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**ATTACHMENT TO THE NOTICE OF THE
90TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**BUSINESS REPORT FOR THE 2014 FISCAL YEAR
(April 1, 2014 to March 31, 2015)**

OVERVIEW OF MITSUBISHI HEAVY INDUSTRIES, LTD. (MHI) GROUP

1 REVIEW AND THE RESULTS OF BUSINESS ACTIVITIES

(1) OVERVIEW

The global economy in FY2014 saw a modest recovery supported by the steady economic recovery in the United States as well as the signs of bottoming out of recession in Europe, despite some weakness such as China's slowing pace on economy. The Japanese economy also experienced improvements in corporate earnings supported by the continuation of the weaker yen environment and declining crude oil prices as well as the effect of various policies of the government despite the reaction to the last minute surge in demand before the consumption tax rate was raised in April 2014.

■ Orders, Sales and Profits/Losses

In this operating environment, MHI recorded a decrease in orders for Integrated Defense & Space Systems, while recording increases in orders for Commercial Aviation & Transportation Systems and other segments. As a result, the total value of consolidated orders received in FY2014 increased 37.4% from FY2013 to ¥ 4,699.1billion.

Overall consolidated net sales increased 19.2% from FY2013 to ¥3,992.1 billion due to favorable growth in sales of Energy & Environment, Machinery, Equipment & Infrastructure and other segments.

Overall profit also increased particularly in Energy & Environment and Machinery, Equipment & Infrastructure. As a result, operating income and ordinary income increased by ¥90billion and ¥91.6billion from FY2013 to ¥296.1 billion and ¥274.7 billion, respectively.

In addition, while gain on changes in equity interests, gain on return of assets from retirement benefits trust and others were recorded as extraordinary gain, provision for loss on passenger vessel construction business reserve and others were recorded under extraordinary loss. The passenger vessel construction project was affected by a

reviewing the basic design and other matters such as repeated design delays, and in response MHI further reinforced the project execution structure for the project and addressed the matters that had arisen. Consequently, MHI came to expect that the amount of expected future loss would exceed the amount of the provision recorded as provisions in FY2013, and this led to the recording of extraordinary loss in FY2014. Net income was down ¥50.0 billion from FY2013 at ¥110.4 billion due to factors explained above as well as an increase in tax expense, and other factors.

■ MHI Group Initiatives in FY2014

FY2014 marked the final year of the “2012 Medium-Term Business Plan” MHI launched in April 2012. Under this plan, MHI set the following five key business strategies to become a highly profitable enterprise with the business scale of ¥5 trillion: “consolidating and restructuring business headquarters into four Domains, to realize greater strengths and synergies”, “accelerating global expansion”, “managing business portfolio based on strategic evaluations”, “instituting corporate reforms and efficiency improvements (optimizing the use of shared resources)”, and “continuing innovations in corporate governance and business execution”. As the final effort to complete the Business Plan, MHI has been vigorously pushing ahead with various measures as part of continued implementation of these strategies.

- Consolidating and restructuring business headquarters into four Domains, to realize greater strengths and synergies

MHI established Machinery, Equipment & Infrastructure in April 2014 and completed the transfer from the old business headquarters structure to the business domain structure (four business Domains including Energy & Environment, Commercial Aviation & Transportation Systems, and Integrated Defense & Space Systems). By consolidating and restructuring business executing units more broadly from the perspective of common grounds, such as markets, customers, core technologies and strategies, this structure enables each Domain to use management resources more flexibly and deploy them in growth areas on a timely basis. In addition, aiming to create synergy between Domains, MHI set up the Distributed Power Business Development Department in July 2014 to oversee the business relating to small and medium-size power systems and equipment that extends over multiple Domains. This is an example of our efforts to enhance the comprehensive capabilities and synergy effects of the entire MHI Group, thereby enabling MHI to respond to a wider spectrum of market needs.

- Accelerating global expansion

The MHI Group has worked to enhance its capability to accelerate overseas business expansion in order to achieve further growth as a global enterprise that can compete with conglomerates around the world. In addition, MHI continued from the previous year to promote M&A and alliances with other companies and actively implemented other measures to secure synergy effects of the business integration (post-merger-integration).

