

Summary of Q&A at FY2015 1H Financial Results Presentation **(October 30, 2015)**

(Responses are based on information as of date of presentation)

- Q. MHI is said to be considering making an investment into AREVA NP of France. Please give us an overview of what is intended.
- A. We are considering investing in AREVA NP in response to a formal proposal made to us by Électricité de France S.A. (EDF) and AREVA (AREVA NP's parent company). Cooperation between MHI and AREVA traces back to 1991, when we established a joint venture (JV) in the fuel cycle business. In 2006, we concluded an agreement on broader collaboration in the nuclear energy field. After that, in 2007, together with AREVA NP, we established the JV known as ATMEA. At ATMEA, pooling of the two partners' excellent technologies led to the development of the "ATMEA1," a next-generation medium-power pressurized water reactor (PWR). We believe that finalization of a next-generation medium-power PWR is necessary both for the project currently under way in Turkey and to win further projects.
- Owing to contractual confidentiality obligations, we are unable to discuss specific details, but we are confident that making an investment into AREVA NP should generate adequate returns.
- Q. What up-front costs are being incurred to advance post-merger integration (PMI) in the thermal power business?
- A. System integration, operational streamlining, etc. are now fully under way at Mitsubishi Hitachi Power Systems (MHPS). Up-front expenditures are building up, but we are making every effort to reap results from these measures as quickly as possible.
- Q. According to your presentation, the thermal power generation systems business is now seeing an improving trend in orders from regions where the market earlier was stagnant. How would you describe the current situation?
- A. We are now seeing some positive moves in this business, as illustrated by indication of intent to order several gas turbines received during the 2nd quarter from North America and East Asia. In Asia, where the market is relatively robust, although competition is intensifying in some countries, the track record of the MHI Group is attracting orders. In North America, we receive orders for several units every year.
- Q. We see a possibility that as overseas economies slow down, power demand could decline. Does this pose a potential risk for the MHI Group?
- A. Worldwide, there are many countries that suffer a basic lack of adequate power supply capacity, so we don't have any sense that a drop in power demand caused by economic slowdowns would have a major impact on our business. What does concern us, however, is stagnation in the flow of capital globally as economies slow. It's expected, for example, that it would become more difficult to win new orders destined for the emerging economies.