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**ATTACHMENT TO THE NOTICE OF THE
88TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**BUSINESS REPORT FOR THE 2012 FISCAL YEAR
(April 1, 2012 to March 31, 2013)**

OVERVIEW OF MHI GROUP

1 REVIEW AND THE RESULTS OF BUSINESS ACTIVITIES

(1) OVERVIEW

Despite steady growth in Southeast Asian countries and a sign of economic recovery in China that was driven by economic stimulus packages, the global economy decelerated in FY2012 due to the broader impact of the increasingly weak European economy underlying the fiscal crisis. Although the Japanese economy had been in a weak tone along with the deceleration of the global economy, such as decreases in Japan's export and production, it as a whole headed for moderate recovery during the year, supported mainly by reconstruction demand from the Great East Japan Earthquake as well as promotion of the Japanese Government's fiscal, financial and foreign exchange policies since January 2013.

■ Orders, Sales and Profits/Losses

In this operating environment, MHI¹ recorded decreases in orders for Power Systems and Machinery & Steel Infrastructure Systems, which received a large number of orders in FY2011. On the other hand, orders for Aerospace Systems increased. As a result, the total value of consolidated orders received for FY2012 decreased 4.9% from FY2011 to ¥3,032.2 billion.

Although net sales for Machinery & Steel Infrastructure Systems, Power Systems, and General Machinery & Special Vehicles increased, overall consolidated net sales decreased 0.1% from FY2011 to ¥2,817.8 billion, due mainly to decreases in net sales for Shipbuilding & Ocean Development as well as Aerospace Systems.

Operating income and ordinary income increased by ¥51.5 billion and ¥62.8 billion from FY2011 to ¥163.5 billion and ¥149.0 billion, respectively, due mainly to improved profitability in Aerospace Systems, Shipbuilding & Ocean Development, and General Machinery & Special Vehicles.

¹ For purposes of this Business Report, "MHI" includes its consolidated subsidiaries where applicable. All financial figures are consolidated amounts based on results from MHI and its consolidated subsidiaries.

MHI recorded net income of ¥97.3 billion, an increase of ¥72.7 billion from FY2011. This net income figure reflects gains on sales of investment securities and fixed assets that are recorded as extraordinary gain, and business structure improvement expenses that are posted as extraordinary loss.

■ MHI Group Initiatives in FY2012

MHI launched the “2012 Medium-Term Business Plan” in April 2012. Under this plan, MHI has set, as its basic policies, the following key business strategies: “consolidating and restructuring business segments into 4 domains to realize strengths and synergies”; “accelerating global expansion”; “managing the business portfolio based on strategic evaluation”; and “managing innovations in corporate governance and operations”. MHI has been actively working on various priority measures to accomplish this plan, in particular through the implementation of the following measures:

● Managing the Business Portfolio Based on Strategic Evaluation

MHI has concentrated its product businesses into 64 Strategic Business Units, and fully introduced a system that evaluates each unit with integrated management indicators. This has made it possible for MHI to utilize management resources such as human resources and funds more effectively and efficiently for the entire MHI Group, without being bound by the constraints of conventional frameworks.

● Managing Innovations in Corporate Governance and Operations

With respect to corporate governance and operations, MHI has implemented a range of improvement measures to further enhance the functions of the Board of Directors while reinforcing the effectiveness of its risk management system by establishing the Risk management and Compliance Committee and other measures. In addition, recognizing that compliance is an integral part in fulfilling its corporate social responsibility (CSR), MHI continued to work on the improvement of its compliance systems by providing additional compliance education to enhance employees’ awareness of compliance, strengthening the functions of MHI’s audit systems, and other compliance measures. MHI has also been working to reinforce the company-wide operational structure since April 2011. With respect to business divisions, MHI has implemented several reform measures such as clarifying roles and responsibilities of each business division, with each reform measure aiming to allow MHI to become an organization with strategic agility. Following these reforms, MHI determined to implement the restructuring of corporate divisions in April 2013, in order to reinforce the function and efficiency of business support as well as in order to advance the function of corporate governance.

● Accelerating Global Expansion

MHI has actively implemented measures for the acceleration of its global expansion and has strived to establish systems that reinforce business expansion capabilities overseas. For example, in the Asia Pacific region, one of its most important markets, MHI has established a Representative Office in Singapore to strengthen the functions of business strategy formulation and promotion in this region. MHI also consolidated 3 subsidiaries in Singapore in order to reinforce sales functions through the integration of management resources. In the United States, MHI

established a sales and service company for compressors whose demand is driven by increased production of shale gas, one of unconventional natural gas, in order to conduct more client-oriented sales operations based on market demand.

In addition, in order to develop manufacturing activities matched to local needs, MHI has expanded and accelerated the sharing of technology and expertise to overseas bases. In China, MHI has established a sales and manufacturing company jointly with Shanghai Diesel Engine Co., Ltd. in order to strengthen its competitiveness in the potentially growing market of industrial-use diesel engines. In North America, where the demand for gas turbines is expected to grow, a gas turbine assembly plant established in the United States has reached full-scale production capability and made its first product delivery.

MHI has also been working to establish a global financial management system that enhances the entire MHI Group's financial structure and funding efficiency. In August 2012, MHI established a financial subsidiary in the United States and strengthened the functions of integrated financing and centralized management for the funds of local subsidiaries.

● **Enhancing MHI's Core Businesses**

In addition to the above measures, MHI continued to enhance its core businesses during FY2012.

In Power Systems, which MHI has been focusing on as a growth area, MHI concluded a basic agreement with Hitachi, Ltd. that integrates both companies' thermal power generation systems businesses. This integration should harness both companies' superior technical skills, quality and reliability, which will allow MHI to meet buoyant global demand for thermal power generation systems and be a strong option for customers in the intensifying global competition. MHI also concluded an agreement with US-based United Technologies Corporation (UTC), under which MHI will acquire US-based Pratt & Whitney Power Systems, Inc., a core business unit of UTC focusing on small and medium-size gas turbines, with the aim of enhancing MHI's product lineup for its gas turbine business, which has previously focused primarily on large-capacity systems.

In Aerospace Systems, MHI has been working to expand production capacity for the Boeing 787 composite-material wing boxes, as well as continuing to actively develop the Mitsubishi Regional Jet (MRJ).

In General Machinery & Special Vehicles, MHI has integrated its forklift truck operations with the operations of Nippon Yusoki Co., Ltd. and in April 2013 commenced business operations under a new entity, Mitsubishi Nichiyu Forklift Co., Ltd., in order to pursue greater competitive strength mainly by enhancing the product lineup, and sharing and optimizing distribution channels.

In Machine Tool, MHI has acquired US-based Federal Broach Holdings, LLC whose products are highly complementary with MHI's products, thus expanding the network of global production bases in Japan, the United States and India.

(2) REVIEW OF BUSINESS SEGMENTS

Shipbuilding & Ocean Development

Focusing on high added value ships such as LNG carriers whose demand is growing due mainly to the expansion of natural gas applications, Shipbuilding & Ocean Development sales activities won orders for a total of 29 ships during FY2012, including orders for 5 LNG carriers, 2 resource exploration vessels, and 6 patrol vessels. Despite the above factors, the total value of consolidated orders received decreased from FY2011 to ¥255.4 billion, with pending consolidated orders at the end of FY2012 for 45 ships, totaling approximately 2.17 million gross tons.

Consolidated net sales decreased from FY2011 to ¥225.8 billion despite deliveries of a total of 24 ships, including 5 car ferries, 4 pure car carriers, 3 LPG carriers, 2 roll-on/roll-off (RO/RO) ships, and 2 patrol vessels.

Operating income increased from FY 2011 to ¥11.5 billion due mainly to the weakened yen.

Power Systems

With respect to overseas orders, Power Systems had several successes, receiving, for example, an order for a project to build a gas turbine combined-cycle power generation plant in Thailand as well as orders for steam turbines and boilers in Saudi Arabia and Vietnam, all despite the intensifying competition overseas, especially in Asia, caused by weak European markets. In Japan, Power Systems also received orders for coal-fired power plants among other successes. The total value of consolidated orders received, however, decreased to ¥895.3 billion from FY2011, which had included received orders for large-scale projects in Taiwan, South Korea and other countries.

Consolidated net sales increased from FY2011 to ¥988.7 billion due mainly to increased sales of thermal power plants.

Operating income decreased from FY2011 to ¥88.9 billion, due mainly to a delay in the resumption of nuclear power plants.

Machinery & Steel Infrastructure Systems

In Japan, Machinery & Steel Infrastructure Systems received orders for new installation and improvement work projects for waste to energy plants, despite sluggish capital investment. With respect to overseas orders, Machinery & Steel Infrastructure Systems received orders for transportation systems projects in Malaysia and Indonesia where transportation infrastructure is rapidly developing, as well as increased orders for compressors mainly in the energy area where the demand for compressors is growing. In contrast, orders for iron and steel manufacturing machinery and chemical plants decreased compared to FY2011, when large-scale orders were received. As a result, the total value of consolidated orders received decreased from FY2011 to ¥471.9 billion.

Consolidated net sales increased from FY2011 to ¥482.5 billion, due mainly to increases in sales of iron and steel manufacturing machinery, compressors and chemical plants.

Despite the increases in sales, operating income remained relatively unchanged from FY 2011 at ¥26.4 billion due to a harsh competitive environment.

Aerospace Systems

Amid steadily growing demand for aircraft, Aerospace Systems received an order for a large-scale commercial aircraft project in the United States and also increased orders for defense-related products. In contrast, space systems-related orders decreased. Overall, the total value of consolidated orders received increased from FY2011 to ¥803.3 billion.

Despite increased sales from commercial aircraft and space systems-related products, consolidated net sales decreased from FY2011 to ¥485.8 billion due to decreases in sales of defense-related products.