In the domain of Energy & Environment, as part of measures to realize and secure

the effect of the business integration of Mitsubishi Hitachi Power Systems, Ltd. sooner, the company merged in an absorption-type merger in October 2014 with Babcock-Hitachi K.K., its subsidiary dealing with boilers and environmental systems, which are the core products in the thermal power generation systems.

In the domain of Commercial Aviation & Transportation Systems, after splitting its related businesses, MHI established Mitsubishi Heavy Industries Aero Engines, Ltd. jointly with IHI Corporation and Development Bank of Japan Inc. in order to strengthen our competitiveness in the commercial aero engine market, which is expected to grow significantly going forward. With this, MHI will strive to strengthen its production capacity as well as its financial foundation by the introduction of external funds, seeking to secure a firm presence in the field of international joint development.

In the domain of Machinery, Equipment & Infrastructure, in order to accelerate global expansion through the expansion of the product line-up and the mutual complement of technological and service capabilities in the steel and metal production machinery business, a joint venture Primetals Technologies, Limited (headquartered in the United Kingdom) commenced its operation following the integration of steel and metal production machinery business owned by Mitsubishi-Hitachi Metals Machinery, Inc., a subsidiary of MHI, and Siemens AG (Germany) in January 2015.

In addition to the above, in terms of corporate functions, MHI worked to improve the common business system (Global Platforms) for the entire MHI Group including overseas group companies as one of the measures to strengthen global expansion and group management. More specifically, this included efforts to optimize procurement cost through the visualization of expenditure information of the Group in the area of procurement. In the area of human resource management, MHI pushed ahead with the preparation of human resource profiles within the Group and the improvement of the program for the development of workers who can function effectively in a global setting.

- Managing the business portfolio based on strategic business evaluation

MHI promoted the selection and focus in its business portfolio through the steady implementation of portfolio management within the MHI Group under the strategic business evaluation system. More specifically, MHI decided the new structural reform policy for the commercial ship business in February 2015 including the establishment of spin-off companies by splitting the part of commercial vessel business at Nagasaki and the shift to a more focused product line-up. MHI also worked to strengthen its financial foundation to prepare for various risks anticipated to arise as we expand business in the global market with the improvement of capital efficiency and profitability and the generation of cash flows at each Strategic Business Unit through portfolio management.

- Instituting corporate reforms and efficiency improvements (optimizing the use of shared resources)

As part of reform efforts to optimize the use of common resources within MHI, MHI established the Business Strategy Office under the direct supervision of President

and CEO in April 2014, thereby enhancing the MHI Group's capability to formulate and implement management strategies. In April 2015, MHI consolidated general affairs, legal, and personnel functions, which had existed in various domestic locations of the Company, into an organization of the Head Office to implement a centralized operation system for more sophisticated and efficient Domain support and administrative operations.

With regard to research, MHI consolidated existing five Research & Development Centers (Nagasaki, Takasago, Hiroshima, Yokohama and Nagoya) and established a new comprehensive Research & Innovation Center in April 2015. In this way, MHI has put in place a cross-functional system that eliminates duplicate administrations and realizes more efficient operation of facilities, thereby enabling more flexible and agile Domain support such as product and new technology development. With regard to manufacturing functions, in April 2015, MHI consolidated its casting plants in Nagasaki and Hiroshima into the Futami Plant of Kobe Shipyard & Machinery Works to strengthen skills transfer, technological development, and QCD (i.e., quality, cost, delivery management). MHI also created a competitive production system by fixed cost reduction and the effective use of human and facility resources.

- Managing innovations in corporate governance and business execution

MHI introduced a chief officer system in April 2014 as part of corporate governance reform. Under this system, CEO delegates part of its authority and responsibilities to various chief officers who report to CEO to put in place a nimble organizational operation system. Moreover, in order to create an efficient, transparent and reliable management system that fits the need for business expansion in the global market and profitability improvement, MHI drastically reduced the size of the Board of Directors while increasing the ratio of Outside Directors to 25% of the total number of the board members in order to strengthen the supervisory function of the Board of Directors.

