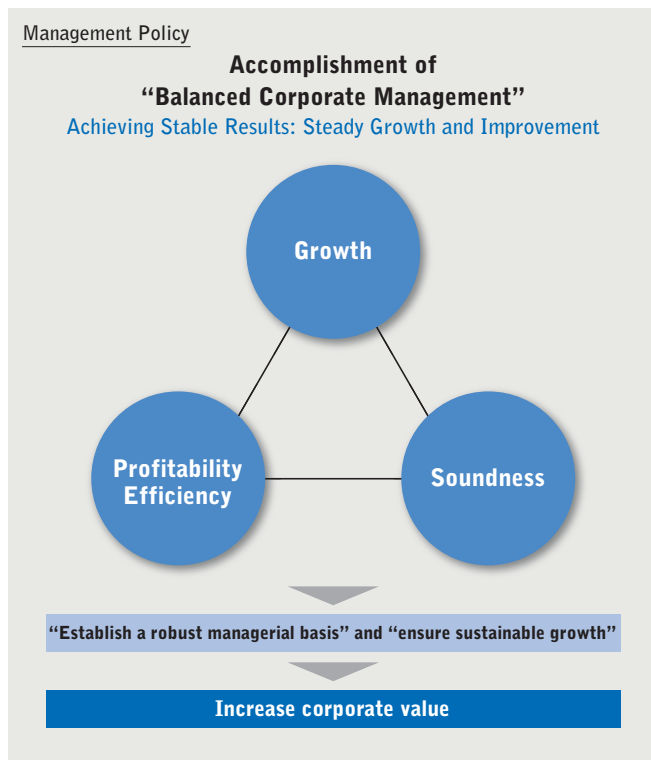


Based on the corporate statement, "Changes for the Better," the Mitsubishi Electric Group aspires to a brighter future through its commitment to bring innovations to society, industry and everyday life.

We aim to construct a solid management structure to attain sustainable growth by promoting balanced management initiatives that emphasize "Growth," "Profitability and Efficiency," and "Soundness." We will also continue to actively promote corporate social responsibility (CSR) initiatives based on our Corporate Mission and our Seven Guiding Principles. The Mitsubishi Electric Group is taking thorough measures, particularly in the area of compliance, to expand its training programs and strengthen its internal control systems.

In order to continue to meet the expectations of shareholders, we will enact reform measures to evolve into a conglomerate of highly competitive, electric-electronic businesses, optimizing synergies to further increase corporate value.



Three Management Targets to Be Consistently Maintained:

Operating income ratio: 5% or more
ROE: 10% or more
Interest-bearing debt to total assets: 20% or less ⇒ 15% or less

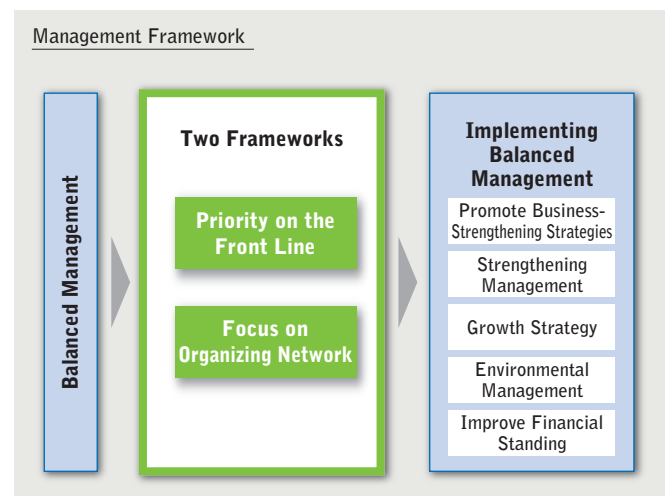
Improving Performance through Balanced Management

Under a policy of balanced management, the Mitsubishi Electric Group attained all of its management targets in the fiscal year ended March 31, 2007, including an operating income ratio of 6%, ROE (return on equity) of 12.3% and a ratio of interest-bearing debt to total assets of 18.6%. The Group achieved these targets through business-reinforcement measures, structural reforms and improvements in productivity and financial standing.

Moving forward, the Mitsubishi Electric Group has set more challenging targets to lower the ratio of interest-bearing debt to total assets to 15% or less. We are also pursuing efforts to achieve other management targets on a continuous basis.

