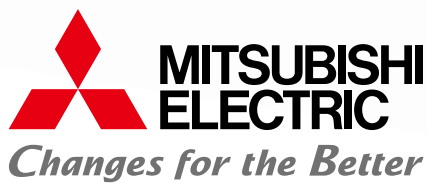




for a greener tomorrow

ANNUAL REPORT 2012

For the year ended March 31, 2012



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Aiming to become a global, leading green company, enriching society with technology.

Looking ahead to our 100th anniversary in 2021, our continued aim is to help enrich society.

By enriching society, we mean creating a “people-friendly” society that ensures safety, peace of mind, health and comfort for all, as well as a more “earth-friendly” society that recycles and uses resources efficiently.

We at the Mitsubishi Electric Group provide a wide spectrum of products and services, ranging from semiconductors to large-scale systems, with applications for homes, offices, factories, social infrastructure and even space systems.

As we strive to become a global, leading green company that enriches society with technology, we will increase cross-cooperation within the Group while providing advanced technologies and engaging in a wide array of business pursuits.

For the earth and for the future—the Mitsubishi Electric Group will continue to make steady steps toward achieving this goal.

Changes for the Better

Amid downturns in the European and East Asian economies, supply chain pressures caused by flooding in Thailand and a slowdown in Japanese production and exports, the business environment in the latter half of the fiscal year ended March 31, 2012 (hereinafter, fiscal 2012) worsened. Stalled recovery trends in Japan and overseas, as well as the ongoing strength of the yen versus the US dollar and euro also made for a challenging operating environment.

Under these circumstances, the Mitsubishi Electric Group continued to emphasize Growth, Profitability and Efficiency, and Soundness, the three key viewpoints of its Balanced Corporate Management. Accordingly, the Group placed greater emphasis than ever before on promoting growth strategies rooted in its competitive advantages as well as on efforts to boost its competitiveness and strengthen its management structure.

As a result of these efforts, the Mitsubishi Electric Group recorded consolidated net sales of ¥3,639.5 billion in the fiscal year ended March 31, 2012, virtually unchanged from the previous fiscal year. Operating income decreased 4% to ¥225.4 billion, for a Group operating income ratio of 6.2%. Meanwhile, net income fell 10% to ¥112.1 billion. Consequently, with regard to standing management targets, for operating income ratio, return on equity (ROE) and interest-bearing debt to total assets (above 5%, above 10% and below 15%, respectively), we achieved the first two.

The Mitsubishi Electric Group is taking steps to strengthen its initiatives in growing market segments. To that end, we are engaging in growth strategies that include: promoting environment-related business strategies; expanding business activities in China, India and other emerging economies; bolstering the social infrastructure systems business; and developing the solutions business by combining a wide array of technologies with expertise gained in the security business and other fields.

To facilitate new growth, we aim to enhance corporate value by promoting robust growth strategies based on renewed and meticulous efforts to bolster operations in the area of Soundness—one of the three key viewpoints of Balanced Corporate Management—with particular consideration given to corporate ethics and compliance. The promotion of such growth strategies is also underpinned by a management foundation realigned to be even stronger.

As we stride forward resolutely to achieve our goals, we ask for your continued support and understanding.

July 2012

President & CEO



Kenichiro Yamanishi



Financial Highlights

Performance for the year ended March 31, 2012

Years ended March 31	Yen (millions)			U.S. dollars (thousands)
	2012	2011	2010	2012
Net sales	¥3,639,468	¥3,645,331	¥3,353,298	\$44,383,756
Operating income ²	225,444	233,761	94,302	2,749,317
Net income attributable to Mitsubishi Electric Corp.	112,063	124,525	28,278	1,366,622
Total assets	3,391,651	3,332,679	3,215,094	41,361,598
Interest-bearing debt	542,291	484,352	537,500	6,613,304
Mitsubishi Electric Corp. shareholders' equity	1,132,465	1,050,340	964,584	13,810,549
Capital expenditures	159,346	107,638	109,069	1,943,244
R&D expenditures	169,686	151,779	133,781	2,069,341
Yen				
U.S. dollars				
Per-Share Amounts				
Net income attributable to Mitsubishi Electric Corp.				
Basic	¥52.20	¥58.00	¥13.18	\$0.637
Diluted ³	—	—	13.18	—
Cash dividends declared	12	12	4	0.146
%				
Statistical Information				
Operating income ratio	6.2%	6.4%	2.8%	—
Return on equity (ROE)	10.3	12.4	3.1	—
Interest-bearing debt to total assets	16.0	14.5	16.7	—

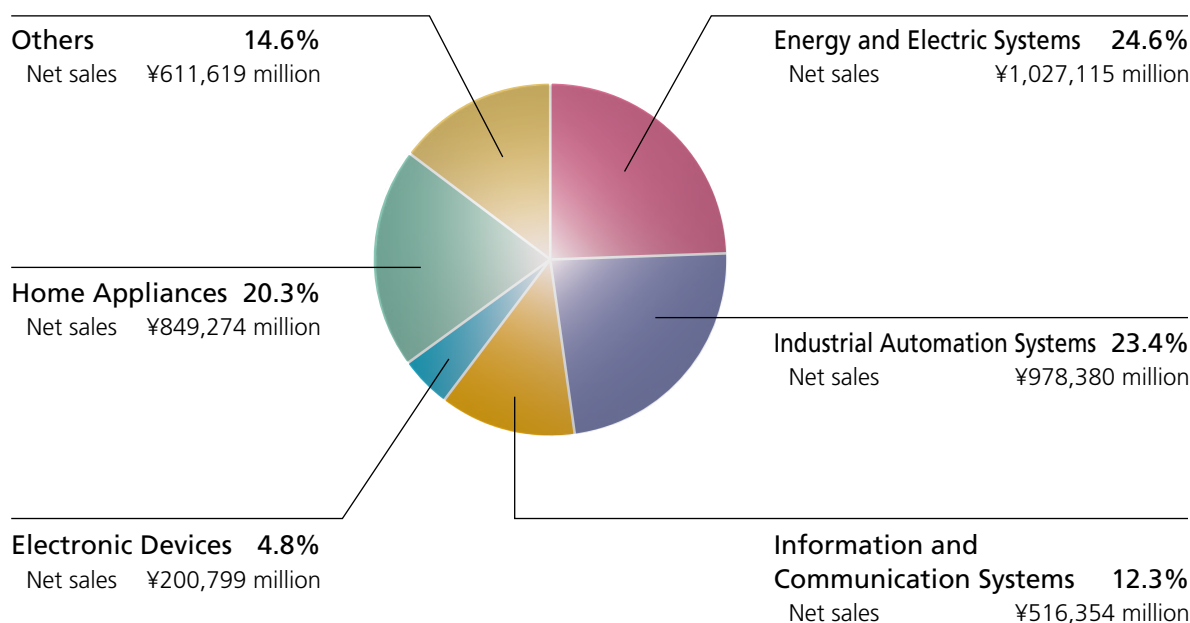
See accompanying notes to consolidated financial statements.

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 For the years ended March 31, 2011 and 2012, diluted net income per share attributable to Mitsubishi Electric Corp. is not included in the above figure as no dilutive securities existed.

Net Sales Breakdown by Business Segment

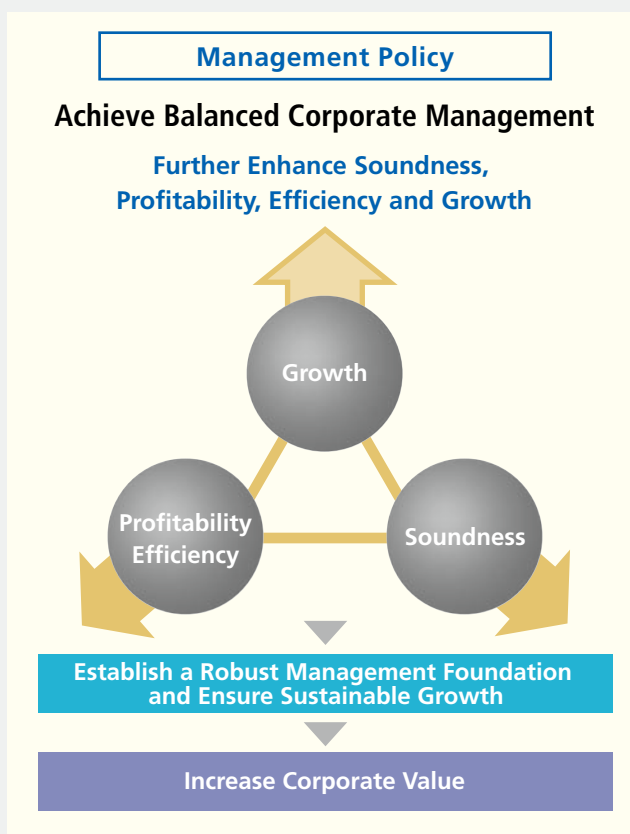


“Changes for the Better,” our corporate statement, encapsulates all that we stand for and aspire to—a brighter future for society, industry and everyday life through innovation.

Supporting this commitment to innovation and sustainable operations is a solid management structure backed by balanced management initiatives that stem from three key viewpoints: Growth; Profitability and Efficiency; and Soundness.

In terms of its corporate social responsibility (CSR) initiatives, the entire Mitsubishi Electric Group is steered by its Corporate Mission and Seven Guiding Principles. Putting particular emphasis on compliance with applicable laws and high ethical standards, we are committed to strengthening internal controls to ensure legal compliance Group-wide, as well as thoroughly implementing education and training. In addition, we continue to work diligently to safeguard the environment. Among a host of initiatives, we are striving to create a low-carbon, recycling-based society as part of our Environmental Vision 2021 program.

To ensure that we continue to meet the expectations of shareholders, we have undertaken reforms that are guiding our ongoing evolution into a network of highly competitive, electric-electronic businesses while leveraging synergies to further enhance corporate value.



Pursuing Ever Higher Growth

In fiscal 2012, with regard to management targets (which must be continuously and stably achieved) for operating income ratio, return on equity (ROE) and ratio of interest-bearing debt to total assets (above 5%, above 10% and below 15%, respectively), the Mitsubishi Electric Group surpassed the targets for the first two, achieving ratios of 6.2% and 10.3%, respectively. However, the Group was unable to reach its target for ratio of interest-bearing debt to total assets, recording a ratio of 16.0%.

Guided by its overarching policy of Balanced Corporate Management, the Mitsubishi Electric Group will strive to continuously and stably achieve the above indicators set as its management targets, and aim to become a global, leading green company, enriching society with technology. With these two objectives in mind, the Group will strengthen its growth strategies in each business in order to pursue ever higher growth from three viewpoints: the environment and energy; social infrastructure systems; and global business development.

Three Management Targets to be Continuously and Stably Achieved

Operating income ratio:

5% or more

ROE:

10% or more

Ratio of interest-bearing debt to total assets:

15% or less

Framework for Implementing Balanced Corporate Management

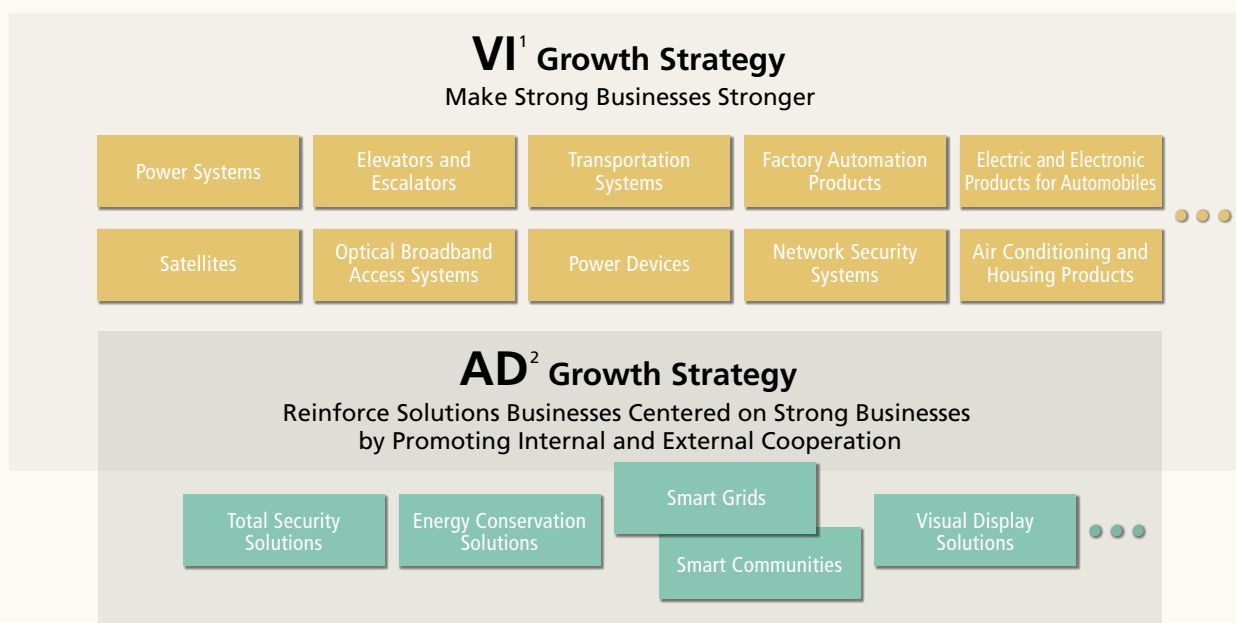
The Mitsubishi Electric Group undertakes management operations based on its Front-line Priority framework in the two areas of customer contact and production. In the first front-line area of customer contact, the Group enhances its competitiveness in marketing and services. In the latter front-line area of production, the objective of the Front-line Priority works to bolster the Group's "craftsmanship" in the areas of quality, costs, production engineering technologies, research and development, and intellectual property (IP). In addition, by implementing its Strong Synergistic Corporate Network framework, the Group is pursuing integration synergies. Such synergies are achieved by strengthening four collaborative links—(1) between production and sales divisions, (2) between business segments, (3) between business segments and corporate divisions, and (4) globally, between parent factories in Japan and overseas facilities—as well as by harmonizing business, product and regional strategies.

Through the two aspects of the Front-line Priority framework and the four collaborative links within the Strong Synergistic Corporate Network framework, the Group is implementing Balanced Corporate Management that involves promoting growth strategies, strengthening its management foundation, improving its financial standing and undertaking CSR-related and corporate governance-related initiatives.

Growth Strategies

The Mitsubishi Electric Group promotes the VI Strategy, which aims to make strong businesses stronger, and the AD Strategy, which is designed to reinforce solutions businesses centered on strong businesses by promoting internal and external collaboration. In line with these growth strategies, in order to realize the objective of ensuring growth compatible with profitability by making strong businesses stronger globally, the Group is promoting individual business strategies and bolstering regional strategies, with a priority on Asia. Aiming at further growth, the Group is working to develop technologies that continuously enable its strong businesses to become even stronger, promoting compatibility between a low-carbon society and prosperous lifestyles. As it moves forward, the Group is also pressing ahead in all aspects of its efforts to strengthen global strategies with the purpose of maintaining sustainable growth as it strives for further global success.

Essential Growth Strategies: Promoting the VI Strategy and the AD Strategy



1 "VI" derives from "VICTORY"

2 "AD" derives from "ADVANCE"

Strengthening Global Strategies

As part of its efforts to fortify its business systems to make strong businesses stronger globally, the Mitsubishi Electric Group continues to invest capital in existing business bases, for example, building a new transformer plant in the United States. In addition, the Group is establishing manufacturing companies—such as factory automation systems and automotive equipment production bases in China—to serve rapidly growing markets, and setting up new sales companies to tap into new markets in India and Vietnam. Beyond this, the Group will continue to carry out M&A to create synergies and expand its businesses, as seen in the acquisition in May 2012 of the Messung Group, a factory automation systems-related business.

Promoting Global Business Strategies

Regarding the businesses within the Group that possess noteworthy global growth potential (power systems, transportation systems, building systems, factory automation systems, automotive equipment, space systems, power devices, air conditioning systems and other businesses), the Mitsubishi Electric Group will expand such businesses to be a driving force of Group-wide performance. This will be accomplished by implementing and augmenting global business promotion systems, while reinforcing market strategies in priority markets. Through such actions, the Group is contributing to the improvement of corporate value.

Bolstering Regional Strategies with Priority on Asia

The Mitsubishi Electric Group will bolster cross-business regional strategies with priority on Asia in response to newly emerging markets, which are anticipated to experience high growth rates. In the Chinese market, where it has already established numerous businesses and built a solid foundation, the Group will apply its combined strength to the further expansion of its operations by strengthening collaborative links between its operating bases as well as its businesses. The Group will also take steps to augment partnerships with leading business groups in China. In India, where the time is ripe for full-scale business expansion, the Group will tap into growing markets by leveraging strong global businesses, particularly within the Energy and Electric Systems and Industrial Automation Systems business segments.

Compatibility between a Low-carbon Society and Prosperous Lifestyles

The Mitsubishi Electric Group is actively working to realize an “eco-electricity community,” one that aims to foster compatibility between a low-carbon society and safe, prosperous lifestyles. To that end, the Group is combining its business expertise in all areas, from power systems to home appliances, to optimize energy usage community-wide based on the best possible mix of energy sources, which includes maximizing the use of natural sources of energy. Turning to future-oriented research and technological development measures, the Group is, in coordination with its Amagasaki, Wakayama and Ofuna facilities, constructing experimental smart grid equipment internally that anticipates the distribution networks to be developed in the future. In the Ofuna facility, the Group will take steps to verify the concept of “painless electricity conservation” by building a “smart house” equipped with a photovoltaic system, all-electric-powered home equipment and a Home Energy Management System (HEMS), in order to demonstrate the viability of zero-emission, energy-saving residential housing that is comfortable, safe and secure.

The Mitsubishi Electric Group has developed power devices that use silicon carbide (SiC); these energy-saving key devices efficiently regulate power usage and help contribute to the realization of a low-carbon society. Consequently, the Group became the first in the world to successfully develop the Full SiC-IPM in February 2011, which achieves both low power loss and high reliability. By continuing to utilize the capabilities of its devices to the utmost extent while ensuring performance and reliability, the Group will strengthen the applications of its technologies in a wide array of power electronics products. Such products range from air conditioners, refrigerators and other home appliances to photovoltaic systems, industrial equipment, electric/hybrid automobiles, railcars, and power equipment.

Strengthening Our Management Foundation

The Mitsubishi Electric Group consistently promotes Group-wide operational improvement measures, taking active steps to further solidify its operational structure.

To this end, we constantly strive to reinforce the “craftsmanship” that is integral to our foundations as a manufacturer. In order to achieve this objective, we are always looking to enhance productivity and quality, to promote prioritized development rooted in growth strategies, to strengthen our R&D capabilities and the development of strategic IP activities by promoting such initiatives as the development of key components, and to improve material procurement by bolstering value engineering (VE) and other activities. Furthermore, we are working to improve our financial standing through measures that include inventory reduction and striving to allocate human resources effectively, underpinned by the aim to make strong businesses stronger.

The Mitsubishi Electric Group will continuously and resolutely promote these initiatives and make every effort to strengthen quality, cost efficiencies, production technology capabilities, development capabilities, IP activities, and sales and services, with the goal of further boosting profitability.

Improving Our Financial Standing

As of March 31, 2012, total interest-bearing debt, including bonds, stood at ¥542.3 billion for a ratio of interest-bearing debt to total assets of 16.0%.

The Mitsubishi Electric Group is implementing comprehensive structural reforms to increase the competitiveness and earnings of all Group businesses. To raise overall profitability, we are striving to boost competitiveness in the areas of quality, costs, production technology capabilities, development capabilities, IP, marketing and services. In addition, in order to streamline asset turnover and the efficiency of funding operations, we are reducing inventories, primarily through “just in time” activities, while expanding our global cash management system. These initiatives are aimed at generating stable cash flow.

With accumulated cash flow, we are taking a balanced approach to invest in growth areas, provide returns to shareholders through increased dividends, and reduce interest-bearing debt.

Striving for Constant Improvement

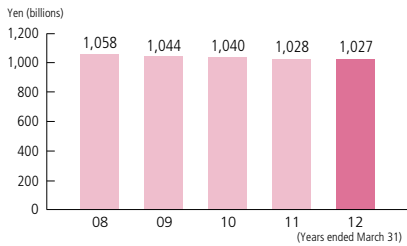
Based on its Balanced Corporate Management policy, the Mitsubishi Electric Group is steadily implementing the aforementioned management strategies, which are designed to enhance the formidable competitiveness of its individual businesses.

At the same time, we continue to implement reforms intended to guide our ongoing evolution into a network of highly competitive, electric-electronic businesses while leveraging synergies to further enhance corporate value and ensure sustainable growth.

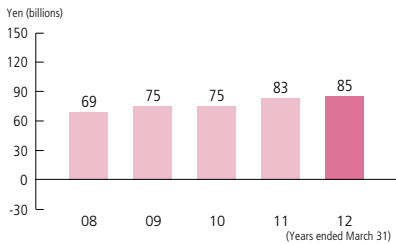
To accomplish these goals, it is increasingly important that we strive for constant improvement, which puts into practice the spirit that is embodied in our corporate statement, “Changes for the Better.” The Mitsubishi Electric Group will continue to change in order to create new value. We are confident these efforts will yield even greater corporate value in the future.

Energy and Electric Systems

Net sales



Operating income

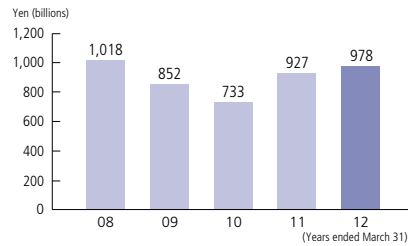


MAIN PRODUCTS AND BUSINESS LINES

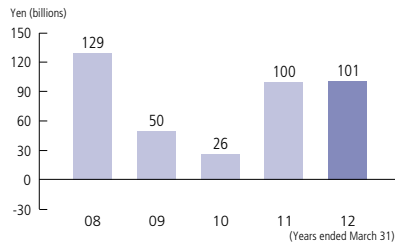
Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switches, switch control devices, surveillance system control and security systems, large display devices, electrical equipment for locomotives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

Industrial Automation Systems

Net sales



Operating income

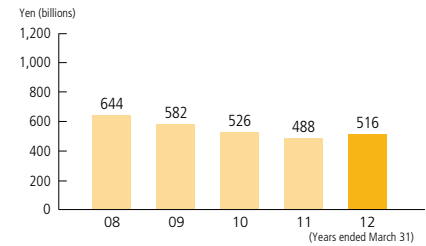


MAIN PRODUCTS AND BUSINESS LINES

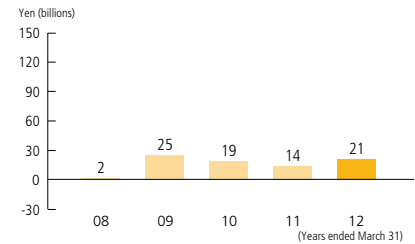
Programmable logic controllers, inverters, servomotors, human-machine interface, motors, hoists, magnetic switches, no-fuse circuit breakers, short circuit breakers, transformers for electricity distribution, time and power meters, uninterruptible power supply, industrial fans, computerized numerical 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 2012 Overview

May

- Commenced testing of a smart grid compatible Home Energy Management System (HEMS) at the Ofuna Smart House
- Announced an order for the world's first TAT-14 Cable Network project to upgrade the wavelength capacity of the transatlantic 40 Gbps optical submarine cable network
- Successfully inserted into geostationary orbit the ST-2 commercial communications satellite, which was built for Singapore Telecommunications Limited (SingTel) and Taiwan's Chunghwa Telecom Company Limited



The Ofuna Smart House



ST-2 in orbit

July

- Opened the Mitsubishi Electric Automation Solution Center in Shanghai to strengthen product sales and services in China
- Received an order worth approximately ¥4.5 billion for electrical equipment for rolling stock to be used in subway lines serving Delhi, India



Delhi subway train

2011

June

- Established a new factory in China to manufacture and sell AC servos and numerical controllers (NCs)
- Established a comprehensive sales company in Vietnam to sell air conditioning systems, home appliances and other products
- Received an order for 106 elevators (including three that are the world's fastest, traveling at 18 meters per second) to be installed in the Shanghai Tower, China's tallest building



Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd.



