



Changes for the Better

Throughout the fiscal year ended March 31, 2008, the Mitsubishi Electric Group continued to emphasize Growth, Profitability and Efficiency, and Soundness, the three key viewpoints behind its policy of Balanced Corporate Management.

Maintaining our focus on making strong businesses stronger, we implemented various structural reform initiatives, including withdrawal from the mobile handset business and reallocation of resources to areas of strategic importance for greater profitability. We also established and reinforced operations in Japan and overseas to fortify our production and sales forces.

Various companywide initiatives have been put in place to strengthen our managerial quality. For instance, through “just in time” activities we reduced inventory while increasing productivity, and successfully streamlined costs under our C-Sigma 21 Program. Another example is the refinement of our human resource structure for optimal allocation of personnel to bolster our competitive advantages.

Thanks to these endeavors, the Mitsubishi Electric Group recorded a fourth consecutive year of higher revenue and a sixth consecutive year of increased profits. In the fiscal year under review, consolidated net sales totaled ¥4,049.8 billion, up 5% compared with the previous fiscal year. Operating income climbed 15% year on year to ¥267.2 billion while net income rose 28% to ¥158.0 billion. In addition to a second successive year of record high operating income, the Group’s operating

income ratio of 6.6% again exceeded the stated target of 5% or more. We will further endeavor to adhere to constant achievement of all established targets with reference to indicators such as ROE and interest-bearing debt to total assets ratio.

Looking ahead, we will further reinforce reform initiatives to consistently attain objectives to establish a stable position immune to an ever-changing business climate. The Mitsubishi Electric Group will build on its solid foundations, firmly rooted in the “craftsmanship” integral to its operations. Our path of steady growth is charted by business strategies that focus on the global environment and take us into newly emerging markets. I am confident these efforts will secure strong earnings results and increased corporate value. As we continue this challenging and good work, we ask for your continued understanding and support.

July 2008

President & CEO

Setsuhiro Shimomura