(2) REVIEW OF BUSINESS SEGMENTS

Energy & Environment

Amidst the continuing restructuring among major heavy electric machinery manufacturers and the ever-intensifying global competition for thermal power generation plants, MHI received a series of orders for J-series gas turbines with the high level of thermal efficiency in the United States and South Korea, as well as winning orders for the design work of state-of-the-art integrated coal gasification combined cycle (IGCC) facilities and for a lignite-fired ultra-supercritical-pressure thermal power unit. As for chemical plants, MHI received orders for a fertilizer plant in Turkmenistan and one of the world's largest CO₂ recovery plants in the United States. As a result, the total value of consolidated orders received increased from FY2013 to ¥1,923.6 billion.

Consolidated net sales increased from FY2013 to ¥1,599.5 billion, supported by, among other factors, the effect of consolidating the businesses of thermal power generation systems, etc. Operating income increased from FY2013 to ¥162.6 billion, due mainly to an increase in sales as a result of the business consolidation and the profitability improvement achieved through the growth of the after-sales service business.

Commercial Aviation & Transportation Systems

In Transportation Systems, which is supported by stable demand particularly in overseas markets, MHI received orders for the first subway system in Qatar (Doha Metro project) and an Automated People Mover (APM) system for an airport in the United States. In the commercial aircraft-related business, orders increased for B787 wing boxes, etc., in addition to new orders for 58 aircrafts in the Regional Jet (MRJ), which is expected to become a core business of MHI in the future. Orders also increased for LNG and LPG carriers the demand for which is increasing against the backdrop of shale gas revolution. As a result, the total value of consolidated orders received increased from FY2013 to ¥999.2 billion.

Consolidated net sales increased from FY2013 to ¥529.5 billion due to favorable growth in sales of the commercial aircraft-related business and the commercial ship business. Operating income increased from FY2013 to ¥23.4 billion, due mainly to an increase in sales of the commercial aircraft-related business and the effect of the weaker yen, despite an increase in MRJ-related research and development investments.

Integrated Defense & Space Systems

In the space systems-related business, MHI actively solicited orders leveraging the world-highest-class success rate of H-II A/B rocket launches as its strength, and as a result won an order for the launch service from an overseas customer, which was the third order received for the same service in total. However, orders received decreased from FY2013, during which the scale of orders received was large in comparison to past years. Orders also decreased in the defense-related business for items such as defense aircraft and naval ship, for which MHI received large orders in FY2013. As a result of the above, the total value of consolidated orders received decreased from FY2013 to ¥417.4 billion.

Consolidated net sales increased from FY2013 to ¥483.9 billion as space systems-related sales increased due to five launches of H-II A rockets during the year, which were more launches than in the average year. Operating income increased from FY2013 to ¥28.5 billion due to an increase in sales, etc.

Machinery, Equipment & Infrastructure

In addition to an increase in orders for steel and metal production machinery as a result of the business integration with Siemens AG (Germany) in January 2015, orders for forklift trucks increased due to the effects of a business integration carried out in the previous fiscal year. Orders for turbochargers and air-conditioners also increased due to the tightening of environmental regulations and the enhancement of the distribution network in overseas markets. The effect of the change in the fiscal year-end of overseas group companies was also a contributing factor, and as a result, the total value of consolidated orders received increased from FY2013 to ¥1,304.6 billion.

Consolidated net sales increased from FY2013 to ¥1,319.5 billion, due to an increase in sales from turbochargers, air-conditioners, and forklift trucks. Operating income increased from FY2013 to ¥84.1 billion due mainly to the improved profitability of compressors in addition to the increase in sales.

Others

Although the total value of consolidated orders received increased from FY2013 to ¥190.8 billion, consolidated net sales and operating income decreased from FY2013 to ¥182.8 billion, and ¥13.8 billion, respectively.