Saigon Trade Center, location of Mitsubishi Electric Vietnam Company Limited

August

- Established a power module manufacturing joint venture in China to reinforce Mitsubishi Electric's production system in that country, and commenced production of consumer and industrial power modules in January 2012
- Received an order to supply Narita International Airport with Japan's largest digital signage system, comprising approximately 100 user stations and 340 display units



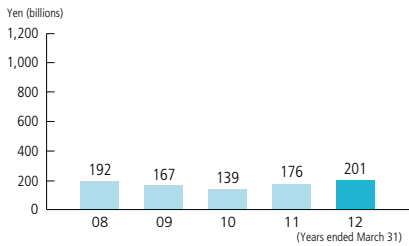
Rendition of large LCD display wall

September

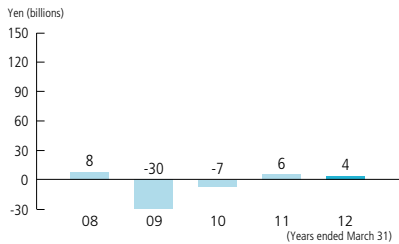
- Established a joint venture in China to develop, design, manufacture and market car multimedia products

Electronic Devices

Net sales



Operating income (loss)

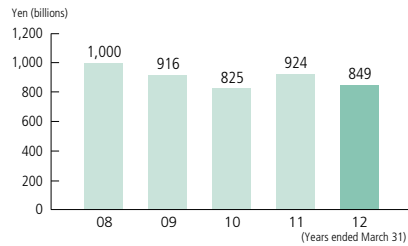


MAIN PRODUCTS AND BUSINESS LINES

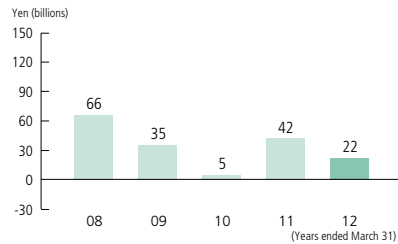
Power modules, high-frequency devices, optical devices, LCD devices, microcomputers, system LSIs, and others

Home Appliances

Net sales



Operating income

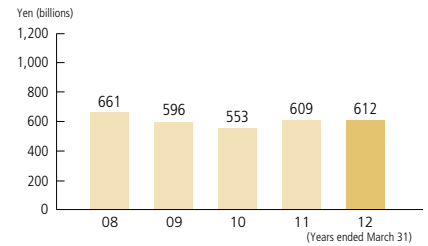


MAIN PRODUCTS AND BUSINESS LINES

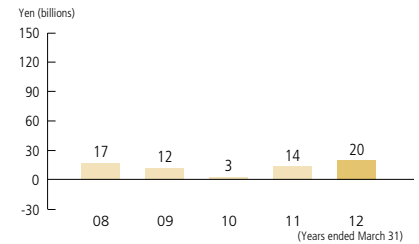
LCD televisions, projection TVs, display monitors, projectors, Blu-ray disc recorders, room air conditioners, package air conditioners, air-to-water heat pump boilers, refrigerators, electric fans, ventilators, photovoltaic systems, hot water supply systems, LED lamps, fluorescent lamps, indoor lighting, 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

October

- Began full-scale testing of smart grid and smart community equipment (total investment approximately ¥7.0 billion) and announced the Group's 2015 (overall) net sales target for related businesses: ¥1.3 trillion
- Established a parts supply and engineering company in Thailand for maintenance service of elevators and escalators installed overseas



Meltec Parts & Engineering Co., Ltd.

January

- Announced the acquisition of the Messung Group (an India-based PLC/HMI equipment manufacturer and FA products distribution partner) through a merger with Mitsubishi Electric India Private Ltd.

February

- Announced Mitsubishi Elevator Asia Co., Ltd.'s surpassing the 100,000 mark in 2011 with regard to elevator/escalator production in Thailand



Mitsubishi Elevator Asia Co., Ltd.

2012

December

- Announced the establishment of a new joint venture in Xiamen, China, to develop, manufacture and sell low-voltage switchgear

March

- Developed the industry's smallest EV motor system with built-in SiC inverter
- Enhanced turbine generator facilities while undertaking new plant construction at Mitsubishi Electric's Kobe Works, increasing production capacity approximately 30%



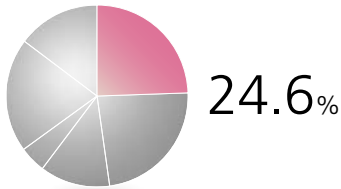
EV motor system with built-in silicon carbide inverter



Newly built stator outer frame plant

Energy and Electric Systems

Net Sales Breakdown by Business Segment



Net Sales

¥1,027.1 billion
(unchanged year on year)

Operating Income

¥84.9 billion
(up ¥1.9 billion year on year)

The social infrastructure systems business saw an increase in orders compared with the previous fiscal year due to growth in Japan as well as in orders received for large projects overseas in the energy systems business. However, sales decreased compared with the previous fiscal year due to declines in the Japanese public utility systems and rolling-stock equipment businesses.

The building systems business experienced increases in both orders and sales compared with the previous fiscal year, owing to growth in demand for elevators and escalators in the Chinese and ASEAN markets as well as for large projects recorded for China and Korea.

As a result, total sales in the Energy and Electric Systems segment stood at ¥1,027.1 billion, virtually unchanged from the previous fiscal year. Operating income increased ¥1.9 billion year on year to ¥84.9 billion mainly due to a shift in sales components.



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.



Diamond Vision OLED

Measuring six meters in diameter, this Diamond Vision OLED is the world's first large-scale spherical display system* to use organic light-emitting diode (OLED) panels. This display system has been used to create "Geo-Cosmos," an OLED display globe developed by the National Museum of Emerging Science and Innovation. Incorporating more than 10,000 of the most advanced OLED panels, Geo-Cosmos is suspended in midair, allowing viewers to see the constantly changing face of the Earth.

*As of June 3, 2011



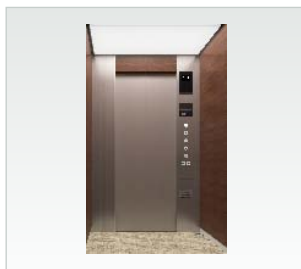
Southern Tohoku Proton Therapy Cancer Center Particle Beam Treatment System Proton Type

This cutting-edge system uses linear protons and heavy-particle beams to target the affected areas. Easier on patients, this treatment method is expected to help improve quality of life.



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 all-LED lighting, the AXIEZ's variable-speed control elevator system reduces waiting times thanks to advances in leading-edge speed adjustment technology. This technology has evolved into a super variable speed control system for improved convenience and operational efficiency. The AXIEZ also features an improved design.

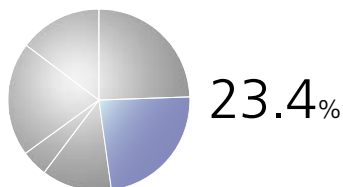


Facima BA-System, an Open Integrated Management System for Building Facilities

The Facima BA-System centrally controls building facilities and equipment through open management integration that is compatible with facilities and equipment made by different manufacturers. Owing to its enhanced functions and support menu, ranging from energy-saving to efficient building management operations, the Facima BA-System offers a new style of building management.

Industrial Automation Systems

Net Sales Breakdown by Business Segment



Net Sales

¥978.4 billion
(up 6% year on year)

Operating Income

¥101.2 billion
(up ¥1.1 billion year on year)

The factory automation systems business saw an increase in sales compared with the previous fiscal year owing to stable demand for smartphone- and tablet PC-related investments, mainly in Asia. This result occurred despite a year-on-year decrease in orders for flat panel display-related investments in Korea and Taiwan.

The automotive equipment business recorded increases in both orders and sales compared with the previous fiscal year due to expansions in emerging markets, including China and India, as well as a recovery in the North American market. These rises took place in spite of the impact of the Great East Japan Earthquake and flooding in Thailand.

As a result, total sales in the Industrial Automation Systems segment amounted to ¥978.4 billion, up 6% compared with the previous fiscal year. Operating income improved ¥1.1 billion year on year to ¥101.2 billion due primarily to this increase in sales.



Programmable Logic Controllers

Mitsubishi Electric's MELSEC series of programmable logic controllers supports a wide array of production lines and social infrastructure equipment, from control devices to safety assurance, information provision and instrumentation operations. Japan's top brand, the MELSEC series contributes to the construction of leading-edge systems, owing to its capabilities, performance, product variety and high reliability.



AC Servos

The MELSERVO-J4 series features the world's highest level of performance and functionality. Designed as drive sources that enhance the speed and precision of production equipment and manufacturing devices, the MELSERVO-J4 series has applications in numerous fields, including semiconductors, FPD (Flat Panel Display) production and transport equipment, and industrial machinery.



No-fuse Circuit Breakers and Earth Leakage Circuit Breakers

No-fuse circuit breakers and earth leakage circuit breakers are used for wiring protection and short-circuit protection in low-voltage circuits. Mitsubishi Electric offers a wide variation of products, including its brand new "WS-V" series, for both power distribution and OEM markets.



Electrical Discharge Machines (EDMs)

Beginning with the newly launched MV series, a strategic product globally, 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.



Memory Car Navigation System

Mitsubishi Electric's memory car navigation system is equipped with such leading technologies as a new LSI developed specifically for navigation in order to realize high-definition, easy-to-understand map displays, as well as numerous functions that feature high processing speed. High-definition, full-segment, terrestrial digital broadcasts and unique audio technology allow users to fully enjoy high-quality and immersive music playback.

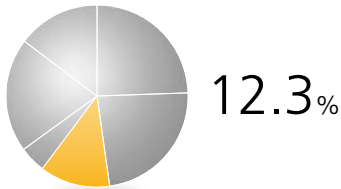


ETC Equipment for Vehicles

To ease the insertion and extraction of ETC (Electronic Toll Collection) cards in the relatively dim interior of a vehicle, LED lighting has been combined into the indicator and card insertion slot. With its strikingly delicate curves, this product realizes a design that beautifully complements contoured vehicle interiors.

Information and Communication Systems

Net Sales Breakdown by Business Segment



Net Sales

¥516.4 billion
(up 6% year on year)

Operating Income

¥21.3 billion
(up ¥7.6 billion year on year)

The telecommunications equipment business experienced increases in both orders and sales compared with the previous fiscal year because of higher demand for communications infrastructure and other equipment and large orders received for submarine line terminal equipment used in fiber-optic cable networks.

The information systems and services business saw increased sales compared with the previous fiscal year due to growth in the system integration as well as the network and system operations businesses.

The electronic systems business recorded a year-on-year decrease in orders because of a reduction in the number of large projects in the space systems business. In contrast, sales increased compared with the previous fiscal year owing to an increase in the electronics business.

As a result, total sales in the Information and Communication Systems segment amounted to ¥516.4 billion, up 6% compared with the previous fiscal year. Operating income increased ¥7.6 billion year on year to ¥21.3 billion due primarily to higher sales.



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)



Server Integration Solution Using Virtualization Technology

Utilizing virtualization technology to consolidate multiple server assets onto a single hardware platform, this server integration solution can easily incorporate servers widely scattered throughout an office. As a "Green IT" technology, it enables lower operational costs and energy consumption, as well as more efficient use of space. (Mitsubishi Electric Information Technology 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, and is employed in such satellites as Himawari-7, 8, 9, Superbird-C2, ST-2 and Türksat-4A/4B.



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 have achieved Japan's highest market share in this field, and 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.

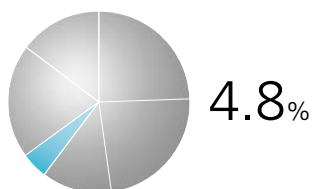


Digital CCTV (Closed-circuit Television) System

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

¥200.8 billion
(up 14% year on year)

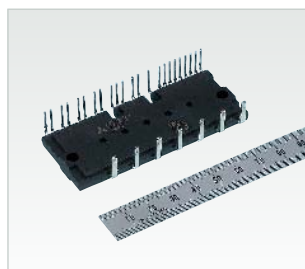
Operating Income

¥3.6 billion
(down ¥2.3 billion year on year)

The semiconductor business saw a decrease in orders compared with the previous fiscal year due to a decline in demand mainly for industrial-use power modules as well as high-frequency and optical transmission devices. However, sales rose thanks to growth in demand for power modules for industrial, commercial, automotive and rail-car applications.

The LCD module business experienced increases in both orders and sales year on year amid higher demand for industrial and automotive applications.

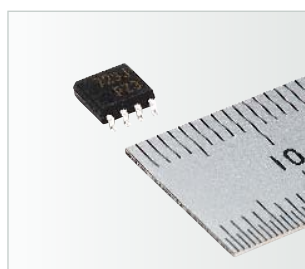
As a result, total sales in the Electronic Devices segment totaled ¥200.8 billion, up 14% compared with the previous fiscal year. Operating income fell ¥2.3 billion year on year to ¥3.6 billion mainly because of the stronger yen.



1,200-volt Large-type Transfer-mold Dual In-line Package Intelligent Power Module (DIIPM) Ver.4

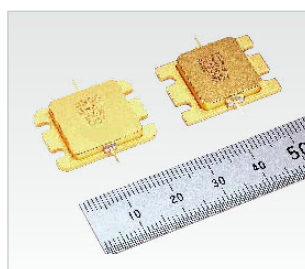
Mitsubishi Electric's DIIPM incorporates a sixth-generation LPT-CSTBT¹ that cuts power loss by 15% compared with conventional models, realizes an industry-leading² current rating of 50 amperes and has a built-in, high-precision temperature sensor. These features make this power module suitable for inverter drive system applications in package air conditioners and industrial motors.

1. Light-punch-through Carrier Stored Trench-gate Bipolar Transistor
2. As of January 26, 2012; based on internal research



600V High-voltage Integrated Circuit (HVIC) for Automotive Applications

Used mainly in such power semiconductors as the voltage converters of electric vehicles (EVs) and hybrid electric vehicles (HEVs), this highly reliable 600 V HVIC is suited to the demands of automotive applications, achieving a wide guaranteed operational temperature range of -40° to +125°C.



Gallium Nitride (GaN) High-electron Mobility Transistor (HEMT) C-band (4-8GHz) Amplifiers for Satellite Earth Stations

Employing GaN to enable high-voltage operation, these GaN HEMT amplifiers boast an efficiency rate exceeding 43% when output power is at a high 100 W, thereby contributing to reductions in satellite earth station size.



10 Gbps EML¹-TOSA²

EML operability at high temperatures allows for miniaturization of thermo-electric coolers, enabling this 10 Gbps optical transmission device to cut power consumption by 50% compared with conventional models used for high-speed, large-volume data transmission between data centers. In addition, this device can transmit data up to 40 km due to higher signal quality.

1. Electro-absorption Modulator Laser
2. Transmitter Optical Sub Assembly



Industrial-use, Super-Wide Viewing Angle Color TFT-LCD Modules

TFT-LCD modules feature high brightness, high contrast, and wide 170° viewing angles to ensure excellent visibility, while possessing a long operating life of 100,000 hours.¹ The product lineup includes units suitable for diverse installations ranging from outdoor digital signage to devices installed on ships.

1. Standard value at normal temperatures of 25°C



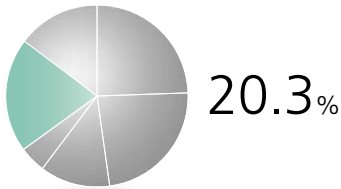
Industrial-use, Super High Brightness TFT-LCD Modules

TFT LCD modules are available in various sizes, boast excellent visibility in bright environments (including outdoors) owing to a super-high brightness of 1,500 cd/m², have a long operating life of 100,000 hours¹, and can withstand severe outdoor environments due to their ability to operate in a wide range of temperatures.

1. Standard value at normal temperatures of 25°C

Home Appliances

Net Sales Breakdown by Business Segment



Net Sales

¥849.3 billion
(down 8% year on year)

Operating Income

¥22.4 billion
(down ¥19.7 billion year on year)

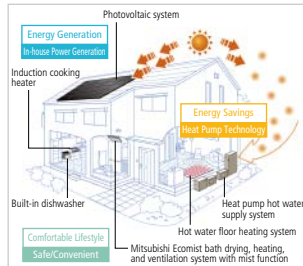
The home appliances business experienced an 8% decrease in sales compared with the previous fiscal year. This result is attributable to such various factors as a change in the eco-point incentive program during the third quarter of fiscal 2011 that caused a last-minute surge in demand for LCD televisions in Japan, declining overseas sales of photovoltaic systems mainly in Europe, and lower domestic sales of hot water supply and induction heating (IH) cooking systems.

As a result, total sales in the Home Appliances segment were ¥849.3 billion, down 8% compared with the previous fiscal year. Operating income fell ¥19.7 billion year on year to ¥22.4 billion due primarily to a decrease 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.



Smart All-electric Homes

To ensure the comfort and convenience of all-electric-powered homes, Mitsubishi Electric is proposing "smart all-electric home" lifestyle ideas that improve energy creation via photovoltaic generation and effective energy usage through high-efficiency technologies such as heat pumps.



Home Appliance Lineup

Mitsubishi Electric strives to provide an array of home appliances that are highly attractive to consumers. This is made possible through home appliances equipped with "RakuRaku-UD" usability functions—which ensure high performance and superior usability—and "Power-saving Assist" functions that make ongoing energy conservation easy and enjoyable.



LED Lighting

Currently seeing rapid development, LEDs possess outstanding features that expand lighting possibilities, including longevity, low power consumption, absence of mercury and the enabling of more compact fixtures. LEDs also significantly contribute to power conservation efforts.



Digital Signage

Mitsubishi Electric offers a full lineup of visual display products, including high-brightness, high-resolution projectors, large-screen LCD public displays and multiple large-screen systems. Through these products, the Company is providing solutions for meeting rooms, schools, retail stores and other indoor venues, as well as for a wide range of businesses and applications, such as train stations and public facilities.



Visual Equipment for Public and Business Applications

Our high-quality image processing technologies deliver exceptionally sharp color reproduction. Mitsubishi Electric offers a range of products developed to suit a variety of application needs. These systems are being used in Japan and abroad for large-screen applications that display images, data and information.

Research and Development

R&D Initiatives

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

R&D is essential for supporting Mitsubishi Electric's ongoing growth. Based on a global standpoint, we are promoting cost-effective development activities—ranging from initial development to manufacturing—that combine business, development, intellectual property and international standardization strategies.

The Group promotes development activities that continually create and foster the evolution of strong businesses and products. In addition, we are moving ahead with efforts to bolster our technological capabilities and thoroughly augment common, forward-looking core technologies in areas indispensable to the implementation of growth strategies. At the same time, we are promoting international standardization activities, a source of our competitive advantages in the global market. We are also pursuing active collaboration with industry, academia and government concerns mainly through joint research with leading Japanese and international institutions.

Regarding R&D based on the VI Strategy—which makes strong businesses stronger in such areas as automotive equipment, car multimedia, air conditioning systems, factory automation equipment, power systems, and elevators and escalators—the Mitsubishi Electric Group is enhancing its technological capabilities in order to differentiate itself from other companies and maintain its competitive edge in international markets. In addition, the Group is promoting activities that increase the number of new, profitable businesses. Under the AD Strategy, which aims at bolstering the solutions business centered on these strong businesses, the Group will integrate various products and technologies related to smart community/smart grid, energy-efficient buildings and digital signage as it moves forward with development activities that create new solutions businesses.

From the standpoint of safeguarding the environment, the Group is aggressively addressing technological challenges related to the power device, heat pump application and other energy and environmental businesses. Such initiatives are being undertaken with the aim of realizing the Group's Environmental Vision 2021. Through these efforts, Mitsubishi Electric is working to achieve a sustainable society by combining leading technologies from its wide array of business fields and by developing energy-saving products and systems.

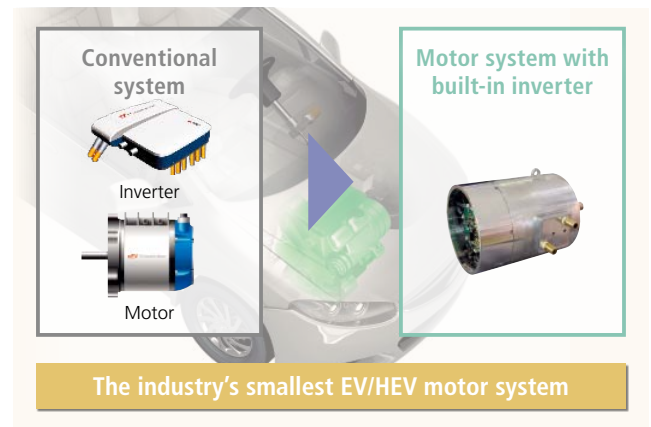
R&D Achievements in Fiscal 2012

The Industry's Smallest¹ EV/HEV Motor System with Built-in Silicon Carbide (SiC) Inverter

Mitsubishi Electric has developed a motor system featuring a unique built-in inverter design that is 50% the size of existing motor systems with external inverters. In addition, the newly developed inverter reduces power loss by more than 50% compared with conventional silicon-based inverters due to the use of power semiconductor elements composed entirely of SiC materials.

Mitsubishi Electric will promote further size reductions and greater efficiency to expand the battery installation space and passenger compartments of EVs/HEVs and improve fuel economy.

1. As of January 31, 2012; based on internal research



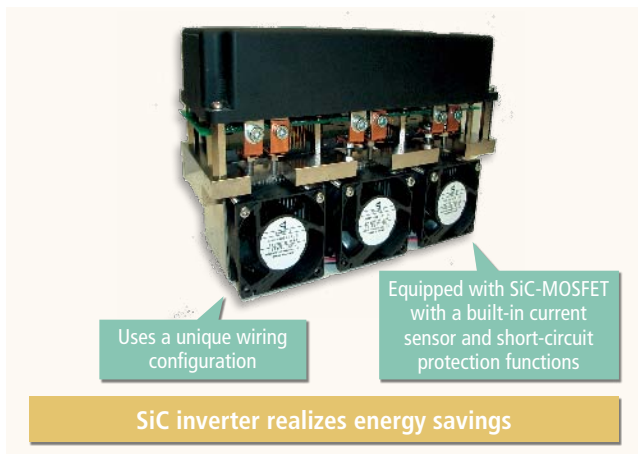
Compact 100kW Full SiC Inverter

Mitsubishi Electric has achieved a reduction in inverter power loss even under high electrical current/high-voltage conditions. This accomplishment is attributable to the complete use of SiC semiconductor devices, including a SiC-MOSFET¹ with a built-in current sensor, along with short-circuit protection functions.² The Company's unique internal wiring structure further enhances inverter capabilities under high electrical current conditions.

Mitsubishi Electric will contribute to energy savings in industrial power electronics equipment and in automotive equipment as it pursues further miniaturization utilizing this technology.

1. MOSFET: Metal Oxide Semiconductor Field Effect Transistor

2. Short-circuit protection function: A function that prevents damage to semiconductor devices by turning off the transistors when excessive electrical current is detected.



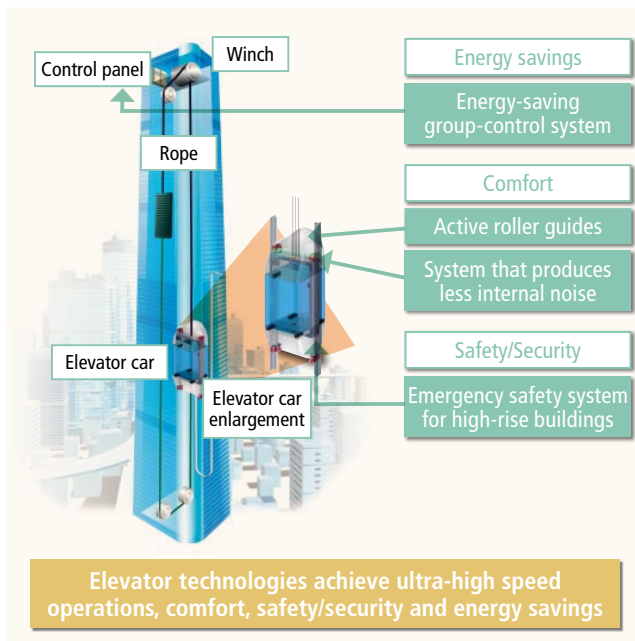
Elevator Technologies for High-rise Buildings

Mitsubishi Electric has developed the world's fastest¹ elevator, which can reach a speed of 1,080 meters per minute. Due to a new noise reduction system, the elevator cage retains the quietness of conventional units.² In addition, the newly developed cage vibration control system, "new active roller guides," reduces vibration by more than half the amount a conventional unit is able to.³ These technologies deliver superior ride comfort even under high-speed conditions.

The new group-control system contributes to energy savings in buildings where it is installed by dispatching the optimal car based on each cars' position and passenger load. The system realizes the same level of traffic efficiency as conventional systems⁴.

These advanced key technologies, including the emergency safety system for the super high speed elevator, will be applied to the world's fastest elevator, which is to be installed in the 632m tall Shanghai Tower, soon to be the highest building in China. Moreover, the newly developed elevator system will also be incorporated into other planned high-rise buildings.

1. Mitsubishi Electric survey carried out on Sept. 1, 2011
2. Compared with Mitsubishi Electric's fastest conventional elevator
3. Compared with Mitsubishi Electric elevators without vibration control system
4. The car selection system selects from among several available cars to minimize passenger waiting time on each floor.



