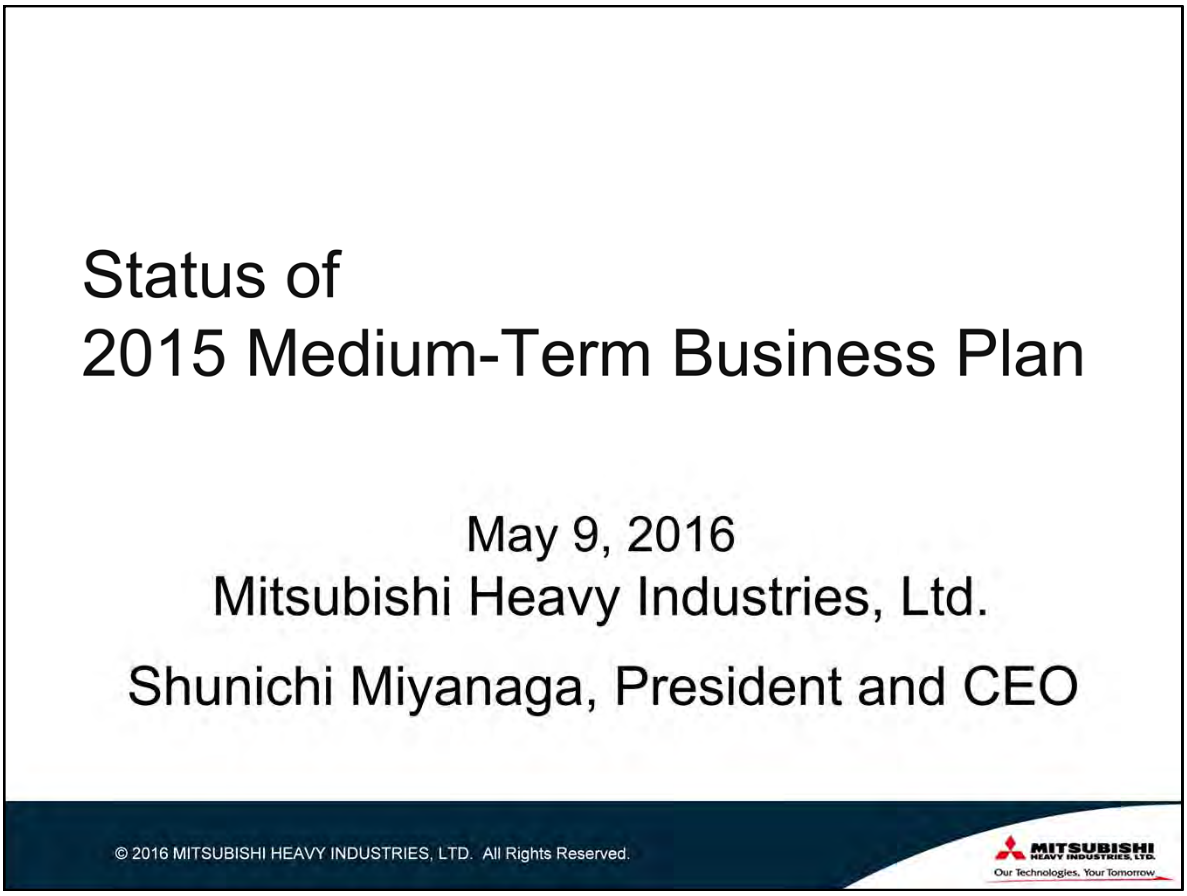


As President and CEO of MHI, I am pleased to explain the status of our 2015 Medium-Term Business Plan as of the end of fiscal 2015.

I will focus on changes since results were announced at the end of the third quarter.

Table of Contents

First, I will present an overview of the first year of our 2015 Business Plan. This will be followed by an explanation of our revised targets for the 2016 fiscal year.

Next, I will discuss what progress has been made in implementing our original and additional measures, and then the status of specific measures.

Starting at page 41, we offer reference data covering our total asset turnover ratio, etc.

Overview of 1st Year of 2015 Business Plan (1) : Management Targets

- Business scale generally in line with the previous outlook.
  (Orders received were partially delayed.)
- Earning capacity (operating income) strengthened close to target.
- Net income finished below the previous projection due to expansion in losses in the cruise ship business.

	FY2014 Actual	FY2015 Actual (in billion yen) Target	Previous*		Actual
Orders received	4,699.1	4,700.0	4,700.0	Generally on target Energy & Environment / Commercial Aviation & Transportation Systems :approx. 200.0 billion yen postponed to next FY onwards.	4,485.5
Net sales	3,992.1	4,200.0	4,100.0	Generally on target	4,046.8
Operating income (Margin)	296.1 (7.4%)	320.0 (7.6%)	300.0 (7.3%)	Upturn from previous projection due to energy-related efforts	309.5 (7.6%)
Net income	110.4	130.0	90.0	Net income (Changes since previous forecast) Despite upturn in operating income, result down from previous outlook due to expanded losses in cruise ship business, etc.	63.8
FCF	38.6	100.0	-50.0	[Extraordinary gain/loss] Loss from cruise ship business -50.0 Structural reforms, etc. -10.0 -60.0 Upturn in operating income +10.0 Downturn in non-operating income - 7.0 Total + 3.0	7.5
ROE	6.5%	7.1%	5%	Gap before income taxes -57.0	3.7%

* Upon release of FY2015 3Q results (February 2016) FCF: Free cash flow ROE: Return on equity

To begin, I will give an overview of fiscal 2015, the first year of our 2015 Medium-Term Business Plan. Orders received finished 200 billion yen below our forecast released at the time we announced our 3rd-quarter results. This owed largely to delayed receipt of some large-scale orders into the current term. Net sales, however, were generally on target.

In the Energy & Environment domain, approximately 100 billion yen worth of orders was postponed to fiscal 2016, and several tens of billions of yen in orders were delayed in the Commercial Aviation & Transportation Systems domain. We expect these orders to be booked by this summer.

Operating income exceeded our forecast announced at the end of the 3rd quarter, thanks to efforts to improve our energy-related business operations.

Net income, on the other hand, undershot our previous forecast. This resulted from expanded losses in our cruise ship construction business.

Overview of 1st Year of 2015 Business Plan (2) : Net Sales and Operating Income by Business Domain

4

* Upon release of FY2015 3Q results (February 2016)

(in billion yen)

	FY2014		FY2015						
	Net sales	Operating income	Previous forecast* (A) Net Sales	Previous forecast* (A) Operating Income	Actual (B) Net Sales	Actual (B) Operating Income	B-A Net Sales	B-A Operating Income	Changes since previous forecast
Energy & Environment	1,599.5	162.6	1,600.0	140.0	1,542.7	154.6	-57.3	14.6	Net sales: Partially delayed booking Operating income: Improvement in energy-related profitability
Commercial Aviation & Transportation Systems	529.5	23.4	550.0	55.0	548.5	54.5	-1.5	-0.5	Generally in line with previous forecast
Integrated Defense & Space Systems	483.9	28.5	450.0	27.0	485.0	25.7	35.0	-1.3	Generally in line with previous forecast
Machinery, Equipment & Infrastructure	1,347.4	87.7	1,400.0	85.0	1,432.3	80.0	32.3	-5.0	Operating Income: Decreased due to post merger integration cost of Primetals, etc.
Others	154.9	10.3	200.0	15.0	177.3	12.6	-22.7	-2.4	
Eliminations or Corporate	-123.3	-16.6	-100.0	-22.0	-139.2	-18.1	-39.2	3.9	
Total	3,992.1	296.1	4,100.0	300.0	4,046.8	309.5	-53.2	9.5	

MITSUBISHI HEAVY INDUSTRIES, LTD.
Our Technologies, Your Tomorrow

Next, I will explain our fiscal 2015 net sales and operating income results, by business domain.

Results in the Commercial Aviation & Transportation Systems and the Integrated Defense & Space Systems domains were generally in line with their respective forecasts issued at the end of the 3rd quarter.

Results in the Energy & Environment domain finished above the 3rd-quarter forecast. Booking of some sales was delayed until fiscal 2016, but this was offset by improvements in profitability in energy-related business.

In the Machinery, Equipment & Infrastructure domain, operating income decreased under the impact of a sharp fall in steel demand, coupled with increased costs incurred for Primetals Technologies. As the latter resulted from up-front booking of costs to drive Primetals' business integration forward, we believe the year's decrease in operating income was unavoidable.

Review of FY2016 Targets

5

Orders received: Modest reduction due to global economic uncertainty, etc.; efforts to boost orders
Net sales: Decrease expected under impact of FY2015 decline in orders and delays in booking
Operating income: Decreased operating income from decreased sales already factored in; efforts to focus on improvements

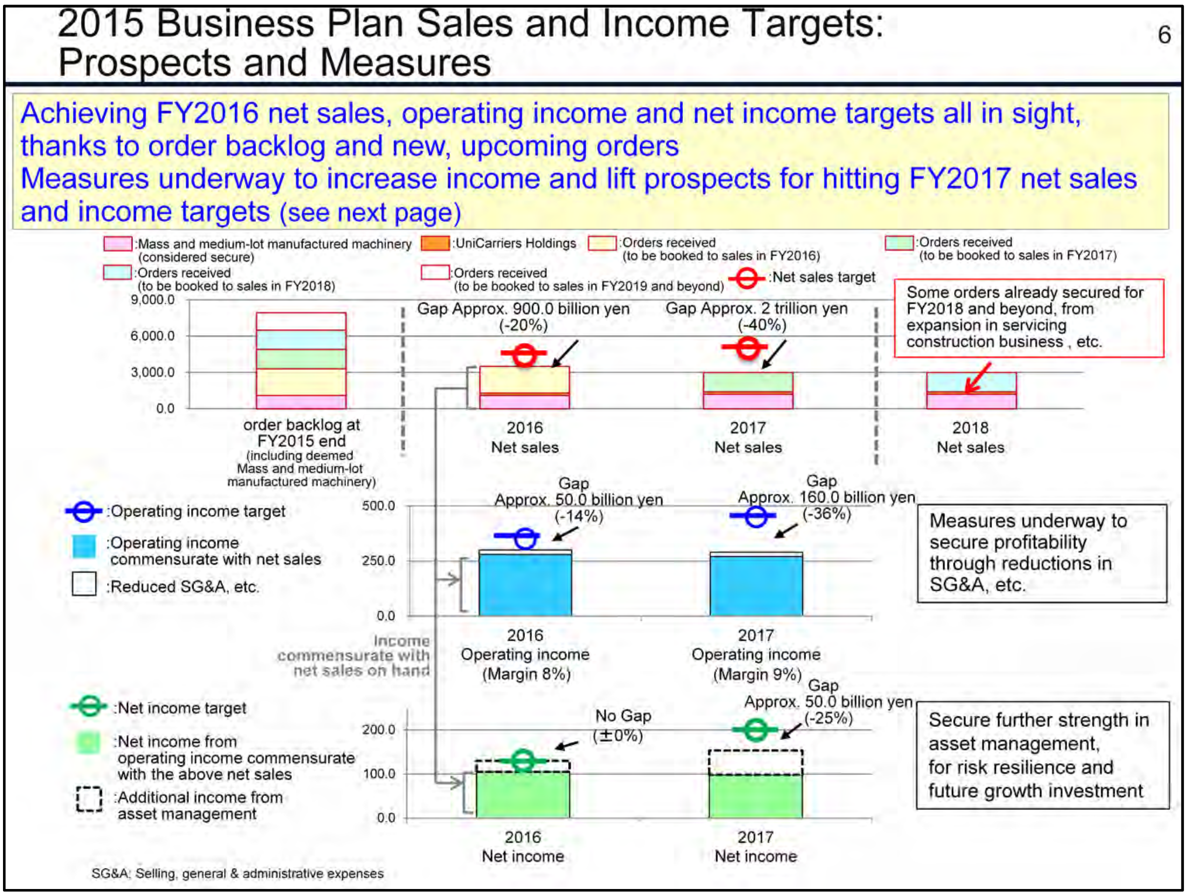
(in billion yen)	FY2014 Actual	FY2015 Actual	FY2016 Previous targets	FY2016 Current targets	FY2017 targets
Orders received (Overseas ratio)	4,699.1 (54%)	4,485.5 (52%)	5,100.0 (63%)	5,000.0 (63%)	5,500.0 (64%)
Net sales	3,992.1	4,046.8	4,600.0	4,400.0	5,000.0
Operating income (Ordinary income)	296.1 (274.7)	309.5 (272.5)	380.0 (360.0)	350.0 (330.0)	450.0 (430.0)
Net income	110.4	63.8	160.0	130.0	200.0
ROE	6.5%	3.7%	8%	7.5%	10.2%
FCF	38.6	7.5	100.0	130.0	200.0
Debt/Equity ratio	0.46	0.53	0.4	0.5	0.4
Equity ratio	32.3%	30.6%	34%	34%	35%
Interest-bearing debt	975.5	1,052.1	900.0	950.0	900.0
Dividend per share	11 yen	12 yen	Dividend payout ratio 30%±5%		
Foreign exchange rates	109.4 yen/$ 138.0 yen/€	119.7 yen/$ 132.6 yen/€	110 yen/$ 130 yen/€	110 yen/$ 125 yen/€	110 yen/$ 130 yen/€

* Upon release of FY2015 3Q results (February 2016) ROE: Return on equity FCF: Free cash flow

Next, I will explain our revised targets set for fiscal 2016.

We now project that orders received will reach 5 trillion yen, which includes the near 200 billion yen from orders originally expected in fiscal 2015. We anticipate increases in both sales and income. We project net sales will reach 4.4 trillion yen as progress is made on our order backlog. We now look for operating income of 350 billion yen, an operating margin of 8%, net income of 130 billion yen, and a net margin of 3%.

The targets for orders received, net sales and operating income all represent the highest levels in the Company’s history, and we are working hard to achieve them. We are also targeting a return on equity of 7.5%, free cash flow of 130 billion yen, and a per-share dividend of 12 yen.

