016, 2015 and 2014 were as follows:

	Yen (millions)			U.S. dollars (thousands)
	2016	2015	2014	**2016**
Proceeds	**¥3,834**	¥3,034	¥26,964	**$33,929**
Gross realized gains	**1,488**	111	161	**13,168**
Gross realized losses	**3**	74	1,327	**27**

For the years ended March 31, 2016, 2015 and 2014, the Company did not recognize any material losses on impairment of marketable securities due to other-than-temporary declines in fair value.

(4) TRADE RECEIVABLES

Trade receivables are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2015	**2016**
Notes receivable	**¥ 78,124**	¥ 81,995	**$ 691,363**
Accounts receivable	**967,631**	977,044	**8,563,106**
Allowance for doubtful receivables	**(10,587)**	(10,497)	**(93,690)**
	¥1,035,168	¥1,048,542	**$9,160,779**

(5) INVENTORIES

Inventories are comprised of the following:

	Yen (millions) 2016	2015	U.S. dollars (thousands) 2016
Work in process	**¥265,779**	¥297,976	**$2,352,027**
Less accumulated billings on long-term contracts	**19,082**	19,182	**168,868**
	246,697	278,794	**2,183,159**
Raw materials	**110,889**	116,027	**981,319**
Finished products	**286,541**	310,599	**2,535,761**
	¥644,127	¥705,420	**$5,700,239**

(6) INVESTMENTS IN AFFILIATED COMPANIES

A summary of the combined financial information relating to affiliated companies accounted for by the equity method of accounting (Toshiba Mitsubishi-Electric Industrial Systems Corporation, Shanghai Mitsubishi Elevator Co., Ltd, etc.) as of March 31, 2016 and 2015, and for the years ended March 31, 2016, 2015 and 2014 is as follows:

Results of Operations for the year ended March 31, 2014 include the financial information of Renesas Electric Corporation (Renesas) which was excluded from affiliated companies accounted for by the equity method of accounting on September 30, 2013.

	Yen (millions) 2016	2015	U.S. dollars (thousands) 2016
Financial Position			
Current assets	**¥1,320,753**	¥1,363,332	**$11,688,079**
Property, plant and equipment	**121,211**	114,754	**1,072,664**
Other assets	**117,243**	115,663	**1,037,549**
Total assets	**¥1,559,207**	¥1,593,749	**$13,798,292**
Current liabilities	**¥ 890,608**	¥ 933,014	**$ 7,881,487**
Long-term debt	**124,689**	139,057	**1,103,442**
Total liabilities	**1,015,297**	1,072,071	**8,984,929**
Shareholders' equity	**543,910**	521,678	**4,813,363**
Total liabilities and shareholders' equity	**¥1,559,207**	¥1,593,749	**$13,798,292**

	Yen (millions) 2016	2015	2014	U.S. dollars (thousands) 2016
Results of Operations				
Sales	**¥1,363,861**	¥1,255,026	¥1,648,617	**$12,069,566**
Net income attributable to affiliated companies	**76,158**	70,429	54,383	**673,965**

The balances and transactions with affiliated companies accounted for by the equity method of accounting as of March 31, 2016 and 2015, and for the years ended March 31, 2016, 2015 and 2014 are as follows:

The transactions for the year ended March 31, 2014 include those with Renesas.

	Yen (millions) 2016	2015	U.S. dollars (thousands) 2016
Trade receivables	**¥62,119**	¥ 69,997	**$549,726**
Trade payables	**51,366**	154,915	**454,566**

	Yen (millions) 2016	2015	2014	U.S. dollars (thousands) 2016
Sales	**¥300,524**	¥307,841	¥313,119	**$2,659,504**
Purchases	**139,666**	143,904	173,897	**1,235,982**
Dividends	**18,084**	16,886	12,418	**160,035**

Investments in affiliated companies accounted for by the equity method of accounting include the shares of 9 publicly quoted affiliates, which are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2015	**2016**
Investments at equity	**¥40,646**	¥41,121	**$359,699**
Quoted market value	**48,761**	55,640	**431,513**

(7) BANK LOANS AND LONG-TERM DEBT

Bank loans consisted of the following:

	Yen (millions)		U.S. dollars (thousands)
	2016	2015	**2016**
Borrowings from banks and others	**¥61,873**	¥72,385	**$547,549**

The weighted average interest rates on borrowings from banks and others outstanding as of March 31, 2016 and 2015 were 0.81% and 0.83%, respectively.

At March 31, 2016, the Company and its subsidiaries had unused committed lines of credit that can provide short-term funds from subscribing financial institutions amounting to ¥81,500 million ($721,239 thousand).

Long-term debt consisted of the following:

	Yen (millions)		U.S. dollars (thousands)
	2016	2015	**2016**
Borrowings from banks and other companies, due2016 to 2025 with bearing interest rate ranging from 0.15% to 5.42% at March 31, 2016: due2015 to 2022 with bearing interest rate ranging from 0.15% to 5.42% at March 31, 2015:			
Unsecured	**¥278,504**	¥245,765	**$2,464,637**
0.27% Japanese yen bonds due 2019	**20,000**	20,000	**176,991**
0.43% Japanese yen bonds due 2021	**20,000**	20,000	**176,991**
Capital lease obligations	**23,662**	23,844	**209,399**
	342,166	309,609	**3,028,018**
Less amount due within one year	**54,659**	92,017	**483,708**
	¥287,507	¥217,592	**$2,544,310**

The aggregate annual maturities of long-term debt outstanding at March 31, 2016 were as follows:

Year ending March 31:	Yen (millions)	U.S. dollars (thousands)
2017	¥ 54,659	$ 483,708
2018	64,748	572,991
2019	64,628	571,929
2020	43,665	386,417
2021	37,688	333,522
Thereafter	76,778	679,451
Total	¥342,166	$3,028,018

Substantially all of the loans with banks and others have basic written agreements. With respect to all present or future loans, these agreements state that the Company would need to provide collateral or guarantors immediately upon the banks' requests and that any collateral furnished pursuant to such agreements will be used against repayment of debts in case of default.

(8) GOODWILL AND OTHER INTANGIBLE ASSETS

The gross carrying amount, accumulated amortization and net carrying amount of intangible assets other than goodwill as of March 31, 2016 and 2015 were as follows:

	Yen (millions)		
	Gross carrying amount	Accumulated amortization	Net carrying amount
2016:			
Finite-lived intangible assets			
Software	**¥ 99,472**	**¥63,356**	**¥36,116**
Customer relationship	**29,500**	**1,156**	**28,344**
Others	**35,800**	**13,609**	**22,191**
Sub total	**164,772**	**78,121**	**86,651**
Indefinite-lived intangible assets	**2,983**	**—**	**2,983**
Total	**¥167,755**	**¥78,121**	**¥89,634**

	Yen (millions)		
	Gross carrying amount	Accumulated amortization	Net carrying amount
2015:			
Finite-lived intangible assets			
Software	¥ 86,899	¥52,826	¥34,073
Customer relationship	2,310	411	1,899
Others	15,865	7,290	8,575
Sub total	105,074	60,527	44,547
Indefinite-lived intangible assets	3,876	—	3,876
Total	¥108,950	¥60,527	¥48,423

	U.S. dollars (thousands)		
	Gross carrying amount	Accumulated amortization	Net carrying amount
2016:			
Finite-lived intangible assets			
Software	**$ 880,283**	**$560,673**	**$319,610**
Customer relationship	**261,062**	**10,230**	**250,832**
Others	**316,814**	**120,434**	**196,380**
Sub total	**1,458,159**	**691,337**	**766,822**
Indefinite-lived intangible assets	**26,398**	**—**	**26,398**
Total	**$1,484,557**	**$691,337**	**$793,220**

Finite-lived intangible assets acquired during the year ended March 31, 2016 were ¥64,745 million ($572,965 thousand), mainly related to assets acquired as part of the acquisition of MELCO Hydronics & IT Cooling S.p.A.

Amortization expense of intangible assets for the years ended March 31, 2016, 2015 and 2014 was ¥19,006 million ($168,195 thousand), ¥15,998 million and ¥14,484 million, respectively.

Estimated amortization expense for the next five years is as follows:

Year ending March 31:	Yen (millions)	U.S. dollars (thousands)
2017	¥18,575	$164,381
2018	13,969	123,619
2019	9,543	84,451
2020	6,322	55,947
2021	4,768	42,195

Changes in the carrying amount of goodwill for the years ended March 31, 2016 and 2015 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2015	**2016**
Balance at beginning of year	**¥ 8,017**	¥6,315	**$ 70,947**
Acquisition	**58,034**	1,702	**513,575**
Foreign currency translation adjustments, etc	**(2,072)**	—	**(18,336)**
Balance at end of year	**¥63,979**	¥8,017	**$566,186**

Goodwill is mainly allocated to the Home Appliances segment by ¥59,929 million ($530,345 thousand) as of March 31, 2016.

(9) TRADE PAYABLES

Trade payables are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2015	**2016**
Notes payable	**¥117,629**	¥ 14,141	**$1,040,965**
Accounts payable	**656,085**	793,148	**5,806,062**
	¥773,714	¥807,289	**$6,847,027**

(10) INCOME TAXES

Total income taxes were allocated as follows:

	Yen (millions)			U.S. dollars (thousands)
	2016	2015	2014	**2016**
Income before income taxes	**¥ 77,046**	¥ 74,913	¥ 86,198	**$ 681,823**
Shareholders' equity - accumulated other comprehensive income (loss):				
Foreign currency translation adjustments	**(5,551)**	9,096	4,280	**(49,124)**
Pension liability adjustments	**(40,390)**	12,595	(2,151)	**(357,434)**
Unrealized gains (losses) on securities	**(8,558)**	14,316	30,818	**(75,734)**
Unrealized gains (losses) on derivative instruments	**(20)**	7	(24)	**(177)**
	¥ 22,527	¥110,927	¥119,121	**$ 199,354**

The significant components of deferred tax expense attributable to income taxes are as follows:

	Yen (millions)			U.S. dollars (thousands)
	2016	2015	2014	**2016**
Change in valuation allowance related to deferred tax assets	**¥ (5,130)**	¥(14,531)	¥ (4,129)	**$ (45,398)**
Other	**29,485**	29,261	56,086	**260,929**
	¥24,355	¥ 14,730	¥51,957	**$215,531**

The Company is subjected to a number of income taxes. The statutory tax rate is approximately 33.0% for the year ended March 31, 2016, approximately 35.5% for the year ended March 31, 2015, approximately 38.0% for the year ended March 31, 2014.

