



Throughout fiscal year 2007, ended March 31, 2007, the Mitsubishi Electric Group focused its balanced management initiatives for business reform on "Growth," "Profitability and Efficiency" and "Soundness." Under its strategy of "making strong businesses stronger," the Group actively implemented business-strengthening strategies and structural reforms in response to changing business conditions, with the goal of increasing and strengthening profitability in each business segment. At the same time, the Group continued to strengthen production and sales systems both in domestic and overseas markets by establishing and reinforcing operating bases.

In addition, Mitsubishi Electric carried out extensive companywide management improvement measures including our "Just in Time" initiative, where we were able to reduce inventory and increase productivity, as well as the continuation of our cost-reducing A-Sigma 21 Program. We also strengthened our competitive edge through appropriate allocation of human resources (HR) and by optimizing our HR structure.

As a result, the Mitsubishi Electric Group recorded increased sales for the third consecutive year and increased profits for the fifth consecutive year. Consolidated net sales totaled ¥3,855.7 billion, an increase of 7% compared with the previous fiscal year. Operating income soared by 48% to ¥233.0 billion, and net income rose by 29% to ¥123.1 billion. Operating income marked a record high for the first time in 17 years, and the operating income ratio reached 6.0%, which accomplished our stated management target. The Group will further reinforce its reform initiatives to consistently attain our respective management targets.

Not being swayed by changing business environments, the Mitsubishi Electric Group will continue to forge a path of steady growth by effectively refining our integrated "craftsmanship," which is the foundation of our activities as a manufacturer, and by reinforcing our various businesses. We will make every effort to further improve earnings results and increase corporate value. Your continued support would be greatly appreciated.

July 2007

President & CEO

Setsuhiro Shimomura

*Changes for the Better*