

Business Segment Review

Aerospace Systems



Commercial Aviation & Transportation Systems



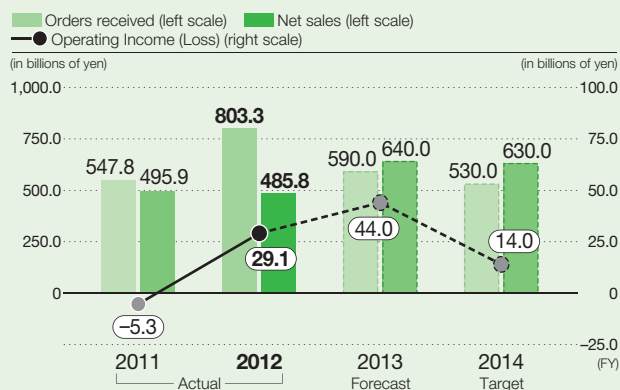
Integrated Defense & Space Systems

Key products: Commercial aircraft, defense aircraft, aeroengines, space systems, etc.

Basic Strategies

- Enhance the supply chain of commercial aircraft and improve profitability through drastic innovations
- Propose an integrated defense systems concept by coordinating businesses for land, sea and air
- Maintain successful H-II A/B launches, and enhance competitiveness through development of next-generation primary launch vehicles

Future Outlook and Targets



Fiscal 2012 Review and Fiscal 2013 Outlook

In the commercial aircraft market, increases in the global volume of air passenger transportation, the rapid advances being made by low-cost carriers (LCC), and replacement orders by major airlines for airplanes with better fuel efficiency have meant that orders have remained strong, and aircraft manufacturers are faced with long backlogs of orders. In the area of defense too, although there was an increase in the defense budget for the first time in 11 years amid a security environment marked by rising tensions, any significant increase would likely be difficult in a tight fiscal situation.

In such a market environment, there was increased demand both for Mitsubishi Regional Jet (MRJ) and other commercial aircraft as well as for defense equipment, and so consolidated orders received increased from the previous year to ¥803.3 billion.

Despite an increase in the delivery of commercial aircraft and space systems, consolidated net sales decreased from the previous year to ¥485.8 billion due to a decrease in the delivery of

defense equipment. In terms of the number of commercial aircraft delivered, 90 Boeing 777 and 52 Boeing 787 airplanes were delivered, seven and 25 more, respectively, than fiscal 2012. Operating income turned positive, increasing significantly from the previous year to ¥29.1 billion, due mainly to improved profitability in the commercial aircraft business.

Targets for fiscal 2013 are ¥590.0 billion in consolidated orders received, ¥640.0 billion in consolidated net sales, and ¥44.0 billion in operating income.

Initiatives for Growth in the Medium to Long Term

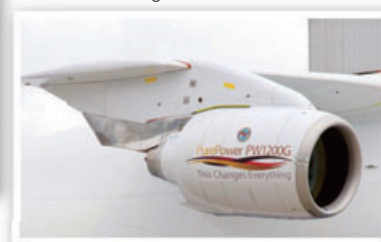
In commercial aircraft, production systems are being developed in preparation for increased production, and efforts are being made to construct a global supply chain system and to improve profitability through efficient production systems. Furthermore, in addition to focusing effort on developing MRJ, a next-generation

▼ Boeing 787 Transport Aircraft



▲ H-II Transfer Vehicle (HTV) KOUNOTORI (Courtesy of JAXA/NASA)

▼ PW1200G engine



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Head of Aerospace Systems



SWOT Matrix

Our strengths, weaknesses, opportunities and threats

- Commercial aircraft:
Global procurement network
- Defense:
Ability to make proposals for integrated defense systems
- Aerospace:
Joint development of rockets with JAXA



- Commercial aircraft:
New demand for about 22,000 aircraft in the next 20 years
- Defense:
Security environment marked by rising tensions
- Aerospace:
Increase in the need for launching satellites in emerging countries

- Commercial aircraft:
Intensifying competition in regional market
- Aerospace:
Launch costs higher than global standard

- Defense:
Cuts to national defense budget
- Aerospace:
Worldwide surge in satellite launch services

Main Projects

Announcement	Delivery	Project
December 2012	—	Composite-material wing box shipped for 100th Boeing 787
December 2012	—	Order received for 100 MRJ from SkyWest Airlines in the United States, plus formal contract signed for option of additional 100 aircraft
September 2012	—	Launch services business using H-IIB rockets begins
August 2012	—	MHI participates in project to develop P&W's PW1200G jet engine for the MRJ
July 2012	—	Success launch of the "KOUNOTORI 3" (HTV3) transfer vehicle to the International Space Station, using H-IIB Launch Vehicle No. 3

regional jet, MHI will also aim to increase orders received and establish a mass production system.

In defense-related products, in addition to responding to requests from the government, such as for jet fighters, helicopters, various types of guided missiles and ballistic missile defense, which are MHI's areas of strength, MHI will also propose integrated defense systems by coordinating its businesses for land, sea and air defense.

In space systems, in addition to focusing on the continuation of successful H-II A/B rocket launches, by enhancing its response such as to the development of next-generation primary launch vehicles, MHI will gain recognition for its achievements in launches, and will provide launch services suited to market needs.

Based on the above basic policy, we project that consolidated orders received in fiscal 2014 will be ¥530.0 billion, consolidated net sales will be ¥630.0 billion, and operating income will be ¥14.0 billion.

TOPICS

MHI begins H-IIB rockets launch services

Following three consecutive successful launches of H-IIB rockets, MHI concluded an agreement with the Japan Aerospace Exploration Agency (JAXA) to begin providing launch services business using H-IIB rockets, starting with Launch Vehicle No. 4, which was used to launch the "KOUNOTORI4" (HTV4) transfer vehicle to the International Space Station in August 4, 2013. Compared with H-IIA rockets, the H-IIB can perform launches of large-size satellites double in mass. Given this, MHI plans to aggressively explore the global market by meeting diverse launch needs, including for commercial satellites in Japan and overseas.

MHI will also begin developing next-generation primary launch vehicles to succeed the H-II A/B rocket. MHI will continue to contribute to the progress of technological development in accordance with national policies.



▲ Mitsubishi Regional Jet (MRJ) (Courtesy of Mitsubishi Aircraft Corporation)