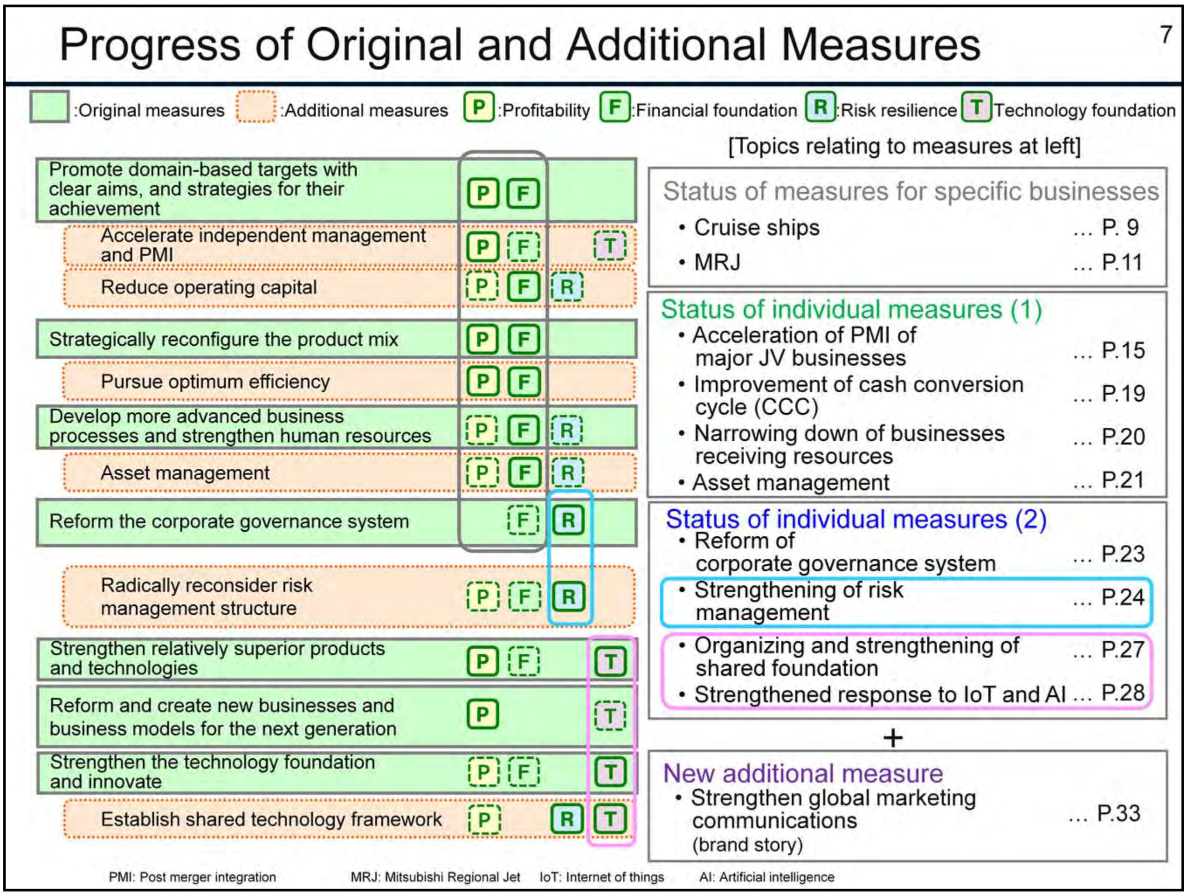


Now I would like to discuss the prospects for reaching the net sales and income targets laid out in our 2015 Medium-Term Business Plan, and the measures we are undertaking to achieve those targets. I will begin with the consolidated net sales structure of the MHI Group as a whole.

Our order backlog at the end of fiscal 2015 was approximately 7 trillion yen, part of which will be booked to sales in fiscal 2016 and 2017. When sales attributable to UniCarriers Holdings are added in, this leaves a gap of approximately 900 billion yen, or roughly 20%, with our fiscal 2016 net sales target of 4.4 trillion yen. However, when orders received in fiscal 2016 are factored in, we believe our target should be achievable.

In the case of operating income also, the income anticipated when the order backlog is booked to sales will leave a gap of only about 50 billion yen, or near 14%, with our target of 350 billion yen.

With net income as well, the target figure is coming into sight, thanks to additional income from asset management. We will continue to make every effort to achieve further improvements in operating and net income – through cost reductions, expansion in the servicing construction business, and so on – to lift the prospects for reaching our fiscal 2017 net sales and income targets.



Next, I would like to discuss the progress being made in carrying out our original and additional measures.

Here we see what the various original measures underway since the start of the 2015 Medium-Term Business Plan, and later added measures, are targeting: profitability, financial foundation, risk resilience or technology foundation.

The items outlined with solid lines have direct impact; those with dotted lines have indirect impact.

I will discuss these various measures in the pages that follow.

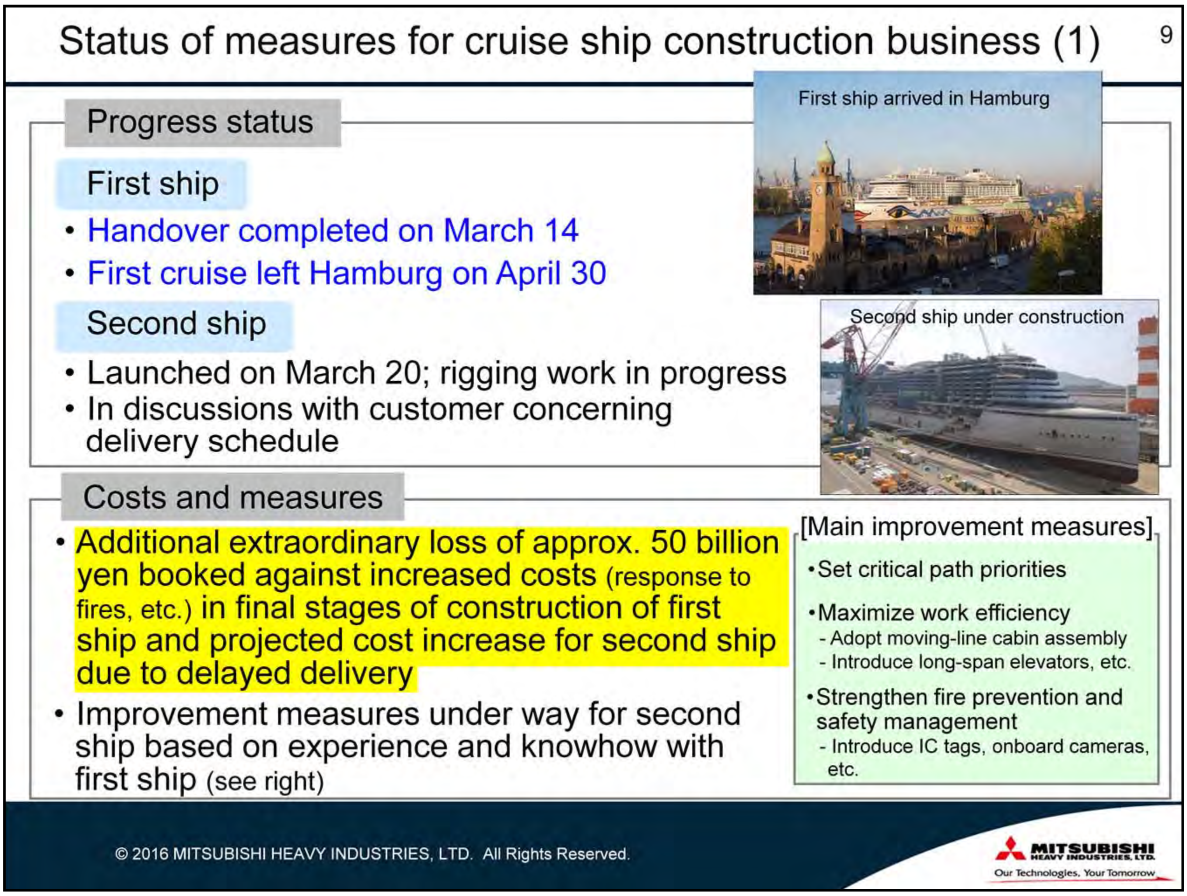
Status of Measures for Specific Businesses

- Cruise ships:
  Finally approaching a resolution
- MRJ:
  Full-scale test flights; Preparing for mass production

To begin, I will explain the status of measures relating to specific businesses.

The situation surrounding our cruise ship construction business was a cause of major concern; but now the situation is nearly settled.

The MRJ project is entering a phase of full-scale test flights and preparation for mass production.



First, I will discuss the status of measures taken for the cruise ship construction business.

Handover of the first ship was completed on March 14th, after which residual work was completed, and the ship arrived in its home port of Hamburg. On April 29th we hosted a customer-oriented event called “MHI DAY ON BOARD AIDA prima” and the following day the ship left the port on its maiden cruise. The guests invited to the event spoke very highly of the new ship.

The second ship was successfully launched on March 20th. Rigging work is now underway, which must be carried out smoothly. Although the possibility of a delay in delivery cannot be ruled out, we are aiming for a smooth delivery and are now in discussions with the customer regarding the delivery schedule.
The experience we gained in constructing the first ship, as well as improvements made learning from earlier challenges, are being applied in constructing the second ship. Factoring in the additional costs incurred in the final stage of the first ship’s construction, and additional costs provided for the second ship, delivery of which is expected to be delayed, in fiscal 2015 we booked an additional extraordinary loss of some 50 billion yen.

Status of measures for cruise ship construction business (2)

Cruise Ship Business Evaluation Committee

- Purpose: Evaluate cruise ship business issues from multiple perspectives, and utilize findings for future MHI Group management and individual businesses
  - → In addition to issues already identified (management weakness, weakness of cruise ship business foundation, etc.), also leverage acquired knowhow and identify business opportunities for complex engineering, etc.
  - → Determine areas needing improvement identified by young engineers and on-site workers to nurture human resources and improve production technology in the future

Making reference to these evaluation results and the status of current reforms:

1. Decide on overall commercial ship business strategies, including continuation or withdrawal of cruise ship business
2. Implement more advanced risk management

to optimize overall MHI Group management

Cruise Ship Business Evaluation Committee

[Committee leader]

Executive Vice President Kazuaki Kimura
(President/CEO of Machinery, Equipment and Infrastructure domain)

Secretariat: Corporate Planning Department

Inaugurated on April 22, 2016

Review and discussions now underway

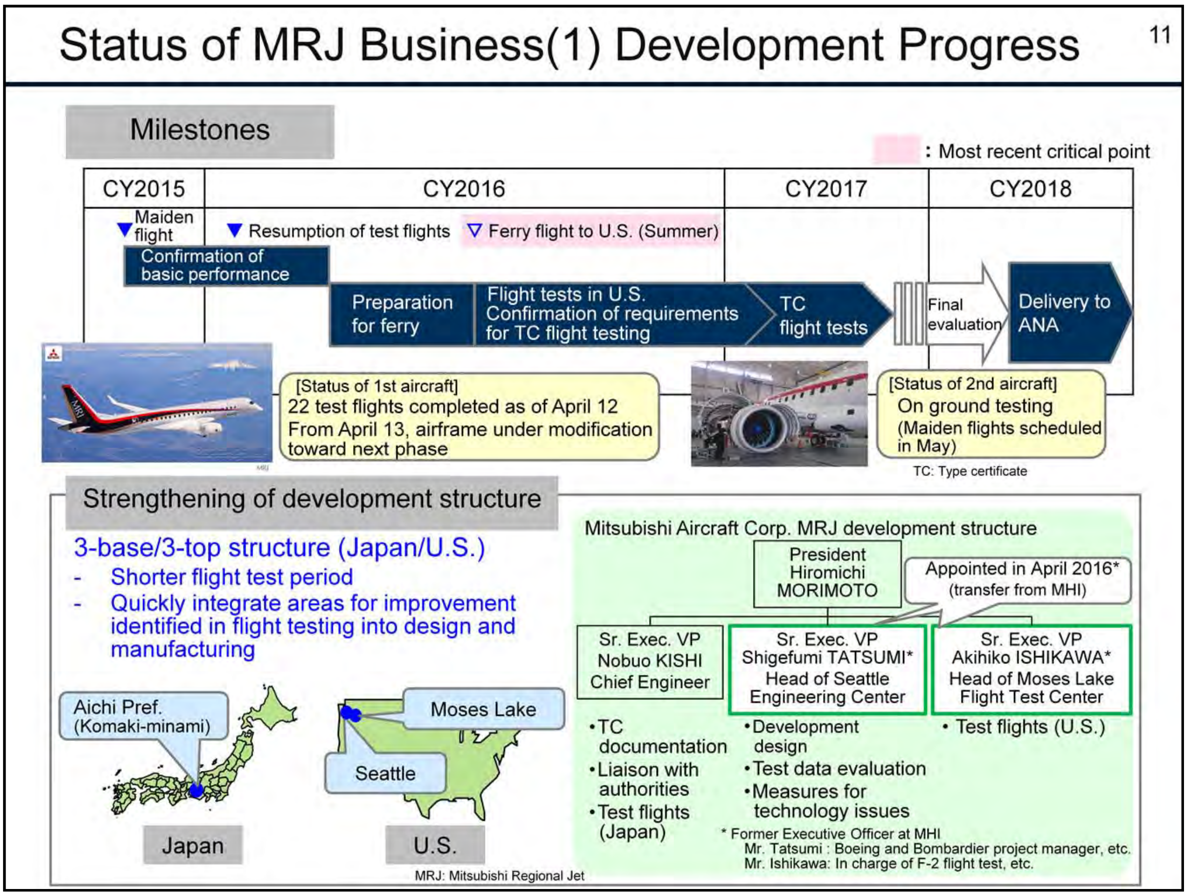
- Project Manager
- Marketing and other managers
- Young design engineers
- On-site supervisors and workers
- Experts in other domains
- Experts in other divisions (Business Risk Management Division, Research & Innovation Center, etc.)

On April 22nd we established a Cruise Ship Business Evaluation Committee tasked with evaluating issues in our cruise ship business from multiple perspectives and applying their findings, to MHI Group's future management and business activities.

In addition to addressing issues already identified – for example, weak management and the weakness of our cruise ship business foundation – the Committee will leverage acquired knowhow and identify business opportunities for complex engineering. Furthermore, it will collate areas needing improvement as identified by young engineers and on-site workers, and then take the necessary steps to develop future human resources and improve production technology.

To evaluate the cruise ship business from multiple perspectives, Executive Vice President Kazuaki KIMURA, President & CEO of the Machinery, Equipment & Infrastructure domain, and who has vast experience in engineering and in rehabilitating various businesses, has been appointed to serve as Committee Chair. The Secretariat includes specialists from the Corporate Planning Department, and Committee members include experts from the Business Risk Management Division, Research & Innovation Center, and others.

Once the results of the Evaluation Committee have been considered within the context of progress being made in reforming the commercial ship business, we will decide on an overall direction for the commercial ship business. This direction will decide whether to continue or withdraw from the cruise ship construction business, and will include a more advanced risk management framework, with the ultimate aim of optimizing overall MHI Group management.

