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**ATTACHMENT TO THE NOTICE OF THE
89TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**BUSINESS REPORT FOR THE 2013 FISCAL YEAR
(April 1, 2013 to March 31, 2014)**

OVERVIEW OF MHI GROUP

1 REVIEW AND THE RESULTS OF BUSINESS ACTIVITIES

(1) OVERVIEW

Global economy in FY2013 saw a modest recovery supported by the signs of gradual upward trend in the United States as well as the bottoming out of recession in Europe, despite the lack of a strong driving force for economic growth across Asia, in particular, China's slowing pace on economy. Japanese economy, as well, continued a steady recovery with some positive factors such as the continued depreciation of the Japanese yen backed by the government's economic stimulus packages and the improved earnings of export businesses and other industries.

■ Orders, Sales and Profits/Losses

In this operating environment, MHI recorded a decrease in orders for Commercial Aviation & Transportation Systems, which received a large number of orders in FY2012, while recording increases in orders for Energy & Environment and other segments. As a result, the total value of consolidated orders received in FY2013 increased 12.8% from FY2012 to ¥3,420.0 billion.

Overall consolidated net sales increased 18.9% from FY2012 to ¥3,349.5 billion due to favorable growth in sales of all segments.

Meanwhile, operating income decreased in Commercial Aviation & Transportation Systems while improved profitability has been seen in the other segments. As a result, operating income and ordinary income increased by ¥42.5 billion and ¥34.1 billion from FY2012 to ¥206.1 billion and ¥183.1 billion, respectively.

MHI recorded net income of ¥160.4 billion, an increase of ¥63.0 billion from FY2012, reflecting extraordinary loss including provision for loss on cruise ship business and business structure improvement expenses, while recording extraordinary gain such as gain on changes in equity and gain on sales of investment securities.

(Note)

The segment categories have been changed to Energy & Environment; Commercial Aviation & Transportation Systems; Integrated Defense & Space Systems; Machinery, Equipment & Infrastructure; and Others beginning FY2013. For comparison with the previous year, the values adjusted based on the new classification are used.

■ MHI Group Initiatives in FY2013

MHI launched the “2012 Medium-Term Business Plan” in April 2012. Under this plan, MHI has set, as its basic policies, the following five key business strategies to become a highly profitable enterprise with the business scale of ¥ 5 trillion: “consolidating and restructuring business segments into 4 domains to realize strengths and synergies”; “accelerating global expansion”; “managing the business portfolio based on strategic business evaluation”; “corporate reform and efficiency improvements” and “managing innovations in corporate governance and operations”. Since then, MHI has been actively working on various measures to accomplish these strategies.

- Consolidating and restructuring business segments into 4 domains to realize strengths and synergies

MHI has introduced a new business domain structure instead of the former business headquarters structure in order to consolidate and restructure the organization of the MHI Group by domain, from the perspective of common grounds, etc. of business domains, such as markets, customers, core technologies and strategies. To be more precise, MHI created the three domains of Energy & Environment, Commercial Aviation & Transportation Systems, and Integrated Defense & Space Systems in October 2013, and Machinery, Equipment & Infrastructure in April 2014. With these new domains, MHI has established a more effective system than ever that can flexibly and swiftly respond to the needs of markets and customers by leveraging the comprehensive capabilities and synergy effects of the entire MHI Group.

- Accelerating global expansion

MHI has actively implemented measures for the acceleration of its global expansion, focusing on M&A, alliances with other companies and the enhancement of business capabilities of overseas bases.

With respect to M&A and alliances with other companies, MHI has completed the acquisition of US-based Pratt & Whitney Power Systems, Inc. in the area of thermal power generation systems, one of its core businesses in the domain of Energy & Environment. The acquisition will allow MHI to strengthen the product lineup for the gas turbine business. MHI also established Mitsubishi Hitachi Power Systems, Ltd. through the agreement with Hitachi, Ltd. on the integration of thermal power generation systems business, etc. of both companies, aiming to become a leading company in the global market. In addition, MHI has concluded an agreement with Vestas Wind Systems A/S, a global leading manufacturer of wind power generation systems based in Denmark, on a joint venture of offshore wind power generation company which that company owns, and started operations at a joint venture company in April 2014. Furthermore, in the domain of Commercial Aviation & Transportation Systems, MHI led a consortium of five Japanese companies to

acquire a stake in ECOVIX – Engevix Construções Oceânicas S.A., a leading Brazilian shipbuilder.

With respect to enhancing the business capabilities of overseas bases, in particular in the domain of Machinery, Equipment & Infrastructure, MHI established a business base for the manufacturing and services of compressors in the United States, where growing business opportunities for petrochemical plant projects are expected against the backdrop of shale gas revolution in the country. MHI also addressed the enhancement of its production capability of turbochargers, for which continued increase in demand is expected due to stricter environmental regulations, in Thailand and other countries.

In addition, MHI established the Kuala Lumpur Liaison Office in Malaysia, where solid economic growth is expected, and the Basra Liaison Office in Iraq, where there are potentially hopeful markets, both of which will serve as a base for dynamic information gathering and marketing support activities. In terms of financial activities, MHI established a financial subsidiary in Singapore, which oversees the financial affairs of its group companies doing business mainly in Southeast Asia, in order to enhance its financial position and funding efficiency.

- Managing the business portfolio based on strategic business evaluation

MHI has introduced the portfolio management with a strategic business evaluation under its “2012 Medium-Term Business Plan”. In this system, the growth process of each Strategic Business Unit will be classified into incremental development stages based on their income/financial soundness. The allocation of economic resources and the target of returns are determined according to the capability of each business unit, which will enable MHI to optimize the allocation and usage of its resources at the entire group level. In addition, a responsible supervisor is allocated to each unit, thus enabling the organizational management with swift decision making and flexibility. In this way, MHI’s business organization has been fully and effectively equipped to achieve further profitability, by making the maximum use of management resources allocated to each unit that will enable MHI to respond to the trends of markets and customers in an appropriate and timely manner.

- Corporate reform and efficiency improvements

As part of its corporate department reform initiatives, MHI has established a newly integrated entity by restructuring its eight group companies engaged in information systems-related business. This will enable MHI to strengthen the information system base of the Group that aims to accelerate the global business expansion, by improving business effectiveness through standardization of business operations, etc., as well as upgrading technology levels. In addition, MHI consolidated its information and communication technologies (ICT) related divisions and established a new ICT Solution Headquarters. The headquarters aims to strengthen the competitiveness of MHI’s products and explore and expand business opportunities for MHI’s services business through its ICT capabilities. MHI also actively promoted the outsourcing of operations and related businesses in corporate departments for which such outsourcing may improve their effectiveness. One example is the

establishment of a spin-off company by splitting the printing and photocopying services business of its group company RYOIN Co., Ltd., which was acquired by Fuji Xerox Co., Ltd. and made its subsidiary in April this year, aiming to enhance the effectiveness and optimization of the MHI Group's document-related services.

- Managing innovations in corporate governance and operations

MHI addressed management innovations including the strengthening of the business operation system, etc. in order to respond to increasing and diversifying management risks along with the business expansion in global markets. More precisely, MHI has introduced a chief officer system in April 2014, setting up the positions of CEO, Domain CEO, CFO, CAO/CRO, and CTO. In addition, MHI abolished the Presidential Administration Office in April 2014, and instead, set up the Business Strategy Office under the direct supervision of CEO, thus enhancing the formulation and implementation of management strategies.