The "Act to Partially Revise the Local Tax Act" (Act No. 13 of 2016) and the "Act to Partially Revise the Income Tax Act" (Act No. 15 of 2016) were enacted and promulgated in March 2016 in Japan, resulting in a reduction of the corporation tax rate effective for fiscal years beginning on or after April 1, 2016. As a result, the Company and domestic subsidiaries adjusted the statutory tax rates to be applied in the calculation of deferred tax assets and liabilities arising from temporary differences expected to be recovered or settled on or after April 1, 2016. Before the adjustment, the statutory tax rate applied was approximately 32.0% for temporary differences expected to be recovered or settled on or after April 1, 2016. After the adjustment, the statutory tax rates applied are approximately 31.0% for temporary differences expected to be recovered or settled between April 1, 2016 and March 31, 2018 and approximately 30.5% for temporary differences expected to be recovered or settled on or after April 1, 2018.

For the year ended March 31, 2016, ¥7,586 million ($67,133 thousand) of income tax expense is included in "Income taxes – Deferred" in the Consolidated Statements of Income, as a result of the aforementioned adjustment of deferred tax assets and liabilities balances.

The effective tax rate for the years ended March 31, 2016, 2015 and 2014 is reconciled with the Japanese statutory tax rate in the following table:

	2016	2015	2014
Japanese statutory tax rate	**33.0%**	35.5%	38.0%
Change in valuation allowance	**(4.3)**	(1.6)	(1.9)
Adjustment for unrealized profit on intercompany transactions	**(0.5)**	(4.3)	2.4
Expenses permanently not deductible for tax purposes	**1.1**	0.5	4.2
International tax rate difference	**(6.6)**	(7.3)	(8.4)
Tax credits	**(2.5)**	(4.1)	(0.1)
Tax effect attributable to investments at equity	**(2.4)**	(0.6)	(2.1)
Effect of income tax rate change	**4.4**	4.6	3.2
Other	**2.0**	0.5	(0.7)
Effective tax rate	**24.2%**	23.2%	34.6%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at March 31, 2016 and 2015 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2015	2016
Deferred tax assets:			
Retirement and severance benefits	**¥ 23,008**	¥ 41,966	**$ 203,611**
Accrued expenses	**85,356**	82,973	**755,363**
Property, plant and equipment	**32,975**	30,699	**291,814**
Inventories	**37,317**	39,260	**330,239**
Pension liability adjustments	**98,470**	62,436	**871,416**
Tax loss carryforwards	**18,293**	12,738	**161,885**
Other	**80,540**	89,508	**712,743**
Total gross deferred tax assets	**375,959**	359,580	**3,327,071**
Valuation allowance	**(44,886)**	(50,016)	**(397,221)**
Deferred tax assets, less valuation allowance	**331,073**	309,564	**2,929,850**
Deferred tax liabilities:			
Securities contributed to employee retirement benefit trust	**26,122**	27,407	**231,168**
Property, plant and equipment	**5,239**	5,900	**46,363**
Net unrealized gains on securities	**23,145**	32,315	**204,823**
Other	**72,769**	61,873	**643,973**
Total gross deferred tax liabilities	**127,275**	127,495	**1,126,327**
Net deferred tax assets	**¥203,798**	¥182,069	**$1,803,523**

The valuation allowance for deferred tax assets as of April 1, 2014 was ¥64,547 million. The net change in the total valuation allowance for the years ended March 31, 2016 and 2015 was a decrease of ¥5,130 million ($45,398 thousand) and ¥14,531 million, respectively. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

At March 31, 2016, the Company and certain subsidiaries had net operating loss carryforwards of ¥53,316 million ($471,823 thousand) and ¥85,529 million ($756,894 thousand) for corporate and local income tax purposes, respectively, which were available to offset future taxable income, if any. A part of the net operating loss carryforwards will never expire. The rest of the net operating loss carryforwards will expire mainly in the years ending March 31, 2019 and 2023.

Net deferred tax assets and liabilities at March 31, 2016 and 2015 are reflected in the accompanying consolidated balance sheets under the following captions:

	Yen (millions) 2016	2015	U.S. dollars (thousands) 2016
Prepaid expenses and other current assets	**¥130,569**	¥135,994	**$1,155,478**
Other assets	**89,701**	51,593	**793,815**
Other liabilities	**(16,472)**	(5,518)	**(145,770)**
	¥203,798	¥182,069	**$1,803,523**

Deferred tax liabilities have been recognized for the undistributed earnings of subsidiaries and affiliated companies. Deferred tax liabilities have not been recognized for undistributed earnings of some domestic subsidiaries as such earnings, if distributed in the form of dividends, is not taxable under present circumstances.

Although the Company believes that there are no significant unrecognized tax benefits as of March 31, 2016 and 2015, future determination by tax authorities could affect the effective tax rate in the future periods.

The Company records interest and penalties related to additional income tax, etc. in Income taxes in the Consolidated Statements of Income. Both interest and penalties accrued as of March 31, 2016 and 2015, and interest and penalties for the years ended March 31, 2016, 2015 and 2014 are not material.

The Company and its subsidiaries file income tax returns in Japan and various foreign tax jurisdictions. The tax years that remain subject to examination by major tax jurisdictions are as follows:

Location	Open tax years
Japan	2009-2016
United States	2011-2016
Thailand	2011-2016
Europe	2011-2016

(11) RETIREMENT AND SEVERANCE BENEFITS

The Company has non-contributory and contributory defined benefit plans covering substantially all of its employees who meet eligibility requirements.

Under the non-contributory plans, employees with less than twenty years of service are entitled to lump-sum severance indemnities at date of severance, and employees with twenty or more years of service are entitled to annuity payments subsequent to retirement, determined by the current basic rate of pay, length of service and termination conditions. In addition, certain employees who meet the eligibility requirements are entitled to additional lump-sum payments at the date of retirement based on the retirement age. Under the contributory plans, employees are entitled to annuity payments at a certain age. The assets of certain of the non-contributory plans and the contributory plans are combined in accordance with the regulations and administered by a board of trustees comprised equally of employer and employee representatives. An employee retirement benefit trust is established for certain of the non-contributory plans.

The Company amended its benefit plan under labor and management agreement during the year ended March 31, 2005, and established a defined contribution plan on April 1, 2005. In addition, the Company amended its contributory defined benefit plan and introduced a cash balance pension plan. Under the cash balance pension plan, each participant has a notional account which is credited yearly based on the current rate of contribution and market-related interest rate.

The domestic consolidated subsidiaries sponsor various pension plans, which are partially or entirely employees' pension fund plan, and/or corporate pension fund plan, based on each subsidiary's respective pension policies.

In addition, the foreign consolidated subsidiaries that have adopted pension policy mainly sponsor defined contribution pension plan.

The Company measures the fair value of plan assets and the projected benefit obligations at the end of the year, and recognizes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of pension in consolidated balance sheets with the amount of corresponding adjustment to Accumulated other comprehensive income (loss), net of tax.

Obligations and funded status

Reconciliations of beginning and ending balances of the projected benefit obligations and the fair value of the plan assets are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2015	**2016**
Change in projected benefit obligations:			
Projected benefit obligations at beginning of year	**¥1,119,133**	¥1,067,140	**$ 9,903,832**
Service cost	**32,947**	30,284	**291,566**
Interest cost	**11,403**	15,205	**100,912**
Plan participants' contributions	**1,033**	1,047	**9,141**
Actuarial loss	**75,541**	73,625	**668,504**
Benefits paid	**(70,866)**	(68,263)	**(627,133)**
Acquisitions and divestitures, etc.	**(1,723)**	95	**(15,247)**
Projected benefit obligations at end of year	**1,167,468**	1,119,133	**10,331,575**
Change in plan assets:			
Fair value of plan assets at beginning of year	**986,514**	857,933	**8,730,212**
Actual return on plan assets	**(34,166)**	113,876	**(302,354)**
Employer contributions	**47,920**	47,513	**424,071**
Plan participants' contributions	**929**	1,047	**8,221**
Benefits paid	**(35,113)**	(34,029)	**(310,734)**
Acquisitions and divestitures, etc.	**(1,595)**	174	**(14,115)**
Fair value of plan assets at end of year	**964,489**	986,514	**8,535,301**
Funded status at end of year	**¥ (202,979)**	¥ (132,619)	**$(1,796,274)**

Amounts recognized in the consolidated balance sheets at March 31, 2016 and 2015 consist of:

	Yen (millions)		U.S. dollars (thousands)
	2016	2015	**2016**
Investments in securities and other	**¥ 32,153**	¥ 53,691	**$ 284,540**
Other current liabilities	**(5,382)**	(4,028)	**(47,628)**
Retirement and severance benefits	**(229,750)**	(182,282)	**(2,033,186)**
	¥(202,979)	¥(132,619)	**$(1,796,274)**

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2016 and 2015 consist of:

	Yen (millions)		U.S. dollars (thousands)
	2016	2015	**2016**
Actuarial loss	**¥355,092**	¥240,293	**$3,142,407**
Prior service cost	**(30,793)**	(42,837)	**(272,504)**
	¥324,299	¥197,456	**$2,869,903**

The accumulated benefit obligations for all defined benefit plans were as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2015	**2016**
Accumulated benefit obligations	**¥1,160,546**	¥1,093,819	**$10,270,319**

Components of net periodic retirement and severance costs and other amounts recognized in other comprehensive income (loss)

Net periodic retirement and severance costs for the years ended March 31, 2016, 2015 and 2014 consisted of the following components:

	Yen (millions)			U.S. dollars (thousands)
	2016	2015	2014	**2016**
Service cost	**¥ 33,980**	¥ 31,331	¥ 30,549	**$ 300,707**
Interest cost on projected benefit obligations	**11,403**	15,205	19,123	**100,912**
Expected return on plan assets	**(16,482)**	(15,123)	(13,911)	**(145,858)**
Amortization of prior service cost	**(12,044)**	(12,122)	(22,216)	**(106,584)**
Amortization of actuarial loss	**12,077**	20,721	21,544	**106,876**
	28,934	40,012	35,089	**256,053**
Plan participants' contributions	**(1,033)**	(1,047)	(1,063)	**(9,141)**
Net periodic retirement and severance costs	**¥ 27,901**	¥ 38,965	¥ 34,026	**$ 246,912**

Other changes in plan assets and projected benefit obligations recognized in other comprehensive income (loss) for the years ended March 31, 2016, 2015 and 2014 were summarized as follows:

	Yen (millions)			U.S. dollars (thousands)
	2016	2015	2014	**2016**
Actuarial loss (gain)	**¥126,876**	¥(25,207)	¥ 7,674	**$1,122,796**
Amortization of actuarial loss	**(12,077)**	(20,721)	(21,544)	**(106,876)**
Prior service cost	**—**	—	339	**—**
Amortization of prior service cost	**12,044**	12,122	22,216	**106,584**
	¥126,843	¥(33,806)	¥ 8,685	**$1,122,504**

The estimated actuarial loss and prior service cost for the defined benefit pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next year are summarized as follows:

	Yen (millions)	U.S. dollars (thousands)
Actuarial loss	¥ 18,203	$161,089
Prior service cost	(10,084)	(89,239)

Actuarial assumptions

Actuarial assumptions used to determine benefit obligations at March 31, 2016 and 2015 were as follows:

	2016	2015
Discount rate	**0.5%**	1.0%
Assumed rate of increase in future compensation levels	**1.7%**	1.7%

Actuarial assumptions used to determine net periodic retirement and severance costs for the years ended March 31, 2016, 2015 and 2014 were as follows:

	2016	2015	2014
Discount rate	**1.0%**	1.5%	2.0%
Assumed rate of increase in future compensation levels	**1.7%**	1.7%	1.7%
Expected long-term rate of return on plan assets	**2.5%**	2.5%	2.5%

The expected long-term rate of return is based on actual historical returns and the expectations for future returns of each plan asset category in which the Company invests.

