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MITSUBISHI ELECTRIC TO TERMINATE MOBILE HANDSET BUSINESS AND STRATEGICALLY SHIFT RESOURCES TO STRONG BUSINESSES

Tokyo, March 3, 2008 – Mitsubishi Electric Corporation (President and CEO: Setsuhiro Shimomura) announced today that the company has decided to no longer continue its mobile handset business in Japan in order to strategically shift resources to the communication-related business and other businesses the company plans to strengthen. This decision has been made with a view to further accelerate the company's growth strategy under the management policy of "making strong businesses stronger."

1. Mitsubishi Electric to Terminate Mobile Handset Business

Mitsubishi Electric started supplying car phones in 1983 to Nippon Telegraph and Telephone Public Corp. and since then, the company has been involved in the mobile handset business in Japan, with the recent products supplied to NTT DoCoMo, Inc. (hereafter "NTT DoCoMo.") It has become difficult these days, however, to expect growth in demands for the already matured domestic mobile phone market, with the increasingly diverse preferences of consumers leading to severe business conditions. Consequently, Mitsubishi Electric's mobile handset business has recently suffered shipment decreases and it has become extremely difficult to expect improvement in this field.

Under these circumstances, Mitsubishi Electric has considered the course of action involving the mobile handset business from every aspect and decided to no longer continue the business. The company will strategically shift its resources to other businesses the company plans to strengthen, thus continuously boosting the company's business performance and further increasing its corporate value.

Mitsubishi Electric will therefore stop launches of newly developed models after the current models supplied to and sold by NTT DoCoMo.

Even after the business restructure, however, we will continue after-sales-service as well as the recall of D06 lithium batteries (announced in Japan on Dec. 7, 2006).

Meanwhile, Diamondtelecom, Inc., which is a mobile phone sales dealer and a subsidiary of Mitsubishi Electric, will continue and work to further expand its business.

Mitsubishi Electric will also work to maintain and further strengthen the partnership with NTT DoCoMo through the communication related business we aim to expand.

Summary of Mitsubishi Electric's Mobile Handset Business

- 1) Shipment forecast of approximately 2.1 million handsets in fiscal 2008 (April 1, 2007-March 31, 2008).
- 2) Sales forecast of approximately 100 billion yen in fiscal 2008.
- 3) Approximately 600 employees, including R&D, manufacturing and sales divisions. These employees are basically to be repositioned mainly in Mitsubishi Electric's strategic businesses.

2. Mitsubishi Electric to Strategically Shift Resources to Strong Businesses

Mitsubishi Electric will strategically shift resources of the mobile handset business to fields that can make best use of its technologies and know-hows, and is also expected to show further development and expansion. For example, the company plans to strengthen its businesses in the following fields: the communication infrastructure business which involves next generation network (NGN) related equipments and base transceiver stations for mobile phones, as well as closed circuit televisions (CCTVs) and other total security businesses, car multi-media business, factory automation system business, train information management systems business and others.

With the shift of resources, Mitsubishi Electric will strengthen mainly the Communication Systems Group and other business Groups that involve the communication-related business, which is expected to show continuous development in technologies. The company will also utilize the assets accumulated through the mobile handset business for our strong businesses, thus further accelerating the company's growth strategy.

3. Forecast for Fiscal 2008 (April 1, 2007-March 31, 2008)

The company's decision will cause a temporary loss of approximately 17 billion yen in income before income taxes for fiscal 2008. Although the forecast for fiscal 2008 may be assessed after the undergoing review of each business, Mitsubishi Electric expects to absorb the temporary loss with improvements in various fields.

About Mitsubishi Electric

With over 80 years of experience in providing reliable, high-quality products to both corporate clients and general consumers all over the world, Mitsubishi Electric Corporation (TSE:6503) is a recognized world leader in the manufacture, marketing and sales of electrical and electronic equipment used in information processing and communications, space development and satellite communications, consumer electronics, industrial technology, energy, transportation and building equipment. The company recorded consolidated group sales of 3,855.7 billion yen (US\$ 32.7billion*) in the fiscal year ended March 31, 2007. For more information visit <http://global.mitsubishielectric.com>

*At an exchange rate of 118 yen to the US dollar, the rate given by the Tokyo Foreign Exchange Market on March 31, 2007

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