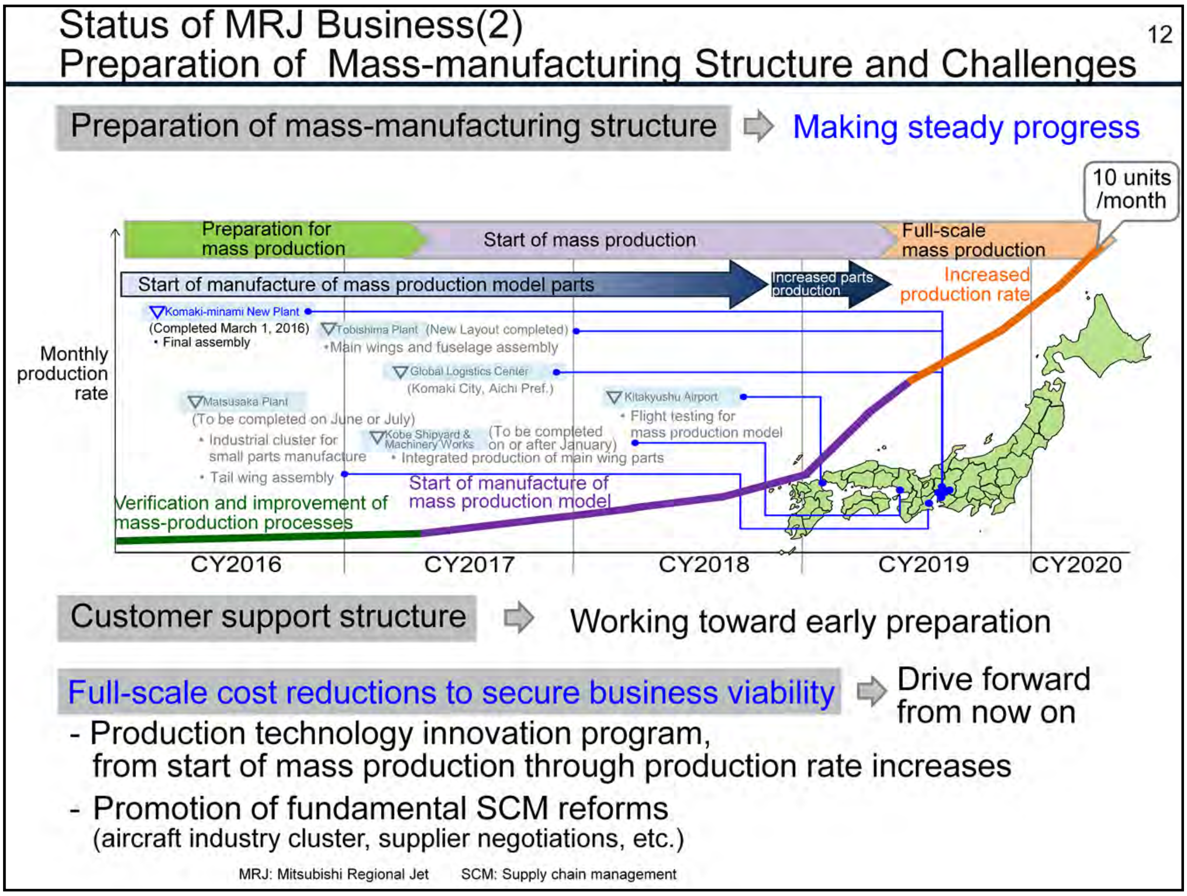


Next, I would like to discuss the status of our MRJ development project.

The first aircraft has already completed 22 test flights, and the airframe is now being modified in preparation for the next phase. The second aircraft underwent its maiden flight, on schedule, in early May.

Starting this summer, the aircraft will be ferry-flown to the United States for flight testing. By implementing high-frequency test flights, we hope to attain type certification as soon as possible.

Meanwhile, to strengthen the MRJ's development structure, we have established two bases in the United States – in Seattle and Moses Lake – to undertake test flights, development design, data analysis, etc. We have dispatched two highly experienced Company executives to take charge of the two bases.



Next, I would like to discuss the structural preparations underway for the MRJ's mass manufacture, and challenges we face.

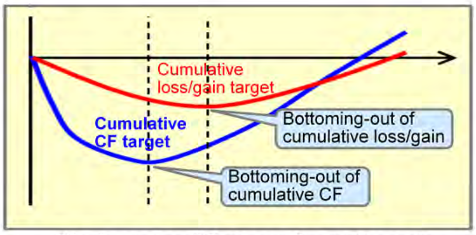
Steady progress is being made in preparing a mass-manufacturing structure for the MRJ, and the Komaki-minami New Plant and other facilities are now nearing completion. We are also now preparing a customer support structure, and are receiving advice from various quarters.

Going forward, we will pursue enhanced business viability through full-scale cost reductions, moving ahead with verification and improvement of mass-production processes.

Status of MRJ Business(3)
Financial Issues and Long-term Investment Policy

Financial plan

- Cumulative cash flow assumed to bottom out in FY2018
- Cited expenditures to be appropriated from Groupwide FCF (now in progress, without relying on outside sources)



(No change from 3Q presentation in February)

[Reference] Long-term investment policy

- To sustain perpetual Group growth, appropriate near 20% of total investment capital into new businesses to grow over the long term (currently, more than 600 billion yen)
- Investment into the MRJ falls in line with the above policy, and future returns from this business will be appropriated for reinvestment into derivative aircraft, etc. or to strengthen equity capital.
- Already nearly 10 years since start of MRJ's development, and new businesses to follow the MRJ business will be considered in the next Medium-Term Business Plan.

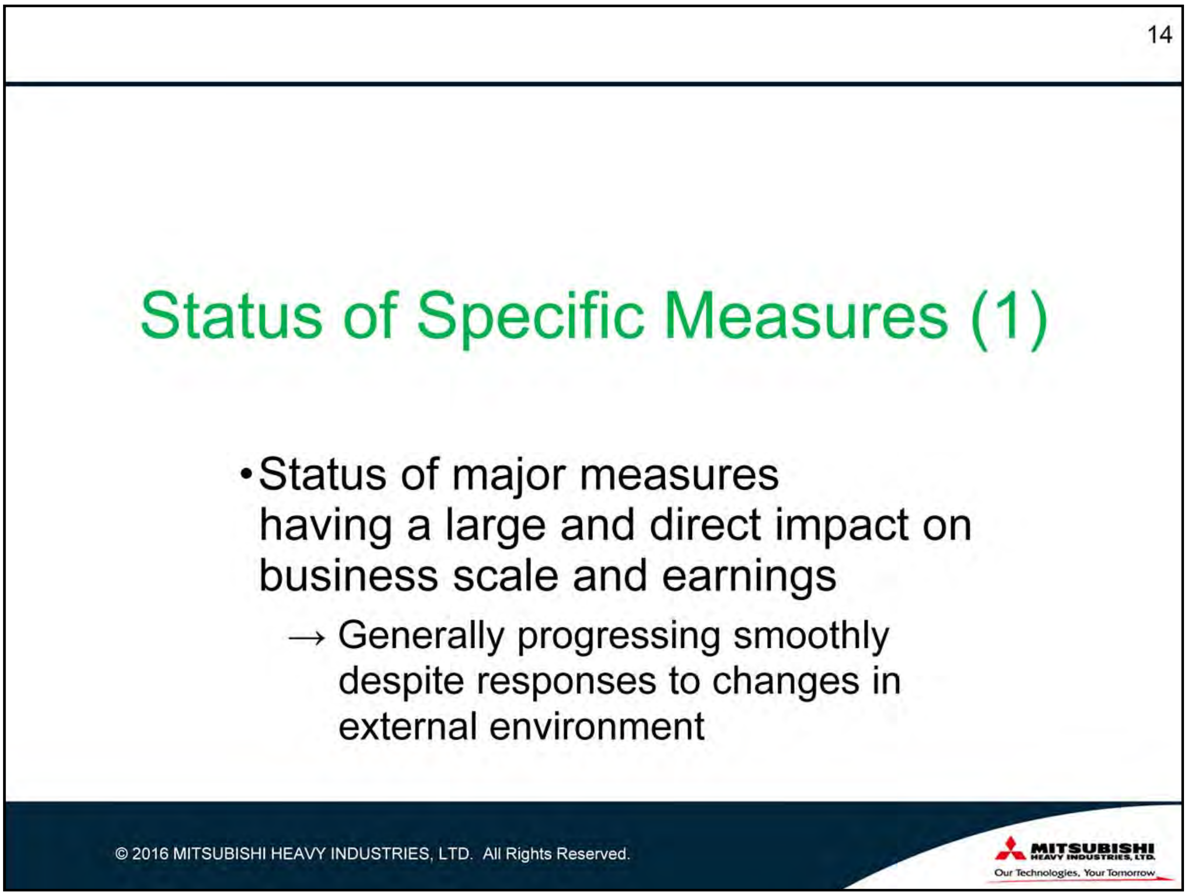
FCF: Free cash flow CF: Cash flow

Next, let's look at the MRJ business's financial status and our long-term investment policy.

We are assuming that our cumulative cash flow will bottom out around fiscal 2018, and we believe we will be able to fully cover all expenses up to that time using our Group cash flow.

Insofar as our long-term investment policy is concerned, in order to sustain ongoing Group growth, we intend to appropriate roughly 20% of our total investment capital into new businesses that can be expected to grow over the long term. Investment into the MRJ business falls in line with this policy, and we plan to appropriate future returns from this business toward reinvestment into derivative aircraft or into strengthening our equity capital.

The MRJ business program has already been underway for close to 10 years since the start of development, and going forward we will examine what subsequent new businesses we should launch in the future.



Now I will discuss the current status of specific measures underway.

First, I will focus on the status of major measures that have a direct and significant impact on our business scale and earnings. Although today we are called on to respond to changes in our external environment, we are conducting these measures smoothly overall.

Progress Status of Specific Measures (1) Acceleration of PMI at Major JV Businesses (1/3)

Mitsubishi Hitachi Power Systems

- Measures focused on PMI (1-5 below), targeting attainment of scale and earnings on par with overseas competitors, are being accelerated.
- Groupwide, we are developing large-scale projects, including composite cross-domain projects overseas.

PMI: Post merger integration

(1) Accelerate reorganization of business structures and bases, including Group companies

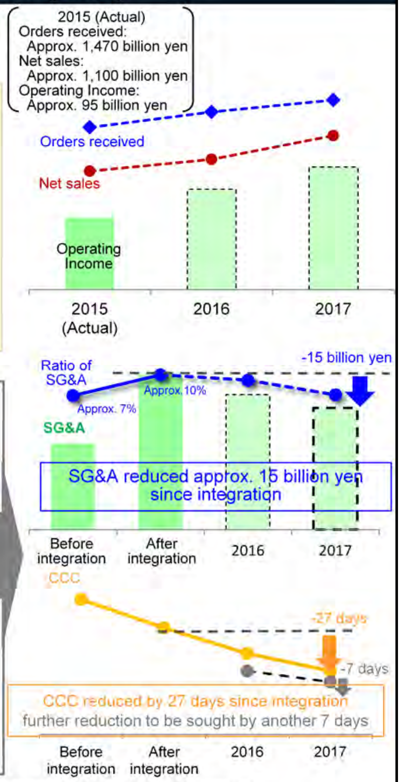
Approx. 23,000 employees (at time of integration) → Approx. 20,000 employees (outlook)

(2) Strengthen technology and new product development capabilities through integration synergies

(3) Reform overall value chain through use of IoT/AI

(4) Shift human resources to servicing and other high added value businesses

(5) Pursue all-out improvement in CCC through supply chain reform, enhancement of factory operating ratios, reduction of inventory assets, etc.



IoT: Internet of things AI: Artificial intelligence CCC: Cash conversion cycle SG&A: Selling, general & administrative expenses

The first specific measure is acceleration of post-merger integration at our major joint-venture businesses.

Here we discuss the situation at Mitsubishi Hitachi Power Systems (MHPS).
In fiscal 2015 MHPS recorded orders received near 1.47 trillion yen, net sales of about 1.1 trillion yen, and operating income of roughly 95 billion yen. Although these results were not completely satisfying, we hope to further increase orders received and lift sales to around 1.5 trillion yen.

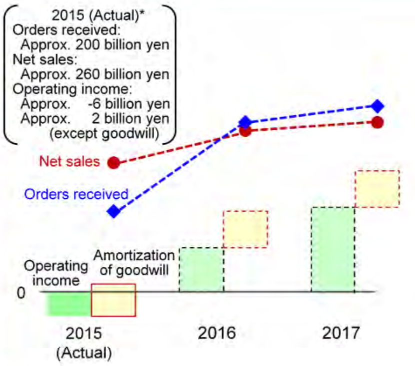
By boosting our competitiveness through greater efficiency in business processes, and striving to develop large-scale projects overseas that span multiple domains, we aim to achieve business scale and earning capacity on the same levels as our overseas competitors.