2 KEY ISSUES FOR THE MHI GROUP

■ Business Environment

The global economy as a whole is expected to see moderate recovery owing to steady economic recovery in the United States supported by an improvement in the employment and income environment as well as the expected continuation of stable growth in Asia such as China and ASEAN countries, although there remain some concerns such as the effect of the monetary policy in the United States, apprehensions of deflation in Europe, and economic downturn in resource-rich countries such as Russia due to collapse in resource prices. The Japanese economy is also expected to continue its recovery trend supported by a continued improvement in the employment and income environment, in turn, by improvements in corporate earnings on the back of the weaker yen and resulting capital investment, the effect of decline in crude oil prices, and the effect of various policies of the government including its growth strategy.

However, MHI expects to continue facing tough business environment as competition with large Japanese and foreign enterprises is likely to intensify further in most markets relating to the MHI Group.

■ MHI Strategies (2015 Medium-Term Business Plan)

Based on this recognition, the MHI Group has started to implement the “2015 Medium-Term Business Plan” whose first year is FY2015 with the following target corporate image: “A global group with the vision to mold an innovative and agile organization that leverages our dedication to technological advancement and engineering excellence in order to deliver solid growth amid constant changes and make a lasting difference in the communities we serve”. The new plan continues and develops the initiatives under the “2012 Medium-Term Business Plan” and has adopted “Enhancement of global competitiveness through accelerated business expansion,” “Strengthening the finances and pursuing high profitability” and “Promoting global-standard corporate governance and management processes” as the basic policies to realize the target corporate image. Under this business plan, the Group will steadily implement various strategies and measures.

● Enhancement of global competitiveness through accelerated business expansion

In order to realize a business scale with which the MHI Group can survive global competition, MHI will clarify the roles and goals of each Domain and implement strategies to ensure that they can be achieved.

In the Energy & Environment and Machinery, Equipment & Infrastructure domains, Mitsubishi Hitachi Power Systems, Ltd. and Primetals Technologies, Limited will accelerate integration by business consolidation to create further synergy effect, while strengthening technologies in the areas where MHI has competitive advantages such as gas turbines. MHI will also strengthen its engineering capability and then expand the areas of its application to other business domains through the establishment of an organization that functions across four Domains and other means. Aiming at business expansion, MHI will also establish a cross-Domain organization in the areas of oil and gas where the market size is large and is expected to grow, thereby promoting aggressive business expansion through the creation of synergy

between Domains.

In the Commercial Aviation & Transportation Systems domain, the MHI Group is currently making all-out efforts on the Regional Jet (MRJ) business and MHI will ensure that the business will be executed steadily, thereby expanding the commercial aircraft business, which MHI regards as a business with a future growth potential.

With regard to the technological base that supports the products of the MHI Group, MHI will take such measures as concentration of management resources on priority technological development areas, the creation of research and development excellence based on the utilization of resources on a global basis, and the enhancement of marketing capabilities, while striving to strengthen its production capabilities, which are the foundation of the Group.

- Strengthening the finances and pursuing high profitability

In order to expand its business scale in the global market and achieve growth, the MHI Group is expected to face various risks during the process and needs to establish a robust financial foundation that enables it to respond to such risks effectively on a timely basis. To this end, in addition to the creation of a business portfolio with a high growth potential and profitability based on strategic business evaluation system and the early realization of an optimal product mix, MHI will realize even higher profitability that will lead to a stronger financial foundation and business expansion by improving group-wide risk response capability. As additional measures to strengthen its financial foundation, MHI will also promote effective group-wide utilization of assets and cash flow improvements through reduction of working capital on an ongoing basis. Furthermore, with regard to corporate departments, MHI will strategically develop human resources that can adapt to the globalization of business to realize further sophistication and efficiency improvement of business processes as these departments are the foundation that supports the Company. At the same time, MHI will also strive to optimize the group-wide common expenses by expanding the scope of business processes that may be subject to outsourcing targeting standardized and routine processes.

