

*(Note) This is a 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.*

## ATTACHMENT TO THE NOTICE OF THE 86TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

### BUSINESS REPORT FOR THE 2010 FISCAL YEAR (April 1, 2010 to March 31, 2011)

#### OVERVIEW OF MHI

#### 1 REVIEW AND THE RESULTS OF BUSINESS ACTIVITIES

##### (1) OVERVIEW

The global economy was generally more stable during FY2010. China, India and other emerging economies continued to expand, and industrialized nations began to see a gradual recovery. In general, the Japanese economy also began to experience a gradual recovery, underpinned by increased personal consumption and rebounds in capital investment that was driven by exports to emerging economies. However, some concerns about the future economic situation in Japan persist, particularly in the aftermath of the Great East Japan Earthquake last March.

##### ■ Orders, Sales and Profits/Losses

In this challenging operating environment, MHI<sup>1</sup> continued working vigorously to win new orders. As a result, the value of consolidated orders received climbed more than 21% from FY2009 to ¥2,995.4 billion, with increases in every business segment, including Aerospace, which won major contracts in the U.S.

Consolidated net sales remained around the same level as FY2009, at ¥2,903.7 billion. While net sales rose in Shipbuilding & Ocean Development on increased deliveries of new vessels, and in General Machinery & Special Vehicles on a recovery in demand, net sales decreased in both Power Systems and Machinery & Steel Structures.

MHI was able to increase profits despite the strong yen, thanks to company-wide activities to boost profitability (including improved plant construction profitability in Power Systems and Machinery & Steel Structures).

Operating income increased ¥35.5 billion to ¥101.2 billion, while ordinary income increased ¥44.1 billion to ¥68.1 billion.

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<sup>1</sup> For purposes of this Business Report, “MHI” includes its consolidated subsidiaries where applicable. All financial figures are consolidated amounts based on results from MHI and its consolidated subsidiaries.

MHI experienced a net extraordinary loss of ¥28.6 billion, which included extraordinary gains from the sale of fixed assets and investment securities, and extraordinary losses from business restructuring expenses, investment securities valuation losses and damages to a thermal power plant (which was under construction) caused by the Great East Japan Earthquake.

Overall, MHI's net income grew ¥15.9 billion to ¥30.1 billion.

## ■ MHI Group Initiatives in FY2010

Based on our 2010 medium-term business plan, which began from April 2010, MHI further increased its efforts to gain orders in our two core businesses for the future: “Energy & Environment” and “Transportation, Social & Industrial Infrastructure,” while promoting business alliances and optimizing global production and service bases. At the same time, through consolidating and, in some situations, spinning-off production centers as a result of changes in the market environment, MHI implemented far-reaching business structure reforms to establish a more flexible and responsive management system.

### ● MHI Group Initiative Highlights - Strengthening the Energy & Environment Business

Within Power Systems, MHI constructed a gas turbine combustor assembly plant in the U.S. where demand is expanding. This new assembly plant will boost MHI's presence in the U.S., grow market-share and create a business model that can better withstand currency exchange rate fluctuations. In Europe, MHI acquired an equity stake in the Italian gas turbine repair company ATLA S.r.l. and formed an alliance that will expand and further strengthen MHI's gas turbine after-sales offering. And to promote the commercialization of proprietary hydraulic drive technologies in the promising growth area of large-scale offshore wind turbines, MHI also acquired Artemis Intelligent Power Ltd. In India, MHI's joint venture business with Larsen & Toubro Ltd. launched full-scale production of boilers and steam turbines, and the joint venture sales and order-books continue to grow.

In Nuclear Energy Systems, the Dominion Resources Group of the U.S. tentatively selected our US-Advanced Pressurized Water Reactor (US-APWR) as the reactor design for the next nuclear power generation it plans to build, and reached an agreement with MHI for that project's pre-construction engineering and planning works.

In Machinery & Steel Structures, MHI is now constructing a CO<sub>2</sub> recovery demonstration plant together with the leading U.S. electric utility, Southern Company. And in the U.K., MHI received an order from E.ON UK plc for the first stage engineering design of a CO<sub>2</sub> recovery plant, and reached an agreement with Scottish and Southern Energy plc (also of the U.K.) to investigate the potential for jointly developing CO<sub>2</sub> recovery plant.

- **MHI Group Initiative Highlights - Strengthening the Transportation, Social & Industrial Infrastructure Business**

Within Aerospace, MHI continues to move forward with development and production of the Mitsubishi Regional Jet (MRJ), which is expected to draw high demand in the U.S., Europe and with regional airline customers throughout the world. With the MRJ's first flight currently scheduled for 2012, efforts to build a global service network are already well under way.

In Machinery & Steel Structures, MHI received rolling-stock orders for Tokyo's new "Yurikamome" waterfront transit line, and concluded a contract to deliver a new transportation system in Macau. MHI and Hitachi, Ltd. have started a wide-ranging collaboration regarding overseas urban rail systems, which will include development, manufacturing and sales.

Also within Machinery & Steel Structures, MHI won an order to construct a new large-scale fertilizer plant in the Republic of Tatarstan (Russian Federation). The construction demand for fertilizer plants is continuing to grow in connection with worldwide efforts to address global food supply challenges.

- **MHI Group Initiative Highlights - Reforming the Business Structure**

MHI implemented fundamental reforms to its business structure, in both our organizational structure and production systems.

For example, in Shipbuilding & Ocean Development, the commercial vessel production, which had previously been conducted at the Nagasaki, Kobe and Shimonoseki shipyards, was consolidated at the two locations Nagasaki and Shimonoseki, and other efforts are being made to improve management efficiency in order to win the fierce competition against South Korean and Chinese shipbuilders.

In Machinery & Steel Structures, MHI established a new company that is dedicated to printing and packaging machinery and which will have the capabilities to promptly grasp market and customer needs and respond with greater flexibility.

MHI successfully initiated major reforms to its management system, which had been an outstanding issue under consideration for many years. Previously, the sales, production and other functions were split between the business segment headquarters and production plants, but from April 2011 all functions related to products businesses were centralized at the business segment headquarters. This re-alignment puts in place a structure that can achieve faster decision-making due to the unified responsibility of business segment headquarters. In corporate management, initiatives were implemented to strengthen strategic functions as well as business support and governance roles, establishing a structure that better leverages MHI's size

and strengths.

## **(2) REVIEW OF BUSINESS SEGMENTS**

### **Shipbuilding & Ocean Development**

As the global demand for new buildings began to recover, MHI focused sales activities on high value-added vessels. Orders for a total of 17 ships were received, including orders for 2 seismic vessels, 3 LPG carriers and 1 LNG carrier. As a result, FY2010 consolidated orders rose from the previous year to ¥173.2 billion. Pending consolidated orders for Shipbuilding & Ocean Development at the end of FY2010 were 53 ships, totaling approximately 2.7 million gross tons.

Consolidated net sales reached ¥302.4 billion with deliveries of a total of 23 ships, including 11 container ships, 3 LPG carriers, and 4 ‘pure car carriers’. Operating income declined to ¥1.8 billion, despite improved profitability, primarily due to the adverse impact on exports from the strong yen.

### **Power Systems**

MHI received orders for gas turbine combined-cycle thermal power plants within Japan, as the domestic market continues to replace aging facilities to deliver higher efficiency and meet environmental regulations. Gas turbine orders are also increasing internationally, particularly in Asia. For nuclear power, MHI was able to reach an agreement for the pre-construction engineering and planning work for a U.S. nuclear power plant. The total value of consolidated orders for Power Systems rose from the previous year to ¥1,022.8 billion.

Consolidated net sales decreased to ¥996.9 billion due to reduced revenues from thermal power plants, wind turbines and other products. Nevertheless, despite the net sales decrease and the stronger yen, operating income increased to ¥83 billion as a result of strong results on the after-sales service side.

### **Machinery & Steel Structures**

In general, many customers or potential customers for Machinery & Steel Structures either postponed or delayed the start of their respective projects, but MHI was able to focus on new sales activities, which led to an increase in orders throughout the business segment. Chemical plant orders increased with a contract for the construction of a large-scale fertilizer plant in the Republic of Tatarstan (Russian Federation), and transportation systems orders increased with major orders for Macau and for the Tokyo “Yurikamome” waterfront transit line. Environmental equipment orders also increased, including an order for a domestic waste treatment plant. Finally, orders for steel production machinery also increased, particularly from China and India. As a result, the total value of consolidated orders for Machinery & Steel Structures increased from the previous year to ¥492.6 billion.

Consolidated net sales decreased from the previous year to ¥557.5 billion, mainly as a result of sales

declines in steel production machinery and transportation systems. Nevertheless, operating income rose from FY2009 to ¥27.0 billion as a result of improved profitability in overseas plant construction and efficiencies achieved in business restructuring.

### **Aerospace**

In the commercial aircraft business, orders increased with the conclusion of a major U.S. contract for the Mitsubishi Regional Jet (MRJ) and increased orders for the B777 (aft fuselage). Overall, the airline industry began to see some recovery in passenger demand. Orders for defense-related products also increased, notably for Patriot missiles systems. Space systems orders also surpassed FY2009 amounts. As a result, the total value of consolidated orders for Aerospace increased to ¥708.1 billion.