Intellectual Property

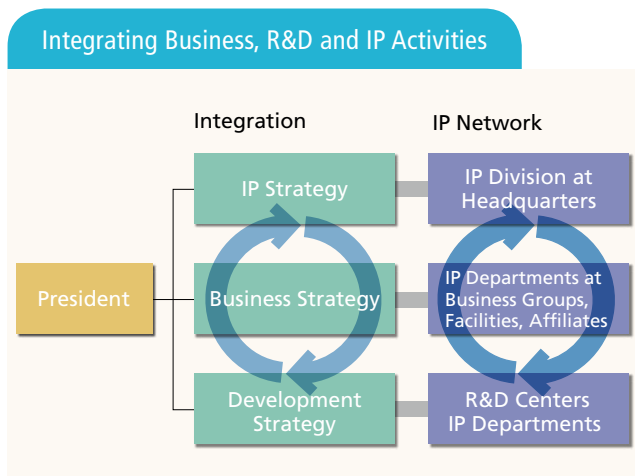
Essential to the Mitsubishi Electric Group's pursuit of global business development is the rigorous promotion and protection of intellectual property (IP) rights.

Recognizing IP as a vital resource that underpins corporate strengths, the Mitsubishi Electric Group continues to integrate its business, R&D and IP activities. With approximately 43,000 patents and about 12,000 new applications filed each year in Japan and overseas, the Group's extensive portfolio forms the wellspring of its global competitive advantage.

Structure of the Intellectual Property Division

The Group's IP-related operations are the direct responsibility of the President and overseen by the IP Division at headquarters under an appointed IP executive officer. Day-to-day issues are handled by IP departments at relevant facilities, R&D centers and affiliated companies. Focusing on integration as the means to improve the structure and effectiveness of the IP network, the Group coordinates activities at each level. The IP Division at headquarters formulates strategies for the entire Group, promotes

critical IP-related projects, and coordinates interaction with the patent office. At manufacturing facility, R&D center and affiliated company levels, IP departments pursue specific objectives in line with the Group's overall IP strategies.



IP Strategy

In all its IP-related activities, the Group strives to enhance IP capabilities in order to contribute to business based on the effective utilization of the IP creation cycle. Specifically, the IP Division and its departments identify critical IP-related themes in connection with mainstay businesses and important R&D projects. In strategically promoting IP activities, the Group further reinforces its global competitiveness.

In the Group's IP strategy of recent years, maintaining a close correlation with international standards has been particularly important. Therefore, the Group is working to ensure the

international standardization of its technologies, as well as to obtain standard patents. The securing of overseas IP rights is a critical issue in light of progress made by the Group as well as by its competitors to further globalize business activities. Moreover, in response to further business globalization, Group IP representatives in the United States, Europe and China actively work to strengthen IP capabilities and to accelerate global IP activities. At the same time, the Group is accelerating the globalization of its IP activities through such actions as filing patents prior to undertaking business development in emerging countries, including India and Brazil.

Mitsubishi Electric Group's Core Technologies and Patents

SEGMENT	FIELD	CORE TECHNOLOGY PRODUCTS/TECHNOLOGIES/PATENTS
Energy and Electric Systems	Power Systems	Power generation systems, substation systems, power distribution systems, particle beam treatment technology, insulation technology, large-current control systems, smart community, smart grids, energy management systems
	Transportation Systems	Propulsion control systems, transportation planning and control systems, train information systems, train vision systems
	Elevators/Escalators	Super high-speed elevators, machine-room-less elevators, high-speed elevators, high-efficiency group control systems, escalators, elevator adjustable speed control technology, elevator electric safety technology, high-efficiency group-control systems, low-vibration roller guide systems, low-noise elevator car systems
	Supervisory Control Systems	Total security solution (DIGUARD: security network integration platform), multiple large-screen systems, network visual monitoring systems, ozone generators
Industrial Automation Systems	Industrial Automation Products and Systems	Programmable controllers, human machine interfaces, AC servo systems, inverters, low-voltage circuit breakers, computerized numerical controllers, electrical discharge machines, laser processing machines, micro spark coating technology, industrial robots
	Measurement and Control Systems	Energy diagnosis technology, power meters, EcoMonitor, smart meters
	Automotive Electric & Electronic Products and Car Multimedia Systems	Electrical power steering, high-efficiency alternators, ISS ¹ starters, high-power starters, onboard ETC equipment, car navigation technology, car multimedia technology, EV/HEV motors/inverters
Information and Communication Systems	Wireless Systems	Digital modulation and demodulation technology, wireless access control technology, error detection and correction technology, amplifier circuit technology, super-compact base stations for femto-cells, digital train radio systems
	Closed Circuit Television Systems	Video storage technology, video encoding and decoding technology, sensor information processing technology, speech coding technology
	Space, Satellite Communication Systems	Satellites, posture control technology, H-II transfer vehicle, optical sensor technology, synthetic aperture radar (SAR)
	Antennas and Radar Devices	Radar system technology, antenna technology, microwave and millimeter wave technology, tracking and signal processing technology
	Information Communications Network Systems	Information security technology, quantum cryptography systems, data management technology, information system construction technology, optical communication technology, optical access technology, optical core/metro network technology, IP network technology, NGN ² home gateways, optical network technology, optical transmission protocol
Electronic Devices	Power Devices	High-efficiency power devices/modules, (IGBT ³ , IPM ⁴), transfer molds/power modules, SiC power devices
	High Frequency and Optical Devices	GaN HEMT power amplifiers/devices, amplifiers for mobile phones, optical devices (LD/PD modules)
	LCD Displays	Curved displays, 3D LCDs
Home Appliances	Air-Conditioning Systems	Compressors, fans, heat exchangers, refrigerating cycle technology, next-generation refrigerants, chlorofluorocarbon-free technology, hybrid nano-coating, IAQ ⁵ , energy-saving systems, Universal Design
	Photovoltaic Power Generation Systems	High-efficiency photovoltaic cells, PV inverters
	TVs	Laser light source technology, intelligent image/sound processing technology, super-resolution technology, acoustic technology
	Recorders and Players	Blu-ray disc recorders, digital terrestrial broadcasting receiver technology for automobiles, image retrieval technology, high-resolution image compression coding technology

1 ISS: Idle Start and Step

2 NGN: Next Generation Network

3 IGBT: Insulated Gate Bipolar Transistor

4 IPM: Intelligent Power Module

5 IAQ: Indoor Air Quality

Corporate Social Responsibility

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. We are vigilant in our enforcement of corporate ethics and compliance and constantly work to improve educational programs and strengthen our internal control system. At the same time, we pursue initiatives related to quality management, environmental preservation, philanthropy and improved communication with all stakeholders.

Mitsubishi Electric Group's Corporate Social Responsibility

The operating environment continues to undergo dramatic changes, reflecting advances in globalization, revisions to legislation, and other factors. What must continue regardless of how the times may change is a respect for corporate ethics and compliance and a commitment to never compromise on environmental issues and product quality. This commitment of the Mitsubishi Electric Group was first articulated in the *Keiei no Yotei*, or Keys to Management, which was drawn up at the time of Mitsubishi Electric's founding in 1921. The spirit of this document, which states our contributions in areas such as the prosperity of society, product quality and customer satisfaction, lives on today in our Corporate Mission and Seven Guiding Principles. With these tenets as our core principles, the Group promotes various initiatives in order to fulfill its corporate social responsibilities.

In particular, our commitment to compliance has underpinned corporate management while forming the core of our efforts to strengthen the Group's internal control system and implement employee training programs. Despite this commitment, it has been revealed that in Mitsubishi Electric's electronic systems business there was some overcharging of expenses as well as inappropriate invoicing with regard to contracts involving its defense- and space-related businesses. This has led to the Company's suspension by Japanese authorities from participating in further bidding. Taking this matter very seriously, we will conduct a detailed investigation to determine details and causes while further strengthening the Group's compliance system in order to prevent similar incidents from recurring. Through these measures, we will make every possible effort to regain the trust of all stakeholders as quickly as possible.

As a member of society, the Mitsubishi Electric Group is responsible for upholding corporate ethics and compliance as well as engaging in social contribution and environmental activities. The Group also recognizes its responsibility to contribute to society through the technologies it has built up over the years.

In fiscal 2012, we began the full-scale testing of smart grid and smart community equipment. By combining its own far-ranging technological capabilities, the Mitsubishi Electric Group will work to realize the full potential of these technologies and thereby continue to contribute to the creation of a low-carbon society.

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, Environment, Growth

Philanthropic Activities

To help create a society full of smiles, where caring and harmony are a way of life, the Mitsubishi Electric Group carries out a variety of philanthropic activities both in Japan and overseas in the spirit of its corporate mission. This mission states that we "will continually improve our technologies and services by applying creativity to all aspects of our business" and thereby enhance quality of life in society.

Promoting Activities Deeply Rooted in Local Communities

Emphasizing the three categories of social welfare, environmental preservation and the promotion of science and technology, our philanthropic activities in Japan are underpinned primarily by the Mitsubishi Electric SOCIO-ROOTS Fund, a gift program in which the Company matches any donation made by an employee to social welfare facilities; the "Satoyama" Woodland Preservation Project, which involves employee volunteers participating in environmental restoration activities in the areas surrounding our offices and production facilities; and science classes that encourage children to experience for themselves the appeal of science and thereby foster the development of the engineers of tomorrow.

Focusing on our philanthropic activities overseas, we implement a broad range of initiatives, including undertaking nature conservation activities with the help of employee volunteers, funding social welfare facilities and organizations, and offering support for young musicians and sports teams.



Satoyama Woodland Preservation Project participants (Japan)



A "Science Show" that helps communicate the appeal of science to children (Japan)



Environmental preservation activity participants on National Trust Day (United Kingdom)

Common to all of Mitsubishi Electric's philanthropic initiatives is a focus on activities deeply rooted in local communities. In this way, we are promoting greater communication with all members of society through actions that meet local needs.

Philanthropic Activities through Mitsubishi Electric's Overseas Foundations

The Mitsubishi Electric America Foundation and Mitsubishi Electric Thai Foundation, both founded in 1991, play leading roles in our social welfare activities and the promotion of science and technology. The Mitsubishi Electric America Foundation helps young people with disabilities to participate more fully in society. The Mitsubishi Electric Thai Foundation provides scholarships to university students, supports a school lunch program for grade school students, and promotes volunteer work in schools.



Recipients of university scholarships and Foundation representatives (Thailand)



In the school lunch program, students use funds from the Foundation to grow crops for school lunches. (Thailand)



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



President (then Senator) Barack Obama with a 2008 Congressional intern (United States)

Environmental Activities

The Mitsubishi Electric Group's Environmental Statement, "Eco Changes"

Following the establishment of the Mitsubishi Electric Group's Environmental Vision 2021, Mitsubishi Electric formulated its

environmental statement in Japan, "Eco Changes – from in the home to outer space," in June 2009. This statement expresses the Group's stance and environmental management initiatives. Since June 2010, the Company has been promoting the environmental statement outside Japan as "Eco Changes – for a greener tomorrow." Mitsubishi Electric began promoting this environmental statement in China in April 2012. Through the formulation of this new environmental statement, the Group is emphasizing internally and externally its conviction that any product or business activity that lacks the perspective of environmental performance or improvement should not exist and is also demonstrating its commitment to carry out activities around the world that are grounded in local reality.

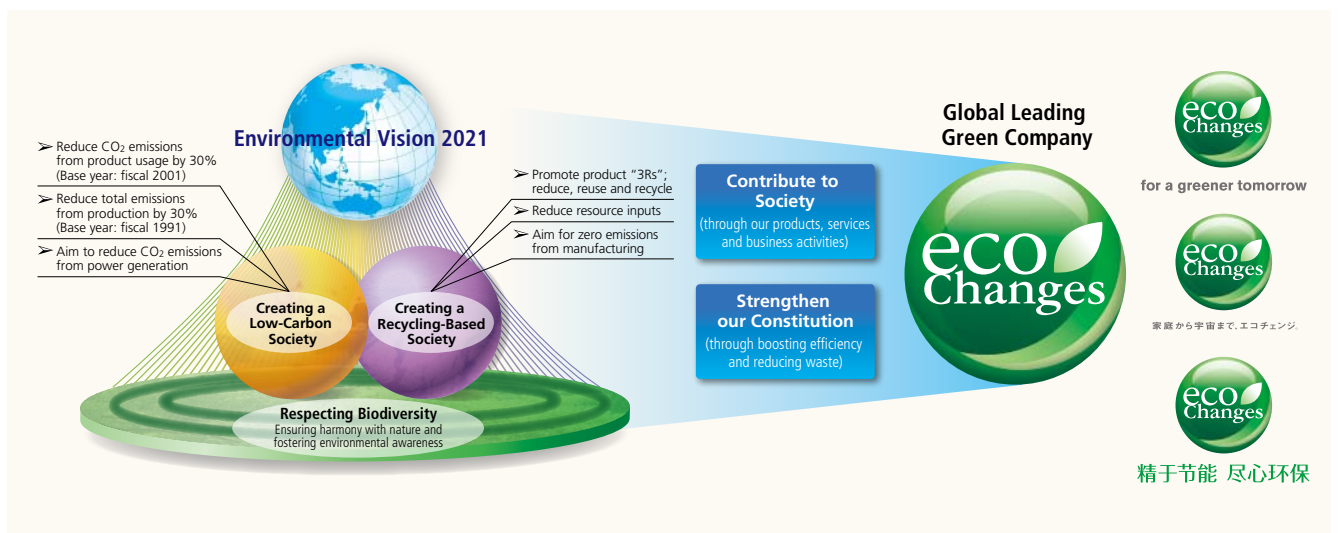
Aiming to be a leading green company that continues to address the needs of a global society, the Mitsubishi Electric Group will strive to strengthen its corporate constitution (disciplining itself to use less energy and fewer resources while manufacturing in a responsible, self-regulated manner and increasing production efficiency to its highest level) and contribute to society (striving to ensure that an environmental benefit or improvement is delivered when people use our products and services).

Strengthening Our Corporate Constitution

• Reducing CO₂ from Production

The 6th Environmental Plan (fiscal 2010 – fiscal 2012) established total CO₂ emission targets for fiscal 2012 of 510,000 tons by Mitsubishi Electric, 190,000 tons by affiliates in Japan and 260,000 tons by overseas affiliates. In order to achieve these targets, the Group promoted CO₂ reduction measures at its production facilities and offices.

The total amount of CO₂ emitted by the Mitsubishi Electric Group in fiscal 2012 was 933,000 tons, surpassing the Group's target of 960,000 tons. This success was primarily due to vigorous CO₂ reduction efforts undertaken mainly at the Company's operating bases in Japan. Particularly in 2011, there was social demand to take measures in response to summer and winter power shortages following the Great East Japan Earthquake,



which struck in March of that year. Taking full advantage of this opportunity to improve its operations, Mitsubishi Electric redoubled its efforts to undertake Company-wide energy generation and conservation-related investments such as introducing photovoltaic generation and upgrading to LED lighting. In addition, with the aim of effectively curbing and regulating power use during peak demand periods in order to respond directly to power shortages, Mitsubishi Electric and its affiliates in Japan introduced a demand management system while engaging in intensive regional power management at the Company's headquarters. Owing to these initiatives, we have reduced the total amount of CO₂ emitted Group-wide in spite of a significant expansion of overseas production in recent years.

In the summer of 2011, Mitsubishi Electric introduced its demand management system at 16 of its operating bases located in the area covered by Tokyo Electric Power Company and 2 operating bases in the area covered by Tohoku Electric Power

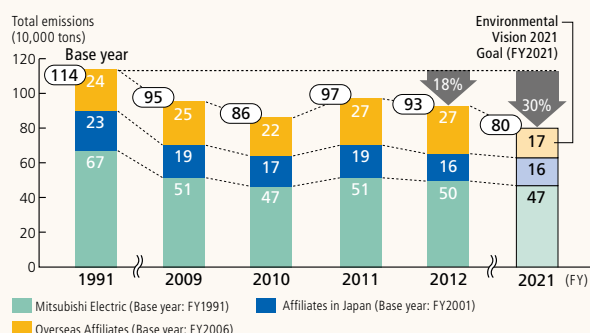
Company, while adopting a joint-use restriction scheme to coordinate and monitor peak energy demand at numerous sites. Aiming to reduce year-on-year energy use by 25% (surpassing the Japanese government target) at all 18 operating bases, the Company successfully cut power use by as much as 27.6% at the 16 operating bases in the Tokyo Electric Power Company area. This system was introduced in the winter at our operating bases located in areas covered by the Kansai Electric Power Company and Kyushu Electric Power Company. In fiscal 2013, the Group is scheduled to expand this system to all of its major electricity users (68 operating bases).

Contributing to Society

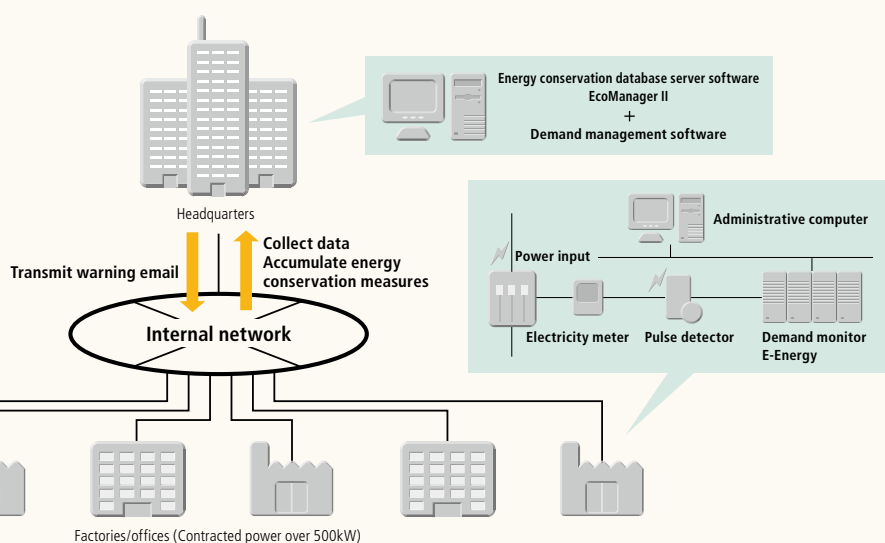
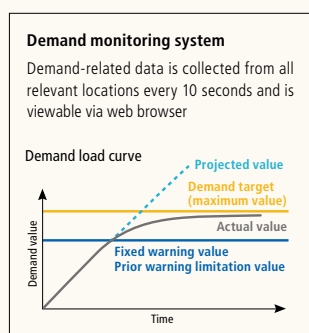
• Recovering Rare Earth Magnets from Used Room Air Conditioners

The procurement of rare earth metals, which are indispensable to improving the energy-saving performance of room air conditioners, has become increasingly difficult. In order to more effectively utilize rare earth metals, Mitsubishi Electric developed automatic dismantling equipment for extracting rare earth magnets (neodymium magnets) from the compressor rotors of used room air conditioners (with assistance from the Ministry of Economy, Trade and Industry's program to support businesses that introduce industrial facilities that use rare earth metals). In April 2012, Mitsubishi Electric commenced rare earth magnet collection operations through its subsidiary, Green Cycle Systems Corporation (GCS), which operates Japan's first large-scale, high-purity plastic recycling system business. Recovered rare earth magnets are supplied to magnet manufacturers that recycle magnets in Japan.

Groupwide Plan to Reduce CO₂ from Production



Mitsubishi Electric Group's Demand Management System



More information about the Mitsubishi Electric Group's environmental and CSR initiatives is available on our website at the following URL.
<http://www.MitsubishiElectric.com/company/csr/>

Basic Corporate Governance Policy

To realize sustained growth and increase corporate value, Mitsubishi Electric 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 our 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 12 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, three of whom are outside directors. The Audit Committee is supported by dedicated independent staff.

Internal Control System

Further ensuring effective corporate governance, the roles of Chairman and President & CEO are clearly defined and exclusive. The Chairman heads the board of directors and the President & CEO heads the Company's executive officers. Neither the Chairman nor the President & CEO is a member of the Nomination or Compensation Committees. This allows for the clear division of executive and supervisory functions, thereby enabling Mitsubishi Electric to ensure effective corporate governance.

Executive officers are responsible for ensuring compliance and management efficiency in their assigned areas of operations. Internal auditors monitor executive officers' performance of duties. Internal auditors report on the results of such monitoring to the executive officer in charge of auditing. And the executive officer in charge of auditing and accounting auditors report on the results of such monitoring to the Audit Committee.

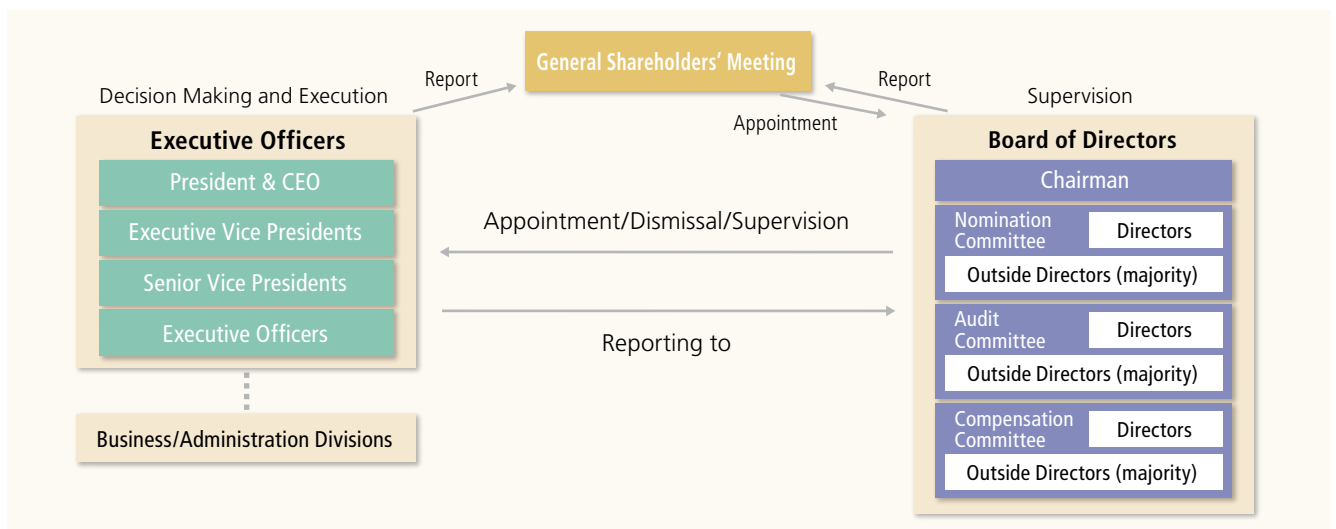
Mitsubishi Electric maintains a multi-dimensional risk management system in which all executive officers participate. Under this system, executive officers are responsible for risk management in their assigned areas of operation. In addition, executive officers exchange information and participate in important management initiatives and decisions through regularly scheduled executive officers' meetings.

The 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.

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.



Directors and Executive Officers

Directors (As of June 28, 2012)

Setsuhiro Shimomura	Chairman
Kenichiro Yamanishi	Representative Executive Officer, President & CEO
Masanori Saito	Chairman of the Audit Committee
Hiroki Yoshimatsu	Member of the Compensation Committee, Executive Officer
Noritomo Hashimoto	Member of the Nomination Committee, Senior Vice President
Ryosuke Fujimoto	Member of the Audit Committee
Nobuyuki Okuma	Chairman of the Nomination Committee, Chairman of the Compensation Committee, Executive Officer
Hiroyoshi Murayama	Member of the Nomination Committee, Member of the Audit Committee, Attorney-at-Law
Mikio Sasaki	Member of the Compensation Committee, Senior Corporate Advisor, Mitsubishi Corporation
Shigemitsu Miki	Member of the Nomination Committee, Member of the Audit Committee, Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Fujiatsu Makino	Member of the Audit Committee, Member of the Compensation Committee, Certified Public Accountant, Registered Tax Accountant
Mitoji Yabunaka	Member of the Nomination Committee, Member of the Compensation Committee, Advisor, Nomura Research Institute, Ltd.