Operating income increased from FY2011 to ¥29.1 billion due mainly to improved profitability of commercial aircraft-related products.

General Machinery & Special Vehicles

Orders for turbochargers increased mainly in China and North America where automobile production is steadily growing, while orders for engines decreased in weak European markets. As a result, the total value of consolidated orders received remained relatively unchanged from FY2011 at ¥385.1 billion.

Consolidated net sales increased from FY2011 to ¥389.1 billion due mainly to increases in sales of turbochargers.

Operating income increased from FY2011 to ¥12.7 billion mainly as a result of increased sales and cost-cutting efforts.

Others

Air-Conditioning & Refrigeration Systems recorded decreases in orders for residential-use air conditioners and commercial-use air conditioners mainly in Europe where the market conditions are stagnant, but were able to increase orders for residential-use air conditioners in Southeast Asia. In Japan, orders for automotive thermal systems also decreased due to decreasing domestic automobile production by key customers. As a result, the total value of consolidated orders received decreased from FY2011 to ¥144.1 billion. Consolidated net sales and operating income decreased from FY2011 to ¥148.7 billion and ¥300 million, respectively.

Machine Tool recorded decreases in orders due to intensifying competition in Asian markets such as China and negative attitudes towards capital investments in Japan. As a result, the total value of consolidated orders received decreased from FY2011 to ¥44.2 billion. Consolidated net sales increased from FY2011 to ¥52.2 billion due mainly to increases in sales of gear cutting machines. Operating income decreased from FY2011 to ¥2.5 billion due mainly to the impact of intensifying competition.

The total value of consolidated orders received, consolidated net sales, and operating income in real property and other businesses recorded in FY2012 were ¥148.1 billion, ¥144.7 billion, and ¥10.1 billion respectively.

(Note)

The method of calculating operating income/loss for each segment has been changed beginning FY2012. The figures for FY2011 were re-calculated by using the new method for the purpose of comparison with the figures for FY2012.

2 KEY ISSUES FOR THE MHI GROUP

■ Business Environment

The global economy is expected to see a moderate recovery for the near term supported by monetary easing policies and economic stimulus packages in countries with major economies, although the long-term outlook remains uncertain due mainly to the fiscal crisis in Europe and financial problems in the United States. The economic conditions in Japan are also expected to improve given the stronger export environment and the advancement of economic and fiscal policies, although there are certain risk factors such as the uncertain outlook for the global economy and diplomatic disputes with neighbor countries.

Meanwhile, MHI expects its business environment to become even more challenging due to increasing pressure from competitors on a global scale driven by the increased opening of world markets.

■ MHI Strategies

In view of the current business environment, and in order to build resilience to global market risks and to survive and grow as a corporate group with international presence both in name and in reality, MHI recognizes that it is essential to further expand the scale of its business and strengthen its financial base through profit maximization. In particular, MHI places top priority on the expansion of its business scale.

The “2012 Medium-Term Business Plan” is MHI’s first step towards building a solid business foundation of MHI Group in the world. MHI will strive to embark on a new growth path by steadily implementing this plan with continual reform and improvement efforts, while maintaining its agile and lean corporate culture.

● Consolidating and Restructuring Business Segments into 4 Domains to Realize Strengths and Synergies

As part of its fundamental growth strategy, MHI will expand its business more aggressively by restructuring its businesses into 4 core business domains of “Energy & Environment”, “Machinery, Equipment & Systems”, “Commercial Aviation and Transportation Systems”, and “Defense & Aerospace” with a focus placed on its clients and the markets, in order to realize and utilize MHI’s full strengths and synergies.

In the “Energy & Environment” domain, for which strong growth is expected in the medium- and long-term, MHI will strive to provide integrated solutions for the needs of clients and the markets by leveraging its strength with a wide-ranging product lineup, thus further expanding its business scale. The integration of thermal power generation systems business with Hitachi, Ltd., which will be led by MHI, will be the core of MHI’s growth strategy for the Energy & Environment domain. Accordingly, MHI will be making its best efforts to ensure the success of the

business integration as well to maximize the synergy and complementary effects from combining the comprehensive strengths, technologies and product lineups of both companies. In this way, MHI aims to become a leading company in the global growth area of thermal power generation systems. In addition, MHI plans to invest its management resources intensively in gas turbine combined-cycle power generation plants whose demand is rapidly growing, as well as in chemical plants whose demand is expected to be driven by the development of the shale gas reserves, thus also expanding MHI's business scale.

In the "Machinery, Equipment & Systems" domain, MHI has a wide-ranging product lineup targeting key industries such as steel and automotive. MHI is aiming to expand its orders in emerging countries in particular, where key industries are experiencing significant growth similar to the prior period when Japan experienced rapid economic growth. To achieve this, MHI will carefully and steadily implement measures such as securing human resources and focusing on a product lineup that will meet the various needs of clients and the markets while understanding the business practice in these countries. MHI will also expand its service network and increase production capacity to cater to the local production and consumption needs.

In the "Commercial Aviation and Transportation Systems" domain, MHI will conduct various sales activities for land transportation systems based on its broad expertise ranging from rolling stock manufacturing to system engineering. In shipbuilding & ocean development, MHI will continue to develop its business in the high technology and high added value products fields, while strengthening the engineering business and advancing the shipbuilding business overseas. In commercial aircraft business, MHI will continue to actively work to ensure that this business will grow into one of MHI's core businesses from a long-term standpoint. To be more precise, MHI will continue to expand production capacity for the Boeing 787 composite-material wing boxes and will continue to make its best efforts to accomplish a successful first flight of MRJ, strictly focusing on the fundamental technological aspects of safety and reliability.

In the "Defense & Aerospace" domain, the Integrated Defense & Space Systems Planning Department which was established in January 2013 will unify the defense and space systems businesses and strengthen the industrial base of both fields. In addition, this department will also develop a business structure that will give the Japanese Government and public greater confidence in MHI's capabilities, and establish a system enabling MHI to fully support the Japanese Government's promotion of the integrated defense systems, by collaborating with land, sea, and air defense systems-related business divisions.

● Accelerating Global Expansion

In addition to the above measures, MHI will further accelerate its efforts to establish and promote new business models that have can add high value to the development and supply of products all the way through to services and operations. MHI will also work on the adoption of a "shared factory scheme" for global production. This scheme is designed to enhance the versatility of production functions and capabilities at existing plants, thus increasing the overall productivity.

In addition, in order to further advance complex and large-scale global business expansion, MHI will concentrate on developing its unique technologies as well as enhancing sales activities. Furthermore, to achieve cost-cutting and operational efficiency, MHI will seek good business partners in every aspect of its business from sales through to production and services, and promote strategic measures to grow together with them.

MHI will also continue to enhance human resources, a driving force of its global business expansion, on an entire MHI Group level, by actively recruiting and developing talented people regardless of nationality, providing enhanced educational programs for international staff, and promoting initiatives to share its corporate philosophy among employees.

MHI Group views its CSR as a top management priority and will continue to contribute to the sustainable development of society through its manufacturing activities, and to maintain a corporate culture that meets the expectations and trust of customers, stakeholders and society as a whole. MHI appreciates the continued understanding and support of its shareholders.

3 OPERATING RESULTS AND FINANCIAL CONDITIONS

(Millions of Yen except for per Share Data)

| Item | FY2009 | FY2010 | FY2011 | FY2012 |
|-----------------------------------|-----------|-----------|-----------|-----------|
| Orders Received | 2,476,273 | 2,995,447 | 3,188,834 | 3,032,259 |
| Net Sales | 2,940,887 | 2,903,770 | 2,820,932 | 2,817,893 |
| Operating Income | 65,660 | 101,219 | 111,961 | 163,520 |
| Ordinary Income | 24,009 | 68,113 | 86,182 | 149,028 |
| Net Income | 14,163 | 30,117 | 24,540 | 97,330 |
| Net Income per Share (Yen) | 4.22 | 8.97 | 7.31 | 29.01 |
| Total Assets | 4,262,859 | 3,989,001 | 3,963,987 | 3,935,119 |
| Net Assets | 1,328,772 | 1,312,678 | 1,306,366 | 1,430,225 |
| Net Assets per Share (Yen) | 380.80 | 376.17 | 374.08 | 410.90 |

Orders Received and Net Sales by Segment

(Millions of Yen)

| Segment | FY2009 | | FY2010 | |
|---|-----------------|-----------|-----------------|-----------|
| | Orders Received | Net Sales | Orders Received | Net Sales |
| Shipbuilding & Ocean Development | 150,888 | 230,692 | 173,225 | 302,439 |
| Power Systems | 982,297 | 1,066,128 | 1,022,819 | 996,963 |
| Machinery & Steel Infrastructure Systems | 404,359 | 625,775 | 492,680 | 557,515 |
| Aerospace Systems | 435,543 | 500,270 | 708,189 | 472,268 |
| General Machinery & Special Vehicles | 291,040 | 286,837 | 344,137 | 343,079 |
| Others | 251,886 | 284,394 | 288,037 | 282,738 |
| Inter-Segment Eliminations | (39,743) | (53,210) | (33,643) | (51,233) |
| Total | 2,476,273 | 2,940,887 | 2,995,447 | 2,903,770 |

(Millions of Yen)

| Segment | FY2011 | | FY2012 | |
|--|------------------|------------------|------------------|------------------|
| | Orders Received | Net Sales | Orders Received | Net Sales |
| Shipbuilding & Ocean Development | 262,055 | 311,678 | 255,471 | 225,844 |
| Power Systems | 1,235,201 | 955,348 | 895,307 | 988,756 |
| Machinery & Steel Infrastructure Systems | 508,204 | 428,839 | 471,960 | 482,557 |
| Aerospace Systems | 547,841 | 495,991 | 803,377 | 485,834 |
| General Machinery & Special Vehicles | 386,088 | 381,717 | 385,125 | 389,105 |
| Others | 293,970 | 294,477 | 336,613 | 345,780 |
| Inter-Segment Eliminations | (44,526) | (47,120) | (115,596) | (99,985) |
| Total | 3,188,834 | 2,820,932 | 3,032,259 | 2,817,893 |

(Note)

The orders received and net sales for each segment include inter-segment transactions, which are all cancelled using the “Inter-Segment Eliminations” term.

