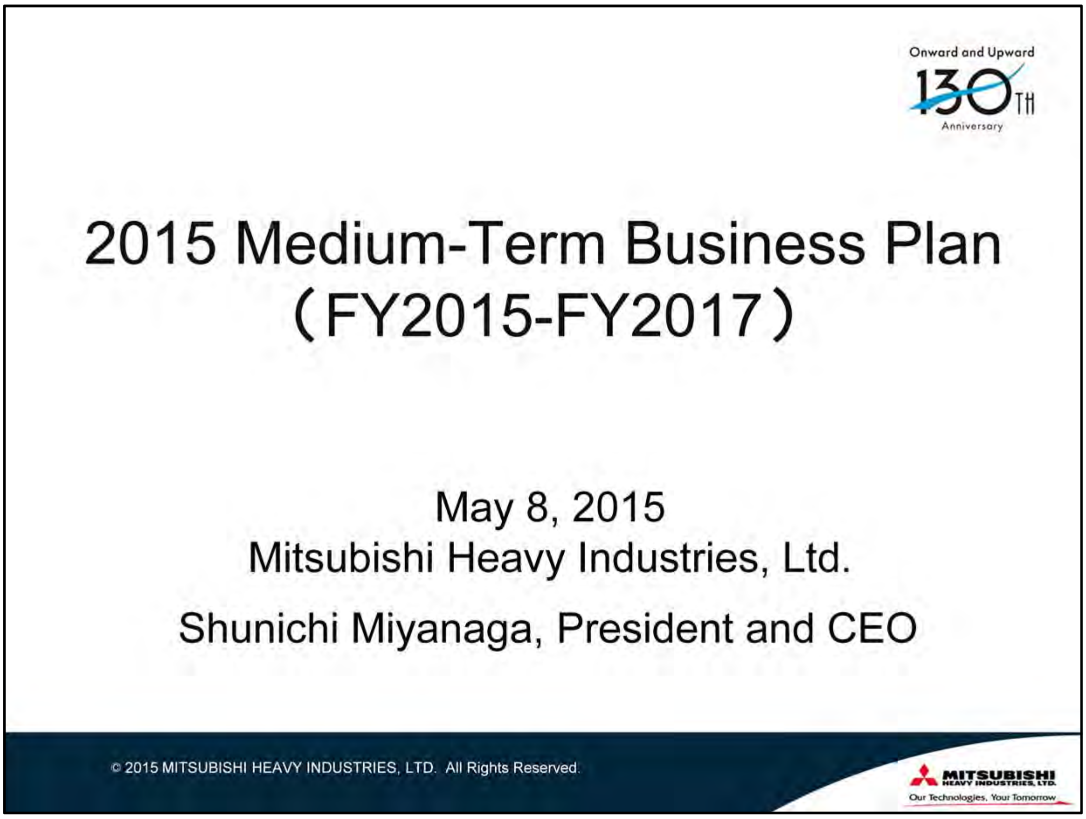

Today I would like to explain our “2015 Medium-Term Business Plan,” which covers the three years from fiscal 2015 through fiscal 2017.

Table of Contents

To begin, I will present a broad review of our 2012 Medium-Term Business Plan. After that, I will describe the content of our 2015 Medium-Term Business Plan in some detail.

I. Review of 2012 Medium-Term Business Plan

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I will start, then, with a review of our 2012 Medium-Term Business Plan.

Review of 2012 Medium-Term Business Plan (1) Overall Level of Achievement

Numerical targets were nearly all achieved and reforms including cruise ship business revival were steadily carried out. As a result, preparations were completed to transition to a proactively aggressive phase for expanding on global scale.

	FY2014 Numerical Targets	Level of Achievement	Contributing Factors
Business scale*	Target: 3.85 trillion yen / Actual: 4.35 trillion yen	113%	•Acceleration of global expansion through M&A's •Launch of business domain system (focus on companywide merits and growth areas) •Impact of yen depreciation
Operating profit	Target: 250.0 billion yen / Actual: 296.1 billion yen	118%	•Introduction of SBUs and strategic business evaluation system •Cost reductions from corporate and business structure reforms •Impact of yen depreciation
Net income	Target: 130.0 billion yen / Actual: 110.5 billion yen	85%	•Implementation of measures to revive cruise ship business (profit/loss factoring completed in FY2014) •Further strengthening of risk response capability

*Orders received / Net sales averages

SBU: strategic business unit

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During the past 20 to 30 years, MHI's orders received hovered near 3 trillion yen and our operating income held steady near 100 billion yen. Then, under our 2012 Business Plan we carried out various reforms, and these have resulted in positive changes in our performance figures.

First, in terms of overall achievement, I point to our business scale, a core management index calculated as the mean value of orders received and net sales. In fiscal 2014 we targeted a business scale of 3.85 trillion yen, expected to come from 4 trillion yen in orders received and 3.7 trillion yen in net sales. But ultimately we actually achieved a business scale as high as 4.35 trillion yen, representing a level of achievement of 113%.

Turning to operating income, against a target of 250 billion yen we achieved 296.1 billion yen, making for a level of achievement of 118%.

In terms of net income, our level of achievement was only 85%. In this instance, due to the booking of an extraordinary loss relating to our cruise ship business, against a target of 130 billion yen we achieved only 110.4 billion yen.

Collectively, these performance figures suggest that, overall, thanks to the various reforms implemented during the three years under review, we generally achieved the targets of our 2012 Medium-Term Business Plan.

I believe that MHI is now prepared to shift to its next phase – a phase of full-scale growth and the implementation of aggressive measures.

Review of 2012 Medium-Term Business Plan (2)
Numerical Results by Fiscal Year

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(in billion yen)

		2012 Medium-Term Business Plan			
		FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2014 Target
Expansion of business scale	Orders received (Overseas sales ratio)	3,032.2 (50%)	3,420.0 (51%)	4,699.1 (54%)	4,000.0 (64%)
	Net Sales	2,817.8	3,349.5	3,992.1	3,700.0
Strengthening of risk response capability	Operating Income (Ordinary income)	163.5 (149.0)	206.1 (183.1)	296.1 (274.7)	250.0 (210.0)
	Net income	97.3	160.4	110.4	130.0
	ROE	7.4%	11.0%	6.5%	8.9%
Improvement of financial soundness	FCF	211.6	144.6	38.6	200.0
	Debt/Equity ratio	0.72	0.54	0.46	0.7
	Equity ratio	35.0%	31.6%	32.3%	36.6%
	Interest-bearing debt	1,031.2	957.4	975.5	1,000.0
	Dividend per share	8 yen	8 yen	11 yen	10 yen
	Foreign exchange rates	83.6 yen/$ 106.8 yen/€	100.1 yen/$ 132.6 yen/€	109.4 yen/$ 138.0 yen/€	80 yen/$ 110 yen/€

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Next, I would like to discuss the numerical results achieved under the 2012 Business Plan, with a focus on our results in fiscal 2014.

In fiscal 2014 orders received totaled 4,699.1 billion yen, representing an increase of 1,279 billion yen over the previous year. This expansion in orders received owed to significant increases recorded in two business domains: the Commercial Aviation & Transportation Systems, attributable largely to orders for the MRJ now under development; and the Energy & Environment domain, which posted merger synergies from our integration with Hitachi, Ltd. in the area of thermal power generation systems business.

Net sales in fiscal 2014 reached 3,992.1 billion yen, an increase by 642.5 billion yen over fiscal 2013. Year-on-year sales expansion was recorded in all four business domains. Sales expanded in the Energy & Environment domain on merits from integration in the thermal power generation systems business. The Machinery, Equipment & Infrastructure domain posted sales expansion on the back of our M&A with Siemens' metals machinery division. In addition, net sales got boosts from a change in the fiscal year period at overseas group companies and weakening of the yen during the year.

Operating income in fiscal 2014 reached 296.1 billion yen, up 90 billion yen from the year-earlier level and a record-setting level for the second year in a row. Income expanded in all four domains, but particularly in the Energy & Environment and the Machinery, Equipment and Infrastructure domains.

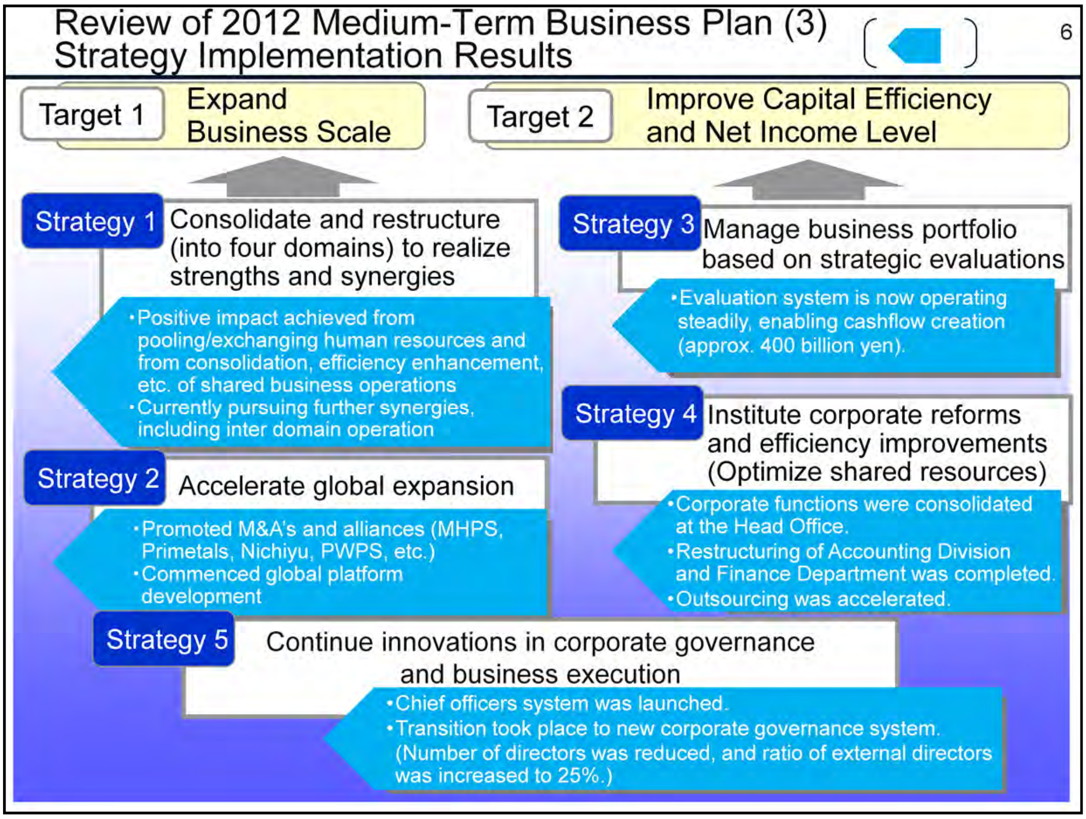
Net income finished at 110.4 billion yen, down 50 billion yen from the previous year. The decline was primarily attributable to two factors: first, deterioration in the extraordinary profit/loss column after booking some 130 billion yen in gain on change in equity in fiscal 2013 accompanying the integration with Hitachi in the thermal power generation systems business; and second, an increase in the Company’s tax burden. As a result of the decline in net income, ROE slipped 4.4 points from fiscal 2013, to 6.5%.

Free cash flow in fiscal 2014 was a modest 38.6 billion yen, the result of two factors: demand for M&A and other capital funds, and temporary impact from the cruise ship business.

Fiscal 2014’s debt-to-equity ratio was 0.46, the equity ratio 32.3%, and interest-bearing debt totaled 975.5 billion yen.

Whereas the Company’s total assets are increasing as a result of the expansion of our business scale from M&A activities, our key financial indicators – equity ratio and debt-to-equity ratio – are improving. In conclusion, we believe our profitability and capital efficiency are improving and our financial base is strengthening steadily.

In fiscal 2014 we distributed a dividend per share of 11 yen. This was up 3 yen from the previous year and 1 yen above our target at the start of the term.