Executive Officers (As of April 1, 2012)

Representative Executive Officer

President & CEO:

Kenichiro Yamanishi

Representative Executive Officers

Executive Vice Presidents:

Mitsuo Muneyuki In charge of Export Control and Building Systems

Masaki Sakuyama In charge of Semiconductor & Device

Senior Vice Presidents:

Takashi Sasakawa In charge of Electronic Systems

Susumu Shikata In charge of Public Utility Systems

Noritomo Hashimoto In charge of Corporate Strategic Planning and Operations of Associated Companies

Executive Officers:

Hiroki Yoshimatsu In charge of Accounting and Finance

Shoichi Sakata In charge of Purchasing

Kazuhiko Tsutsumi In charge of Research & Development

Yoshiaki Nakatani In charge of Energy & Industrial Systems

Tsuyoshi Nakamura In charge of Auditing, Legal Affairs, Export Control and Intellectual Property

Masaharu Moriyasu In charge of Total Productivity Management & Environmental Programs

Hiroyuki Umemura In charge of Living Environment & Digital Media Equipment

Yasuyuki Nakanishi In charge of Communication Systems

Takayuki Sueki In charge of Global Strategic Planning & Marketing

Masayuki Ichige In charge of Government & External Relations, General Affairs and Public Relations

Isao Iguchi In charge of Advertising and Domestic Marketing

Hideyuki Okubo In charge of Factory Automation Systems

Yutaka Ohashi In charge of Automotive Equipment

Toru Yoshinaga In charge of Information Systems & Network Service

Nobuyuki Okuma In charge of Human Resources

Organization (As of June 28, 2012)



Major Subsidiaries and Affiliates (As of March 31, 2012)

	Manufacturing	Sales/Installation/Services	Comprehensive Sales Companies
Energy and Electric Systems	<p>Toyo Electric Corporation Tada Electric Co., Ltd. Mitsubishi Electric Power Products, Inc. Mitsubishi Elevator Asia Co., Ltd. Mitsubishi Electric Shanghai Electric Elevator Co., Ltd.</p> <p>Toshiba Mitsubishi-Electric Industrial Systems Corporation Mitsubishi Hitachi Home Elevator Corporation Shanghai Mitsubishi Elevator Co., Ltd.</p>	<p>Mitsubishi Electric Building Techno-Service Co., Ltd. Mitsubishi Electric Plant Engineering Corporation Mitsubishi Electric Control Software Corporation Ryoden Elevator Construction, Ltd. RYO-SA BUILWARE Co.,Ltd. Mitsubishi Elevator Hong Kong Co., Ltd. Mitsubishi Elevator Korea Co., Ltd.</p> <p>ETA-Melco Elevator Co. L.L.C. Hitachi Mitsubishi Hydro Corporation</p>	
Industrial Automation Systems	<p>DB Seiko Co., Ltd. Meiryu Technica Co., Ltd. Mitsubishi Electric Automotive America, Inc. Mitsubishi Electric Thai Auto-Parts Co., Ltd. Mitsubishi Electric Dalian Industrial Products Co., Ltd. Mitsubishi Electric Automation, Inc. Mitsubishi Electric Automotive Czech s.r.o.</p> <p>Shizuki Electric Co., Inc. Nippon Injector Corporation Shihlin Electric & Engineering Corporation</p>	<p>Ryowa 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.</p> <p>Setsuyo Astec Corporation</p>	
Information and Communication Systems	<p>Mitsubishi Electric TOKKI Systems Corporation Mitsubishi Precision Co., Ltd. SPC Electronics Corporation</p> <p>Seiryu Electric Co., Ltd. Miyoshi Electronics Corporation Oi Electric Co., Ltd.</p>	<p>Mitsubishi Electric Information Systems Corporation Diamond Telecommunication Co., Ltd. Mitsubishi Electric Information Network Corporation Mitsubishi Electric Information Technology Corporation Mitsubishi Space Software Co., Ltd. Mitsubishi Electric Business Systems Co., Ltd. Mitsubishi Electric Micro-Computer Application Software Co., Ltd.</p> <p>Itec Hankyu Hanshin Co., Ltd.</p>	<p>Chiyoda Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (10 companies) Mitsubishi Electric Europe B.V. Mitsubishi Electric & Electronics USA, Inc. Mitsubishi Electric Taiwan Co., Ltd. Mitsubishi Electric (H.K.) Ltd. Mitsubishi Electric Asia Pte. Ltd. Mitsubishi Electric Australia Pty. Ltd. Mitsubishi Electric & Electronics (Shanghai) Co., Ltd.</p>
Electronic Devices	<p>Melco Display Technology Inc. IT Semicon Co., Ltd. Mitsubishi Electric Metecs Co., Ltd. Vincotech Holdings S.à r.l.</p> <p>Renesas Electronics Corporation Powerex, Inc.</p>	<p>Melco Semiconductor Engineering Corporation</p>	<p>Ryoden Trading Co., Ltd. Kanaden Corporation Mansei Corporation</p>
Home Appliances	<p>Mitsubishi Electric Home Appliance Co., Ltd. Mitsubishi Electric Lighting Corporation Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. Shanghai Mitsubishi Electric & Shangling Air-Conditioner and Electric Appliance Co., Ltd. Mitsubishi Electric (Guangzhou) Compressor Co., Ltd. Siam Compressor Industry Co., Ltd. Mitsubishi Electric Visual Solutions America, Inc.</p> <p>Osram Melco Ltd. Kang Yong Electric Public Co., Ltd.</p>	<p>Mitsubishi Electric Living Environment Systems Corporation Mitsubishi Electric Life Network Co., Ltd. Mitsubishi Electric Air Conditioning & Refrigeration Equipment Sales Co., Ltd. Mitsubishi Electric Osram Ltd. Mitsubishi Electric Air Conditioning & Refrigeration Systems Co., Ltd. Melco Facilities Corporation Mitsubishi Electric Kang Yong Watana Co., Ltd. Mitsubishi Electric Ryoden Air-Conditioning & Visual Information Systems (Hong Kong) Ltd.</p>	
Others		<p>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.</p> <p>Mitsubishi Electric Credit Corporation KITA KOUDENSHA Corporation</p>	

Notes:

1. Comprehensive sales companies include several companies that are responsible for selling products from a number of businesses, and therefore are put into their own separate category rather than separating them by business segment.
2. Companies shaded in gray are consolidated subsidiaries, while others are equity-method affiliate companies.

Financial Section

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Five-Year Summary

Mitsubishi Electric Corporation and Subsidiaries

Years ended March 31	Yen (millions)					U.S. dollars (thousands)
	2012	2011	2010	2009	2008	2012
Summary of Operations						
Net sales	¥3,639,468	¥3,645,331	¥3,353,298	¥3,665,119	¥4,049,818	\$44,383,756
Cost of sales	2,628,964	2,622,959	2,505,095	2,710,976	2,957,185	32,060,537
Selling, general, administrative and R&D expenses	781,278	784,606	736,959	783,673	825,428	9,527,780
Loss on impairment of long-lived assets	3,782	4,005	16,942	30,742	3,189	46,122
Operating costs	3,414,024	3,411,570	3,258,996	3,525,391	3,785,802	41,634,439
Operating income	225,444	233,761	94,302	139,728	264,016	2,749,317
Income before income taxes	224,080	210,237	64,259	43,933	244,137	2,732,683
Net income attributable to Mitsubishi Electric Corp.	¥ 112,063	¥ 124,525	¥ 28,278	¥ 12,167	¥ 157,977	\$ 1,366,622
Financial Ratios						
Return on sales (%)	3.08	3.42	0.84	0.33	3.90	—
Return on equity (%)	10.27	12.36	3.12	1.29	15.11	—
Return on assets (%)	3.33	3.80	0.86	0.36	4.55	—
Equity ratio (%)	33.39	31.52	30.00	25.48	29.60	—
Per-Share Amounts						
Net income attributable to Mitsubishi Electric Corp. (yen/U.S. dollars)						
Basic	¥52.20	¥58.00	¥13.18	¥5.67	¥73.60	\$0.637
Diluted	—	—	13.18	5.67	73.59	—
Cash dividends declared (yen/U.S. dollars)	¥ 12	¥ 12	¥ 4	¥ 6	¥ 13	\$0.146
Statistical Information						
Current assets	¥2,197,384	¥2,073,064	¥1,927,473	¥1,939,916	¥2,060,628	\$26,797,366
Current liabilities	1,433,501	1,470,387	1,266,909	1,413,015	1,505,901	17,481,720
Working capital	763,883	602,677	660,564	526,901	554,727	9,315,646
Mitsubishi Electric Corp. shareholders' equity	1,132,465	1,050,340	964,584	849,476	1,031,438	13,810,549
Cash dividends paid	27,910	19,315	—	27,904	25,758	340,366
Total assets	3,391,651	3,332,679	3,215,094	3,334,123	3,485,080	41,361,598
Capital expenditures	159,346	107,638	109,069	141,434	144,623	1,943,244
R&D expenditures	169,686	151,779	133,781	144,444	148,790	2,069,341
Depreciation	¥ 127,244	¥ 105,280	¥ 119,762	¥ 148,018	¥ 136,283	\$ 1,551,756
Employees (at the end of the year)	117,314	114,443	109,565	106,931	105,651	—

- 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 ¥82=U.S.\$1, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2012.
5. The Company has 161 consolidated subsidiaries and 40 equity-method companies as of March 31, 2012.
6. For the year ended March 31, 2010, the Company applies FASB ASC Topic 810 "Consolidation". Due to the adoption of ASC Topic 810, "Net Income" is renamed "Net income attributable to Mitsubishi Electric Corp.". Also, income before income taxes includes equity in earnings (losses) of affiliated companies, while excluding net income attributable to noncontrolling interests. Consequently, the Company has reclassified the figures for all prior periods.
7. For the years ended March 31, 2011 and 2012, diluted net income per share attributable to Mitsubishi Electric Corp. is not included in the above figure as no dilutive securities existed.

Financial Review

OVERVIEW

Fiscal 2012, the year ended March 31, 2012, saw the business environment in the latter half worsen amid setbacks in the European and East Asian economies, tight supply of parts due to flooding in Thailand and a slowdown in Japanese production and exports. Also affecting the business environment were stagnating recovery trends in Japan and overseas as well as the ongoing strength of the yen against the U.S. dollar and euro.

Under these circumstances, the Mitsubishi Electric Group placed greater emphasis than ever before on promoting growth strategies rooted in its own advantages as well as on Group efforts undertaken to date to boost its competitiveness and on strengthening its business structure.

As a result, in fiscal 2012, the Mitsubishi Electric Group recorded net sales of ¥3,639.5 billion, operating income of ¥225.4 billion, income before income taxes of ¥224.1 billion, and ¥112.1 billion in net income attributable to Mitsubishi Electric Corp.

Net Sales

The Mitsubishi Electric Group recorded decreases in sales in the following business segments: Energy and Electric Systems, and Home Appliances. In the fiscal year under review, consolidated net sales fell by ¥5.9 billion year on year to ¥3,639.5 billion.

Cost of Sales, Expenses and Operating Income

The cost of sales increased by ¥6.0 billion compared with the previous fiscal year to ¥2,629.0 billion, representing 72.2% of total net sales, a decrease of 0.2 points. Selling, general and administrative (SG&A) expenses together with research and development (R&D) expenses totaled ¥781.3 billion, down ¥3.3 billion year on year. As a result, the ratio of SG&A and R&D expenses to net sales remained unchanged at 21.5%. Loss on impairment of long-lived assets decreased by ¥0.2 billion year on year to ¥3.8 billion. Accounting for the aforementioned factors, operating income amounted to ¥225.4 billion, a decline of ¥8.3 billion compared with the previous fiscal year. This decrease was primarily attributable to lower income in the Electronic Devices and Home Appliances business segments.

Non-Operating Income and Expenses

Financial income, the sum of interest and dividend income less interest expenses, amounted to ¥1.5 billion, an improvement of ¥1.1 billion year on year.

Equity in losses of affiliated companies totaled ¥3.4 billion, an improvement of ¥16.9 billion compared with the previous fiscal year.

Other income fell by ¥5.8 billion to ¥22.2 billion year on year due primarily to reduced gain from sales of investment securities year on year. Other expenses declined by ¥10.0 million year on year to ¥21.7 billion because of such factors as lower foreign currency exchange losses. Also the Mitsubishi Electric Group recorded a special cost required to restore damage caused by the Great East Japan Earthquake in the previous fiscal year, which has resulted in comparatively less expenses.

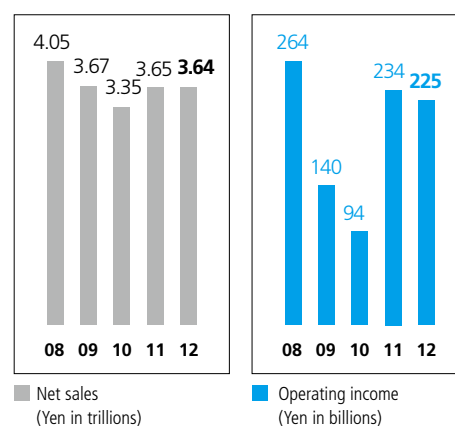
Income before Income Taxes

Income before income taxes increased by ¥13.8 billion compared with the previous fiscal year to ¥224.1 billion, for a ratio to net sales of 6.2%. Despite the aforementioned decrease in operating income of ¥8.3 billion, this result was primarily due to a ¥22.2 billion improvement in non-operating income.

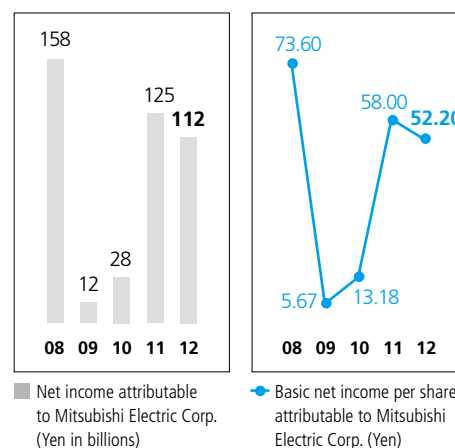
Net Income Attributable to Mitsubishi Electric Corp.

Net income attributable to Mitsubishi Electric Corp. fell by ¥12.5 billion year on year to ¥112.1 billion (a ratio to net sales of 3.1%). This was largely due to the recording of ¥32.0 billion tax costs relating to an adjustment on deferred tax assets and liabilities caused by lower corporate tax rates coming into force from April 2012 onward, by virtue of promulgation of the "Act for Partial Revision of the Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and "Act of Special Measures for Securing Financial Resources Necessary to Implement Measures for Restructure following the Great East Japan Earthquake" (Act No. 117 of 2011).

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 engages in the development, manufacture and sale of products in the Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances and Other business fields in Japan as well as North America, Europe, Asia and other overseas regions. As a result, the Group's financial standing and business performance may be affected by a variety of factors.

Factors that may affect the financial standing and business performance of the Mitsubishi Electric Group include but are not limited to the following. As such, additional factors may arise at any given time.

(1) Important trends

The Mitsubishi Electric 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 Mitsubishi Electric'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 costs due to a worsening of material and component procurement conditions may adversely affect the Mitsubishi Electric Group's performance.

(5) Fund raising

An increase in interest rates, the yen interest rate in particular, would increase Mitsubishi Electric's interest expenses.

(6) Significant intellectual property matters

Important patent filings, licensing, copyrights and patent-related disputes may adversely affect related businesses.

(7) Environmental legislation or relevant issues

Mitsubishi Electric 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 affect the Group's overall operations, including manufacturing activities.

(8) Flaws or defects in products or services

Mitsubishi Electric may incur losses or expenses relating to flaws or defects in products or services. A decrease in the general assessment of the quality of Group products and services may also impact overall operations.

(9) Lawsuits and other legal proceedings

Lawsuits and/or other legal proceedings against the Mitsubishi Electric Group may affect its overall operations.

(10) Disruptive changes

Disruptive changes in the technology, development and manufacturing of products using new technology and timing of market introduction may adversely affect the Mitsubishi Electric Group's performance.

(11) Business restructuring

The Mitsubishi Electric Group may record losses due to restructuring measures.

(12) Natural disasters

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

(13) Other significant factors

The Mitsubishi Electric 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	Yen (millions)					U.S. dollars (thousands)
	2012	2011	2010	2009	2008	2012
Energy and Electric Systems	¥1,027,115	¥1,027,749	¥1,039,669	¥1,043,633	¥1,057,935	\$12,525,793
Industrial Automation Systems	978,380	927,002	733,132	851,688	1,017,503	11,931,463
Information and Communication Systems	516,354	487,915	526,161	582,146	644,388	6,297,000
Electronic Devices	200,799	175,910	138,985	166,969	192,087	2,448,768
Home Appliances	849,274	924,478	824,679	915,710	1,000,258	10,357,000
Others	611,619	609,416	552,981	596,091	660,822	7,458,769
Subtotal	4,183,541	4,152,470	3,815,607	4,156,237	4,572,993	51,018,793
Eliminations	(544,073)	(507,139)	(462,309)	(491,118)	(523,175)	(6,635,037)
Consolidated total	¥3,639,468	¥3,645,331	¥3,353,298	¥3,665,119	¥4,049,818	\$44,383,756

Operating Income (Loss) by Business Segment

Years ended March 31	Yen (millions)					U.S. dollars (thousands)
	2012	2011	2010	2009	2008	2012
Energy and Electric Systems	¥ 84,920	¥ 83,055	¥ 74,727	¥ 74,539	¥ 68,543	\$1,035,610
Industrial Automation Systems	101,192	100,089	26,138	49,934	129,257	1,234,049
Information and Communication Systems	21,312	13,743	18,672	24,869	2,352	259,902
Electronic Devices	3,585	5,901	(7,141)	(29,807)	8,395	43,720
Home Appliances	22,358	42,008	4,809	34,706	65,754	272,659
Others	20,348	14,475	3,204	12,341	16,916	248,145
Subtotal	253,715	259,271	120,409	166,582	291,217	3,094,085
Eliminations	(28,271)	(25,510)	(26,107)	(26,854)	(27,201)	(344,768)
Consolidated total	¥225,444	¥233,761	¥ 94,302	¥139,728	¥264,016	\$2,749,317

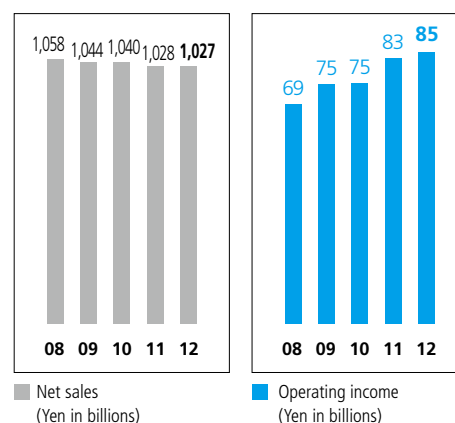
Energy and Electric Systems

The social infrastructure systems business saw an increase in orders compared with the previous fiscal year due to growth in Japan as well as in orders received for large projects overseas in the energy systems business. However, sales decreased compared with the previous fiscal year due to declines in the Japanese public utility systems and rolling-stock equipment businesses.

The building systems business experienced increases in both orders and sales compared with the previous fiscal year, owing to growth in demand for elevators and escalators in the Chinese and ASEAN markets as well as for large projects recorded for China and Korea.

As a result, total sales in the Energy and Electric Systems segment amounted to ¥1,027.1 billion, virtually unchanged from the previous fiscal year. Operating income increased by ¥1.9 billion year on year to ¥84.9 billion mainly due to a shift in sales components.

Net sales and Operating income of Energy and Electric Systems



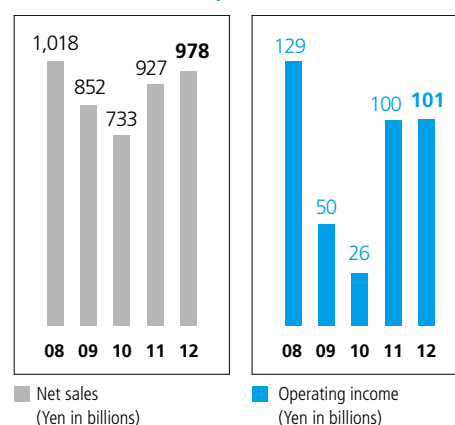
Industrial Automation Systems

The factory automation systems business saw an increase in sales compared with the previous fiscal year owing to stable demand for smartphone- and tablet PC-related investments, mainly in Asia. This result occurred despite a year-on-year decrease in orders for flat panel display-related investments in Korea and Taiwan.

The automotive equipment business recorded increases in both orders and sales compared with the previous fiscal year due to expansions in emerging markets, including China and India, as well as a recovery in the North American market. These rises took place in spite of the impact of the Great East Japan Earthquake and flooding in Thailand.

As a result, total sales in the Industrial Automation Systems segment amounted

Net sales and Operating income of Industrial Automation Systems



to ¥978.4 billion, up 6% compared with the previous fiscal year. Operating income increased by ¥1.1 billion year on year to ¥101.2 billion due primarily to this increase in sales.

Information and Communication Systems

The telecommunications equipment business experienced increases in both orders and sales compared with the previous fiscal year because of higher demand for communications infrastructure and other equipment and large orders received for submarine line terminal equipment used in fiber-optic cable networks.

The information systems and services business saw increased sales compared with the previous fiscal year due to growth in the system integration as well as the network and system operations businesses.

The electronic systems business recorded a year-on-year decrease in orders because of a reduction in the number of large projects in the space systems business. In contrast, sales increased compared with the previous fiscal year owing to an increase in the electronics business.

As a result, total sales in the Information and Communication Systems segment amounted to ¥516.4 billion, up 6% compared with the previous fiscal year. Operating income increased by ¥7.6 billion year on year to ¥21.3 billion due primarily to higher sales.

Electronic Devices

The semiconductor business saw a decrease in orders compared with the previous fiscal year due to a decline in demand mainly for industrial-use power modules as well as high-frequency and optical transmission devices. However, sales rose thanks to growth in demand for power modules for industrial, commercial, automotive and railcar applications.

The LCD module business experienced increases in both orders and sales year on year amid higher demand for industrial and automotive applications.

As a result, total sales in the Electronic Devices segment totaled ¥200.8 billion, up 14% compared with the previous fiscal year. Operating income fell by ¥2.3 billion year on year to ¥3.6 billion mainly because of the stronger yen.

Home Appliances

The home appliances business experienced an 8% decrease in sales compared with the previous fiscal year. This result is attributable to such various factors as a change in the eco-point incentive program in the third quarter of fiscal 2011 that caused a last-minute surge in demand for LCD televisions in Japan, declining overseas sales of photovoltaic systems mainly in Europe, and lower domestic sales of hot water supply and induction heating (IH) cooking systems.

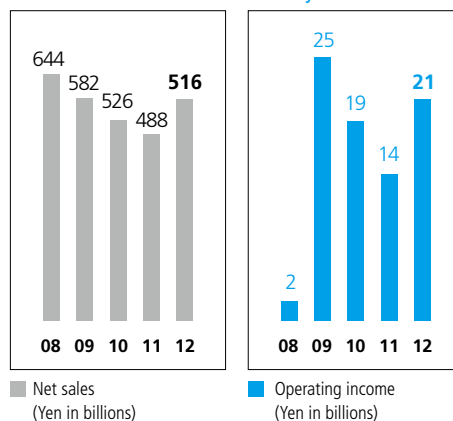
As a result, total sales in the Home Appliances segment were ¥849.3 billion, down 8% compared with the previous fiscal year. Operating income fell by ¥19.7 billion year on year to ¥22.4 billion due primarily to a decrease in sales.

Others

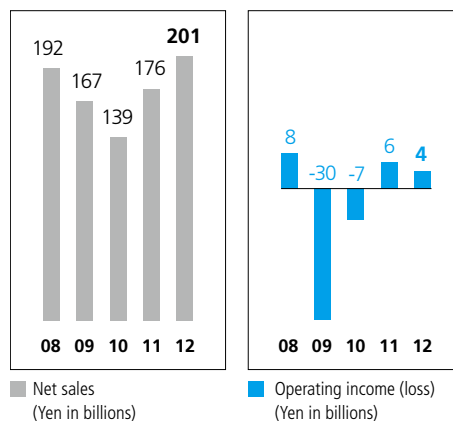
Net sales amounted to ¥611.6 billion, virtually unchanged compared with the previous fiscal year, and were carried out mainly by affiliated companies involved in materials procurement and engineering.

Operating income increased by ¥5.9 billion year on year to ¥20.3 billion, largely because of cost improvements.