- Promoting global-standard corporate governance and management processes

MHI will take measures to strengthen its business foundation in order to improve efficiency in the global management system. MHI will continue to work on the ongoing innovation of management techniques by, for example, clearly defining the responsibilities of Directors, chief officers, and Senior Vice Presidents and establishing and refining decision-making processes and judgment criteria in order to establish a corporate governance system that is appropriate for a global enterprise.

MHI Group will strive to survive the global competition as it will continue to regard compliance and corporate social responsibility (CSR) as highest-priority management issues and establish an efficient global management system that embraces both diversity and harmony. At the same time, MHI is determined to contribute to the sustainable development of society through the “manufacturing” by actively dealing with any challenges that we might face. MHI appreciates the continued understanding and support of its shareholders.

3 OPERATING RESULTS AND FINANCIAL CONDITIONS

(Millions of Yen except for per Share Data)

Item	FY2011	FY2012	FY2013	FY2014
Orders Received	3,188,834	3,032,259	3,420,083	4,699,119
Net Sales	2,820,932	2,817,893	3,349,598	3,992,110
Operating Income	111,961	163,520	206,118	296,140
Ordinary Income	86,182	149,028	183,159	274,787
Net Income	24,540	97,330	160,428	110,412
Net Income per Share (Yen)	7.31	29.01	47.81	32.90
Total Assets	3,963,987	3,935,119	4,886,035	5,520,357
Net Assets	1,306,366	1,430,225	1,774,223	2,120,014
Net Assets per Share (Yen)	374.08	410.90	459.99	530.65

Orders Received and Net Sales by Segment

(Millions of Yen)

Segment	FY2011		FY2012	
	Orders Received	Net Sales	Orders Received	Net Sales
Shipbuilding & Ocean Development	262,055	311,678	255,471	225,844
Power Systems	1,235,201	955,348	895,307	988,756
Machinery & Steel Infrastructure Systems	508,204	428,839	471,960	482,557
Aerospace Systems	547,841	495,991	803,377	485,834
General Machinery & Special Vehicles	386,088	381,717	385,125	389,105
Others	293,970	294,477	336,613	345,780
Inter-Segment Eliminations	(44,526)	(47,120)	(115,596)	(99,985)
Total	3,188,834	2,820,932	3,032,259	2,817,893

(Millions of Yen)

Segment	FY2012		FY2013		FY2014	
	Orders Received	Net Sales	Orders Received	Net Sales	Orders Received	Net Sales
Energy & Environment	937,691	1,042,139	1,339,296	1,253,988	1,923,633	1,599,527
Commercial Aviation & Transportation Systems	755,843	393,143	360,346	463,671	999,266	529,598
Integrated Defense & Space Systems	405,925	391,694	547,369	469,463	417,424	483,964
Machinery, Equipment & Infrastructure	877,125	925,296	1,106,534	1,096,333	1,304,646	1,319,552
Others	171,269	170,099	183,507	185,056	190,870	182,836
Inter-Segment Eliminations	(115,596)	(104,479)	(116,971)	(118,913)	(136,722)	(123,368)
Total	3,032,259	2,817,893	3,420,083	3,349,598	4,699,119	3,992,110

(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. The segment categories have been changed to Energy & Environment; Commercial Aviation & Transportation Systems; Integrated Defense & Space Systems; Machinery, Equipment & Infrastructure; and Others beginning FY2013. In line with this change, for orders received and net sales by segment, the upper table presents the orders received and net sales for FY2011 and FY2012 using the former segment categories, and the lower table presents those for FY2012 through FY2014 using the new segment categories.