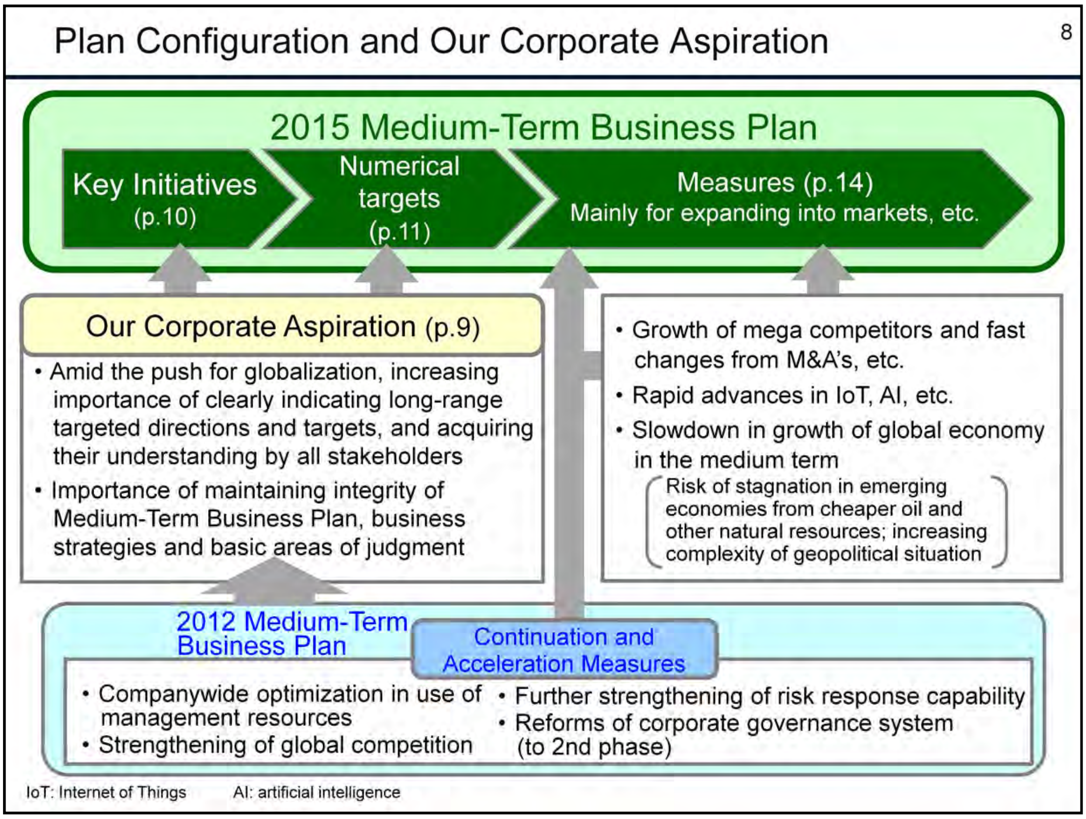


In our 2012 Business Plan we set two targets: to expand our business scale, and to improve our capital efficiency and net income level. To achieve those targets, we had formulated the five strategies seen here. On the whole, these strategies were carried out as intended.

Particularly regarding strategy 2, to “accelerate global expansion,” we achieved extremely positive results in terms of promoting M&A’s and alliances.

In addition, the introduction of business portfolio management based on strategic business evaluations – the focus of strategy 3 – contributed significantly to our earnings improvement during the term.

Now, I would like to turn to explaining our 2015 Medium-Term Business Plan somewhat in detail.



To begin, I would like to explain the framework of the Business Plan as well as our corporate aspiration.

In our 2015 Business Plan we have defined the corporate image the Mitsubishi Heavy Industries Group aspires to achieve. We have done so because today, as the world becomes increasingly globalized, two things are more important than ever.
The first is to gain the understanding of all stakeholders – including investors, partner companies throughout our supply chain, and employees throughout the MHI Group. This understanding can be achieved by indicating the directions and targets we aim for over the long term.
The second important factor is to maintain consistency in our medium-term plans, our business strategies, and our fundamental basis for making business judgments.

Our 2015 Medium-Term Business Plan, spanning from the current fiscal 2015 through fiscal 2017, was formulated to enable us to achieve our corporate aspiration.

As to the measures we are taking under the Plan toward achieving our aspiration, first we are continuing and accelerating the four measures incorporated in our 2012 Business Plan.

These consist of the following: 1) Companywide optimization in the use of our management resources, as represented by the introduction of the 4-domain system carried out under the 2012 Business Plan; 2) strengthening of our global competitiveness, through new M&A and alliance activities; 3) further strengthening of our risk response capability, including the permanent installation of an organization tasked with risk resolution and the strengthening of our financial base; and 4) reforms of our corporate governance system, exemplified by the launch of our system of chief officers. Second, we are implementing new measures of an aggressive nature in order to respond to: 1) the growth of mega competitors such as GE and Siemens from M&A's, etc.; 2) rapid changes arising from the Internet of Things, artificial intelligence, etc.; and 3) slowing growth of the global economy in the medium term due to such factors as cheaper prices of oil and other resources.

Our Corporate Aspiration

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A global group with the vision to mold an innovative and agile organization that leverages our dedication to technological advancement and engineering excellence in order to deliver solid growth amid constant changes and make a lasting difference in the communities we serve

Concrete objectives

(1) Greater market share: World-class level of customer satisfaction coming from synergies with third-party expertise on top of ours and a focus in segments* where we are able to enjoy competitive advantage**

* Machinery/equipment, plants, transportation/transport systems

** Price competitiveness, innovative and reliable technologies, and quality lifecycle services

(2) Enhanced global reputation: Higher rating and increased brand value*

* Business scale, value creation, financial strength, corporate governance, and code of conduct

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Until now, I believe MHI has lagged in two aspects: speed of response to change, and adaptability to diversity.

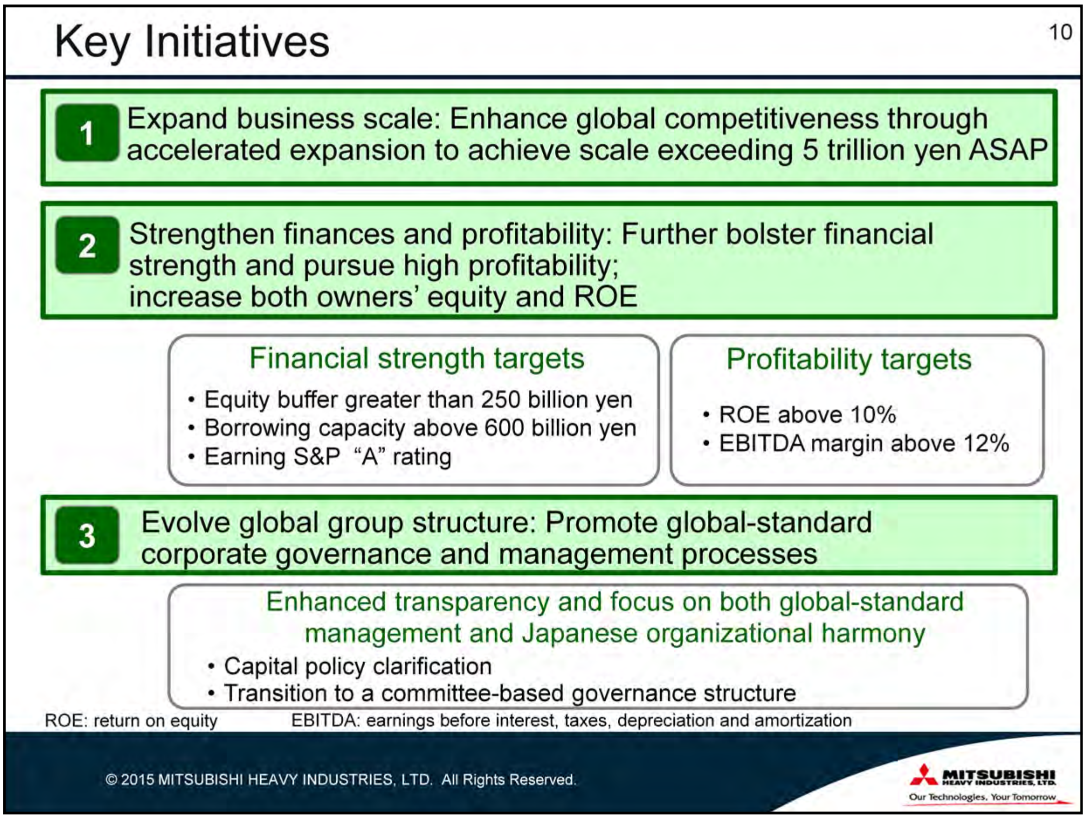
In an effort to overcome these shortcomings, we believed it is necessary to clarify what kind of company we aspire to be, and with this in mind we drew up what we call our "Corporate Aspiration."

Specifically, we have set down two concrete objectives. The first, as shown here, is to focus on segments where we are in a position to enjoy a competitive advantage.

In this context, we are seeking to achieve greater market share by incorporating various strengths from outside the Company: through acquisitions, for example, establishment of joint ventures, and business tie-ups. Through synergies with third-party expertise, we aim to achieve a world-class level of customer satisfaction.

Our second concrete objective is to achieve an enhanced global reputation for our overall operations as a business corporation, as a way of enhancing our brand value.

Increasing our brand value will require a business scale of a certain level. We seek to achieve a high reputation globally based on the economic value derived from our business activities, the creation of social value, the building of a solid financial base, excellent corporate governance, and adherence to a respected code of conduct.



Now, I would like to explain the key initiatives of our 2015 Business Plan, based on the corporate image we aspire to.

The first is to enhance our global competitiveness through accelerated expansion of our business scale.

In order for the MHI Group to compete on even terms against its global competitors, we believe a business scale of 5 trillion yen is necessary. We aim to realize that target over the course of the next three years.

Our second key initiative is to further bolster our financial strength and pursue high profitability.

In order to respond to both business opportunities and risks, we intend to increase our owners' equity. In doing so, our aim is to achieve two conflicting targets: increasing equity while simultaneously compensating for the correspondingly lower ROE with improved profitability.

Specifically, we will pursue enhanced profitability by securing an equity buffer above 250 billion yen to cope with unanticipated risks and new business operations, a borrowing capacity greater than 600 billion yen in order to undertake M&A's and respond to risks, and earning an "A" rating from S&P. Our targets will be to bring ROE above 10% and EBITDA margin above 12%.

Our third key initiative is to promote corporate governance and management processes of a truly global standard.

In undertaking diverse business operations all around the world, corporate governance and management processes are of critical importance. We intend to build systems and mechanisms of high transparency and clear understanding to enable global operations.

Rather than simply showing respect for diversity, we aim to carry out management that focuses fully on coordinated harmony.

Management Numerical Targets

(in billion yen)

	2012 Business plan	2015 Medium-Term Business Plan				
	FY2014 Actual (A)	FY2015 Forecast	FY2016 Target	FY2017 Target (B)	Change (B-A)	%
Orders received (overseas sales ratio)	4,699.1 (54%)	4,700.0 (62%)	5,100.0 (63%)	5,500.0 (64%)	800.9	117%
Net sales	3,992.1	4,200.0	4,600.0	5,000.0	1,007.9	125%
Operating income (Ordinary income)	296.1 (274.7)	320.0 (300.0)	380.0 (360.0)	450.0 (430.0)	153.9	152%
Net income	110.4	130.0	160.0	200.0	89.6	181%
ROE	6.5%	7.1%	8%	10.2%	-	-
FCF	38.6	100.0	100.0	200.0		
Debt/equity ratio	0.46	0.4	0.4	0.4		
Equity ratio	32.3%	33%	34%	35%		
Interest-bearing debt	975.5	900.0	900.0	900.0		
Dividend per share	11 yen	12 yen	dividend payout ratio 30%±5%			
Foreign exchange rates	109.4 yen/$ 138.0 yen/€	115 yen/$ 130 yen/€	110 yen/$ 130 yen/€	110 yen/$ 130 yen/€		

	Orders	Sales
M&A/PMI		
・MHPS	+280.0	+340.0
・Primetals	+250.0	+200.0
・Others	+120.0	+ 80.0
Organic Growth		
・Commercial Aviation & Transportation Systems	-100.0	+170.0
・Machinery, Equipment & Infrastructure	+230.0	+250.0

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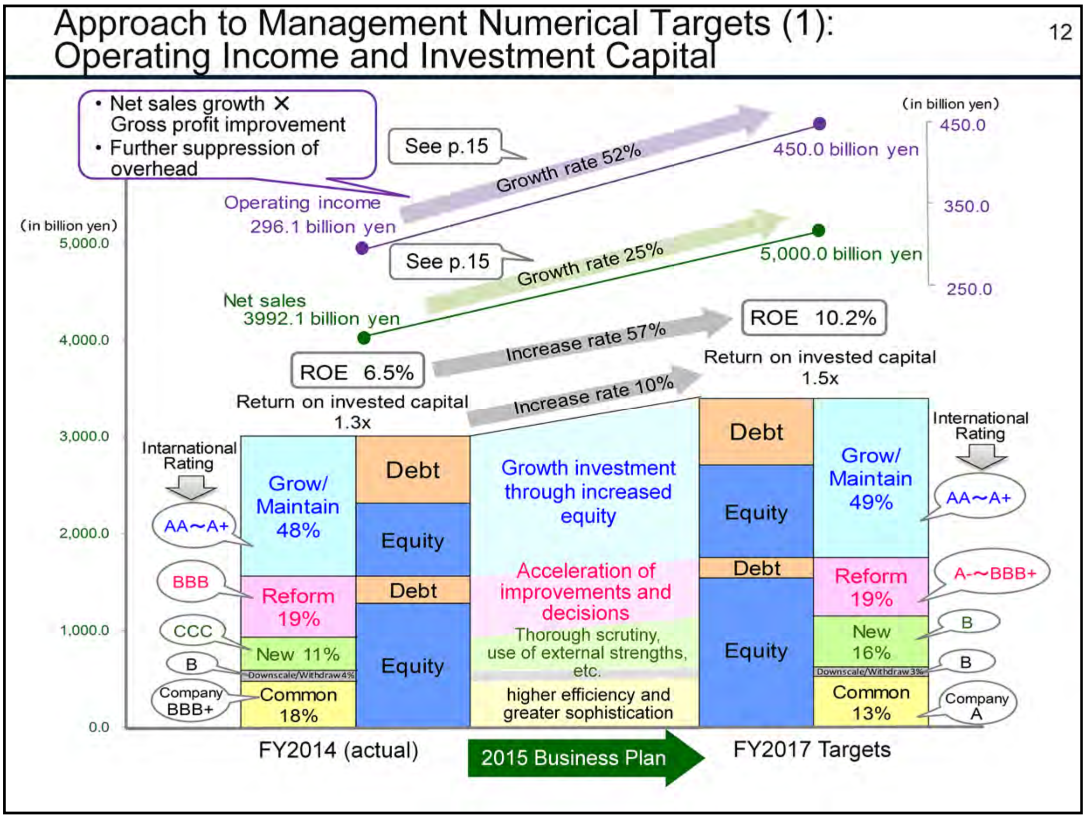
Here we see the numerical targets we seek to achieve during the three years of our 2015 Business Plan, by carrying out measures based on the three key initiatives I have just described.