Plan Assets

The fair values of the Company's pension plan assets at March 31, 2016 and 2015 were as follows:

Yen (millions)

	2016			
	Level 1	Level 2	Level 3	Total
Equity securities				
Marketable equity securities	**¥194,023**	**¥ —**	**¥ —**	**¥194,023**
Pooled funds	**—**	**170,658**	**—**	**170,658**
Debt securities				
Government, municipal and corporate debt securities	**4,193**	**14,920**	**—**	**19,113**
Pooled funds	**—**	**358,670**	**—**	**358,670**
Other assets				
Life insurance company general accounts	**—**	**99,067**	**—**	**99,067**
Other	**—**	**78,326**	**44,632**	**122,958**
Total plan assets	**¥198,216**	**¥721,641**	**¥44,632**	**¥964,489**

Notes: 1 Marketable equity securities include mainly domestic stocks.
2 Pooled funds of equity securities include approximately 20% domestic stocks and 80% foreign stocks.
3 Pooled funds of debt securities include approximately 70% domestic bonds and 30% foreign bonds.
4 Government, municipal and corporate debt securities of level 1 include government debt securities.

Yen (millions)

	2015			
	Level 1	Level 2	Level 3	Total
Equity securities				
Marketable equity securities	¥228,741	¥ —	¥ —	¥228,741
Pooled funds	—	188,634	—	188,634
Debt securities				
Government, municipal and corporate debt securities	4,864	18,862	—	23,726
Pooled funds	—	354,320	—	354,320
Other assets				
Life insurance company general accounts	—	95,127	—	95,127
Other	—	60,525	35,441	95,966
Total plan assets	¥233,605	¥717,468	¥35,441	¥986,514

Notes: 1 Marketable equity securities include mainly domestic stocks.
2 Pooled funds of equity securities include approximately 20% domestic stocks and 80% foreign stocks.
3 Pooled funds of debt securities include approximately 70% domestic bonds and 30% foreign bonds.
4 Government, municipal and corporate debt securities of level 1 include government debt securities.

U.S. dollars (thousands)

	2016			
	Level 1	Level 2	Level 3	Total
Equity securities				
Marketable equity securities	**$1,717,018**	**$ —**	**$ —**	**$1,717,018**
Pooled funds	**—**	**1,510,248**	**—**	**1,510,248**
Debt securities				
Government, municipal and corporate debt securities	**37,106**	**132,036**	**—**	**169,142**
Pooled funds	**—**	**3,174,071**	**—**	**3,174,071**
Other assets				
Life insurance company general accounts	**—**	**876,699**	**—**	**876,699**
Other	**—**	**693,150**	**394,973**	**1,088,123**
Total plan assets	**$1,754,124**	**$6,386,204**	**$394,973**	**$8,535,301**

The Company's investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, the Company formulates an investment portfolio comprised of the optimal combination of equity and debt securities. Plan assets are invested in individual equity and debt securities using the guidelines of the investment portfolio in order to produce a total return that will match the expected return on a mid-term to long-term basis. The Company evaluates the gap between expected return and actual return of invested plan assets on an annual basis. In addition, taking into the consideration the management environment and the revision of regulations, the Company revises the investment portfolio when and to the extent considered necessary to achieve the expected long-term rate of return on plan assets based on the pension asset and liability management method.

The Company's investment portfolio consists of three major components. The Company's target asset allocation percentage is that approximately 25% is invested in equity securities, approximately 65% is invested in debt securities and investments in life insurance company general accounts, and approximately 10% is invested in hedge funds. As for selection of plan assets, the Company has examined the contents of investment, and appropriately diversified investments.

See note 19 which shows categorized input for fair value measurements by the valuation technique into a three-level hierarchy.

Each level into which assets are categorized is based on inputs used to measure the fair value of the assets.

Level 1 assets are comprised principally of equity securities and government bonds, which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 assets are comprised principally of pooled funds that invest in equity and debt securities, corporate bonds and investments in life insurance company general accounts. Pooled funds are valued at their net asset values that are calculated by the sponsor of the fund. Corporate bonds are valued using quoted prices for identical assets in markets that are not active. Investments in life insurance company general accounts are valued at the amounts that are the conventional interest adding to the principle amounts calculated by a life insurance company. Level 3 assets comprise hedge funds, which are valued based on unobservable inputs.

An analysis of the changes in Level 3 assets which comprise hedge funds measured at fair value for the years ended March 31, 2016 and 2015 is as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2015	**2016**
Balance at beginning of year	**¥35,441**	¥15,562	**$313,637**
Actual return:			
Relating to assets sold	**494**	—	**4,372**
Relating to assets still held	**(1,545)**	379	**(13,673)**
Purchases, sales and settlements	**10,242**	19,500	**90,637**
Balance at end of year	**¥44,632**	¥35,441	**$394,973**

Cash Flows

The Company expects to contribute ¥49,451 million ($437,619 thousand) to its pension plan in the year ending March 31, 2017. Estimated future benefit payments are as follows:

Year ending March 31:	Yen (millions)	U.S. dollars (thousands)
2017	¥ 64,807	$ 573,513
2018	59,487	526,434
2019	60,307	533,690
2020	58,259	515,566
2021	57,882	512,230
2022-2026	270,677	2,395,372

The amount of cost recognized for the Company and certain subsidiaries' defined contribution plans for the years ended March 31, 2016, 2015 and 2014 were ¥10,265 million ($90,841 thousand), ¥9,469 million and ¥8,423 million, respectively.

(12) SHAREHOLDERS' EQUITY

Changes in common stock for the years ended March 31, 2016 and 2015 were as follows:

	2016	2015
	Shares	
Number of common shares issued:		
Balance at beginning of year	**2,147,201,551**	2,147,201,551
Balance at end of year	**2,147,201,551**	2,147,201,551

Conversions into common stock of convertible debenture issued subsequent to October 1, 1982 and exercise of warrants were accounted for in accordance with the provisions of the Japanese Commercial Code by crediting one-half of the conversion price and exercise price to each of the common stock account and the capital surplus account.

The Japanese Corporate Law enforced on May 1, 2006 requires that an amount equal to 10% of dividends and other distributions paid in cash by the Company and its domestic subsidiaries be appropriated as a legal reserve until the aggregated amount of additional paid-in capital and the legal reserve equal to 25% of the common stocks. The additional paid-in capital and the legal reserve may be used to reduce a deficit or transferred to common stock with a resolution of the shareholders' meeting.

The amount available for dividends under the Japanese Corporate Law is based on the amount recorded in the Company's books of account in accordance with accounting standards of Japan. The adjustments included in the accompanying consolidated financial statements to have them conform with accounting principles generally accepted in the United States of America, but not recorded in the books of account, have no effect on the determination of retained earnings available for dividends under the Japanese Corporate Law. Retained earnings available for dividends shown in the Company's books of account amounted to ¥489,751 million ($4,334,080 thousand) at March 31, 2016.

Cash dividends and appropriations to the legal reserve charged to retained earnings during the years ended March 31, 2016, 2015 and 2014 represent dividends paid out during the years and the related appropriations to the legal reserve.

(13) OTHER COMPREHENSIVE INCOME (LOSS)

Changes in accumulated other comprehensive income (loss) for the years ended March 31, 2016, 2015 and 2014 are as follows:

Yen (millions)

	2016				
	Foreign currency translation adjustments	Pension liability adjustments	Unrealized gains (losses) on securities	Unrealized gains (losses) on derivative instruments	Total
Balance at beginning of year	**¥102,959**	**¥ (98,108)**	**¥119,252**	**¥(39)**	**¥124,064**
Other comprehensive income before reclassifications	**(63,112)**	**(86,145)**	**(24,547)**	**(8)**	**(173,812)**
Amounts reclassified from accumulated other comprehensive income	**—**	**22**	**(963)**	**(10)**	**(951)**
Net change during the year	**(63,112)**	**(86,123)**	**(25,510)**	**(18)**	**(174,763)**
Balance at end of year	**¥ 39,847**	**¥(184,231)**	**¥ 93,742**	**¥(57)**	**¥ (50,699)**

Yen (millions)

	2015				
	Foreign currency translation adjustments	Pension liability adjustments	Unrealized gains (losses) on securities	Unrealized gains (losses) on derivative instruments	Total
Balance at beginning of year	¥ 38,652	¥(119,279)	¥ 82,636	¥(52)	¥ 1,957
Other comprehensive income before reclassifications	65,788	15,625	36,452	22	117,887
Amounts reclassified from accumulated other comprehensive income	(1,481)	5,546	164	(9)	4,220
Net change during the year	64,307	21,171	36,616	13	122,107
Balance at end of year	¥102,959	¥ (98,108)	¥119,252	¥(39)	¥124,064

	Yen (millions)				
	2014				
	Foreign currency translation adjustments	Pension liability adjustments	Unrealized gains (losses) on securities	Unrealized gains (losses) on derivative instruments	Total
Balance at beginning of year	¥ (8,023)	¥(112,523)	¥27,045	¥ 14	¥(93,487)
Other comprehensive income before reclassifications	46,675	(6,323)	54,831	(98)	95,085
Amounts reclassified from accumulated other comprehensive income	—	(433)	760	32	359
Net change during the year	46,675	(6,756)	55,591	(66)	95,444
Balance at end of year	¥38,652	¥(119,279)	¥82,636	¥(52)	¥ 1,957