Progress Status of Specific Measures (1) Acceleration of PMI at Major JV Businesses (2/3)

Primetals Technologies (Metals Machinery SBU)

- Currently responding to rapid drop in facilities demand owing to global steel supply-and-demand gap
  → To secure earnings, now expanding servicing business, reducing costs and accelerating PMI (see 1-3 below)
  → Pursuing survivor benefits after demand recovery (sowing seeds of next growth markets and reforming business model)

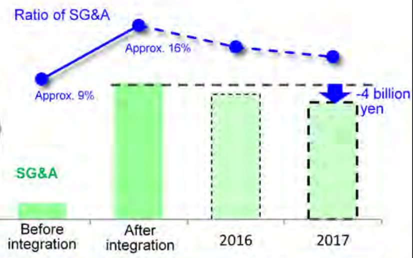
SBU: Strategic business unit PMI: Post merger integration



(1)Reducing staff and costs through integration of redundant segments, etc.
Approx. 8,000 employees (at time of integration) → Approx. 7,000 employees (outlook)

(2)Quick decision-making through organizational simplification
Business segments: 10 → 7
Functional organizations: 26 → 9

(3)Strengthening sales and project management
Integration of Japanese and European knowhow (accelerating pursuit of mutually complementary and synergy merits)



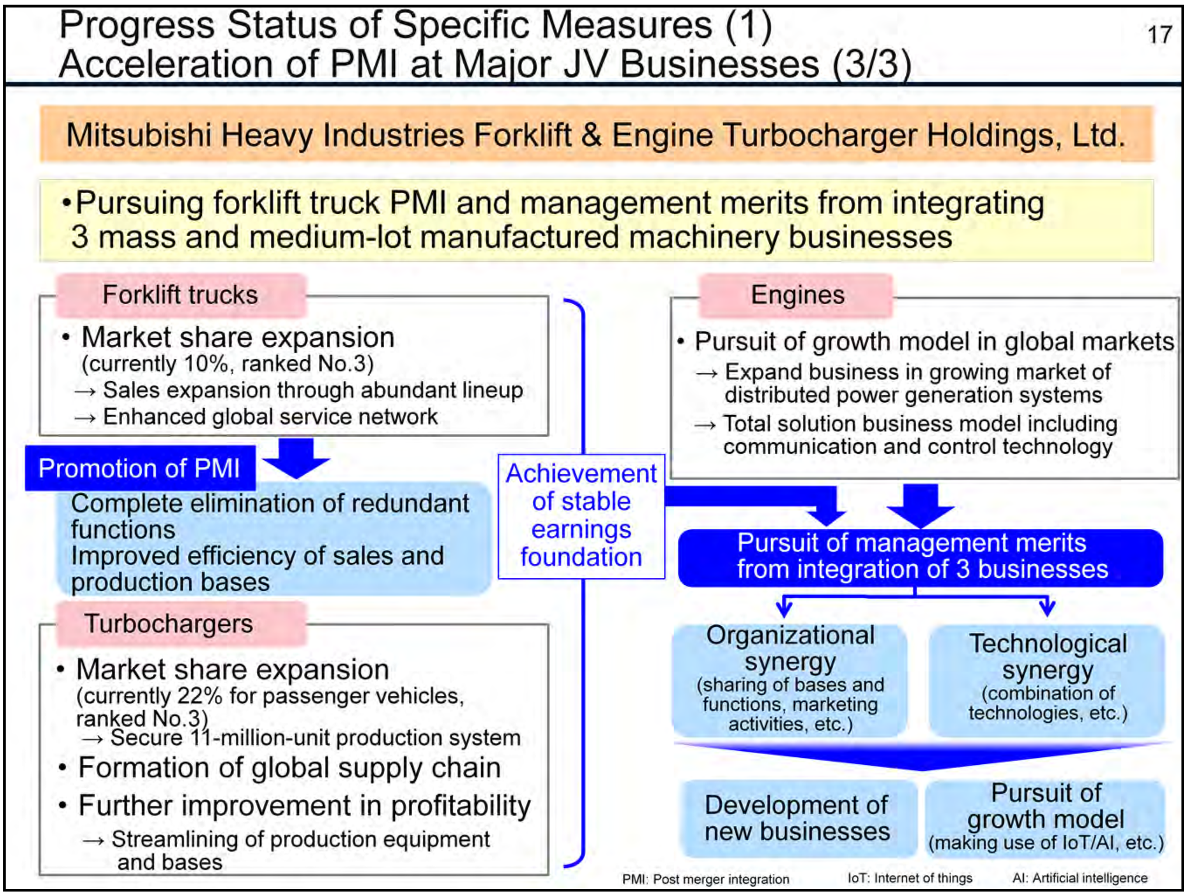
SG&A reduced approx. 4 billion yen since integration

*FY2015 results and graphs: For Metals Machinery SBU
SG&A: Selling, general & administrative expenses

Next, let’s look at Primetals Technologies.

As demand for metals machinery drops sharply worldwide, we are striving to secure earnings through enhanced management efficiency from organizational streamlining and stronger project management.

Every year Primetals Technologies is booking approximately 8 billion yen in goodwill amortization, and in fiscal 2015, before this amortization the company’s operating income was roughly 2 billion yen. We expect improvements to gradually begin in fiscal 2016, and we believe that in the future the situation will be favorable.



Next, I will explain the situation at Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings (MFET).

Following our acquisition of UniCarriers Holdings, the MHI Group now has a 10% share of the forklift truck market, and we rank 3rd in the industry.

Our market share is also expanding in turbochargers. Today our share in the market for passenger vehicles stands at 22%, putting us 3rd in the industry, and we will continue to establish a production facility capable of producing 11 million units.

In the area of engines, which is somewhat of a niche market, we look to expand business in the growing market for distributed power generation systems, and to build a total solution business model.

Going forward, by taking advantage of the close relationship between engines and forklift trucks, and engines and turbochargers, we will pursue future growth through organizational and technological synergies.

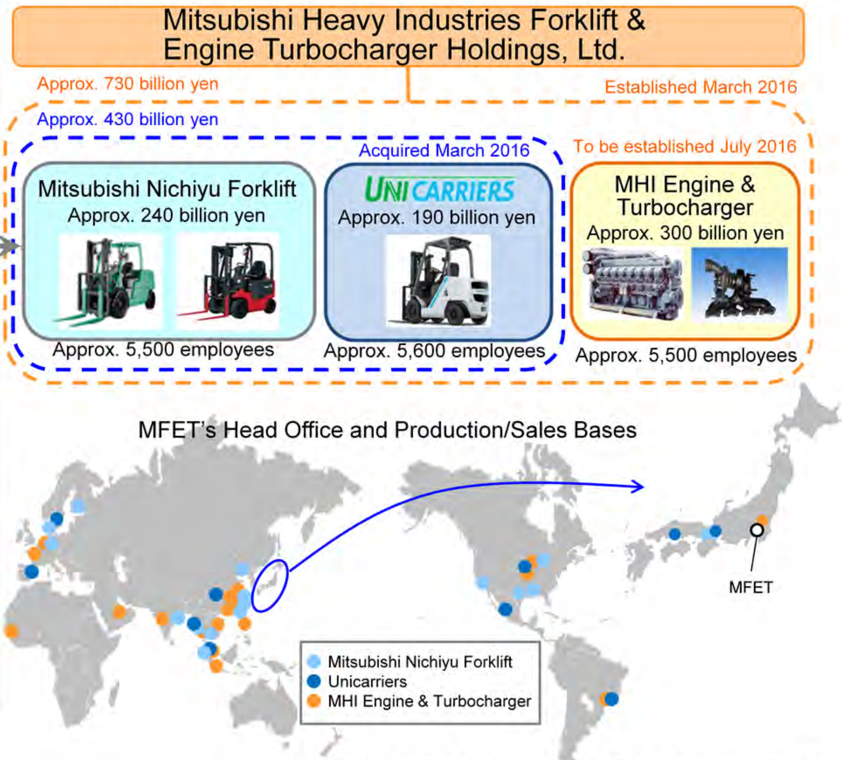
Reference: Profile of Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings, Ltd.

18

Forklift trucks No.3 global share – and aiming higher

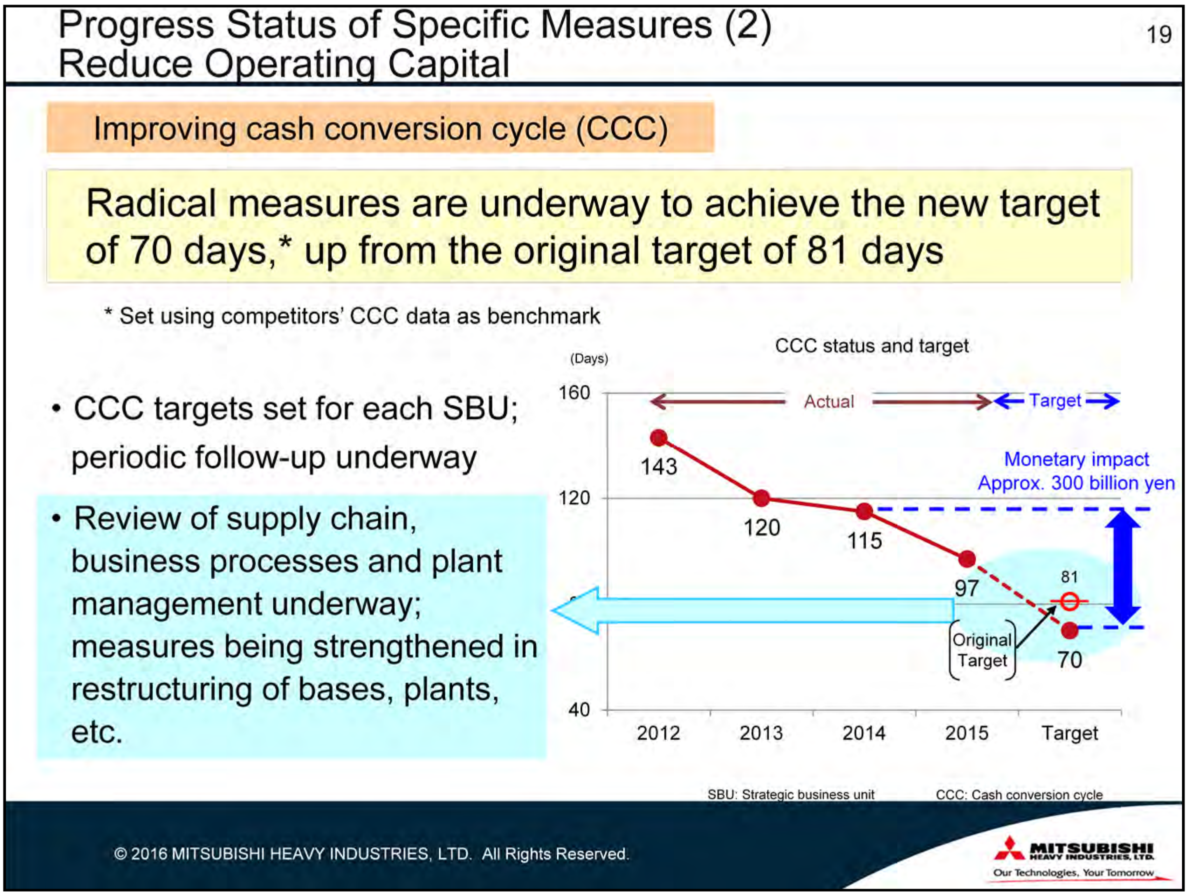
Rank	Company	Country	Sales	Market share
1	Toyota Industries Corp	Japan	924.9	22.1%
2	KION	Germany	631.5	15.7%
❸	**Mitsubishi Nichiyu & UniCarriers**	**Japan**	**430.0**	**10.6%**
3	Jungheinrich	Germany	337.2	8.4%
4	Hyster-Yale	USA	281.2	7.0%
5	Crown	USA	254.1	6.3%
6	**Mitsubishi Nichiyu**	**Japan**	**226.6**	**6.2%**
7	Cargotec	Finland	200.7	5.0%
8	**UniCarriers**	**Japan**	**186.1**	**4.4%**
9	Manitou	France	140.3	3.5%
10	Anhui Heli	China	109.6	2.7%
11	Hangcha Group	China	99.2	2.5%
12	Komatsu	Japan	84.7	2.0%
13	Clark	Korea	72.0	1.8%
14	Doosan Corp.	Korea	57.6	1.4%
15	Hyundai	Korea	45.9	1.1%
16	Merlo	Italy	38.7	1.0%

Established April 2013
Mitsubishi Nichiyu Forklift
Approx. 230 billion yen
- Achievement of full lineup
- Worldwide market coverage



MFET: Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings, Ltd.

Here we see an overview of Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings (MFET).



I will turn now to the second of our specific measures: reduction of our operating capital.

We are currently taking steps to improve our cash conversion cycle (CCC), which we see as an important management indicator. Our CCC has fallen quite steadily already, but in view of the situation at our competitors, we have changed our target from the initial 81 days to 70.

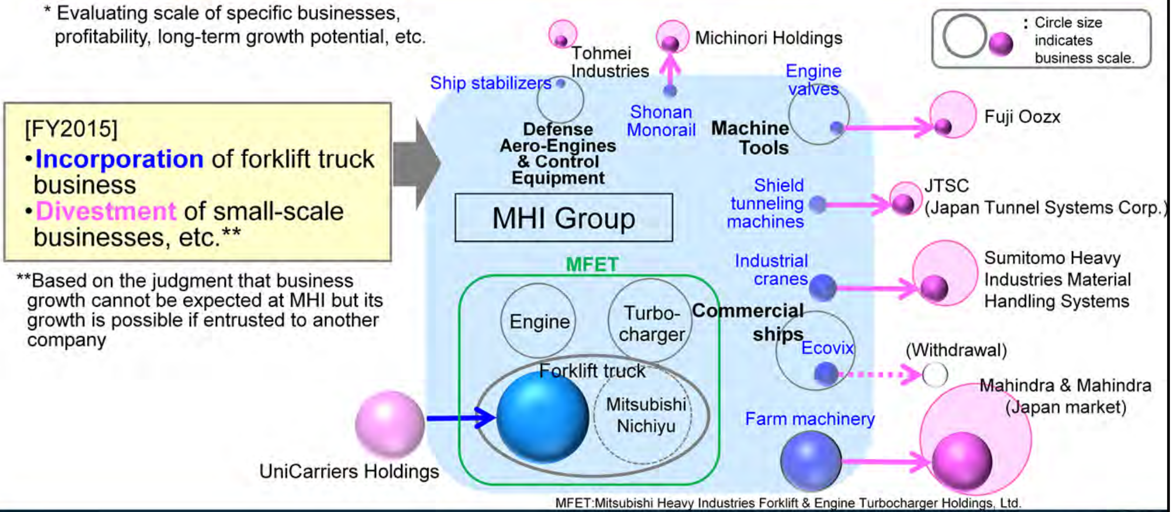
Toward achieving this target, we are reviewing our supply chain, our business processes, and our plant management. We are also working to strengthen our measures in restructuring our bases and plants, etc.

Progress Status of Specific Measures (3) Efficiency Optimization

Paring down of businesses receiving resources

Giving top priority to total optimization (especially span of management and resource allocation) of the MHI Group amid globalization, other factors* are being evaluated, and concentration into core competencies is moving forward.

* Evaluating scale of specific businesses, profitability, long-term growth potential, etc.



Next, here is an overview of our third specific measure: optimization of efficiency.

Amidst the globalization of our operations, today we place highest priority on achieving total optimization of the entire MHI Group. Toward that end, we are now pursuing concentration into core competencies as we evaluate such factors as profitability and growth potential.

In fiscal 2015, we transferred various businesses that we believed are unlikely to grow at MHI but have potential to develop if entrusted to other companies. Examples include our former operations in shield tunneling machines and industrial cranes. Meanwhile, in our forklift truck business, we acquired UniCarriers Holdings.

In fiscal 2016, we will continue to pursue concentration into core competencies in line with this same strategy.