In fiscal 2017, the final year under the Plan, we are targeting 5.5 trillion yen in orders received, net sales of 5 trillion yen, operating income of 450 billion yen, net income of 200 billion yen, and ROE of 10.2%.

We are also aiming for free cash flow of 200 billion yen, interest-bearing debt of 900 billion yen, a debt-to-equity ratio of 0.4, an equity ratio of 35%, and a dividend payout ratio of 30% ±5%.



Next, I would like to explain our approach to our management numerical targets.

In our 2015 Medium-Term Business Plan, over the next three years we are targeting a 25% increase in net sales and a near 50% increase in operating income. At the same time, we are anticipating improvement in our gross profit.

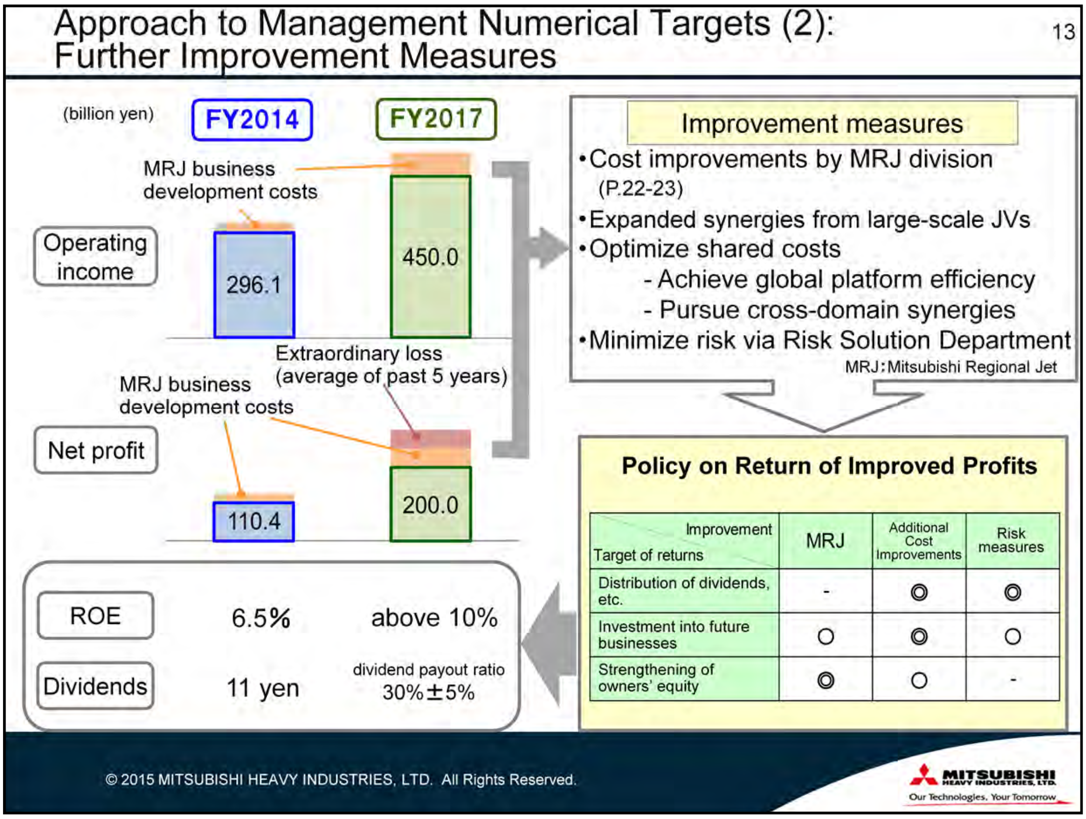
We expect our gross margin ratio to improve on synergy merits to come from our recent joint venture activities: namely, Mitsubishi Hitachi Power Systems' integration with Hitachi's thermal power generation systems business, Primetals Technologies' integration with Siemens' metals machinery business, and Mitsubishi Nichiyu Forklift's integration with Nippon Yusoki's forklift truck business. In addition to the cost reductions these developments will reap, net sales from after-sale servicing and other operations of high added value are expected to increase. We also believe the synergies from our joint venture activities will result in lower procurement and R&D costs as well as lower outlays for corporate functions, which in turn will curb increases in indirect costs and contribute to increasing our operating income.

During the three years of the 2015 Medium-Term Business Plan, we are also targeting improvement in our ROE from 6.5% to 10.2%. In addition, we expect our return on invested capital to rise primarily on inventory reductions enabled by developments in cash flow management.

Concerning businesses in the Grow/Maintain position within our strategic business evaluation system, we believe these currently merit international ratings between AA and A+, and we hope to maintain equity and debt at their current levels. As to businesses in the Reform, New and Common positions, equity is already abundant; but as these businesses are still in their growth phase, we aim for business expansion in these areas in various ways.

In order to prepare for our business growth and major reforms, we intend to increase our owners' equity to around 2 trillion yen. However, we intend to undertake a review of the situation at the end of the 2015 Business Plan period, to adjust our equity to a level best suited to the Company’s needs.

By raising the efficiency of businesses in the Grow/Maintain, Reform and New positions, we aim to elevate our cost-effectiveness and drive down our ratio of common expenditures.



Next, I would like to explain our approach to operating income and net income in somewhat more detail.

Our operating and net income targets for fiscal 2017 – 450 billion yen and 200 billion yen, respectively – both factor in development costs relating to the MRJ business, costs which will peak that year. However, they do not factor in impact from cost improvement measures that will be implemented.

Our net income target, 200 billion yen, factors in business structure improvement costs in the form of an extraordinary loss of 50 billion yen. This figure is generally on a par with the average of the past five years, which is 40-plus billion yen.

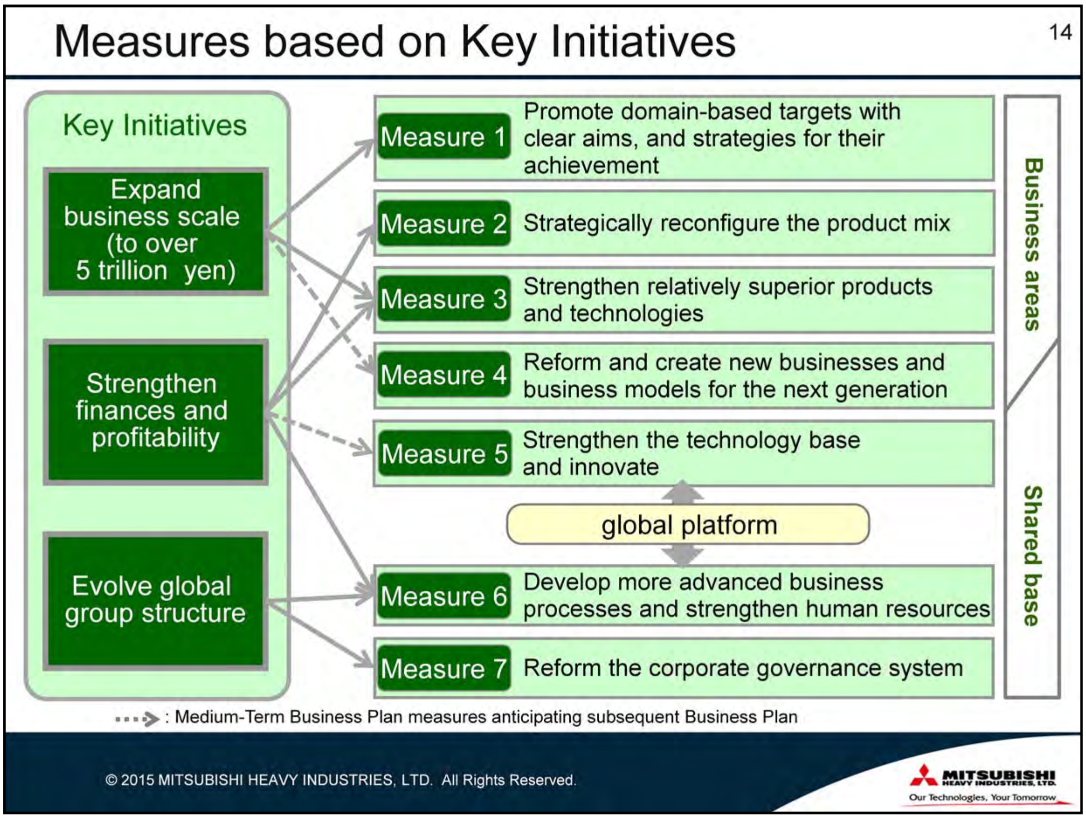
Profits to derive from implementing various improvement measures will be returned differently according to the content of improvement. This includes cost improvements by the MRJ division, expanded synergies from large-scale joint ventures, optimization of shared costs, and minimization of risks.

Profit to derive from cost improvements in the MRJ business will be used to strengthen owners' equity, to serve as a resource for the MRJ business. It will also be invested into future businesses.

Profits to come from cost improvements will be used to distribute dividends and other returns, and for investment into future businesses.

As for profit to accrue from risk measures, we intend in the main to return these funds to our shareholders.

Based on our return policy for the improved profits I have just described, we are targeting a dividend payout ratio of 30% ±5% in both fiscal 2016 and fiscal 2017.



Next, I would like to explain the various measures to be implemented based on our key initiatives, in order to achieve the Business Plan's successful conclusion.

In line with our three key initiatives, we are implementing seven measures.

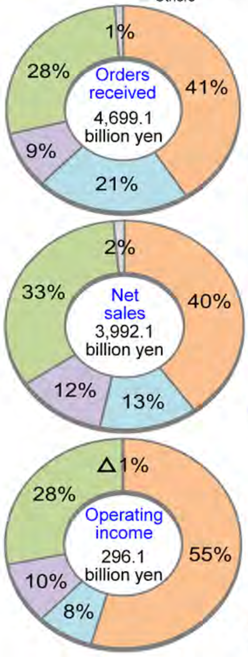
The measures connected in the figure by solid arrows – measures 1, 2, 3, 6 and 7 – will produce results within the scope of our 2015 Business Plan. The measures connected by broken arrows – measures 4 and 5 – are expected to produce results during the period of our subsequent Medium-Term Business Plan.