4 FINANCING CONDITIONS

(Millions of Yen)

Item	Change from the End of FY2013 (Figures in parentheses denote decrease)	Outstanding Balance at the End of FY2014
Short-term and Long-term borrowings	(76,900)	635,588
Commercial Papers	95,000	95,000
Bonds	—	245,000
Total	18,099	975,588

5 MAIN BANK LOANS

(Millions of Yen)

Lender	Loans Outstanding at the End of FY2014
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	163,583
Mitsubishi UFJ Trust and Banking Corporation	66,673
Meiji Yasuda Life Insurance Company	65,214
Mizuho Bank, Ltd.	47,570
Nippon Life Insurance Company	47,190
Sumitomo Mitsui Banking Corporation	44,264
Sumitomo Mitsui Trust Bank, Limited	31,894
The Dai-ichi Life Insurance Company, Limited	30,000
Development Bank of Japan Inc.	27,647
Sumitomo Life Insurance Company	20,000

6 CAPITAL INVESTMENT

Capital investment during FY2014 amounted to ¥148,929 million. The main purposes of the investments were to strengthen technological capabilities, to improve the ability to be competitive and to enhance MHI's capabilities in the fields where MHI aims to aggressively expand its businesses in the future.

Capital Investment by Business Segment

(Millions of Yen)

Segment	Amount	Main Items
Energy & Environment	42,080	Expansion of production facilities for gas turbines
Commercial Aviation & Transportation Systems	26,745	Expansion of production facilities for commercial aircrafts
Integrated Defense & Space Systems	23,499	Expansion of production facilities for defense aircrafts
Machinery, Equipment & Infrastructure	47,888	Expansion of production facilities for turbochargers and compressors
Others & Common	8,715	—
Total	148,929	

7 MAIN BUSINESSES

Segment	Main Business
Energy & Environment	Manufacture, installation, sale and service of boilers, steam turbines, gas turbines, diesel engines, pumps, wind turbines, nuclear power equipments, selective catalytic reduction systems, flue gas desulfurization plants, marine machinery, desalination plants, petrochemical plants and various other chemical plants and oil and gas production plants, etc.
Commercial Aviation & Transportation Systems	Manufacture, installation, sale and service of cruise ships, LNG carriers, LPG carriers, car ferries, special-purpose vessels, car carriers, tankers, container carriers and various other ships, marine structures, commercial aircrafts, structural parts and components of commercial aircraft, commercial aircraft engine components and transportation systems, etc.
Integrated Defense & Space Systems	Manufacture, installation, sale and service of naval ships, fighter jets, helicopters, structural parts and components of defense aircraft, defense aircraft engine components, missiles, torpedoes, space systems and special vehicles, etc.
Machinery, Equipment & Infrastructure	Manufacture, installation, sale and service of waste to energy plants, material handling machines, steel and metal production machinery, compressors, steel bridges, cranes, stacks, flue gas treatment plants, vertical parking garages, culture, sports and leisure-related facilities, plastic processing machinery, food production machinery, packaging machinery, printing machinery, paper converting machinery, medical systems, particle accelerator, forklift trucks, engines, turbochargers, agricultural machinery, tractors, residential use air-conditioners, commercial use air-conditioners, automotive thermal systems and various other air-conditioners, refrigeration units, power transmissions and machine tools, etc.
Others	Sale, purchase and lease of real property, information service and leasing.

8 EMPLOYEES

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

(Persons)

Segment	Number of Employees
Energy & Environment	26,855
Commercial Aviation & Transportation Systems	7,129
Integrated Defense & Space Systems	6,022
Machinery, Equipment & Infrastructure	33,277
Others & Common	8,562
Total	81,845

(Notes)

The number of employees above does 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 the other companies, or employees of non-consolidated subsidiaries.

(2) EMPLOYEES OF MHI

Number of Employees	Change from FY2013	Average Age	Average Number of Years of Service
21,117 persons	decrease of 1,030 employees	38.9 years old	16.3 years

(Notes)

The number of employees above does not include Senior Vice Presidents, temporary employees (employees who were re-employed following compulsory retirement, temporary contract employees, part-time employees, etc.), or secondees assigned to subsidiaries and the other companies.