- Plea Agreement with the US Department of Justice regarding compressors and condensers for automotive thermal systems

MHI should report to its shareholders about the plea agreement with the US Department of Justice regarding compressors and condensers for automotive thermal systems. MHI admitted that it was involved in a cartel case in the past fiscal years regarding the sale of compressors and condensers for automotive thermal systems targeting specific customers, and concluded a plea agreement on the penalty of US\$14.5 million, etc. with the US Department of Justice in September 2013. We deeply apologize to relevant parties and our shareholders for any concerns caused by this incident. We take it very seriously and determined to further enhance our efforts to the guidance and education on legal compliance, which we have been persistently addressing. We are implementing a range of measures to prevent recurrence, including stricter implementation of compliance training so as to ensure the thorough understanding of legal compliance by our group companies in Japan and overseas. We appreciate your understanding and continued support as we work hard to rebuild trust in the MHI Group as quickly as possible.

(Note)

CFO: Chief Financial Officer

In charge of Finance, Accounting and Procurement & Sourcing including Management Planning

CAO/CRO: Chief Administrative Officer/Chief Risk Officer

In charge of Administration including Management Audit, General Affairs, Legal and Personnel, etc., and Risk Management

CTO: Chief Technology Officer

In charge of Technology & Innovation and ICT (Information and Communication Technologies)

(2) REVIEW OF BUSINESS SEGMENTS

Energy & Environment

Amidst the ever-intensifying global competition for energy business, MHI received orders for J-series gas turbines with the world's highest level of thermal efficiency for the first time in the United States, as well as winning the projects of gas turbine combined-cycle power generation plants in Taiwan and Thailand. It also won a project to construct a large-scale fertilizer plant in Russia, where MHI has been aggressively conducting sales promotion. The fertilizer market is expected to grow steadily in the future in light of increased food production along with world population growth. As a result, the total value of consolidated orders received increased from FY2012 to ¥1,339.2 billion.

Consolidated net sales increased from FY2012 to ¥1,253.9 billion, supported by the effect of consolidating the businesses of thermal power generation systems, etc. with Hitachi, Ltd. as well as increased sales of thermal power generation plants and chemical plants. Operating income increased from FY2012 to ¥112.3 billion, due mainly to increases in sales and the continued depreciation of the Japanese yen.

Commercial Aviation & Transportation Systems

Amidst continued high levels of demand for aircraft, MHI successfully received orders for B787 wing boxes, etc., while conducting aggressive sales activities for LNG carriers whose demand is growing due mainly to the expansion of natural gas applications, and for transportation systems with solid demand in Southeast Asia and the Middle East. Nevertheless, the total value of consolidated orders received recorded ¥360.3 billion, a decrease from FY2012, in which an order for a large-scale project of the Regional Jet (MRJ) was received.

Consolidated net sales increased from FY2012 to ¥463.6 billion due to an increase in sales from B787 wing boxes, etc. Meanwhile, operating income decreased from FY2012 to ¥18.3 billion, due to the impact of worsening profitability of commercial vessels, despite improved production efficiency of commercial aircraft-related business and the weakening yen improving profitability.

Integrated Defense & Space Systems

With respect to defense-related business, MHI received increased orders for naval ship and defense aircraft, among others. Meanwhile, space systems-related orders increased, resulting from proactive sales activities in the launch services market in Japan and overseas. In particular, MHI received an order for the launch service for commercial satellites, for the first time for the launch service using H-IIA rocket launch vehicle, from the Canadian customer. As a result, the total value of consolidated orders received increased from FY2012 to ¥547.3 billion.

Consolidated net sales increased from FY2012 to ¥469.4 billion, due to an increase in sales from defense aircraft and missiles, etc. Operating income increased from FY2012 to ¥27.6 billion due to the increase in sales, etc.

Machinery, Equipment & Infrastructure

The total value of consolidated orders received increased from FY2012 to ¥1,106.5 billion, backed by strong growth in orders for turbochargers whose demand was increasing due to stricter environmental regulations in China and North America; orders for waste to energy plants whose renewal demand was captured in Japan; orders for residential use air-conditioners and commercial use air-conditioners from Chinese customers as a result of aggressive sales activities; and orders for forklift trucks due to the effect of business consolidation.

Consolidated net sales increased from FY2012 to ¥1,096.3 billion, due to an increase in sales from forklift trucks and turbochargers. Operating income increased from FY2012 to ¥51.6 billion, due mainly to the increase in sales and the continued depreciation of the Japanese yen.

Others

The total value of consolidated orders received, consolidated net sales, and operating income increased from FY2012 to ¥183.5 billion, ¥185.0 billion, and ¥14.6 billion, respectively.

2 KEY ISSUES FOR THE MHI GROUP

■ Business Environment

The global economy is expected to see moderate growth supported by the continued recovery trend in the United States, although there remain some concerns such as political instability in Europe starting from Ukraine as well as the risk of debt crisis in the region. In Asia, overall economy will be on a recovery trend, although economic conditions of each country vary along with geopolitical risk in Northeast Asia that lead to the lack of a strong driving force for the economy. The Japanese economy is also expected to continue its recovery trend supported by the government's economic stimulus packages, the effect of pay increase, the recovery of overseas economies and the continued depreciation of the Japanese yen, despite the expected downward trend of consumer spending after the consumption-tax rate hike introduced in April this year.

Meanwhile, MHI expects to continue facing tough business environment as intensifying global competitions will continue, while most markets relating to the MHI Group still need time to recover fully.

■ MHI Strategies

In view of the current business environment, and in order to survive and establish its presence in the global market, the MHI Group needs to demonstrate its comprehensive strength effectively and efficiently, further explore business opportunities, and expand its business scale at the earliest possible stage. At the same time, the Group recognizes the need of developing a sophisticated organizational system for corporate governance and business operation, while establishing a solid financial base with improved profitability, thus managing various risks arising from the process of business expansion. In FY2014, the final year of its "2012 Medium-Term Business Plan", MHI will strive to build a solid foundation to become a highly profitable enterprise with the business scale of ¥5 trillion, by steadily implementing various measures to achieve these challenges.

● Aiming for a enterprise with the business scale of ¥5 trillion

By switching to a new domains structure, one of the core strategies under the "2012 Medium-Term Business Plan", the MHI Group integrated its consolidated management resources into four business domains. Under the new structure, MHI will promote its business expansion by flexibly using the management resources and effectively sharing technologies across the Group.

In particular, in the Energy & Environment domain, which MHI positions as the most important domain, the newly integrated company Mitsubishi Hitachi Power Systems, Ltd. will be a key for the Group's future growth. Through the company MHI will strive to achieve and enhance synergy effects at an early stage by accelerating the consolidation of technological and sales capabilities of both MHI and Hitachi, Ltd.

In the Commercial Aviation & Transportation Systems domain, MHI will continue to make its best efforts by leveraging its expertise to accomplish a successful first flight of the Regional Jet (MRJ), which is a symbol of MHI's technologies and innovations and attracts the attention of society as an inspiring project. In this way, MHI aims to

mark a significant milestone for expanding its commercial aircraft business, one of the growing business areas of the Group.

Meanwhile, in order to survive against intensifying global competition, MHI will concentrate on the expansion of all of the four business domains, by aggressively seeking M&A and alliances with other companies for some of its businesses, for which a synergy effect can be expected by complementing its product technologies and services.

With respect to service businesses in each business domain, MHI will continue to make efforts on the expansion of service networks as well as the innovation of existing technologies and development of new technologies, thus providing solutions combining multiple products and services in order to meet the diversified needs of its customers.