4 FINANCING CONDITIONS

(Millions of Yen)

| Item | Change from the End of FY2011 (Figures in parentheses denote decrease) | Outstanding Balance at the End of FY2012 |
|--|--|---|
| Short-term and Long-term borrowings | (56,008) | 781,238 |
| Bonds | (69,900) | 250,000 |
| Total | (125,908) | 1,031,238 |

5 MAIN BANK LOANS

(Millions of Yen)

| Lender | Loans Outstanding at the End of FY2011 |
|---|---|
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 188,343 |
| Mitsubishi UFJ Trust and Banking Corporation | 92,070 |
| Meiji Yasuda Life Insurance Company | 86,000 |
| Nippon Life Insurance Company | 77,500 |
| Mizuho Corporate Bank, Ltd. | 75,444 |
| Sumitomo Mitsui Banking Corporation | 61,486 |
| Sumitomo Mitsui Trust Bank, Limited. | 50,385 |
| The Dai-ichi Life Insurance Company, Limited | 45,000 |
| Sumitomo Life Insurance Company | 42,500 |
| Development Bank of Japan Inc. | 16,046 |

6 CAPITAL INVESTMENT

Capital investment during FY2012 amounted to ¥109,800 million. The main purposes of the investments were to strengthen technological capabilities, to improve the ability to be competitive and to enhance MHI's capabilities in the fields where MHI aims to aggressively expand its businesses in the future.

Capital Investment by Business Segment

(Millions of Yen)

| Segment | Amount | Main Items |
|--|----------------|---|
| Shipbuilding & Ocean Development | 4,978 | Expansion of production facilities for cruise ship building |
| Power Systems | 34,408 | Expansion of production facilities for gas turbines |
| Machinery & Steel Infrastructure Systems | 9,312 | Expansion of production facilities for iron & steel manufacturing machinery and compressors |
| Aerospace Systems | 36,110 | Expansion of production facilities for commercial transport aircraft |
| General Machinery & Special Vehicles | 8,646 | Expansion of production facilities for turbochargers |
| Others | 13,040 | Expansion of production facilities for automotive thermal systems and commercial-use air-conditioners |
| Common | 3,304 | — |
| Total | 109,800 | |

7 MAIN BUSINESSES

| Segment | Main Business |
|---|--|
| Shipbuilding & Ocean Development | Manufacture, installation, sale and service of cruise ships, LNG carriers, LPG carriers, car ferries, special-purpose vessels, car carriers, tankers, container carriers and various other ships, defense and patrol vessels and marine structures, etc. |
| Power Systems | Manufacture, installation, sale and service of boilers, steam turbines, gas turbines, diesel engines, water turbines, wind turbines, nuclear power equipments, selective catalytic reduction systems, marine machinery, desalination plants and pumps, etc. |
| Machinery & Steel Infrastructure Systems | Manufacture, installation, sale and service of waste to energy plants, flue gas desulfurization plants, flue gas treatment plants and various other environmental systems, transportation systems, material handling machines, petrochemical plants and various other chemical plants, oil and gas production plants, iron and steel manufacturing machinery, compressors, steel bridges, cranes, stacks, vertical parking garages, culture, sports and leisure-related facilities, plastic processing machinery, food production machinery, packaging machinery, printing machinery, paper converting machinery, medical systems and particle accelerator, etc. |
| Aerospace Systems | Manufacture, installation, sale and service of fighter jets, helicopters, commercial transport aircraft and various other aircraft, structural parts and components of aircraft, aircraft engine components, missiles, torpedoes and space systems, etc. |
| General Machinery & Special Vehicles | Manufacture, installation, sale and service of forklift trucks, construction machinery, engines, turbochargers, agricultural machinery, tractors and special vehicles, etc. |
| Others | Manufacture, installation, sale and service of residential use air-conditioners, commercial use air-conditioners, automotive thermal systems and various other air-conditioners, refrigeration units, power transmissions and machine tools, etc. Sale and purchase of real property, printing, information providing service and leasing. |

8 EMPLOYEES**(1) EMPLOYEES OF MHI
(INCLUDING ITS CONSOLIDATED SUBSIDIARIES)**

(Persons)

| Segment | Number of Employees |
|--|---------------------|
| Shipbuilding & Ocean Development | 3,708 |
| Power Systems | 18,966 |
| Machinery & Steel Infrastructure Systems | 8,814 |
| Aerospace Systems | 9,513 |
| General Machinery & Special Vehicles | 8,630 |
| Others | 7,244 |
| Common | 11,338 |
| Total | 68,213 |

(Note)

The number of employees above does not include Senior Vice Presidents, temporary employees (employees who were re-employed following compulsory retirement, temporary contract employees, part-time employees, etc.), secondees from MHI or consolidated subsidiaries assigned to the other companies, or employees of non-consolidated subsidiaries.

(2) EMPLOYEES OF MHI

| Number of Employees | Change from FY2011 | Average Age | Average Number of Years of Service |
|---------------------|-----------------------------|----------------|------------------------------------|
| 31,111 persons | decrease of 1,383 employees | 38.4 years old | 16.0 years |

(Note)

The number of employees above does not include Senior Vice Presidents, temporary employees (employees who were re-employed following compulsory retirement, temporary contract employees, part-time employees, etc.), or secondees assigned to subsidiaries and the other companies.

9 MAIN OFFICES & MANUFACTURING FACILITIES

| | |
|---|--|
| Head Office | Minato-ku, Tokyo |
| Research & Development Centers | Advanced Technology Research Center (Yokohama City), Nagasaki Research & Development Center (Nagasaki City), Takasago Research & Development Center (Takasago City, Hyogo Prefecture), Hiroshima Research & Development Center (Hiroshima City), Yokohama Research & Development Center (Yokohama City), Nagoya Research & Development Center (Nagoya City) |
| Offices | Kansai Office (Osaka City), Chubu Office (Nagoya City), Kyushu Office (Fukuoka City), Hokkaido Office (Sapporo City), Chugoku Office (Hiroshima City), Tohoku Office (Sendai City), Hokuriku Office (Toyama City), Shikoku Office (Takamatsu City) |
| Works, Plant, and Center | Nagasaki Shipyard & Machinery Works (Nagasaki City), Kobe Shipyard & Machinery Works (Kobe City), Shimonoseki Shipyard & Machinery Works (Shimonoseki City, Yamaguchi Prefecture), Yokohama Dockyard & Machinery Works (Yokohama City), Takasago Machinery Works (Takasago City, Hyogo Prefecture), Nagoya Aerospace Systems Works (Nagoya City), Nagoya Guidance & Propulsion Systems Works (Komaki City, Aichi Prefecture), Hiroshima Machinery Works (Hiroshima City), Mihara Machinery Works (Mihara City, Hiroshima Prefecture), Sagamihara Machinery Works (Sagamihara City), Nagoya Air-Conditioning & Refrigeration Machinery Works (Kiyosu City, Aichi Prefecture), Ritto Machinery Works (Ritto City, Shiga Prefecture), Iwatsuka Plant (Nagoya City), Yokohama Engineering Center (Yokohama City) |
| Main Bases Overseas | [Representative Office & Overseas Offices] Representative Office for Asia Pacific (Singapore), Jakarta Liaison Office, Taipei Liaison Office, Moscow Representative, Kyiv Representative, Istanbul Representative, Middle East Office (Dubai), Abu Dhabi Office, Johannesburg Branch, Ho Chi Minh City Representative, Hanoi Representative |
| | [Overseas Network] Mitsubishi Heavy Industries America, Inc., Mitsubishi Heavy Industries Europe, Ltd. (United Kingdom), Mitsubishi Heavy Industries, (Hong Kong) Ltd., Mitsubishi Heavy Industries (Thailand) Ltd., Mitsubishi Heavy Industries Philippines, Inc., Mitsubishi Heavy Industries Australia, Pty. Ltd., Mitsubishi Heavy Industries (China) Co., Ltd, Mitsubishi Heavy Industries, (Shanghai) Co., Ltd., Mitsubishi Heavy Industries de Mexico, S.A. de C.V., Mitsubishi Heavy Industries India Private Ltd., Mitsubishi Heavy Industries Korea Ltd., Mitsubishi Industrias Pesadas do Brasil Ltda |

(Note)

The main subsidiaries and their addresses are as presented below in “**10** OUTLINES OF MAIN SUBSIDIARIES”.