9 MAIN OFFICES & MANUFACTURING FACILITIES

Head Office	Minato-ku, Tokyo
Research & Development Centers	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)
Offices	Kansai Office (Osaka City), Kyushu Office (Fukuoka City), Hokkaido Office (Sapporo City), Shikoku Office (Takamatsu City)
Works, Plant, and Center	Nagasaki Shipyard & Machinery Works (Nagasaki City), Shimonoseki Shipyard & Machinery Works (Shimonoseki City, Yamaguchi Prefecture), Hiroshima Machinery Works (Hiroshima City), Mihara Machinery Works (Mihara City, Hiroshima Prefecture), Kobe Shipyard & Machinery Works (Kobe City), Takasago Machinery Works (Takasago City, Hyogo Prefecture), Nagoya Aerospace Systems Works (Nagoya City), Nagoya Guidance & Propulsion Systems Works (Komaki City, Aichi Prefecture), Iwatsuka Plant (Nagoya City), Yokohama Dockyard & Machinery Works (Yokohama City), Sagamihara District (Sagamihara City), Meirei District (Kiyosu City, Aichi Prefecture), Ritto District (Ritto City, Shiga Prefecture)
Main Bases Overseas	[Overseas Offices] Moscow Liaison Office (Russia), Kiev Liaison Office (Ukraine), Istanbul Liaison Office (Turkey), Basra Liaison Office (Iraq), Dubai Office (UAE), Abu Dhabi Office (UAE), Johannesburg Office (South Africa), Taipei Office (Taiwan), Hanoi Liaison Office (Vietnam), Ho Chi Minh City Liaison Office (Vietnam), Kuala Lumpur Liaison Office (Malaysia), Jakarta Liaison Office (Indonesia)
	[Overseas Network] 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 (China) Co., Ltd, Mitsubishi Heavy Industries, (Shanghai) Co., Ltd., Mitsubishi Heavy Industries Mexicana, S.A. de C.V., Mitsubishi Heavy Industries India Private Ltd., MHI KOREA, Ltd., Mitsubishi Industrias Pesadas do Brasil Ltda., Mitsubishi Heavy Industries Asia pacific Pte. Ltd. (Singapore)

(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
Energy & Environment	Mitsubishi Hitachi Power Systems, Ltd.	Yokohama City	100,000 million Yen	65.0	Manufacture, installation, sale and service of boilers, steam turbines, gas turbines, selective catalytic reduction systems, flue gas desulfurization plants and geothermal generation facilities, etc.
	MPS-CT LLC	U.S.A.	568.6 million US dollars	100.0	Investment for business of steam turbines and gas turbines, etc.
	PW Power Systems, Inc.	U.S.A.	448.0 million US dollars	*100.0	Manufacture, installation, sale and service of steam turbines and gas turbines, etc.
	MHI Holding Denmark ApS	Denmark	261.7 million Euros	61.7	Investment for business of wind turbines, etc.
	Mitsubishi Hitachi Power Systems Americas, Inc.	U.S.A.	352.5 million US dollars	*100.0	Manufacture, installation, sale and service of boilers, steam turbines, gas turbines, selective catalytic reduction systems, flue gas desulfurization plants and geothermal generation facilities, etc.
	Mitsubishi Hitachi Power Systems Europe GmbH	Germany	98.0 million Euros	*100.0	Manufacture, installation, sale and service of boilers, steam turbines and gas turbines, etc.
Commercial Aviation & Transportation Systems	Mitsubishi Aircraft Corporation	Nagoya City	50,000 million Yen	64.0	Manufacture, sale and service of commercial aircrafts
	Mitsubishi Heavy Industries Aero Engines, Ltd.	Komaki City, Aichi Prefecture	6,000 million Yen	70.7	Manufacture, sale and service of commercial aircraft engine components