Framework for Balanced Management

The Group implements balanced management through two initiatives: prioritizing front-line operations and focusing on organizing networks. Through prioritization of front-line operations, the Group works to bolster "craftsmanship" abilities in the areas of quality, costs, manufacturing technologies, new developments and intellectual properties, as well as promoting greater competitiveness in marketing and services. Through our focus on organizing networks, we are strengthening our production and sales links and improving synergies between business segments. We also continue to fortify corporate-wide support functions and promote global management through collaborations such as the ties between parent factories in Japan and overseas facilities, as well as the interface between regional strategies and business and product-line strategies. Integrating these two initiatives into our management framework promotes business-strengthening strategies, efficient management structures, solid growth strategies, substantial environmental management and improvement of our financial standing.



Promoting Business-Strengthening Strategies

The Mitsubishi Electric Group promotes business-strengthening strategies and ongoing structural reforms in step with an ever-changing business climate. Across business segments that include elevators and escalators, factory automation systems, automotive products and much more, we boost product competitiveness through such means as the development of differentiated technologies, thorough cost-reduction efforts and the development of eco-oriented products. In our goal to continue our global business expansion, we are strengthening our production and sales structures by establishing and reinforcing domestic and overseas operating bases. In the mobile handset business, for example, collaborative development efforts with other companies also obtain certain results, permitting more development efficiencies.

Strengthening Management

The Mitsubishi Electric Group consistently promotes companywide management improvement measures, taking active steps to further solidify its management structure.

With the objective of strengthening our integrated "craftsmanship" as a manufacturer, we continue to reinforce and broaden our "Just In Time" activities, improve productivity and quality through stronger communications between parent factories in Japan and overseas facilities, promote rapid commercialization of successful development efforts and improve material procurement by bolstering countermeasures against rising material costs. Moreover, we encourage collaboration between business divisions for more effective marketing and services, work to improve our financial standing through measures including inventory reduction, as well as effectively use our human resources organization to appropriately allocate our personnel to "make strong businesses stronger."

The Mitsubishi Electric Group will continuously and vigorously promote these initiatives and make every effort to strengthen quality, cost structures, production technologies, development capabilities, intellectual property activities, and marketing and services, with the goal of further boosting profitability.

Growth Strategies

The Mitsubishi Electric Group advances growth strategies that include the following: the VI Strategy, with the goal to make strong businesses stronger; the AD Strategy, designed to reinforce solutions centered on strong businesses; and the Global Strategy.

The Mitsubishi Electric Group has a variety of products and businesses that are able to both compete and grow in the global arena. To maintain and expand future growth, we will vigorously press ahead with these strategies and triumph over the competition on a worldwide scale.

<Growth Strategy: VI Strategy>

The core theme of the VI Strategy is to make strong businesses stronger.

Examples by segment of Mitsubishi Electric Group's core businesses include: power generation systems and elevators and escalators in the Energy and Electronic Systems segment; factory automation products and automotive electric and electronic components in the Industrial Automation Systems segment; satellites and optical communication systems in Information and Communication Systems; intelligent power modules in the Electronic Devices segment; and air conditioners and household equipment in the Home Appliances segment.

We will fortify growth strategies for individual businesses within the above-listed strong businesses as we augment support at the corporate level. By combining our diverse technologies and know-how, we will leverage technological synergies to further reinforce these businesses.

<Growth Strategy: AD Strategy>

The goal of our AD Strategy is to expand our business opportunities by providing our customers with satisfying solutions centered on our strong businesses.

We are making every effort to provide integrated, one-stop solutions that fulfill customer needs in environment/energy-saving, information and physical security, visual communications, intelligent transportation systems (ITS) and telematics, and location-based solution services. By combining all of our broad-ranging technologies and know-how, and focusing on our competitive products and services, we are developing solutions businesses through product synergies.

<Growth Strategy: Global Strategy>

Expanding and leveraging business opportunities in worldwide markets is one of the most important factors in the growth of the Mitsubishi Electric Group.