Consolidated net sales decreased from FY2009 to ¥472.2 billion as a result of fewer sales of commercial aircraft, space systems and defense-related products. Although operating income improved from the previous year, Aerospace posted an operating loss of ¥3.4 billion, mainly due to MRJ-related research and development investments.

### **General Machinery & Special Vehicles**

Orders for medium- and small-sized engines increased, particularly in China where demand remains firm amid a continued robust economic growth. Orders for turbochargers remained strong in Europe, and orders for forklifts increased as a result of expanded sales activities in Asia and in the Middle East. As a result, the total value of consolidated orders and consolidated net sales for General Machinery & Special Vehicles both increased to ¥344.1 billion and ¥343 billion, respectively. Although the operating results improved from FY2009, General Machinery & Special Vehicles posted an operating loss of ¥16.6 billion, in part because of the further strengthening of the yen.

### **Others**

Orders for air-conditioning and refrigeration systems increased, partly as a result of higher sales of automotive thermal systems and increased orders for residential air conditioners (including in Southeast Asia, where our expanded sales activities were successful). Sales of commercial air conditioners also increased, which corresponded with the improved economic situation in Europe. As a result, the total value of consolidated orders and consolidated net sales for Air-Conditioning and Refrigeration Systems rose to ¥159.1 billion and ¥158.1 billion, respectively, with an operating loss of ¥2.3 billion.

International orders for machine tools and other equipment increased, particularly in China. The total value of consolidated orders and net sales for machine tools and other equipment rose to ¥128.8 billion and ¥124.6 billion, respectively, with an operating profit of ¥11.6 billion.

## **2 KEY ISSUES FOR THE MHI GROUP**

### **■ Business Environment**

Despite certain volatile factors such as rising crude oil prices, high unemployment rates, and concerns regarding government finances and continued financial instability in some industrialized nations, continued overall improvement is expected in the global economy, fuelled by the continued economic growth in the emerging economies. Likewise, as a result of this continued economic growth in the emerging economies, the Japanese economy is also expected to continue its recovery. The impact of the Great East Japan Earthquake, however, continues to cause some uncertainty about the future.

Additionally, the business environment for MHI will become even more competitive, with fierce competition among top global companies vying for the emerging markets with outstanding growth potential. Finally, the yen will likely remain strong for the foreseeable future.

### **■ Approach to the Future**

MHI will continue make all possible efforts to aid Japan's recovery from the Great East Japan Earthquake, and to fulfill our wider business responsibility of supporting social and industrial infrastructure. Our other primary focus will be to further improve management and operating processes in order to succeed in the increasingly difficult competitive environment, and to accelerate our global business development.

#### **● Advancing Improvements in Management and Operating Processes**

To construct an optimal business portfolio, MHI will advance further improvements to management processes, including (i) ranking each product business from multiple perspectives including marketability, competitiveness and financial health and (ii) allocating personnel, funds and other management resources more efficiently.

We established the Technology & Innovation Headquarters in April 2011, which is working to improve product competitiveness by increasing product standardization and the use of common platforms, and by enhancing production capabilities through the construction of a global supply chain. With respect to our corporate management, a combined materials procurement and other company-wide efforts will be accelerated toward realizing more efficient and sophisticated operating processes.

#### **● Accelerating Global Business Development**

MHI will continue to utilize a wide range of technologies and products in order to provide customers with new options and opportunities, form global ties with partners worldwide, and develop highly responsive businesses that meet different needs in each market across the globe.

Through creating complimentary and interactive links to diverse but related MHI products and services, we will work to strengthen our “solutions business” in large-scale infrastructure projects in emerging economies, such as the construction of “smart communities” or environmentally friendly cities. Within our two core businesses -- Energy & Environment and Transportation, Social & Industrial Infrastructure -- MHI will offer a comprehensive packaged approach to customers incorporating not only the products themselves, but also related construction work and after-sales operation and maintenance services.

For the global development of MHI’s business, it is essential to grasp customer needs accurately and to develop solutions and business packages that combine upstream and downstream services in order to enhance product appeal and add value. Based on these core concepts, MHI will accelerate business development by leveraging the company-wide coordination and support functions provided by the Sustainability Energy & Environment Strategic Planning Department and the Global Strategy Headquarters, which was established in April 2011.

● **Response to the Great East Japan Earthquake**

MHI continues to make every possible effort to provide emergency relief and support national reconstruction following the Great East Japan Earthquake. MHI’s efforts began with the use of company aircraft to transport relief supplies immediately after the earthquake, and continued with the inspection and repair of products delivered by MHI to customers affected by earthquake. In particular, MHI worked swiftly to restore construction operations at a thermal power plant damaged by the earthquake. MHI is also producing gas turbine power plant equipment, as well as a large number of small and medium-size diesel power generating equipment, on an emergency basis. MHI’s mission is to help revive Japan’s affected areas as quickly as possible by providing much needed power-generation equipment and other important social assistance and industrial infrastructure. We remain dedicated to achieving this goal.

Immediately after the earthquake, we also launched initiatives together with our customers to further reinforce the safety of our existing nuclear plants. Nuclear power generation is expected to continue to play an important role in the future, both to meet the ever-rising demand for energy and to preserve the environmental. MHI will continue working diligently to provide highly safe and reliable nuclear power technologies.

In connection with growing our business and working towards the goals outlined above, meeting our Corporate Social Responsibility (CSR) obligations continues to be a top priority for our management, including each of our compliance, environmental protection, and internal controls obligations.

MHI is dedicated to improving our products and services from the perspective of our customers and society as a whole, with a view to how we can best contribute to social development. We would like to thank you, our shareholders, for your continued understanding and support.

### 3 OPERATING RESULTS AND FINANCIAL CONDITIONS

(Millions of Yen except for per Share Data)

Item	FY2007	FY2008	FY2009	FY2010
Orders Received	3,715,205	3,268,752	2,476,273	2,995,447
Net Sales	3,203,085	3,375,674	2,940,887	2,903,770
Operating Income	136,030	105,859	65,660	101,219
Ordinary Income	109,504	75,306	24,009	68,113
Net Income	61,332	24,217	14,163	30,117
Net Income per Share (Yen)	18.28	7.22	4.22	8.97
Total Assets	4,517,148	4,526,213	4,262,859	3,989,001
Net Assets	1,440,429	1,283,251	1,328,772	1,312,678
Net Assets per Share (Yen)	423.17	369.94	380.80	376.17

#### Orders Received and Net Sales by Segment

(Millions of Yen)

Segment	FY2007		FY2008		FY2009	
	Orders Received	Net Sales	Orders Received	Net Sales	Orders Received	Net Sales
Shipbuilding & Ocean Development	353,662	283,955	271,312	240,178	150,888	230,692
Power Systems	1,214,924	946,997	1,148,875	1,209,150	982,297	1,066,128
Machinery & Steel Structures	557,322	472,537	527,882	542,203	323,800	542,061
Aerospace	615,877	500,576	510,854	512,355	435,543	500,270
Mass and Medium-Lot Manufactured Machinery	901,701	913,606	767,015	805,403	541,316	544,324
Others	122,871	140,045	99,056	121,147	82,143	110,193
Inter-Segment Eliminations	(51,152)	(54,632)	(56,245)	(54,763)	(39,716)	(52,782)
<b>Total</b>	<b>3,715,205</b>	<b>3,203,085</b>	<b>3,268,752</b>	<b>3,375,674</b>	<b>2,476,273</b>	<b>2,940,887</b>

(Millions of Yen)

Segment	FY2009		FY2010	
	Orders Received	Net Sales	Orders Received	Net Sales
Shipbuilding & Ocean Development	150,888	230,692	173,225	302,439
Power Systems	982,297	1,066,128	1,022,819	996,963
Machinery & Steel Structures	404,359	625,775	492,680	557,515
Aerospace	435,543	500,270	708,189	472,268
General Machinery & Special Vehicles	291,040	286,837	344,137	343,079
Others	251,886	284,394	288,037	282,738
Inter-Segment Eliminations	(39,743)	(53,210)	(33,643)	(51,233)
<b>Total</b>	<b>2,476,273</b>	<b>2,940,887</b>	<b>2,995,447</b>	<b>2,903,770</b>

- (Notes)
1. The orders received and net sales for each segment include inter-segment transactions, which are all cancelled using the “Inter-Segment Eliminations” term.
  2. From FY2010 the segment categories have been changed to Shipbuilding & Ocean Development, Power Systems, Machinery & Steel Structures, Aerospace, General Machinery & Special Vehicles, and Others to comply with the March 2009 revisions to the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ No. 17). Given this change, the upper table above presents the orders received and net sales by segment from FY2007 through FY2009 using the former segment categories, and the lower table above presents the figures for FY2009 and FY2010 using the new segment categories.