10 OUTLINES OF MAIN SUBSIDIARIES

| Segment | Name of Company | Address | Capital | Percentage of Investment Share (%) | Main Business |
|--|---|-----------------------------------|--------------------------|------------------------------------|---|
| Power Systems | Mitsubishi Power Systems Americas, Inc. | U.S.A. | 352.5 million US dollars | *100.0 | Sales and service of gas turbines, steam turbines, boilers, selective catalytic reduction systems, wind turbines and geothermal generation facilities, etc. |
| Machinery & Steel Infrastructure Systems | Mitsubishi Heavy Industries Printing & Packaging Machinery, Ltd. | Mihara City, Hiroshima Prefecture | 10,000 million Yen | 100.0 | Manufacture, installation, sale and service of printing machinery and paper converting machinery, etc. |
| | Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd. | Hiroshima City | 5,000 million Yen | 100.0 | Manufacture, installation, sales and service of steel bridges and stacks, etc. |
| | Mitsubishi Heavy Industries Compressor Corporation | Minato-ku, Tokyo | 4,000 million Yen | 100.0 | Manufacture, sale and service of compressors, etc. |
| | Mitsubishi-Hitachi Metals Machinery, Inc. | Minato-ku, Tokyo | 3,500 million Yen | 65.7 | Manufacture and sales of hot/cold rolling mill equipments and process lines, etc. |
| | Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd. | Yokohama City | 1,000 million Yen | 100.0 | Manufacture, installation, sales and service of various environmental systems and chemical equipment, etc. |
| | Mitsubishi Heavy Industries Mechatronics Systems, Ltd. | Kobe City | 500 million Yen | 100.0 | Manufacture, installation, sales and service of various industrial and general machinery and environmental systems, etc. |
| Aerospace Systems | Mitsubishi Aircraft Corporation | Nagoya City | 50,000 million Yen | 64.0 | Manufacture, sales and service of commercial aircrafts |

| Segment | Name of Company | Address | Capital | Percentage of Investment Share (%) | Main Business |
|--------------------------------------|--|-------------------------------|--------------------------------|------------------------------------|---|
| General Machinery & Special Vehicles | Mitsubishi Caterpillar Forklift Europe B.V. | Netherlands | 148.1 million Euro | 96.3 | Sales of forklift trucks |
| | Mitsubishi Caterpillar Forklift America Inc. | U.S.A | 80.8 million US dollars | 89.7 | Manufacture and sales of forklift trucks |
| | MHI Equipment Europe B.V. | Netherlands | 38.3 million Euro | 100.0 | Manufacture and sales of engines and turbochargers |
| | Mitsubishi Agricultural Machinery Co., Ltd. | Matsue City | 3,000 million Yen | 100.0 | Manufacture and sales of agricultural machinery, such as tractors and combine harvesters, and agricultural facilities, etc. |
| | MHI Engine System Asia Pte. Ltd. | Singapore | 12.2 million Singapore dollars | 100.0 | Sales and service of engines, etc. |
| Others | Mitsubishi Heavy Industries America, Inc. | U.S.A | 491.5 million US dollars | 100.0 | Manufacture, sales, installation and service of MHI products, and market research on MHI products |
| | MHI International Investment B.V. | Netherlands | 245.0 million Euro | 100.0 | Investment for foreign projects |
| | Mitsubishi Heavy Industries - Mahajak Air Conditioners Co., Ltd. | Thailand | 1,424.7 Million Thai baht | 81.8 | Manufacture, sales and service of residential and commercial use air-conditioners |
| | Mitsubishi Heavy Industries Automotive Thermal Systems Co., Ltd. | Kiyosu City, Aichi Prefecture | 1,000 million Yen | 100.0 | Manufacture, sales and service of automotive thermal systems |
| | Ryoin Co., Ltd. | Minato-ku, Tokyo | 1,000 million Yen | 100.0 | Plan and manufacture of various printings and electric publishers, and service for offices |

(Notes)

1. The item marked with an asterisk (*) denotes the percentage of investments by MHI's subsidiaries.
2. MHI had a total of 236 consolidated subsidiaries as of the end of FY2012 including those specified above, and 39 equity-method affiliates.

STOCKS OF MHI

1 TOTAL NUMBER OF SHARES AUTHORIZED TO BE ISSUED:

6,000,000,000 shares

2 TOTAL NUMBER OF THE SHARES ISSUED:

3,373,647,813 shares (unchanged from the end of FY2011)

3 NUMBER OF SHAREHOLDERS:

307,434 persons (decrease of 19,481 persons from the end of FY2011)

4 MAJOR SHAREHOLDERS

| Name of Shareholder | Number of Shares | Investment Share (%) |
|--|------------------|----------------------|
| Japan Trustee Services Bank, Ltd. (Trust Account) | 147,045,900 | 4.3 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 140,264,000 | 4.1 |
| The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust Account for The Bank of Tokyo-Mitsubishi UFJ, Ltd.) | 125,666,000 | 3.7 |
| Meiji Yasuda Life Insurance Company | 80,022,741 | 2.3 |
| JPMorgan Chase Bank 380055 | 76,619,472 | 2.2 |
| SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS | 75,327,700 | 2.2 |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | 50,400,000 | 1.5 |
| The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust Account for Mitsubishi UFJ Trust and Banking Corporation) | 45,934,000 | 1.3 |
| The Chase Manhattan Bank, N.A. London S L Omnibus Account | 45,718,327 | 1.3 |
| Japan Trustee Services Bank, Ltd. (Trust Account 9) | 42,314,000 | 1.2 |

(Note)

The investment shares are calculated excluding treasury stock of 18,357,952 shares.

STOCK ACQUISITION RIGHTS OF MHI

1 STOCK ACQUISITION RIGHTS HELD BY MHI'S OFFICERS AT THE END OF FY2012

| Name (Approval Date of Stock Acquisition Rights Offering) | Type and Number of Shares Received When Exercising Acquisition Rights | Issue Price of Stock Acquisition Rights | Exercise Price of the Stock Acquisition Rights | Period to Exercise Each Stock Acquisition Right | Stock Acquisition Rights Held by MHI's Officers |
|--|---|---|--|---|---|
| #4 Stock Acquisition Rights (July 31, 2006) | 1,000 shares of common stock | ¥412,000 | ¥1,000 | August 18, 2006 to June 28, 2036 | 128 (4 Directors) |
| #5 Stock Acquisition Rights (July 31, 2007) | 1,000 shares of common stock | ¥793,000 | ¥1,000 | August 17, 2007 to August 16, 2037 | 109 (8 Directors) |
| #6 Stock Acquisition Rights (July 31, 2008) | 1,000 shares of common stock | ¥410,000 | ¥1,000 | August 19, 2008 to August 18, 2038 | 296 (11 Directors) |
| #8 Stock Acquisition Rights (July 31, 2009) | 1,000 shares of common stock | ¥295,000 | ¥1,000 | August 18, 2009 to August 17, 2039 | 465 (13 Directors) |
| | | | | | 21 (1 Statutory Auditor) |
| #9 Stock Acquisition Rights (July 30, 2010) | 1,000 shares of common stock | ¥268,000 | ¥1,000 | August 18, 2010 to August 17, 2040 | 574 (15 Directors) |
| | | | | | 23 (1 Statutory Auditor) |
| #10 Stock Acquisition Rights (November 30, 2011) | 1,000 shares of common stock | ¥270,000 | ¥1,000 | December 16, 2011 to December 15, 2041 | 793 (16 Directors) |
| #11 Stock Acquisition Rights (July 31, 2012) | 1,000 shares of common stock | ¥225,000 | ¥1,000 | August 17, 2012 to August 16, 2042 | 984 (16 Directors) |

(Notes)

1. The issue prices offering of stock acquisition rights are the fair values of the rights offering (determined according to the Black-Scholes Options Pricing Model) as of the approval date of these rights offering.
2. All stock acquisition rights held by a Statutory Auditor were granted during his term of office as a MHI's Senior Vice President.

**2 STOCK ACQUISITION RIGHTS ISSUED TO MHI'S EMPLOYEES
DURING FY2012**

| Name (Approval Date of Stock Acquisition Rights Offering) | Type and Number of Shares Received When Exercising Acquisition Rights | Issue Price of Stock Acquisition Rights | Exercise Price of the Stock Acquisition Rights | Period to Exercise Each Stock Acquisition Right | Stock Acquisition Rights Issued by MHI's Employees |
|--|--|--|---|--|---|
| #11 Stock Acquisition Rights (July 31, 2012) | 1,000 shares of common stock | ¥225,000 | ¥1,000 | August 17, 2012 to August 16, 2042 | 648 (24 persons) |

(Note)

The issue price of stock acquisition rights is the fair value of the rights offering (determined according to the Black-Scholes Options Pricing Model) as of the approval date of these rights offering.

OFFICERS

1 DIRECTORS AND STATUTORY AUDITORS

| Position | Name | Responsibility | Important Concurrent Positions in Other Entities |
|--|-------------------|---|--|
| *Chairman of the Board | Kazuo Tsukuda | | Director, Mitsubishi Corporation Director, Mitsubishi Research Institute, Inc. Director, Keihan Electric Railway Co., Ltd. |
| *President and CEO (Member of the Board) | Hideaki Omiya | | |
| *Director (Member of the Board), Senior Executive Vice President | Shunichi Miyanaga | Providing assistance to President and CEO, Head of the Presidential Administration Office, In charge of other matters specially assigned by President and CEO | |
| *Director (Member of the Board), Senior Executive Vice President | Yoshiaki Tsukuda | Providing assistance to President and CEO, Head of Technology & Innovation Headquarters, In charge of other matters specially assigned by President and CEO | |
| *Director (Member of the Board), Executive Vice President | Hisashi Hara | Head of Shipbuilding & Ocean Development | |
| *Director (Member of the Board), Executive Vice President | Takashi Abe | In charge of General Affairs, Legal and Personnel | |
| *Director (Member of the Board), Executive Vice President | Akira Hishikawa | Head of Machinery & Steel Infrastructure Systems | |
| *Director (Member of the Board), Executive Vice President | Takato Nishizawa | Head of Engineering Headquarters | |