Progress Status of Specific Measures (4) Asset Management

Progress Status in Asset Management

Targeting generation of approx. 200 billion yen in cash flow within the 3 years of the 2015 Business Plan, planned utilization of land properties and securities is underway.

Land

Generally proceeding according to plan (partially ahead of schedule)

(in billion yen)

FY2015	CF	P/L
Target	Approx. 9.0	Approx. 4.0
Actual	Approx. 11.0	Approx. 6.0

Securities

Securities being extracted and dealt with for maximum effect

(in billion yen)

FY2015	CF	P/L
Actual	Approx. 5.0	Approx. 3.0

CF: Cash flow P/L: Profit and loss

Aiming to strengthen the financial foundation, cash flow is being properly generated within the time frame of the 2015 Business Plan in order to maintain flexibility to meet conceivable future capital requirements.

Our fourth specific measure is asset management.

Seeking to generate a cumulative cash flow of around 200 billion yen by the end of fiscal 2017 – in other words, by the end of the 2015 Medium-Term Business Plan – we will undertake well-planned utilization of our land properties and securities.

Our results in these areas during fiscal 2015 are shown here.

Status of Specific Measures (2)

- Status of noteworthy measures relating to governance, risk management, and preparation of a shared foundation

→ Bold reforms are underway in order to adapt to dramatic changes in the global environment, fully prepared for trials and errors along the way

Next, as second part of the status of specific measures, I will explain noteworthy progress of the measures being implemented with respect to governance, risk management, and preparation of a shared foundation.

Bold reforms are underway, with full knowledge that we must be prepared for trials and error that may occur along the way.

Progress Status of Specific Measures (5) Reform of the Corporate Governance System

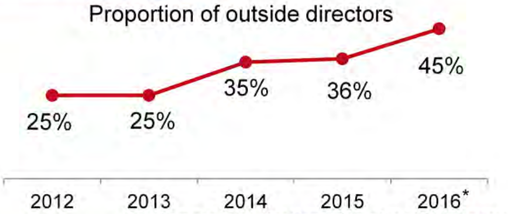
Reform of the composition of the Board of Directors

- Raise the proportion of outside directors
- Enhance and strengthen supervisory functions
  → Undertaking various attempts to activate discussions between supervisory and executive directors

- Promote separation of supervisory and executive functions
  (clarification of responsibilities and greater effectiveness)

Internal directors will be limited to the Chairman, two members of the Audit and Supervisory Committee and, on the executive side, the CEO, CFO and CTO.

(The domain CEOs will be relieved of the duties as Directors and assigned exclusively to executive business management and oversight, etc.)



*Numbers projected after General Meeting of Shareholders

		2012	2013	2014	2015	2016*
		Auditors			Audit and Supervisory Committee Members	
Outside	Auditors	3	3	3	3	3
Outside	Others	3	3	3	2	2
Outside	Subtotal	6 (25%)	6 (25%)	6 (35%)	5 (36%)	5 (45%)
		Auditors			Audit and Supervisory Committee Members	
Internal	Auditors	2	2	2	2	2
Internal	Others	16	16	9	7	4
Internal	Subtotal	18 (75%)	18 (75%)	11 (65%)	9 (64%)	6 (55%)
Total		24	24	17	14	11

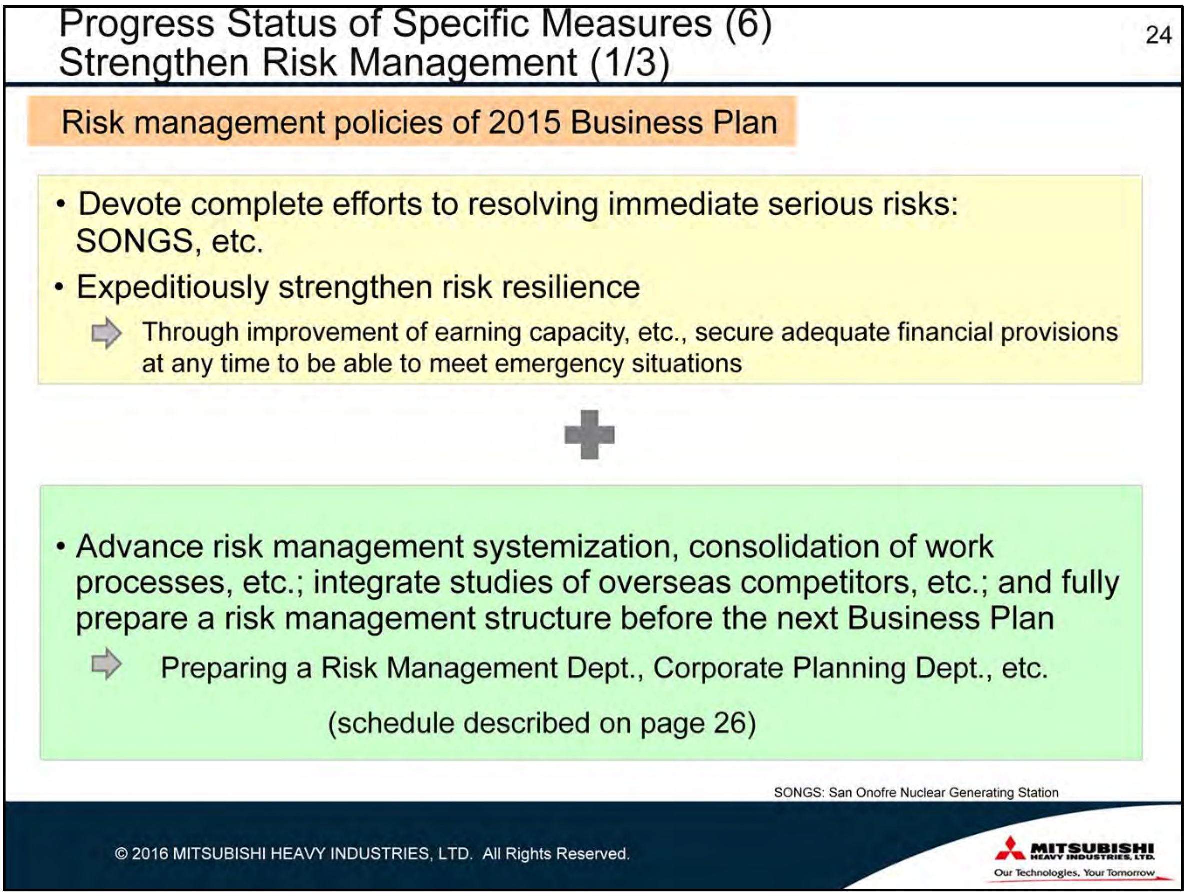
CEO: Chief executive officer CFO: Chief financial officer CTO: Chief technology officer

MITSUBISHI HEAVY INDUSTRIES, LTD. Our Technologies, Your Tomorrow

Here, we discuss reform of the corporate governance system.

Aiming to enhance and strengthen the Company's supervisory functions, today we are reforming the composition of the Board of Directors: for example, by raising the proportion of outside directors. Currently 36% of the Board members – 5 out of 14 – are outside directors, and if the measure up for consideration at the General Meeting of Shareholders is approved, this will increase to 45% – 5 out of just 11 members.

To clarify responsibilities and achieve greater effectiveness, we are promoting separation of supervisory and executive functions. We are also undertaking attempts of various kinds to activate discussions between the supervisory and executive directors. Specifically, we have decided to limit internal directors to only the Chairman, two members of the Audit and Supervisory Committee, and, on the executive side, the CEO, CFO and CTO. Also, the domain CEOs will be relieved of their duties as directors, enabling them to focus exclusively on their executive duties relating to business management, and so on.

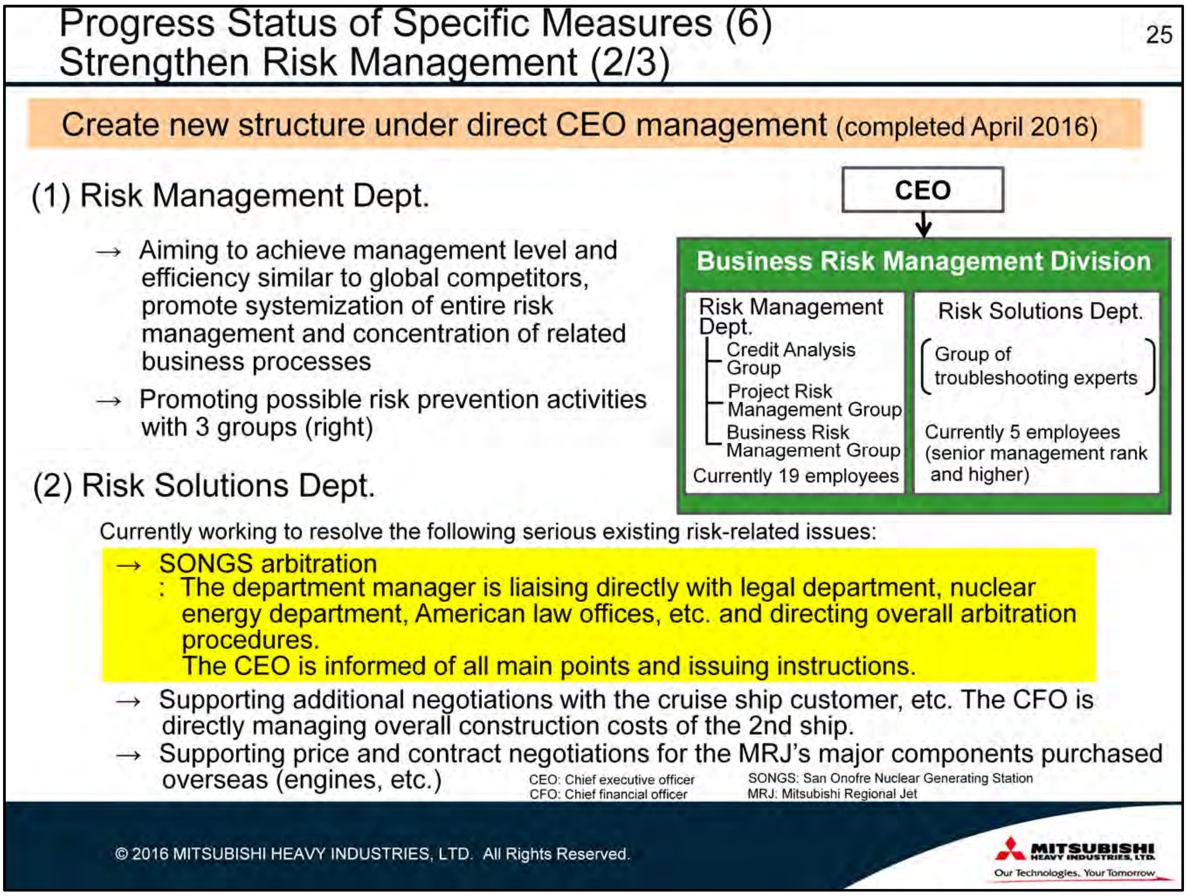


Here, we discuss measures to strengthen our risk management.

Today, we are making every effort possible to expeditiously strengthen our risk resilience, with two aims: first, to resolve the serious risks we currently face – arbitration surrounding SONGS and challenges with our cruise ship construction business, for example; and second, to create a future-oriented framework of risk management for our MRJ business.

At the same time, through improvement of our earning capability and other initiatives, we are seeking to secure an adequate financial foundation to cope with sudden changes that may happen at any time.

We are also pursuing risk management systemization and studying how our overseas competitors manage risks, with the intention of preparing a solid future-oriented risk management structure before the start of our 2018 Business Plan.

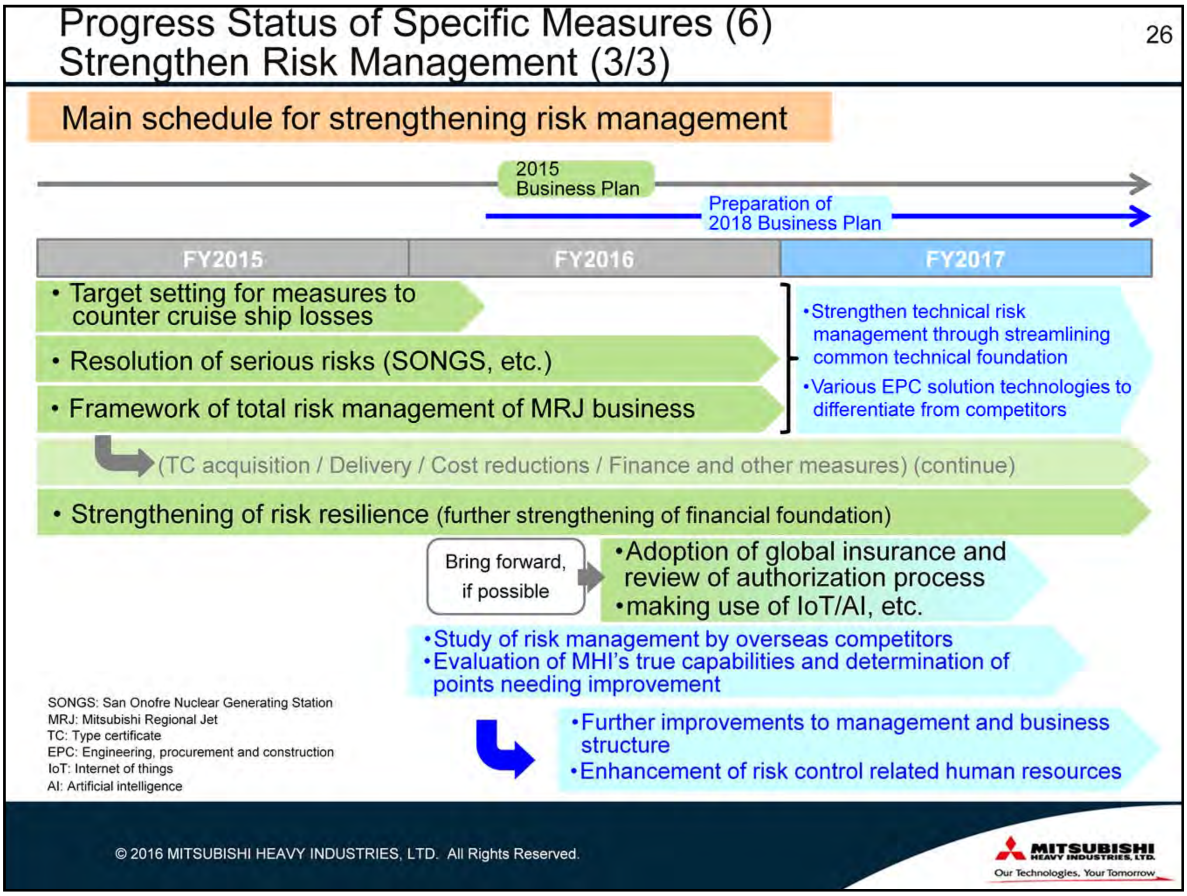


To strengthen our risk management, in April 2016 we established two new structures under the direct oversight of the CEO: the Risk Management Department and the Risk Solution Department.