MHI also aims to build a global platform accessible for the entire Group, which will support its global business expansion. To be more precise, MHI plans to develop the profile of human resources that enables flexible application and optimal allocation of manpower within the Group in the human resources area; a supplier management and expenditure analysis functions for the entire Group level in the procurement area; and accounting standardization to streamline the work flow in the accounting area. Those developments mentioned above, aiming for the global platform, will significantly support the Group's global expansion and the standardization of operation processes, which will enhance the operational efficiency in corporate departments and further strengthen the management of the Group.

- **Efforts towards a highly profitable enterprise**

MHI will continue to work on the portfolio management under the strategic business evaluation while promoting the effective allocation of management resources and business restructuring by clearly identifying profits to achieve and issues to solve based on the growth process and financial position of each business domain. By doing so, MHI strives to improve its capital efficiency and net income level, thereby establishing a solid financial base that can maintain the business growth in the global market and manage risks emerging from it.

In addition, MHI plans to further strengthen corporate governance in order to appropriately manage ever-increasing and diversifying management risks along with globalization and expansion of its business, as well as to enhance capabilities to handle individual business risks. To be specific, MHI will strengthen the supervision function of the Board of Directors by increasing the ratio of outside directors, and smoothly and swiftly establish the business operation system under a newly introduced chief officer system. In this way, MHI strives to establish highly efficient, transparent and reliable business processes and management frameworks that are appropriate for the entire MHI Group management. Furthermore, MHI aims to effectively manage various risks with highly flexible organization management.

MHI Group views its compliance and CSR (Corporate Social Responsibility) as top management priority and will continue to contribute to the sustainable development

of society, while addressing the above challenges to survive against global competitions. 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	FY2010	FY2011	FY2012	FY2013
Orders Received	2,995,447	3,188,834	3,032,259	3,420,083
Net Sales	2,903,770	2,820,932	2,817,893	3,349,598
Operating Income	101,219	111,961	163,520	206,118
Ordinary Income	68,113	86,182	149,028	183,159
Net Income	30,117	24,540	97,330	160,428
Net Income per Share (Yen)	8.97	7.31	29.01	47.81
Total Assets	3,989,001	3,963,987	3,935,119	4,886,035
Net Assets	1,312,678	1,306,366	1,430,225	1,774,223
Net Assets per Share (Yen)	376.17	374.08	410.90	459.99

(Note)

The total assets increased by 950,916 millions of yen in FY2013. The main factor behind this increase is the succession of the thermal power generation systems and other businesses of Hitachi, Ltd.

Orders Received and Net Sales by Segment

(Millions of Yen)

Segment	FY2010		FY2011		FY2012	
	Orders Received	Net Sales	Orders Received	Net Sales	Orders Received	Net Sales
Shipbuilding & Ocean Development	173,225	302,439	262,055	311,678	255,471	225,844
Power Systems	1,022,819	996,963	1,235,201	955,348	895,307	988,756
Machinery & Steel Infrastructure Systems	492,680	557,515	508,204	428,839	471,960	482,557
Aerospace Systems	708,189	472,268	547,841	495,991	803,377	485,834
General Machinery & Special Vehicles	344,137	343,079	386,088	381,717	385,125	389,105
Others	288,037	282,738	293,970	294,477	336,613	345,780
Inter-Segment Eliminations	(33,643)	(51,233)	(44,526)	(47,120)	(115,596)	(99,985)
Total	2,995,447	2,903,770	3,188,834	2,820,932	3,032,259	2,817,893

(Millions of Yen)

Segment	FY2012		FY2013	
	Orders Received	Net Sales	Orders Received	Net Sales
Energy & Environment	937,691	1,042,139	1,339,296	1,253,988
Commercial Aviation & Transportation Systems	755,843	393,143	360,346	463,671
Integrated Defense & Space Systems	405,925	391,694	547,369	469,463
Machinery, Equipment & Infrastructure	877,125	925,296	1,106,534	1,096,333
Others	171,269	170,099	183,507	185,056
Inter-Segment Eliminations	(115,596)	(104,479)	(116,971)	(118,913)
Total	3,032,259	2,817,893	3,420,083	3,349,598

(Notes)

1. The orders received and net sales for each segment include inter-segment transactions, which are all cancelled using the “Inter-Segment Eliminations” term.
2. The segment categories have been changed to Energy & Environment; Commercial Aviation & Transportation Systems; Integrated Defense & Space Systems; Machinery, Equipment & Infrastructure; and Others beginning FY2013. In line with this change, for orders received and net sales by segment, the upper table presents the orders received and net sales for FY2010 through FY2012 using the former segment categories, and the lower table presents those for FY2012 and FY2013 using the new segment categories.

4 FINANCING CONDITIONS

(Millions of Yen)

Item	Change from the End of FY2012 (Figures in parentheses denote decrease)	Outstanding Balance at the End of FY2013
Short-term and Long-term borrowings	(68,749)	712,489
Bonds	(5,000)	245,000
Total	(73,749)	957,489

5 MAIN BANK LOANS

(Millions of Yen)

Lender	Loans Outstanding at the End of FY2013
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	212,455
Mitsubishi UFJ Trust and Banking Corporation	83,957
Mizuho Bank, Ltd.	72,064
Meiji Yasuda Life Insurance Company	71,209
Sumitomo Mitsui Banking Corporation	61,251
Nippon Life Insurance Company	55,179
Sumitomo Mitsui Trust Bank, Limited.	43,024
The Dai-ichi Life Insurance Company, Limited	30,000
Sumitomo Life Insurance Company	25,000
Development Bank of Japan Inc.	14,319

6 CAPITAL INVESTMENT

Capital investment during FY2013 amounted to ¥137 billion. 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
Energy & Environment	40,846	Expansion of production facilities for gas turbines
Commercial Aviation & Transportation Systems	34,889	Expansion of production facilities for commercial aircrafts and ships
Integrated Defense & Space Systems	20,123	Expansion of production facilities for defense aircrafts
Machinery, Equipment & Infrastructure	31,513	Expansion of production facilities for forklift trucks and turbochargers
Others & Common	9,638	—
Total	137,011	

7 MAIN BUSINESSES

Segment	Main Business
Energy & Environment	Manufacture, installation, sale and service of boilers, steam turbines, gas turbines, diesel engines, pumps, water turbines, wind turbines, nuclear power equipments, selective catalytic reduction systems, flue gas desulfurization plants, marine machinery, desalination plants, petrochemical plants and various other chemical plants and oil and gas production plants, etc.
Commercial Aviation & Transportation Systems	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, marine structures, commercial aircrafts, structural parts and components of commercial aircraft, commercial aircraft engine components and transportation systems, etc.
Integrated Defense & Space Systems	Manufacture, installation, sale and service of naval ships, fighter jets, helicopters, structural parts and components of defense aircraft, defense aircraft engine components, missiles, torpedoes, space systems and special vehicles, etc.
Machinery, Equipment & Infrastructure	Manufacture, installation, sale and service of waste to energy plants, material handling machines, iron and steel manufacturing machinery, compressors, steel bridges, cranes, stacks, flue gas treatment plants, vertical parking garages, culture, sports and leisure-related facilities, plastic processing machinery, food production machinery, packaging machinery, printing machinery, paper converting machinery, medical systems, particle accelerator, forklift trucks, engines, turbochargers, agricultural machinery, tractors, residential use air-conditioners, commercial use air-conditioners, automotive thermal systems and various other air-conditioners, refrigeration units, power transmissions and machine tools, etc.
Others	Sale, purchase and lease of real property, printing, information service and leasing.