Measure 1 Promote domain-based targets with clear aims, and strategies for their achievement 15

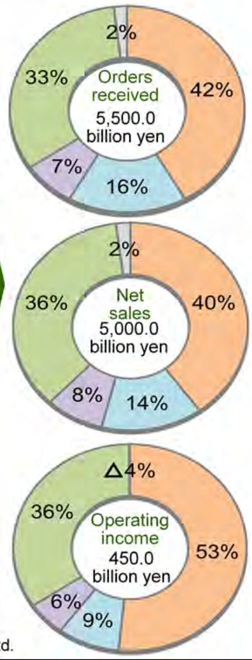
FY2014

Energy & Environment
Commercial Aviation & Transportation Systems
Integrated Defense & Space Systems
Machinery, Equipment & Infrastructure
Others

FY2017



Domain	Main measures and fluctuating factors	Orders/ Net sales	Operating income
Energy & Environment	· Expanded synergies at MHPS	◎	◎
	· Overall expansion of servicing business	○	◎
	· Distributed power sources, oil & gas, etc.	○	-
Commercial Aviation & Transportation Systems	· Expansion of Boeing-related business	◎	◎
	· MRJ (contribution to net sales starting FY2017)	○	△
	· Strengthening of land transportation systems	-	○
	· Reform of commercial ship business	-	○
Integrated Defense & Space Systems	· Demand to hold steady through FY2017; preparations for expansion of business in equipment, etc.	-	-
Machinery, Equipment & Infrastructure	· Synergies at Primetals (steelmaking business)	◎	◎
	· Strengthening of compressors, turbochargers, etc.	○	○
	· Accelerated business restructuring (including M&A's)	○	○



MHPS: Mitsubishi Hitachi Power Systems, Ltd.
MRJ: Mitsubishi Regional Jet Primetals: Primetals Technologies, Ltd.

First, to explain Measure 1: promoting domain-based targets with clear aims, and strategies for their achievement.

This measure calls for clarifying the respective roles of each of the four domains, and carrying forward strategies to enable achievement of their respective goals, as a way of expanding business scale.

The chart at the center indicates the key measures to be implemented during the 2015 Business Plan, together with their respective anticipated impact. Measures that will make an especially strong positive contribution are indicated by a double circle; those that will make a positive contribution to some degree, a circle; those that will make no positive contribution, a triangle; and those that will remain unchanged from fiscal 2014, are indicated by a dash.

We see that in fiscal 2017 orders/net sales and operating income will be sustained by the Energy & Environment and Machinery, Equipment & Infrastructure domains. The Energy & Environment domain will serve in a leading role as before; whereas the Machinery, Equipment & Infrastructure domain is projected to mark robust growth.

In fiscal 2014 the Machinery, Equipment & Infrastructure domain accounted for only approximately 11% of the Company's order backlog. This suggests that this is an area of business with an extremely good turnover. For this reason, we believe that raising the profitability of this business area will significantly help to stabilize the Company's profitability.

Measure 1 Promote domain-based targets with clear aims, and strategies for their achievement

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Business Domain	Strategies	Main Measures
Energy & Environment	• Simultaneously pursue short-term earnings and mid/long-term growth, with business expansion and profitability at the core (swift response to moves made by mega competitors) • Promote long-term continuation policy for nuclear power business	• Enter markets for high-performance models (large-scale GT); enhance lineups • Strengthen servicing business (employ ICT and big data; invest human resources) • Expand networks of domestic and overseas manufacturing bases • Expand business in distributed power generation systems (joint development with Machinery, Equipment & Infrastructure domain) • Full-scale entry in oil & gas upstream business (keeping collaborations and M&A's in view)
Commercial Aviation & Transportation Systems	• Improve profitability of commercial airplane products • Advance MRJ development and improve airframe value • Undertake bold conversions in commercial and cruise ship businesses • Expand business in land transportation systems	• Promote increased production in businesses for Boeing and develop next-generation production processes • Steadily carry forward the MRJ's development and develop a high-volume manufacturing base • Develop a new infrastructure export model based on domain synergies • Develop new business model for cruise ship business • Strengthen ability to promote business in large-scale overseas projects (Doha, etc.)
Integrated Defense & Space Systems	• Undertake sustained strengthening of existing businesses and prepare for next expansion step (initiatives to promote overseas business and conversion to commercial market needs)	• Undertake concentrated strengthening of integrated defense systems (land, sea, air) • Newly launch a state-of-the-art technology business department and promote the following: - Development of new overseas businesses through tieups with overseas partners - Development consumer demand-based businesses applying dual-use technologies
Machinery, Equipment & Infrastructure	• Along with the Energy & Environment domain, pursue achievable and immediately effective measures from the perspective of supporting the MHI Group's scale and earnings	• Promote and accelerate PMI in metals machinery and forklift trucks • Expand oil & gas business involving compressors • Establish a global business structure for turbochargers • Further accelerate business restructuring (including M&A's)

GT: gas turbine ICT: information and communication technology MRJ: Mitsubishi Regional Jet PMI: post merger integration

Here we see our strategies and main measures to be implemented for the various domains.

In the Energy & Environment domain, as the core paths to business expansion and enhanced profitability, we will simultaneously pursue short-term earnings and mid-to-long-term growth, and also respond swiftly to moves made by our mega competitors.

In the Commercial Aviation & Transportation Systems domain, we will focus on improving the profitability of our commercial airplane products, advance development of the MRJ, and improve the MRJ's airframe value. Additionally, we will undertake bold shifts in our commercial ship and cruise ship businesses.

In the Integrated Defense & Space Systems domain, over the next three years we will undertake sustained strengthening of existing businesses and also prepare for subsequent expansion in business scale.

In the Machinery, Equipment and Infrastructure domain, because this, along with the Energy & Environment, is an important domain sustaining the MHI Group's business scale and earnings, we will mainly implement measures that are securely achievable and immediately effective.

Measure 2 Strategically Reconfigure the Product Mix

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1. Objective

To create a product mix that will ensure sustained growth based simultaneously on business scale and profitability

2. Near-term initiatives (during 2015 Medium-Term Business Plan)

- Enlargement of SBU scale (scale merits, global growth)
- Broad changes in positioning via financial / business evaluations
- Swift carve-out of Downscale/Withdraw SBUs

3. Transition of SBUs by position

Established SBUs; launched operation of strategic business evaluation system

Upper row : number of SBUs
Lower row ( ) : average net sales by SBU (billion yen)

Position	FY2011	Diagnosis period		FY2015	Future directions	Future
Grow/ Maintain	36 (approx.50.0)	33 (approx.60.0)	25 (approx.50.0)	20 (approx.140.0)	•Further scale expansion of individual SBUs via M&A's and accelerated PMI •Progress from Reforms	20-25 (approx. 180.0)
Reform	18 (approx.50.0)	14 (approx.55.0)	12 (approx.50.0)	15 (approx.85.0)	•Accelerated review of SBU positions •Reform of commercial ship business	5-10 (approx. 100.0)
Downscale /Withdraw	5 (approx.10.0)	6 (approx.20.0)	7 (approx.50.0)	7 (approx.35.0)	•Swift carve-out (strengthened methods, increased capital investment)	5 (approx. 50.0)
New	5 (approx.15.0)	5 (approx.15.0)	7 (approx.50.0)	6 (approx.3.0)	•Profitability enhancement through scrutiny of contents and use of external strengths (risk reduction)	5 (-)
Total	64 (approx.45.0)	58 (approx.50.0)	51 (approx.50.0)	48 (approx.90.0)	-	35-40 (approx. 140.0)

SBU: strategic business unit PMI: post merger integration

Measure 2 is to "strategically reconfigure the product mix."

Business strategies have been formulated for each of the four domains. Creating a product mix designed to secure sustained growth based simultaneously on business scale and profitability is of great importance.

In fiscal 2011 we started with 64 SBUs. Subsequently, through integration, consolidation, etc. to make the product mix somewhat simpler and more suited to competing, we succeeded in reducing the number of SBUs to 48 as of the start of fiscal 2015.

During this time frame, the average business scale per SBU generally doubled, from 45 billion yen to 90 billion yen.

In the future, in order to achieve a product mix that is easy to manage as a global corporation, we intend to further reduce the number of SBUs to somewhere between 35 and 40.

Measures will be implemented to expand the business scale of SBUs in the Grow/Maintain position through M&A's and PMI; to accelerate the review of SBUs in the Reform position; and to swiftly carve out SBUs in the Downscale/Withdraw position.

Next, I will explain Measure 3, which concerns strengthening of our relatively superior products and technologies.

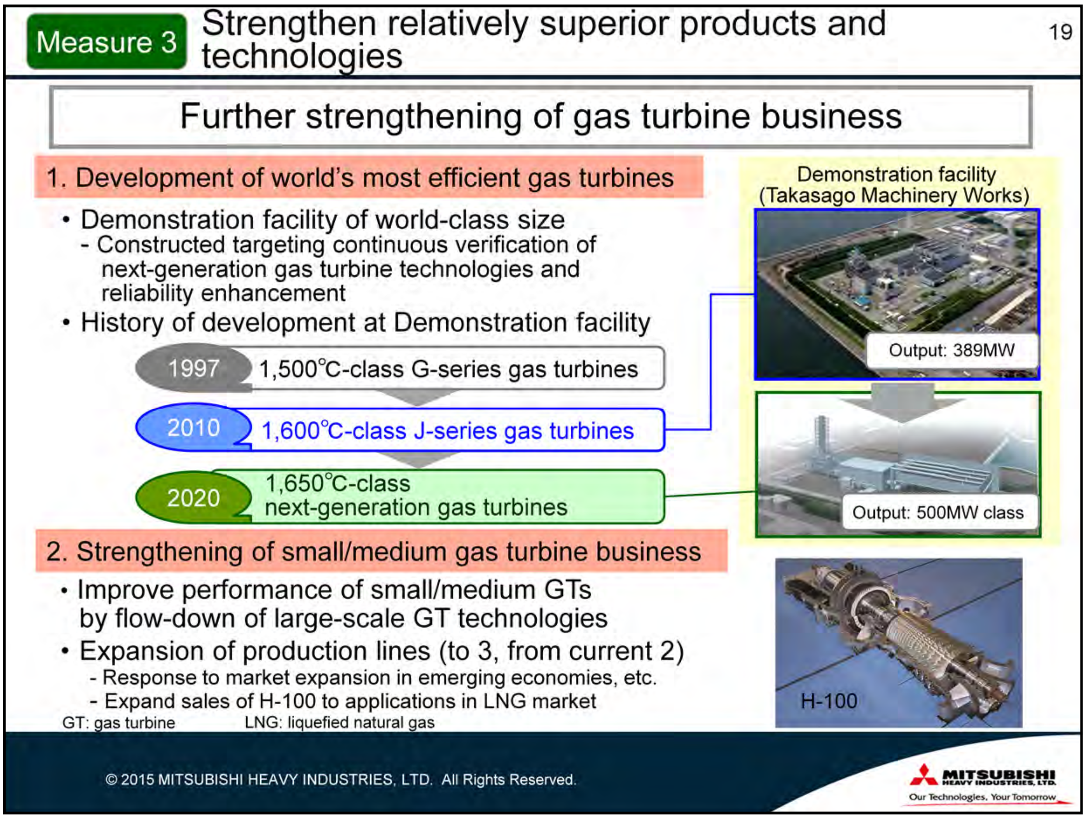
We intend to strengthen our relatively superior products and technologies as a way of both expanding our business scale and enabling the achievement of greater profitability.

To cite an example, we are focusing our management resources into globally competitive products: specifically, gas turbines, as well as into such global niche products as compressors and turbochargers.

To differentiate MHI from competitors such as GE and Siemens, we plan to strengthen our EPC response capability – an area in which we have competitive superiority – and expand its fields of application.

Because there are limits to strengthening our EPC response capability, qualitatively and quantitatively, on our own, we intend to strengthen our human resources by incorporating external strengths. We also will carry out thorough strengthening of our risk response capability.

Until now, we have provided EPC in such areas as power plants, metals machinery and chemical plants; more recently, we have also made active use of shared human resources and knowhow in the field of transportation systems. Going forward, we will expand our fields of application to include cruise ships, smart cities and smart mobility.



At the top of the list of areas in which we are focusing our management resources into globally competitive products is our gas turbine business.

The Takasago Machinery Works of Mitsubishi Hitachi Power Systems, located in Takasago City in Hyogo Prefecture, boasts one of the world's largest demonstration facilities, a base for developing gas turbines. Currently R&D is moving forward toward the achievement of next-generation gas turbines in the 1,650℃ class, to supersede today's 1,600℃ class J-series. Plans call for development of the new gas turbines to be completed in 2020.

We cannot enter the so-called "volume zone" simply by raising the performance of our large-scale gas turbines, however. For that reason, we have formed a joint venture with Hitachi in thermal power generation systems, to achieve synergy benefits whereby MHI's technologies in large-scale gas turbines are to be applied, by flow-down, to improving the performance of small- and medium-scale gas turbines. Furthermore, by increasing the number of production lines at the Hitachi Plant from the current two, to three, we will be in a position to respond to expanding markets, especially in the emerging economies, and to expand sales into applications for the LNG market.