| Position | Name | Responsibility | Important Concurrent Positions in Other Entities |
|---|--------------------|---|---|
| *Director (Member of the Board), Executive Vice President | Masafumi Wani | Head of Power Systems | |
| *Director (Member of the Board), Executive Vice President | Atsushi Maekawa | Head of General Machinery & Special Vehicles, Head of Sagami Machinery Works | |
| *Director (Member of the Board), Executive Vice President | Shigero Masamori | Head of Nuclear Energy Systems | |
| *Director (Member of the Board), Executive Vice President | Takashi Kobayashi | In charge of promoting integration of Defense and Aerospace businesses | |
| *Director (Member of the Board), Executive Vice President | Yoichi Kujirai | Head of Aerospace Systems | Director, Mitsubishi Kakoki Kaisha, Ltd. |
| *Director (Member of the Board), Executive Vice President | Tatsuhiko Nojima | In charge of Accounting, Finance, Procurement Planning & Administration and Procurement & Sourcing | Statutory Auditor, Mitsubishi Motors Corporation |
| Director (Member of the Board), Senior Vice President | Masahiko Arihara | Head of Air-Conditioning & Refrigeration Systems, Head of Nagoya Air-Conditioning & Refrigeration Machinery Works | Director, Toyo Engineering Works, Ltd. |
| Director (Member of the Board), Senior Vice President | Hisakazu Mizutani | Senior General Manager, Management Audit Department | |
| Director (Member of the Board) | Yoshihiro Sakamoto | | |
| Director (Member of the Board) | Yorihiko Kojima | | Chairman of the Board, Mitsubishi Corporation Director, Sony Corporation Director, Takeda Pharmaceutical Company Limited |

| Position | Name | Responsibility | Important Concurrent Positions in Other Entities |
|-----------------------------------|---------------------|-----------------------|---|
| Director (Member of the Board) | Christina Ahmadjian | | Professor, Hitotsubashi University, Graduate School of Commerce and Management Director, Eisai Co., Ltd. |
| Statutory Auditor (Full time) | Toshiro Yagami | | Statutory Auditor, Toyo Engineering Works, Ltd. |
| Statutory Auditor (Full time) | Eiji Isu | | |
| Statutory Auditor | Kichisaburo Nomura | | |
| Statutory Auditor | Nobuo Kuroyanagi | | Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Director, Mitsubishi Research Institute, Inc. Director, Honda Motor Co., Ltd. Director, Isetan Mitsukoshi Holdings Ltd. |
| Statutory Auditor | Haruya Uehara | | Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation Statutory Auditor, Nikon Corporation Statutory Auditor, Mitsubishi Research Institute, Inc. |

(Notes)

1. The positions, the responsibilities, and the important concurrent positions in other entities are shown as of March 31, 2013.
2. An asterisk mark (*) indicates a Representative Director.
3. Mr. Tatsuhiko Nojima and Ms. Christina Ahmadjian, each a Director, took the office of Directors, and Mr. Eiji Isu, a Statutory Auditor, took the office of a Statutory Auditor on June 21, 2012 (on the date of the 87th Ordinary General Meeting of Shareholders).
4. Mr. Yoshihiro Sakamoto, Mr. Yorihiko Kojima and Ms. Christina Ahmadjian, each a Director, are Outside Directors as defined in Article 2, Item 15 of the Companies Act.

5. Messrs. Kichisaburo Nomura, Nobuo Kuroyanagi and Haruya Uehara, each a Statutory Auditor, are Outside Statutory Auditors as defined in Article 2, Item 16 of the Companies Act.
6. MHI has submitted notifications, specifying all MHI's Outside Directors and Outside Statutory Auditors as an independent Director or an independent Statutory Auditor, to Tokyo Stock Exchange, Inc. and other listed financial instruments exchanges.
7. Mr. Tatsuhiko Nojima, a Director, took the office of a Statutory Auditor of Mitsubishi Motors Corporation as of June 26, 2012.
8. Mr. Nobuo Kuroyanagi, a Statutory Auditor, retired from his position as a Director of Senshu Ikeda Holdings, Inc. as of June 28, 2012.

The following changes were instituted in the positions and responsibilities of Directors as of April 1, 2013.

| Position | Name | Responsibility |
|---|-------------------|--|
| Director (Member of the Board), Senior Executive Adviser | Kazuo Tsukuda | |
| *Chairman of the Board | Hideaki Omiya | |
| *President and CEO (Member of the Board) | Shunichi Miyanaga | |
| *Director (Member of the Board), Senior Executive Vice President | Atsushi Maekawa | Providing assistance to President and CEO, Head of General Machinery & Special Vehicles, In charge of other matters specially assigned by President and CEO |
| *Director (Member of the Board), Executive Vice President | Takashi Abe | In charge of the Transition to Domain System Project |
| *Director (Member of the Board), Executive Vice President | Tatsuhiko Nojima | In charge of Accounting, Finance, Procurement Planning & Administration and Procurement & Sourcing |
| *Director (Member of the Board), Executive Vice President | Masahiko Arihara | Head of the Presidential Administration Office, Head of Air-Conditioning & Refrigeration Systems |
| *Director (Member of the Board), Executive Vice President | Hisakazu Mizutani | In charge of Audit, General Affairs, Legal and Personnel |
| Director (Member of the Board), Senior Vice President | Yoshiaki Tsukuda | Special Senior Adviser to President and CEO |

(Note)

An asterisk mark (*) indicates a Representative Director.

2 OUTSIDE OFFICERS

(1) ENTITIES WHERE OUTSIDE OFFICERS HOLD IMPORTANT CONCURRENT POSITIONS AND THEIR RELATIONS WITH MHI

| Position | Name | Name of Entity | Relations with MHI |
|-------------------|---------------------|---------------------------------------|--|
| Director | Yorihiko Kojima | Sony Corporation | No notable relations |
| | | Takeda Pharmaceutical Company Limited | Services of power generators, etc. |
| | Christina Ahmadjian | Eisai Co., Ltd. | No notable relations |
| Statutory Auditor | Nobuo Kuroyanagi | Mitsubishi Research Institute, Inc. | Consignment of research and analysis works, etc. |
| | | Honda Motor Co., Ltd. | Sales of turbochargers, etc. |
| | | Isetan Mitsukoshi Holdings Ltd. | No notable relations |
| | Haruya Uehara | Nikon Corporation | Purchases of optical equipment, etc. |
| | | Mitsubishi Research Institute, Inc. | Consignment of research and analysis works, etc. |

(Notes)

- The entities above are those listed in “1 DIRECTORS AND STATUTORY AUDITORS” where an MHI Outside Officer serves as a “Managing Director” etc. as defined in Article 124, Item 1 of the Ordinance for Enforcement of the Companies Act or as an “Outside Officer” etc. as defined in Article 124, Item 2 of this Ordinance.
- Mr. Nobuo Kuroyanagi, a Statutory Auditor, retired from his position as a Director of Senshu Ikeda Holdings, Inc. (SIHD) as of June 28, 2012. MHI has no notable relations with SIHD.

(2) PRINCIPAL ACTIVITIES

| Position | Name | The Number of Attendance at the Board of Directors Meetings | The Number of Attendance at the Board of Statutory Auditors Meetings |
|-------------------|---------------------|---|--|
| Director | Yoshihiro Sakamoto | 14 out of 14 times | — |
| | Yorihiko Kojima | 12 out of 14 times | — |
| | Christina Ahmadjian | 9 out of 10 times | — |
| Statutory Auditor | Kichisaburo Nomura | 13 out of 14 times | 14 out of 15 times |
| | Nobuo Kuroyanagi | 10 out of 14 times | 13 out of 15 times |
| | Haruya Uehara | 14 out of 14 times | 15 out of 15 times |

These Directors and Statutory Auditors have expressed their views at the Board of Directors meetings on the overall management of MHI from their various perspectives based on their considerable experience and knowledge as business managers and so forth. Messrs. Kichisaburo Nomura, Nobuo Kuroyanagi and Haruya Uehara, each a Statutory Auditor, have expressed their views at the Board of Statutory Auditors meetings on the overall auditing from the perspective of achieving legitimate and appropriate performance of business activities based on their considerable experience and knowledge.

Ms. Christina Ahmadjian, a Director, took the office of a Director on June 21, 2012 (on the date of the 87th Ordinary General Meeting of Shareholders), so the number of the Board of Directors meetings she attended differs from that of the other Officers.

(3) OUTLINE OF LIABILITY LIMITATION AGREEMENT

MHI has entered into Liability Limitation Agreements with Directors: Mr. Yoshihiro Sakamoto; Mr. Yorihiko Kojima; and Ms. Christina Ahmadjian, and Statutory Auditors: Messes. Kichisaburo Nomura; Nobuo Kuroyanagi; and Haruya Uehara respectively, which provide a limitation on their liabilities to compensate for damages under Article 423, Paragraph 1 of the Companies Act, the amount of which is the higher of ¥10 million or the minimum liability amount defined in Article 425, Paragraph 1 of the Companies Act.

3 AMOUNT OF COMPENSATION AND OTHER PAYMENT TO DIRECTORS AND STATUTORY AUDITORS

| Position | Figures (persons) | Amount of Compensation (Millions of Yen) |
|--|------------------------------|---|
| Directors (Outside Directors) | 21 (4) | 1,405 (44) |
| Statutory Auditors (Outside Statutory Auditors) | 6 (3) | 134 (36) |
| Total (Outside Officers) | 27 (7) | 1,539 (80) |

Also, for Officers other than Outside Officers, a gap emerged between the compensation amounts disclosed for FY2011 (the estimated compensation amounts) and the compensation amounts actually disbursed in FY2012. As a result, a total of ¥1,238 million was paid to 26 Directors and a total of ¥128 million was paid to 7 Statutory Auditors.

