2015 MEDIUM-TERM BUSINESS PLAN

In fiscal 2015, MHI launched a new three-year medium-term management plan, the 2015 Medium-Term Business Plan. Keeping our eyes focused on our long-term objectives, or our "corporate aspirations," we are making steady progress on various measures to achieve our goals for fiscal 2017.

Key Initiatives

- 1 Expand business scale: Enhance global competitiveness through accelerated expansion to achieve a scale exceeding ¥5 trillion as soon as possible
- Strengthen finances and profitability: Further bolster financial strength and pursue high profitability; increase both owners' equity and ROE

Financial strength targets

- Equity buffer greater than ¥250 billion Borrowing capacity above ¥600 billion Earning S&P "A" rating Profitability targets
- ROE above 10% EBITDA margin above 12%
- Evolve global Group structure: Promote global-standard corporate governance and management processes

Enhance transparency and focus on both global-standard management and Japanese organizational harmony

■ Transition to a company with an Audit and Supervisory Committee ■ Capital policy clarification

Measures

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

Energy & Environment

- Further strengthen global competitiveness by strengthening service business and improving efficiency
- Realize synergies arising from PMI*1 of Mitsubishi Hitachi Power Systems, Ltd.
- Develop new areas of business such as distributed power generation and oil & gas

Commercial Aviation & Transportation Systems

- Steadily promote the MRJ project and improve its profitability
- Firmly manage the cruise ships business
- Expand business through the steady implementation of the transportation system project and the next generation program for Boeing

Integrated Defense & Space Systems

- Make careful preparations for the next medium-term business plan
- Undertake sustained strengthening of existing businesses and develop new overseas businesses
- Expand business areas and realize synergies by making use of dual-use technologies*2

Machinery, Equipment & Infrastructure

- Realize synergies arising from PMI at Primetals Technologies, Ltd.
- Expand business scale and increase profitability in global niche businesses
- Implement measures to revive struggling areas of business
- *1. PMI: Post Merger Integration
 *2. Dual-use technology: Highly advanced technology applicable to both commercial and defense use

For details > See the Business Segment Overview on page 36.

Strategically reconfigure the product mix

- Make effective use of management resources through continuous use of the strategic business evaluation system
- Shift management resources from businesses which are downscaling / withdrawing or reforming to ones which are growing / maintaining
- Expand individual business scale and improve efficiency

Number of strategic business units (SBUs) and average sales for each business position

	FY2015	Future
Grow/Maintain	20: Approx. ¥140 billion	20 to 25: Approx. ¥180 billion
Reform	15: Approx. ¥85 billion	5 to 10: Approx. ¥100 billion
Downscale/Withdraw	7: Approx. ¥35 billion	5: Approx. ¥50 billion
New	6: Approx. ¥3 billion	5: -
Total	48: Approx. ¥90 billion	35 to 40: Approx. ¥140 billion

For details > See the CFO's Message on page 26.

3 Strengthen relatively superior products and technologies

■ Intensively strengthen our products and technologies with competitive advantages (products such as thermal power systems, metals machinery, and global niche products; technologies such as gas turbine and engineering capabilities)

For details ▶ See the President's Message on page 20.

- 4 Reform and create new businesses and business models for the next generation
- Steadily promote the MRJ project (pushing forward development as planned)
- Create new business models to follow the MRJ (oil & gas, defense & space, etc.)

For details on the MRJ business

See the Feature section on page 30.

Strengthen the technology base and innovate

- Strengthen the technology base and implement innovations to expand the scale of future business and strengthen profitability
- Leverage intellectual property strategies and technology

For details

See Intellectual Property Activities and R&D on page 50.

Develop more advanced business processes and strengthen human resources

- Strengthen and implement business processes appropriate for a global company
- Strengthen and develop business processes and implement talent / asset management

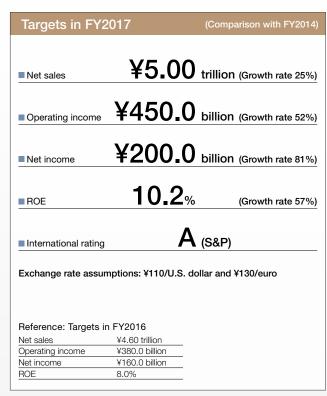
For details on strengthening human resources

See Human Resources on page 49.

Reform the corporate governance system

- Structure transparent corporate governance and a business execution framework in order to enhance international evaluations
- Establish and continuously enhance management processes appropriate to a global company

For details See Corporate Governance on page 44.



2015 MEDIUM·TERM BUSINESS PLAN

TARGET

The Corporate Image We Aspire To

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

- Greater market share: World-class level of customer satisfaction coming from synergies with third-party expertise on top of ours and a focus in segments¹ where we are able to enjoy a competitive advantage²
- Enhanced global reputation: Higher rating and increased brand value*3
- *1. Machinery/equipment, plants, transportation/transport systems
- *2. Price competitiveness, innovative and reliable technologies, and quality of lifecycle services
 *3. Business scale, value creation, financial strength, corporate governance, and code of conduct



MEASURES