Measure 3 Strengthen relatively superior products and technologies

Promote PMI of large-scale joint-venture businesses

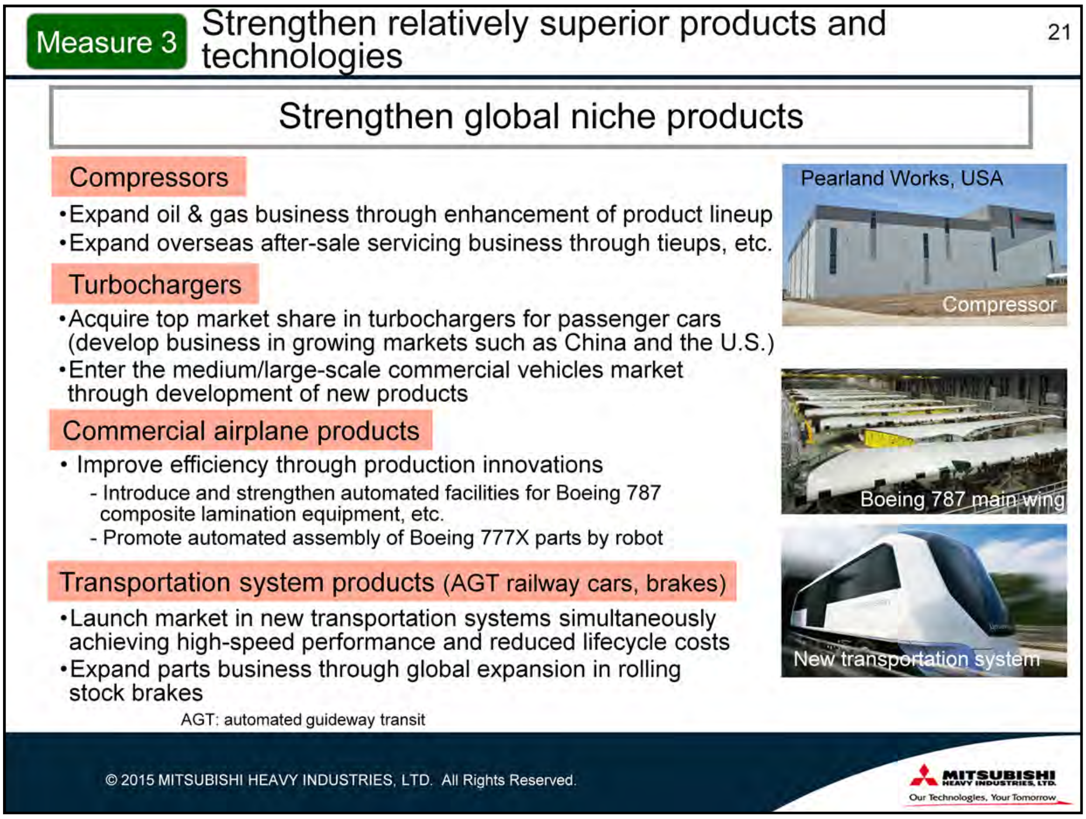
	Machinery, Equipment & Infrastructure	Energy & Environment	Machinery, Equipment & Infrastructure
	Mitsubishi Nichiyu Forklift Co. Forklift trucks JV	MHPS Thermal power systems JV	Primetals Metals machinery JV
Sales scale	Approx. 250 billion yen	Approx. 1.2 trillion yen	Approx. 300 billion yen
Personnel	Approx. 6,000	Approx. 21,000	Approx. 8,000
Achieved synergies	•Configuration of merged product lineup (engine-powered and electric models) •Optimization of production / procurements systems	•Strengthened boiler business with incorporation of Babcock-Hitachi (Oct. 2014) •Completed a full lineup of gas turbines (small to large-scale) •Received an order to design the world's most advanced IGCC system (Fukushima recovery)	•Developed worldwide business network through integration of respectively strong geographic regions
Future synergies	•Exchange of human resources, optimization of bases •Development of locally focused products •Distribution solutions business	•Improvement of small/medium-scale gas turbine performance by applying large-scale model technologies •Establishment of domestic and overseas manufacturing bases •Expanded coverage of servicing markets	•Re-organization of domestic and overseas manufacturing bases •Reduction of procurement and development costs •Increase in EPC work

The above three joint ventures plus PWPS (USA) boosted consolidated net sales by 700 billion yen (see p.34).

PMI: post merger integration MHPS: Mitsubishi Hitachi Power Systems, Ltd. Primetals: Primetals Technologies, Ltd GT: gas turbine
IGCC: integrated coal gasification combined cycle EPC: engineering, procurement and construction PWPS: Pratt & Whitney Power Systems

To date, we have established joint ventures in three product areas where we have relative superiority: forklift trucks, thermal power systems, and metals machinery.

Already synergy merits are being generated in all three areas, and going forward, by promoting PMI and harnessing further synergy benefits, we will pursue business scale expansion and improvement in earning capacity.



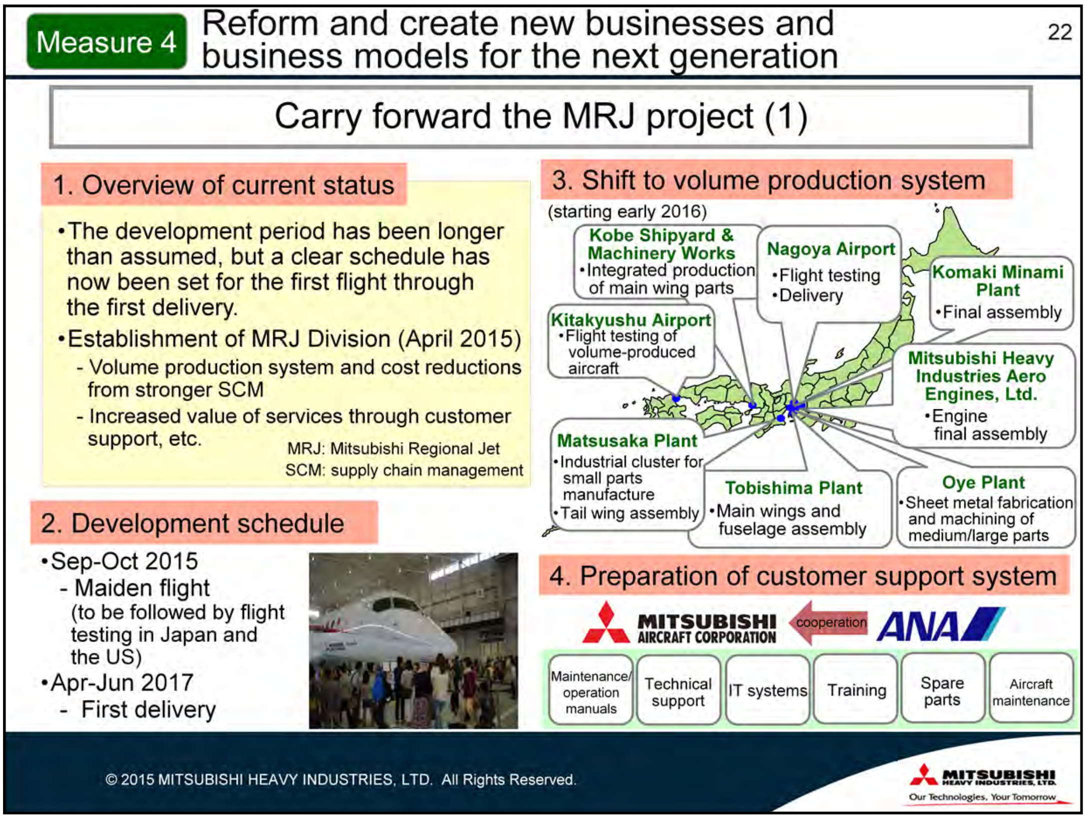
This slide explains how we intend to strengthen our global niche products.

In the area of compressors, our plant in the U.S. is now onstream. Going forward, expansion of our product lineup will drive business expansion in the oil & gas area and enable cost improvements.

In turbochargers, by developing growth markets such as China and the U.S., we are targeting the top market share in turbochargers for passenger cars.

In commercial airplane products, we are aiming for improvement in costs relating to the Boeing 787 and 777X, through enhanced efficiency to come from production innovations.

And in the area of transportation system products, we are looking to expand business in new transportation systems and rolling stock brakes.



Measure 4 calls for reform and creation of new businesses and new business models for the next generation.

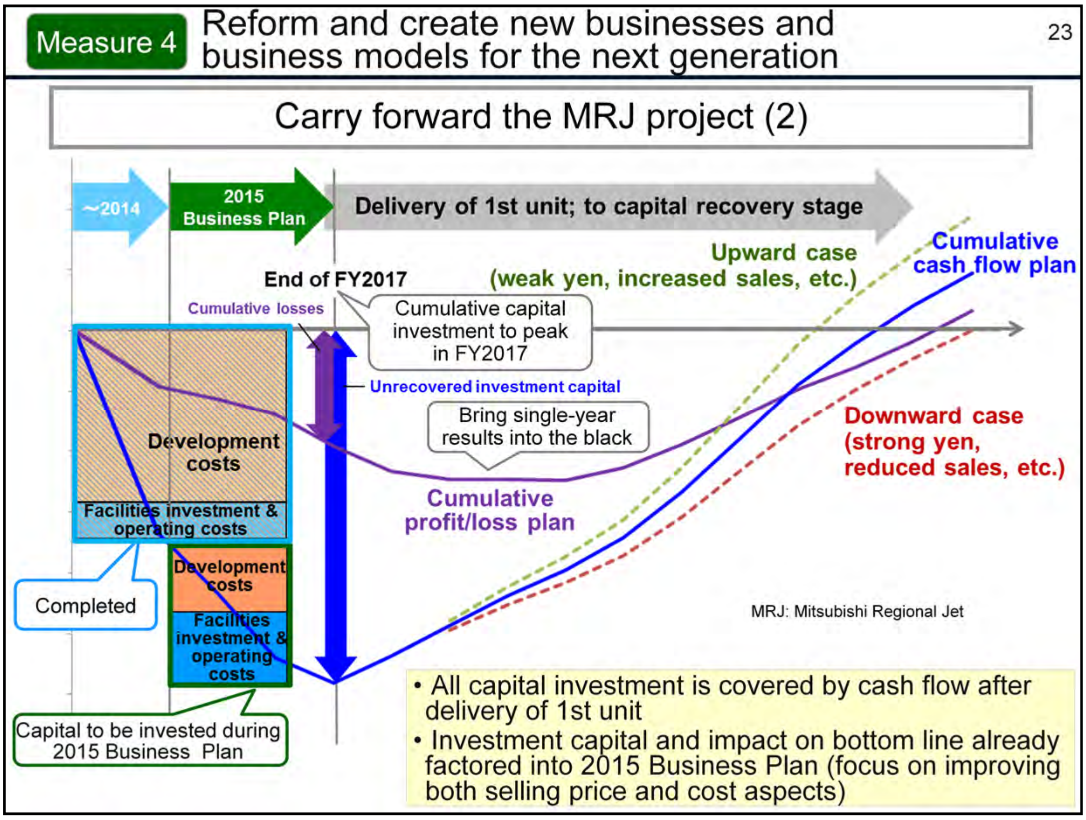
The three products I will now discuss are expected to post growth in the future. However, during the period of the 2015 Business Plan, they will also entail large cost burdens.

The first such product is the MRJ, which involves the greatest cost burden. Although the MRJ has taken longer to develop than initially assumed, a specific schedule has now been set for the maiden flight and on toward delivery of the first plane.

Going forward, we will target enhanced profitability through cost reductions enabled by volume production and strengthened supply chain management, in combination with increased service value to derive from customer support, etc.

The development schedule calls for the maiden flight in this autumn and delivery of the first aircraft in the April-June quarter of 2017. The shift to volume production will be carried out starting early in 2016.

Preparation of a customer support system will be conducted in cooperation with All Nippon Airways, one of Japan's leading airlines.



The MRJ project was launched in 2006. Substantial investment was made into the project through fiscal 2014, accounting for more than 50% of the project's total cost.