(Notes)

1. The figures in the table above include 2 Directors and 1 Statutory Auditor who retired during FY2012.
2. The amounts of compensation in the table above include stock acquisition rights issued in a so-called stock-linked compensation scheme (the amount equal to ¥255 million) for 16 Directors excluding Outside Directors. The total issuance price of stock acquisition rights to Directors excluding Outside Directors is limited to ¥300 million per fiscal year (resolution of the 82nd Ordinary General Meeting of Shareholders on June 27, 2007).
3. The maximum permitted monetary compensation amounts are ¥1,200 million per fiscal year for Directors and ¥160 million per fiscal year for Statutory Auditors (resolution of the 81st Ordinary General Meeting of Shareholders on June 28, 2006).

ACCOUNTING AUDITORS

1 NAME OF ACCOUNTING AUDITORS

Ernst & Young ShinNihon LLC

2 COMPENSATION PAID TO ACCOUNTING AUDITORS

(Millions of Yen)

| | |
|--|-----|
| ① Amount of Compensation | 248 |
| ② Sum of the Amount of Money and Other Material Advantage to Be Paid by MHI and Its Subsidiaries | 369 |

(Note)

The amount in ① is the total of the compensation for auditing pursuant to the Companies Act, the compensation for auditing pursuant to the Financial Instruments and Exchange Act, and the compensation for works other than auditing.

Following MHI's main subsidiaries are audited by auditing firms other than the one used by MHI: Mitsubishi Caterpillar Forklift Europe B.V. (Netherlands); MHI Equipment Europe B.V. (Netherlands); MHI Engine System Asia Pte. Ltd. (Singapore); MHI International Investment B.V. (Netherlands); and Mitsubishi Heavy Industries - Mahajak Air Conditioners Co., Ltd. (Thailand).

3 CONTENTS OF WORKS OTHER THAN AUDITING

MHI has requested Accounting Auditors to provide advisory works, including consultations on the application of International Financial Reporting Standards, and has paid Accounting Auditors compensation for such works as duties other than auditing.

4 POLICY ON TERMINATING OR NOT REAPPOINTING THE ACCOUNTING AUDITOR

Should causes defined in the Items of Article 340, Paragraph 1 of the Companies Act apply to Accounting Auditors, the Board of Statutory Auditors will deliberate the dismissal of Accounting Auditors. When the dismissal is deemed appropriate, the Board of Statutory Auditors will dismiss the Accounting Auditors based on the assent of all Statutory Auditors. Further, should the Board of Directors determine that it is necessary to change Accounting Auditors in view of Accounting Auditors' performance or in view of MHI's auditing practices, the Board of Directors will submit a proposal of not reappointing Accounting Auditors to the General Meeting of Shareholders on condition that it will gain the assent of the Board of Statutory Auditors.

ESTABLISHING A FRAMEWORK FOR ENSURING APPROPRIATE BUSINESS CONDUCT

In accordance with the applicable laws and ordinances, MHI has prepared a system to ensure appropriate operations by resolution of the Board of Directors. We promote fair and solid management. The contents of this resolution are summarized as follows.

1. System to ensure that the Directors' execution of their duties is in compliance with relevant laws and MHI's Articles of Incorporation
 - (1) Directors shall lead by example in realizing MHI's fundamental principle of fair and honest business activities that comply with all relevant laws and emphasize social norms and business ethics.
 - (2) The Board of Directors shall fully discuss all matters raised and reports submitted by Directors and monitor MHI's operations from the perspectives of sound and efficient management. The views of Outside Directors shall be employed to introduce greater objectivity and enhance the effectiveness of oversight.
2. System to store and manage information related to the Directors' execution of their duties
 - (1) Principle matters related to the management of documents shall be specified in company regulations, and information related to the Directors' execution of their duties shall be appropriately recorded, stored and managed.
 - (2) Directors and Statutory Auditors shall be given access to such information at any time where it is deemed necessary to supervise and audit actions by Directors.
3. Regulations and other systems to manage risk
 - (1) Systems designed to manage each type of risk shall be implemented and responsibilities shall be clearly defined to ensure the appropriate management of risk.
 - (2) Risk shall be regularly evaluated and analyzed and necessary avoidance or mitigating measures taken; internal audits shall monitor the effectiveness and appropriateness of these measures and reports shall be regularly submitted to the Board of Directors.
 - (3) To prepare for cases where significant risk may materialize, MHI shall ensure the means to immediately communicate information to senior management to respond promptly and accurately to emergency situations; individuals responsible for crisis management shall also be appointed in each business division.
4. System to ensure that Directors execute their duties efficiently
 - (1) The Board of Directors shall formulate business plans and establish companywide management policy and objectives; business execution, led by the President, shall be conducted with the aim of achieving these objectives.
 - (2) MHI's organizational structure, division of duties, and lines of authority shall be specified in company regulations to ensure steps to achieve management objectives are conducted efficiently.
5. System to ensure that the duties and actions of employees comply with relevant laws and MHI's Articles of Incorporation
 - (1) MHI shall create a framework comprising the Risk management and Compliance Committee and other bodies to raise awareness of compliance among employees by formulating a code of conduct, implementing various training programs and taking other steps.

- (2) MHI shall establish a whistleblower system and other mechanisms to enhance the effectiveness of compliance, conduct internal audits of the compliance framework, and report the results to the Board of Directors.
6. System to ensure appropriate business activities of MHI Group
- (1) The presidents of MHI group companies shall be responsible for the independent management of their companies as autonomous bodies; in addition, MHI shall create a system to define the management responsibilities of MHI group companies, determine operational procedures and provide support and guidance with the aim of improving consolidated operating performance through sound and efficient Group-wide management.
- (2) To ensure appropriate Group-wide operations, MHI shall promote various compliance and risk measures in conjunction with MHI group companies and create internal control systems tailored to the size and specific nature of each company; the respective departments in MHI responsible for managing its group companies shall also monitor the status of compliance at these companies.
- (3) MHI and MHI group companies shall ensure the accuracy of their respective financial information, and arrange the organization, company regulations and other matters required for the preparation and disclosure of reliable financial reports.
7. Matters related to employees requested by Statutory Auditors to support audit activities
- In response to requests by Statutory Auditors, MHI shall establish a Statutory Auditor's Office with dedicated employees to support the smooth conduct of audit activities.
8. Independence of employees in 7. above from Directors
- To ensure independence from the executive bodies of MHI, employees in Statutory Auditor's Office shall not be subject to the orders of Directors, and the appointment, transfer and evaluation of these employees shall be conducted with the agreement of Statutory Auditors.
9. System to allow Directors and employees to report information to Statutory Auditors and other systems
- MHI shall implement arrangements to allow the reporting and provision of information to Statutory Auditors, and promote appropriate communication through regular exchanges of views.
10. Other systems to ensure that Statutory Auditors' activities are conducted effectively
- Due consideration shall be given to Statutory Auditors to allow them to conduct audits in an effective manner by gathering information, conducting surveys and taking other steps to ensure appropriate communication with related divisions in MHI, the Accounting Auditors and other parties.

CONSOLIDATED BALANCE SHEET (As of March 31, 2013) (1/2)

(Millions of Yen)

ASSETS**Current assets:**

| | |
|------------------------------------|---------|
| Cash and deposits | 328,365 |
| Trade receivables | 931,469 |
| Securities | 2 |
| Merchandise and finished products | 139,157 |
| Work in process | 746,640 |
| Raw materials and supplies | 124,038 |
| Deferred income taxes | 138,934 |
| Others | 222,550 |
| Allowance for doubtful receivables | (6,333) |

Total current assets 2,624,824**Fixed assets:****Property, plant and equipment:**

| | |
|--|---------|
| Buildings and structures | 339,262 |
| Machinery and transportation equipment | 225,547 |
| Tools, equipment and furniture | 41,877 |
| Land | 138,382 |
| Leased assets | 4,599 |
| Construction in progress | 43,263 |

Subtotal 792,932**Intangible assets:** **29,216****Investments and advances:**

| | |
|---------------------------------|---------|
| Investment securities | 297,625 |
| Long-term loans and advances | 6,863 |
| Deferred income taxes | 10,087 |
| Others | 182,459 |
| Allowance for doubtful accounts | (8,891) |

Subtotal 488,144**Total fixed assets** 1,310,294**TOTAL ASSETS** 3,935,119

CONSOLIDATED BALANCE SHEET (As of March 31, 2013) (2/2)

(Millions of Yen)

LIABILITIES

Current liabilities:

| | |
|--|------------------|
| Trade payables | 663,451 |
| Short-term borrowings | 154,014 |
| Current portion of long-term borrowings | 150,171 |
| Current portion of bonds | 50,000 |
| Reserve for product warranties | 22,135 |
| Reserve for losses on construction contracts | 35,405 |
| Reserve for legal claims | 61 |
| Advance payments received on contracts | 427,390 |
| Others | 191,193 |
| Total current liabilities | 1,693,822 |

Long-term liabilities:

| | |
|------------------------------------|----------------|
| Debentures | 200,000 |
| Long-term borrowings | 477,053 |
| Deferred income taxes | 9,922 |
| Reserve for retirement allowance | 51,904 |
| Reserve for treatment of PCB waste | 10,865 |
| Others | 61,324 |
| Total long-term liabilities | 811,070 |

TOTAL LIABILITIES **2,504,893**

NET ASSETS

Stockholders' equity:

| | |
|-----------------------------------|------------------|
| Common stock | 265,608 |
| Capital surplus | 203,956 |
| Retained earnings | 901,397 |
| Treasury stock | (5,394) |
| Total stockholders' equity | 1,365,568 |

Accumulated other comprehensive income (loss) :

| | |
|--|---------------|
| Net unrealized gains on investment securities | 30,979 |
| Deferred gains or losses on hedges | 142 |
| Foreign currency translation adjustments | (18,040) |
| Total accumulated other comprehensive income (loss) | 13,081 |

Share subscription rights 2,243

Minority interests 49,332

TOTAL NET ASSETS **1,430,225**

TOTAL LIABILITIES AND NET ASSETS **3,935,119**

CONSOLIDATED STATEMENT OF INCOME(From April 1, 2012 to March 31, 2013)