**4 FINANCING CONDITIONS**

(Millions of Yen)

<b>Item</b>	<b>Change from the End of FY2009</b> (Figures in parentheses denote decrease)	<b>Outstanding Balance at the End of FY2010</b>
Short-term and Long-term loans	(143,128)	981,592
Commercial Papers	(6,000)	—
Bonds	(20,530)	344,074
Total	(169,658)	1,325,667

**5 MAIN BANK LOANS**

(Millions of Yen)

<b>Lender</b>	<b>Loans Outstanding at the End of FY2010</b>
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	209,584
Meiji Yasuda Life Insurance Company	122,100
Mitsubishi UFJ Trust and Banking Corporation	108,218
Mizuho Corporate Bank, Ltd.	82,517
Nippon Life Insurance Company	78,280
Sumitomo Mitsui Banking Corporation	76,654
Sumitomo Life Insurance Company	67,500
The Dai-ichi Life Insurance Company, Limited	57,500
The Sumitomo Trust and Banking Co., Ltd.	48,116
Development Bank of Japan Inc.	22,335

## 6 CAPITAL INVESTMENT

Capital investment during FY2010 amounted to ¥118,528 million. The major purposes of the investments were to strengthen technological capabilities, improve the ability to be competitive and invest in those fields in which MHI expects to aggressively expand business in the future.

### Capital Investment by Industry Segment

(Millions of Yen)

<b>Segment</b>	<b>Amount</b>	<b>Main Items</b>
<b>Shipbuilding &amp; Ocean Development</b>	10,236	Expansion of production facilities for shipbuilding
<b>Power Systems</b>	48,792	Expansion of production facilities for gas turbines, nuclear power equipments and lithium-ion batteries
<b>Machinery &amp; Steel Structures</b>	11,908	Expansion of production facilities for steel and metals machinery
<b>Aerospace</b>	21,778	Expansion of production facilities for commercial transport aircraft and torpedoes
<b>General Machinery &amp; Special Vehicles</b>	16,142	Expansion of production facilities for turbochargers
<b>Others</b>	9,670	—
<b>Total</b>	118,528	

## 7 MAIN BUSINESSES

<b>Segment</b>	<b>Main Business</b>
<b>Shipbuilding &amp; Ocean Development</b>	Manufacture, installation, sale and service of tankers, container carriers, cruise ships, car ferries, LPG carriers, LNG carriers, car carriers and various other ships, defense and patrol vessels and marine structures, etc.
<b>Power Systems</b>	Manufacture, installation, sale and service of boilers, steam turbines, gas turbines, diesel engines, water turbines, wind turbines, nuclear power equipments, nuclear power related equipments, selective catalytic reduction systems, marine machinery, desalination plants and pumps, etc.
<b>Machinery &amp; Steel Structures</b>	Manufacture, installation, sale and service of waste treatment plants, flue gas desulfurization plants, flue gas treatment plants and various other environmental systems, transportation systems, material handling machines, petrochemical plants and various other chemical plants, oil and gas production plants, steel and metals machinery, compressors, steel bridges, cranes, stacks, vertical parking garages, entertainment facilities, sports and leisure-related facilities, plastic processing machinery, food machinery, packaging machinery, printing machinery, and paper converting machinery, etc.
<b>Aerospace</b>	Manufacture, installation, sale and service of jet fighters, helicopters, commercial transport aircraft and various other aircraft, structural parts and components of aircraft, aircraft engines, missiles, torpedoes and space systems, etc.
<b>General Machinery &amp; Special Vehicles</b>	Manufacture, installation, sale and service of forklift trucks, construction machinery, medium- and small-sized engines, turbochargers, agricultural machinery, tractors and special vehicles, etc.
<b>Others</b>	Manufacture, installation, sale and service of residential use air conditioners, commercial use air conditioners, automotive thermal systems and various other air-conditioners, refrigeration units, transmissions and machine tools, etc. Sale and purchase of real property, printing, information service and lease

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

(Persons)

Segment	Number of Employees
Shipbuilding & Ocean Development	4,767
Power Systems	19,412
Machinery & Steel Structures	10,324
Aerospace	9,942
General Machinery & Special Vehicles	9,000
Other/ Corporate (Common)	15,371
<b>Total</b>	<b>68,816</b>

(Note) Numbers of employees do not include Senior Vice Presidents, temporary employees (employees who were re-employed following compulsory retirement, temporary contract employees, part-time employees, etc.), secondees from MHI or consolidated subsidiaries assigned to other companies, or employees of nonconsolidated subsidiaries.

**(2) EMPLOYEES OF MHI**

Number of Employees	Change from FY2009	Average Age	Average Number of Years of Service
33,031 persons	decrease of 1,108 employees	38.8 years old	16.6 years

(Note) Numbers of employees do not include Senior Vice Presidents, temporary employees (employees who were re-employed following compulsory retirement, temporary contract employees, part-time employees, etc.), or secondees to other companies.

**9 MAIN OFFICES & MANUFACTURING FACILITIES**

<b>Head Office</b>	Minato-ku, Tokyo
<b>Research &amp; Development Centers</b>	Advanced Technology Research Center (Yokohama City), Nagasaki Research & Development Center (Nagasaki City), Takasago Research & Development Center (Takasago City, Hyogo Prefecture), Hiroshima Research & Development Center (Hiroshima City), Yokohama Research & Development Center (Yokohama City), Nagoya Research & Development Center (Nagoya City)
<b>Offices</b>	Kansai Office (Osaka City), Chubu Office (Nagoya City), Kyushu Office (Fukuoka City), Hokkaido Office (Sapporo City), Chugoku Office (Hiroshima City), Tohoku Office (Sendai City), Hokuriku Office (Toyama City), Shikoku Office (Takamatsu City)
<b>Headquarters related to Mass and Medium-Lot Manufactured Machinery and Divisions</b>	General Machinery & Special Vehicle Headquarters (Sagamihara City), Air-Conditioning & Refrigeration Systems Headquarters (Kiyosu City, Aichi Prefecture), Machine Tool Division (Ritto City, Shiga Prefecture), Environmental & Chemical Plant Division (Yokohama City), Transportation Systems & Advanced Technology Division (Mihara City, Hiroshima Prefecture), Industrial Machinery Business, Technology & Solutions Division (Hiroshima City)
<b>Works</b>	Nagasaki Shipyard & Machinery Works (Nagasaki City), Kobe Shipyard & Machinery Works (Kobe City), Shimonoseki Shipyard & Machinery Works (Shimonoseki City, Yamaguchi Prefecture), Yokohama Machinery Works (Yokohama City), Takasago Machinery Works (Takasago City, Hyogo Prefecture), Nagoya Aerospace Systems Works (Nagoya City), Nagoya Guidance & Propulsion Systems Works (Komaki City, Aichi Prefecture)
<b>Main Bases Overseas</b>	<p>[Offices &amp; Representatives]            Jakarta Liaison Office, Taipei Liaison Office, Moscow Representative, Kyiv Representative, Istanbul Representative, Middle East Office (Dubai), Abu Dhabi Office, Johannesburg Branch, Ho Chi Minh City Representative, Hanoi Representative</p> <p>[Subsidiaries]            Mitsubishi Heavy Industries America, Inc., Mitsubishi Heavy Industries Europe, Ltd. (United Kingdom), Mitsubishi Heavy Industries, (Hong Kong) Ltd., Mitsubishi Heavy Industries (Thailand) Ltd., Mitsubishi Heavy Industries Philippines, Inc., Mitsubishi Heavy Industries Australia, Pty. Ltd., Mitsubishi Heavy Industries (China) Co., Ltd, Mitsubishi Heavy Industries, (Shanghai) Co. Ltd., Mitsubishi Heavy Industries de Mexico, S.A. de C.V., Mitsubishi Heavy Industries India Private Ltd., Mitsubishi Heavy Industries Singapore Private Ltd., Mitsubishi Heavy Industries Korea Ltd., Mitsubishi Heavy Industries Pesadas do Brasil Ltda (Brazil)</p>

(Note) The main subsidiaries and their addresses are as presented below in “**10** OUTLINES OF MAIN SUBSIDIARIES”.

## 10 OUTLINES OF MAIN SUBSIDIARIES

Segment	Name of Company	Address	Capital	Percentage of Investment Share (%)	Main Business
Power Systems	Mitsubishi Power Systems Americas, Inc.	U.S.A.	180 million US dollars	*100.0	Sales and service of gas turbines, steam turbines, boilers, selective catalytic reduction systems, wind turbines, geothermal generation facilities, etc.
Machinery & Steel Structures	Mitsubishi Heavy Industries Printing & Packaging Machinery, Ltd.	Mihara City Hiroshima Prefecture	10,000 million Yen	100.0	Manufacture, installation, sale and service of printing machinery and paper converting machinery, etc.
	Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd.	Hiroshima City	5,000 million Yen	100.0	Manufacture, installation, sales and service of steel bridges and stacks, etc.
	Mitsubishi Heavy Industries Compressor Corporation	Minato-ku, Tokyo	4,000 million Yen	100.0	Manufacture, sale and service of compressors, etc.
	Mitsubishi-Hitachi Metals Machinery, Inc.	Minato-ku, Tokyo	3,500 million Yen	65.7	Manufacture and sales of hot/cold rolling mill equipments and process lines, etc.
	Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd.	Yokohama City	1,000 million Yen	100.0	Manufacture, installation, sales and service of various environmental systems and petrochemicals plants, etc.
	Mitsubishi Heavy Industries Mechatronics Systems, Ltd.	Kobe City	500 million Yen	100.0	Manufacture, installation, sales and service of various environmental systems and ETC systems, etc.
Aero-space	Mitsubishi Aircraft Corporation	Nagoya City	50,000 million Yen	64.0	Manufacture, sales and service of commercial aircraft
General Machinery & Special Vehicles	Mitsubishi Caterpillar Forklift America Inc.	U.S.A	65 million US dollars	88.5	Manufacture and sales of forklift trucks
	MHI Equipment Europe B.V.	Netherlands	38.3 million Euro	100.0	Manufacture and sales of medium- and small-sized engines and turbochargers
	Mitsubishi Agricultural Machinery Co., Ltd.	Yatsukagun, Shimane Prefecture	3,000 million Yen	85.8	Manufacture and sales of agricultural machinery such as tractors and combine harvesters and agricultural facilities, etc.
	Mitsubishi Caterpillar Forklift Europe B.V.	Netherlands	18.2 million Euro	70.0	Manufacture and sales of forklift trucks