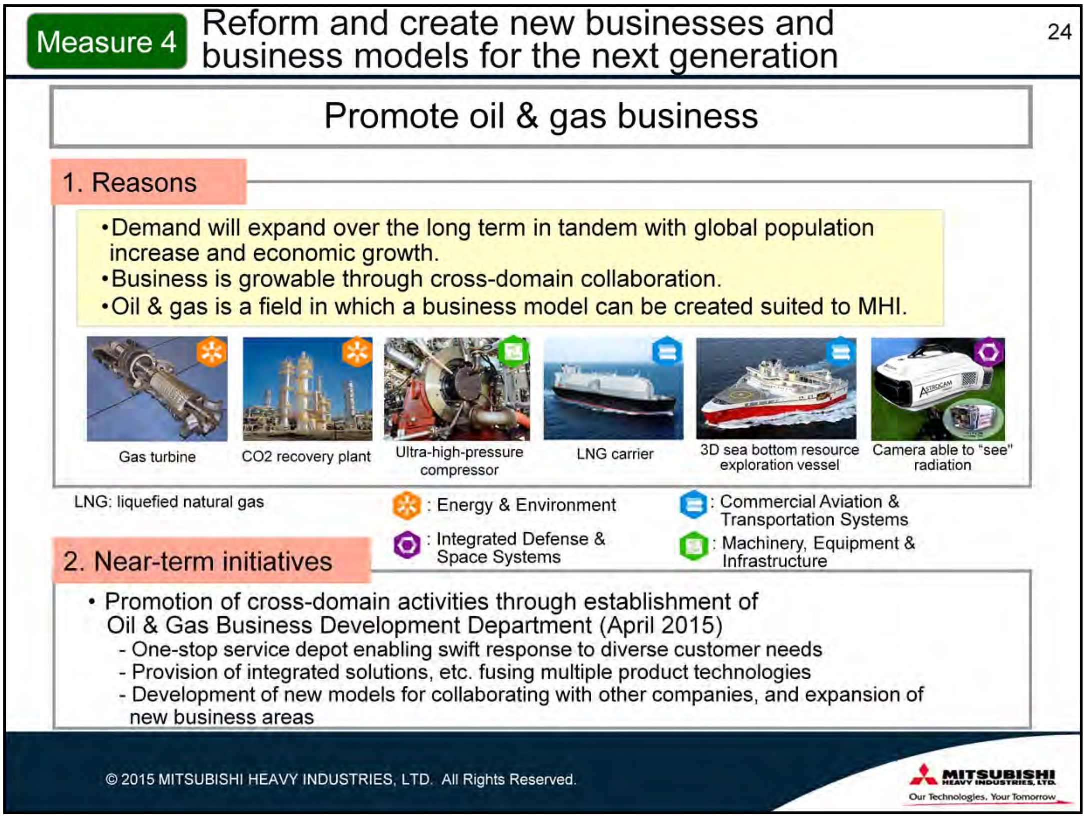
Owing to competitive issues, we regret that we are unable to discuss specific figures here.

During the three years of the 2015 Business Plan, further investment in the project will be undertaken. Ultimately, outlays will pass their peak after delivery of the first unit in fiscal 2017, after which cash flow will improve.

During the initial phase of production, depreciation against capital investment will be incurred, eroding both cumulative and single-year earnings. However, as the graph shows, we believe that when cumulative losses become flat, single-year earnings should be able to shift into the black.

The MRJ project's costs are completely factored into the Company's investment capital outlays through the end of fiscal 2017. We therefore believe that we can fully respond within the scope of our current cash flow.

The dotted green curve indicates the upward case attributable to weakness of the yen, increased sales, etc. The dotted red curve represents the downward case, reflecting such factors as a strong yen and reduced sales. We are assuming the range between the two will be relatively minor, as indicated here.

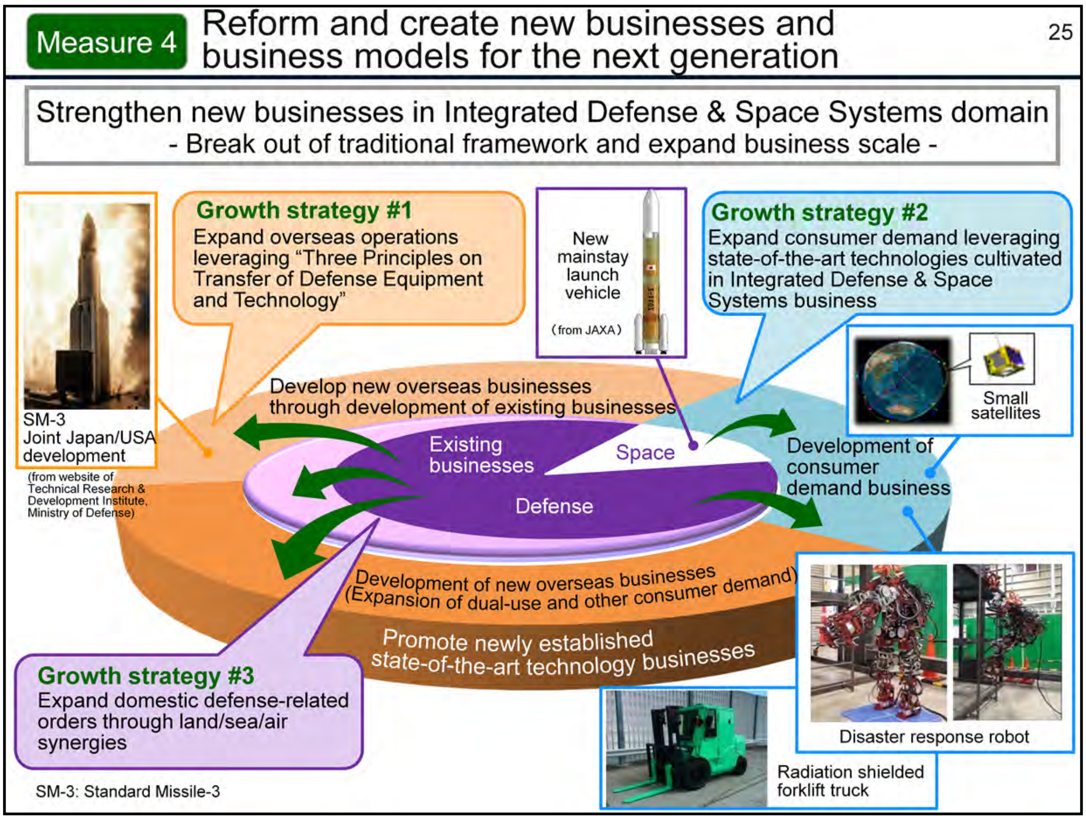


The second area being promoted under Measure 4 is the oil & gas business.

Today, due to cheaper oil prices and other factors, the oil & gas market is in a slump. But in the long-range view we expect demand to increase in tandem with global population expansion and economic growth.

MHI possesses a host of products and technologies relating to oil & gas, and when engineering is added in, we think we will have considerable strength in this area. We expect oil & gas related business to expand in the years ahead with inter-domain efforts.

As a business model also, we believe oil & gas is a business that is extremely well matched to the Company’s character. In April 2015 we established a new Oil & Gas Business Development Department, and cross-domain activities in this area are now moving forward.

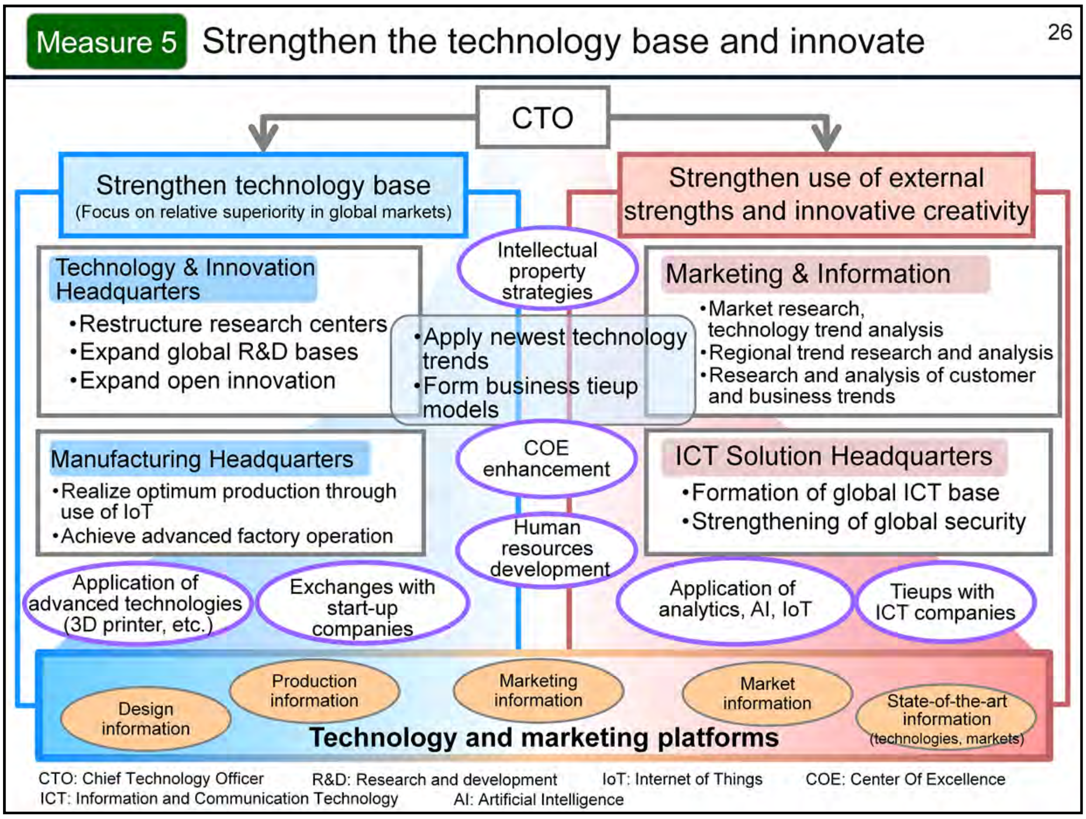


The third business being promoted under Measure 4 is the Integrated Defense & Space Systems. Here, we aim to break out of our traditional framework and strengthen new businesses in a quest for expanded business scale.

Previously Japan prohibited the export of all defense equipment under the framework of the country's "Three Principles on Arms Exports." This stance was superseded, however, by the new "Three Principles on Transfer of Defense Equipment and Technology," which allows for exports of defense equipment if doing so contributes to Japan's national security policies. The first growth strategy under Measure 4 thus calls for expanded overseas operations leveraging the new national stance. However, we believe that time will still be needed to consult fully with the Government and its relevant agencies on how to proceed in line with the new policy.

The second growth strategy looks to expand consumer demand leveraging the advanced technologies cultivated in the Integrated Defense & Space Systems business. Our aim in the space systems area is to provide services dependent on small satellites; and in the defense sphere we intend to provide such products as disaster response robots and radiation-shielded forklift trucks.

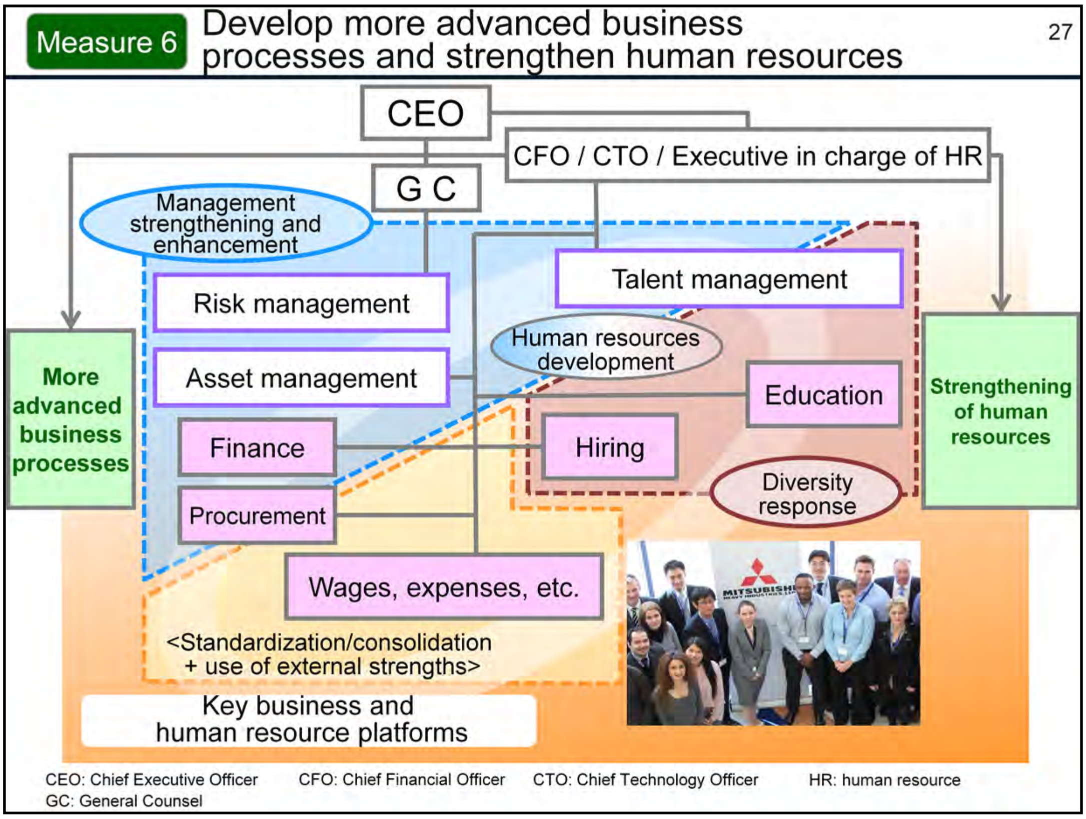
Finally, our third growth strategy targets expansion in domestic orders in existing defense-related areas through land/sea/air synergies.



