(Note) These notes are translation of the Japanese original for reference purpose only. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.

THE 85TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

THE INFORMATION DISCLOSED ON THE WEBSITE

2009 FISCAL YEAR (from April 1, 2009 to March 31, 2010)

① NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

② NOTES TO THE FINANCIAL STATEMENTS

Mitsubishi Heavy Industries, Ltd.

This information is disclosed to the Shareholders on the Company's website (http://www.mhi.co.jp/finance/meeting/contents/index.html), pursuant to the laws of Japan and the provision of the Article 16 of the Company's Articles of Incorporation.

Notes to the Consolidated Financial Statements

Significant Accounting Policies

1. Scope of consolidation
   (1) Number of consolidated subsidiaries: 237

   Principal consolidated subsidiaries are described in "1. OVERVIEW OF MHI GROUP (5) OUTLINE OF MAIN SUBSIDIARIES" of the business report.

   In this fiscal year, 15 companies have been added to the scope of consolidation; six are newly formed companies, one company, together with its eight consolidated subsidiaries, is due to equity acquisition. Nichiyu MHI Forklift Co., Ltd. (whose former name was Mitsubishi Heavy Industries Forklift Sales Co., Ltd.) has been reclassified from a consolidated subsidiary to an equity method investee since the MHI Group does not hold more than 50% of its shares any more after an absorption-type company split in which Nippon Yusoki Co., Ltd. was a splitting company. Another seven companies have been excluded from the scope of consolidation; six are due to mergers among consolidated subsidiaries and the other is due to liquidation.

   (2) Principal non-consolidated subsidiaries:

   RYOYO ENGINEERING CO., LTD., etc (Total: 14 companies)

   (Reasons for excluding from the scope of consolidation)

   Non-consolidated subsidiaries are excluded from the scope of consolidation because their impact on consolidated financial statements would be negligible given their overall assets, net sales and level of income, etc.

2. Application of the equity method
   (1) Non-consolidated subsidiaries and affiliated companies accounted for by the equity method

   Non-consolidated subsidiaries accounted for by the equity method:

   RYOYO ENGINEERING CO., LTD, etc (Total: three companies)

   One company has been excluded from the scope of equity method application due to liquidation.

   Affiliated companies accounted for by the equity method:

   MITSUBISHI MOTORS CORPORATION, etc (Total: 34 companies)

   In this fiscal year, four companies are added to the scope of equity method application; two companies are newly formed, one company is due to additional equity acquisition, the other is Nichiyu MHI Forklift Co., Ltd. (whose former name was Mitsubishi Heavy Industries Forklift Sales Co., Ltd.) for the MHI Group does not hold more than 50% of its shares any more after an absorption-type company split in which Nippon Yusoki Co., Ltd. was a splitting company. One company has been excluded from the scope of equity method application due to liquidation.

   (2) Non-consolidated subsidiaries and affiliated companies not accounted for by the equity method

   Non-consolidated subsidiaries not accounted for by the equity method:

   EAST JAPAN MITSUBISHI AGRICULTURAL MACHINERY SALES CO., LTD., etc (Total: 11 companies)

Affiliated companies not accounted for by the equity method:
ASA-TECH CORPORATION, etc (Total: 38 companies)
(Reasons for not applying the equity method)
The equity method is not applied to the above non-consolidated subsidiaries and affiliated companies because the change in investment accounts from application of the equity method would have negligible impact on the consolidated financial statements.

3. Asset valuation standards and methods

(1) Securities

Other securities

Securities with market value

…Market value method based on market prices and other fair values at the balance sheet date. Unrealized holding gains and losses are accounted for as a component of net assets. The costs of sold securities are computed based on the moving average method.

Securities without market value

…Historical cost method (moving average method).

(2) Inventories

Merchandise and finished products

…Principally historical cost method (moving average method).
(Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.)

Work in process

…Principally historical cost method (specific identification method).
(Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.)

Raw materials and supplies

…Principally historical cost method (moving average method).
(Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.)

4. Depreciation methods for fixed assets

(1) Tangible fixed assets (excluding leased assets)

Principally straight-line method for buildings (excluding the equipment attached to them); principally declining-balance method for the other tangible fixed assets.