Segment	Name of Company	Address	Capital	Percentage of Investment Share (%)	Main Business
	MHI Engine System Asia Pte. Ltd.	Singapore	12.2 million Singapore dollars	100.0	Sales and service of medium- and small-sized engines, etc.
Others	MHI International Investment B.V.	Netherlands	245.0 million Euro	100.0	Investment for foreign projects
	Mitsubishi Heavy Industries America, Inc.	U.S.A	256.0 million US dollars	100.0	Manufacture, installation, sales and service of MHI products, and market research on MHI products
	Mitsubishi Heavy Industries - Mahajak Air Conditioners Co., Ltd.	Thailand	839.2 Million Thai baht	81.9	Manufacture, sales and service of residential and commercial use air-conditioners
	Ryoin Co., Ltd.	Arakawa-ku, Tokyo	1,000 million Yen	100.0	Plan and manufacture of various printings and electric publishers and service for offices

(Notes) 1. The item marked with an asterisk (\*) denotes the percentage of investments by MHI subsidiaries.

2. MHI had a total of 234 consolidated subsidiaries as of the end of FY2010 including those specified above, and 38 equity-method affiliates.

## STOCKS OF MHI

**1 TOTAL NUMBER OF SHARES AUTHORIZED TO BE ISSUED:**

6,000,000,000 shares

**2 TOTAL NUMBER OF THE SHARES ISSUED:**

3,373,647,813 shares (unchanged from the end of FY2009)

**3 NUMBER OF SHAREHOLDERS:**

349,540 persons (decrease of 19,222 persons from the end of FY2009)

**4 MAJOR SHAREHOLDERS**

Name of Shareholder	Number of Shares	Investment Share (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	168,868,900	5.0
The Master Trust Bank of Japan, Ltd. (Trust Account)	142,166,000	4.2
The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust Account for The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	125,666,000	3.7
Meiji Yasuda Life Insurance Company	80,022,741	2.4
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	63,129,700	1.9
Tokio Marine & Nichido Fire Insurance Co., Ltd.	50,400,000	1.5
Japan Trustee Services Bank, Ltd. (Trust Account 9)	49,795,000	1.5
The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust Account for Mitsubishi UFJ Trust and Banking Corporation)	45,934,000	1.4
MHI Stock Ownership Plan	35,869,216	1.1
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	31,542,000	0.9

(Note) The investment shares are calculated excluding treasury stock of 18,485,372 shares.

## STOCK ACQUISITION RIGHTS OF MHI

### 1 STOCK ACQUISITION RIGHTS HELD BY MHI'S OFFICERS AT THE END OF FY2010

Name (Approval Date of Stock Acquisition Rights Offering)	Type and Number of Shares Received When Exercising Acquisition Rights	Issue Price of Stock Acquisition Rights	Exercise Price of the Stock Acquisition Rights	Period to Exercise Each Stock Acquisition Right	Stock Acquisition Rights Held by MHI's Directors
#3 Stock Acquisition Rights (July 29, 2005)	1,000 shares of common stock	Free of charge	¥294,000	June 29, 2007 to June 28, 2011	15 (1 director)
#4 Stock Acquisition Rights (July 31, 2006)	1,000 shares of common stock	¥412,000	¥1,000	August 18, 2006 to June 28, 2036	284 (11 directors)
#5 Stock Acquisition Rights (July 31, 2007)	1,000 shares of common stock	¥793,000	¥1,000	August 17, 2007 to August 16, 2037	178 (13 directors)
#6 Stock Acquisition Rights (July 31, 2008)	1,000 shares of common stock	¥410,000	¥1,000	August 19, 2008 to August 18, 2038	442 (14 directors)
#8 Stock Acquisition Rights (July 31, 2009)	1,000 shares of common stock	¥295,000	¥1,000	August 18, 2009 to August 17, 2039	706 (15 directors)
#9 Stock Acquisition Rights (July 30, 2010)	1,000 shares of common stock	¥268,000	¥1,000	August 18, 2010 to August 17, 2040	794 (15 directors)

(Note) The issue prices employed in the fourth, fifth, sixth, eighth and ninth offering of stock acquisition rights are the fair values of the rights offering (determined according to the Black-Scholes Options Pricing Model) as of the approval date of the rights offering.

**2 STOCK ACQUISITION RIGHTS ISSUED TO MHI'S EMPLOYEES DURING FY2010**

Name (Approval Date of Stock Acquisition Rights Offering)	Type and Number of Shares Received When Exercising Acquisition Rights	Issue Price of Stock Acquisition Rights	Exercise Price of the Stock Acquisition Rights	Period to Exercise Each Stock Acquisition Right	Stock Acquisition Rights Issued by MHI's Employees
#9 Stock Acquisition Rights (July 30, 2010)	1,000 shares of common stock	¥268,000	¥1,000	August 18, 2010 to August 17, 2040	465 (20 persons)

(Note) The issue price of stock acquisition rights is the fair value of the rights offering (determined according to the Black-Scholes Options Pricing Model) as of the approval date of the rights offering.

## OFFICERS

### 1 DIRECTORS AND STATUTORY AUDITORS

Position	Name	Responsibility	Major Concurrent Positions in Other Entities
*Chairman	Kazuo Tsukuda		Director of Mitsubishi Corporation Director of Mitsubishi Research Institute, Inc.
*President	Hideaki Omiya		
*Director, Senior Executive Vice President	Ichiro Fukue	Providing assistance to the President, In charge of Production System Innovation Planning, Energy & Environment Business and other matters specially assigned by the President	
*Director, Senior Executive Vice President	Hiroshi Kan	Providing assistance to the President, General Manager Presidential Administration Office, In charge of other matters specially assigned by the President	
*Director, Senior Executive Vice President	Sunao Aoki	Providing assistance to the President, General Manager, Technical Headquarters, In charge of Information Systems & Communications and other matters specially assigned by the President	
*Director, Executive Vice President	Katsuhiko Yasuda	In charge of Internal Audit, CSR, General Affairs, Legal and Personnel	
*Director, Executive Vice President	Akira Sawa	General Manager, Nuclear Energy Systems Headquarters	
*Director, Executive Vice President	Teruaki Kawai	General Manager, Aerospace Headquarters	
*Director, Executive Vice President	Shunichi Miyanaga	General Manager, Machinery & Steel Structures Headquarters	
*Director, Executive Vice President	Yoshiaki Tsukuda	General Manager, Power Systems Headquarters	
*Director, Executive Vice President	Yujiro Kawamoto	In charge of Accounting, Finance and Material	Statutory Auditor of Mitsubishi Motors Corporation

<b>Position</b>	<b>Name</b>	<b>Responsibility</b>	<b>Major Concurrent Positions in Other Entities</b>
*Director, Executive Vice President	Hisashi Hara	General Manager, Shipbuilding & Ocean Development	
Director, Senior Vice President	Makoto Shintani	General Manager, Production System Innovation Planning Department	
Director, Senior Vice President	Takashi Abe	Deputy General Manager, Machinery & Steel Structures Headquarters	
Director, Senior Vice President	Akira Hishikawa	General Manager, General Machinery & Special Vehicle Headquarters	Director of Nippon Yusoki Co., Ltd. Director of V.S.T. Tillers Tractors Limited (India)
Director	Akihiro Wada		
Director	Yoshihiro Sakamoto		
Director	Yorihiko Kojima		Chairman of Mitsubishi Corporation Director of Sony Corporation Director of Nissin Foods Holdings Co., Ltd.
Full-time Statutory Auditor	Koshin Nakamoto		Statutory Auditor of Toyo Engineering Works Ltd.
Full-time Statutory Auditor	Naoki Yasaka		
Statutory Auditor	Toyoshi Nakano		Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation Statutory Auditor of Nikon Corporation Statutory Auditor of Mitsubishi Research Institute, Inc.
Statutory Auditor	Kichisaburo Nomura		Executive Advisor of All Nippon Airways Co., Ltd.
Statutory Auditor	Nobuo Kuroyanagi		Chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd. Director of Mitsubishi Research Institute, Inc. Director of Honda Motor Co., Ltd. Director of Senshu Ikeda Holdings, Inc. Director of Isetan Mitsukoshi Holdings Ltd.