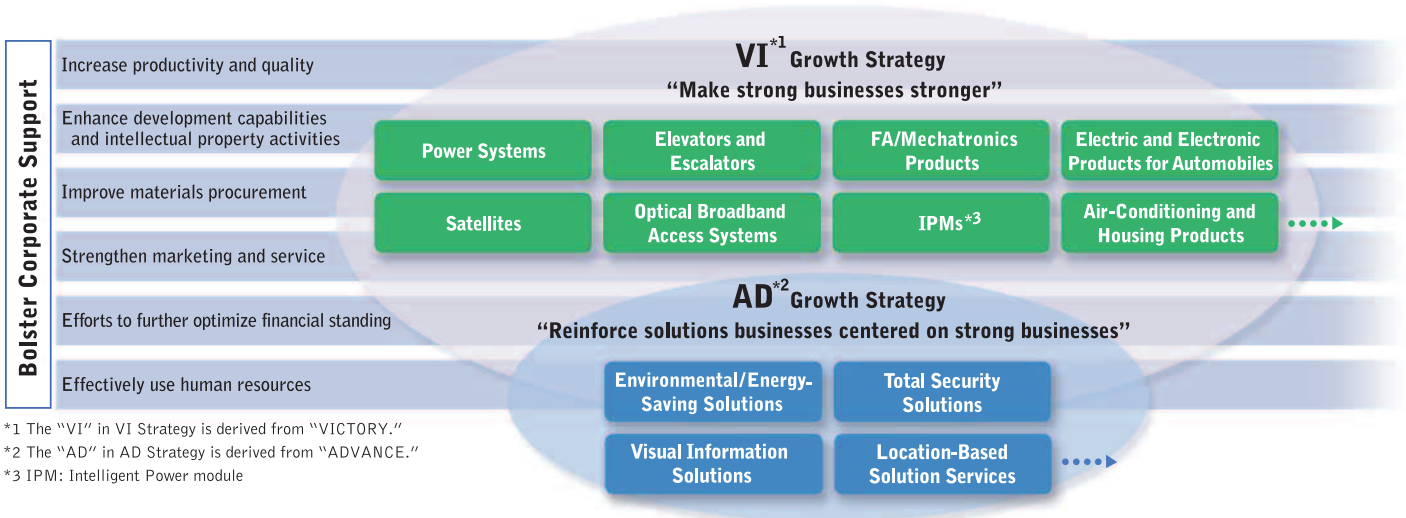
The Group is promoting global management with several measures: constructing an optimal business structure for the entire Group on a global basis, strengthening cooperation between parent factories in Japan and overseas facilities, and deepening the links between regional strategies and business and product-line strategies. Stronger links between global businesses in their manufacturing and sales structures include transportation systems (railway), elevators and escalators, factory automation equipment, automotive equipment and air-conditioning systems.

In addition, we are bolstering our global R&D, marketing and financial support infrastructure. We are also reinforcing our growth strategies in high-potential markets such as China, India, ASEAN nations, Central and Eastern Europe, Russia and other nations and areas.

Environmental Management

The Mitsubishi Electric Group engages in environmental management based on environmental plans that are formulated every three years. The Group currently operates under its Fifth Environmental Plan, which was launched in fiscal 2007. The Mitsubishi Electric Group is working to fulfill its corporate social responsibilities by improving environmental management systems and reinforcing

Growth Strategies: Promoting the VI Strategy and the AD Strategy



preventive measures. We are promoting energy-saving activities as well as reducing CO₂ emissions with a target of a 25% decrease by fiscal 2011, compared with fiscal 1991 levels. In addition, we are strengthening eco-supply-chain management, particularly with regard to the traceability of chemical substances in products. The Group is stepping up its eco-logistics activities for greater environmental awareness in logistics. Through these efforts, our goal is to improve environmental performance. Moreover, the Group is focused on expanding environmentally beneficial businesses through eco-products and hyper-eco-products such as eco-monitors and other high-efficiency, energy-saving equipment.

Improving Financial Standing

The Mitsubishi Electric Group continues to press ahead with efforts to construct a robust financial standing by reforming business structures and improving asset turnover.

We are implementing thorough structural reforms to increase competitiveness and improve profitability in all businesses. In order to raise overall profitability, we are also striving to boost competitiveness in the areas of quality, costs, production technologies, development capabilities, intellectual property, marketing and services. In addition, the Mitsubishi Electric Group is shrinking inventories, primarily through “Just In Time” activities, and expanding its global cash management system in order to improve asset turnover and the efficiency of funding operations. These initiatives are aimed at consistently generating high levels of cash flow.

By balanced use of cash flow, we will reduce interest-bearing debt, provide shareholders with dividend increases and make investments in growth fields.

In comparison with a peak interest-bearing debt of ¥1,769.4 billion as of March 31, 1998, interest-bearing debt as of March 31, 2007 was reduced to ¥641.1 billion. This represents an improvement in the ratio of interest-bearing debt to total assets from 40.6% down to 18.6%. We also increased annual dividends from ¥3 for the fiscal year ended March 31, 2003 to ¥10 for the fiscal year ended March 31, 2007.

Striving for Constant Improvement

Based on our balanced corporate management policies, the Mitsubishi Electric Group will steadily implement management strategies to foster unrivalled competitiveness in individual businesses. At the same time, we will continue our reform measures to become a conglomerate of highly competitive electric-electronic businesses incorporating synergies aiming to construct a robust management structure and to attain 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 the Mitsubishi Electric Group’s corporate statement, “Changes for the Better.” There is little value in that which does not change. The Mitsubishi Electric Group will continually seek to improve, pressing ahead with sincerity and a confidence that our efforts will lead to greater corporate value.