(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.

THE 86TH

ORDINARY GENERAL MEETING OF SHAREHOLDERS

THE INFORMATION DISCLOSED ON THE WEBSITE

2010 FISCAL YEAR (from April 1, 2010 to March 31, 2011)

① NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

② NOTES TO THE FINANCIAL STATEMENTS

Mitsubishi Heavy Industries, Ltd.

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

Notes to the Consolidated Financial Statements

Significant Accounting Policies and Essential Facts in Preparing Consolidated Financial Statements

1. Scope of consolidation
   (1) Number of consolidated subsidiaries: 234
   Principal consolidated subsidiaries are described in "OVERVIEW OF MHI GROUP 10. OUTLINE OF MAIN SUBSIDIARIES" of the business report.
   In this fiscal year, 13 companies have been added to the scope of consolidation; nine are newly formed companies, two are due to equity acquisition; two are recategorized from non-consolidated subsidiaries not accounted for by the equity method with a view to enriching the consolidated financial information of the MHI Group. 16 companies have been excluded from the scope of consolidation; six are due to mergers among consolidated subsidiaries; five are due to liquidation; five are due to the transfer of the equities to third parties.

   (2) Principal non-consolidated subsidiaries:
   RYOYO ENGINEERING CO., LTD., etc (Total: 11 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)

   Affiliated companies accounted for by the equity method:
   MITSUBISHI MOTORS CORPORATION, etc (Total: 35 companies)
   In this fiscal year, two companies are added to the scope of equity method application; one is a newly formed company and the other is due to equity acquisition. One company has been excluded from the scope of equity method application due to the decline in the percentage of the holding caused by a third-party allocation of its new shares.

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

   Non-consolidated subsidiaries not accounted for by the equity method:
   DIA KIKOU K.K., etc (Total: eight 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 a 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.

(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.

7. Other essential facts in preparing consolidated financial statements

Accounting treatment of 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

Assets and liabilities of consolidated subsidiaries including the portion attributable to minority shareholders are recognized at fair value for consolidation purpose when the MHI Group acquires the control.

9. Changes in other significant accounting policies or essential facts in preparing consolidated financial statements

(1) Application of the accounting standards for asset retirement obligations

From this fiscal year, the MHI Group applies the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, issued on March 31, 2008).

Owing to this change, operating income and ordinary income for the current fiscal year decreased by 505 million yen; income before income taxes and minority interests for the current fiscal year decreased by 2,517 million yen.

The amount of asset retirement obligations recognized when starting the application of the accounting standards was 3,400 million yen.

(2) Changes in the presentation/classification of line items

Owing to the enforcement of the "Ministerial Ordinance to Amend Part of the Ordinance for Enforcement of the Corporate Law, the Ordinance on Accounting of Companies and other relevant regulations" (Ministry of Justice Ordinance No.7 of 2009, issued on March 27, 2009), the line item "income before minority interests" appears from this fiscal year.

Notes to the Consolidated Balance Sheet

1. Pledged assets and related liabilities
   (1) Assets pledged as collateral

Property, plant and equipment:	¥	14,925 million
Trade receivables:	¥	1,263 million
Others:	¥	386 million
Total:	¥	16,574 million

   (2) Liabilities related to the assets pledged as collateral

Short-term borrowings:	¥	10,276 million
Long-term borrowings:	¥	7,123 million
Total:	¥	17,400 million

2. Accumulated depreciation
   Accumulated depreciation of tangible fixed assets: ¥ 1,720,375 million

3. Contingent liabilities
   (1) Guarantee obligations on such debts as borrowings from financial institutions by companies outside the MHI Group

Employees (Residence fund loan, etc):	¥	38,939 million
Others:	¥	33,603 million
Total:	¥	72,543 million

   (2) Unsettled balances of notes receivable discounted or endorsed

Notes receivable discounted:	¥	324 million
Notes receivable endorsed:	¥	248 million

Notes to the Consolidated Statement of Income

1. Business structure improvement expenses
   Business structure improvement expenses are comprised mainly of business reorganization expenses.