8 EMPLOYEES

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

(Persons)

Segment	Number of Employees
Energy & Environment	28,393
Commercial Aviation & Transportation Systems	8,182
Integrated Defense & Space Systems	6,477
Machinery, Equipment & Infrastructure	26,769
Others & Common	10,762
Total	80,583

(Notes)

1. 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. The number of employees increased by 12,370 from the end of FY2012. The main factor behind this increase is the succession by MHI's consolidated subsidiary Mitsubishi Hitachi Power Systems, Ltd., of the thermal power generation systems and other businesses of Hitachi, Ltd. and its consolidated subsidiaries.

(2) EMPLOYEES OF MHI

Number of Employees	Change from FY2012	Average Age	Average Number of Years of Service
22,147 persons	decrease of 8,964 employees	38.7 years old	16.1 years

(Notes)

1. 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.
2. The main factor behind the decrease in the number of employees is the succession by MHI's consolidated subsidiary Mitsubishi Hitachi Power Systems, Ltd., of the thermal power generation systems and other businesses of MHI.

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), Shimonoseki Shipyard & Machinery Works (Shimonoseki City, Yamaguchi Prefecture), Hiroshima Machinery Works (Hiroshima City), Mihara Machinery Works (Mihara City, Hiroshima Prefecture), Kobe Shipyard & Machinery Works (Kobe City), Takasago Machinery Works (Takasago City, Hyogo Prefecture), Nagoya Aerospace Systems Works (Nagoya City), Nagoya Guidance & Propulsion Systems Works (Komaki City, Aichi Prefecture), Iwatsuka Plant (Nagoya City), Yokohama Dockyard & Machinery Works (Yokohama City), General Machinery & Special Vehicles (Sagamihara City), Air-Conditioning & Refrigeration Systems (Kiyosu City, Aichi Prefecture), Machine Tool (Ritto City, Shiga Prefecture)
Main Bases Overseas	[Representative Office & Overseas Offices] Representative Office for Asia Pacific (Singapore), Moscow Liaison Office (Russia), Kiev Liaison Office (Ukraine), Istanbul Liaison Office (Turkey), Basra Liaison Office (Iraq), Dubai Office (UAE), Abu Dhabi Office (UAE), Johannesburg Office (South Africa), Taipei Office (Taiwan), Hanoi Liaison Office (Vietnam), Ho Chi Minh City Liaison Office (Vietnam), Kuala Lumpur Liaison Office (Malaysia), Jakarta Liaison Office (Indonesia)
	[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 (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., MHI 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
Energy & Environment	Mitsubishi Hitachi Power Systems, Ltd.	Yokohama City	100,000 million Yen	65.0	Manufacture, installation, sale and service of boilers, steam turbines, gas turbines, selective catalytic reduction systems, flue gas desulfurization plants and geothermal generation facilities, etc.
	MPS-CT LLC	U.S.A	568.6 million US dollars	100.0	Investment for business of steam turbines and gas turbines, etc.
	PW Power Systems, Inc.	U.S.A	448.0 million US dollars	*100.0	Manufacture, installation, sale and service of steam turbines and gas turbines, etc.
	Mitsubishi Hitachi Power Systems Americas, Inc.	U.S.A.	352.5 million US dollars	*100.0	Manufacture, installation, sale and service of boilers, steam turbines, gas turbines, selective catalytic reduction systems, flue gas desulfurization plants and geothermal generation facilities, etc.
	Mitsubishi Hitachi Power Systems Europe GmbH	Germany	98.0 million Euros	*100.0	Manufacture, installation, sale and service of boilers, steam turbines and gas turbines, etc.
	Babcock-Hitachi K.K.	Yokohama City	5,000 million Yen	*100.0	Manufacture, installation, sale and service of boilers, steam turbines and gas turbines, etc.
	Mitsubishi Heavy Industries Marine Machinery & Engine Co., Ltd.	Nagasaki City	1,000 million Yen	100.0	Manufacture, installation, sale and service of marine machinery and marine engines
Commercial Aviation & Transportation Systems	Mitsubishi Aircraft Corporation	Nagoya City	50,000 million Yen	64.0	Manufacture, sale and service of commercial aircrafts

Segment	Name of Company	Address	Capital	Percentage of Investment Share (%)	Main Business
Machinery, Equipment & Infrastructure	Mitsubishi Caterpillar Forklift Europe B.V.	Netherlands	148.1 million Euros	*96.3	Sale and service of forklift trucks
	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 Caterpillar Forklift America Inc.	U.S.A	80.8 million US dollars	*89.7	Manufacture, sale and service of forklift trucks
	Mitsubishi Turbocharger and Engine Europe B.V.	Netherlands	38.3 million Euros	100.0	Manufacture and sale of engines and turbochargers
	Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd.	Hiroshima City	5,000 million Yen	100.0	Manufacture, installation, sale and service of steel bridges and stacks, etc.
	Mitsubishi Nichiyu Forklift Co., Ltd.	Nagaokakyo City, Kyoto Prefecture	4,890 million Yen	64.7	Manufacture, sale and service of forklift trucks
	Mitsubishi Heavy Industries-Mahajak Air Conditioners Co., Ltd.	Thailand	1,424.7 million Thai baht	81.8	Manufacture, sale and service of residential and commercial use air-conditioners
	Mitsubishi Heavy Industries Compressor Corporation	Minato-ku, Tokyo	4,000 million Yen	100.0	Manufacture, installation, sale and service of compressors, etc.
	Mitsubishi-Hitachi Metals Machinery, Inc.	Minato-ku, Tokyo	3,500 million Yen	55.7	Manufacture, installation, sale and service of hot/cold rolling mill equipments and process lines, etc.
	Mitsubishi Agricultural Machinery Co., Ltd.	Matsue City	3,000 million Yen	100.0	Manufacture, sale and service of agricultural machinery, such as tractors and combine harvesters, and agricultural facilities, etc.
	Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd.	Yokohama City	1,000 million Yen	100.0	Manufacture, installation, sale and service of various environmental systems, such as waste to energy plants, and chemical equipment, etc.

Segment	Name of Company	Address	Capital	Percentage of Investment Share (%)	Main Business
Machinery, Equipment & Infrastructure	Mitsubishi Heavy Industries Automotive Thermal Systems Co., Ltd.	Kiyosu City, Aichi Prefecture	1,000 million Yen	100.0	Manufacture, sale and service of automotive thermal systems
	Mitsubishi Heavy Industries Engine System Asia Pte. Ltd.	Singapore	12.2 million Singapore dollars	100.0	Sale and service of engines, etc.
	Mitsubishi Heavy Industries Mechatronics Systems, Ltd.	Kobe City	500 million Yen	100.0	Manufacture, installation, sale and service of various industrial and general machinery, and other various environmental systems, such as flue gas treatment plants, etc.
Others	MHI International Investment B.V.	Netherlands	245.0 million Euros	100.0	Investment for projects
	Mitsubishi Heavy Industries America, Inc.	U.S.A	15.0 million US dollars	100.0	Manufacture, sale, installation and service of MHI products, and market research on MHI products
	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 290 consolidated subsidiaries as of the end of FY2013 including those specified above, and 39 equity-method affiliates.
3. In FY2013, MHI established Mitsubishi Hitachi Power Systems, Ltd. (to which the trade name was changed from MH Power Systems, Ltd. in February 2014), and that company succeeded business centered on the thermal power generation systems business of MHI and Hitachi, Ltd. through an absorption-type company split.
4. In FY2013, MPS-CT LLC (U.S.A), MHI's consolidated subsidiary, made an acquisition of the shares of PW Power Systems, Inc. (U.S.A.) (to which the trade name was changed from Pratt & Whitney Power Systems, Inc. in May 2013).