- (Notes) 1. The positions, the responsibilities, and the major concurrent positions in other entities are shown as of March 31, 2010.
2. An asterisk mark (\*) indicates a Representative Director.
3. Statutory Auditor Naoki Yasaka has practical experience working in MHI's accounting and finance departments for many years, and substantial expertise in financial affairs and accounting.
4. Messrs. Hisashi Hara and Yorihiko Kojima took the office of Directors on June 24, 2010 (on the date of the 85th Ordinary General Meeting of Shareholders).

5. Messrs. Akihiro Wada, Yoshihiro Sakamoto and Yorihiro Kojima are Outside Directors as defined in Article 2, Item 15 of the Corporate Law.
6. Messrs. Toyoshi Nakano, Kichisaburo Nomura and Nobuo Kuroyanagi are Outside Statutory Auditors as defined in Article 2, Item 16 of the Corporate Law.
7. MHI has submitted notifications, specifying all MHI's Outside Directors and Outside Statutory Auditors as Independent Directors, to Tokyo Stock Exchange, Inc. and other listed financial instruments exchanges.
8. Director Kazuo Tsukuda took the office of a Director of Mitsubishi Research Institute, Inc. as of December 17, 2010.
9. Director Teruaki Kawai retired from his position as a Director of Tokyo Keiki Inc. as of June 29, 2010.
10. Director Yorihiro Kojima took the office of a Chairman of the Board of Mitsubishi Corporation as of June 24, 2010. He also took the office of a Director of Sony Corporation as of June 18, 2010.
11. Statutory Auditor Toyoshi Nakano retired from his position as a Statutory Auditor of Kirin Holdings Company Limited as of March 29, 2011.
12. Statutory Auditor Kichisaburo Nomura retired from his position as a Statutory Auditor of Tokyo Electric Power Company, Incorporated as of June 25, 2010.
13. Statutory Auditor Nobuo Kuroyanagi retired from his position as a Director of Mitsubishi UFJ Financial Group, Inc. as of June 29, 2010.

The following changes were instituted in the positions and responsibilities of Directors as of April 1, 2011.

<b>Position</b>	<b>Name</b>	<b>Responsibility</b>
*Director, Senior Executive Vice President	Shunichi Miyanaga	Providing assistance to the President, General Manager Presidential Administration Office, In charge of other matters specially assigned by the President
*Director, Senior Executive Vice President	Yoshiaki Tsukuda	Providing assistance to the President, General Manager, Technology & Innovation Headquarters, In charge of other matters specially assigned by the President
*Director, Executive Vice President	Yujiro Kawamoto	In charge of Accounting, Finance and Procurement Planning & Administration and Procurement & Sourcing
*Director, Executive Vice President	Takashi Abe	In charge of General Affairs, Legal and Personnel
*Director, Executive Vice President	Akira Hishikawa	General Manager, Global Strategic Planning & Operations
Director, Senior Vice President	Ichiro Fukue	Assistant to President
Director, Senior Vice President	Hiroshi Kan	Assistant to President
Director, Senior Vice President	Sunao Aoki	Assistant to President
Director, Senior Vice President	Katsuhiko Yasuda	Assistant to President
Director, Senior Vice President	Akira Sawa	Assistant to President
Director, Senior Vice President	Teruaki Kawai	Assistant to President
Director, Senior Vice President	Makoto Shintani	Assistant to President

(Note) An asterisk mark (\*) indicates a Representative Director.

## 2 OUTSIDE OFFICERS

### (1) ENTITIES WHERE OUTSIDE OFFICERS HOLD MAJOR CONCURRENT POSITIONS AND THEIR RELATIONS WITH MHI

Position	Name	Name of Entity	Relations with MHI
Director	Yorihiko Kojima	Sony Corporation	No notable relations
		Nissin Foods Holdings Co., Ltd.	No notable relations
Statutory Auditor	Toyoshi Nakano	Nikon Corporation	Consigned testing works and purchase of optical equipment, etc.
		Mitsubishi Research Institute, Inc.	Consignment of analytical works, etc.
	Nobuo Kuroyanagi	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Borrowing of funds, etc.
		Mitsubishi Research Institute, Inc.	Consignment of analytical works, etc.
		Honda Motor Co., Ltd.	Sales of machine tools, etc.
		Senshu Ikeda Holdings, Inc.	No notable relations
		Isetan Mitsukoshi Holdings Ltd.	No notable relations

- (Notes) 1. The entities above are those listed in “1 DIRECTORS AND STATUTORY AUDITORS” where an MHI Outside Officer serves as a “Managing Director” etc. as defined in Article 124, Item 1-1 of the Ordinance for Enforcement of the Corporate Law or as an “Outside Officer” etc. as defined in Article 124, Item 2-2 of said Ordinance.
2. Statutory Auditor Toyoshi Nakano retired from his position as a Statutory Auditor of Kirin Holdings Co., Ltd. (KIRIN) as of March 29, 2011. MHI has no notable relations with KIRIN.
3. Statutory Auditor Kichisaburo Nomura retired from his position as a Statutory Auditor of Tokyo Electric Power Company, Incorporated (TEPCO) as of June 25, 2010. MHI has trading relations with TEPCO including sales of thermal power plants.

## (2) PRINCIPAL ACTIVITIES

Position	Name	The Number of Attendance at the Board of Directors Meetings	The Number of Attendance the Board of Statutory Auditors Meetings
Director	Akihiro Wada	13 out of 14 times	—
	Yoshihiro Sakamoto	13 out of 14 times	—
	Yorihiko Kojima	8 out of 10 times	—
Statutory Auditor	Toyoshi Nakano	12 out of 14 times	12 out of 13 times
	Kichisaburo Nomura	14 out of 14 times	12 out of 13 times
	Nobuo Kuroyanagi	10 out of 14 times	10 out of 13 times

These Directors and Statutory Auditors have expressed their views at Board of Directors meetings on the overall management of MHI from their various perspectives based on their wealth of experience and knowledge as business managers and so forth. Statutory Auditors Toyoshi Nakano, Kichisaburo Nomura and Nobuo Kuroyanagi, have expressed their views at Board of Statutory Auditors meetings on overall auditing from the perspective of achieving proper performance of business activities based on their wealth of experience and knowledge.

Director Yorihiko Kojima took the office on June 24, 2010 (on the date of the 85<sup>th</sup> Ordinary General Meeting of Shareholders), so the number of Board of Directors meetings he attended differs from that of the other officers.

## (3) OUTLINE OF LIABILITY LIMITATION AGREEMENT

In accordance with Article 423, Paragraph 1 of the Corporate Law, MHI has entered into Liability Limitation Agreements with Director Akihiro Wada, Director Yoshihiro Sakamoto and Director Yorihiko Kojima, Statutory Auditor Toyoshi Nakano, Statutory Auditor Kichisaburo Nomura and Statutory Auditor Nobuo Kuroyanagi respectively, which provide a limitation on their liabilities to compensate for damages, the amount of which is the higher of ¥10 million or the minimum liability amount defined in Article 425, Paragraph 1 of the Corporate Law.

**3 AMOUNT OF COMPENSATION AND OTHER PAYMENT TO DIRECTORS AND STATUTORY AUDITORS**

<b>Position</b>	<b>Figures (persons)</b>	<b>Amount of Compensation ( Millions of Yen)</b>
<b>Directors (Outside Directors)</b>	21 (4)	1,154 (43)
<b>Statutory Auditors (Outside Statutory Auditors)</b>	5 (3)	122 (35)
<b>Total (Outside Officers)</b>	26 (7)	1,276 (79)

In addition to the amounts specified above, for Officers other than Outside Officers, a gap emerged between the compensation amounts disclosed for FY2009 (the estimated compensation amounts) and the compensation amounts actually disbursed in FY2010. As a result, a total of ¥1,097 million was paid to 23 Directors and a total of ¥114 million was paid to six Statutory Auditors.

- (Notes) 1. The figures in the table include three Directors and one Statutory Auditor who retired during FY2010.
2. The amounts of compensation in the table include stock acquisition rights issued in a so-called stock-linked compensation scheme (the amount equal to 204 million yen) for 15 Directors excluding Outside Directors. The total issuance price of stock acquisition rights to Directors excluding Outside Directors is limited to ¥300 million per fiscal year (resolution of the 82nd Ordinary General Meeting of Shareholders on June 27, 2007).
3. The maximum permitted financial compensation amounts are 1,200 million yen per fiscal year for Directors and 160 million yen per fiscal year for Statutory Auditors (resolution of the 81st Ordinary General Meeting of Shareholders on June 28, 2006).

## ACCOUNTING AUDITORS

### 1 NAME OF ACCOUNTING AUDITORS

Ernst & Young ShinNihon LLC

### 2 COMPENSATION PAID TO ACCOUNTING AUDITORS

(Millions of Yen)

① Amount of Compensation	219
② Sum of the Amount of Money and Other Material Advantage to Be Paid by MHI and Its Subsidiaries	334

(Note) The amount in ① is the total of the compensation for auditing pursuant to the Corporate Law, the compensation for auditing pursuant to the Financial Instruments and Exchange Act and the compensation for works other than auditing.