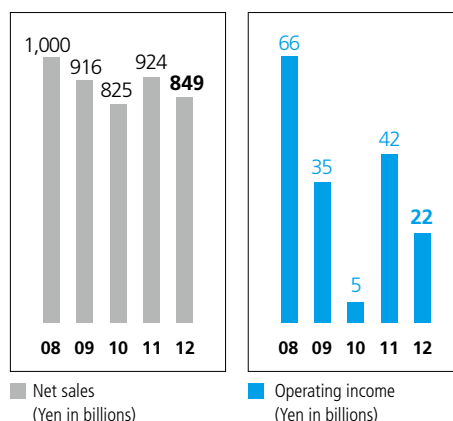
Net sales and Operating income of Information and Communication Systems



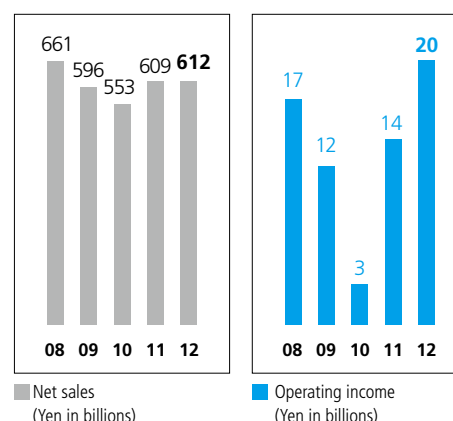
Net sales and Operating income (loss) of Electronic Devices



Net sales and Operating income of Home Appliances



Net sales and Operating income of Others



RESULTS BY GEOGRAPHIC SEGMENT

Net Sales by Geographic Segment

Years ended March 31	Yen (millions)					U.S. dollars (thousands)
	2012	2011	2010	2009	2008	2012
Japan	¥3,186,719	¥3,176,605	¥2,886,502	¥3,178,807	¥3,468,792	\$38,862,427
North America	222,543	229,958	205,713	240,589	275,579	2,713,939
Asia (excluding Japan)	582,888	583,827	445,722	461,549	561,759	7,108,390
Europe	309,997	293,952	282,822	321,501	386,113	3,780,451
Others	40,184	38,200	33,140	34,107	31,905	490,049
Eliminations	(702,863)	(677,211)	(500,601)	(571,434)	(674,330)	(8,571,500)
Consolidated total	¥3,639,468	¥3,645,331	¥3,353,298	¥3,665,119	¥4,049,818	\$44,383,756

Operating Income (Loss) by Geographic Segment

Years ended March 31	Yen (millions)					U.S. dollars (thousands)
	2012	2011	2010	2009	2008	2012
Japan	¥179,452	¥177,354	¥49,673	¥ 89,293	¥194,413	\$2,188,439
North America	3,339	1,363	5,531	(3,599)	5,861	40,719
Asia (excluding Japan)	34,220	43,734	27,337	32,072	49,088	417,317
Europe	6,319	7,830	3,091	10,727	16,044	77,061
Others	3,905	4,329	1,949	1,020	1,321	47,622
Eliminations	(1,791)	(849)	6,721	10,215	(2,711)	(21,841)
Consolidated total	¥225,444	¥233,761	¥94,302	¥139,728	¥264,016	\$2,749,317

Japan

Sales totaled ¥3,186.7 billion virtually on par with the previous fiscal year, and operating income rose by ¥2.1 billion to ¥179.5 billion. Despite the negative impact of downturns in such businesses as photovoltaic and visual equipment, increases in such businesses as the power systems, factory automation, and automotive equipment brought about the above referred growth.

North America

Sales fell by 3% year on year to ¥222.5 billion primarily due to lower sales of visual equipment. However, operating income increased by ¥2.0 billion to ¥3.3 billion owing primarily to cost improvements.

Asia

Sales totaled ¥582.9 billion, remaining virtually unchanged from the previous fiscal year mainly because of lower sales of air conditioners. This result occurred despite increased sales in such businesses as the elevators and escalators, and semiconductor. Operating income declined by ¥9.5 billion to ¥34.2 billion, as a result of deteriorating cost conditions caused by the flooding damage in Thailand.

Europe

Sales increased by 5% year on year to ¥310.0 billion mainly because of higher sales in the automotive equipment- and semiconductor-related businesses. Operating income decreased by ¥1.5 billion to ¥6.3 billion due to a drop in prices and other factors.

Others

Sales in other regions, including figures for Mitsubishi Electric's Australian subsidiary, amounted to ¥40.2 billion, while operating income was ¥3.9 billion.

RESEARCH AND DEVELOPMENT

R&D Expenditures

Years ended March 31	Yen (billions)					U.S. dollars (millions)
	2012	2011	2010	2009	2008	2012
Energy and Electric Systems	¥ 30.5	¥ 27.1	¥ 23.5	¥ 24.0	¥ 21.1	\$ 372.0
Industrial Automation Systems	54.9	45.0	34.7	37.8	37.1	669.7
Information and Communication Systems	16.2	14.9	12.5	15.1	25.2	197.3
Electronic Devices	9.4	8.6	7.3	8.3	8.6	114.1
Home Appliances	30.4	30.7	29.6	32.4	29.6	371.2
Others	28.3	25.5	26.1	26.9	27.2	345.0
Consolidated total	¥169.7	¥151.8	¥133.8	¥144.4	¥148.8	\$2,069.3

Note: Figures for each segment and the consolidated total are rounded to the nearest unit.

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.

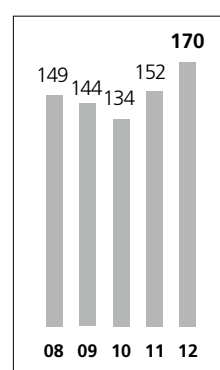
In fiscal 2012, total R&D expenditures, including quality improvement expenses constituting manufacturing costs, amounted to ¥169.7 billion. Mitsubishi Electric reports R&D activities by business segment according to purpose, type, result and expenditure. However, expenditure on fundamental and basic research that does not fall under the purview of a specific business segment is accounted for under Others.

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 and building management systems. Notable among Mitsubishi Electric's recent R&D achievements are commercialized SiC inverter for railcars; a next-generation SCADA system for public systems; MLCNET-G200 series, metal line IP modem; an image processing-based traffic monitoring system with traffic flow and incident detection; PreSerV, an information software facilitating management over the facilities by geographic location; commercialized compact particle beam treatment system proton type; the commencement of full-scale operation of the experiment equipment for verifying the effectiveness of smart grid and relevant smart community technologies; the announcement of achievement of joint comprehensive research into next-generation proton cancer treatment system; ultra-high-speed elevator technologies for high-rise buildings; AXIEZ Mitsubishi standard elevator; and, the EleFine[®]1 modernizing existing hydraulic elevators into traction type machine-room-less elevators. R&D expenditures in this segment totaled ¥30.5 billion.

In the Industrial Automation Systems segment, R&D activities are aimed at enhancing the competitiveness of our lineup, which includes motors and related products; mechatronics equipment; FA control equipment and systems; automotive electric and electronic components; electric power steering (EPS) and related products; and car multimedia systems. Mitsubishi Electric's important R&D successes include MELSEC-FX3GC series, programmable controllers; MELSERVO-J4 series, servo amplifiers & motors; FREQUPS FW-S series, small-capacity UPS; MV series, wire-cut electrical discharge machines; ML3015NX-60XF, CO₂ laser two-dimensional processing machines; a memory car navigation system; DSRC on-board unit; DIATONE speaker SW-G50 for automobile; a display system for curved surfaces; and, Blu-ray disc player for automobile. R&D expenditures in this segment totaled ¥54.9 billion.

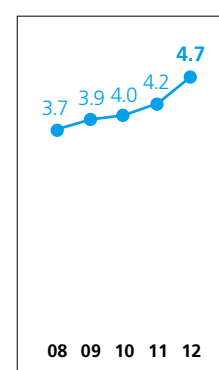
In the Information and Communication Systems segment, Mitsubishi Electric pursues research related to the development of information and communication technology (ICT) systems, which include network systems for telecommunication operators and network solutions equipment, as well as space systems, including satellites, ground systems and large telescopes. Notable R&D successes for Mitsubishi Electric include NGN Home Gateway; 10G-EPON system; MELOOK μ II digital CCTV system; an increased transmission design capacity using 40Gbps

R&D expenditures



■ R&D expenditures
(Yen in billions)

R&D expenditures ratio



◆ R&D expenditures /
Net sales (%)

upgrades for the AAG (Asia America Gateway) Cable Network Consortium; an increased transmission design capacity using 40Gbps upgrades for the TAT-14 Cable Network Upgrade Purchasing Consortium; the large capacity GE-PON system; the IPTV set top box; a small color camera for car vision system; digital watermarking solution for HDTV; airport information display system; iDcenter^{®2} Version 4.0, integrated ID management solution; AnalyticMart^{®3} AQL Base Express, BI/data analysis system for small and medium-sized businesses; and, Software as a Service "Internet-S 3cube^{®4} on Demand." R&D expenditures in this segment totaled ¥16.2 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 GaN HEMT C-band amplifier for satellite communication; uncooled 25Gbps direct-modulation LD; the path switching-type W-CDMA high-efficiency transmission power amplifier; DIAFINE^{®5}, industrial TFT20 LCD module; J series automotive power semiconductor modules; MOSFET installed DIPIPM; and, 1200V HVIC for inverter systems. R&D expenditures in this segment totaled ¥9.4 billion.

In the Home Appliances segment, Mitsubishi Electric is directing its R&D efforts toward environment-conscious products that focus on energy conservation, recycling, reducing environmental impact, universal design, and digital imaging systems. Notable results include home appliances with "Setsuden Assist" home appliances; KIRIGAMINE Move Eye series with a built-in hybrid system that save electricity by intelligent combination of cooling operation and fan mode controlled by sensed temperature; five-part, multi-coil and heating control technology for IH cooking heaters; RAIJIN TC-BXA series paper bag-type vacuum cleaners; REAL MDR2 series LCD television with built-in carbon nanotube speakers; the launch of a business to collect rare earth metal magnets from used room air conditioners; and, "Ofuna Smart House", a smart grid experimental house. R&D expenditures in this segment totaled ¥30.4 billion.

In Others, fundamental technology R&D that benefits the entire Group is carried out at the Corporate Research and Development Group and the Corporate Total Productivity Management & Environmental Programs Group research centers, which strive to enhance Group competitiveness and create new businesses. In our main areas of R&D we have developed a motor system with a built-in SiC inverter; a robot system aligning bulk components; and, a multi-band power amplifier for automatic band switching and seamless roaming. R&D expenditures in this area amounted to ¥28.3 billion.

1. EleFine is a registered trademark of Mitsubishi Electric Building Techno-Service Co., Ltd.
2. iDcenter is a registered trademark of Mitsubishi Electric Information Technology Corporation
3. AnalyticMart is a registered trademark of Mitsubishi Electric Information Technology Corporation
4. Internet-S 3cube is a registered trademark of Mitsubishi Electric Information Network Corporation
5. DIAFINE is a registered trademark of Mitsubishi Shindoh Co., Ltd.: Mitsubishi Electric is licensed to use this technology during a term of 10 years from January 17, 2008

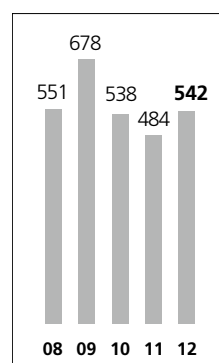
FINANCIAL POSITION

Total assets amounted to ¥3,391.7 billion as of March 31, 2012, an increase of ¥59.0 billion compared with the previous fiscal year-end. Cash and cash equivalents fell by ¥79.9 billion. Other assets decreased by ¥64.2 billion mainly due to an adjustment to deferred tax assets accompanying the promulgation of the "Act for Partial Revision of the Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and "Act of Special Measures for Securing Financial Resources Necessary to Implement Measures for Restructure following the Great East Japan Earthquake" (Act No. 117 of 2011). The total amount of trade receivables and long-term trade receivables increased by ¥158.7 billion.

Under liabilities, the outstanding balance of debt and corporate bonds rose by ¥57.9 billion compared with the end of the previous fiscal year to ¥542.3 billion. As a result, the ratio of interest-bearing debt to total assets was 16.0%, an increase of 1.5 points year on year. Trade payables grew by ¥2.5 billion. At the same time, retirement and severance benefits fell by ¥46.9 billion largely because of an increase in pension plan assets in line with higher share prices, while accrued income taxes declined by ¥31.6 billion. As a result of these and other factors, total liabilities dropped by ¥23.0 billion to ¥2,200.6 billion.

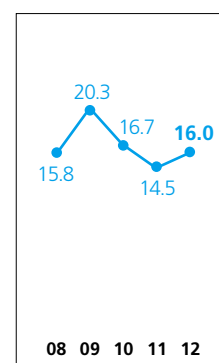
Mitsubishi Electric Corp. shareholders' equity rose by ¥82.1 billion compared with the previous fiscal year-end to ¥1,132.5 billion and the ratio of Mitsubishi Electric Corp. shareholders' equity to total assets was 33.4%, up 1.9 points year on year. The principal contributor to these increases was ¥112.1 billion in net income attributable to Mitsubishi Electric Corp. and the payment of cash dividends totaling ¥27.9 billion.

Interest-bearing debt



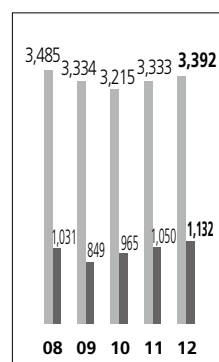
■ Interest-bearing debt
(Yen in billions)

Debt ratio



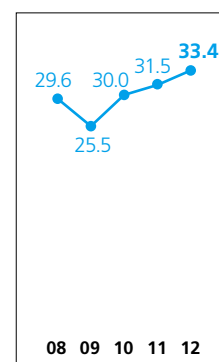
◆ Interest-bearing debt /
Total assets (%)

Total assets / Mitsubishi Electric Corp. shareholders' equity



■ Total assets
(Yen in billions)
■ Mitsubishi Electric Corp.
shareholders' equity
(Yen in billions)

Shareholders' equity ratio



◆ Shareholders' equity ratio
(%)

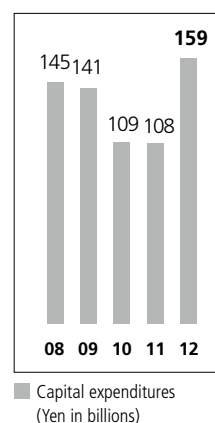
CAPITAL EXPENDITURES

In line with its policy of improving performance by implementing the Balanced Corporate Management Policy while pursuing further 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 products and power devices. At the same time the Group continued to reinforce its solid business platform through the careful selection and concentration of investments.

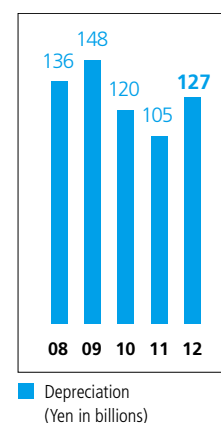
On an individual business segment basis, investments were made in Energy and Electric Systems (including power systems, electric equipment for rolling stock and elevators/escalators) aimed at increasing production capacity, streamlining and enhancing quality. In Industrial Automation, capital expenditures 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 production capacity of air-conditioning equipment, 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. During the consolidated fiscal year under review, 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

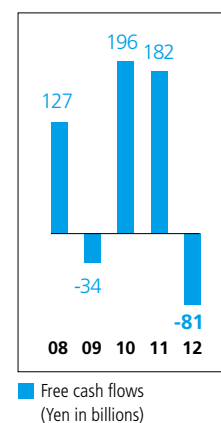
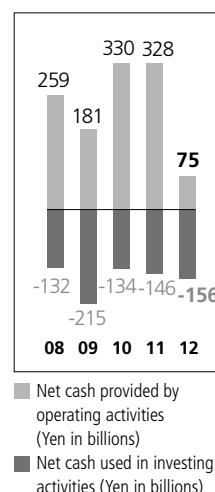
In the year ended March 31, 2012, net cash provided by operating activities amounted to ¥75.2 billion, while net cash used in investing activities was ¥156.2 billion. As a result, free cash flow was an outflow of ¥81.0 billion, a ¥263.0 billion turnaround from the inflow recorded in the previous fiscal year. Taken into account along with net cash provided by financing activities of ¥7.0 billion, fiscal year-end cash and cash equivalents amounted to ¥392.2 billion, a decrease of ¥79.9 billion year on year.

Net cash provided by operating cash flows decreased by ¥252.5 billion compared with the previous fiscal year to ¥75.2 billion. This was mainly due to a decline in net income attributable to noncontrolling interests along with a rise in trade receivables.

Net cash used in investing activities increased by ¥10.5 billion year on year to ¥156.2 billion. This was mainly the result of higher purchases of property, plant and equipment.

Net cash provided by financing activities was ¥7.0 billion, a ¥96.3 billion turnaround from the outflow recorded in the previous fiscal year. This reflected an increase in funds procured from borrowings.

Cash flows



Consolidated Balance Sheets

Mitsubishi Electric Corporation and Subsidiaries
March 31, 2012 and 2011

	Yen (millions)		U.S. dollars (thousands) (note 2)
	2012	2011	2012
Assets			
Current assets:			
Cash and cash equivalents	¥ 392,181	¥ 472,067	\$ 4,782,695
Short-term investments (notes 3, 19 and 20)	2,995	10,031	36,524
Trade receivables (notes 4, 6 and 16)	950,736	790,991	11,594,342
Inventories (note 5)	576,179	527,504	7,026,573
Prepaid expenses and other current assets (notes 9, 15 and 20)	275,293	272,471	3,357,232
Total current assets	2,197,384	2,073,064	26,797,366
Long-term receivables and investments:			
Long-term trade receivables (note 19)	1,017	2,090	12,402
Investments in securities and other (notes 3, 15, 19 and 20)	240,463	259,164	2,932,476
Investments in and advances to affiliated companies (notes 6 and 20)	179,039	189,789	2,183,402
Total long-term receivables and investments	420,519	451,043	5,128,280
Property, plant and equipment (notes 7, 20, 21 and 22):			
Land	102,298	99,438	1,247,537
Buildings	624,495	611,574	7,615,793
Machinery and equipment	1,541,239	1,475,820	18,795,597
Construction in progress	41,365	26,862	504,451
Total	2,309,397	2,213,694	28,163,378
Less accumulated depreciation	1,752,552	1,686,241	21,372,585
Net property, plant and equipment	556,845	527,453	6,790,793
Other assets (notes 9, 10 and 20)	216,903	281,119	2,645,159
Total assets	¥3,391,651	¥3,332,679	\$41,361,598

See accompanying notes to consolidated financial statements.

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

	2012	Yen (millions) 2011	2012
Liabilities and Equity			
Current liabilities:			
Bank loans (note 7)	¥ 111,670	¥ 64,905	\$ 1,361,829
Current portion of long-term debt (notes 7, 19 and 22)	88,832	137,856	1,083,317
Trade payables (notes 6 and 8)	700,262	697,789	8,539,780
Accrued expenses (note 17)	350,740	367,995	4,277,317
Accrued income taxes (note 9)	15,866	47,418	193,488
Other current liabilities (notes 10, 15 and 20)	166,131	154,424	2,025,989
Total current liabilities	1,433,501	1,470,387	17,481,720
Long-term debt (notes 7, 19 and 22)	341,789	281,591	4,168,158
Retirement and severance benefits (note 10)	372,082	419,008	4,537,585
Other liabilities (notes 9, 15, 17 and 20)	53,259	52,668	649,501
Total liabilities	2,200,631	2,223,654	26,836,964
Mitsubishi Electric Corp. shareholders' equity			
Common stock (note 11):			
Authorized 8,000,000,000 shares;			
issued 2,147,201,551 shares in 2012 and in 2011	175,820	175,820	2,144,146
Capital surplus (note 11)	206,343	208,669	2,516,379
Legal reserve	61,040	59,223	744,390
Retained earnings	905,086	822,750	11,037,634
Accumulated other comprehensive income (loss) (notes 3, 9, 10, 13 and 15)	(215,603)	(215,919)	(2,629,305)
Treasury stock, at cost			
285,390 shares in 2012 and 264,421 shares in 2011	(221)	(203)	(2,695)
Total Mitsubishi Electric Corp. shareholders' equity	1,132,465	1,050,340	13,810,549
Noncontrolling interests	58,555	58,685	714,085
Total equity	1,191,020	1,109,025	14,524,634
Commitments and contingent liabilities (note 17)			
Total liabilities and equity	¥3,391,651	¥3,332,679	\$41,361,598

Consolidated Statements of Income

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2012, 2011 and 2010

	Yen (millions)			U.S. dollars (thousands) (note 2)
	2012	2011	2010	2012
Revenues:				
Net sales (note 6)	¥3,639,468	¥3,645,331	¥3,353,298	\$44,383,756
Interest and dividends (note 6)	8,332	8,162	8,921	101,610
Other (notes 3, 13, 15 and 21)	22,196	28,035	18,277	270,683
Total revenues	3,669,996	3,681,528	3,380,496	44,756,049
Costs and expenses:				
Cost of sales (notes 10 and 22)	2,628,964	2,622,959	2,505,095	32,060,537
Selling, general and administrative (notes 10, 21 and 22)	625,283	645,779	614,062	7,625,402
Research and development	155,995	138,827	122,897	1,902,378
Loss on impairment of long-lived assets (notes 20 and 21)	3,782	4,005	16,942	46,122
Interest	6,818	7,749	9,345	83,146
Equity in losses of affiliated companies (notes 6 and 20)	3,366	20,285	34,801	41,049
Other (notes 3, 13, 15, 16 and 21)	21,708	31,687	13,095	264,732
Total costs and expenses	3,445,916	3,471,291	3,316,237	42,023,366
Income before income taxes	224,080	210,237	64,259	2,732,683
Income taxes (note 9):				
Current	42,187	54,309	23,958	514,476
Deferred	63,628	22,788	7,432	775,951
	105,815	77,097	31,390	1,290,427
Net income	118,265	133,140	32,869	1,442,256
Net income attributable to noncontrolling interests	6,202	8,615	4,591	75,634
Net income attributable to Mitsubishi Electric Corp.	¥ 112,063	¥ 124,525	¥ 28,278	\$ 1,366,622
Net income per share attributable to Mitsubishi Electric Corp. (note 14):				
			Yen	U.S. dollars (note 2)
Basic	¥52.20	¥58.00	¥13.18	\$0.637
Diluted	—	—	13.18	—

See accompanying notes to consolidated financial statements.