	U.S. dollars (thousands)				
	2016				
	Foreign currency translation adjustments	Pension liability adjustments	Unrealized gains (losses) on securities	Unrealized gains (losses) on derivative instruments	Total
Balance at beginning of year	**$ 911,142**	**$ (868,213)**	**$1,055,327**	**$(345)**	**$ 1,097,911**
Other comprehensive income before reclassifications	**(558,514)**	**(762,345)**	**(217,230)**	**(71)**	**(1,538,160)**
Amounts reclassified from accumulated other comprehensive income	**—**	**195**	**(8,522)**	**(88)**	**(8,415)**
Net change during the year	**(558,514)**	**(762,150)**	**(225,752)**	**(159)**	**(1,546,575)**
Balance at end of year	**$ 352,628**	**$(1,630,363)**	**$ 829,575**	**$(504)**	**$ (448,664)**

Reclassifications out of accumulated other comprehensive income (loss) for the years ended March 31, 2016, 2015 and 2014 are as follows:

	2016		
Details about Accumulated other comprehensive income components	Amounts reclassified from accumulated other comprehensive income		Affected line items in consolidated statements of income
	Yen (millions)	U.S. dollars (thousands)	
Pension liability adjustments			
Amortization of prior service cost	**¥(12,044)**	**$(106,584)**	See Note
Amortization of actuarial loss	**12,077**	**106,876**	See Note
	33	**292**	Total before tax
	(11)	**(97)**	Income tax
	22	**195**	Net of tax
Unrealized gains (losses) on securities			
Realized losses on sales	**(1,485)**	**(13,141)**	Other revenues
	(1,485)	**(13,141)**	Total before tax
	522	**4,619**	Income tax
	(963)	**(8,522)**	Net of tax
Unrealized gains (losses) on derivative instruments			
	(18)	**(159)**	Other revenues
	(18)	**(159)**	Total before tax
	8	**71**	Income tax
	(10)	**(88)**	Net of tax
Total amounts reclassified	**¥ (951)**	**$ (8,415)**	Net of tax

Note: These accumulated other comprehensive income components are included in the computation of net periodic retirement and severance costs. See Note 11 "Retirement and Severance Benefits".

Details about Accumulated other comprehensive income components	2015 Amounts reclassified from accumulated other comprehensive income Yen (millions)	Affected line items in consolidated statements of income
Foreign currency translation adjustments		
	¥ (1,481)	Other revenues
	(1,481)	Total before tax
	—	Income tax
	(1,481)	Net of tax
Pension liability adjustments		
Amortization of prior service cost	¥(12,122)	See Note
Amortization of actuarial loss	20,721	See Note
	8,599	Total before tax
	(3,053)	Income tax
	5,546	Net of tax
Unrealized gains (losses) on securities		
Realized losses on sales	(37)	Other revenues
Other	189	Other costs and expenses
	152	Total before tax
	12	Income tax
	164	Net of tax
Unrealized gains (losses) on derivative instruments		
	(15)	Other revenues
	(15)	Total before tax
	6	Income tax
	(9)	Net of tax
Total amounts reclassified	¥ 4,220	Net of tax

Note: These accumulated other comprehensive income components are included in the computation of net periodic retirement and severance costs. See Note 11 "Retirement and Severance Benefits".

Details about Accumulated other comprehensive income components	2014 Amounts reclassified from accumulated other comprehensive income Yen (millions)	Affected line items in consolidated statements of income
Pension liability adjustments		
Amortization of prior service cost	¥(22,216)	See Note
Amortization of actuarial loss	21,544	See Note
	(672)	Total before tax
	239	Income tax
	(433)	Net of tax
Unrealized gains (losses) on securities		
Realized losses on sales	1,166	Other costs and expenses
Other	13	Other costs and expenses
	1,179	Total before tax
	(419)	Income tax
	760	Net of tax
Unrealized gains (losses) on derivative instruments		
	42	Other costs and expenses
	42	Total before tax
	(10)	Income tax
	32	Net of tax
Total amounts reclassified	¥ 359	Net of tax

Note: These accumulated other comprehensive income components are included in the computation of net periodic retirement and severance costs. See Note 11 "Retirement and Severance Benefits".

Tax effects allocated to each component of other comprehensive income (loss) and reclassification adjustments for the years ended March 31, 2016, 2015 and 2014 are as follows:

	Yen (millions)		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2016:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	**¥ (68,663)**	**¥ 5,551**	**¥ (63,112)**
Less reclassification adjustments for gains (losses) realized in net income	**—**	**—**	**—**
Net change in foreign currency translation adjustments during the year	**(68,663)**	**5,551**	**(63,112)**
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	**(126,546)**	**40,401**	**(86,145)**
Less reclassification adjustments for gains (losses) realized in net income	**33**	**(11)**	**22**
Net change in pension liability adjustment	**(126,513)**	**40,390**	**(86,123)**
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	**(32,583)**	**8,036**	**(24,547)**
Less reclassification adjustments for gains (losses) realized in net income	**(1,485)**	**522**	**(963)**
Net change in unrealized gains (losses) on securities	**(34,068)**	**8,558**	**(25,510)**
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	**(20)**	**12**	**(8)**
Less reclassification adjustments for gains (losses) realized in net income	**(18)**	**8**	**(10)**
Net change in unrealized gains (losses) on derivative instruments	**(38)**	**20**	**(18)**
Other comprehensive income (loss)	**¥(229,282)**	**¥54,519**	**¥(174,763)**

	Yen (millions)		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2015:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	¥ 74,884	¥ (9,096)	¥ 65,788
Less reclassification adjustments for gains (losses) realized in net income	(1,481)	—	(1,481)
Net change in foreign currency translation adjustments during the year	73,403	(9,096)	64,307
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	25,167	(9,542)	15,625
Less reclassification adjustments for gains (losses) realized in net income	8,599	(3,053)	5,546
Net change in pension liability adjustment	33,766	(12,595)	21,171
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	50,780	(14,328)	36,452
Less reclassification adjustments for gains (losses) realized in net income	152	12	164
Net change in unrealized gains (losses) on securities	50,932	(14,316)	36,616
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	35	(13)	22
Less reclassification adjustments for gains (losses) realized in net income	(15)	6	(9)
Net change in unrealized gains (losses) on derivative instruments	20	(7)	13
Other comprehensive income (loss)	¥158,121	¥(36,014)	¥122,107

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
			Yen (millions)
2014:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	¥ 50,955	¥ (4,280)	¥46,675
Less reclassification adjustments for gains (losses) realized in net income	—	—	—
Net change in foreign currency translation adjustments during the year	50,955	(4,280)	46,675
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	(8,235)	1,912	(6,323)
Less reclassification adjustments for gains (losses) realized in net income	(672)	239	(433)
Net change in pension liability adjustment	(8,907)	2,151	(6,756)
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	85,230	(30,399)	54,831
Less reclassification adjustments for gains (losses) realized in net income	1,179	(419)	760
Net change in unrealized gains (losses) on securities	86,409	(30,818)	55,591
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	(132)	34	(98)
Less reclassification adjustments for gains (losses) realized in net income	42	(10)	32
Net change in unrealized gains (losses) on derivative instruments	(90)	24	(66)
Other comprehensive income (loss)	¥128,367	¥(32,923)	¥95,444

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
			U.S. dollars (thousands)
2016:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	**$ (607,638)**	**$ 49,124**	**$ (558,514)**
Less reclassification adjustments for gains (losses) realized in net income	**—**	**—**	**—**
Net change in foreign currency translation adjustments during the year	**(607,638)**	**49,124**	**(558,514)**
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	**(1,119,876)**	**357,531**	**(762,345)**
Less reclassification adjustments for gains (losses) realized in net income	**292**	**(97)**	**195**
Net change in pension liability adjustment	**(1,119,584)**	**357,434**	**(762,150)**
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	**(288,345)**	**71,115**	**(217,230)**
Less reclassification adjustments for gains (losses) realized in net income	**(13,141)**	**4,619**	**(8,522)**
Net change in unrealized gains (losses) on securities	**(301,486)**	**75,734**	**(225,752)**
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	**(177)**	**106**	**(71)**
Less reclassification adjustments for gains (losses) realized in net income	**(159)**	**71**	**(88)**
Net change in unrealized gains (losses) on derivative instruments	**(336)**	**177**	**(159)**
Other comprehensive income (loss)	**$(2,029,044)**	**$482,469**	**$(1,546,575)**

(14) NET INCOME PER SHARE ATTRIBUTABLE TO MITSUBISHI ELECTRIC CORP.

A reconciliation of the numerators and denominators of the basic and diluted net income per share attributable to Mitsubishi Electric Corp. calculations is as follows:

	Yen (millions)			U.S. dollars (thousands)
	2016	2015	2014	**2016**
Net income attributable to Mitsubishi Electric Corp.	**¥228,494**	¥234,694	¥153,473	**$2,022,071**
Effect of dilutive securities	**—**	—	—	**—**
Diluted net income attributable to Mitsubishi Electric Corp.	**¥228,494**	¥234,694	¥153,473	**$2,022,071**

	Shares		
	2016	2015	2014
Average common shares outstanding	**2,146,799,336**	2,146,835,581	2,146,871,671
Effect of dilutive securities	**—**	—	—
Diluted common shares outstanding	**2,146,799,336**	2,146,835,581	2,146,871,671

	Yen			U.S. dollars
	2016	2015	2014	**2016**
Net income per share attributable to Mitsubishi Electric Corp.:				
Basic	**¥106.43**	¥109.32	¥71.49	**$0.942**
Diluted	**—**	—	—	**—**

Diluted net income per share attributable to Mitsubishi Electric Corp. is not presented as no dilutive securities existed as of and for the years ended March 31, 2016, 2015 and 2014.

(15) DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Foreign Exchange Risk Management and Interest Rate Risk Management

The Company and its subsidiaries operate internationally, giving rise to significant exposure to market risks from changes in foreign currencies and interest rates. Derivative financial instruments are comprised principally of foreign exchange contracts, foreign currency swaps and interest rate swaps utilized by the Company and certain of its subsidiaries to reduce these risks. The Company and its subsidiaries do not hold or issue financial instruments for trading purposes.

Contract Amounts, Notional Principal Amounts and Credit Risk

The Company and its subsidiaries are exposed to risk of credit-related losses in the event of nonperformance by counterparties to foreign exchange contracts, foreign currency swaps and interest rate swaps. The Company believes such risk is minimal due to the high credit ratings of these counterparties.

Information with Respect to Fair Value Hedges

Certain subsidiaries have entered into foreign currency swaps to hedge currency exposure and designate them as fair value hedges.