(2) Leased Assets

Straight-line method (where useful lives are equal to the lease terms and residual values are assumed to be zero).

Finance lease transactions which do not transfer ownership, if they start on or before March 31, 2008, are accounted for in a manner similar to ordinary rental transactions.

5. Allowance and reserves

(1) Allowance for doubtful receivables

Allowance for doubtful receivables is provided for possible losses on the collection of receivables. The amount of the allowance for general receivables is based on the write-off ratio. As for certain receivables such as the ones from the debtors whose solvency is in doubt, the recoverability of each receivable is examined individually and the estimated unrecoverable amounts are recognized as the allowance.

(2) Reserve for product warranties

Reserve for product warranties is provided for the product warranty expenditure after products are delivered. The amounts are estimated based on the past statistics and other relevant factors.

(3) Reserve for losses on construction contracts

Reserve for losses on construction contracts is provided for the expected total losses to be realized in the following years on the construction contracts if (i) those losses are judged inevitable at current year-end and (ii) reasonable estimation of the amounts of such losses is possible.

With regard to the construction contracts for which this reserve is recognized, if the year-end balances of their construction-in-progress already exceed their respective total contract revenues, the exceeding portion is recognized as the loss on devaluation of the construction-in-progress and, accordingly, is not included in the reserve for losses on construction contracts.

(4) Reserve for legal claims

Reserve for legal claims is provided based on estimates of damage compensations and other expenses on legal claims.

(5) Reserve for retirement allowance

Reserve for retirement allowance is provided to prepare for employees' retirement based on estimates of the retirement benefit obligation and the pension fund assets (including the retirement benefit trust).

Prior service costs are either expensed as incurred or amortized by the straight-line method over the years shorter than the average remaining service periods of the MHI Group's employees.

Actuarial gains and losses for each year are amortized by the straight-line method, starting in the following year of the incurrence, over the years shorter than the average remaining service periods of the MHI Group's employees.

(Additional information)

This fiscal year, MHI revised its retirement benefit plan to lower the additional interest rate on the retirement benefits.

The resulting reduction of 4,950 million yen in its retirement benefit obligation is recognized as this fiscal year's "gain on revision of retirement benefit plan" under extraordinary gain.

(6) Reserve for treatment of PCB waste

Reserve for treatment of PCB (Poly Chlorinated Biphenyl) waste is provided based on estimated costs of the treatment for PCB products or equipments as well as their collection and transportation fees.

6. Recognition of revenue and costs

The percentage-of-completion method is applied to construction contracts if the outcome of the construction activity is deemed certain during the course of the activity (the estimated percentage of completion at the end of the reporting period is based on the percentage of the cost incurred to the estimated total cost); otherwise the completed-contract method is applied.

(Change in accounting policy)

Formerly, revenues from construction contracts were recognized on the basis of the percentage-of-completion method if the contract amount was 5,000 million yen or greater and the contract period was two years or longer; otherwise the completed-contract method was applied. From this fiscal year, the MHI Group applies the "Accounting Standard for Construction Contracts" (ASBJ Statement No.15, issued on December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No.18, issued on December 27, 2007). Accordingly, as for the construction contracts whose construction activity started this fiscal year or later, the percentage-of-completion method is applied if the outcome of the construction activity is deemed certain during the course of the activity (the estimated percentage of completion at the end of the reporting period is based on the percentage of the cost incurred to the estimated total cost); otherwise the completed-contract method is applied.

As the result of this change, sales for the current fiscal year increased by 12,058 million yen; operating income, ordinary income and income before income taxes and minority interests for the current fiscal year increased by 2,705 million yen, respectively.

7. Other significant accounting policies
   Consumption tax
   Transactions subject to national and local consumption taxes are recorded at amounts exclusive of such taxes.

8. Valuation method for consolidated subsidiaries' assets and liabilities
   All assets and liabilities of the consolidated subsidiaries are revalued at market value.