Consolidated Statements of Equity

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2012, 2011 and 2010

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, 2009	¥175,820	¥210,881	¥57,225	¥691,260	¥(285,066)	¥ (644)	¥ 849,476	¥52,464	¥ 901,940
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				28,278			28,278		28,278
Net income attributable to noncontrolling interests								4,591	4,591
Other comprehensive income (loss), net of tax (note 13):									
Foreign currency translation adjustments					5,975		5,975	1,226	7,201
Pension liability adjustments (note 10)					61,699		61,699		61,699
Unrealized gains (losses) on securities (note 3)					20,699		20,699	51	20,750
Unrealized gains (losses) on derivative instruments (note 15)					184		184	8	192
							116,835	5,876	122,711
Transfer to legal reserve			1,056	(1,056)					
Equity transactions with noncontrolling interests and other		(868)					(868)	(1,730)	(2,598)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity									
Purchase of treasury stock						(872)	(872)		(872)
Reissuance of treasury stock		(7)				20	13		13
Balance at March 31, 2010	¥175,820	¥210,006	¥58,281	¥718,482	¥(196,509)	¥(1,496)	¥ 964,584	¥56,610	¥1,021,194
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				124,525			124,525		124,525
Net income attributable to noncontrolling interests								8,615	8,615
Other comprehensive income (loss), net of tax (note 13):									
Foreign currency translation adjustments					(17,876)		(17,876)	(3,337)	(21,213)
Pension liability adjustments (note 10)					9,284		9,284		9,284
Unrealized gains (losses) on securities (note 3)					(10,643)		(10,643)	(36)	(10,679)
Unrealized gains (losses) on derivative instruments (note 15)					(175)		(175)	(8)	(183)
							105,115	5,234	110,349
Transfer to legal reserve			942	(942)					
Equity transactions with noncontrolling interests and other		(1,516)					(1,516)	(3,159)	(4,675)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(19,315)			(19,315)		(19,315)
Purchase of treasury stock						(46)	(46)		(46)
Reissuance of treasury stock		179				1,339	1,518		1,518
Balance at March 31, 2011	¥175,820	¥208,669	¥59,223	¥822,750	¥(215,919)	¥ (203)	¥1,050,340	¥58,685	¥1,109,025
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				112,063			112,063		112,063
Net income attributable to noncontrolling interests								6,202	6,202
Other comprehensive income (loss), net of tax (note 13):									
Foreign currency translation adjustments					(8,254)		(8,254)	(589)	(8,843)
Pension liability adjustments (note 10)					2,234		2,234		2,234
Unrealized gains (losses) on securities (note 3)					6,285		6,285	13	6,298
Unrealized gains (losses) on derivative instruments (note 15)					51		51	3	54
							112,379	5,629	118,008
Transfer to legal reserve			1,817	(1,817)					
Equity transactions with noncontrolling interests and other		(2,326)					(2,326)	(5,759)	(8,085)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(27,910)			(27,910)		(27,910)
Purchase of treasury stock						(20)	(20)		(20)
Reissuance of treasury stock						2	2		2
Balance at March 31, 2012	¥175,820	¥206,343	¥61,040	¥905,086	¥(215,603)	¥ (221)	¥1,132,465	¥58,555	¥1,191,020

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, 2011	\$2,144,146	\$2,544,744	\$722,231	\$10,033,537	\$(2,633,159)	\$(2,475)	\$12,809,024	\$715,671	\$13,524,695
Comprehensive income (loss):									
Net income attributable to Mitsubishi Electric Corp.				1,366,622			1,366,622		1,366,622
Net income attributable to noncontrolling interests								75,634	75,634
Other comprehensive income (loss), net of tax (note 13):									
Foreign currency translation adjustments					(100,658)		(100,658)	(7,183)	(107,841)
Pension liability adjustments (note 10)					27,244		27,244		27,244
Unrealized gains (losses) on securities (note 3)					76,646		76,646	158	76,804
Unrealized gains (losses) on derivative instruments (note 15)					622		622	37	659
							1,370,476	68,646	1,439,122
Transfer to legal reserve			22,159	(22,159)					
Equity transactions with noncontrolling interests and other		(28,365)					(28,365)	(70,232)	(98,597)
Dividends paid to Mitsubishi Electric Corp. shareholders' equity				(340,366)			(340,366)		(340,366)
Purchase of treasury stock						(244)	(244)		(244)
Reissuance of treasury stock						24	24		24
Balance at March 31, 2012	\$2,144,146	\$2,516,379	\$744,390	\$11,037,634	\$(2,629,305)	\$(2,695)	\$13,810,549	\$714,085	\$14,524,634

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2012, 2011 and 2010

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

	Yen (millions)			
	2012	2011	2010	2012
Cash flows from operating activities:				
Net income	¥ 118,265	¥ 133,140	¥ 32,869	\$ 1,442,256
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	127,244	105,280	119,762	1,551,756
Impairment losses of property, plant and equipment	3,367	3,538	16,425	41,061
Loss (gain) from sales and disposal of property, plant and equipment, net	834	(463)	(1,056)	10,171
Deferred income taxes	63,628	22,788	7,432	775,951
Loss (gain) from sales of securities and other, net	(1,682)	(1,300)	(946)	(20,512)
Devaluation losses of securities and other, net	6,961	3,979	3,099	84,890
Equity in losses of affiliated companies	3,366	20,285	34,801	41,049
Decrease (increase) in trade receivables	(166,091)	(14,594)	(16,170)	(2,025,500)
Decrease (increase) in inventories	(55,737)	(65,512)	56,358	(679,720)
Decrease (increase) in other assets	(17,553)	2,493	10,977	(214,061)
Increase in trade payables	9,113	66,177	45,373	111,134
Increase (decrease) in accrued expenses and retirement and severance benefits	(61,108)	(29,019)	(13,047)	(745,219)
Increase (decrease) in other liabilities	(7,311)	43,653	7,069	(89,159)
Other, net	51,884	37,196	27,295	632,732
Net cash provided by operating activities	75,180	327,641	330,241	916,829
Cash flows from investing activities:				
Capital expenditure	(159,346)	(107,638)	(109,069)	(1,943,244)
Proceeds from sale of property, plant and equipment	5,085	4,504	6,347	62,012
Purchase of short-term investments and investment securities	(11,766)	(51,640)	(46,107)	(143,488)
Proceeds from sale of short-term investments and investment securities	15,961	18,895	20,145	194,646
Decrease (increase) in loans receivable	90	(19)	831	1,098
Other, net	(6,198)	(9,732)	(6,638)	(75,585)
Net cash used in investing activities	(156,174)	(145,630)	(134,491)	(1,904,561)
Cash flows from financing activities:				
Proceeds from long-term debt	138,283	100	92,711	1,686,378
Repayment of long-term debt	(139,775)	(62,248)	(106,584)	(1,704,573)
Increase (decrease) in short-term debt, net	46,630	(5,114)	(146,487)	568,659
Dividends paid	(27,910)	(19,315)	—	(340,366)
Purchase of treasury stock	(20)	(46)	(872)	(244)
Reissuance of treasury stock	2	5	13	24
Other, net	(10,182)	(2,610)	(3,988)	(124,171)
Net cash provided by (used in) financing activities	7,028	(89,228)	(165,207)	85,707
Effect of exchange rate changes on cash and cash equivalents	(5,920)	(11,834)	1,959	(72,195)
Net increase (decrease) in cash and cash equivalents	(79,886)	80,949	32,502	(974,220)
Cash and cash equivalents at beginning of year	472,067	391,118	358,616	5,756,915
Cash and cash equivalents at end of year	¥ 392,181	¥ 472,067	¥ 391,118	\$ 4,782,695

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Mitsubishi Electric Corporation and Subsidiaries

(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, 2012 are as follows: Energy and Electric Systems – 25%, Industrial Automation Systems – 23%, Information and Communication Systems – 12%, Electronic Devices – 5%, Home Appliances – 20% and Others – 15%.

Majority of the operations of the Company and its subsidiaries is mainly conducted in Japan. Net sales for the year ended March 31, 2012 comprises of the following geographical locations: Japan – 67%, North America – 7%, Asia (excluding Japan) – 16%, Europe – 8% and Others – 2%.

Our manufacturing operations are conducted principally at the Parent company with 22 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 where 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; 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 in which the Company has the ability and intent to hold the security until maturity. All securities not included in trading or held-to-maturity are classified as available-for-sale.

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 cost basis 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 equity investment and more likely than not where 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 amortization 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 fiscal 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 collectibility 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.

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

Starting this Year, the Company applies Financial Accounting Standards Boards (FASB) Accounting Standards Update (ASU) 2009-13 "Multiple-Deliverable Revenue Arrangements—a consensus of the FASB Emerging Issues Task Force" (An Amendment of Accounting Standards Codification (ASC) Topic 605 "Revenue Recognition"). ASU 2009-13 requires the selling price used for each deliverable will be based on estimated selling price (ESP) if neither vendor specific objective evidence nor third party evidence is available, and that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method regardless of the selling price is determined based on VSOE, TPE, or ESP. As a result, the residual method of allocating arrangement consideration will no longer be permitted. The adoption of ASU 2009-13 does not have a material effect on the Company's consolidated financial position and results of operation.

(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. divided 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 aver-

age 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 consolidating 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, financial performance, 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) Stock-based Compensation

When the Company grants stock-option to employees and others, the Company recognizes the cost of employee services received in exchange for stock compensation based on the grant-date fair value of the employee stock options and incremental compensation costs arising from subsequent modifications of awards after the grant date.

(w) 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 but tests it for impairment at least annually. Also other intangible assets with indefinite useful life are not amortized, but instead tested for impairment until its useful life is determined. On the other hand, other intangible assets determined to have useful life are amortized over their respective estimated useful life and tested for impairment.

Starting this year, the Company applies FASB ASU 2010-28 "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts" (An Amendment of ASC Topic 350 "Intangibles-Goodwill and Other") and ASU 2011-08 "Testing Goodwill for Impairment" (An Amendment of ASC Topic 350 "Intangibles-Goodwill and Other"). ASU 2010-28 modifies Step 1 of the goodwill impairment test which required an entity to compare the fair value of reporting unit with its carrying amount including goodwill for reporting units with zero or negative carrying amounts, and requires the entity, if there are any adverse qualitative factors indicating that it is more likely than not that an impair-

ment exists, to perform Step 2 of the goodwill impairment test and calculate the amount of impairment loss by comparing the implied fair value of reporting unit's goodwill with the carrying amount of goodwill. ASU 2011-08 permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If an entity concludes it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, it need not perform the two-step impairment test. The adoption of ASU 2010-28 and ASU 2011-08 does not have a material effect on the Company's consolidated financial position and results of operation.

(x) 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.

(y) 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.

(z) 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.

(aa) 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, 2012.

(bb) Future Application of New Accounting Standards

In June 2011, the FASB issued ASU 2011-05 "Presentation of Comprehensive Income" (An Amendment of ASC Topic 220 "Comprehensive Income"). Under ASU 2011-05, an entity will have the option to present the components of net income and comprehensive income in either one or two consecutive financial statements. The ASU eliminates the option to present other comprehensive income in the consolidated statement of equity. In December 2011, the FASB issued ASU 2011-12 "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05" (An Amendment of ASC Topic 220 "Comprehensive Income"). ASU 2011-12 defers the effective date of the requirement to present separate line items for reclassification adjustments of items out of accumulated other comprehensive income into net

income. The Company is required to adopt ASU 2011-05 and ASU 2011-12 on April 1, 2012 retrospectively. The adoption of ASU 2011-05 and ASU 2011-12 will not have a material effect on the Company's consolidated financial position and results of operation.

In December 2011, the FASB issued ASU 2011-11 "Disclosures about Offsetting Assets and Liabilities" (An Amendment of ASC Topic 210 "Balance Sheet"). ASU 2011-11 requires to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The Company is required to adopt ASU 2011-11 on April 1, 2013 retrospectively. The adoption of ASU 2011-11 will not have a material effect on the Company's consolidated financial position and results of operation.

(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 ¥82=U.S.\$1, which was the approximate

exchange rate prevailing on the Tokyo Foreign Exchange Market at the end of March 2012. 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 short-term investments and investments in securities and other consist 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, 2012 and 2011 were as follows:

	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Yen (millions)				
2012:				
Available-for-sale:				
Equity securities	¥ 95,412	¥28,533	¥4,891	¥119,054
Debt securities	46,105	783	4,315	42,573
	<u>¥141,517</u>	<u>¥29,316</u>	<u>¥9,206</u>	<u>¥161,627</u>
Yen (millions)				
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
2011:				
Available-for-sale:				
Equity securities	¥102,609	¥27,900	¥ 9,946	¥120,563
Debt securities	59,453	2,714	9,478	52,689
	<u>¥162,062</u>	<u>¥30,614</u>	<u>¥19,424</u>	<u>¥173,252</u>

	U.S. dollars (thousands)			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
2012:				
Available-for-sale:				
Equity securities	\$1,163,561	\$347,963	\$ 59,646	\$1,451,878
Debt securities	562,256	9,549	52,622	519,183
	<u>\$1,725,817</u>	<u>\$357,512</u>	<u>\$112,268</u>	<u>\$1,971,061</u>

Debt securities consist of Japanese government debt securities, corporate debt securities and others.

In the years ended March 31, 2012 and 2010, net unrealized gains on available-for-sale securities, net of taxes and noncontrolling interests, increased by ¥6,285 million (\$76,646 thousand) and ¥20,699 million, respectively.

In the year ended 2011, net unrealized gains on available-for-sale securities, net of taxes and noncontrolling interests, decreased by ¥10,643 million.

As of March 31, 2012 and 2011, the cost of non-marketable equity securities were ¥14,627 million (\$178,378 thousand) and ¥13,779 million, respectively.

Maturities of marketable securities classified as available-for-sale at March 31, 2012 were as follows:

	Yen (millions)		U.S. dollars (thousands)	
	Cost	Fair value	Cost	Fair value
Due within one year	¥ 3,149	¥ 2,995	\$ 38,402	\$ 36,525
Due after one year through five years	4,292	4,793	52,342	58,451
Due after five years	38,664	34,785	471,512	424,207
Marketable equity securities	95,412	119,054	1,163,561	1,451,878
	<u>¥141,517</u>	<u>¥161,627</u>	<u>\$1,725,817</u>	<u>\$1,971,061</u>

Gross unrealized losses on available-for-sale securities and the fair value of the related securities, aggregated by length of time that individual securities have been in a continuous unrealized loss positions, at March 31, 2012 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	¥12,326	¥1,807	¥20,916	¥3,084	¥33,242	¥4,891
Debt securities	892	108	32,301	4,207	33,193	4,315
	<u>¥13,218</u>	<u>¥1,915</u>	<u>¥53,217</u>	<u>¥7,291</u>	<u>¥66,435</u>	<u>¥9,206</u>

	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	\$150,317	\$22,037	\$255,073	\$37,609	\$405,390	\$ 59,646
Debt securities	10,878	1,317	393,915	51,305	404,793	52,622
	<u>\$161,195</u>	<u>\$23,354</u>	<u>\$648,988</u>	<u>\$88,914</u>	<u>\$810,183</u>	<u>\$112,268</u>

The Company did not recognize an impairment loss from the decline in the fair value of the marketable securities including the unrealized losses. Based on that evaluation and the Company's ability and intent to hold those securities for a rea-

sonable period of time sufficient for a 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, 2012, 2011 and 2010 were as follows:

	2012	2011	Yen (millions) 2010	U.S. dollars (thousands) 2012
Proceeds	¥1,460	¥3,955	¥1,406	\$17,805
Gross realized gains	486	1,157	672	5,927
Gross realized losses	5	11	27	61

For the years ended March 31, 2012, 2011 and 2010 the Company recognized loss on impairment of marketable securities ¥6,912 million (\$84,293 thousand), ¥3,679 million and ¥2,864 million due to other-than-temporary declines in fair value.

(4) TRADE RECEIVABLES

Trade receivables are summarized as follows:

	2012	Yen (millions) 2011	U.S. dollars (thousands) 2012
Notes receivable	¥ 61,745	¥ 58,931	\$ 752,988
Accounts receivable	897,332	740,433	10,943,073
Allowance for doubtful receivables	(8,341)	(8,373)	(101,719)
	<u>¥950,736</u>	<u>¥790,991</u>	<u>\$11,594,342</u>

(5) INVENTORIES

Inventories are comprised of the following:

	2012	Yen (millions) 2011	U.S. dollars (thousands) 2012
Work in process	¥277,017	¥249,173	\$3,378,256
Less accumulated billings on long-term contracts	24,220	16,198	295,366
	<u>252,797</u>	<u>232,975</u>	<u>3,082,890</u>
Raw materials	90,471	79,334	1,103,305
Finished products	232,911	215,195	2,840,378
	<u>¥576,179</u>	<u>¥527,504</u>	<u>\$7,026,573</u>

(6) INVESTMENTS IN AFFILIATED COMPANIES

Summary of combined financial information relating to affiliated companies accounted for by the equity method of accounting (Renesas Electronics Corp., Toshiba Mitsubishi-Electric Industrial Systems Corp., etc.) as of March 31, 2012 and 2011, and for the years ended March 31, 2012, 2011 and 2010 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2012	2011	2012
Financial Position			
Current assets	¥1,431,161	¥1,570,042	\$17,453,183
Property, plant and equipment	403,553	438,814	4,921,378
Other assets	204,841	252,402	2,498,061
Total assets	<u>¥2,039,555</u>	<u>¥2,261,258</u>	<u>\$24,872,622</u>
Current liabilities	¥1,213,890	¥1,270,234	\$14,803,536
Long-term debt	285,338	387,360	3,479,732
Total liabilities	1,499,228	1,657,594	18,283,268
Shareholders' equity	540,327	603,664	6,589,354
Total liabilities and shareholders' equity	<u>¥2,039,555</u>	<u>¥2,261,258</u>	<u>\$24,872,622</u>

	Yen (millions)			U.S. dollars (thousands)
	2012	2011	2010	2012
Results of Operations				
Sales	¥1,956,596	¥2,181,546	¥1,614,702	\$23,860,927
Net income (loss) attributable to affiliated companies	(36,010)	(69,818)	(37,851)	(439,146)

The balances and transactions with affiliated companies accounted for by the equity method of accounting as of March 31, 2012 and 2011, and for the years ended March 31, 2012, 2011 and 2010 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2012	2011	2012
Trade receivables	¥ 76,720	¥ 69,625	\$ 935,610
Trade payables	144,502	146,925	1,762,220

	Yen (millions)			U.S. dollars (thousands)
	2012	2011	2010	2012
Sales	¥314,740	¥314,174	¥281,043	\$3,838,293
Purchases	184,766	160,188	148,308	2,253,244
Dividends	6,945	8,963	7,558	84,695

Investments in affiliated companies accounted for by the equity method of accounting include the shares of 10 publicly quoted affiliates (10 publicly quoted affiliates existed in 2011), which are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2012	2011	2012
Investments at equity	¥75,783	¥ 95,177	\$ 924,183
Quoted market value	92,453	107,758	1,127,476

Due to an affiliated company accounted for by the equity method of accounting named Renesas Technology Corp. merged with NEC Electronics Corp., Renesas Electronics Corp. (Renesas) was established on April 1, 2010. The Company was allocated 20.5 shares of Renesas per share of Renesas Technology Corp. at the effective date of its merger.

Renesas offered allocation of new stocks which is total amounts of ¥134,600 million to the Company, NEC Corporation and Hitachi, Ltd. The Company was accepted ¥35,235 million to new stocks allocation. As a result of its merger, the Company's ownership interest for Renesas is 25.05% and the Company accounts for by equity method to

investment on Renesas. The Company includes the amounts of \$13,785 million which is difference between the costs of investments \$98,472 million and the amounts of net assets which is after fair value measurements at effective date \$84,687 million in investments in affiliated companies as

goodwill related to equity investment on consolidated balance sheets.

At March 31, 2012 and 2011, the Company recognizes that no impairment exists on its goodwill.

(7) BANK LOANS AND LONG-TERM DEBT

Bank loans consisted of the following:

	2012	Yen (millions) 2011	U.S. dollars (thousands) 2012
Borrowings from banks and others	¥111,450	¥64,555	\$1,359,146
Commercial paper	220	350	2,683
	<u>¥111,670</u>	<u>¥64,905</u>	<u>\$1,361,829</u>

The weighted average interest rates on borrowings from banks and others outstanding as of March 31, 2012 and 2011 were 1.04% and 0.74%, respectively.

At March 31, 2012, the Company had unused committed lines of credit that can provide short-term funds from subscribing financial institutions amounting to ¥114,000 million (\$1,390,244 thousand).

Long-term debt consisted of the following:

	2012	Yen (millions) 2011	U.S. dollars (thousands) 2012
Borrowings from banks and other companies, due 2012 to 2022 with bearing interest rate ranging from 0.40% to 4.70% at March 31, 2012: due 2011 to 2021 with bearing interest rate ranging from 0.42% to 8.00% at March 31, 2011:			
Secured	¥ 935	¥ 1,305	\$ 11,402
Unsecured	290,439	253,532	3,541,939
1.76% Japanese yen bonds due 2011	—	25,000	—
1.70% Japanese yen bonds due 2012	10,000	10,000	121,951
1.40% Japanese yen bonds due 2012	40,000	40,000	487,804
1.17% Japanese yen bonds due 2014	30,000	30,000	365,854
0.58% Japanese yen bonds due 2013	30,000	30,000	365,854
1.38% Japanese yen bonds due 2011	—	14	—
0.94% Japanese yen bonds due 2012	—	200	—
Capital lease obligations	29,247	29,396	356,671
	<u>430,621</u>	419,447	<u>5,251,475</u>
Less amount due within one year	88,832	137,856	1,083,317
	<u>¥341,789</u>	<u>¥281,591</u>	<u>\$4,168,158</u>

The aggregate annual maturities of long-term debt outstanding at March 31, 2012 were as follows:

Year ending March 31:	Yen (millions)	U.S. dollars (thousands)
2013	¥ 88,832	\$1,083,317
2014	102,192	1,246,244
2015	82,119	1,001,451
2016	55,787	680,329
2017	44,811	546,476
Thereafter	56,880	693,658
Total	<u>¥430,621</u>	<u>\$5,251,475</u>

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' request and that any collateral furnished pursuant to such agreements will be used against repayment of debts in case of default.

Certain of the secured loan agreements contain provisions that permit the lenders to require additional collateral, and substantially all of the unsecured loan agreements permit the lenders to require collateral or guarantors. Property, plant and equipment carried at ¥1,170 million (\$14,268 thousand) are pledged as security for long-term loans from banks and others.

(8) TRADE PAYABLES

Trade payables are summarized as follows:

	2012	Yen (millions) 2011	U.S. dollars (thousands) 2012
Notes payable	¥ 19,653	¥ 21,781	\$ 239,670
Accounts payable	680,609	676,008	8,300,110
	<u>¥700,262</u>	<u>¥697,789</u>	<u>\$8,539,780</u>

(9) INCOME TAXES

Total income taxes were allocated as follows:

	2012	Yen (millions) 2011	Yen (millions) 2010	U.S. dollars (thousands) 2012
Income before income taxes	¥105,815	¥77,097	¥31,390	\$1,290,427
Shareholders' equity—accumulated other comprehensive income (loss):				
Foreign currency translation adjustments	(135)	(1,978)	550	(1,646)
Pension liability adjustments	(144)	(1,651)	45,284	(1,756)
Unrealized gains (losses) on securities	2,777	(6,886)	12,652	33,866
Unrealized gains (losses) on derivative instruments	37	(7)	(8)	451
	<u>¥108,350</u>	<u>¥66,575</u>	<u>¥89,868</u>	<u>\$1,321,342</u>

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

	2012	Yen (millions) 2011	Yen (millions) 2010	U.S. dollars (thousands) 2012
Change in valuation allowance related to deferred tax assets	¥ (6,686)	¥ (9,232)	¥1,633	\$ (81,537)
Other	70,314	32,020	5,799	857,488
	<u>¥63,628</u>	<u>¥22,788</u>	<u>¥7,432</u>	<u>\$775,951</u>

The Company is subjected to a number of income taxes. The statutory tax rate is approximately 41% for the years ended March 31, 2012, 2011 and 2010.

The "Act for Partial Revision of the Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No.114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No.117 of 2011) were enacted in November 2011 and promulgated in December 2011, resulting in

reduced corporation tax rate effective in the fiscal years beginning after April 1, 2012. As a result, the Company 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 after April 1, 2012. After the adjustment, the statutory tax rates are reduced from the current approximately 41% to approximately 38% for the fiscal years from April 1, 2012 to March 31, 2015 and approximately 35.5% for the subsequent fiscal years after April 1, 2015.

For the year ended March 31, 2012, ¥31,967 million

(\$389,841 thousand) of income tax expense is included in "Income taxes – Deferred" in Consolidated Statements of

Income, as a result of the adjustment of deferred tax assets and liabilities.

The effective tax rate for the years ended March 31, 2012, 2011 and 2010 is reconciled with the Japanese statutory tax rate in the following table:

	2012	2011	2010
Japanese statutory tax rate	41.0%	41.0%	41.0%
Change in valuation allowance	(0.3)	(0.9)	0.7
Expenses permanently not deductible for tax purposes	1.0	1.0	3.2
International tax rate difference	(5.1)	(6.9)	(16.5)
Tax credits	(3.3)	(4.2)	(4.1)
Tax effect attributable to investments at equity	0.9	4.0	23.5
Effect of income tax rate change	14.3	—	—
Other	(1.3)	2.7	1.0
Effective tax rate	<u>47.2%</u>	<u>36.7%</u>	<u>48.8%</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at March 31, 2012 and 2011 are as follows:

	2012	Yen (millions) 2011	U.S. dollars (thousands) 2012
Deferred tax assets:			
Retirement and severance benefits	¥ 93,206	¥122,238	\$1,136,659
Accrued expenses	101,762	113,118	1,241,000
Property, plant and equipment	33,172	40,517	404,537
Inventories	41,234	42,699	502,854
Pension liability adjustments	106,170	121,765	1,294,756
Tax loss carryforwards	7,652	7,687	93,317
Other	70,108	85,216	854,975
Total gross deferred tax assets	453,304	533,240	5,528,098
Valuation allowance	(55,904)	(62,590)	(681,756)
Deferred tax assets, less valuation allowance	397,400	470,650	4,846,342
Deferred tax liabilities:			
Securities contributed to employee retirement benefit trust	30,404	32,856	370,780
Property, plant and equipment	12,135	15,284	147,988
Net unrealized gains on securities	7,407	4,630	90,329
Other	33,236	25,576	405,318
Total gross deferred tax liabilities	83,182	78,346	1,014,415
Net deferred tax assets	<u>¥314,218</u>	<u>¥392,304</u>	<u>\$3,831,927</u>

The valuation allowance for deferred tax assets as of April 1, 2010 was ¥71,822 million. The net change in the total valuation allowance for the year ended March 31, 2011 was a decrease of ¥9,232 million. The net change in the total valuation allowance for the year ended March 31, 2012 was a decrease of ¥6,686 million (\$81,537 thousand). 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, 2012, the Company and certain subsidiaries had net operating loss carryforwards of ¥14,937 million (\$182,159 thousand) and ¥40,044 million (\$488,341 thousand) for corporate and local income tax purposes, respectively, which were available to offset future taxable income, if any. A significant portion of the net operating loss carryforwards will expire in the years ending March 31, 2017 and 2016.

Net deferred tax assets and liabilities at March 31, 2012 and 2011 are reflected in the accompanying consolidated balance sheets under the following captions:

	2012	Yen (millions) 2011	U.S. dollars (thousands) 2012
Prepaid expenses and other current assets	¥146,077	¥159,559	\$1,781,427
Other assets	172,204	237,459	2,100,049
Other liabilities	(4,063)	(4,714)	(49,549)
	<u>¥314,218</u>	<u>¥392,304</u>	<u>\$3,831,927</u>

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

Although the Company believes that there are no significant unrecognized tax benefits as of March 31, 2012 and 2011, 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 the consolidated statements

of income. Both interest and penalties accrued as of March 31, 2012 and 2011, and interest and penalties for the years ended March 31, 2012, 2011 and 2010 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	2005-2012
United States	2009-2012
Thailand	2007-2012
Europe	2008-2012

(10) 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 subsidiaries' respective pension policies.