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 FY2012)

3 NUMBER OF SHAREHOLDERS:

272,971 persons (decrease of 34,463 persons from the end of FY2012)

4 MAJOR SHAREHOLDERS

Name of Shareholder	Number of Shares	Ratio of Shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	158,299,000	4.7
Japan Trustee Services Bank, Ltd. (Trust Account)	134,214,900	3.9
The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust Account for The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	125,666,000	3.7
JPMorgan Chase Bank 380072	80,369,700	2.3
Meiji Yasuda Life Insurance Company	80,022,741	2.3
The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust Account for Mitsubishi UFJ Trust and Banking Corporation)	45,934,000	1.3
Tokio Marine & Nichido Fire Insurance Co., Ltd.	44,100,000	1.3
Japan Trustee Services Bank, Ltd. (Trust Account 1)	39,451,000	1.1
Japan Trustee Services Bank, Ltd. (Trust Account 2)	37,152,000	1.1
Japan Trustee Services Bank, Ltd. (Trust Account 6)	37,127,000	1.1

(Note)

The ratios of shareholding are calculated excluding treasury stock of 18,252,743 shares.

STOCK ACQUISITION RIGHTS OF MHI

1 STOCK ACQUISITION RIGHTS HELD BY MHI'S OFFICERS AT THE END OF FY2013

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	64 (3 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	51 (4 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	157 (6 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	293 (9 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	385 (11 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	566 (14 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	713 (14 Directors)

#12 Stock Acquisition Rights (July 31, 2013)	1,000 shares of common stock	¥435,000	¥1,000	August 20, 2013 to August 19, 2043	452 (14 Directors)
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(Notes)

1. The issue prices 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 FY2013**

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
#12 Stock Acquisition Rights (July 31, 2013)	1,000 shares of common stock	¥435,000	¥1,000	August 20, 2013 to August 19, 2043	294 (21 persons)
#13 Stock Acquisition Rights (November 28, 2013)	1,000 shares of common stock	¥521,000	¥1,000	December 14, 2013 to December 13, 2043	41 (1 person)
#14 Stock Acquisition Rights (February 6, 2014)	1,000 shares of common stock	¥502,000	¥1,000	February 22, 2014 to February 21, 2044	73 (1 person)

(Notes)

1. The issue prices 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. The #12 Stock Acquisition Rights and the #13 Stock Acquisition Rights were granted to Senior Vice Presidents of MHI who did not concurrently serve as Director. The #14 Stock Acquisition Rights were granted to a former Senior Vice President of MHI who did not concurrently serve as Director (holding the position of Senior Corporate Adviser at the time of granting) and who was eligible to receive them but whose rights were withheld while he was serving abroad during his term of office as Senior Vice President.

OFFICERS

1 DIRECTORS AND STATUTORY AUDITORS

Position	Name	Responsibility	Important Concurrent Positions in Other Entities
*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, President and CEO, Energy & Environment, In charge of other matters specially assigned by President and CEO	
*Director (Member of the Board), Executive Vice President	Hisashi Hara	President and CEO, Integrated Defense & Space Systems	
*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	Akira Hishikawa	Head of Machinery & Steel Infrastructure Systems	Director, Mitsubishi Steel Mfg. Co., Ltd.
*Director (Member of the Board), Executive Vice President	Shigero Masamori	Vice President, Energy & Environment, Senior General Manager, Nuclear Energy Systems	
*Director (Member of the Board), Executive Vice President	Yoichi Kujirai	President and CEO, Commercial Aviation & Transportation Systems	
*Director (Member of the Board), Executive Vice President	Tatsuhiko Nojima	In charge of Accounting, Finance and Procurement & Sourcing	Statutory Auditor, Mitsubishi Motors Corporation
*Director (Member of the Board), Executive Vice President	Masahiko Arihara	Head of Presidential Administration Office, Head of Air-Conditioning & Refrigeration Systems	

Position	Name	Responsibility	Important Concurrent Positions in Other Entities
*Director (Member of the Board), Executive Vice President	Hisakazu Mizutani	In charge of Management Audit, General Affairs, Legal and Personnel	
*Director (Member of the Board), Executive Vice President	Toshio Kodama	Head of Technology & Innovation Headquarters, Head of ICT Solution Headquarters	
*Director (Member of the Board), Executive Vice President	Takashi Funato	Head of Global Strategic Planning & Operations Headquarters	
Director (Member of the Board), Senior Vice President	Yukio Kodama	Head of Machine Tool, Head of General Machinery & Special Vehicles, Deputy Head of Machinery & Steel Infrastructure Systems	
Director (Member of the Board)	Yorihiko Kojima		Chairman of the Board, Mitsubishi Corporation Director, Sony Corporation Director, Takeda Pharmaceutical Company Limited
Director (Member of the Board)	Christina Ahmadjian		Professor, Hitotsubashi University, Graduate School of Commerce and Management
Director (Member of the Board)	Hiroki Tsuda		Director, Daiwa Securities Group Inc.
Statutory Auditor (Full time)	Toshiro Yagami		
Statutory Auditor (Full time)	Eiji Isu		

Position	Name	Responsibility	Important Concurrent Positions in Other Entities
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, Tokyo Kaikan Co., Ltd.
Statutory Auditor	Haruya Uehara		Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation Director, Koito Manufacturing Co., Ltd. Statutory Auditor, Nikon Corporation Statutory Auditor, Mitsubishi Research Institute, Inc.
Statutory Auditor	Shinichiro Ito		President and Chief Executive Officer, ANA Holdings Inc. Chairman of the Board, All Nippon Airways Co., Ltd.

(Notes)

1. The positions, the responsibilities, and the important concurrent positions in other entities are shown as of March 31, 2014.
2. An asterisk mark (*) indicates a Representative Director.
3. Messrs. Toshio Kodama, Takashi Funato, Yukio Kodama and Hiroki Tsuda, each a Director, took their offices of Directors, and Mr. Shinichiro Ito, a Statutory Auditor, took the office of a Statutory Auditor on June 26, 2013 (on the date of the 88th Ordinary General Meeting of Shareholders).
4. Mr. Yorihiro Kojima, Ms. Christina Ahmadjian and Mr. Hiroki Tsuda, each a Director, are Outside Directors as defined in Article 2, Item 15 of the Companies Act.
5. Messrs. Nobuo Kuroyanagi, Haruya Uehara and Shinichiro Ito, 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. Akira Hishikawa, a Director, took the office of a Director of Mitsubishi Steel Mfg. Co., Ltd. as of June 21, 2013.
8. Mr. Yoichi Kujirai, a Director, retired from his position as a Director of Mitsubishi Kakoki Kaisha, Ltd. as of June 27, 2013.
9. Mr. Masahiko Arihara, a Director, retired from his position as a Director of Toyo Engineering Works, Ltd. as of March 27, 2014, and retired from his position as a Director of MHI due to resignation as of March 31, 2014.
10. Ms. Christina Ahmadjian, a Director, retired from her position as a Director of Eisai Co., Ltd. as of June 21, 2013.
11. Mr. Hiroki Tsuda, a Director, took the office of a Director of Daiwa Securities Group Inc. as of June 26, 2013, and retired from his position as a Professor of the Graduate School of Public Management, Waseda University, as of August 31, 2013.
12. Mr. Toshiro Yagami, a Statutory Auditor, retired from his position as a Statutory Auditor of Toyo Engineering Works, Ltd. as of March 27, 2013.
13. Mr. Nobuo Kuroyanagi, a Statutory Auditor, took the office of a Statutory Auditor of Tokyo Kaikan Co., Ltd. as of June 26, 2013.
14. Mr. Haruya Uehara, a Statutory Auditor, took the office of a Director of Koito Manufacturing Co., Ltd. as of June 27, 2013.
15. Mr. Shinichiro Ito, a Statutory Auditor, took the offices of President and Chief Executive Officer of ANA Holdings Inc. and Chairman of the Board of All Nippon Airways Co., Ltd. as of April 1, 2013.
16. Directors who retired from office due to resignation during FY2013 are as follows.

