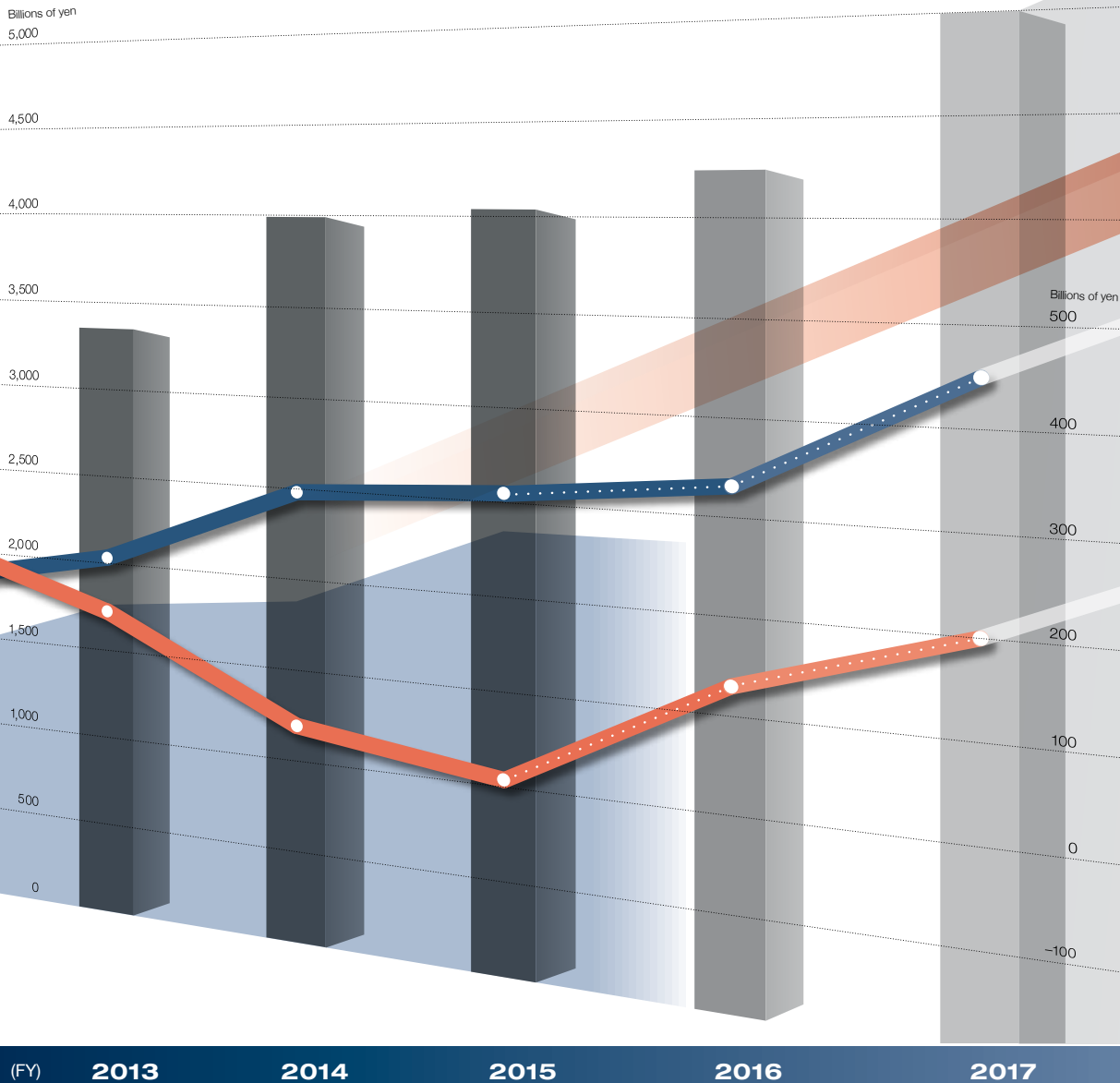
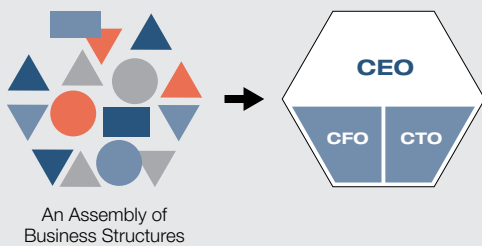


PREPARING FOR TAKEOFF



Increasing the Sophistication of Optimized Companywide Management



Introducing a strategic business evaluation system and business domain structure has made it possible to build a framework for allocating management resources from a companywide perspective, instead of a system whereby business viability and risk assessments were handled by facility-level organizations. From fiscal 2016, we have decided to move to a system that will enable us to take on appropriate risks in the interest of growth. This framework will bring strategic, financial, and technological facets under the respective management umbrellas of the CEO, CFO, and CTO, enabling us to manage risks and pursue growth strategies from a companywide viewpoint. We will limit executive directors to these three chief officers, thereby pushing ahead with our separation of the supervisory and executorial functions.

For specific strategies and measures, see the President's Message on page 8, the CFO's Message on page 16, the CTO's Message on page 20, and Corporate Governance on page 46.

Although some risks have materialized and the business environment is deteriorating, our orders have accumulated steadily in recent years. Due to this factor and the nature of our business, we expect to generally meet the performance targets we set out to achieve during the term of our 2015 Medium-Term Business Plan. Against this backdrop, we are now concentrating on building the foundations to support our next phase of full-fledged growth.

To ensure that we do not miss out on major growth opportunities when the global economy rebounds, we believe our chief point of focus needs to be on honing our engineering skills, which are the core of our competitiveness. Another target will be to reinforce risk management. We will augment our ability to verify risks at the management level, as well as our ability to resist these risks and resolve them once they have materialized.



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Strengthening Risk Management

We have established a Business Risk Management Division that reports directly to the CEO. We must undertake certain business risks in order to grow, and this division engages in efforts to prevent them from materializing. At the same time, the division is reinforcing our ability to resolve risks in the MRJ business and other future growth fields, as well as risks that have already materialized, such as in the cruise ships business. Meanwhile, our CFO is taking the lead to further strengthen our financial foundation, and our CTO is working to enhance our technological responsiveness on large-scale projects.

Cultivating the Driving Force for Growth

The EPC* capabilities we have cultivated through petrochemical plant projects and in the transportation systems business are key to differentiating ourselves from European and U.S. competitors. Our CEO is spearheading our global development, our CFO is masterminding the allocation of capital into growth fields, and our CTO is leading technological innovation through our shared technology framework.

* Engineering, procurement, and construction