Information with Respect to Cash Flow Hedges

The Company and certain of its subsidiaries have entered into forward foreign exchange contracts mainly with forecasted transactions to hedge against market risks from changes in foreign currencies and interest rate swap agreements to modify the interest rate characteristics of a portion of its long-term debt from a variable to a fixed rate. The Company and certain of its subsidiaries designate them as cash flow hedges. The maximum period for cash flow hedges is 18 months. The Company expects that the amounts of net loss of ¥105 million ($929 thousand) in accumulated other comprehensive income (loss) will be reclassified into earnings over the next 12 months with transactions such as collection of foreign currency receivables and payment of foreign currency payables and interests on long-term debt.

Derivatives not designated as hedging Instruments

The Company and certain of its subsidiaries enter into foreign exchange contracts and certain of foreign currency swaps and interest rate swaps that are not designated as hedging instruments to hedge against certain foreign currency and interest rate exposures. The Company and certain of its subsidiaries recognize the changes in unrealized gains and losses on such instruments in earnings.

Contract amounts of foreign exchange contracts and foreign currency swaps and notional principal amounts of interest rate swaps at March 31, 2016 and 2015 are as follows:

	Yen (millions) 2016	2015	U.S. dollars (thousands) 2016
Foreign exchange contracts:			
Forwards to sell foreign currencies	**¥214,525**	¥240,279	**$1,898,451**
Forwards to buy foreign currencies	**131,564**	97,441	**1,164,283**
Foreign currency swaps	**41,891**	31,400	**370,717**
Interest rate swaps	**1,606**	2,000	**14,212**

The estimated fair values of foreign exchange contracts, foreign currency swaps and interest rate swaps at March 31, 2016 and 2015 are as follows:

Asset derivatives

Derivatives designated as hedging instruments	Consolidated balance sheet line item	Estimated fair value: Yen (millions) 2016	2015	U.S. dollars (thousands) 2016
Foreign exchange contracts	Prepaid expenses and other current assets	**¥63**	¥95	**$558**

Liability derivatives

Derivatives designated as hedging instruments	Consolidated balance sheet line item	Estimated fair value: Yen (millions) 2016	2015	U.S. dollars (thousands) 2016
Foreign exchange contracts	Other current liabilities	**¥120**	¥61	**$1,062**

Asset derivatives

Derivatives not designated as hedging instruments	Consolidated balance sheet line item	Estimated fair value: Yen (millions) 2016	2015	U.S. dollars (thousands) 2016
Foreign exchange contracts	Prepaid expenses and other current assets	**¥6,457**	¥5,499	**$57,142**
Foreign currency swaps	Prepaid expenses and other current assets	**242**	126	**2,141**
Interest rate swaps	Investments in securities and other	**—**	21	**—**
Total		**¥6,699**	¥5,646	**$59,283**

Liability derivatives

Derivatives not designated as hedging instruments	Consolidated balance sheet line item	Estimated fair value: Yen (millions) 2016	2015	U.S. dollars (thousands) 2016
Foreign exchange contracts	Other current liabilities	**¥2,330**	¥2,673	**$20,619**
Foreign currency swaps	Other current liabilities	**20**	381	**177**
Total		**¥2,350**	¥3,054	**$20,796**

The effect of foreign exchange contracts designated as cash flow hedges on the consolidated statements of income for the years ended March 31, 2016 and 2015 are as follows:

Derivatives designated as cash flow hedging instruments	Amount of gain or (loss) recognized in OCI on derivative (effective portion): Yen (millions) 2016	2015	U.S. dollars (thousands) 2016
Foreign exchange contracts	**¥(38)**	¥20	**$(336)**

Derivatives designated as cash flow hedging instruments	Line item of gain or (loss) recognized from accumulated OCI into income	Amount of gain or (loss) recognized from accumulated OCI into income (effective portion): Yen (millions) 2016	2015	U.S. dollars (thousands) 2016
Foreign exchange contracts	Other revenues	**¥18**	¥15	**$159**

The effect of foreign exchange contracts, foreign currency swaps and interest rate swaps not designated as hedging instruments on the consolidated statements of income for the years ended March 31, 2016 and 2015 are set forth below:

Derivatives not designated as hedging instruments	Line item of gain or (loss) recognized in income on derivative	Amount of gain or (loss) recognized in income on derivative		
		Yen (millions)		U.S. dollars (thousands)
		2016	2015	**2016**
Foreign exchange contracts	Other revenues (cost and expenses)	**¥(2,090)**	¥(12,324)	**$(18,496)**
Foreign currency swaps	Other revenues (cost and expenses)	**278**	(1,779)	**2,460**
Interest rate swaps	Other revenues (cost and expenses)	**(32)**	(39)	**(283)**
Total		**¥(1,844)**	¥(14,142)	**$(16,319)**

(16) SECURITIZATIONS

The Company sells its accounts receivable under several securitization programs.

When the Company retains subordinated interests in the certain accounts receivables after the sale of these receivables, a portion of these, where the Company retains subordinated interests, is not taken off from the balance sheet and is recorded at their fair value. Such carrying value is adjusted to reflect the portion that is not expected to be collectible. As of March 31, 2016, the Company did not retain subordinated interests in the certain accounts receivables after the sale of these receivables.

The Company recognized losses of ¥389 million ($3,442 thousand), ¥541 million and ¥485 million on the securitizations of receivables for the years ended March 31, 2016, 2015 and 2014, respectively.

Subsequent to securitization, the Company retains collection and administrative responsibilities for the receivables. The Company has not recorded a servicing asset or liability since the cost of collection effort is approximate to the amount of commission income.

Certain cash flows received from special purpose entities (SPEs) and banks on the above transactions for the years ended March 31, 2016, 2015 and 2014 are as follows:

	Yen (millions)			U.S. dollars (thousands)
	2016	2015	2014	**2016**
Proceeds from new securitizations	**¥381,429**	¥441,395	¥424,556	**$3,375,478**

Quantitative information about trade receivables including securitized receivables as of March 31, 2016 and 2015 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2015	**2016**
Trade receivables	**¥1,143,536**	¥1,182,431	**$10,119,788**
Less: Securitized receivables	**108,368**	133,889	**959,009**
Total receivables	**¥1,035,168**	¥1,048,542	**$ 9,160,779**

As of March 31, 2016 and 2015, delinquencies and credit losses of trade receivables including securitized receivables are immaterial.

(17) COMMITMENTS AND CONTINGENT LIABILITIES

At March 31, 2016, commitments outstanding for the purchase of property, plant and equipment were ¥29,961 million ($265,142 thousand).

It is common practice in Japan for companies, in the ordinary course of business, to receive promissory notes in settlement of accounts receivable and to subsequently discount such notes at banks. At March 31, 2016, certain subsidiaries were contingently liable to trade notes discounted in the amount of ¥375 million ($3,319 thousand). Certain subsidiaries account for the discounted notes as sale of receivables.

As of March 31, 2016, the Company has no significant concentrations of credit risk.

While the Company and certain of its subsidiaries are defendants and co-defendants in various lawsuits and legal actions, based upon the advice of legal counsel, the Company's management is of the opinion that damages, if any, would not have a material effect on the Company's consolidated financial position and results of operations, except for the following cases.

In January 2007, the Company received a decision rendered by the European Commission imposing fines for an infringement of EU Competition Law in connection with its sales of certain gas-insulated switchgears in Europe. However, there was a significant inconsistency in the understanding of material underlying facts between the European Commission and the Company. Therefore, the Company appealed to the European General Court and challenged the decision. In July 2011, the Company received a judgment from the European General Court upholding the European Commission's decision on the underlying facts while annulling the fine imposed on the Company on the basis that the European Commission applied inconsistent methods of calculation to different companies.

In September 2011, since there was still a significant inconsistency in the understanding of material underlying facts between the European Commission and the Company, the Company appealed to the European Court of Justice.

In June 2012, the Company received a revised decision from the European Commission imposing a fine of €74,817 thousand (¥7,472 million) on the Company and another fine of €4,650 thousand (¥464 million) to be borne jointly by TOSHIBA CORPORATION and the Company after revision of the pertinent calculation method. In September 2012, the Company took another legal action with the European General Court seeking a revision of the current calculation method presented by the European Commission, which would result in a downward modification of the fines. In December 2013, the Company received a judgment from the European Court of Justice upholding the European Commission's underlying facts. In January 2016, the Company received a judgment from the European General Court upholding the fine calculation method applied in the European Commission's revised decision.

Since July 2011, the Company has been cooperating with investigations and inquiries conducted by the European Commission under EU Competition Law regarding the sales of certain automotive parts in Europe. In January 2016, the Company received a decision rendered by the European Commission imposing a fine of €110,929 thousand (¥14,617 million) for the infringement of the said law. In addition, civil lawsuits were filed against the Company in the United States related to violations of the Antitrust Laws regarding the sale of certain automotive parts. The Company has already agreed to settle with some of the purchasers of the automotive parts and has made settlement payments.

As of March 31, 2016, the Company recorded an estimated amount of ¥11,491 million ($101,690 thousand) as a reserve for possible losses of competition-law-related expenses in "Other liabilities" relating to certain automotive parts cases mainly in the United States of America.

The following table provides the undiscounted maximum amount of potential future payments for each major group of guarantees at March 31, 2016:

	Yen (millions)	U.S. dollars (thousands)
Guarantees of bank loan:		
Employees	¥ 2,487	$22,009
Affiliated and other companies	510	4,513
Other	7,930	70,177
Total	¥10,927	$96,699

The guarantees for the employees are principally made for their housing loans, and the term of guarantees is 1 year to 13 years. The guarantees for the affiliated and other companies are made to enhance their credit, and the term of guarantees is 1 year to 3 years.

Change in accrued product warranty for the years ended March 31, 2016 and 2015 is summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2015	**2016**
Balance at beginning of year	**¥55,483**	¥58,268	**$491,000**
Addition	**48,378**	47,922	**428,124**
Utilization	**47,609**	51,160	**421,319**
Foreign currency translation adjustments	**(418)**	453	**(3,699)**
Balance at end of year	**¥55,834**	¥55,483	**$494,106**

(18) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses the following methods and assumptions to estimate the fair value of each class of financial instrument for which it is practical to estimate its value:

(a) Cash and cash equivalents, Trade receivables, Bank loans, Trade payables and Other current liabilities

The carrying amount approximates fair value because of the short term nature of these instruments.

(b) Investments in securities and other

The fair values of most investments in securities and other are estimated based on quoted market prices for these instruments. For other investments for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs.