Position	Name	Responsibility	Date of Retirement
*Director (Member of the Board), Executive Vice President	Takato Nishizawa	Vice President, Energy & Environment, Head of Power Systems Division	January 31, 2014
*Director (Member of the Board), Executive Vice President	Masafumi Wani	In charge of matters specially assigned by President and CEO on the businesses of wind turbines and batteries	December 31, 2013

(Notes)

1. The positions and the responsibilities are shown as of their retirement.
2. An asterisk mark (*) indicates a Representative Director.

The following changes were instituted in the positions and responsibilities of Directors as of April 1, 2014.

Position	Name	Responsibility
*President and CEO (Member of the Board)	Shunichi Miyanaga	CEO
*Director (Member of the Board), Senior Executive Vice President	Atsushi Maekawa	Domain CEO, President and CEO, Energy & Environment (First Alternate President and CEO)
*Director (Member of the Board), Senior Executive Vice President	Yoichi Kujirai	Domain CEO, President and CEO, Commercial Aviation & Transportation Systems (Second Alternate President and CEO)
*Director (Member of the Board), Executive Vice President	Hisakazu Mizutani	Domain CEO, President & CEO, Integrated Defense & Space Systems
*Director (Member of the Board), Executive Vice President	Tatsuhiko Nojima	CFO
*Director (Member of the Board), Executive Vice President	Takashi Funato	CAO/CRO
*Director (Member of the Board), Executive Vice President	Toshio Kodama	CTO, Head of Technology & Innovation Headquarters, Head of ICT Solution Headquarters
Director (Member of the Board), Senior Vice President	Hisashi Hara	Special Senior Adviser to President and CEO
Director (Member of the Board), Senior Vice President	Takashi Abe	Special Senior Adviser to President and CEO
Director (Member of the Board), Senior Vice President	Akira Hishikawa	Special Senior Adviser to President and CEO
Director (Member of the Board), Senior Vice President	Shigero Masamori	Special Senior Adviser to President and CEO
Director (Member of the Board), Executive Vice President	Yukio Kodama	Vice President, Machinery, Equipment & Infrastructure, Senior General Manager, Production Management Division

(Notes)

1. An asterisk mark (*) indicates a Representative Director.
2. Each responsibility of CFO, CAO/CRO and CTO is as described below.

CFO: Chief Financial Officer

Finance, Accounting and Procurement & Sourcing including Management
Planning

CAO/CRO: Chief Administrative Officer/Chief Risk Officer
Administration including Management Audit, General Affairs, Legal and
Personnel, etc., and Risk Management

CTO: Chief Technology Officer
Technology & Innovation and ICT (Information and Communication
Technologies)

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	No notable relations
	Hiroki Tsuda	Daiwa Securities Group Inc.	No notable relations
Statutory Auditor	Nobuo Kuroyanagi	Mitsubishi Research Institute, Inc.	Consignment of research and analysis works, etc.
		Honda Motor Co., Ltd.	No notable relations
		Isetan Mitsukoshi Holdings Ltd.	No notable relations
		Tokyo Kaikan Co., Ltd.	No notable relations
	Haruya Uehara	Koito Manufacturing Co., Ltd.	Purchases of lighting installations for aircrafts, etc.
		Nikon Corporation	Purchases of optical equipment, etc.
		Mitsubishi Research Institute, Inc.	Consignment of research and analysis works, etc.
	Shinichiro Ito	ANA Holdings Inc.	No notable relations
		All Nippon Airways Co., Ltd.	Maintenance of engine module for aircrafts, 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.
- Ms. Christina Ahmadjian, a Director, retired from her position as a Director of Eisai Co., Ltd. as of June 21, 2013. MHI has no notable relations with Eisai Co., Ltd.

(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	Yorihiko Kojima	12 out of 18 times	—
	Christina Ahmadjian	18 out of 18 times	—
	Hiroki Tsuda	13 out of 13 times	—
Statutory Auditor	Nobuo Kuroyanagi	14 out of 18 times	14 out of 15 times
	Haruya Uehara	17 out of 18 times	15 out of 15 times
	Shinichiro Ito	11 out of 13 times	10 out of 10 times

(Notes)

1. Mr. Hiroki Tsuda, a Director, took the office of a Director on June 26, 2013 (on the date of the 88th Ordinary General Meeting of Shareholders), so the number of the Board of Directors meetings he attended differs from that of the other Officers.
2. Mr. Shinichiro Ito, a Statutory Auditor, took the office of a Statutory Auditor on June 26, 2013 (on the date of the 88th Ordinary General Meeting of Shareholders), so the number of the Board of Directors meetings and the Board of Statutory Auditors meetings he attended differs from that of the other Officers.

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. Nobuo Kuroyanagi, Haruya Uehara and Shinichiro Ito, 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, and they have also conducted on-site audits at places of business in Japan, exchanged opinions with Directors and the Accounting Auditors, and provided necessary proposals.

Part of MHI's automobile parts business was found to have engaged in cartel activities, including inappropriate information exchange, with competitors in the past fiscal years, and in September 2013 MHI concluded a plea agreement with the US Department of Justice. These Directors and Statutory Auditors have regularly made proposals from the perspective of compliance with laws and regulations at meetings including Board of Directors meetings, and they have also expressed their opinions from the perspective of their respective specialist insights regarding measures to be taken, including measures for compliance with antitrust laws with respect to this occurrence.

(3) OUTLINE OF LIABILITY LIMITATION AGREEMENT

MHI has entered into Liability Limitation Agreements with Directors: Mr. Yorihiko Kojima; Ms. Christina Ahmadjian; and Mr. Hiroki Tsuda, and Statutory Auditors: Messrs. Nobuo Kuroyanagi; Haruya Uehara; and Shinichiro Ito 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	Total Amount of Compensation, etc. (Millions of Yen)	Monetary Compensation		Stock Option	
		Figures (persons)	Total Amount (Millions of Yen)	Figures (persons)	Total Amount (Millions of Yen)
Directors (Outside Directors)	1,390 (38)	23 (4)	1,161 (38)	16 (—)	229 (—)
Statutory Auditors (Outside Statutory Auditors)	151 (36)	6 (4)	151 (36)	— (—)	— (—)
Total (Outside Officers)	1,542 (74)	29 (8)	1,313 (74)	16 (—)	229 (—)

(Notes)

1. The figures in the table above include 6 Directors and 1 Statutory Auditor who retired during FY2013.
2. The amounts of compensation in the monetary compensation column in the table above include estimated amounts of performance-linked compensation for Officers other than Outside Officers.
3. The amounts of compensation in the stock option column in the table above are the costs associated with the accounting of stock acquisition rights issued in a so-called stock-linked compensation scheme.
4. The maximum permitted monetary compensation amounts are ¥1,200 million (resolution of the 81st Ordinary General Meeting of Shareholders on June 28, 2006) per fiscal year for Directors, and the total issuance price of stock acquisition rights to Directors excluding Outside Directors is limited to ¥300 million (resolution of the 82nd Ordinary General Meeting of Shareholders on June 27, 2007) per fiscal year.
5. The maximum permitted monetary compensation amounts are ¥160 million (resolution of the 81st Ordinary General Meeting of Shareholders on June 28, 2006) per fiscal year for Statutory Auditors.