(Millions of Yen)

| | |
|--|------------------|
| Net sales | 2,817,893 |
| Cost of sales | 2,297,072 |
| Gross profit | 520,821 |
| Selling, general and administrative expenses | 357,300 |
| Operating income | 163,520 |
| Non-operating income: | |
| Interest income | 2,717 |
| Dividend income | 3,876 |
| Equity in earnings of unconsolidated subsidiaries and affiliates | 2,625 |
| Foreign exchange gain | 7,030 |
| Others | 2,623 |
| Total non-operating income | 18,874 |
| Non-operating expenses: | |
| Interest expense | 17,256 |
| Loss on disposal of fixed assets | 4,397 |
| Others | 11,711 |
| Total non-operating expenses | 33,366 |
| Ordinary income | 149,028 |
| Extraordinary gain: | |
| Gain on sales of investment securities | 8,676 |
| Gain on sales of fixed assets | 4,157 |
| Total extraordinary gain | 12,833 |
| Extraordinary loss: | |
| Business structure improvement expenses | 6,414 |
| Total extraordinary loss | 6,414 |
| Income before income taxes and minority interests | 155,448 |
| Income taxes: | |
| Current | 26,059 |
| Deferred | 33,080 |
| Income before minority interests | 96,308 |
| Minority interests in income (loss) of consolidated subsidiaries | (1,021) |
| Net income | 97,330 |

(REFERENCE)

CONSOLIDATED STATEMENT OF CASH FLOWS

(From April 1, 2012 to March 31, 2013)

(Millions of Yen)

| | |
|--|-----------|
| Cash flows from operating activities | 288,375 |
| Cash flows from investing activities | (76,737) |
| Cash flows from financing activities | (154,215) |
| Effect of exchange rate changes on cash and cash equivalents | 7,397 |
| Net increase(decrease) in cash and cash equivalents | 64,820 |
| Cash and cash equivalents at beginning of year | 254,605 |
| Cash and cash equivalents at end of year | 319,426 |

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (1/2)
(From April 1, 2012 to March 31, 2013)

(Millions of Yen)

| | Stockholders' equity | | | | Total stockholders' equity |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | |
| Balance as of March 31, 2012 | 265,608 | 203,942 | 822,473 | (5,418) | 1,286,606 |
| Changes in the period | | | | | |
| Cash dividends | | | (20,131) | | (20,131) |
| Net income | | | 97,330 | | 97,330 |
| Changes in equity interest | | | 1,725 | | 1,725 |
| Purchase of treasury stock | | | | (11) | (11) |
| Disposal of treasury stock | | 13 | | 35 | 49 |
| Net changes in items other than stockholders' equity | | | | | |
| Total changes in the period | — | 13 | 78,924 | 23 | 78,962 |
| Balance as of March 31, 2013 | 265,608 | 203,956 | 901,397 | (5,394) | 1,365,568 |

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (2/2)
(From April 1, 2012 to March 31, 2013)

(Millions of Yen)

| | Accumulated other comprehensive income | | | | Share subscription rights | Minority interests | Total net assets |
|--|--|-----------------------------------|--|--|---------------------------|--------------------|------------------|
| | Net unrealized gains (losses) on investment securities | Deferred gains (losses) on hedges | Foreign currency translation adjustments | Total accumulated other comprehensive income | | | |
| Balance as of March 31, 2012 | 22,082 | 12 | (53,611) | (31,517) | 1,868 | 49,409 | 1,306,366 |
| Changes in the period | | | | | | | |
| Cash dividends | | | | | | | (20,131) |
| Net income | | | | | | | 97,330 |
| Changes in equity interest | | | | | | | 1,725 |
| Purchase of treasury stock | | | | | | | (11) |
| Disposal of treasury stock | | | | | | | 49 |
| Net changes in items other than stockholders' equity | 8,897 | 129 | 35,570 | 44,598 | 375 | (76) | 44,897 |
| Total changes in the period | 8,897 | 129 | 35,570 | 44,598 | 375 | (76) | 123,859 |
| Balance as of March 31, 2013 | 30,979 | 142 | (18,040) | 13,081 | 2,243 | 49,332 | 1,430,225 |

NON-CONSOLIDATED BALANCE SHEET (As of March 31, 2013) (1/2)

(Millions of Yen)

ASSETS

Current assets:

| | |
|--|------------------|
| Cash and deposits | 215,188 |
| Trade notes receivable | 4,252 |
| Trade accounts receivable | 714,468 |
| Merchandise and finished products | 65,552 |
| Work in process | 548,055 |
| Raw materials and supplies | 86,162 |
| Advances to suppliers | 98,610 |
| Prepaid expenses | 2,135 |
| Deferred income taxes | 103,449 |
| Short-term loans receivable from subsidiaries and affiliates | 41,535 |
| Others | 126,871 |
| Allowance for doubtful receivables | (62) |
| Total current assets | 2,006,220 |

Fixed assets:

Property, plant and equipment:

| | |
|---------------------------------------|----------------|
| Buildings | 222,638 |
| Structures | 22,714 |
| Docks and facilities for shipbuilding | 3,075 |
| Machinery | 162,653 |
| Vessels | 223 |
| Aircraft | 9 |
| Vehicles and transportation equipment | 2,455 |
| Tools, equipment and furniture | 30,867 |
| Land | 95,771 |
| Leased assets | 21,825 |
| Construction in progress | 29,473 |
| Subtotal | 591,707 |

Intangible assets:

| | |
|---------------------------|--------------|
| Software | 8,636 |
| Right of using facilities | 370 |
| Leased assets | 7 |
| Others | 448 |
| Subtotal | 9,464 |

Investments and advances:

| | |
|--|----------------|
| Investment securities | 146,817 |
| Investments in shares of subsidiaries and affiliates | 448,132 |
| Investments in capital | 26 |
| Investments in capital of subsidiaries and affiliates | 19,435 |
| Long-term loans and advances | 169 |
| Long-term loans receivable from employees | 48 |
| Long-term loans receivable from subsidiaries and affiliates | 26,053 |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 2,020 |
| Long-term prepaid expense | 22,937 |
| Prepaid pension cost | 87,844 |
| Long-term receivables | 24,425 |
| Others | 34,880 |
| Allowance for doubtful accounts | (13,011) |
| Subtotal | 799,699 |

| | |
|---------------------------|------------------|
| Total fixed assets | 1,400,871 |
| TOTAL ASSETS | 3,407,091 |

NON-CONSOLIDATED BALANCE SHEET (As of March 31, 2013) (2/2)

(Millions of Yen)

LIABILITIES

Current liabilities:

| | |
|--|------------------|
| Trade accounts payable | 529,573 |
| Short-term borrowings | 209,504 |
| Current portion of long-term borrowings | 142,978 |
| Current portion of bonds | 50,000 |
| Lease obligations | 1,408 |
| Accrued payables | 26,599 |
| Accrued expenses | 39,925 |
| Advance payments received on contracts | 372,747 |
| Deposits received | 19,623 |
| Reserve for product warranties | 22,135 |
| Reserve for losses on construction contracts | 30,554 |
| Reserve for legal claims | 61 |
| Asset retirement obligations | 48 |
| Others | 21,729 |
| Total current liabilities | 1,466,889 |

Long-term liabilities:

| | |
|------------------------------------|----------------|
| Debentures | 200,000 |
| Long-term borrowings | 460,492 |
| Lease obligations | 20,791 |
| Deferred income taxes | 9,496 |
| Reserve for retirement allowance | 3,151 |
| Reserve for treatment of PCB waste | 10,391 |
| Asset retirement obligations | 3,177 |
| Others | 30,691 |
| Total long-term liabilities | 738,192 |

TOTAL LIABILITIES **2,205,081**

NET ASSETS

Stockholders' equity:

| | |
|------------------------------|----------------|
| Common stock | 265,608 |
| Capital surplus: | |
| Capital reserve | 203,536 |
| Other capital reserve | 102 |
| Total capital surplus | 203,638 |

Retained earnings:

| | |
|--|----------------|
| Legal reserve | 66,363 |
| Revenue reserve: | |
| Reserve for reduction in costs of fixed assets | 46,683 |
| General reserves | 460,000 |
| Earned surplus brought forward | 136,349 |
| Total revenue reserve | 643,033 |
| Total retained earnings | 709,397 |

Treasury stock

Total stockholders' equity **1,173,257**

Valuation, translation adjustments and others:

| | |
|--|---------------|
| Net unrealized gains on investment securities | 26,575 |
| Deferred gains or losses on hedges | (65) |
| Total valuation, translation adjustments and others | 26,509 |

Share subscription rights **2,243**

TOTAL NET ASSETS **1,202,010**

TOTAL LIABILITIES AND NET ASSETS **3,407,091**

NON-CONSOLIDATED STATEMENT OF INCOME
(From April 1, 2012 to March 31, 2013)

| | (Millions of Yen) |
|---|-------------------|
| Net sales | 2,028,448 |
| Cost of sales | 1,743,262 |
| Gross profit | 285,186 |
| Selling, general and administrative expenses | 189,202 |
| Operating income | 95,983 |
| Non-operating income: | |
| Interest income | 1,783 |
| Dividend income | 13,013 |
| Foreign exchange gain | 4,286 |
| Others | 1,027 |
| Total non-operating income | 20,111 |
| Non-operating expenses: | |
| Interest expense | 11,499 |
| Interest on debentures | 3,918 |
| Loss on disposal of fixed assets | 3,873 |
| Others | 3,656 |
| Total non-operating expenses | 22,948 |
| Ordinary income | 93,145 |
| Extraordinary gain: | |
| Gain on sales of investment securities | 33,134 |
| Gain on sales of fixed assets | 3,136 |
| Total extraordinary gain | 36,271 |
| Extraordinary loss: | |
| Business structure improvement expenses | 4,706 |
| Loss on revaluation of investment securities | 3,501 |
| Total extraordinary loss | 8,207 |
| Income before income taxes | 121,209 |
| Income taxes: | |
| Current | 3,533 |
| Deferred | 26,296 |
| Net income | 91,380 |