(c) Long-term trade receivables

The fair value of the Company's long-term trade receivables is calculated under income approach using market interest rates, therefore, it is classified in level 2.

(d) Long-term debt

The fair value of the Company's corporate bonds is calculated under market approach using quoted published price, therefore, it is classified in level 2. The fair value of the Company's long-term debt is calculated under income approach using market interest rates, therefore, it is classified in level 2. The Company excludes the financial instruments relating to lease activities because its carrying amount approximates fair value.

(e) Derivative financial instruments

The fair values of derivative financial instruments, consisting principally of foreign exchange contracts, foreign currency swaps and interest rate swaps are estimated by obtaining quotes from brokers. (See note 15 about estimated fair value.)

The estimated fair values of the Company's financial instruments at March 31, 2016 and 2015 are summarized as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2016		2015		2016	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Nonderivatives:						
Assets:						
Marketable securities and other	**¥235,170**	**¥235,170**	¥271,962	¥271,962	**$2,081,151**	**$2,081,151**
Long-term trade receivables	**4,661**	**4,627**	5,633	5,615	**41,248**	**40,947**
Liabilities:						
Long-term debt, including current portion	**318,504**	**316,570**	285,765	285,407	**2,818,619**	**2,801,504**

Limitations

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(19) FAIR VALUE MEASUREMENTS

The Company defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". On that basis, the Company has categorized the inputs for fair value measurement by the valuation technique into a three-level hierarchy, and placed the order of priority.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are directly or indirectly observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of March 31, 2016 and 2015. The Company measures the fair value of those assets and liabilities in accordance with the requirements of FASB ASC for those assets and liabilities.

Yen (millions)

	2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities				
Marketable equity securities	**¥234,971**	**¥ —**	**¥ —**	**¥234,971**
Debt securities				
Investment trusts	**—**	**199**	**—**	**199**
Derivatives	**—**	**6,762**	**—**	**6,762**
Liabilities:				
Derivatives	**—**	**2,470**	**—**	**2,470**

Yen (millions)

	2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities				
Marketable equity securities	¥271,443	¥ —	¥ —	¥271,443
Debt securities				
Investment trusts	—	519	—	519
Derivatives	—	5,741	—	5,741
Liabilities:				
Derivatives	—	3,115	—	3,115

U.S. dollars (thousands)

	2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities				
Marketable equity securities	**$2,079,390**	**$ —**	**$ —**	**$2,079,390**
Debt securities				
Investment trusts	**—**	**1,761**	**—**	**1,761**
Derivatives	**—**	**59,841**	**—**	**59,841**
Liabilities:				
Derivatives	**—**	**21,858**	**—**	**21,858**

Level 1 equity securities are marketable equity securities, which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 Debt securities are comprised of investment trusts. Level 2 debt securities are valued based on market approach, using quoted prices for identical assets in markets that are not active. Level 2 derivatives are comprised principally of foreign exchange contracts, which are valued based on market approach, using quotes obtained from counterparties or third parties.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

At March 31, 2016, a portion of long-lived assets was written down to their fair value of ¥8,037 million ($71,124 thousand), resulting in an impairment charge of ¥8,482 million ($75,062 thousand), which was included in loss on impairment of long-lived assets for the year ended March 31, 2016. The impaired long-lived assets are classified as Level 3 assets, because they are measured based on the unobservable inputs such as estimated future cash flows under income approach or net sale price under market approach.

At March 31, 2015, a portion of long-lived assets was written down to their fair value of ¥4,197 million, resulting in an impairment charge of ¥3,085 million, which was included in loss on impairment of long-lived assets for the year ended March 31, 2015. The impaired long-lived assets are classified as Level 3 assets, because they are measured based on the unobservable inputs such as estimated future cash flows under income approach or net sale price under market approach.

The valuation process of long-lived assets is documented in "Notes to Consolidated Financial Statements (1)BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (u) Impairment of Long-Lived Assets".

(20) SUPPLEMENTARY INCOME AND EXPENSE INFORMATION

	Yen (millions)			U.S. dollars (thousands)
	2016	2015	2014	**2016**
Advertising expenses	**¥(30,498)**	¥(28,101)	¥(23,847)	**$(269,894)**
Shipping and handling costs	**(86,963)**	(87,610)	(79,634)	**(769,584)**
Exchange gains (losses)	**(14,269)**	7,749	9,709	**(126,274)**
Business restructuring costs	**—**	(4,804)	—	**—**
Competition-law-related expenses (for the United States Department of Justice)	**—**	—	(7,738)	**—**
Loss on impairment of long-lived assets	**(8,482)**	(3,085)	(3,791)	**(75,062)**

Advertising expenses are included in "Costs and expenses - Selling, general and administrative".

Shipping and handling costs represents the costs included in "Costs and expenses - Selling, general and administrative".

Exchange gains (losses) are included in "Revenues - Other" and "Costs and expenses – Other".

Business restructuring costs are included in "Costs and expenses - Other".

For the year ended March 31, 2015, the Company recognized business restructuring costs of ¥4,804 million related to the loss associated with inventories under sales contracts, the removal and disposal of facilities and the retirement benefits resulting from the Company's decision to discontinue the copper alloy business.

Competition-law-related expenses (for the United States Department of Justice) are included in "Costs and expenses - Other".

Since July 2011, the Company and certain of its subsidiaries had been subject to investigations and inquiries conducted by the United States Department of Justice in relation to United States Antitrust Laws regarding the sale of certain automotive parts in the United States of America. Consequently, in September 2013, the Company entered into a plea agreement with the United States Department of Justice in which the Company agreed to pay US$190,000 thousand (¥18,573 million based on the rate of exchange in effect at the date of the transaction) in fines for the infringement of United States Antitrust Laws. For the year ended March 31, 2014, the Company recorded ¥7,738 million, which was equivalent to the difference between the fines and its reserves as of March 31, 2013 as various competition-law-related expenses.

Loss on impairment of long-lived assets is included in "Costs and expenses - Loss on impairment of long-lived assets".

For the year ended March 31, 2016, the Company and certain of its subsidiaries recognized impairment losses of ¥5,766 million ($51,026 thousand) on tangible assets such as buildings and machineries, and ¥2,716 million ($24,036 thousand) on intangible assets and others. The impairment losses included ¥2,428 million ($21,487 thousand) for Energy and Electric Systems business related assets and ¥2,418 million ($21,398 thousand) for the Information and Communication Systems business related assets due to a decline in profitability. The impairment losses were mainly measured based on the fair value less cost to sell.

For the year ended March 31, 2015, the Company and certain of its subsidiaries recognized impairment losses of ¥2,751 million on tangible assets such as buildings and tools, and ¥334 million on intangible assets. The impairment losses included ¥562 million for Energy and Electric Systems business related assets and ¥1,740 million for Home Appliances business related assets due to a decline in profitability. The impairment losses were mainly measured based on the fair value less costs to sell.

For the year ended March 31, 2014, the Company and certain of its subsidiaries recognized impairment losses of ¥3,627 million on tangible assets such as land, buildings and tools, and ¥164 million on intangible assets. The impairment losses included ¥1,217 million for Home Appliances business related assets due to a decline in profitability and ¥2,260 million for welfare related assets which are scheduled to be sold. The impairment losses were mainly measured based on the fair value less costs to sell.

(21) LEASES

The Company and certain of its subsidiaries enter into capital lease and operating lease agreements with Mitsubishi Electric Credit Corporation, an equity method investee. The leased assets, which are committed under capital lease agreements, are capitalized.

The Company and certain of its subsidiaries lease buildings, machineries and equipments. At March 31, 2016, the aggregated cost and accumulated depreciation of leased assets under capital leases amounted to ¥34,753 million ($307,549 thousand) and ¥17,822 million ($157,717 thousand), respectively.

Future minimum lease payments under capital and non-cancelable operating leases as of March 31, 2016 are as follows:

	Yen (millions)		U.S. dollars (thousands)	
	Capital leases	Operating leases	Capital leases	Operating leases
Year ending March 31:				
2017	¥ 9,223	¥12,439	$ 81,619	$110,080
2018	8,249	11,015	73,000	97,478
2019	5,081	9,616	44,965	85,097
2020	2,508	8,004	22,195	70,832
2021	746	6,856	6,602	60,672
Thereafter	60	13,303	531	117,726
Total minimum lease payments	25,867	¥61,233	228,912	$541,885
Less: Estimated executory costs	1,408		12,460	
Net minimum lease payments	24,459		216,452	
Less: Amount representing interest	797		7,053	
Present value of net minimum capital lease payments	23,662		209,399	
Less: Current portion of obligations under capital leases	8,469		74,947	
Obligations under capital leases, excluding current portion	¥15,193		$134,452	

Rental expenses related to operating leases for the years ended March 31, 2016, 2015 and 2014 amounted to ¥48,786 million ($431,735 thousand), ¥47,670 million and ¥45,246 million, respectively. These operating leases are for office space, warehouses, employee facilities and computer equipment, and are customarily renewed.

(22) BUSINESS COMBINATIONS

On December 23, 2015, the Company acquired approximately 74.97% of the share capital of MELCO Hydronics & IT Cooling S.p.A. (hereinafter “MEHIT”, previously “DeLclima S.p.A.”), an Italian company that designs, manufactures and sells commercial heating, ventilation and air conditioning (HVAC) equipment, for €508 million (¥67,141 million) from De’Longhi Industrial S.A. for the purpose of expanding its HVAC business in the European market. Consequently, MEHIT became a consolidated subsidiary of the Company. In addition, the Company conducted a tender offer in order to acquire the remaining shares representing approximately 25.03% of the share capital of MEHIT. As a result, MEHIT is a wholly owned subsidiary as of March 31, 2016.

The purchase price and the fair values of the noncontrolling interests, the assets acquired and liabilities assumed as of the acquisition date are summarized as follows;

	Yen (millions)	U.S. dollars (thousands)
Purchase price	¥ 67,141	$ 594,168
Noncontrolling interests	33,439	295,920
Total	¥100,580	$ 890,088
Current assets	¥ 35,537	$ 314,487
Goodwill	58,034	513,575
Intangible assets	41,823	370,115
Other assets	6,533	57,814
Total assets acquired	141,927	1,255,991
Total liabilities assumed	41,347	365,903
Net assets acquired	¥100,580	$ 890,088

The fair value of the noncontrolling interests is measured based on the valuation performed by a third party specialist considering MEHIT’s financial condition. Intangible assets acquired consist of finite-lived assets primarily including “Customer relationship” of ¥27,290 million ($241,504 thousand). Goodwill is allocated to the Home Appliances segment. Goodwill is not expected to be deductible for tax purposes.