2. Loss on disaster
   Loss on disaster is comprised mainly of restoration expenses concerning the Great East Japan Earthquake.

Notes to the 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 24th, 2010 Ordinary General Meeting of Shareholders	Common Stock	¥ 6,712 million	¥ 2	Mar 31st, 2010	Jun 25th, 2010
Oct 29th, 2010 Board of Directors	Common Stock	¥ 6,712 million	¥ 2	Sep 30th, 2010	Dec 3rd, 2010

   (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 23rd, 2011 Ordinary General Meeting of Shareholders	Common Stock	¥ 6,710 million	Retained Earnings	¥ 2	Mar 31st, 2011	Jun 24th, 2011

Note: At the ordinary general meeting of shareholders on Jun 23rd, 2011, the above resolution is scheduled.

3. Type and number of shares subject to the share subscription rights
   Common stock 4,182,000 shares

Notes on 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, 2011 are shown in the following table. The ones whose fair values are extremely difficult to determine are excluded from the following table. (See Note 2 below the table.)

(Unit: million yen)

	Consolidated Balance Sheet Amount (*)	Fair Value (*)	Variance
(1) Cash and deposits	301,047	301,047	—
(2) Trade receivables	852,645	852,645	—
(3) Securities and investment securities	168,795	240,080	71,284
(4) Trade payables	(619,107)	(619,107)	—
(5) Short-term borrowings	(85,488)	(85,488)	—
(6) Debentures	(344,074)	(352,480)	(8,405)
(7) Long-term borrowings	(896,104)	(919,911)	(23,806)
(8) Derivatives (*)			
・to which hedge accounting is not applied	(378)	(378)	—
・to which hedge accounting is applied	(1,242)	(1,242)	—

(*) 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 152,498 million yen) are excluded from the above table because it is extremely difficult to determine their fair values; they do not have market prices and reliable estimation by alternative methods is not available due to the impossibility of estimating their future cash flows or other difficulties.

Per share Information

Book value per share	¥ 376.17
Net income per share	¥ 8.97

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 a 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.

(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.

5. Other essential facts in preparing financial statements

Accounting treatment of consumption tax

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

6. Changes in significant accounting policies

Application of the accounting standards for asset retirement obligations

From this fiscal year, MHI applies the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, issued on March 31, 2008).

Owing to this change, operating income and ordinary income for the current fiscal year decreased by 264 million yen and income before income taxes for the current fiscal year decreased by 1,845 million yen.

The amount of asset retirement obligations recognized when starting the application of the accounting standards was 2,711 million yen.

Notes to the Balance Sheet

1. Accumulated depreciation

Accumulated depreciation of tangible fixed assets:	¥	1,472,771 million

2. Contingent liabilities

Guarantee obligations on such debts as borrowings from financial institutions

Employees (Residence fund loan, etc):	¥	38,009 million
Mitsubishi Caterpillar Forklift Europe B.V.:	¥	10,916 million
Others:	¥	48,016 million
Total:	¥	96,943 million

3. Monetary receivables from / payables to affiliated companies

Short-term monetary receivables:	¥	214,326 million
Long-term monetary receivables:	¥	35,036 million
Short-term monetary payables:	¥	149,535 million
Long-term monetary payables:	¥	19,891 million

Notes to the Statement of Income

1. Transactions with subsidiaries and affiliated companies

Sales:	¥	376,517 million
Purchases:	¥	353,380 million
Transactions other than operating transactions:	¥	12,255 million

2. Business structure improvement expenses

Business structure improvement expenses are comprised mainly of business reorganization expenses.

3. Loss on disaster

Loss on disaster is comprised mainly of restoration expenses concerning the Great East Japan Earthquake.

Notes to the Statement of Changes in Net Assets

The number of treasury stock

Common stock	18,485,372 shares

Notes on Tax Effect Accounting

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

Per share Information

Book value per share	¥	335.85
Net income per share	¥	3.17