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

The Company measures the fair value of plan assets and the projected benefit obligation 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 benefit obligations and the fair value of the plan assets are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2012	2011	2012
Change in benefit obligations:			
Benefit obligations at beginning of year	¥1,072,082	¥1,095,652	\$13,074,171
Service cost	29,222	28,925	356,366
Interest cost	21,838	22,346	266,317
Plan participants' contributions	1,108	1,129	13,512
Amendments	—	(576)	—
Actuarial loss	11,147	82	135,939
Benefits paid	(82,476)	(74,651)	(1,005,805)
Acquisitions and divestitures, etc.	49	(825)	598
Benefit obligations at end of year	1,052,970	1,072,082	12,841,098
Change in plan assets:			
Fair value of plan assets at beginning of year	655,586	637,716	7,994,951
Actual return on plan assets	15,024	(10,465)	183,220
Employer contributions	46,238	63,243	563,878
Plan participants' contributions	1,108	1,129	13,512
Benefits paid	(34,456)	(35,579)	(420,195)
Acquisitions and divestitures, etc.	(242)	(458)	(2,951)
Fair value of plan assets at end of year	683,258	655,586	8,332,415
Funded status at end of year	¥ (369,712)	¥ (416,496)	\$ (4,508,683)

Amounts recognized in the consolidated balance sheet at March 31, 2012 and 2011 consist of:

	Yen (millions)		U.S. dollars (thousands)
	2012	2011	2012
Other assets	¥ 7,912	¥ 8,192	\$ 96,488
Other current liabilities	(5,542)	(5,680)	(67,586)
Retirement and severance benefits	(372,082)	(419,008)	(4,537,585)
	¥(369,712)	¥(416,496)	\$ (4,508,683)

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2012 and 2011 consist of:

	Yen (millions)		U.S. dollars (thousands)
	2012	2011	2012
Actuarial gain or loss	¥ 395,639	¥ 414,793	\$ 4,824,866
Prior service benefit (gain)	(100,219)	(117,263)	(1,222,183)
	¥ 295,420	¥ 297,530	\$ 3,602,683

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

	Yen (millions)		U.S. dollars (thousands)
	2012	2011	2012
Accumulated benefit obligations	¥1,046,736	¥1,066,581	\$12,765,073

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, 2012, 2011 and 2010 consisted of the following components:

	2012	2011	Yen (millions) 2010	U.S. dollars (thousands) 2012
Service cost	¥ 30,330	¥ 30,054	¥ 32,526	\$ 369,878
Interest cost on projected benefit obligation	21,838	22,346	23,108	266,317
Expected return on plan assets	(12,834)	(12,057)	(10,373)	(156,512)
Amortization of prior service benefit (gain)	(17,044)	(16,996)	(15,529)	(207,854)
Amortization of actuarial loss	27,904	35,107	42,220	340,293
	50,194	58,454	71,952	612,122
Plan participants' contributions	(1,108)	(1,129)	(1,168)	(13,512)
Net periodic retirement and severance costs	<u>¥ 49,086</u>	<u>¥ 57,325</u>	<u>¥ 70,784</u>	<u>\$ 598,610</u>

Other changes in plan assets and projected benefit obligations recognized in other comprehensive income (loss) for the years ended March 31, 2012 and 2011 were summarized as follows:

	2012	2011	Yen (millions) 2011	U.S. dollars (thousands) 2012
Actuarial gain or loss	¥ 8,750	¥ 22,785	¥ 22,785	\$ 106,707
Amortization of actuarial loss (gain)	(27,904)	(35,107)	(35,107)	(340,293)
Prior service benefit (gain)	—	(576)	(576)	—
Amortization of prior service benefit	17,044	16,996	16,996	207,854
	<u>¥ (2,110)</u>	<u>¥ 4,098</u>	<u>¥ 4,098</u>	<u>\$ (25,732)</u>

The estimated actuarial gain or loss and prior service benefit 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 gain or loss	¥ 21,083	\$ 257,110
Prior service benefit (gain)	(21,748)	(265,220)

Actuarial assumptions

Actuarial assumptions used to determine benefit obligations at March 31, 2012 and 2011 were as follows:

	2012	2011
Discount rate	2.0%	2.0%
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, 2012, 2011 and 2010 were as follows:

	2012	2011	2010
Discount rate	2.0%	2.0%	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, 2012 and 2011 were as follows:

Yen (millions)

	2012			Total
	Level 1	Level 2	Level 3	
Equity securities				
Marketable equity securities	¥137,940	¥ —	¥ —	¥137,940
Pooled funds	—	141,103	—	141,103
Debt securities				
Government, municipal and corporate debt securities	3,410	22,548	—	25,958
Pooled funds	—	248,523	—	248,523
Other assets				
Life insurance company general accounts	—	83,287	—	83,287
Other	—	31,296	15,151	46,447
	<u>¥141,350</u>	<u>¥526,757</u>	<u>¥15,151</u>	<u>¥683,258</u>

- Notes: 1. Marketable equity securities include mainly domestic stocks.
2. Pooled funds of equity securities include approximately 30% domestic stocks and 70% 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 level1 include government debt securities.

Yen (millions)

	2011			Total
	Level 1	Level 2	Level 3	
Equity securities				
Marketable equity securities	¥139,744	¥ —	¥—	¥139,744
Pooled funds	—	164,206	—	164,206
Debt securities				
Government, municipal and corporate debt securities	2,334	20,876	—	23,210
Pooled funds	—	207,468	—	207,468
Other assets				
Life insurance company general accounts	—	77,383	—	77,383
Other	—	43,575	—	43,575
	<u>¥142,078</u>	<u>¥513,508</u>	<u>¥—</u>	<u>¥655,586</u>

- Notes: 1. Marketable equity securities include mainly domestic stocks.
2. Pooled funds of equity securities include approximately 40% domestic stocks and 60% foreign stocks.
3. Pooled funds of debt securities include approximately 60% domestic bonds and 40% foreign bonds.
4. Government, municipal and corporate debt securities of level 1 include government debt securities.

U.S. dollars (thousands)

	2012			Total
	Level 1	Level 2	Level 3	
Equity securities				
Marketable equity securities	\$1,682,195	\$ —	\$ —	\$1,682,195
Pooled funds	—	1,720,768	—	1,720,768
Debt securities				
Government, municipal and corporate debt securities	41,586	274,976	—	316,562
Pooled funds	—	3,030,768	—	3,030,768
Other assets				
Life insurance company general accounts	—	1,015,695	—	1,015,695
Other	—	381,659	184,768	566,427
	<u>\$1,723,781</u>	<u>\$6,423,866</u>	<u>\$184,768</u>	<u>\$8,332,415</u>

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: approximately 30% is invested in equity securities, approximately 65% is invested in debt securities and investments in life insurance company general accounts, and approximately 5% 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 20 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 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 measured at fair value for the year ended March 31, 2012 is as follows:

	Yen (millions)	U.S. dollars (thousands)
	Hedge funds	Hedge funds
Balance at beginning of year	¥ —	\$ —
Actual return:		
Relating to assets sold	—	—
Relating to assets still held	(51)	(622)
Purchases, sales and settlements	14,000	170,732
Transfers in and/or out of Level 3	1,202	14,658
Balance at end of year	¥15,151	\$184,768

Cash Flows

The Company expects to contribute ¥47,561 million (\$580,012 thousand) to its pension plan in the year ending March 31, 2013.

Estimated future benefit payments are as follows:

Year ending March 31:	Yen (millions)	U.S. dollars (thousands)
2013	¥ 72,013	\$ 878,207
2014	68,275	832,622
2015	65,585	799,817
2016	65,654	800,659
2017	59,297	723,134
2018—2022	258,452	3,151,854

The amount of cost recognized for the Company and certain subsidiaries' defined contribution plans for the years ended March 31, 2012, 2011 and 2010 were ¥6,938 million (\$84,610 thousand), ¥6,709 million and ¥6,225 million, respectively.

(11) SHAREHOLDERS' EQUITY

Changes in common stock for the years ended March 31, 2012 and 2011 were as follows:

	2012	2011
	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 ¥231,947 million (\$2,828,622 thousand) at March 31, 2012.

Cash dividends and appropriations to the legal reserve charged to retained earnings during the years ended March 31, 2012, 2011 and 2010 represent dividends paid out during the years and the related appropriations to the legal reserve.

(12) STOCK OPTION PLANS

The Company had granted stock options to directors, executive officers and senior employees. Under the stock option plan, options to purchase common stock, granted at the

exercise prices not less than market value at date of grant, become exercisable in two years after the date of grant and expire within four years after the date of grant.

The stock option plan activity for the years ended March 31, 2012, 2011 and 2010 is shown as follows:

	Shares	Weighted average exercise price	
		Yen	U.S. dollars
Outstanding at March 31, 2009	16,000	¥437	
Exercised	16,000	437	
Outstanding at March 31, 2010	—	—	
Outstanding at March 31, 2011	—	—	\$ —
Outstanding at March 31, 2012	—	¥ —	\$ —

(13) OTHER COMPREHENSIVE INCOME (LOSS)

Change in accumulated other comprehensive income (loss) is as follows:

	Yen (millions)			U.S. dollars (thousands)
	2012	2011	2010	2012
Foreign currency translation adjustments:				
Balance at beginning of year	¥ (59,400)	¥ (41,524)	¥ (47,499)	\$ (724,391)
Adjustments for the year	(8,254)	(17,876)	5,975	(100,658)
Balance at end of year	(67,654)	(59,400)	(41,524)	(825,049)
Pension liability adjustments:				
Balance at beginning of year	(162,390)	(171,674)	(233,373)	(1,980,366)
Adjustments for the year	2,234	9,284	61,699	27,244
Balance at end of year	(160,156)	(162,390)	(171,674)	(1,953,122)
Unrealized gains (losses) on securities:				
Balance at beginning of year	5,957	16,600	(4,099)	72,647
Adjustments for the year	6,285	(10,643)	20,699	76,646
Balance at end of year	12,242	5,957	16,600	149,293
Unrealized gains (losses) on derivative instruments:				
Balance at beginning of year	(86)	89	(95)	(1,049)
Adjustments for the year	51	(175)	184	622
Balance at end of year	(35)	(86)	89	(427)
Total accumulated other comprehensive income (loss):				
Balance at beginning of year	(215,919)	(196,509)	(285,066)	(2,633,159)
Adjustments for the year	316	(19,410)	88,557	3,854
Balance at end of year	¥(215,603)	¥(215,919)	¥(196,509)	\$ (2,629,305)

Tax effects allocated to each component of other comprehensive income (loss) and reclassification adjustments are as follows:

	Yen (millions)		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2012:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	¥(8,379)	¥ 135	¥(8,244)
Less reclassification adjustments for gains (losses) included in net income	(10)	—	(10)
Net change in foreign currency translation adjustments during the year	(8,389)	135	(8,254)
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	(8,770)	4,597	(4,173)
Less reclassification adjustments for gains (losses) included in net income	10,860	(4,453)	6,407
Net change in pension liability adjustment	2,090	144	2,234
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	3,536	(654)	2,882
Less reclassification adjustments for gains (losses) included in net income	5,526	(2,123)	3,403
Net change in unrealized gains (losses) on securities	9,062	(2,777)	6,285
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	88	(37)	51
Other comprehensive income (loss)	<u>¥ 2,851</u>	<u>¥(2,535)</u>	<u>¥ 316</u>

	Yen (millions)		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2011:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	¥(22,684)	¥ 1,948	¥(20,736)
Less reclassification adjustments for gains (losses) included in net income	2,830	30	2,860
Net change in foreign currency translation adjustments during the year	(19,854)	1,978	(17,876)
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	(23,921)	9,077	(14,844)
Less reclassification adjustments for gains (losses) included in net income	31,554	(7,426)	24,128
Net change in pension liability adjustment	7,633	1,651	9,284
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	(22,250)	8,864	(13,386)
Less reclassification adjustments for gains (losses) included in net income	4,721	(1,978)	2,743
Net change in unrealized gains (losses) on securities	(17,529)	6,886	(10,643)
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	(182)	7	(175)
Other comprehensive income (loss)	<u>¥(29,932)</u>	<u>¥10,522</u>	<u>¥(19,410)</u>

Yen (millions)

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2010:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	¥ 6,100	¥ (550)	¥ 5,550
Less reclassification adjustments for gains (losses) included in net income	425	—	425
Net change in foreign currency translation adjustments during the year	6,525	(550)	5,975
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	80,292	(34,341)	45,951
Less reclassification adjustments for gains (losses) included in net income	26,691	(10,943)	15,748
Net change in pension liability adjustment	106,983	(45,284)	61,699
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	29,832	(11,214)	18,618
Less reclassification adjustments for gains (losses) included in net income	3,519	(1,438)	2,081
Net change in unrealized gains (losses) on securities	33,351	(12,652)	20,699
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	176	8	184
Other comprehensive income (loss)	<u>¥147,035</u>	<u>¥(58,478)</u>	<u>¥88,557</u>

U.S. dollars (thousands)

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2012:			
Foreign currency translation adjustments:			
Amount arising during the year on investments in foreign entities held at end of year	\$(102,183)	\$ 1,647	\$(100,536)
Less reclassification adjustments for gains (losses) included in net income	(122)	—	(122)
Net change in foreign currency translation adjustments during the year	(102,305)	1,647	(100,658)
Pension liability adjustments:			
Amount arising during the year on pension liability adjustments	(106,951)	56,061	(50,890)
Less reclassification adjustments for gains (losses) included in net income	132,439	(54,305)	78,134
Net change in pension liability adjustment	25,488	1,756	27,244
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the year	43,122	(7,976)	35,146
Less reclassification adjustments for gains (losses) included in net income	67,390	(25,890)	41,500
Net change in unrealized gains (losses) on securities	110,512	(33,866)	76,646
Unrealized gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	1,073	(451)	622
Other comprehensive income (loss)	<u>\$ 34,768</u>	<u>\$(30,914)</u>	<u>\$ 3,854</u>

(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:

	2012	2011	Yen (millions) 2010	U.S. dollars (thousands) 2012
Net income attributable to Mitsubishi Electric Corp.	¥112,063	¥124,525	¥28,278	\$1,366,622
Effect of dilutive securities	—	—	—	—
Diluted net income attributable to Mitsubishi Electric Corp.	¥112,063	¥124,525	¥28,278	\$1,366,622

	2012	2011	Shares 2010
Average common shares outstanding	2,146,926,221	2,146,959,471	2,146,133,669
Effect of dilutive securities:			
Stock option	—	—	826
Diluted common shares outstanding	2,146,926,221	2,146,959,471	2,146,134,495

	2012	2011	Yen 2010	U.S. dollars 2012
Net income per share attributable to Mitsubishi Electric Corp.:				
Basic	¥52.20	¥58.00	¥13.18	\$0.637
Diluted	—	—	13.18	—

Diluted net income per share attributable to Mitsubishi Electric Corp. is not presented as no dilutive securities existed as of and for the year ended March 31, 2012 and 2011.

(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. Other derivative instruments are debt securities that contain embedded derivatives with intention to hold for a certain period. The Company believes that no material risks exist on its debt securities because the principal of those debt securities are guaranteed.

Information with Respect to Fair Value Hedge

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 15 months. The Company expects that the amounts of net gain of ¥44 million (\$537 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 and other derivative instruments at March 31, 2012 and 2011 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2012	2011	2012
Foreign exchange contracts:			
Forwards to sell foreign currencies	¥91,946	¥129,398	\$1,121,293
Forwards to buy foreign currencies	47,207	57,395	575,695
Foreign currency swaps	23,651	13,121	288,427
Interest rate swaps	7,000	7,000	85,366
Other derivative instruments	29,800	29,800	363,415

The estimated fair values of foreign exchange contracts, foreign currency swaps, interest rate swaps and other derivative instruments at March 31, 2012 and 2011 are as follows:

Derivatives designated as hedging instruments	Consolidated balance sheet line item	Yen (millions)		U.S. dollars (thousands)
		2012	2011	2012
Foreign exchange contracts	Prepaid expenses and other current assets	¥72	¥ —	\$878

Derivatives designated as hedging instruments	Consolidated balance sheet line item	Yen (millions)		U.S. dollars (thousands)
		2012	2011	2012
Foreign exchange contracts	Other current liabilities	¥ 16	¥ 16	\$ 195
Interest rate swaps	Other liabilities	115	163	1,403
Total		¥131	¥179	\$1,598

Derivatives not designated as hedging instruments	Consolidated balance sheet line item	Yen (millions)		U.S. dollars (thousands)
		2012	2011	2012
Foreign exchange contracts	Prepaid expenses and other current assets	¥2,339	¥ 580	\$28,525
Foreign currency swaps	Prepaid expenses and other current assets	21	816	256
Interest rate swaps	Investments in securities and other	108	128	1,317
Total		¥2,468	¥1,524	\$30,098

Derivatives not designated as hedging instruments	Consolidated balance sheet line item	Yen (millions)		U.S. dollars (thousands)
		2012	2011	2012
Foreign exchange contracts	Other current liabilities	¥3,682	¥2,208	\$44,902
Foreign currency swaps	Other current liabilities	27	784	329
Other derivative instruments	Other fixed liabilities	3,909	—	47,671
Total		¥7,618	¥2,992	\$92,902

The effect of foreign exchange contracts and interest rate swaps designated as cash flow hedges on the consolidated statements of income for the years ended March 31, 2012 and 2011 are as follows:

Derivatives in cash flow hedging relationships	Amount of gain or (loss) recognized in OCI on derivative (effective portion)		U.S. dollars (thousands)
	2012	2011	2012
Foreign exchange contracts	¥ 68	¥(224)	\$ 829
Interest rate swaps	45	25	549
Total	¥113	¥(199)	\$1,378

Derivatives in cash flow hedging relationships	Line item of gain or (loss) recognized from accumulated OCI into income (effective portion)	Amount of gain or (loss) recognized from accumulated OCI into income (effective portion)		
		Yen (millions)	U.S. dollars (thousands)	
		2012	2011	
Foreign exchange contracts	Other revenues (cost and expenses)	¥(16)	¥213	\$(195)

The effect of foreign exchange contracts, foreign currency swaps, interest rate swaps and other derivative instruments not designated as hedging instruments on the consolidated statements of income for the years ended March 31, 2012 and 2011 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)	
		2012	2011	
Foreign exchange contracts	Other revenues	¥ 3,130	¥5,817	\$ 38,171
Foreign currency swaps	Other revenues (cost and expenses)	(945)	(159)	(11,524)
Interest rate swaps	Other revenues (cost and expenses)	(20)	5	(244)
Other derivative instruments	Other revenues (cost and expenses)	(3,909)	—	(47,671)
Total		<u>¥(1,744)</u>	<u>¥5,663</u>	<u>\$(21,268)</u>

(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 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, 2012, the Company did not retain subordinated interests in the certain accounts receivables after the sale of

these receivables.

The Company recognized losses of ¥450 million (\$5,488 thousand), ¥643 million and ¥783 million on the securitizations of receivables for the years ended March 31, 2012, 2011 and 2010, 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 similar 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, 2012, 2011 and 2010 are as follows:

	Yen (millions)			U.S. dollars (thousands)
	2012	2011	2010	2012
Proceeds from new securitizations	¥383,396	¥413,959	¥366,112	\$4,675,561

Quantitative information about trade receivables including securitized receivables as of March 31, 2012 and 2011 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2012	2011	2012
Trade receivables	¥1,039,731	¥923,510	\$12,679,647
Less: Securitized receivables	88,995	132,519	1,085,305
Total receivables	<u>¥ 950,736</u>	<u>¥790,991</u>	<u>\$11,594,342</u>

As of March 31, 2012 and 2011, delinquencies and credit losses of trade receivables including securitized receivables are immaterial.

(17) COMMITMENTS AND CONTINGENT LIABILITIES

At March 31, 2012, commitments outstanding for the purchase of property, plant and equipment were ¥15,986 million (\$194,951 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, 2012, certain subsidiaries were contingently liable to trade notes discounted in the amount of ¥810 million (\$9,878 thousand). Certain subsidiaries account for the discounted notes as sale of receivables.

As of March 31, 2012, the Company had 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 adverse effect on the Company's consolidated financial position and results of operations, except for the following cases.

The Company and certain of its subsidiaries move toward reconciliation with some DRAM purchasers in relation to the possibility of the violation of competition law concerning DRAM sales.

In January 2007, the Company received a decision rendered by the European Commission imposing fines for an infringement of EU Competition Law against its sales of certain gas-insulated switchgears in Europe. However, there was a significant inconsistency on recognition of the material underlying facts between the European Commission and the Company. Therefore, the Company had appealed to

the European General Court and was challenging the decision. In July 2011, the Company received the judgment from the European General Court which upheld 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 is still a significant inconsistency on recognition of the material underlying facts between the European Commission and the Company, the Company has appealed to the European Court of Justice and is challenging the decision. On June 27, 2012, the Company received a part of decision re-rendered by the European Commission.

Since July 2011, the Company has been subject to investigation conducted by Japan Fair Trade Commission for a suspected infringement of Antimonopoly Act in connection with the sales of certain automotive parts in Japan. Also, the Company and certain of its subsidiaries have been cooperating with Competition Law investigations and inquiries conducted by the United States Department of Justice and the European Commission regarding the sales of certain automotive parts in the United States of America and European countries.

As of March 31, 2012, the Company recorded reasonably estimated amount of ¥21,375 million (\$260,671 thousand) as a reserve for various competition-law-related expenses in "Other liabilities" relating to the DRAM case in the United States and in Europe, and the gas-insulated switchgears case in Europe. The Company is unable to estimate the impact on the Company's consolidated financial position and results of operation as to be arising out of the other legal proceedings.

The following table provides the undiscounted maximum amount of potential future payments for each major group of guarantees at March 31, 2012:

	Yen (millions)	U.S. dollars (thousands)
Guarantees of bank loan:		
Employees	¥ 6,841	\$ 83,427
Affiliated and other companies	1,348	16,439
Other	6,368	77,658
Total	<u>¥14,557</u>	<u>\$177,524</u>

The guarantees for the employees are principally made for their housing loans, and the term of guarantees is 1 year to 25 years. The guarantees for the affiliated and other compa-

nies 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, 2012 and 2011 is summarized as follows:

	2012	Yen (millions) 2011	2012 U.S. dollars (thousands)
Balance at beginning of year	¥49,392	¥45,904	\$602,341
Addition	35,690	44,363	435,244
Utilization	43,613	40,420	531,866
Foreign currency translation adjustments	(362)	(455)	(4,414)
Balance at end of year	<u>¥41,107</u>	<u>¥49,392</u>	<u>\$501,305</u>

(18) MATERIAL OBLIGATIONS

For electronic systems business, it was revealed in January 2012 that the Company had been billing improperly overcharged project costs by transferring man-hours among different contracts which the Company entered into with the Japanese Ministry of Defense (MOD), Cabinet Satellite Intelligence Center (CSICE), Japan Aerospace Exploration Agency (JAXA), National Institute of Information and Communications Technology (NICT) and Ministry of Internal Affairs and Communications (MIC). Also similar incidents were identified concerning contracts between four of the Company's affiliates and MOD. Consequently, since January 2012, the Company and the aforementioned affiliates have been suspended by those entities from nomination, nor participating in further bidding.

As of March 31, 2012, although the Company has been

cooperating with investigations conducted by each of aforesaid entities, information over accurate past man-hours has not been clarified yet. In addition, calculation methods to estimate the overcharged man-hour by contract, scope of calculation and the factors to estimate the amount of refunds are still under the verification process with these entities, and it will still take time. Therefore, despite the Company recognizes its obligations concerning refunds, contract penalties and interest as a result of these overcharges, the Company has not recorded any provision since the amount of liability cannot be reasonably estimated.

For the future fiscal years, it may cause material effects on the Company's consolidated results of operation when it becomes possible to reasonably estimate the amount of such refunds and associated payments.

(19) 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, Accrued expenses and Other current liabilities

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

(b) Short-term investments and Investments in securities and other

The fair values of most short-term investments and 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, 2012 and 2011 are summarized as follows:

	2012		2011		2012	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Yen (millions)						
U.S. dollars (thousands)						
Nonderivatives:						
Assets:						
Marketable securities and other	¥166,824	¥166,824	¥173,252	¥173,252	\$2,034,439	\$2,034,439
Long-term trade receivables	1,017	1,056	2,090	2,142	12,402	12,878
Liabilities:						
Long-term debt, including current portion	401,374	403,718	390,051	392,774	4,894,805	4,923,390

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.

(20) 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.

Starting in the fourth quarter of this year, the Company applies FASB ASU 2011-04 “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs”. ASU 2011-04 intends to align the fair value measurement and disclosure in U.S. GAAP and IFRSs, and expands the disclosure requirements of ASC Topic 820.