The operating results of MEHIT included in the consolidated statement of income were immaterial for the year ended March 31, 2016.

Pro forma results of operations were not disclosed because the effect on the consolidated financial statement was immaterial.

(23) SUPPLEMENTARY CASH FLOW INFORMATION

	Yen (millions)			U.S. dollars (thousands)
	2016	2015	2014	2016
Cash paid during the year for:				
Interest	**¥ 3,038**	¥ 3,816	¥ 4,795	**$ 26,885**
Income taxes	**69,981**	53,712	37,434	**619,301**

(24) SEGMENT INFORMATION

Operating segment presented below is identified based on the segments for which separate financial information is available, and is periodically used for decision of business resources allocation and evaluation of business operation by the Company's management.

The Company conducts business through 6 reportable business segments, Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances, and Others, based on types and characteristics of products, production method, and similarity in market.

Principal businesses of each segment are as follows:

Energy and Electric Systems	Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switches, 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 beam treatment systems, and others
Industrial Automation Systems	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
Information and Communication Systems	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
Electronic Devices	Power modules, high-frequency devices, optical devices, LCD devices, and others
Home Appliances	LCD televisions, room air conditioners, package air conditioners, air-to-water heat pump boilers, refrigerators, electric fans, ventilators, photovoltaic power generation systems, hot water supply systems, LED lamps, fluorescent lamps, indoor lighting, compressors, chillers, dehumidifiers, air purifiers, showcases, cleaners, rice cookers, microwave ovens, IH cooking heaters, and others
Others	Procurement, logistics, real estate, advertising, finance and other services

Intersegment transactions are conducted generally at the price that the Company's management recognizes as approximate arm's length price. Operating income (loss) in Segment Information is measured in a manner consistent with consolidated operating income.

Segment Information

Segment information for the years ended March 31, 2016, 2015 and 2014 are as follows:

As of and for the year ended March 31, 2016 Yen (millions)

	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income									
Sales:									
(1) External customers	¥1,255,062	¥1,308,776	¥512,156	¥180,618	¥964,172	¥173,569	¥4,394,353	¥ —	¥4,394,353
(2) Intersegment	9,542	13,161	48,963	30,962	17,892	534,177	654,697	(654,697)	—
Net sales	1,264,604	1,321,937	561,119	211,580	982,064	707,746	5,049,050	(654,697)	4,394,353
Operating costs	1,214,262	1,162,777	546,120	194,710	918,208	684,126	4,720,203	(627,022)	4,093,181
Operating income	¥ 50,342	¥ 159,160	¥ 14,999	¥ 16,870	¥ 63,856	¥ 23,620	¥ 328,847	¥ (27,675)	¥ 301,172
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	¥1,314,185	¥1,051,511	¥391,323	¥162,772	¥855,241	¥245,065	¥4,020,097	¥ 39,844	¥4,059,941
Depreciation and amortization	29,559	59,276	18,922	17,469	32,745	6,612	164,583	—	164,583
Loss on impairment of long-lived assets	2,428	—	2,418	1,719	1,514	403	8,482	—	8,482
Capital expenditures	42,037	70,677	22,954	17,792	40,379	5,126	198,965	—	198,965

As of and for the year ended March 31, 2015 Yen (millions)

	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income									
Sales:									
(1) External customers	¥1,219,983	¥1,268,858	¥520,853	¥209,235	¥925,004	¥179,108	¥4,323,041	¥ —	¥4,323,041
(2) Intersegment	8,975	13,891	38,668	29,167	19,826	561,409	671,936	(671,936)	—
Net sales	1,228,958	1,282,749	559,521	238,402	944,830	740,517	4,994,977	(671,936)	4,323,041
Operating costs	1,156,510	1,136,767	540,587	208,239	890,534	716,775	4,649,412	(643,975)	4,005,437
Operating income	¥ 72,448	¥ 145,982	¥ 18,934	¥ 30,163	¥ 54,296	¥ 23,742	¥ 345,565	¥ (27,961)	¥ 317,604
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	¥1,300,581	¥1,064,560	¥383,692	¥206,981	¥769,899	¥246,136	¥3,971,849	¥ 87,602	¥4,059,451
Depreciation and amortization	29,056	56,842	23,814	26,055	30,605	6,241	172,613	—	172,613
Loss on impairment of long-lived assets	562	26	2	203	1,740	552	3,085	—	3,085
Capital expenditures	35,500	67,943	18,383	38,406	46,598	8,382	215,212	—	215,212

As of and for the year ended March 31, 2014 Yen (millions)

	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income									
Sales:									
(1) External customers	¥1,171,292	¥1,089,109	¥513,712	¥174,082	¥927,868	¥178,296	¥4,054,359	¥ —	¥4,054,359
(2) Intersegment	8,801	9,687	34,570	20,576	16,483	497,738	587,855	(587,855)	—
Net sales	1,180,093	1,098,796	548,282	194,658	944,351	676,034	4,642,214	(587,855)	4,054,359
Operating costs	1,103,769	1,000,717	542,753	184,608	891,473	656,233	4,379,553	(560,366)	3,819,187
Operating income	¥ 76,324	¥ 98,079	¥ 5,529	¥ 10,050	¥ 52,878	¥ 19,801	¥ 262,661	¥ (27,489)	¥ 235,172
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	¥1,161,790	¥932,857	¥399,215	¥172,925	¥706,833	¥242,496	¥3,616,116	¥ (3,150)	¥3,612,966
Depreciation and amortization	27,852	52,381	21,289	11,638	28,748	6,000	147,908	—	147,908
Loss on impairment of long-lived assets	—	—	—	115	1,217	2,459	3,791	—	3,791
Capital expenditures	32,639	63,660	22,172	10,405	30,334	8,490	167,700	—	167,700

As of and for the year ended March 31, 2016 — U.S. dollars (thousands)

	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income									
Sales:									
(1) External customers	**$11,106,743**	**$11,582,089**	**$4,532,354**	**$1,598,389**	**$8,532,496**	**$1,536,009**	**$38,888,080**	**$ —**	**$38,888,080**
(2) Intersegment	**84,443**	**116,469**	**433,301**	**274,000**	**158,336**	**4,727,230**	**5,793,779**	**(5,793,779)**	**—**
Net sales	**11,191,186**	**11,698,558**	**4,965,655**	**1,872,389**	**8,690,832**	**6,263,239**	**44,681,859**	**(5,793,779)**	**38,888,080**
Operating costs	**10,745,682**	**10,290,062**	**4,832,920**	**1,723,097**	**8,125,735**	**6,054,212**	**41,771,708**	**(5,548,867)**	**36,222,841**
Operating income	**$ 445,504**	**$ 1,408,496**	**$ 132,735**	**$ 149,292**	**$ 565,097**	**$ 209,027**	**$ 2,910,151**	**$ (244,912)**	**$ 2,665,239**
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	**$11,629,956**	**$ 9,305,407**	**$3,463,035**	**$1,440,460**	**$7,568,505**	**$2,168,717**	**$35,576,080**	**$ 352,601**	**$35,928,681**
Depreciation and amortization	**261,584**	**524,566**	**167,451**	**154,593**	**289,779**	**58,514**	**1,456,487**	**—**	**1,456,487**
Loss on impairment of long-lived assets	**21,487**	**—**	**21,398**	**15,213**	**13,398**	**3,566**	**75,062**	**—**	**75,062**
Capital expenditures	**372,009**	**625,460**	**203,133**	**157,451**	**357,336**	**45,363**	**1,760,752**	**—**	**1,760,752**

Notes: 1 The amount of unallocatable R&D expenditure included in "Eliminations and other" on "Operating costs" for the years ended March 31, 2016, 2015 and 2014 are ¥27,675 million ($244,912 thousand), ¥27,961 million and ¥27,489 million, respectively.

2 The amount of company-wide shared assets included in «Eliminations and other» on «Assets» for the years ended March 31, 2016, 2015 and 2014 are ¥266,378 million ($2,357,327 thousand), ¥309,521 million and ¥197,227 million, respectively, and those amounts are mainly the Company's deposit in bank.

Geographical Information

Sales to external customers by the location of customers, and long-lived assets by the location of the Company and its subsidiaries as of and for the years ended March 31, 2016, 2015 and 2014 are as follows:

As of and for the year ended March 31, 2016 — Yen (millions)

	Japan	Overseas: North America	Overseas: Asia (excluding Japan)	Overseas: Europe	Overseas: Others	Overseas: Overseas total	Consolidated total
Sales to external customers	**¥2,521,194**	**¥447,578**	**¥963,684**	**¥369,978**	**¥91,919**	**¥1,873,159**	**¥4,394,353**
% of total net sales	**57.4%**	**10.2%**	**21.9%**	**8.4%**	**2.1%**	**42.6%**	**100.0%**
Long-lived assets	**546,879**	**54,326**	**137,704**	**68,623**	**2,416**	**263,069**	**809,948**

As of and for the year ended March 31, 2015 — Yen (millions)

	Japan	Overseas: North America	Overseas: Asia (excluding Japan)	Overseas: Europe	Overseas: Others	Overseas: Overseas total	Consolidated total
Sales to external customers	¥2,512,357	¥398,501	¥959,540	¥360,668	¥91,975	¥1,810,684	¥4,323,041
% of total net sales	58.1%	9.2%	22.2%	8.4%	2.1%	41.9%	100.0%
Long-lived assets	542,524	55,757	144,669	24,391	3,611	228,428	770,952

As of and for the year ended March 31, 2014 — Yen (millions)

	Japan	Overseas: North America	Overseas: Asia (excluding Japan)	Overseas: Europe	Overseas: Others	Overseas: Overseas total	Consolidated total
Sales to external customers	¥2,480,369	¥330,861	¥811,081	¥340,611	¥91,437	¥1,573,990	¥4,054,359
% of total net sales	61.2%	8.2%	20.0%	8.4%	2.2%	38.8%	100.0%
Long-lived assets	534,521	39,831	109,774	17,426	3,742	170,773	705,294

As of and for the year ended March 31, 2016 — U.S. dollars (thousands)

	Japan	Overseas: North America	Overseas: Asia (excluding Japan)	Overseas: Europe	Overseas: Others	Overseas: Overseas total	Consolidated total
Sales to external customers	**$22,311,451**	**$3,960,867**	**$8,528,177**	**$3,274,142**	**$813,443**	**$16,576,629**	**$38,888,080**
% of total net sales	**57.4%**	**10.2%**	**21.9%**	**8.4%**	**2.1%**	**42.6%**	**100.0%**
Long-lived assets	**4,839,637**	**480,761**	**1,218,619**	**607,283**	**21,381**	**2,328,044**	**7,167,681**

Notes: 1 The major countries and regions included in each segments are as follows:

(1) North America : United States, Canada, and Mexico

(2) Asia (excluding Japan) : China, South Korea, Thailand, Malaysia, Singapore, Indonesia, and India

(3) Europe : United Kingdom, France, Germany, the Netherlands, Spain, Italy, and Czech

2 Long-lived assets consist of property, plant and equipment, intangible assets, and others.

In addition to the disclosure requirement of FASB ASC Topic 280 "Segment Reporting", the Company discloses the following information as supplement.