Consolidated Balance Sheet

1. Pledged assets and liabilities secured by collateral

(1) Pledged assets

Property, plant and equipment:	¥ 15,404 million
Trade receivables	¥ 1,183 million
Others:	¥ 306 million
Total:	¥ 16,894 million

(2) Liabilities secured by collateral

Short-term borrowings:	¥ 10,101 million
Long-term borrowings:	¥ 8,090 million
Total:	¥ 18,191 million

2. Accumulated depreciation

Accumulated depreciation of tangible fixed assets:	¥1,673,488 million

3. Contingent liabilities, discounted notes and endorsed notes

(1) Contingent liabilities

Contingent liabilities for the debts from financial institutions other than consolidated companies

Employees (Residence fund loan, etc):	¥ 44,060 million
Guangdong Zhuhai Power Station Co., Ltd.:	¥ 12,740 million
Others:	¥ 32,413 million
Total:	¥ 89,214 million

(2) Discounted notes and endorsed notes

Notes discounted:	¥ 332 million
Notes endorsed:	¥ 127 million

Consolidated Statement of Income

1. Business restructuring expenses

   Business restructuring expenses are comprised mainly of business reorganization expenses and business withdrawal expenses.

Consolidated Statement of Changes in Net Assets

1. Total number of the shares issued

   Common stock 3,373,647,813 shares

2. Cash dividends
   (1) Cash dividends paid

Resolution	Type of shares	Total cash dividends paid	Cash dividends per share	Record date	Effective date
Jun 25th, 2009 Ordinary General Meeting of Shareholders	Common Stock	¥ 10,068 million	¥ 3	Mar 31st, 2009	Jun 26th, 2009
Oct 30th, 2009 Board of Directors	Common Stock	¥ 6,712 million	¥ 2	Sep 30th, 2009	Dec 3rd, 2009

   (2) Dividends of which record date is within this fiscal year but of which the effective date is within next fiscal year

Resolution	Type of shares	Total cash dividends to be paid	Source of the cash dividends	Cash dividends per share	Record date	Effective date
Jun 24th, 2010 Ordinary General Meeting of Shareholders	Common Stock	¥ 6,712 million	Retained Earnings	¥ 2	Mar 31st, 2010	Jun 25th, 2010

Note: At the ordinary general meeting of shareholders on Jun 24th, 2010, the above resolution is scheduled.

3. Type and number of shares subject to the share subscription rights
   Common stock 2,954,000 shares

Financial Instruments

1. Condition of financial instruments

The primary source of the MHI Group's operations and plant/equipment investment is the cash earned through operating activities; necessary capital exceeding that is procured mainly through bank loans and debenture issuance.

Financial investment is limited to short-term bank deposits and similar assets.

The MHI Group takes steps to mitigate the credit risk on the trade receivables from customers by regularly keeping track of due dates and balances of the receivables from each customer. When necessary, such measures as forward exchange contracts are used to hedge against foreign exchange risk on trade receivables denominated in foreign currencies.

Securities and investment securities are mainly comprised of equities; the MHI Group regularly grasps their fair values and financial conditions of the equity issuers.

Short-term borrowings are used for operations; long-term borrowings and debenture issuance are used for operations and plant/equipment investment. Interest payment for some long-term borrowings with interest-rate risks is fixed by means of interest-rate swaps.

The use of derivatives is subject to the internal control policy and limited to the extent corresponding to actual business.

2. Fair value of financial instruments

The amounts on the consolidated balance sheet, fair values and the variance between them as of March 31, 2010 are shown in the below table. The ones whose fair values are deemed extremely difficult to grasp are excluded from the below table. (See Note 2 below the table.)

(Millions of Yen)

	Consolidated Balance Sheet Amount (*)	Fair Value (*)	Variance
(1) Cash and deposits	274,061	274,061	—
(2) Trade receivables	948,200	948,200	—
(3) Securities and investment securities	188,822	280,742	91,920
(4) Trade payables	(646,538)	(646,538)	—
(5) Short-term borrowings	(117,679)	(117,679)	—
(6) Debentures	(364,605)	(371,423)	(6,818)
(7) Long-term borrowings	(1,007,041)	(1,025,214)	(18,172)
(8) Derivatives (*)			
・to which hedge accounting is not applied	930	930	—
・to which hedge accounting is applied	(663)	(663)	—

(*) The amounts recognized as liabilities are shown in parentheses. The derivatives positions shown are net amounts; if the total net position of an item results in obligations, the amounts are shown in parentheses.