Estimated compensation amounts were included in the compensation amounts disclosed for FY 2012. The actual amounts paid in FY 2013 exceeded the estimated amounts by ¥22 million for Directors (excluding Outside Directors) and ¥1 million for Statutory Auditors (excluding Outside Statutory Auditors). As a result, the actual amounts of compensation paid for FY 2012 consisted of a total of ¥1,427 million paid to 21 Directors and a total of ¥136 million paid to 6 Statutory Auditors.

ACCOUNTING AUDITORS

1 NAME OF ACCOUNTING AUDITORS

Ernst & Young ShinNihon LLC

2 COMPENSATION PAID TO ACCOUNTING AUDITORS

(Millions of Yen)	
① Amount of Compensation	212
② Sum of the Amount of Money and Other Material Advantage to Be Paid by MHI and Its Subsidiaries	383

(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 Hitachi Power Systems Europe GmbH (Germany); Mitsubishi Caterpillar Forklift Europe B.V. (Netherlands); Mitsubishi Turbocharger and Engine Europe B.V. (Netherlands); Mitsubishi Nichiyu Forklift Co., Ltd.; Mitsubishi Heavy Industries-Mahajak Air Conditioners Co., Ltd. (Thailand); Mitsubishi Heavy Industries Engine System Asia Pte. Ltd. (Singapore); and MHI International Investment B.V. (Netherlands).

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, 2014) (1/2)

(Millions of Yen)

ASSETS**Current assets:**

Cash and deposits	381,056
Trade receivables	1,188,928
Securities	29
Merchandise and finished products	161,401
Work in process	846,201
Raw materials and supplies	143,298
Deferred income taxes	177,253
Others	290,707
Allowance for doubtful accounts	(8,015)

Total current assets 3,180,861**Fixed assets:****Property, plant and equipment:**

Buildings and structures	373,000
Machinery and transportation equipment	262,123
Tools, equipment and furniture	43,502
Land	176,418
Leased assets	4,843
Construction in progress	70,609

Subtotal 930,498**Intangible assets:**

Goodwill	116,175
Others	54,925

Subtotal 171,100**Investments and advances:**

Investment securities	402,827
Long-term loans and advances	3,212
Deferred income taxes	41,091
Others	165,524
Allowance for doubtful accounts	(9,081)

Subtotal 603,575**Total fixed assets** 1,705,174**TOTAL ASSETS** 4,886,035

CONSOLIDATED BALANCE SHEET (As of March 31, 2014) (2/2)

(Millions of Yen)

LIABILITIES**Current liabilities:**

Trade payables	801,445
Short-term borrowings	166,296
Current portion of long-term borrowings	186,245
Current portion of bonds	70,000
Income taxes payable	64,487
Reserve for product warranties	18,314
Reserve for loss on construction contracts	62,523
Reserve for loss on passenger vessel construction business	64,126
Advance payments received on contracts	567,470
Others	284,368
Total current liabilities	2,285,278

Long-term liabilities:

Bonds	175,000
Long-term borrowings	359,946
Deferred income taxes	25,377
Reserve for treatment of PCB waste	10,459
Liability for retirement benefit	189,937
Others	65,812
Total long-term liabilities	826,533

TOTAL LIABILITIES **3,111,812****NET ASSETS****Stockholders' equity:**

Common stock	265,608
Capital surplus	203,978
Retained earnings	1,031,371
Treasury stock	(5,385)
Total stockholders' equity	1,495,573

Accumulated other comprehensive income (loss) :

Net unrealized gains on investment securities	43,188
Deferred losses on hedges	(1,001)
Foreign currency translation adjustments	34,658
Remeasurements of defined benefit plans	(29,019)
Total accumulated other comprehensive income (loss)	47,825

Share subscription rights 2,635**Minority interests** 228,188

TOTAL NET ASSETS **1,774,223**

TOTAL LIABILITIES AND NET ASSETS **4,486,035**

CONSOLIDATED STATEMENT OF INCOME(From April 1, 2013 to March 31, 2014)

(Millions of Yen)

Net sales	3,349,598
Cost of sales	2,695,898
Gross profit	653,700
Selling, general and administrative expenses	447,581
Operating income	206,118
Non-operating income:	
Interest income	3,483
Dividend income	3,297
Equity in earnings of unconsolidated subsidiaries and affiliates	1,492
Foreign exchange gain	2,086
Others	4,827
Total non-operating income	15,186
Non-operating expenses:	
Interest expense	15,629
Loss on disposal of fixed assets	5,999
Others	16,517
Total non-operating expenses	38,146
Ordinary income	183,159
Extraordinary gain:	
Gain on changes in equity interest	130,661
Gain on sales of investment securities	13,360
Gain on sales of fixed assets	11,256
Gain on negative goodwill	4,928
Total extraordinary gain	160,206
Extraordinary loss:	
Loss on passenger vessel construction business reserve	64,126
Business structure improvement expenses	57,907
Impairment loss	6,910
Total extraordinary loss	128,944
Income before income taxes and minority interests	214,421
Income taxes:	
Current	81,137
Deferred	(31,694)
Income before minority interests	164,978
Minority interests in income after taxes	4,550
Net income	160,428

(REFERENCE)

CONSOLIDATED STATEMENT OF CASH FLOWS

(From April 1, 2013 to March 31, 2014)

(Millions of Yen)

Cash flows from operating activities	296,216
Cash flows from investing activities	(151,555)
Cash flows from financing activities	(136,669)
Effect of exchange rate changes on cash and cash equivalents	(11,450)
Net decrease in cash and cash equivalents	(3,459)
Cash and cash equivalents at beginning of year	319,426
Increase in cash and cash equivalents due to changes in scope of consolidation	27,957
Increase in cash and cash equivalents from corporate partition	26,787
Cash and cash equivalents at end of year	370,710

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (1/2)
(From April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of March 31, 2013	265,608	203,956	901,397	(5,394)	1,365,568
Changes in the period					
Cash dividends			(30,198)		(30,198)
Net income			160,428		160,428
Changes in scope of Consolidation			(260)		(260)
Changes in equity interest			4		4
Purchase of treasury stock				(42)	(42)
Disposal of treasury stock		22		51	73
Net changes in items other than stockholders' equity					
Total changes in the period	—	22	129,974	8	130,005
Balance as of March 31, 2014	265,608	203,978	1,031,371	(5,385)	1,495,573

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (2/2)
(From April 1, 2013 to March 31, 2014)

(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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of March 31, 2013	30,979	142	(18,040)	-	13,081	2,243	49,332	1,430,225
Changes in the period								
Cash dividends								(30,198)
Net income								160,428
Changes in Scope of consolidation								(260)
Changes in equity interest								4
Purchase of treasury stock								(42)
Disposal of Treasury stock								73
Net changes in Items other than stockholders' equity	12,208	(1,143)	52,699	(29,019)	34,744	391	178,856	213,992
Total changes in the period	12,208	(1,143)	52,699	(29,019)	34,744	391	178,856	343,997
Balance as of March 31, 2014	43,188	(1,001)	34,658	(29,019)	47,825	2,635	228,188	1,774,223

NON-CONSOLIDATED BALANCE SHEET (As of March 31, 2014) (1/2)

(Millions of Yen)