Geographical Information Based on the Location of the Company and Its Subsidiaries

As of and for the year ended March 31, 2016 — Yen (millions)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income								
Sales:								
(1) External customers	**¥2,786,357**	**¥423,958**	**¥ 759,765**	**¥374,184**	**¥50,089**	**¥4,394,353**	**¥ —**	**¥4,394,353**
(2) Intersegment	**777,173**	**22,977**	**294,798**	**13,444**	**171**	**1,108,563**	**(1,108,563)**	**—**
Net sales	**3,563,530**	**446,935**	**1,054,563**	**387,628**	**50,260**	**5,502,916**	**(1,108,563)**	**4,394,353**
Operating costs	**3,390,147**	**437,514**	**963,557**	**372,822**	**49,356**	**5,213,396**	**(1,120,215)**	**4,093,181**
Operating income	**¥ 173,383**	**¥ 9,421**	**¥ 91,006**	**¥ 14,806**	**¥ 904**	**¥ 289,520**	**¥ 11,652**	**¥ 301,172**
II Assets	**¥2,743,024**	**¥296,077**	**¥ 835,934**	**¥311,829**	**¥36,924**	**¥4,223,788**	**¥ (163,847)**	**¥4,059,941**

As of and for the year ended March 31, 2015 — Yen (millions)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income								
Sales:								
(1) External customers	¥2,782,686	¥364,686	¥ 755,081	¥371,235	¥49,353	¥4,323,041	¥ —	¥4,323,041
(2) Intersegment	796,274	23,335	292,677	12,730	142	1,125,158	(1,125,158)	—
Net sales	3,578,960	388,021	1,047,758	383,965	49,495	5,448,199	(1,125,158)	4,323,041
Operating costs	3,352,761	382,843	965,339	372,162	49,093	5,122,198	(1,116,761)	4,005,437
Operating income	¥ 226,199	¥ 5,178	¥ 82,419	¥ 11,803	¥ 402	¥ 326,001	¥ (8,397)	¥ 317,604
II Assets	¥2,809,868	¥304,311	¥ 872,163	¥248,599	¥45,607	¥4,280,548	¥ (221,097)	¥4,059,451

As of and for the year ended March 31, 2014 — Yen (millions)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income								
Sales:								
(1) External customers	¥2,719,567	¥306,537	¥638,518	¥342,072	¥47,665	¥4,054,359	¥ —	¥4,054,359
(2) Intersegment	643,287	18,687	248,504	10,878	159	921,515	(921,515)	—
Net sales	3,362,854	325,224	887,022	352,950	47,824	4,975,874	(921,515)	4,054,359
Operating costs	3,185,539	323,545	827,999	348,182	46,089	4,731,354	(912,167)	3,819,187
Operating income	¥ 177,315	¥ 1,679	¥ 59,023	¥ 4,768	¥ 1,735	¥ 244,520	¥ (9,348)	¥ 235,172
II Assets	¥2,637,710	¥254,978	¥673,309	¥233,252	¥39,884	¥3,839,133	¥(226,167)	¥3,612,966

As of and for the year ended March 31, 2016 — U.S. dollars (thousands)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations and other	Total
I Net sales and operating income								
Sales:								
(1) External customers	**$24,658,027**	**$3,751,841**	**$6,723,584**	**$3,311,363**	**$443,265**	**$38,888,080**	**$ —**	**$38,888,080**
(2) Intersegment	**6,877,637**	**203,336**	**2,608,832**	**118,973**	**1,514**	**9,810,292**	**(9,810,292)**	**—**
Net sales	**31,535,664**	**3,955,177**	**9,332,416**	**3,430,336**	**444,779**	**48,698,372**	**(9,810,292)**	**38,888,080**
Operating costs	**30,001,301**	**3,871,805**	**8,527,053**	**3,299,310**	**436,779**	**46,136,248**	**(9,913,407)**	**36,222,841**
Operating income	**$ 1,534,363**	**$ 83,372**	**$ 805,363**	**$ 131,026**	**$ 8,000**	**$ 2,562,124**	**$ 103,115**	**$ 2,665,239**
II Assets	**$24,274,549**	**$2,620,150**	**$7,397,646**	**$2,759,548**	**$326,761**	**$37,378,654**	**$(1,449,973)**	**$35,928,681**

Notes: 1 The Company has identified 5 location segments based on geographical proximity, similarity in market, and interconnectedness within business activities.

2 The major countries and regions included in each segments are as follows:

(1) North America : United States, Canada, and Mexico

(2) Asia (excluding Japan) : China, South Korea, Thailand, Malaysia, Singapore, Indonesia, and India

(3) Europe : United Kingdom, France, Germany, the Netherlands, Spain, Italy, and Czech

3 The amount of company-wide shared assets included in "Eliminations and other" on "Assets" for the years ended March 31, 2016, 2015 and 2014 are ¥330,357 million ($2,923,513 thousand), ¥309,521 million and ¥197,227 million, respectively, and those amounts are mainly the Company's deposit in bank and goodwill.

(25) SUBSEQUENT EVENT

On June 29, 2016, the date the consolidated financial statements were issued, there are no incidence of subsequent events that would have material effects on the Company's consolidated financial position and results of operations.

KPMG

Independent Auditors' Report

The Board of Directors
Mitsubishi Electric Corporation:

We have audited the accompanying consolidated financial statements of Mitsubishi Electric Corporation and its subsidiaries, which comprise the consolidated balance sheets as of March 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended March 31, 2016, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the auditors' judgment, 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, the auditor considers 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 present fairly in all material respects, the financial position of Mitsubishi Electric Corporation and its subsidiaries as of March 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2016, in accordance with U.S. generally accepted accounting principles.

KPMG AZSA LLC
Tokyo, Japan
June 29, 2016

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Corporate Data / Shareholder Information (As of March 31, 2016)

Corporate Data

Mitsubishi Electric Corporation

Tokyo Building, 2-7-3, Marunouchi,
Chiyoda-ku, Tokyo 100-8310, Japan
Tel: +81(3)3218-2111

Established: January 15, 1921
Paid-in Capital: ¥175,820 million
Shares issued: 2,147,201,551 shares
Employees: 135,160

Annual Meeting

The annual meeting of shareholders of the Corporation is regularly held in June each year. Additionally, special shareholders meetings may be held as necessary.

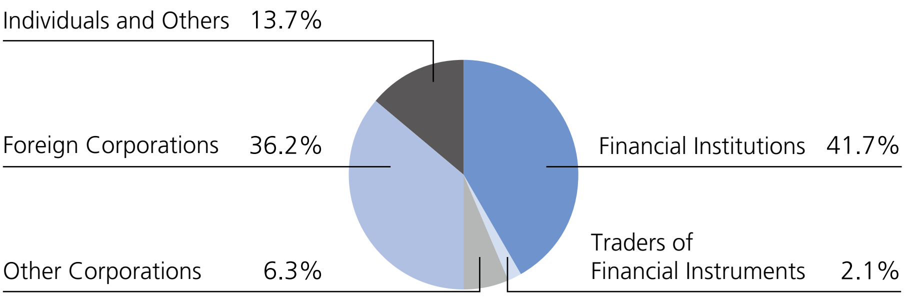
Stock Exchange Listings

Japan: Tokyo
Europe: London

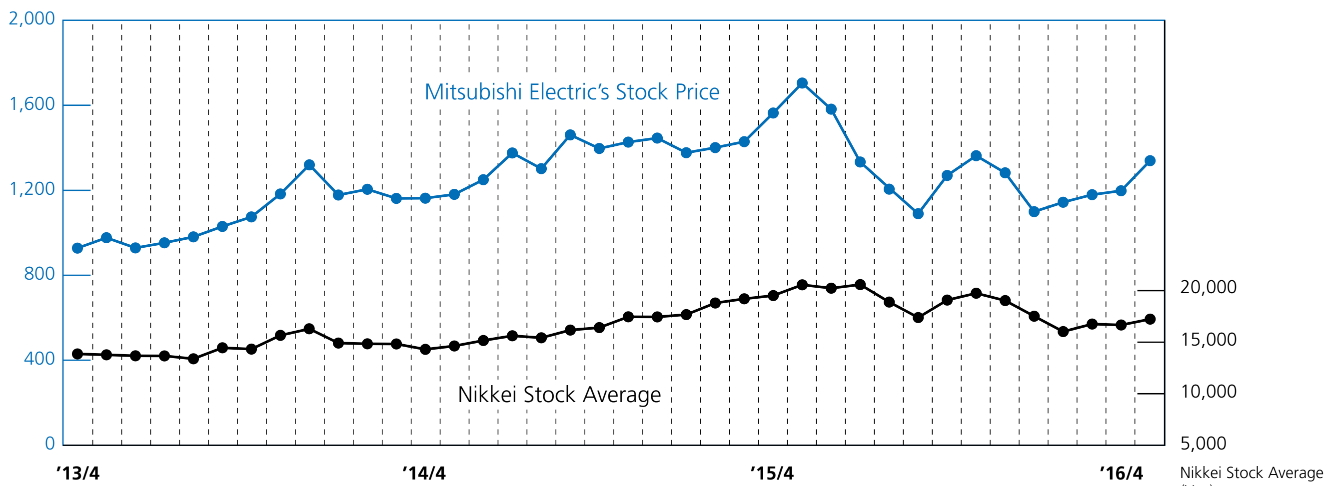
Major Shareholders

	Number of Shares (thousands)	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%

Distribution of Shareholders



Stock Price (Yen)



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MITSUBISHI ELECTRIC CORPORATION

http://www.MitsubishiElectric.com

eco Changes

for a greener tomorrow

Eco Changes is the Mitsubishi Electric Group's environmental statement, and expresses the Group's stance on environmental management. Through a wide range of businesses, we are helping contribute to the realization of a sustainable society.

Please address inquiries for further information to:
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Tokyo Building, 2-7-3, Marunouchi, Chiyoda-ku, Tokyo 100-8310, Japan
Phone: 81-3-3218-2391

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