(Note 1) The computation method of the fair values of financial instruments and footnotes on securities and derivatives

(1) Cash and deposits

The book values are used as the fair values since all the deposits are short-term and the fair values are almost equal to the book values.

(2) Trade receivables

The book values are used as the fair values since large portion of these are settled in a short period and the fair values could be deemed almost equal to the book values.

(3) Securities and investment securities

Market prices are used as the fair values.

(4) Trade payables; (5) Short-term borrowings

The book values are used as the fair values since large portion of these are settled in a short period and the fair values are almost equal to the book values.

(6) Debentures

If market prices are available, they are used as the fair values. If not, the present values of the principal and total interest (discounted by the rate based on the remaining years and the credit risk of the debentures) are used as the fair values.

(7) Long-term borrowings

The present values of the principal and total interest (*) (discounted by the rate assumed to be applied to the new borrowings of the same conditions) are used as the fair values.

(*) As for the long-term borrowings to which the exceptional treatment of interest-rate swaps are applied (see (8) below), the principal and total interest according to the interest rate under the interest-rate swaps.

(8) Derivatives

The fair values of exchange contracts are based on forward exchange rates. Out of those to which hedge accounting is applied, the ones to which designation of an exchange contract are applied are treated as part of the hedged trade receivables/payables, thus their fair values are included in those trade receivables/payables. (See above (2) and (4).)

Those to which the exceptional treatment of interest-rate swaps are applied are treated as part of the hedged long-term borrowings, thus their fair values are included in those long-term borrowings. (See above (7).)

(Note 2) Unlisted securities (whose consolidated balance sheet amount is 153,668 million yen) are excluded from the above table because they are deemed extremely difficult to capture the fair values; they do not have market prices and it is not possible to conduct alternative methods such as the estimation of their future cash flows.

(Additional information)

From this fiscal year, the MHI Group applies the "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, revised on March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, revised on March 10, 2008).

Per-share Information

Book value per share	¥ 380.80
Net income per share	¥ 4.22

Notes to the Financial Statements

Significant Accounting Policies

1. Asset valuation standards and methods
   (1) Securities
   Securities of subsidiaries and affiliated companies
   …Historical cost method (moving average method).
   Other securities
   Securities with market value
   …Market value method based on market prices and other fair values at the balance sheet date. Unrealized holding gains and losses are accounted for as a component of net assets. The costs of sold securities are computed based on the moving average method.
   Securities without market value
   …Historical cost method (moving average method).

   (2) Inventories
   Merchandise and finished products
   … Historical cost method (moving average method).
   (Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.)

   Work in process
   …Historical cost method (specific identification method).
   (Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.)

   Raw materials and supplies
   … Historical cost method (moving average method).(*)
   (Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.)

   *Some standardized steel materials for building new ships are stated at cost determined by the specific identification method. (Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.) Inventories held by certain business units are stated at cost determined by the yearly average method. (Balance sheet amounts are determined by the method of writing down to reflect a decline in the profitability of the assets.)

2. Depreciation methods for fixed assets
   (1) Tangible fixed assets (excluding leased assets)
   Straight-line method for buildings (excluding the equipment attached to them); declining-balance method for the other tangible fixed assets.

   (2) Leased Assets
   Straight-line method (where useful lives are equal to the lease terms and residual values are assumed to be zero).
   Finance lease transactions which do not transfer ownership, if they start on or before March 31, 2008, are accounted for in a manner similar to ordinary rental transactions.

3. Allowance and reserves

(1) Allowance for doubtful receivables

Allowance for doubtful receivables is provided for possible losses on the collection of receivables. The amount of the allowance for general receivables is based on the write-off ratio. As for certain receivables such as the ones from the debtors whose solvency is in doubt, the recoverability of each receivable is examined individually and the estimated unrecoverable amounts are recognized as the allowance.

(2) Reserve for product warranties

Reserve for product warranties is provided for the product warranty expenditure after products are delivered. The amounts are estimated based on the past statistics and other relevant factors.