ASSETS		
Current assets:		
Cash and deposits		164,225
Trade notes receivable		1,340
Trade accounts receivable		582,273
Merchandise and finished products		24,646
Work in process		463,342
Raw materials and supplies		64,528
Advances to suppliers		87,285
Prepaid expenses		759
Deferred income taxes		88,269
Short-term loans receivable from subsidiaries and affiliates		92,060
Others		181,649
Allowance for doubtful accounts		(60)
	Total current assets	1,750,321
Fixed assets:		
Property, plant and equipment:		
Buildings		199,185
Structures		17,526
Docks and facilities for shipbuilding		2,886
Machinery		101,692
Vessels		173
Aircraft		5
Vehicles and transportation equipment		2,165
Tools, equipment and furniture		25,207
Land		94,817
Leased assets		20,670
Construction in progress		33,505
	Subtotal	497,836
Intangible assets:		
Software		8,911
Right of using facilities		378
Leased assets		27
Others		121
	Subtotal	9,437
Investments and advances:		
Investment securities		191,852
Investments in shares of subsidiaries and affiliates		592,670
Investments in capital		26
Investments in capital of subsidiaries and affiliates		73,714
Long-term loans receivable from employees		40
Long-term loans receivable from subsidiaries and affiliates		4,399
Claims provable in bankruptcy, claims provable in rehabilitation and other		1,728
Long-term prepaid expense		17,105
Prepaid pension cost		82,213
Deferred income taxes		29,620
Long-term receivables		21,327
Others		37,059
Allowance for doubtful accounts		(12,926)
	Subtotal	1,038,829
	Total fixed assets	1,546,104
	TOTAL ASSETS	3,296,425

NON-CONSOLIDATED BALANCE SHEET (As of March 31, 2014) (2/2)

(Millions of Yen)

LIABILITIES

Current liabilities:

Trade notes payable	27,365
Trade accounts payable	412,430
Short-term borrowings	259,861
Current portion of long-term borrowings	175,478
Current portion of bonds	70,000
Lease obligations	1,381
Accrued payables	19,982
Accrued expenses	59,260
Income taxes payable	46,681
Advance payments received on contracts	307,985
Deposits received	36,241
Reserve for product warranties	95
Reserve for loss on construction contracts	30,136
Reserve for loss on passenger vessel construction business	64,126
Others	5,679
Total current liabilities	1,516,706

Long-term liabilities:

Bonds	175,000
Long-term borrowings	341,369
Lease obligations	19,586
Reserve for retirement allowance	1,972
Reserve for treatment of PCB waste	9,900
Asset retirement obligations	2,827
Others	29,362
Total long-term liabilities	580,019

TOTAL LIABILITIES **2,096,725**

NET ASSETS

Stockholders' equity:

Common stock	265,608
Capital surplus:	
Capital reserve	203,536
Other capital reserve	124
Total capital surplus	203,660

Retained earnings:

Legal reserve	66,363
Revenue reserve:	
Reserve for reduction in costs of fixed assets	43,713
General reserves	460,000
Earned surplus brought forward	126,647
Total revenue reserve	630,360
Total retained earnings	696,724

Treasury stock

Total stockholders' equity **1,160,613**

Valuation, translation adjustments and others:

Net unrealized gains on investment securities	36,500
Deferred losses on hedges	(6)
Total valuation, translation adjustments and others	36,493

Share subscription rights

2,592

TOTAL NET ASSETS **1,199,700**

TOTAL LIABILITIES AND NET ASSETS **3,296,425**

NON-CONSOLIDATED STATEMENT OF INCOME
(From April 1, 2013 to March 31, 2014)

	(Millions of Yen)
Net sales	2,039,361
Cost of sales	1,735,466
Gross profit	303,895
Selling, general and administrative expenses	181,859
Operating income	122,035
Non-operating income:	
Interest income	2,263
Dividend income	16,511
Others	1,791
Total non-operating income	20,566
Non-operating expenses:	
Interest expense	10,602
Interest on bonds	3,269
Foreign exchange loss	2,895
Loss on disposal of fixed assets	5,095
Others	12,559
Total non-operating expenses	34,422
Ordinary income	108,179
Extraordinary gain:	
Gain on sales of investment securities	31,501
Gain on sales of fixed assets	11,456
Total extraordinary gain	42,957
Extraordinary loss:	
Loss on passenger vessel construction business reserve	64,126
Business structure improvement expenses	54,078
Impairment loss	3,203
Loss on revaluation of investment securities	2,639
Total extraordinary loss	124,047
Income before income taxes	27,089
Income taxes:	
Current	38,856
Deferred	(29,292)
Net income	17,525

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (1/2)
(From April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Stockholders' equity									
	Common stock	Capital surplus			Legal reserve	Retained earnings				
		Capital reserve	Other capital reserve	Total capital surplus		Revenue reserve				Total retained earnings
						Reserve for reduction in costs of fixed assets	General reserves	Earned surplus brought forward	Total revenue reserve	
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
Changes in the period										
Provision of reserve for reduction in costs of fixed assets						5,966		(5,966)	-	-
Reversal of reserve for reduction in costs of fixed assets						(8,937)		8,937	-	-
Cash dividends								(30,198)	(30,198)	(30,198)
Net income								17,525	17,525	17,525
Purchase of treasury stock										
Disposal of treasury stock			22	22					-	-
Net changes in items other than stockholders' equity										
Total changes in the period	-	-	22	22	-	(2,970)	-	(9,702)	(12,672)	(12,672)
Balance as of March 31, 2014	265,608	203,536	124	203,660	66,363	43,713	460,000	126,647	630,360	696,724

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (2/2)
(From April 1, 2013 to March 31, 2014)

(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, 2013	(5,387)	1,173,257	26,575	(65)	26,509	2,243	1,202,010
Changes in the period							
Provision of reserve for reduction in costs of fixed assets		-					-
Reversal of reserve for reduction in costs of fixed assets		-					-
Cash dividends		(30,198)					(30,198)
Net income		17,525					17,525
Purchase of treasury stock	(43)	(43)					(43)
Disposal of treasury stock	51	73					73
Net changes in items other than stockholders' equity			9,924	59	9,983	348	10,332
Total changes in the period	7	(12,643)	9,924	59	9,983	348	(2,310)
Balance as of March 31, 2014	(5,380)	1,160,613	36,500	(6)	36,493	2,592	1,199,700

Report of Accounting Auditors on the Consolidated Financial Statements

Report of Independent Auditors

May 16, 2014

Mr. Shunichi Miyanaga
President
Mitsubishi Heavy Industries, Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Certified Public Accountant : Koichiro Watanabe

Designated and Engagement Partner
Certified Public Accountant : Hiroshi Kaya

Designated and Engagement Partner
Certified Public Accountant : Yoshiaki Morita

Designated and Engagement Partner
Certified Public Accountant : Hirotaka Mizutani

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, 2013 through March 31, 2014.

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, 2014 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 16, 2014

Mr. Shunichi Miyanaga
President
Mitsubishi Heavy Industries, Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Certified Public Accountant : Koichiro Watanabe

Designated and Engagement Partner
Certified Public Accountant : Hiroshi Kaya

Designated and Engagement Partner
Certified Public Accountant : Yoshiaki Morita

Designated and Engagement Partner
Certified Public Accountant : Hirotaka Mizutani

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 2013 fiscal year from April 1, 2013 through March 31, 2014.

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 2013 fiscal year ended March 31, 2014 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 2013 fiscal year, from April 1, 2013, to March 31, 2014, 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 2013 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 22, 2014

The Board of Statutory Auditors
Mitsubishi Heavy Industries, Ltd.

Toshiro Yagami (seal)
Statutory Auditor (Full time)

Eiji Isu (seal)
Statutory Auditor (Full time)

Nobuo Kuroyanagi (seal)
Statutory Auditor

Haruya Uehara (seal)
Statutory Auditor

Shinichiro Ito (seal)
Statutory Auditor

(Note)

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