Next, I would like to explain Measure 5, which entails strengthening our technology base and innovating.

In order to proactively drive applications into businesses in the Internet of Things and Artificial Intelligence in the coming years, we will promote the strengthening of our technology base, as well as greater use of external strengths and innovative creativity. These aims will be pursued by assigning our Chief Technology Officer to take charge not only of technologies and manufacturing, but also of all related areas, including marketing and ICT.

Specifically, we are considering, among other things, realizing optimal production through application of IoT, active application of the newest technologies such as 3D printers, and applications of AI and IoT to analytics.



Next, I would like to discuss Measure 6, which calls for the development of more advanced business processes and strengthening of our human resources.

To strengthen and enhance the Company's management, we will strengthen risk management by the General Counsel and asset management by the CFO and CTO. We will also pursue standardization and consolidation in areas such as finance and procurement, and make greater use of external strengths.

To strengthen our human resources, we will strengthen talent management by our executive officer who has oversight of human resources. And to respond to diversity as necessary in line with ongoing globalization, we will pursue human resources development, education and diversified hiring.

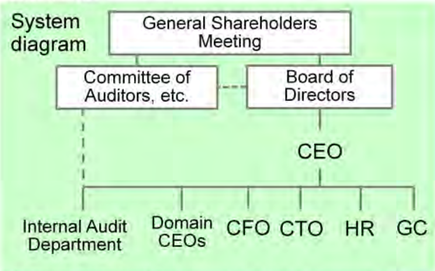
Measure 7 Reform the corporate governance system

Establish corporate governance appropriate to a global enterprise

1. Transition to a company with a committee of auditors, etc.

Main purposes and reasons

- Response to shareholders' (investors') need for an easy-to-understand corporate governance system
- Enhancement and strengthening of audit functions of Board of Directors, primarily through external directors
- Increased speed in decision-making and execution by entrusting these duties from the Board of Directors to Business Execution Directors



CEO: Chief Executive Officer CFO: Chief Financial Officer
CTO: Chief Technology Officer HR: Executive in charge of human resources
GC: General Counsel

2. Strengthening of execution aspects

Enhancement of chief officer system

- Clarification of functions of CFO, CTO, etc.
- Study of officer education programs; early implementation

Establishment of management advisory committee

- Advice for continuing management innovations
- Discussion of fields most in need of external knowledge

Advancement of globalization

- Transition to regional base conference venues, by domain, in various countries (FY2014 China; FY2015 Singapore)
- Transition to business management officers from multiple nations (promotion of exchanges)

Number of Directors after June 2015 General Shareholders Meeting (tentative)

Directors	Number		
	External	Internal	Total
Committee of Auditors, etc.	3 (3)	2 (2)	5 (5)
Other	2 (3)	7 (9)	9 (11)
Total	5 (6) 36% (35%)	9 (11) 64% (65%)	14 (17) 100%

( ): number of auditors and directors in FY2014

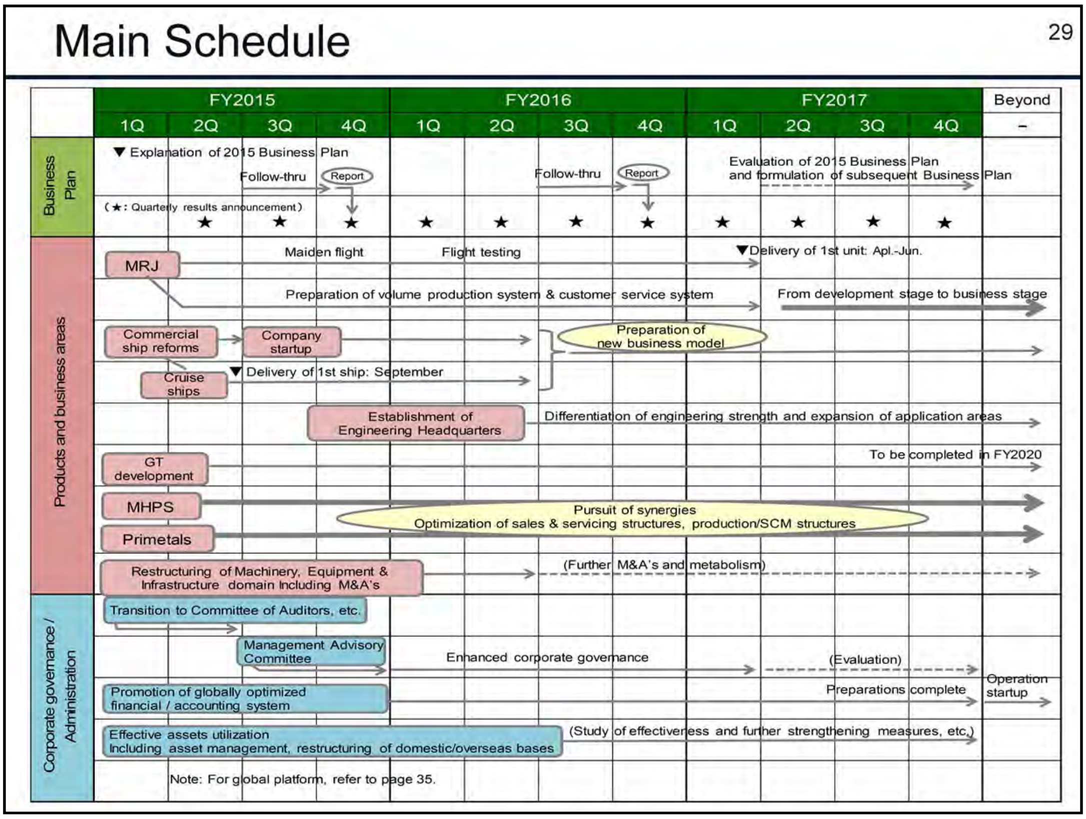
Measure 7 calls for reform of the Company's corporate governance system.

In our quest to establish corporate governance appropriate to a global enterprise, we are undertaking a transition to a "company with an audit and supervisory committee." We are also strengthening the execution aspects of our management operations.

Our transition to a company with an audit and supervisory committee has several aims. First, we want to further strengthen the supervisory functions of the Board of Directors. Establishment of an audit and supervisory committee, with the majority of members consisting of outside directors, is also targeted at enabling swift decision-making by separating the Company's supervisory and business execution functions. In addition, creation of the committee will enable us to entrust a fair share of the business execution authority of the Board of Directors to the Business Execution Directors.

With respect to strengthening our business execution aspects, we will clarify the functions to be carried out by the chief officers, to enable swifter decision-making and execution. Also, given the importance of the duties of the chief officers, we intend to devise and introduce a program for educating chief officers as early as possible.

In addition, because of the increasing need for outside knowledge both for continuing the Company's management reforms and for ongoing globalization, we are also taking under consideration setting up a management advisory committee for the CEO.



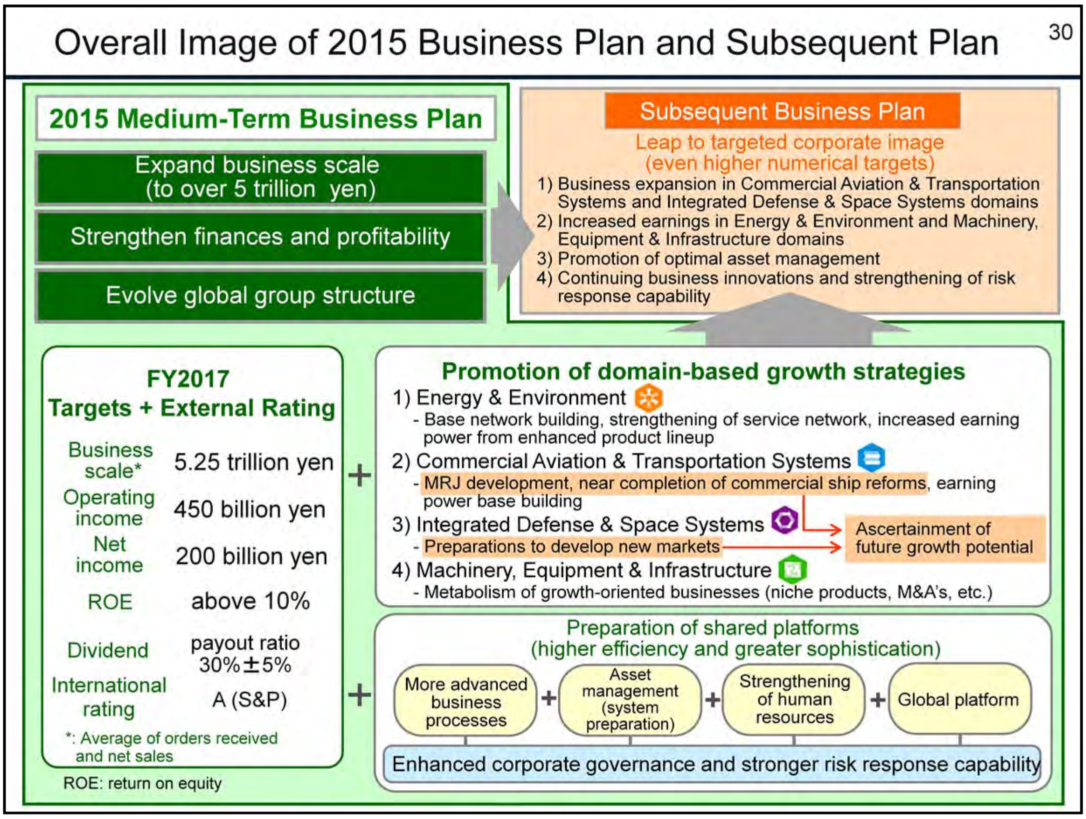
Here we see the 2015 Business Plan's main schedule.

Under the Plan, follow-thru will be carried out after the closing of interim accounts at mid-year each year, and the Plan's progress will be made public at the end of each fiscal year. Starting from the second quarter of fiscal 2017, evaluation of the 2015 Business Plan will be undertaken, and the subsequent Business Plan will be prepared.

With respect to reforming our commercial ship business, we have split off the commercial ship operations of our Nagasaki Shipyard & Machinery Works, and in October we established a new company dedicated to this business. The results to come from configuring our new business model in our commercial ships business are expected to appear around the middle of fiscal 2016. We also expect the various synergy merits from MHPS and Primetals to emerge some time during fiscal 2015.

We also will seek further enhancement of our corporate governance within the period of the Business Plan.

Concerning the promotion of globally optimized financial and accounting systems, we plan to commence their operation in 2018. With respect to effective asset management also, we will study effectiveness and measures for further strengthening, etc.



For a long time, the business performance of the MHI Group remained sluggish. However, as a result of carrying out our 2010 and 2012 Business Plans, our financial situation improved significantly, with improvements recorded in our free cash flow, debt-to-equity ratio, ROE and owners' equity.

Now, by continuing measures of the kind implemented under those earlier Plans, we intend to pursue expansion of our business scale through large-scale M&A's and investments, and to strengthen our finances in order to respond to business risks. In these ways we will seek to sustain global growth and achieve a highly profitable company.

As I mentioned earlier, under the 2015 Business Plan we will strengthen our global competitiveness by achieving a business scale exceeding 5 trillion yen as early as possible. Additionally, by further strengthening our financial base and pursuing high profitability, we aim to increase our owners' equity to 2 trillion yen and to maintain ROE above 10% and an international rating of "A" or higher.

With respect to dividends also, we will seek a payout ratio of 30% ±5%, and, in response to our build-up of owners' equity, we will consider measures for further enhancing our dividends.

In addition, by carrying forward our corporate governance initiatives and optimization of our management processes, we will pursue more advanced business processes and stronger human resources, as well as the creation of global platforms, etc.

In our subsequent Business Plan that will commence in fiscal 2018, we will transition to systems that will enable us to make the leap to a company close to our targeted image, with higher numerical targets.

Through expansion of business in our Commercial Aviation & Transportation Systems domain and Integrated Defense & Space Systems domain, achievement of more optimized asset management, and strengthening of our risk response capability, I believe we will be able to achieve further business growth going forward.

Supplementary Materials

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This concludes my overview of our 2015 Business Plan. Now, I would like to explain some supplementary materials.