Of MHI's significant subsidiaries, MHI Equipment Europe B.V. (Netherlands), Mitsubishi Caterpillar Forklift Europe B.V. (Netherlands), MHI Engine System Asia Pte. Ltd. (Singapore), MHI International Investment B.V. (Netherlands) and Mitsubishi Heavy Industries - Mahajak Air Conditioners Co., Ltd. (Thailand) are audited by another auditing firm than the one used by MHI.

### 3 CONTENTS OF WORKS OTHER THAN AUDITING

MHI has requested Accounting Auditors to provide advisory work, including consultations on the application of International Financial Reporting Standards, and has paid Accounting Auditors compensation for such work as duties other than auditing.

### 4 POLICY ON TERMINATING OR NOT REAPPOINTING THE ACCOUNTING AUDITOR

Should causes defined in the items of Article 340, Paragraph 1 of the Corporate Law apply to the Accounting Auditors, MHI's Board of Statutory Auditors will deliberate the termination of the Accounting Auditors. When termination is deemed appropriate, the Accounting Auditors will be terminated based on the assent of all Statutory Auditors. Should MHI's Board of Directors determine that it is necessary to change the Accounting Auditors in view of the Accounting Auditors' performance or in view of MHI's accounting practices, the Board of Directors will gain the assent of the Board of Statutory Auditors and will submit a proposal of not reappointing the Accounting Auditors to the General Meeting of Shareholders.

## **ESTABLISHING A FRAMEWORK FOR ENSURING APPROPRIATE BUSINESS CONDUCT**

As specified by law, MHI has prepared a system to ensure appropriate operations by resolution of the Board of Directors. We promote fair and solid management. The contents of this resolution are summarized as follows.

1. System to ensure the execution of duties by Directors is in compliance with relevant laws and the Articles of Incorporation
  - (1) Directors shall lead by example in realizing MHI's fundamental principle of fair and honest business activities that comply with all relevant laws and emphasize social norms and business ethics.
  - (2) The Board of Directors shall fully discuss all matters raised and reports submitted by Directors and monitor MHI's operations from the perspectives of sound and efficient management. The views of Outside Directors shall be employed to introduce greater objectivity and enhance the effectiveness of oversight.
2. System to store and manage information related to the execution of duties by directors
  - (1) Principle matters related to the management of documents shall be specified in company regulations, and information related to the execution of duties by directors shall be appropriately recorded, stored and managed.
  - (2) Directors and Statutory Auditors shall be given access to such information at any time where it is deemed necessary to supervise and audit actions by Directors.
3. Regulations and other systems to manage risk
  - (1) Systems designed to manage each type of risk shall be implemented and responsibilities shall be clearly defined to ensure the appropriate management of risk.
  - (2) Risk shall be regularly evaluated and analyzed and necessary avoidance or mitigating measures taken; internal audits shall monitor the effectiveness and appropriateness of these measures and reports shall be regularly submitted to the Board of Directors.
  - (3) To prepare for cases where significant risk may materialize, MHI shall ensure the means to immediately communicate information to senior management to respond promptly and accurately to emergency situations; individuals responsible for crisis management shall also be appointed in each business division.
4. System to ensure directors execute their duties efficiently
  - (1) The Board of Directors shall formulate business plans and establish companywide management policy and objectives; business execution, led by the President, shall be conducted with the aim of achieving these objectives.
  - (2) MHI's organizational structure, division of duties, and lines of authority shall be specified in company regulations to ensure steps to achieve management objectives are conducted efficiently.
5. System to ensure the duties and actions of employees comply with relevant laws and the Articles of Incorporation
  - (1) MHI shall create a framework comprising the Compliance Committee and other bodies to raise awareness of compliance among employees by formulating a code of conduct, implementing various training programs and taking other steps.
  - (2) MHI shall establish a whistleblower system and other mechanisms to enhance the effectiveness of compliance, conduct internal audits of the compliance framework, and report the results to the Board of Directors.

6. System to ensure appropriate business activities by MHI group companies
  - (1) The presidents of MHI group companies shall be responsible for the independent management of their companies as autonomous bodies; in addition, MHI shall create a system to define the management responsibilities of MHI group companies, determine operational procedures and provide support and guidance with the aim of improving consolidated operating performance through sound and efficient groupwide management.
  - (2) To ensure appropriate groupwide operations, MHI shall promote various compliance and risk measures in conjunction with MHI group companies and create internal control systems tailored to the size and specific nature of each company; the respective departments in MHI responsible for managing its group companies shall also monitor the status of compliance at these companies.
  - (3) MHI and MHI group companies shall ensure the accuracy of their respective financial information, and arrange the organization, company regulations and other matters required for the preparation and disclosure of reliable financial reports.
7. Matters related to employees requested by statutory auditors to support audit activities  
In response to requests by the statutory auditors, MHI shall establish a Statutory Auditor's Office with a dedicated staff to support the smooth conduct of audit activities.
8. Independence of employees in 7. above from directors  
To ensure independence from the executive bodies of MHI, Auditing Office staff shall not be subject to the orders of directors, and the appointment, transfer and evaluation of these employees shall be conducted with the agreement of the statutory auditors.
9. System to allow directors and employees to report information to the statutory auditors and other systems  
MHI shall implement arrangements to allow the reporting and provision of information to statutory auditors, and promote appropriate communication through regular exchanges of views.
10. Other systems to ensure statutory auditor activities are conducted effectively  
Due consideration shall be given to statutory auditors to allow them to conduct audits in an effective manner by gathering information, conducting surveys and taking other steps to ensure appropriate communication with related divisions in MHI, the accounting auditors and other parties.

**CONSOLIDATED BALANCE SHEET (As of March 31, 2011) (1/2)**

(Millions of Yen)

**ASSETS****Current assets:**

Cash and deposits	301,047
Trade receivables	852,645
Securities	8
Merchandise and finished products	175,630
Work in process	803,874
Raw materials and supplies	136,701
Deferred income taxes	161,823
Others	151,383
Allowance for doubtful receivables	(7,500)

**Total current assets** 2,575,613

**Fixed assets:****Property, plant and equipment:**

Buildings and structures	355,449
Machinery and transportation equipment	251,507
Tools, equipment and furniture	39,714
Land	166,494
Leased assets	6,004
Construction in progress	42,358

**Subtotal** 861,528

**Intangible assets:**

**25,165**

**Investments and advances:**

Investment securities	321,285
Long-term loans and advances	5,180
Deferred income taxes	10,824
Others	198,938
Allowance for doubtful accounts	(9,535)

**Subtotal** 526,693

**Total fixed assets** 1,413,387

**TOTAL ASSETS** 3,989,001

**CONSOLIDATED BALANCE SHEET (As of March 31, 2011) (2/2)**

(Millions of Yen)

**LIABILITIES****Current liabilities:**

Trade payables	619,107
Short-term borrowings	85,488
Current portion of long-term borrowings	211,114
Current portion of bonds	14,074
Reserve for product warranties	23,123
Reserve for losses on construction contracts	50,753
Reserve for legal claims	2,167
Advance payments received on contracts	330,275
Others	197,965
<b>Total current liabilities</b>	<b>1,534,070</b>

**Long-term liabilities:**

Debentures	330,000
Long-term borrowings	684,989
Deferred income taxes	3,607
Reserve for retirement allowance	49,842
Reserve for treatment of PCB waste	7,007
Others	66,805
<b>Total long-term liabilities</b>	<b>1,142,251</b>

**TOTAL LIABILITIES****2,676,322****NET ASSETS****Stockholders' equity:**

Common stock	265,608
Capital surplus	203,939
Retained earnings	815,145
Treasury stock	(5,425)
<b>Total stockholders' equity</b>	<b>1,279,267</b>

**Accumulated other comprehensive income (loss) :**

Net unrealized gains on investment securities	25,579
Deferred losses on hedges	(467)
Foreign currency translation adjustments	(42,311)
<b>Total accumulated other comprehensive income (loss)</b>	<b>(17,199)</b>

**Share subscription rights****1,509****Minority interests****49,101****TOTAL NET ASSETS****1,312,678****TOTAL LIABILITIES AND NET ASSETS****3,989,001**

**CONSOLIDATED STATEMENTS OF INCOME(From April 1, 2010 to March 31, 2011)**  
(Millions of Yen)

<b>Net sales</b>	<b>2,903,770</b>
<b>Cost of sales</b>	<b>2,461,857</b>
<b>Gross profit</b>	<b>441,913</b>
<b>Selling, general and administrative expenses</b>	<b>340,693</b>
<b>Operating income</b>	<b>101,219</b>
<b>Non-operating income:</b>	
Interest income	4,029
Dividend income	3,499
Equity in earnings of unconsolidated subsidiaries and affiliates	6,804
Others	5,867
<b>Total non-operating income</b>	<b>20,201</b>
<b>Non-operating expenses:</b>	
Interest expense	22,471
Foreign exchange loss	14,556
Loss on disposal of fixed assets	5,882
Others	10,396
<b>Total non-operating expenses</b>	<b>53,307</b>
<b>Ordinary income</b>	<b>68,113</b>
<b>Extraordinary gain:</b>	
Gain on sales of fixed assets	10,870
Gain on sales of investment securities	4,972
<b>Total extraordinary gain</b>	<b>15,842</b>
<b>Extraordinary loss:</b>	
Business structure improvement expenses	22,684
Loss on disaster	10,240
Loss on revaluation of investment securities	9,519
Effect of the application of the accounting standard for asset retirement obligations	2,012
<b>Total extraordinary loss</b>	<b>44,456</b>
<b>Income before income taxes and minority interests</b>	<b>39,499</b>
Income taxes:	
Current	39,905
Deferred	(29,423)
<b>Income before minority interests</b>	<b>29,018</b>
Minority interests in loss after taxes	(1,099)
<b>Net income</b>	<b>30,117</b>