(3) Reserve for losses on construction contracts

Reserve for losses on construction contracts is provided for the expected total losses to be realized in the following years on the construction contracts if (i) those losses are judged inevitable at current year-end and (ii) reasonable estimation of the amounts of such losses is possible.

With regard to the construction contracts for which this reserve is recognized, if the year-end balances of their construction-in-progress already exceed their respective total contract revenues, the exceeding portion is recognized as the loss on devaluation of the construction-in-progress and, accordingly, is not included in the reserve for losses on construction contracts.

(4) Reserve for legal claims

Reserve for legal claims is provided based on estimates of damage compensations and other expenses on legal claims.

(5) Reserve for retirement allowance

Reserve for retirement allowance is provided to prepare for employees' retirement based on estimates of the retirement benefit obligation and the pension fund assets (including the retirement benefit trust).

Prior service costs are expensed as incurred and actuarial gains and losses for each year are amortized by the straight-line method, starting in the following year of the incurrence, over the average remaining service periods of MHI's employees.

(Additional information)

This fiscal year, MHI revised its retirement benefit plan to lower the additional interest rate on the retirement benefits.

The resulting reduction of 4,950 million yen in its retirement benefit obligation is recognized as this fiscal year's "gain on revision of retirement benefit plan" under extraordinary gain.

(6) Reserve for treatment of PCB waste

Reserve for treatment of PCB (Poly Chlorinated Biphenyl) waste is provided based on estimated costs of the treatment for PCB products or equipments as well as their collection and transportation fees.

4. Recognition of revenue and costs

The percentage-of-completion method is applied to construction contracts if the outcome of the construction activity is deemed certain during the course of the activity (the estimated percentage of completion at the end of the reporting period is based on the percentage of the cost incurred to the estimated total cost); otherwise the completed-contract method is applied.

(Change in accounting policy)

Formerly, revenues from construction contracts were recognized on the basis of the percentage-of-completion method if the contract amount was 5,000 million yen or greater and the contract period was two years or longer; otherwise the completed-contract method was applied. From this fiscal year, MHI applies the "Accounting Standard for Construction Contracts" (ASBJ Statement No.15, issued on December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No.18, issued on December 27, 2007). Accordingly, as for the construction contracts whose construction activity started this fiscal year or later, the percentage-of-completion method is applied if the outcome of the construction activity is deemed certain during the course of the activity (the estimated percentage of completion at the end of the reporting period is based on the percentage of the cost incurred to the estimated total cost); otherwise the completed-contract method is applied.

As the result of this change, sales for the current fiscal year increased by 9,994 million yen; operating income, ordinary income and income before income taxes and minority interests for the current fiscal year increased by 2,360 million yen, respectively.

5. Other significant accounting policies

Consumption tax

Transactions subject to national and local consumption taxes are recorded at amounts exclusive of such taxes.

Balance Sheet

1. Accumulated depreciation

Accumulated depreciation of tangible fixed assets: ¥ 1,443,437 million

2. Contingent liabilities

Contingent liabilities for the debts from financial institutions, etc

Employees (Residence fund loan, etc):	¥ 42,967 million
Carboelectrica Diamante, S.A. de C.V. :	¥ 34,156 million
Others:	¥ 64,499 million
Total:	¥ 141,623 million

3. Monetary receivables from and payables to affiliated companies

Short-term monetary receivables:	¥ 277,310 million
Long-term monetary receivables:	¥ 22,324 million
Short-term monetary payables:	¥ 169,504 million
Long-term monetary payables:	¥ 1,890 million

Statement of Income

1. Transactions with subsidiaries and affiliated companies

Sales:	¥ 434,868 million
Purchases:	¥ 367,121 million
Transactions other than operating transactions:	¥ 11,453 million

2. Business restructuring expenses

Business restructuring expenses are comprised mainly of business reorganization expenses and business withdrawal expenses.

Statement of Changes in Net Assets

Number of treasury stock

Common stock	17,317,765 shares

Tax Effect Accounting

Deferred tax assets are principally caused by the reserve for retirement allowance and deferred tax liabilities are principally caused by the gain on contribution of securities to retirement benefit trust.

Per-share Information

Book value per share	¥ 340.04
Net income per share	¥ 5.49