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, 2012 and 2011. 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)

	2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities				
Marketable equity securities	¥119,054	¥ —	¥—	¥119,054
Debt securities				
Government, municipal and corporate debt securities, and others	—	44,288	—	44,288
Investment trusts	—	3,482	—	3,482
Derivatives	—	2,540	—	2,540
Liabilities:				
Derivatives	—	7,749	—	7,749

Yen (millions)

	2011			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities				
Marketable equity securities	¥120,563	¥ —	¥—	¥120,563
Debt securities				
Government, municipal and corporate debt securities, and others	1,506	47,505	—	49,011
Investment trusts	—	3,678	—	3,678
Derivatives	—	1,524	—	1,524
Liabilities:				
Derivatives	—	3,171	—	3,171

U.S. dollars (thousands)

	2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities				
Marketable equity securities	\$1,451,878	\$ —	\$—	\$1,451,878
Debt securities				
Government, municipal and corporate debt securities, and others	—	540,098	—	540,098
Investment trusts	—	42,463	—	42,463
Derivatives	—	30,976	—	30,976
Liabilities:				
Derivatives	—	94,500	—	94,500

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. Debt securities are comprised of government, municipal and corporate debt securities and others, and investment trusts. Level 1 debt securities are valued using unadjusted quoted market prices in active markets with sufficient volume

and frequency of transactions. 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, 2012, in accordance with the requirements of FASB ASC Topic 360 "Property, Plant and Equipment", long-lived assets were written down to their fair value of ¥6,423 million (\$78,329 thousand), resulting in an impairment charge of ¥3,782 million (\$46,122 thousand), which was included in loss on impairment of long-lived assets for the year ended March 31, 2012. 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".

At December 31, 2010, equity securities with an equity method were written down to their fair value of ¥8,348 million, resulting in an other-than-temporary impairment charge of ¥8,414 million, which was included in equity in earnings (losses) of affiliated companies for the year ended March 31, 2011. The impaired equity securities were classified as Level 1 instruments, because they were measured by the quoted prices in active markets.

At March 31, 2011, long-lived assets were written down to their fair value of ¥6,040 million, resulting in an impairment charge of ¥4,005 million, which was included in loss on impairment of long-lived assets for the year ended March 31, 2011. The impaired long-lived assets were classified as Level 3 assets, because they were measured by the unobservable inputs, based on income approach.

(21) SUPPLEMENTARY INCOME AND EXPENSE INFORMATION

	2012	2011	Yen (millions) 2010	U.S. dollars (thousands) 2012
Advertising expenses	¥(18,372)	¥(17,053)	¥(16,462)	\$(224,049)
Shipping and handling costs	(73,283)	(74,782)	(63,198)	(893,695)
Exchange gains (losses)	(2,000)	(10,174)	68	(24,390)
Business restructuring costs	—	(2,501)	—	—
Loss on disaster	—	(5,456)	—	—
Loss on impairment of long-lived assets	(3,782)	(4,005)	(16,942)	(46,122)

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, 2011, the Company recognized business restructuring costs of ¥2,501 million for the after-sale service expense and retirement benefits and others associated with the restructuring of the visual equipment businesses in North America.

Loss on disaster is included in "Costs and expenses—Other".

For the year ended March 31, 2011, the Company recognized disaster losses of ¥5,456 million for the repair and

removal of facilities, the disposal and inspection of inventories and restoration support for counterparties which is suffered from an earthquake associated with the recovery from damage suffered from the Great East Japan Earthquake.

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, 2012, the Company and certain of its subsidiaries recognized impairment losses of ¥3,367 million (\$41,061 thousand) for tangible assets such as buildings and machinery as well as ¥415 million (\$5,061 thousand) for intangible assets. The impairment losses included ¥2,429 million (\$29,622 thousand) for the Electronic Devices business related assets and ¥1,110 million (\$13,537 thousand) for the Home Appliances business related assets due to a decline in the profitability. The impairment losses were mainly measured based on the fair value less cost to sell.

For the year ended March 31, 2011, the Company and certain of its subsidiaries recognized impairment losses of ¥3,538 million for tangible assets such as buildings and machinery as well as ¥467 million for intangible assets. The impairment losses included ¥1,879 million for the Home Appliances business related assets due to a decline in the profitability and ¥1,908 million for the welfare related assets. The impairment losses were mainly measured based on the fair value less cost to sell.

For the year ended March 31, 2010, the Company and

certain of its subsidiaries recognized impairment losses of ¥16,425 million for tangible assets such as buildings and machinery as well as ¥517 million for intangible assets. The impairment losses included ¥11,053 million for the Home Appliances business related assets due to a decline in the profitability and ¥5,436 million for the welfare related assets. The impairment losses were mainly measured based on the fair value of the discounted present value of expected future cash flow.

(22) 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 machinery and equipments. At March 31, 2012, the aggregated cost and accumulated depreciation of leased assets under capital leases amounted to ¥48,606 million (\$592,756 thousand) and ¥25,281 million (\$308,305 thousand), respectively.

Future minimum lease payments under capital and non-cancelable operating leases as of March 31, 2012 are as follows:

	Yen (millions)		U.S. dollars (thousands)	
	Capital leases	Operating leases	Capital leases	Operating leases
Year ending March 31:				
2013	¥11,050	¥ 4,510	\$134,756	\$ 55,000
2014	9,506	3,229	115,927	39,378
2015	5,380	2,357	65,610	28,744
2016	3,004	1,366	36,634	16,659
2017	812	812	9,902	9,902
Thereafter	76	677	927	8,256
Total minimum lease payments	29,828	<u>¥12,951</u>	363,756	<u>\$157,939</u>
Less: Estimated executory costs	278		3,390	
Net minimum lease payments	29,550		360,366	
Less: Amount representing interest	303		3,695	
Present value of net minimum capital lease payments	29,247		356,671	
Less: Current portion of obligations under capital leases	10,712		130,634	
Obligations under capital leases, excluding current portion	<u>¥18,535</u>		<u>\$226,037</u>	

Rental expenses related to operating leases for the years ended March 31, 2012, 2011 and 2010 amounted to ¥42,076 million (\$513,122 thousand), ¥41,007 million and

¥40,760 million, respectively. These operating leases are for office space, warehouses, employee facilities and computer equipment, and are customarily renewed.

(23) SUPPLEMENTARY CASH FLOW INFORMATION

	Yen (millions)			U.S. dollars (thousands)
	2012	2011	2010	2012
Cash paid during the year for:				
Interest	¥ 6,413	¥ 7,722	¥ 8,748	\$ 78,207
Income taxes	65,901	34,166	17,596	803,671

(24) SEGMENT INFORMATION

Starting from financial results for the fiscal year ended March 31, 2010, the Company discloses its segment information in accordance with FASB ASC Topic 280 "Segment Reporting".

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, microcomputers, system LSIs, and others
Home Appliances	LCD televisions, projection TVs, display monitors, projectors, blu-ray disc recorders, 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 in the years ended March 31, 2012, 2011 and 2010 are as follows:

As of and for the year ended March 31, 2012								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	¥1,018,949	¥967,779	¥489,824	¥170,412	¥821,270	¥171,234	¥3,639,468	¥ —	¥3,639,468
(2) Intersegment	8,166	10,601	26,530	30,387	28,004	440,385	544,073	(544,073)	—
Net sales	1,027,115	978,380	516,354	200,799	849,274	611,619	4,183,541	(544,073)	3,639,468
Operating costs	942,195	877,188	495,042	197,214	826,916	591,271	3,929,826	(515,802)	3,414,024
Operating income	¥ 84,920	¥101,192	¥ 21,312	¥ 3,585	¥ 22,358	¥ 20,348	¥ 253,715	¥ (28,271)	¥ 225,444
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	¥1,064,369	¥855,710	¥477,646	¥147,926	¥636,835	¥191,056	¥3,373,542	¥ 18,109	¥3,391,651
Depreciation and amortization	24,365	43,380	29,036	11,207	26,678	5,480	140,146	—	140,146
Loss on impairment of long-lived assets	—	—	—	2,429	1,110	243	3,782	—	3,782
Capital expenditures	30,269	56,487	22,116	21,424	35,160	5,620	171,076	—	171,076

As of and for the year ended March 31, 2011

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	¥1,019,270	¥921,667	¥465,688	¥149,623	¥911,788	¥177,295	¥3,645,331	¥ —	¥3,645,331
(2) Intersegment	8,479	5,335	22,227	26,287	12,690	432,121	507,139	(507,139)	—
Net sales	1,027,749	927,002	487,915	175,910	924,478	609,416	4,152,470	(507,139)	3,645,331
Operating costs	944,694	826,913	474,172	170,009	882,470	594,941	3,893,199	(481,629)	3,411,570
Operating income	¥ 83,055	¥100,089	¥ 13,743	¥ 5,901	¥ 42,008	¥ 14,475	¥ 259,271	¥ (25,510)	¥ 233,761
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	¥1,030,968	¥806,494	¥369,813	¥139,333	¥695,730	¥164,719	¥3,207,057	¥ 125,622	¥3,332,679
Depreciation and amortization	21,076	40,193	16,123	10,414	25,280	5,616	118,702	—	118,702
Loss on impairment of long-lived assets	—	—	42	—	1,879	2,084	4,005	—	4,005
Capital expenditures	22,582	35,989	12,123	15,130	29,139	3,323	118,286	—	118,286

As of and for the year ended March 31, 2010

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	¥1,029,573	¥714,145	¥505,192	¥119,531	¥813,862	¥170,995	¥3,353,298	¥ —	¥3,353,298
(2) Intersegment	10,096	18,987	20,969	19,454	10,817	381,986	462,309	(462,309)	—
Net sales	1,039,669	733,132	526,161	138,985	824,679	552,981	3,815,607	(462,309)	3,353,298
Operating costs	964,942	706,994	507,489	146,126	819,870	549,777	3,695,198	(436,202)	3,258,996
Operating income (loss)	¥ 74,727	¥ 26,138	¥ 18,672	¥ (7,141)	¥ 4,809	¥ 3,204	¥ 120,409	¥ (26,107)	¥ 94,302
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	¥1,051,406	¥758,993	¥403,024	¥110,978	¥669,638	¥164,873	¥3,158,912	¥ 56,182	¥3,215,094
Depreciation and amortization	22,041	48,256	20,477	6,331	29,878	6,055	133,038	—	133,038
Loss on impairment of long-lived assets	6	—	50	397	11,053	5,436	16,942	—	16,942
Capital expenditures	20,882	36,442	11,162	12,835	32,380	5,402	119,103	—	119,103

As of and for the year ended March 31, 2012

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	\$12,426,207	\$11,082,183	\$5,973,463	\$2,078,195	\$10,015,488	\$2,088,220	\$44,383,756	\$ —	\$44,383,756
(2) Intersegment	99,586	129,280	323,537	370,573	341,512	5,370,549	6,635,037	(6,635,037)	—
Net sales	12,525,793	11,931,463	6,297,000	2,448,768	10,357,000	7,458,769	51,018,793	(6,635,037)	44,383,756
Operating costs	11,490,183	10,697,414	6,037,098	2,405,048	10,084,341	7,210,624	47,924,708	(6,290,269)	41,634,439
Operating income	\$ 1,035,610	\$ 1,234,049	\$ 259,902	\$ 43,720	\$ 272,659	\$ 248,145	\$ 3,094,085	\$ (344,768)	\$ 2,749,317
II Assets, depreciation and amortization, loss on impairment of long-lived assets, and capital expenditures									
Assets	\$12,980,110	\$10,435,488	\$5,824,951	\$1,803,976	\$ 7,766,280	\$2,329,951	\$41,140,756	\$ 220,842	\$41,361,598
Depreciation and amortization	297,134	529,024	354,098	136,671	325,341	66,830	1,709,098	—	1,709,098
Loss on impairment of long-lived assets	—	—	—	29,622	13,537	2,963	46,122	—	46,122
Capital expenditures	369,134	688,866	269,707	261,268	428,781	68,537	2,086,293	—	2,086,293

Notes: 1 The amount of unallocatable R&D expenditure included in "Eliminations and other" on "Operating costs" for the years ended March 31, 2012, 2011 and 2010 are ¥28,271 million (\$344,768 thousand), ¥25,510 million and ¥26,107 million, respectively.

2 The amount of company-wide shared assets included in "Eliminations and other" on "Assets" for the years ended March 31, 2012, 2011 and 2010 are ¥211,012 million (\$2,573,317 thousand), ¥267,159 million and ¥204,551 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, 2012, 2011 and 2010 are as follows:

As of and for the year ended March 31, 2012							Yen (millions)
	Japan	North America	Asia (excluding Japan)	Europe	Others	Overseas total	Consolidated total
Sales to external customers	¥2,419,275	¥239,566	¥590,890	¥304,233	¥85,504	¥1,220,193	¥3,639,468
% of total net sales	66.5%	6.6%	16.2%	8.4%	2.3%	33.5%	100.0%
Long-lived assets	505,529	12,550	66,488	13,127	2,235	94,400	599,929

As of and for the year ended March 31, 2011							Yen (millions)
	Japan	North America	Asia (excluding Japan)	Europe	Others	Overseas total	Consolidated total
Sales to external customers	¥2,416,090	¥251,071	¥603,261	¥289,440	¥85,469	¥1,229,241	¥3,645,331
% of total net sales	66.3%	6.9%	16.6%	7.9%	2.3%	33.7%	100.0%
Long-lived assets	488,524	8,055	57,465	13,481	2,154	81,155	569,679

As of and for the year ended March 31, 2010							Yen (millions)
	Japan	North America	Asia (excluding Japan)	Europe	Others	Overseas total	Consolidated total
Sales to external customers	¥2,262,834	¥236,409	¥488,613	¥286,284	¥79,158	¥1,090,464	¥3,353,298
% of total net sales	67.5%	7.0%	14.6%	8.5%	2.4%	32.5%	100.0%
Long-lived assets	467,367	10,182	62,647	11,534	2,110	86,473	553,840

As of and for the year ended March 31, 2012							U.S. dollars (thousands)
	Japan	North America	Asia (excluding Japan)	Europe	Others	Overseas total	Consolidated total
Sales to external customers	\$29,503,354	\$2,921,536	\$7,205,976	\$3,710,158	\$1,042,732	\$14,880,402	\$44,383,756
% of total net sales	66.5%	6.6%	16.2%	8.4%	2.3%	33.5%	100.0%
Long-lived assets	6,164,988	153,049	810,829	160,085	27,256	1,151,219	7,316,207

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

- (1) North America : United States, and Canada
- (2) Asia (excluding Japan) : China, South Korea, Thailand, Malaysia, Singapore, and Indonesia
- (3) Europe : United Kingdom, France, Germany, the Netherlands, Spain, and Italy

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, 2012							Yen (millions)	
	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations	Total
I Net sales and operating income								
Sales:								
(1) External customers	¥2,675,473	¥206,359	¥416,574	¥300,891	¥40,171	¥3,639,468	¥ —	¥3,639,468
(2) Intersegment	511,246	16,184	166,314	9,106	13	702,863	(702,863)	—
Net sales	3,186,719	222,543	582,888	309,997	40,184	4,342,331	(702,863)	3,639,468
Operating costs	3,007,267	219,204	548,668	303,678	36,279	4,115,096	(701,072)	3,414,024
Operating income	¥ 179,452	¥ 3,339	¥ 34,220	¥ 6,319	¥ 3,905	¥ 227,235	¥ (1,791)	¥ 225,444
II Assets	¥2,594,841	¥177,694	¥448,911	¥169,676	¥28,783	¥3,419,905	¥ (28,254)	¥3,391,651

As of and for the year ended March 31, 2011

Yen (millions)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations	Total
I Net sales and operating income								
Sales:								
(1) External customers	¥2,685,219	¥216,536	¥419,557	¥285,862	¥38,157	¥3,645,331	¥ —	¥3,645,331
(2) Intersegment	491,386	13,422	164,270	8,090	43	677,211	(677,211)	—
Net sales	3,176,605	229,958	583,827	293,952	38,200	4,322,542	(677,211)	3,645,331
Operating costs	2,999,251	228,595	540,093	286,122	33,871	4,087,932	(676,362)	3,411,570
Operating income	¥ 177,354	¥ 1,363	¥ 43,734	¥ 7,830	¥ 4,329	¥ 234,610	¥ (849)	¥ 233,761
II Assets	¥2,552,679	¥155,972	¥430,965	¥183,427	¥26,958	¥3,350,001	¥ (17,322)	¥3,332,679

As of and for the year ended March 31, 2010

Yen (millions)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations	Total
I Net sales and operating income								
Sales:								
(1) External customers	¥2,531,542	¥189,927	¥325,730	¥272,993	¥33,106	¥3,353,298	¥ —	¥3,353,298
(2) Intersegment	354,960	15,786	119,992	9,829	34	500,601	(500,601)	—
Net sales	2,886,502	205,713	445,722	282,822	33,140	3,853,899	(500,601)	3,353,298
Operating costs	2,836,829	200,182	418,385	279,731	31,191	3,766,318	(507,322)	3,258,996
Operating income	¥ 49,673	¥ 5,531	¥ 27,337	¥ 3,091	¥ 1,949	¥ 87,581	¥ 6,721	¥ 94,302
II Assets	¥2,527,697	¥130,586	¥391,891	¥162,568	¥22,101	¥3,234,843	¥ (19,749)	¥3,215,094

As of and for the year ended March 31, 2012

U.S. dollars (thousands)

	Japan	North America	Asia (excluding Japan)	Europe	Others	Subtotal	Eliminations	Total
I Net sales and operating income								
Sales:								
(1) External customers	\$32,627,720	\$2,516,573	\$5,080,171	\$3,669,402	\$489,890	\$44,383,756	\$ —	\$44,383,756
(2) Intersegment	6,234,707	197,366	2,028,219	111,049	159	8,571,500	(8,571,500)	—
Net sales	38,862,427	2,713,939	7,108,390	3,780,451	490,049	52,955,256	(8,571,500)	44,383,756
Operating costs	36,673,988	2,673,220	6,691,073	3,703,390	442,427	50,184,098	(8,549,659)	41,634,439
Operating income	\$ 2,188,439	\$ 40,719	\$ 417,317	\$ 77,061	\$ 47,622	\$ 2,771,158	\$ (21,841)	\$ 2,749,317
II Assets	\$31,644,403	\$2,167,000	\$5,474,524	\$2,069,220	\$351,012	\$41,706,159	\$ (344,561)	\$41,361,598

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, and Canada

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

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

3 The amount of company-wide shared assets included in "Eliminations and other" on "Assets" for the years ended March 31, 2012, 2011 and 2010 is ¥211,012 million (\$2,573,317 thousand), ¥267,159 million and ¥204,551 million, respectively, and those amounts are mainly the Company's deposit in bank.

(25) SUBSEQUENT EVENT

On June 28, 2012, the date the consolidated financial statements were issued, there are no incidence of subsequent events that would give material effects on the Company's consolidated financial position and results of operations.



Independent Auditors' Report

The Board of Directors
Mitsubishi Electric Corporation:

We have audited the accompanying consolidated balance sheets (expressed in yen) of Mitsubishi Electric Corporation and subsidiaries as of March 31, 2012 and 2011, and the related consolidated statements of income, equity and cash flows for each of the years in the three-year period ended March 31, 2012. These consolidated financial statements are the responsibility of the Company's management. 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 subsidiaries as of March 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2012, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 18 to the consolidated financial statements, it was revealed that the Company had been billing improperly overcharged project costs by transferring man-hours among different contracts which the Company entered into with the Japanese Ministry of Defense, Cabinet Satellite Intelligence Center, Japan Aerospace Exploration Agency, National Institute of Information and Communications Technology and Ministry of Internal Affairs and Communications. Although the Company has been cooperating with investigations conducted by each of aforesaid entities, the Company has not recorded any provision since the amount of liability cannot be reasonably estimated. It is also mentioned in Note 18 that for the future fiscal years, it may cause material effects on the Company's consolidated results of operation when it becomes possible to reasonably estimate the amount of such refunds and associated payments.

The accompanying consolidated financial statements have been translated into United States dollars solely for the convenience of the reader. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in yen have been translated into United States dollars on the basis set forth in Note 2 to the consolidated financial statements.

A handwritten signature in black ink that reads 'KPMG AZSA LLC'. The signature is written in a cursive, slightly slanted style.

Tokyo, Japan
June 28, 2012

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

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: 117,314

Annual Meeting

The annual meeting of shareholders of the Corporation is normally held in June each year. In addition, the Corporation may hold a special meeting of shareholders as necessary, giving at least two weeks advance notice to shareholders.

Stock Exchange Listings

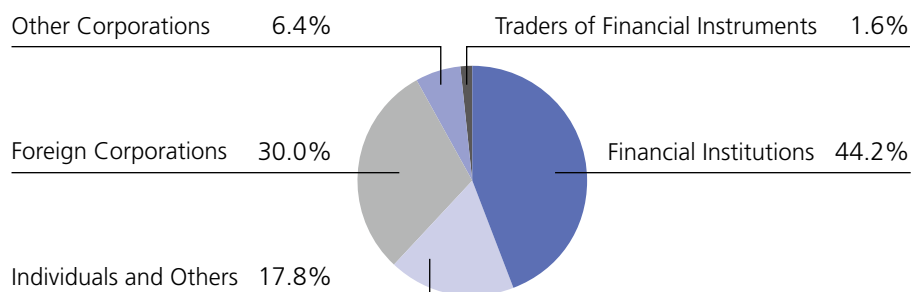
Japan: Tokyo

Europe: London

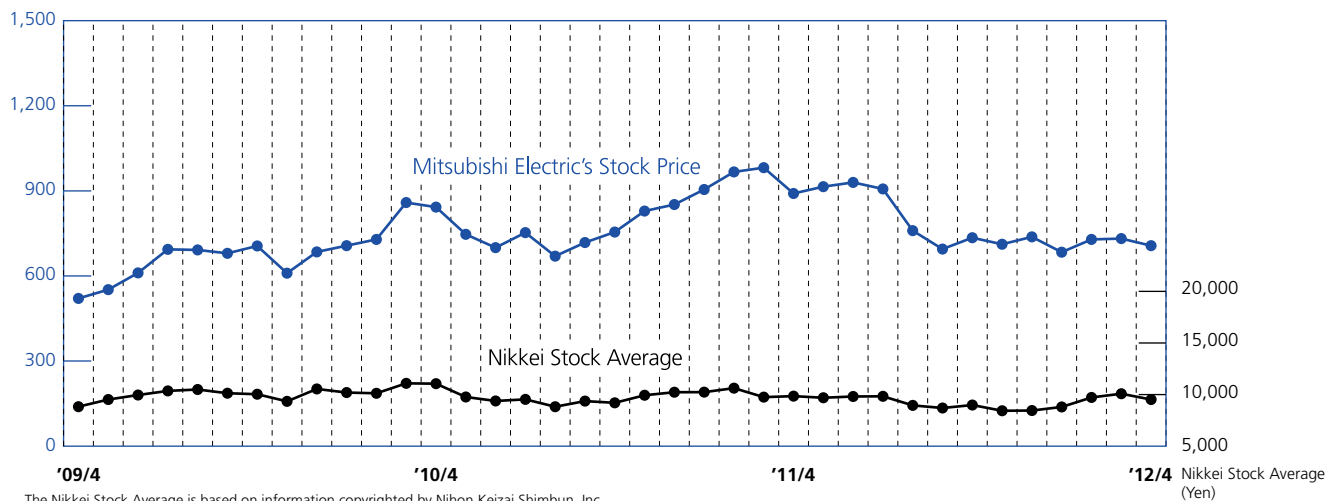
Major Shareholders

	Number of Shares (thousands)	Percentage of Total
The Master Trust Bank of Japan, Ltd. (Trust Account)	156,653	7.3%
Japan Trustee Services Bank, Ltd. (Trust Account)	129,439	6.0%
State Street Bank and Trust Company	102,025	4.8%
Meiji Yasuda Life Insurance Company	81,862	3.8%
Nippon Life Insurance Company	72,439	3.4%
Mitsubishi Electric Group Employees Shareholding Union	50,303	2.3%
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	48,905	2.3%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	36,849	1.7%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	35,428	1.7%
The Chase Manhattan Bank, NA. London SL Omnibus Account	33,899	1.6%

Distribution of Shareholders



Stock Price (Yen)



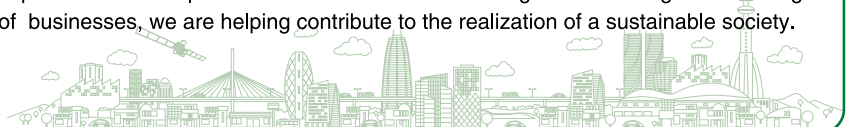
MITSUBISHI ELECTRIC CORPORATION

<http://www.MitsubishiElectric.com>



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