**(REFERENCE)**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(From April 1, 2010 to March 31, 2011)**

(Millions of Yen)

Cash flows from operating activities	337,805
Cash flows from investing activities	(137,248)
Cash flows from financing activities	(169,793)
Effect of exchange rate changes on cash and cash equivalents	(2,512)
Net increase(decrease) in cash and cash equivalents	28,251
Cash and cash equivalents at beginning of year	261,373
Cash and cash equivalents at end of year	288,868

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (1/2)****(From April 1, 2010 to March 31, 2011)****(Millions of Yen)**

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
<b>Balance as of March 31, 2010</b>	<b>265,608</b>	<b>203,938</b>	<b>800,199</b>	<b>(5,025)</b>	<b>1,264,721</b>
<b>Changes in the period</b>					
Cash dividends			(13,425)		(13,425)
Net income			30,117		30,117
Change of scope of consolidation			(1,763)		(1,763)
Change of scope of equity method			18		18
Purchase of treasury stock				(412)	(412)
Disposal of treasury stock		0		12	12
Net changes in items other than stockholders' equity					
<b>Total changes in the period</b>	<b>—</b>	<b>0</b>	<b>14,946</b>	<b>(400)</b>	<b>14,546</b>
<b>Balance as of March 31, 2011</b>	<b>265,608</b>	<b>203,939</b>	<b>815,145</b>	<b>(5,425)</b>	<b>1,279,267</b>

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (2/2)**
**(From April 1, 2010 to March 31, 2011)**

(Millions of Yen)

	Accumulated other comprehensive income (loss)				Share subscription rights	Minority interests	Total net assets
	Net unrealized gains on investment securities	Deferred losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income (loss)			
<b>Balance as of March 31, 2010</b>	<b>35,942</b>	<b>(721)</b>	<b>(21,894)</b>	<b>13,327</b>	<b>1,184</b>	<b>49,540</b>	<b>1,328,772</b>
<b>Changes in the period</b>							
Cash dividends							(13,425)
Net income							30,117
Change of scope of consolidation							(1,763)
Change of scope of equity method							18
Purchase of treasury stock							(412)
Disposal of treasury stock							12
Net changes in items other than stockholders' equity	(10,363)	254	(20,416)	(30,526)	324	(439)	(30,640)
<b>Total changes in the period</b>	<b>(10,363)</b>	<b>254</b>	<b>(20,416)</b>	<b>(30,526)</b>	<b>324</b>	<b>(439)</b>	<b>(16,093)</b>
<b>Balance as of March 31, 2011</b>	<b>25,579</b>	<b>(467)</b>	<b>(42,311)</b>	<b>(17,199)</b>	<b>1,509</b>	<b>49,101</b>	<b>1,312,678</b>

**NON-CONSOLIDATED BALANCE SHEET (As of March 31, 2011) (1/2)**

(Millions of Yen)

**ASSETS**
**Current assets:**

Cash and deposits	211,178
Trade notes receivable	4,465
Trade accounts receivable	697,221
Securities	6
Merchandise and finished products	88,412
Work in process	658,254
Raw materials and supplies	106,099
Advances to suppliers	62,572
Prepaid expenses	1,733
Deferred income taxes	124,623
Others	76,639
Allowance for doubtful receivables	(67)

**Total current assets** 2,031,139

**Fixed assets:**
**Property, plant and equipment:**

Buildings	241,362
Structures	25,146
Docks and facilities for shipbuilding	3,308
Machinery	194,371
Vessels	36
Aircraft	246
Vehicles and transportation equipment	2,402
Tools, equipment and furniture	29,044
Land	121,905
Leased assets	21,390
Construction in progress	29,437

**Subtotal** 668,652

**Intangible assets:**

Software	7,747
Right of using facilities	643
Leased assets	20
Others	226

**Subtotal** 8,637

**Investments and advances:**

Investment securities	151,441
Investments in shares of subsidiaries and affiliates	384,757
Investments in capital	27
Investments in capital of subsidiaries and affiliates	11,628
Long-term loans and advances	203
Long-term loans receivable from employees	57
Long-term loans receivable from subsidiaries and affiliates	26,208
Claims provable in bankruptcy, claims provable in rehabilitation and other	4,893
Long-term prepaid expense	44,693
Prepaid pension cost	94,501
Long-term receivables	6,842
Others	31,055
Allowance for doubtful accounts	(10,049)

**Subtotal** 746,263

**Total fixed assets** 1,423,553

**TOTAL ASSETS** 3,454,692

**NON-CONSOLIDATED BALANCE SHEET (As of March 31, 2011) (2/2)**

(Millions of Yen)

**LIABILITIES**
**Current liabilities:**

Trade accounts payable	522,518
Short-term borrowings	87,486
Current portion of long-term borrowings	204,038
Current portion of bonds	10,000
Lease obligations	1,538
Accrued payables	28,150
Accrued expenses	32,183
Accrued income taxes	15,026
Advance payments received on contracts	282,659
Deposits received	8,190
Unearned revenue	12
Reserve for product warranties	23,123
Reserve for losses on construction contracts	45,966
Reserve for legal claims	2,167
Asset retirement obligations	8
Others	2,640
<b>Total current liabilities</b>	<b>1,265,710</b>

**Long-term liabilities:**

Debentures	330,000
Long-term borrowings	654,648
Lease obligations	20,507
Deferred income taxes	11,455
Reserve for treatment of PCB waste	6,627
Asset retirement obligations	3,102
Others	34,292
<b>Total long-term liabilities</b>	<b>1,060,632</b>
<b>TOTAL LIABILITIES</b>	<b>2,326,343</b>

**NET ASSETS**
**Stockholders' equity:**

<b>Common stock</b>	<b>265,608</b>
<b>Capital surplus:</b>	
Capital reserve	203,536
Other capital reserve	85
<b>Total capital surplus</b>	<b>203,621</b>

**Retained earnings:**

Legal reserve	66,363
Revenue reserve:	
Reserve for reduction in costs of fixed assets	37,841
Reserve for accelerated depreciation	12
General reserves	460,000
Earned surplus brought forward	78,124
<b>Total revenue reserve</b>	<b>575,978</b>
<b>Total retained earnings</b>	<b>642,342</b>

**Treasury stock**

<b>Total stockholders' equity</b>	<b>1,106,153</b>
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**Valuation, translation adjustments and others:**

Net unrealized gains on investment securities	21,469
Deferred losses on hedges	(782)
<b>Total valuation, translation adjustments and others</b>	<b>20,686</b>

<b>Share subscription rights</b>	<b>1,509</b>
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<b>TOTAL NET ASSETS</b>	<b>1,128,348</b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,454,692</b>
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**NON-CONSOLIDATED STATEMENT OF INCOME**  
**(From April 1, 2010 to March 31, 2011)**

	(Millions of Yen)
<b>Net sales</b>	<b>2,188,508</b>
<b>Cost of sales</b>	<b>1,947,259</b>
<b>Gross profit</b>	<b>241,249</b>
<b>Selling, general and administrative expenses</b>	<b>178,584</b>
<b>Operating income</b>	<b>62,664</b>
<b>Non-operating income:</b>	
Interest income	2,297
Dividend income	14,276
Others	3,461
<b>Total non-operating income</b>	<b>20,035</b>
<b>Non-operating expenses:</b>	
Interest expense	14,967
Interest on debentures	4,605
Foreign exchange loss	13,134
Loss on disposal of fixed assets	5,200
Others	5,673
<b>Total non-operating expenses</b>	<b>43,580</b>
<b>Ordinary income</b>	<b>39,119</b>
<b>Extraordinary gain:</b>	
Gain on sales of fixed assets	9,667
Gain on sales of investment securities	2,637
<b>Total extraordinary gain</b>	<b>12,305</b>
<b>Extraordinary loss:</b>	
Business structure improvement expenses	20,645
Loss on revaluation of investment securities	17,632
Loss on disaster	8,104
Effect of the application of the accounting standard for asset retirement obligations	1,581
<b>Total extraordinary loss</b>	<b>47,963</b>
<b>Income before income taxes</b>	<b>3,461</b>
<b>Income taxes:</b>	
Current	15,065
Deferred	(22,243)
<b>Net income</b>	<b>10,639</b>

**NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (1/2)**  
**(From April 1, 2010 to March 31, 2011)**

(Millions of Yen)