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (1/2)
(From April 1, 2012 to March 31, 2013)

(Millions of Yen)

| | Stockholders' equity | | | | | | | | | | |
|---|----------------------|-----------------|-----------------------|-----------------------|---------------|--|--------------------------------------|------------------|--------------------------------|-----------------------|-------------------------|
| | Common stock | Capital surplus | | | Legal reserve | Retained earnings | | | | | Total retained earnings |
| | | Capital reserve | Other capital reserve | Total capital surplus | | Revenue reserve | | | | | |
| | | | | | | Reserve for reduction in costs of fixed assets | Reserve for accelerated depreciation | General reserves | Earned surplus brought forward | Total revenue reserve | |
| Balance as of March 31, 2012 | 265,608 | 203,536 | 88 | 203,624 | 66,363 | 48,879 | 2 | 460,000 | 63,238 | 572,119 | 638,483 |
| Changes in the period | | | | | | | | | | | |
| Provision of reserve for reduction in costs of fixed assets | | | | | | 1,648 | | | (1,648) | - | - |
| Reversal of reserve for reduction in costs of fixed assets | | | | | | (3,844) | | | 3,844 | - | - |
| Reversal of reserve for accelerated depreciation | | | | | | | (2) | | 2 | - | - |
| Cash dividends | | | | | | | | | (20,131) | (20,131) | (20,131) |
| Net income | | | | | | | | | 91,380 | 91,380 | 91,380 |
| Purchase of treasury stock | | | | | | | | | | | |
| Disposal of treasury stock | | | 13 | 13 | | | | | | | |
| Decrease by corporate division | | | | | | | | | (334) | (334) | (334) |
| Net changes in items other than stockholders' equity | | | | | | | | | | | |
| Total changes in the period | - | - | 13 | 13 | - | (2,195) | (2) | - | 73,111 | 70,914 | 70,914 |
| Balance as of March 31, 2013 | 265,608 | 203,536 | 102 | 203,638 | 66,363 | 46,683 | - | 460,000 | 136,349 | 643,033 | 709,397 |

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (2/2)
(From April 1, 2012 to March 31, 2013)

(Millions of Yen)

| | Stockholders' equity | | Valuation, translation adjustments and others | | | Share subscription rights | Total net assets |
|---|----------------------|----------------------------|--|-----------------------------------|---|---------------------------|------------------|
| | Treasury stock | Total stockholders' equity | Net unrealized gains (losses) on investment securities | Deferred gains (losses) on hedges | Total Valuation, translation adjustments and others | | |
| Balance as of March 31, 2012 | (5,411) | 1,102,305 | 17,956 | (70) | 17,885 | 1,868 | 1,122,059 |
| Changes in the period | | | | | | | |
| Provision of reserve for reduction in costs of fixed assets | | - | | | | | - |
| Reversal of reserve for reduction in costs of fixed assets | | - | | | | | - |
| Reversal of reserve for accelerated depreciation | | - | | | | | - |
| Cash dividends | | (20,131) | | | | | (20,131) |
| Net income | | 91,380 | | | | | 91,380 |
| Purchase of treasury stock | (11) | (11) | | | | | (11) |
| Disposal of treasury stock | 35 | 49 | | | | | 49 |
| Decrease by corporate division | | (334) | | | | | (334) |
| Net changes in items other than stockholders' equity | | | 8,618 | 5 | 8,623 | 375 | 8,999 |
| Total changes in the period | 23 | 70,951 | 8,618 | 5 | 8,623 | 375 | 79,951 |
| Balance as of March 31, 2013 | (5,387) | 1,173,257 | 26,575 | (65) | 26,509 | 2,243 | 1,202,010 |

Report of Accounting Auditors on the Consolidated Financial Statements

Report of Independent Auditors

May 14, 2013

Mr. Shunichi Miyanaga
President and CEO
Mitsubishi Heavy Industries, Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Certified Public Accountant : Koichiro Watanabe

Designated and Engagement Partner
Certified Public Accountant : Ichiro Ishii

Designated and Engagement Partner
Certified Public Accountant : Yoshiaki Morita

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Mitsubishi Heavy Industries, Ltd. (the "Company") applicable to the fiscal year from April 1, 2012 through March 31, 2013.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Mitsubishi Heavy Industries Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2013 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Report of Accounting Auditors on the Financial Statements

Report of Independent Auditors

May 14, 2013

Mr. Shunichi Miyanaga
President and CEO
Mitsubishi Heavy Industries, Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Certified Public Accountant : Koichiro Watanabe

Designated and Engagement Partner
Certified Public Accountant : Ichiro Ishii

Designated and Engagement Partner
Certified Public Accountant : Yoshiaki Morita

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Mitsubishi Heavy Industries, Ltd. (the "Company") applicable to the 2012 fiscal year from April 1, 2012 through March 31, 2013.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Mitsubishi Heavy Industries, Ltd. applicable to the 2012 fiscal year ended March 31, 2013 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

The Board of Statutory Auditors' Audit Report

AUDIT REPORT

The Board of Statutory Auditors of the Company, upon deliberation, has prepared this audit report based on audit reports prepared by each Statutory Auditor regarding the Directors' execution of their duties during the 2012 fiscal year, from April 1, 2012, to March 31, 2013, and hereby reports as follows:

I. Methods of the Audit conducted by Statutory Auditors and the Board of Statutory Auditors and Details Thereof

1. The Board of Statutory Auditors established audit policies, audit plans and other matters, received reports from each Statutory Auditor on the status of audits and their results, received reports from Directors, Accounting Auditors and others on the status of the execution of their duties, and requested explanations when necessary.
2. In accordance with the audit plans established by the Board of Statutory Auditors, each Statutory Auditor sought to facilitate communications with Directors, the internal auditing department and other employees, worked to gather information and to create an improved environment for auditing, attended the Board of Directors meetings and other important meetings, received reports from Directors, employees and others on the status of the execution of their duties, requested explanations when necessary, examined important documents, and investigated the status of activities and properties of the Company at Head Office, Research & Development Centers, Offices, Works, etc.
3. Each Statutory Auditor monitored and examined the contents of resolutions of the Board of Directors regarding the establishment of systems pursuant to Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, as well as the status of the systems (internal control systems) established in accordance with these resolutions, as essential steps to ensure that the Directors' execution of their duties complies with applicable laws and ordinances and with the Company's Articles of Incorporation, and that the Company conducts its business operations appropriately. Regarding internal controls over financial reporting under the Financial Instruments and Exchange Act, each Statutory Auditor received, from the Directors, Ernst & Young ShinNihon LLC and others, evaluations on the concerned internal control systems over this reporting and reports on the status of audits of these systems, and requested explanations when necessary.
4. Each Statutory Auditor sought to facilitate communication and exchange information with directors, statutory auditors and others of the Company's subsidiaries and, when necessary, received reports from these subsidiaries on the status of their businesses.

Based on the foregoing methods, Statutory Auditors examined the Business Report and the related supplementary schedules for the 2012 fiscal year under review.

5. Each Statutory Auditor monitored and examined whether the Accounting Auditors maintained their independence and carried out their audits in an appropriate manner, received reports from the Accounting Auditors on the status of the execution of their duties and, when necessary, attended their audits and requested explanations.

6. Each Statutory Auditor received a notification from the Accounting Auditors that they are taking steps to improve the “system for ensuring appropriate execution of duties” (matters specified in the items under Article 131 of the Company Accounting Ordinance) in accordance with the “Quality Control Standards Relating to Auditing” (Business Accounting Council) and other standards, and requested explanations when necessary.

Based on the foregoing methods, Statutory Auditors examined the financial statements for the 2012 fiscal year under review (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to the financial statements) and the related supplementary schedules as well as consolidated financial statements for the same fiscal year (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to the consolidated financial statements).

II. Results of audit:

1. Result of audit of the Business Report, etc.

In our opinion:

- (1) the Business Report and the related supplementary schedules fairly represent the conditions of the Company in accordance with the applicable laws and ordinances and with the Company’s Articles of Incorporation;
- (2) with respect to the Directors’ execution of their duties, there are no fraudulent acts or material facts of violation of applicable laws and ordinances or of the Company’s Articles of Incorporation; and
- (3) the contents of the resolutions of the Board of Directors regarding internal control systems are appropriate. Furthermore, there are no matters that we should point out regarding the Directors’ execution of their duties related to internal control systems, including internal control systems over financial reporting.

2. Result of audit of the financial statements and the related supplementary schedules

In our opinion, the methods and results of the audit conducted by the Accounting Auditors, Ernst & Young ShinNihon LLC, are appropriate.

3. Result of audit of the consolidated financial statements

In our opinion, the methods and results of the audit conducted by the Accounting Auditors, Ernst & Young ShinNihon LLC, are appropriate.

May 17, 2013

The Board of Statutory Auditors
Mitsubishi Heavy Industries, Ltd.

Toshiro Yagami (seal)
Statutory Auditor (Full time)

Eiji Isu (seal)
Statutory Auditor (Full time)

Kichisaburo Nomura (seal)
Statutory Auditor

Nobuo Kuroyanagi (seal)
Statutory Auditor

Haruya Uehara (seal)
Statutory Auditor

(Note)

Messrs. Kichisaburo Nomura, Nobuo Kuroyanagi and Haruya Uehara are Outside Statutory Auditors as defined in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.