The Risk Management Department is pursuing total risk management systemization and consolidation of related business processes with the aim of achieving levels of management and efficiency on par with those of our global competitors. The department is also undertaking activities to prevent all risks that are currently conceivable.

The Risk Solutions Department is devoting its full energies to SONGS arbitration. Under oversight from the CEO, the department is handling all related matters, liaising directly with specialists from the legal department, the nuclear energy department, American law offices and so on.

Construction costs of our second cruise ship are under the direct management of the CFO. The department is providing support in additional negotiations with the customer, and also giving their support to price and contract negotiations for the MRJ's major components purchased overseas.



Here we see the main schedule for strengthening our risk management. As indicated, we intend to deal with all risks relating to our cruise ship business, SONGS, etc. by the end of fiscal 2016.

We also intend to further strengthen our financial foundation in order to strengthen our risk resilience.

Progress Status of Specific Measures (7)
Preparation and Strengthening of Shared Foundation

27

Preparation and strengthening of a shared foundation as a global corporation

- Policies for establishing a shared technology framework, building global platforms, etc. are advancing steadily (as explained on February 4).

- As additional reinforcement measures, the following are underway:

  (1) Strengthen response to IoT/AI (pages 28-31)

  → Strengthen collaboration with leading domestic and overseas companies and COEs, mainly on ICT Solution Headquarters and Research & Innovation Center

  (2) Promote active use of experts (a company will be established in July 2016)

  → Pool Companywide experts, mostly employees with long experience, to work on actual various projects and nurture next-generation experts.

  → Starting from EPC experts, an organization will be built making use of a wide variety of experts, in tandem with needs and efficacy.

IoT: Internet of things AI: Artificial intelligence ICT: Information & communication technology COE: Center of excellence EPC: Engineering, procurement and construction

MITSUBISHI HEAVY INDUSTRIES, LTD.
Our Technologies, Your Tomorrow

Here, we explain how we are preparing and strengthening our shared foundation.

Steady progress is being made in preparing and strengthening a shared foundation as a global corporation – establishing a shared technology framework, building global platforms, and so on.

I will discuss our measures in the areas of IoT and AI later; but in reference to the other additional reinforcement measure – promoting active use of experts – in July we will be establishing a new company that will pool together experts, especially those with long experience in engineering. Not only working on a variety of actual projects, the new company will educate and train next-generation experts and expand their scope as well.

Progress Status of Specific Measures (8) Strengthen Response to IoT/AI (1/4)

Background

- IoT and AI technologies have advanced more quickly than when the 2015 Business Plan was formulated, increasing the need for a swift, more concentrated response.

IoT: Internet of things   AI: Artificial intelligence

Major aims

- Higher added value of products, technologies and services
- Expansion of business fields (peripheral areas and new businesses)

(P. 29-30)

- Application to risk management (P.31)
- Reform of business model
  - → Necessary for large-scale businesses developing global operations
  - → Leverage for strengthening niche businesses qualitatively

(to be urgently considered going forward)

MITSUBISHI HEAVY INDUSTRIES, LTD.
Our Technologies, Your Tomorrow

Now, to return to our measures to IoT and AI.

IoT and AI technologies have advanced more quickly than we had originally assumed, so today we feel the need for a swift and more concentrated response to these trends. Our hope is to apply such technologies to enhance the added value of our products, technologies and services; to expand our business scope to include peripheral fields; to manage our business risk; and to reform our business model.

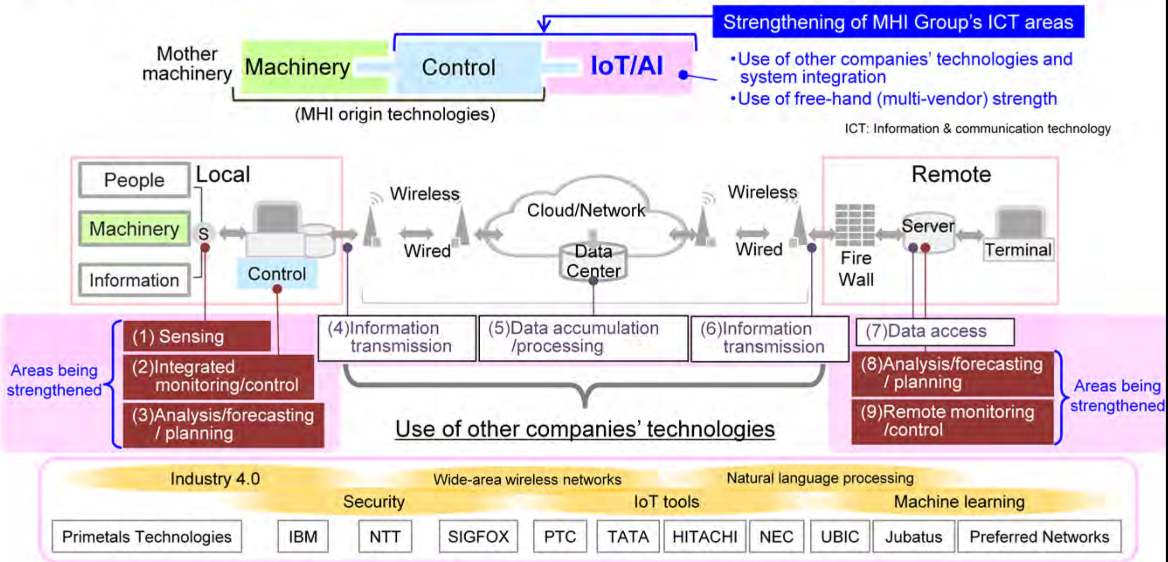
Details will be explained on pages 29 to 31.

Progress Status of Specific Measures (8) Strengthen Response to IoT/AI (2/4)

Example 1: Added value improvement model

- Connecting MHI's machinery and information/communication technologies, centering on its strength in mother machine control technologies*, MHI is enhancing the added value of its products and technologies and expanding its business areas.

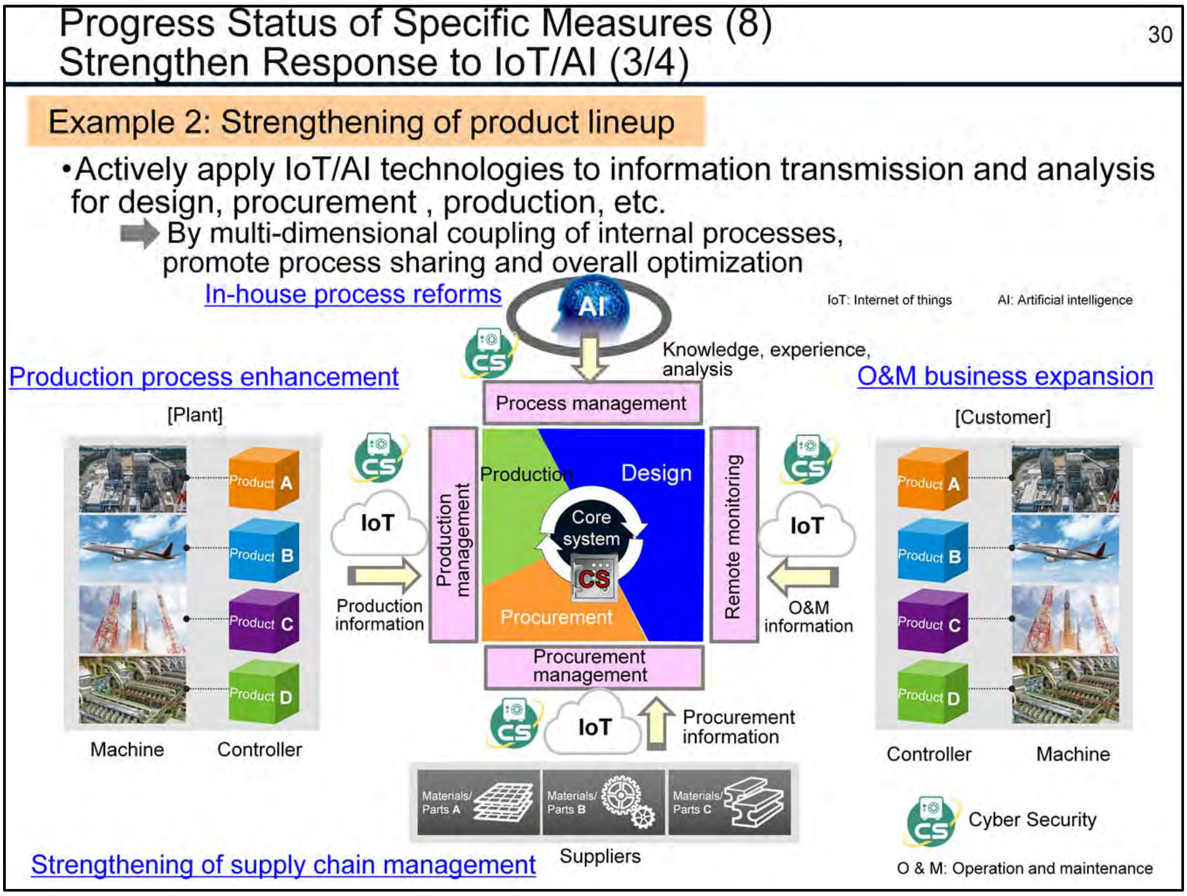
* Control: including sensor technologies, monitoring/control, analysis/forecasting (diagnosis)/planning



Here, we explain our model for improving added value.

Until now, MHI has provided basically only mother machinery and their control equipment and technologies. Going forward, while making use of other companies' technologies, we will provide added value to our customers with respect to areas including: sensing; integrated monitoring and control; analysis, forecasting and planning; and remote monitoring and control. In this way, we will expand our business scope.

MHI isn't an expert in information transmission or data accumulation and processing; and to that extent, we plan to work with companies that excel specifically in those areas.



Here we see how we are strengthening our product lineup.

Beginning with the products indicated in this slide, to reduce costs, enhance quality and improve efficiency, we will apply IoT and AI technologies to the transmission and analysis of information relating to design, procurement, production, and so on.

Progress Status of Specific Measures (8) Strengthen Response to IoT/AI (4/4)

Example 3: Active use of external knowledge and stronger collaboration

Cyber security

- Integration of safe, high-reliability control technologies cultivated in the Integrated Defense & Space Systems area with the cutting-edge security technologies of NTT

⇨ Jointly with NTT, research has been launched into cyber security technologies for critical infrastructure control systems, etc.
(A "Cyber Lab" has been newly established, and verification and development are now under way.)

Risk management

- Consider using IBM Watson for automatic comprehensive risk identification in contract documents, etc., using precedents as reference

⇨ Targets set on efficiency and standardization in business processes, and more advanced risk management

Our Technologies, Your Tomorrow

Here, we see how we are making active use of external knowledge and strengthening our collaboration with outside resources.

In the area of cyber security, we have begun research into cyber security technologies for critical infrastructure control systems achievable by integrating our outstandingly reliable and safe control technologies cultivated through our Integrated Defense & Space Systems operations with NTT's cutting-edge security technologies.

In the area of risk management, we have launched consideration of applying IBM Watson for automatic comprehensive risk identification in contract documents, and so on.

32

New Additional Measure

- Strengthen global marketing communications

  → Create New Brand Story to help explain MHI's global value proposition to a wide range of stakeholders including substantial / potential customers, the public sector, etc.

MITSUBISHI HEAVY INDUSTRIES, LTD.
Our Technologies, Your Tomorrow

Next, I would like to discuss one newly added measure: strengthening of our global marketing communications.

As a global corporation, we realized how indispensable it is for us – in order to compete with overseas rivals – to make the MHI Group's outstanding potential to contribute to the global community understood not only by our existing overseas customers but also by potential customers and public institutions. To win this broad understanding, we created a new Brand Story.

Whereas the name "Mitsubishi" is widely known today, "Mitsubishi Heavy Industries" and "MHI" are less well known; and to remedy this situation, in cooperation with branding specialists, we reviewed our PR strategies and created a Group Brand Story.

Starting with North America this May, we are now undertaking PR activities in all overseas regions, to increase awareness and understanding of our business and our management stance, as a way of attracting a broader range of customers in the global market.

Also, by making our overseas Group companies and local employees familiar with our Brand Story, we believe we can further deepen their feelings of solidarity and, through their awareness of the MHI Group's global contributions, inspire them to work with even greater zeal.

Reference: Group Statement

At Mitsubishi Heavy Industries Group,
we channel big thinking into solutions that move the world forward – advancing the lives of everyone who shares our planet.

By bringing people and ideas together as one,
we continue to pave the way to a future of shared success.

Passionately finding new, simpler and sustainable ways to power our cities, improve infrastructure, innovate manufacturing and connect people and businesses around the globe with ever-increasing speed and efficiency.