	Stockholders' equity										
	Common stock	Capital surplus			Legal reserve	Retained earnings					
		Capital reserve	Other capital reserve	Total capital surplus		Revenue reserve					Total retained earnings
						Reserve for reduction in costs of fixed assets	Reserve for accelerated depreciation	General reserves	Earned surplus brought forward	Total revenue reserve	
<b>Balance as of March 31, 2010</b>	<b>265,608</b>	<b>203,536</b>	<b>84</b>	<b>203,621</b>	<b>66,363</b>	<b>34,614</b>	<b>541</b>	<b>460,000</b>	<b>83,608</b>	<b>578,764</b>	<b>645,128</b>
<b>Changes in the period</b>											
Provision of reserve for reduction in costs of fixed assets						5,211			(5,211)	-	-
Reversal of reserve for reduction in costs of fixed assets						(1,984)			1,984	-	-
Reversal of reserve for accelerated depreciation							(529)		529	-	-
Cash dividends									(13,425)	(13,425)	(13,425)
Net income									10,639	10,639	10,639
Purchase of treasury stock											
Disposal of treasury stock			0	0							
Net changes in items other than stockholders' equity											
<b>Total changes in the period</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>3,226</b>	<b>(529)</b>	<b>-</b>	<b>(5,483)</b>	<b>(2,785)</b>	<b>(2,785)</b>
<b>Balance as of March 31, 2011</b>	<b>265,608</b>	<b>203,536</b>	<b>85</b>	<b>203,621</b>	<b>66,363</b>	<b>37,841</b>	<b>12</b>	<b>460,000</b>	<b>78,124</b>	<b>575,978</b>	<b>642,342</b>

**NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (2/2)**  
**(From April 1, 2010 to March 31, 2011)**

(Millions of Yen)

	Stockholders' equity		Valuation, translation adjustments and others			Share subscription rights	Total net assets
	Treasury stock	Total stockholders' equity	Net unrealized gains on investment securities	Deferred losses on hedges	Total Valuation, translation adjustments and others		
<b>Balance as of March 31, 2010</b>	<b>(5,019)</b>	<b>1,109,338</b>	<b>32,431</b>	<b>(469)</b>	<b>31,961</b>	<b>1,184</b>	<b>1,142,484</b>
<b>Changes in the period</b>							
Provision of reserve for reduction in costs of fixed assets		-					-
Reversal of reserve for reduction in costs of fixed assets		-					-
Reversal of reserve for accelerated depreciation		-					-
Cash dividends		<b>(13,425)</b>					<b>(13,425)</b>
Net income		<b>10,639</b>					<b>10,639</b>
Purchase of treasury stock	(412)	<b>(412)</b>					<b>(412)</b>
Disposal of treasury stock	12	<b>12</b>					<b>12</b>
Net changes in items other than stockholders' equity			(10,962)	(312)	(11,275)	324	<b>(10,950)</b>
<b>Total changes in the period</b>	<b>(400)</b>	<b>(3,185)</b>	<b>(10,962)</b>	<b>(312)</b>	<b>(11,275)</b>	<b>324</b>	<b>(14,135)</b>
<b>Balance as of March 31, 2011</b>	<b>(5,419)</b>	<b>1,106,153</b>	<b>21,469</b>	<b>(782)</b>	<b>20,686</b>	<b>1,509</b>	<b>1,128,348</b>

## **Copy of the Accounting Auditors' Audit Report on Consolidated Financial Statements**

### **REPORT OF INDEPENDENT AUDITORS**

May 12, 2011

Mr. Hideaki Omiya

President

Mitsubishi Heavy Industries, Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner

Certified Public Accountant: Masayuki Ueda

Designated and Engagement Partner

Certified Public Accountant: Ichiro Ishii

Designated and Engagement Partner

Certified Public Accountant: Yoshiaki Morita

Pursuant to Article 444, Paragraph 4 of the Corporate Law, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Mitsubishi Heavy Industries, Ltd. (the "Company") applicable to the fiscal year from April 1, 2010 through March 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Mitsubishi Heavy Industries Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2011 in conformity with accounting principles generally accepted in Japan.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

## **Copy of the Accounting Auditors' Audit Report**

### **REPORT OF INDEPENDENT AUDITORS**

May 12, 2011

Mr. Hideaki Omiya  
President  
Mitsubishi Heavy Industries, Ltd.

Ernst & Young ShinNihon LLC  
Designated and Engagement Partner  
Certified Public Accountant: Masayuki Ueda  
Designated and Engagement Partner  
Certified Public Accountant: Ichiro Ishii  
Designated and Engagement Partner  
Certified Public Accountant: Yoshiaki Morita

Pursuant to Article 436, Paragraph 2, Item 1 of the Corporate Law, we have audited the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Mitsubishi Heavy Industries, Ltd. (the "Company") applicable to 2010 fiscal year from April 1, 2010 through March 31, 2011. These financial statements and the related supplementary schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the related supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Mitsubishi Heavy Industries, Ltd. applicable to 2010 fiscal year ended March 31, 2011 in conformity with accounting principles generally accepted in Japan.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

## **Copy of the Board of Statutory Auditors' Audit Report**

### **AUDIT REPORT**

The Board of Statutory Auditors of the Company, based on audit reports prepared by each Statutory Auditor on Directors' execution of duties in the 2010 fiscal year, from April 1, 2010, to March 31, 2011, has prepared this audit report upon deliberation and hereby reports as follows:

#### **I. Method and Details of Audit by Statutory Auditors and Board of Statutory Auditors**

1. The Board of Statutory Auditors determined audit policies, audit plans, and other matters, received reports from each Statutory Auditor on the status of audits and their results, received reports on the status of executing duties from Directors and Accounting Auditors, and requested explanations when necessary.
2. Statutory Auditors, based on the audit plan established by the Board of Statutory Auditors, sought to facilitate communications with Directors, the internal auditing department, and employees, worked to collect information and develop a proper environment for carrying out audits, attended meetings of the Board of Directors and other important meetings, received reports on the status of executing duties from Directors and employees, requested explanations when necessary, examined important documents, and investigated the activities and state of properties at the head office, laboratories, offices, manufacturing facilities, etc. of the Company.
3. Statutory Auditors monitored and examined the contents of a resolution of the Board of Directors on establishing systems to ensure that Directors' execution of duties comply with laws and orders and with the Company's Articles of Incorporation, as well as systems prescribed by Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Corporate Law as necessary to ensure that the operations of a joint-stock company are conducted appropriately. Statutory Auditors also monitored and examined the status of systems (internal control systems) established in accordance with this resolution. Regarding internal controls concerning financial reporting under the Financial Instruments and Exchange Act, Statutory Auditors received evaluations on the concerned internal control systems and reports on audit conditions from the Directors and from Ernst & Young ShinNihon LLC, and sought explanations as necessary.
4. Statutory Auditors sought to facilitate communication and exchange information with directors and statutory auditors of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses.

Based on the foregoing procedures, Statutory Auditors reviewed the Business Report and the related supplementary schedules for the fiscal year under review.

5. Statutory Auditors monitored and examined whether the Accounting Auditors maintained its independence and carried out its audits in an appropriate manner, received reports from the Accounting Auditors on the status of executing its duties and, when necessary, accompanied the audits of the Accounting Auditors and requested explanations.
6. Statutory Auditors received a notification from the Accounting Auditors that it is taking steps to improve the “system for ensuring appropriate execution of duties” (matters specified in the items under Article 131 of Corporate Accounting Rules) in accordance with the “Quality Control Standards Relating to Auditing” (Business Accounting Deliberation Council) and other standards, and requested explanations when necessary.

Based on the foregoing procedures, Statutory Auditors reviewed the financial statements for the fiscal year under review (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to the financial statements) and the related supplementary schedules as well as consolidated financial statements for the same fiscal year (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and consolidated notes to the financial statements).

## II. Results of audit:

### 1. Result of auditing the Business Report

We are of the opinion that:

- (1) the Business Report and its the related supplementary schedules fairly represents the state of the Company in accordance with the laws, regulations and the Articles of Incorporation;
- (2) in connection with the performance by Directors of their duties, no dishonest act or fact of violation of laws, regulations or the Articles of Incorporation exists; and
- (3) the contents of the resolution of the Board of Directors on internal control systems are appropriate. Furthermore, there are no items requiring attention pertaining to Directors’ execution of duties as they relate to internal control systems, including internal control systems concerning financial reporting.

### 2. Result of auditing the financial statements and it the related supplementary schedules

The method and results of the audit made by the Accounting Auditors, Ernst & Young ShinNihon LLC are proper.

### 3. Result of auditing the consolidated financial statements

The method and results of the audit made by the Accounting Auditors, Ernst & Young ShinNihon LLC are proper.

(Notes) Messrs. Toyoshi Nakano, Kichisaburo Nomura and Nobuo Kuroyanagi are Outside Statutory Auditors as defined in Article 2, Item 16 and Article 335, Paragraph 3 of the Corporate Law.

May 16, 2011

Board of Statutory Auditors  
Mitsubishi Heavy Industries, Ltd.

Koshin Nakamoto (seal)  
Full-time Statutory Auditor

Naoki Yasaka (seal)  
Full-time Statutory Auditor

Toyoshi Nakano (seal)  
Statutory Auditor

Kichisaburo Nomura (seal)  
Statutory Auditor

Nobuo Kuroyanagi (seal)  
Statutory Auditor