Management Numerical Targets by Domain

(in billion yen)

Domain	Orders Received				Net Sales				Operating Income			
	FY2014 Actual	FY2015 Forecast	FY2016 Target	FY2017 Target	FY2014 Actual	FY2015 Forecast	FY2016 Target	FY2017 Target	FY2014 Actual	FY2015 Forecast	FY2016 Target	FY2017 Target
Energy & Environment	1,923.6	2,000.0	2,200.0	2,300.0	1,599.5	1,600.0	1,900.0	2,000.0	162.6	185.0	210.0	240.0
Commercial Aviation & Transportation Systems	999.2	700.0	750.0	900.0	529.5	650.0	600.0	700.0	23.4	30.0	40.0	40.0
Integrated Defense & Space Systems	417.4	400.0	400.0	400.0	483.9	450.0	400.0	400.0	28.5	27.0	24.0	25.0
Machinery, Equipment & Infrastructure	1,304.6	1,500.0	1,650.0	1,800.0	1,319.5	1,400.0	1,600.0	1,800.0	84.1	85.0	115.0	160.0
Others	190.8	200.0	200.0	200.0	182.8	200.0	200.0	200.0	13.8	15.0	15.0	15.0
Eliminations or Corporate	△ 136.7	△ 100.0	△ 100.0	△ 100.0	△ 123.3	△ 100.0	△ 100.0	△ 100.0	△ 16.6	△ 22.0	△ 24.0	△ 30.0
Total	4,699.1	4,700.0	5,100.0	5,500.0	3,992.1	4,200.0	4,600.0	5,000.0	296.1	320.0	380.0	450.0

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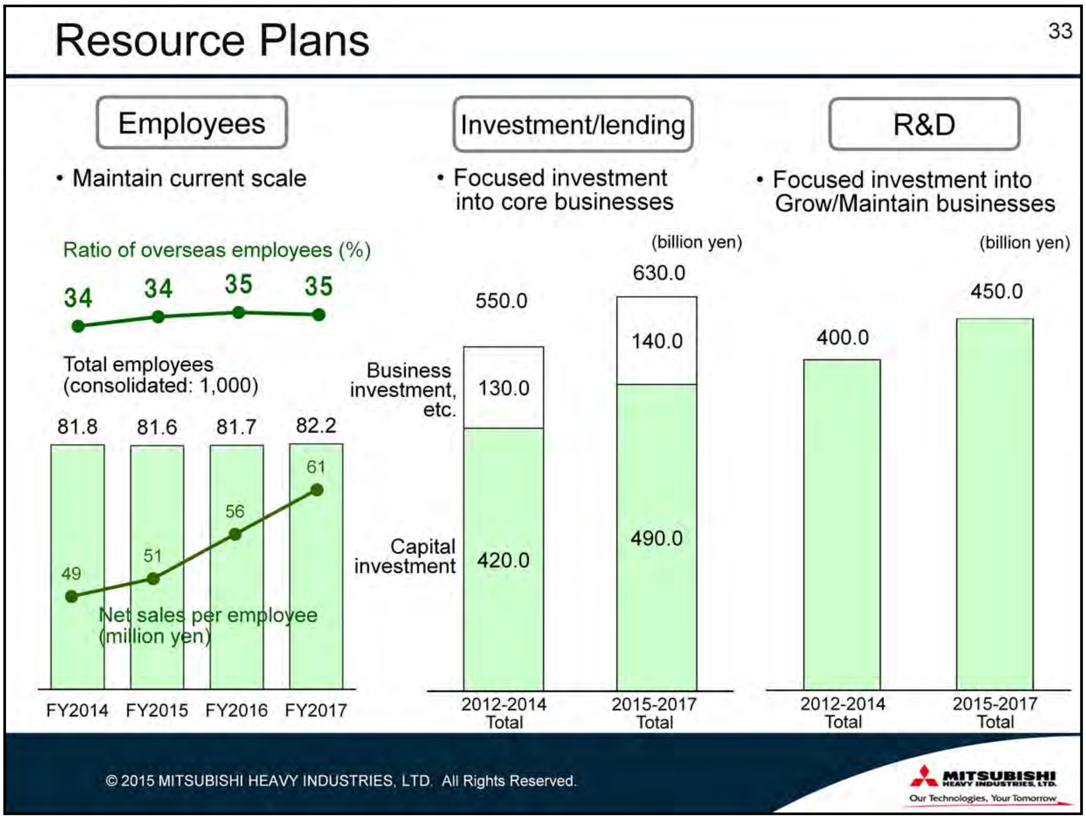
Here we see how the Company's domains performed in fiscal 2014 in terms of actual orders received, net sales and operating income. The table also shows our corresponding forecasts, by domain, for the three years covered in our 2015 Business Plan.

As indicated, the Business Plan looks for substantial expansion in orders received, net sales and operating income in the Energy & Environment and the Machinery, Equipment & Infrastructure domains.



Next, I will explain the Company's resource plans.

Plans call for our business scale to expand but for the scale of employees to hold steady at around 80,000, a feat to be enabled by pursuing synergies and building our global platforms. Net sales per employee, however, are projected to increase.

Investment and lending will be directed primarily into core businesses. In order to continue reducing the number of SBUs, investment density will increase further, resulting in even greater core investment than now.

The R&D expenses indicated here refer to only the outlays of MHI itself. Going forward, such costs will be further increased, and focused investments will be conducted into Grow/Maintain businesses.

Business Restructuring and PMI Status

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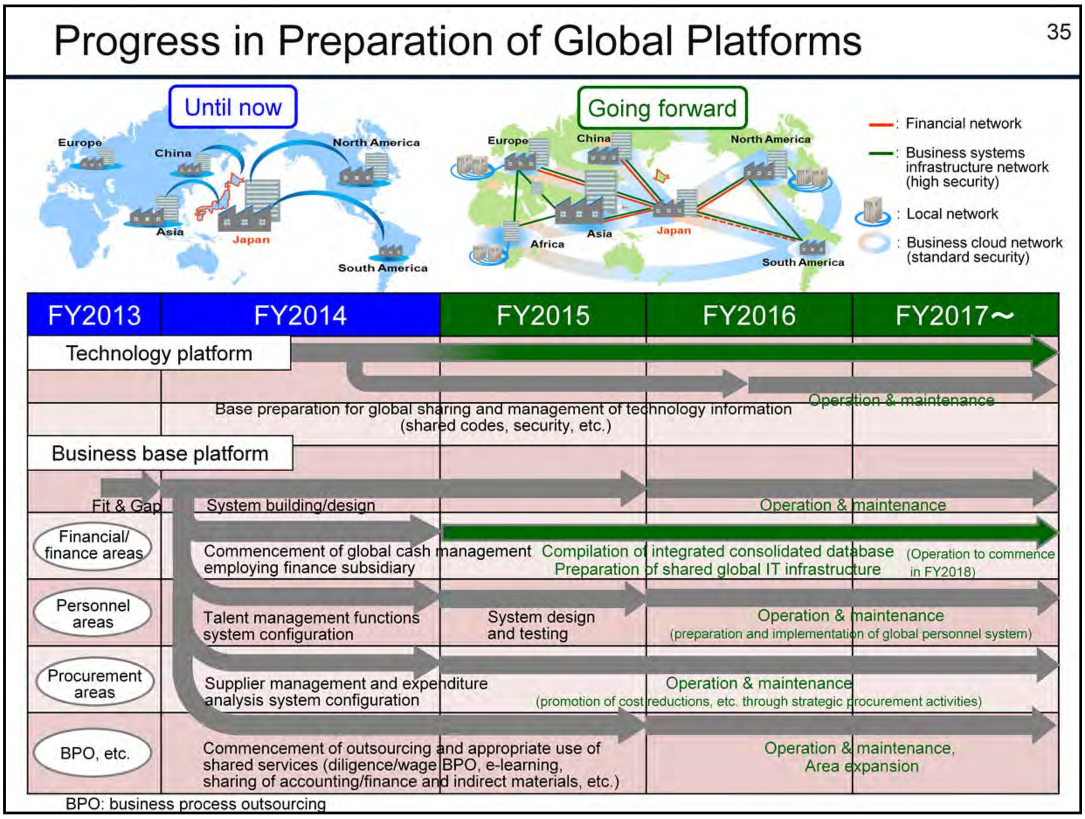
		Company (:Overseas)	Product/Business	PMI Status and Results to Date: Agreement date	Net sales contribution (FY2014)	Other results, etc.
Acquisition		Federal Broach (USA)	Machine tools	Apr 2012	Approx. JPY 6bn	Business expansion and stabilization from lineup integration
		PWPS(USA) , Turboden(Italy)	Gas turbines	Dec 2012	Approx. JPY 80bn	Business expansion from added lineup in small/medium GT
		Daily Equipment (USA)	Forklift trucks	Jan 2012	Approx. JPY 4bn	Expansion of after-sale servicing business
		Concast (India)	Metals machinery	Jun 2012	Approx. JPY 2bn	Strengthening of upstream product lineup
		Toyo Engineering Works	Refrigeration systems	Jan 2014	Approx. JPY 20bn	Strengthening of engineering business
JV	MHI-led	Nippon Yusoki	Forklift trucks	Nov 2012	Approx. JPY 80bn	Business expansion from achievement of full lineup
		Hitachi	Thermal power generation systems	Nov 2012	Approx. JPY 400bn	Business expansion from full GT lineup (small to large), expansion of unique technologies (brown coal combustion, IGCC)
		Siemens (Germany)	Metals machinery	May 2014	Approx. JPY 50bn	Business expansion from achievement of full lineup
		IHI Metaltech	Metals machinery	Jul 2013	Approx. JPY 7bn	Strengthened lineups of aluminum rolling mills, etc.
	Equal	Vestas (Denmark)	Wind turbines	Sep 2013	(equity-based)	Early achievement of strategic model (8MW) development and order receipt targets
	Partner-led	Ryobi	Commercial printing machinery	Jun 2013	(equity-based)	Business strengthening from product lineup and production integration
		Ecovix (Brazil)	Shipbuilding	Oct 2013	(equity-based)	Completion of Brazil's first FPSO, with MHI support
		Fuji Xerox	Document-related	Oct 2013	(equity-based)	Reductions in direct/indirect costs from standardization and effective document-related processes
		Miyaji Engineering	Bridges	Nov 2014	(equity-based)	Scale merits, Market share increase
Transfer		HIDROMEK (Turkey)	Motor graders	Nov 2013	-	Promotion of business concentration into core competence
		Delta Electronics (Taiwan)	Lithium rechargeable batteries	Apr 2014	-	Promotion of business concentration into core competence
				Increased sales (total)	Approx. JPY 650bn	* Sum booked to net sales for 3 months (approx.) after integration

Here we see the Company's most recent undertakings in business restructuring, together with post-merger integration results to date. Altogether, these initiatives are contributing approximately 650 billion yen to net sales.



In order to harness global talent rich in diversity to the maximum degree, we are preparing global platforms. Platforms relating to personnel, procurement, and BPO, etc. are slated to go into operation in fiscal 2016 or 2017.

In financial areas also, plans call for consolidated integration and the compilation of a database. This platform is to go into operation in entirety from fiscal 2018, encompassing both financial and financing areas.

MHI's External Rankings

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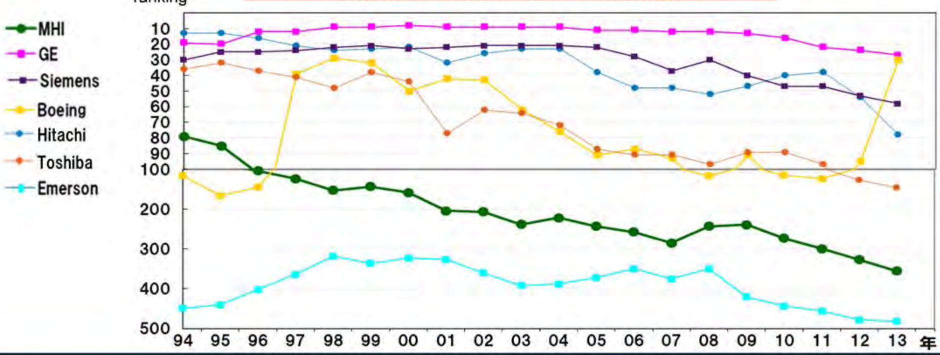
Evaluation \ Period	1995	⇨	2004	⇨	2013	Evaluation basis
Fortune Global 500	85	ICT progress	221	Entry of Chinese companies into rankings	355	Net sales
Forbes Global 2000			474		337	Comprehensive evaluation of net sales, market capitalization, net income, net assets, etc.
Financial Times Global 500			493		Lower than 500*	Market capitalization

* Market capitalization of No.500: US$22,022 million.
MHI capitalization: US$19,569 million.

Fortune Global 500 Rankings



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Here we see how MHI and other companies have been ranked in the Fortune Global 500 during the past 20 years. MHI has gradually moved downward in the rankings, and currently stands at 365.

In order for us to compete against such mega competitors as GE and Siemens, we must improve both our scale of sales and our earning capacity. In the years ahead, we hope to return our ranking curve to a positive, upward trajectory.

Our management target is to rise to within the top 100 rankings by the time we achieve the corporate image we aspire to.

That concludes my explanation of the Company's 2015 Medium-Term Business Plan.