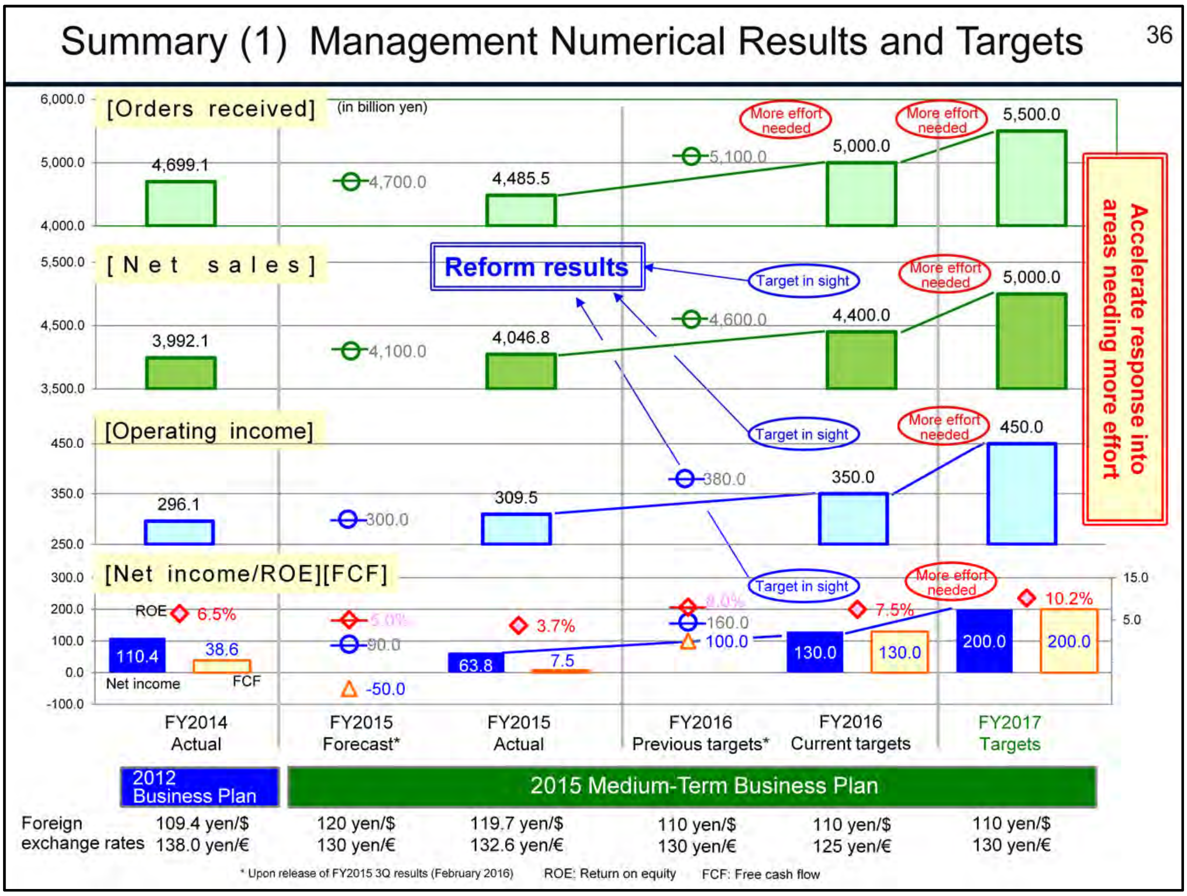
This is the power of true harmony.
This is what moving the world forward is all about.
This is today's Mitsubishi Heavy Industries Group.

This is the English version of our Group Statement prepared to convey, worldwide, the main points of our Brand Story: namely, commitment to customers, society and regions; MHI Group strengths; proactive contribution for global growth and clarify competitive advantage and differentiation.

Summary

MITSUBISHI HEAVY INDUSTRIES, LTD.
Our Technologies, Your Tomorrow

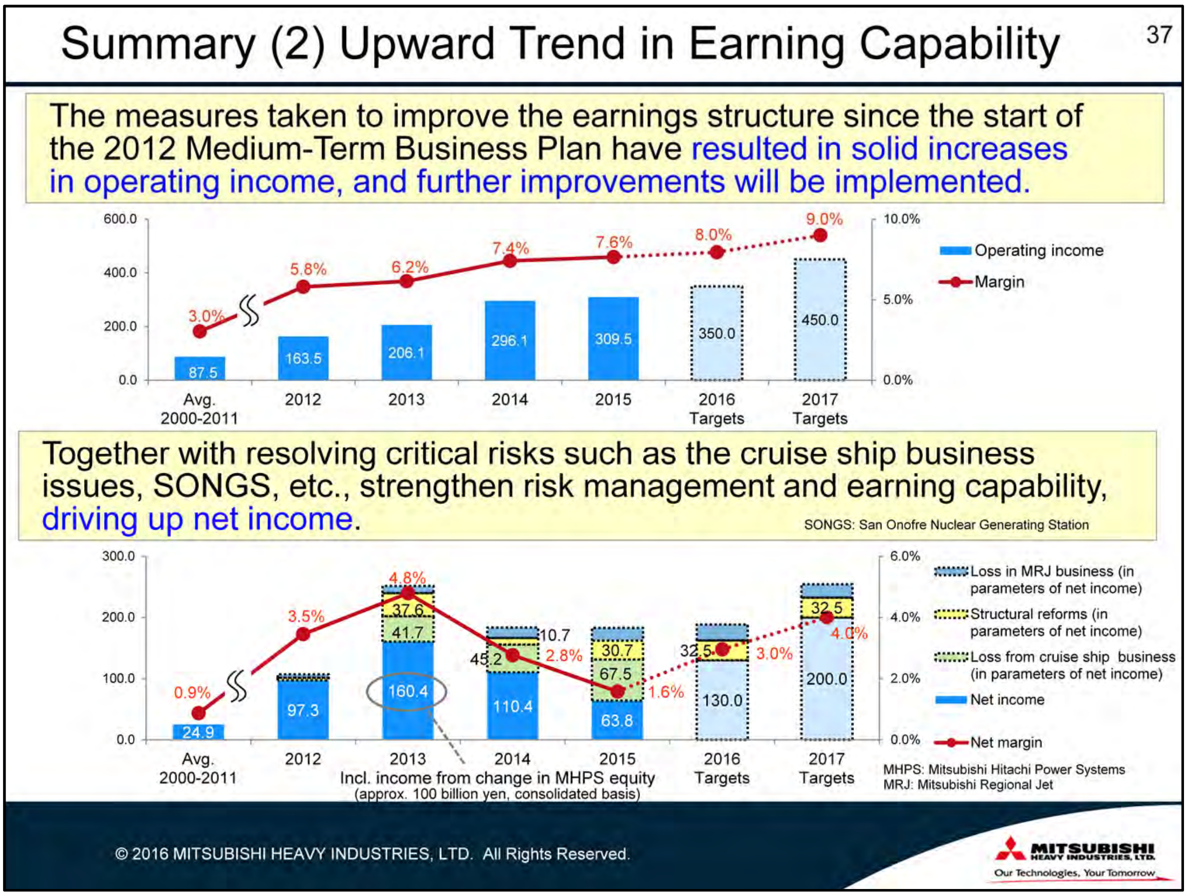
Now, by way of summary, I would like to discuss four points: 1) our numerical results and targets; 2) the upward trend in our earning capability; 3) measures to close the gap of our business scale and our earnings towards targets; and 4) how we will progress from our reform phase to our take-off phase.



Here, we see our numerical results and targets.

In the current fiscal year 2016, thanks to the management reforms carried out in recent years, we are now on track to reach our projections with respect to net sales, operating income, net income and ROE, and free cash flow.

By contrast, more effort will still be needed to reach our targets for orders received in fiscal 2016 and for orders received, net sales, operating income, net income and ROE, and free cash flow in fiscal 2017.

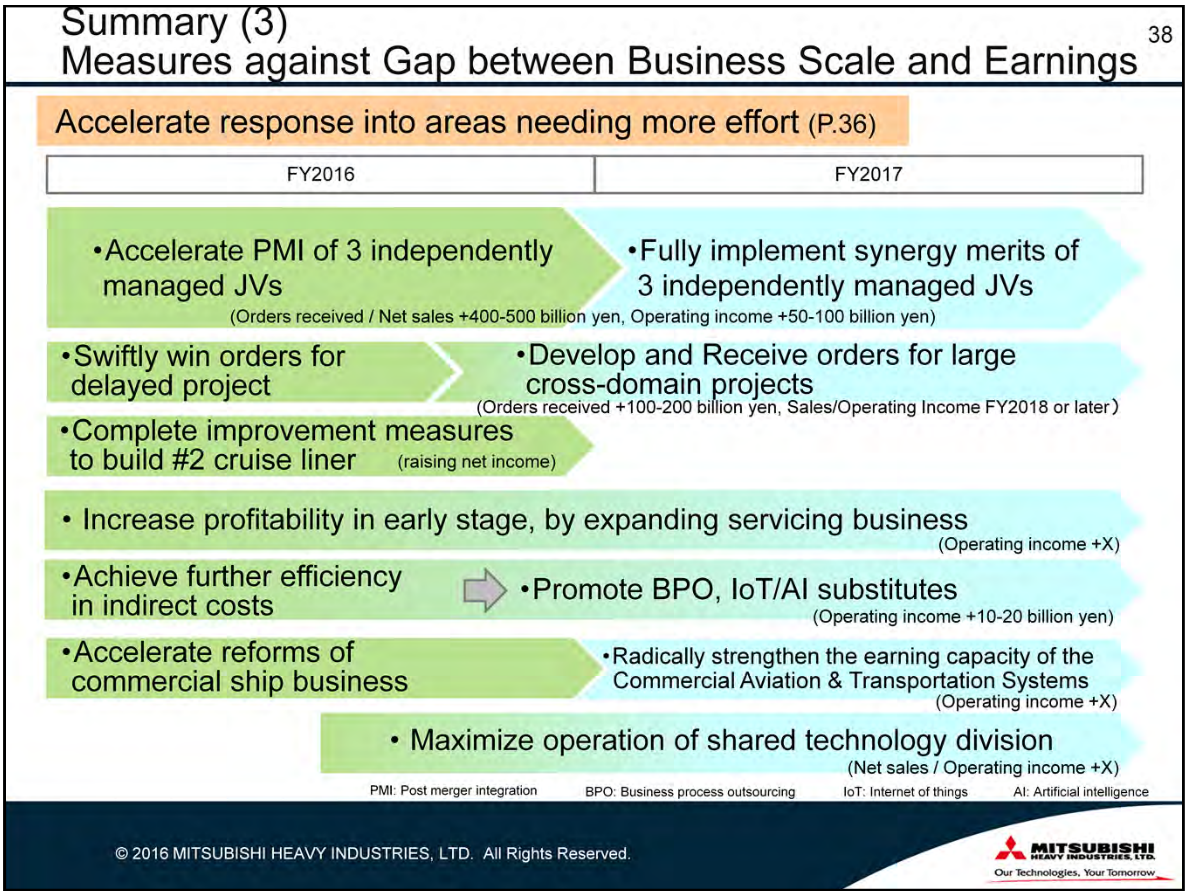


Here we present a summary of the upward trend in our earning capability.

Between fiscal 2000 and 2011 our operating margin averaged 3%. In fiscal 2015, thanks to the various measures we implemented to improve our earnings structure, our margin reached 7.6%. We believe this upward trend is very likely to continue in the coming years.

The Company's net income is now improving compared to past days. During the past 4 years our net income has held between 60 and 110 billion yen, in spite of the losses booked from our cruise ship construction business and cost outlays to carry out business structure reforms. The only exception was fiscal 2013, when we booked approximately 100 billion yen in income from a change in equity.

As issues surrounding our cruise ship construction business is drawing to a close and critical risks such as SONGS arbitration are being resolved, thorough risk management and reinforced earning capability will drive up our net income. Our targets are set at 130 billion yen in fiscal 2016 and 200 billion yen in fiscal 2017.

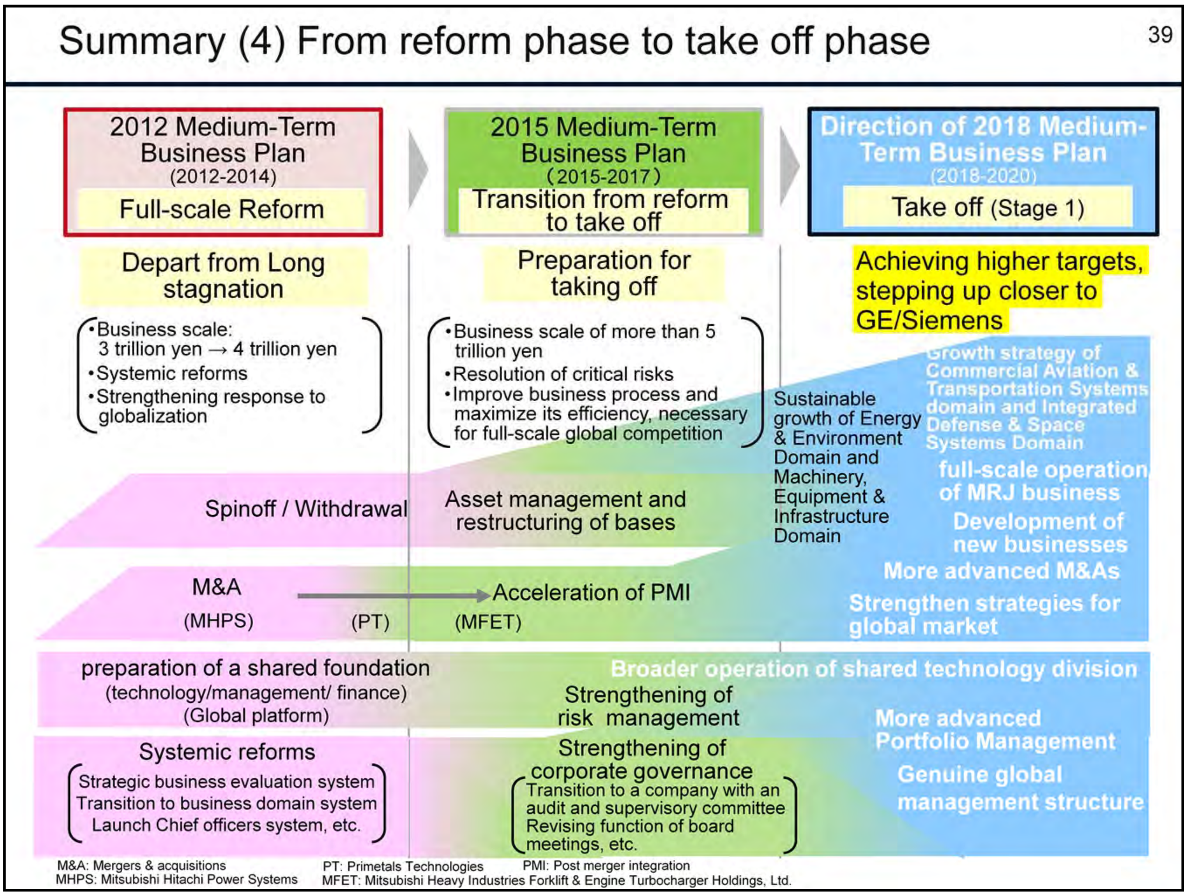


Here we explain the major measures against the gap of our business scale and earnings toward targets that require more effort.

The measures being implemented in fiscal 2016 are indicated in green, while those to be carried out in fiscal 2017 are in light blue.

By accelerating post-merger integration at our 3 independently managed joint ventures, we are targeting increases by between 400 and 500 billion yen in both orders received and net sales, and by 50 to 100 billion yen in operating income.

Meanwhile, by swiftly winning orders for delayed projects and for large cross-domain projects, we are targeting an increase of 100 to 200 billion yen in orders received and, starting from fiscal 2018, increases in net sales and operating income. In addition, by completing measures to cope with our cruise ship business – specifically, the second AIDA vessel – in fiscal 2016, improving further efficiency in indirect costs, and other measures, we hope to close the gap as quickly as possible.



Finally, I would like to discuss how we will shift from our reform phase to our take-off phase.

Starting from our 2012 Medium-Term Business Plan, our business scale grew to between 3 and 4 trillion yen. Our operating margin also gradually rose, improving to 7.6% in fiscal 2014.

The reforms launched under the 2010 Business Plan were implemented on full scale starting from the 2012 Business Plan. Then under the 2015 Business Plan, in preparation for taking off, we set out toward achieving a business scale of 5 trillion yen, resolving critical risks, and improving the level and efficiency of business processes as required for full-scale globalization. Plans call for all reforms, including the shift to a full-scale global management structure, to be completed by fiscal 2017. In the next Business Plan that will commence in fiscal 2018, we will strive for even higher goals, in a quest to approach GE and Siemens.

Specifically, we will pursue growth strategies in our Commercial Aviation & Transportation Systems and Integrated Defense & Space Systems domains, develop new businesses, strengthen our overseas marketing strategies, and raise the level of our portfolio management – with the ultimate goal of establishing a genuinely global management structure.

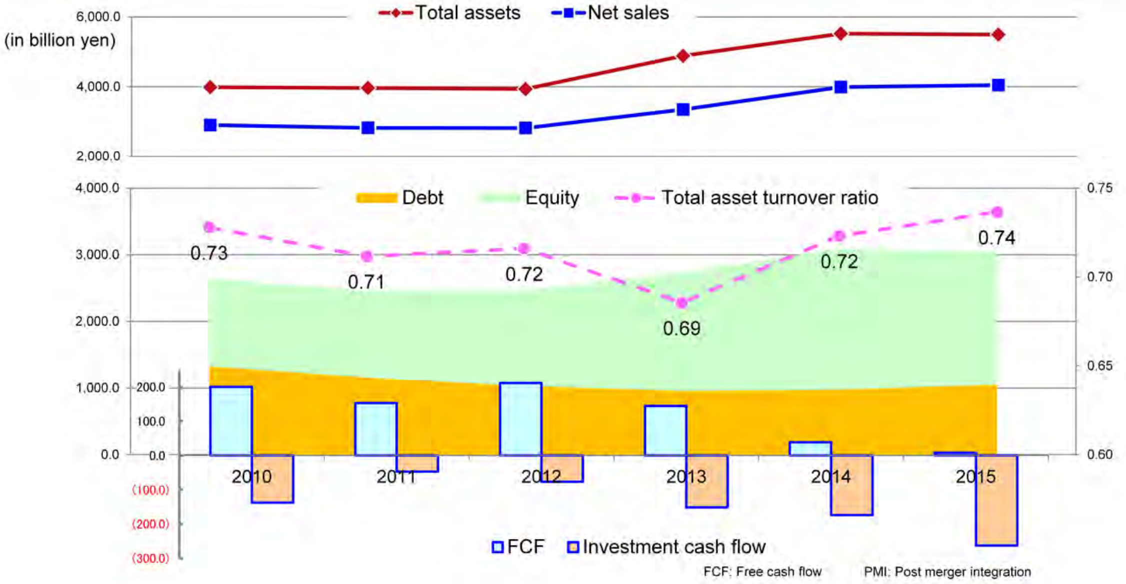
That completes my discussion of the current status of our 2015 Medium-Term Business Plan.
Thank you for your kind attention.

Reference

Reference: Total Asset Turnover Ratio, etc.

Investment capital and cash flow

- Total asset turnover ratio is generally holding steady
  (and is expected to trend upward from PMI, etc. going forward)
- Together with maintaining a steady level of investment, equity will be built up



FCF: Free cash flow PMI: Post merger integration

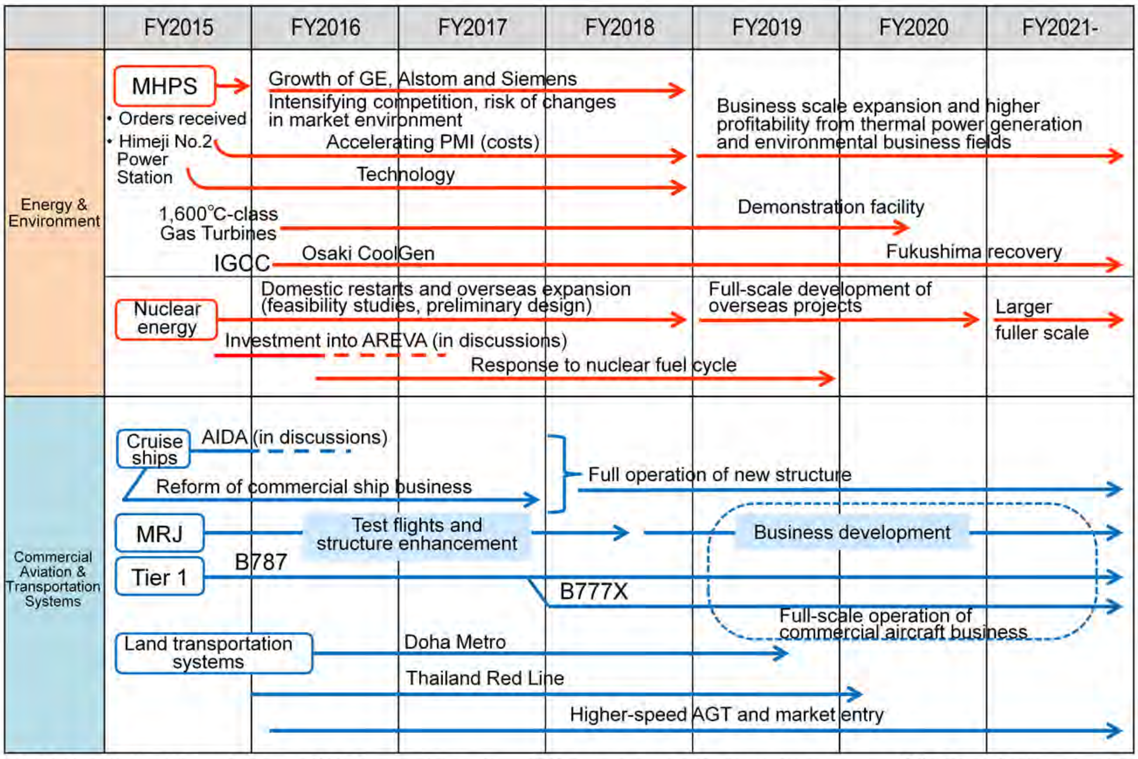
Reference: Acceleration of Concentration into Core Competencies

: Overseas / Blue: FY2015 initiatives		Company	Product/Business	Agreement date	Net sales contribution (FY2014)	Other results, etc.
Acquisition		Federal Broach (USA)	Machine tools	Apr 2012	Approx. JPY 5.0bn	Business expansion and stabilization from lineup integration
Acquisition		PWPS(USA), Turboden(Italy)	Gas turbines	Dec 2012	Approx. JPY 80bn	Business expansion from added lineup in small/medium GT
Acquisition		Daily Equipment (USA)	Forklift trucks	Jan 2012	Approx. JPY 1.5bn	Expansion of after-sale servicing business
Acquisition		Concast (India)	Metals machinery	Jun 2012	Approx. JPY 2.5bn	Strengthening of upstream product lineup
Acquisition		Toyo Engineering Works	Refrigeration systems	Jan 2014	Approx. JPY 16bn	Strengthening of engineering business
Acquisition		**UniCarriers Holdings**	**Forklift trucks**	**Jul 2015**	**Approx. JPY 185bn**	**Further business scale growth and expanded global market share**
JV	MHI-led	Nippon Yusoki	Forklift trucks	Nov 2012	Approx. JPY 130bn	Business expansion from achievement of full lineup
JV	MHI-led	Hitachi	Thermal power generation systems	Nov 2012	Approx. JPY 300bn	Business expansion from full GT lineup (small to large), expansion of unique technologies (brown coal combustion, IGCC)
JV	MHI-led	Siemens (Germany)	Metals machinery	May 2014	Approx. JPY 50bn*	Business expansion from achievement of full lineup
JV	MHI-led	IHI Metaltech	Metals machinery	Jul 2013	Approx. JPY 10bn	Strengthened lineups of aluminum rolling mills, etc.
JV	MHI-led	**Mahindra & Mahindra (India)**	**Agricultural machinery**	**May 2015**	**(equity-based)**	**Stronger competitiveness in domestic and global markets**
JV	Equal	Vestas (Denmark)	Wind turbines	Sep 2013	(equity-based)	Early achievement of strategic model (8MW) development and order receipt targets
JV	Partner-led	Ryobi	Commercial printing machinery	Jun 2013	(equity-based)	Business strengthening from product lineup and production integration
JV	Partner-led	Fuji Xerox	Document-related	Oct 2013	-	Reductions in direct/indirect costs from standardization and effective document-related processes
JV	Partner-led	Miyaji Engineering	Bridges	Nov 2014	(equity-based)	Scale merits, Market share increase
JV	Partner-led	**Japan Tunnel Systems**	**Tunneling shield machine**	**May 2015**	**(equity-based)**	**Assured capture of domestic demand and accelerate business expansion overseas**
JV	Partner-led	**Fuji Oozx**	**Automobile engine valves**	**Jan 2016**	**(equity-based)**	**Market share expansion and enhanced market presence**
Transfer		HIDROMEK (Turkey)	Motor graders	Nov 2013	-	Promotion of business concentration into core competence
Transfer		Delta Electronics (Taiwan)	Lithium rechargeable batteries	Apr 2014	-	Promotion of business concentration into core competence
Transfer		**Sumitomo Heavy Industries Material Handling Systems**	**Industrial cranes**	**May 2015**	**-**	**Promotion of business concentration into core competence**
Transfer		**Michinori Holdings**	**Shonan Monorail**	**May 2015**	**-**	**Promotion of business concentration into core competence**
Transfer		**Tohmei Industries**	**Ship stabilizers**	**Mar 2016**	**-**	**Promotion of business concentration into core competence**
Withdrawal		**Ecovix (Brazil)**	**Shipbuilding**	**Jan 2016**	**(equity-based)**	**Promotion of business concentration into core competence**
Integration of Group Companies		**Integration of 8 Group companies undertaking businesses relating to plant/facility management, construction and real estate**		**Oct 2015**	**-**	**Stronger business management through effective use of resources and sharing of management expertise, etc.**

PWPS: Pratt & Whitney Power Systems JTSC: Japan Tunnel Systems Corporation

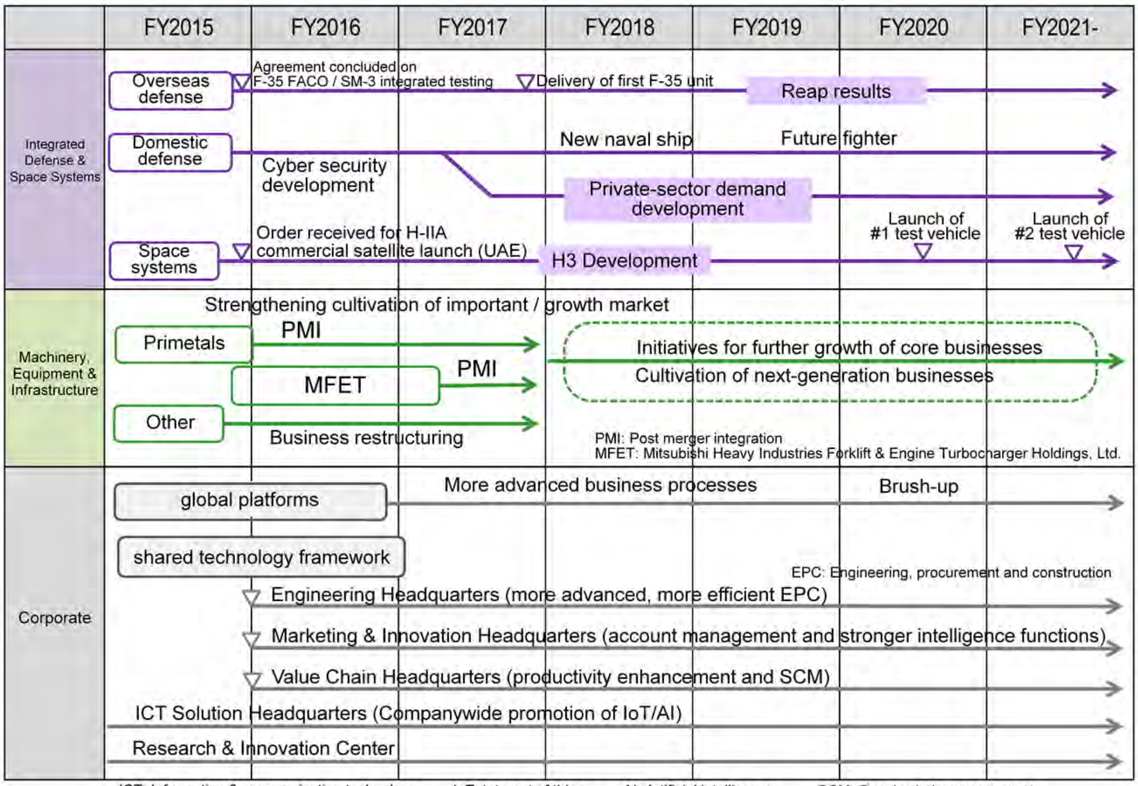
*: Sum booked to net sales for 3 months (approx.) after integration

Reference: Major Medium to Long-term Business Developments, by Domain (1)



MHPS: Mitsubishi Hitachi Power Systems PMI: Post merger integration IGCC: Integrated coal gasification combined cycle AGT: Automated guideway transit
MRJ: Mitsubishi Regional Jet

Reference: Major Medium to Long-term Business Developments, by Domain (2)



ICT: Information & communication technology IoT: Internet of things AI: Artificial intelligence SCM: Supply chain management


MITSUBISHI
HEAVY
INDUSTRIES
GROUP
MITSUBISHI
HEAVY INDUSTRIES
Our Technologies, Your Tomorrow
© 2016 MITSUBISHI HEAVY INDUSTRIES, LTD. All Rights Reserved.
MOVE THE WORLD FORWARD