Segment	Name of Company	Address	Capital	Percentage of Investment Share (%)	Main Business
Machinery, Equipment & Infrastructure	Mitsubishi-Hitachi Metals Machinery, Inc.	Minato-ku, Tokyo	9,100 million Yen	60.2	Investment for business of steel and metal production plants
	Mitsubishi Caterpillar Forklift America Inc.	U.S.A.	80.8 million US dollars	*93.1	Manufacture, sale and service of forklift trucks
	Mitsubishi Nichiyu Forklift Co., Ltd.	Nagaoka-kyo City, Kyoto Prefecture	4,890 million Yen	64.7	Manufacture, sale and service of forklift trucks
	Primetals Technologies Japan Ltd.	Minato-ku, Tokyo	4,640 million Yen	*100.0	Manufacture, installation, sale and service of hot/cold rolling mill equipments and process lines, etc.
	Mitsubishi Heavy Industries Compressor Corporation	Minato-ku, Tokyo	4,000 million Yen	100.0	Manufacture, installation, sale and service of compressors, etc.
	Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd.	Yokohama City	1,000 million Yen	100.0	Manufacture, installation, sale and service of various environmental systems, such as waste to energy plants, and chemical equipment, etc.
	Mitsubishi Heavy Industries Mechatronics Systems, Ltd.	Kobe City	1,000 million Yen	100.0	Manufacture, installation, sale and service of industrial and general machinery, environmental systems, vertical parking garages, and steel structure plants
	Primetals Technologies, Limited	U.K.	0.1 million Euros	*51.0	Manufacture, installation, sale and service of steel and metal production plants
Others	MHI International Investment B.V.	Netherlands	245.0 million Euros	100.0	Investment for projects
	Mitsubishi Heavy Industries America, Inc.	U.S.A.	15.0 million US dollars	100.0	Manufacture, sale, installation and service of MHI products, and market research on MHI products

(Notes)

1. The item marked with an asterisk (*) denotes the percentage of investments by MHI's subsidiaries.
2. MHI had a total of 240 consolidated subsidiaries as of the end of FY2014 including those specified above, and 25 equity-method affiliates.
3. During FY2014, MHI Holding Denmark ApS, a Denmark-based consolidated subsidiary of the Company, acquired shares of MHI Vestas Offshore Wind A/S (Denmark) (whose name has been changed from Vestas Offshore A/S in April 2014).

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 FY2013)

3 NUMBER OF SHAREHOLDERS:

272,620 persons (decrease of 351 persons from the end of FY2013)

4 MAJOR SHAREHOLDERS

Name of Shareholder	Number of Shares	Ratio of Shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	145,868,000	4.3
Japan Trustee Services Bank, Ltd. (Trust Account)	134,624,900	4.0
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	2.3
THE BANK OF NEW YORK MELLON SA / NV 10	57,361,349	1.7
The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust Account for Mitsubishi UFJ Trust and Banking Corporation)	45,934,000	1.3
Tokio Marine & Nichido Fire Insurance Co., Ltd.	44,100,000	1.3
STATE STREET BANK WEST CLIENT – TREATY 505234	40,904,260	1.2
CBNY – GOVERNMENT OF NORWAY	38,127,651	1.1
Japan Trustee Services Bank, Ltd. (Trust Account 1)	35,171,000	1.0

(Note)

The ratios of shareholding are calculated excluding treasury stock of 17,730,505 shares.

STOCK ACQUISITION RIGHTS OF MHI

1 STOCK ACQUISITION RIGHTS HELD BY MHI'S OFFICERS AT THE END OF FY2014

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 Officers
#4 Stock Acquisition Rights (July 31, 2006)	1,000 shares of common stock	¥412,000	¥1,000	August 18, 2006 to June 28, 2036	46 (2 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	41 (3 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	109 (3 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	151 (3 Directors)
					21 (1 Statutory Auditor)
#9 Stock Acquisition Rights (July 30, 2010)	1,000 shares of common stock	¥268,000	¥1,000	August 18, 2010 to August 17, 2040	212 (5 Directors)
					23 (1 Statutory Auditor)
#10 Stock Acquisition Rights (November 30, 2011)	1,000 shares of common stock	¥270,000	¥1,000	December 16, 2011 to December 15, 2041	314 (7 Directors)
#11 Stock Acquisition Rights (July 31, 2012)	1,000 shares of common stock	¥225,000	¥1,000	August 17, 2012 to August 16, 2042	415 (7 Directors)

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 Officers
#12 Stock Acquisition Rights (July 31, 2013)	1,000 shares of common stock	¥435,000	¥1,000	August 20, 2013 to August 19, 2043	271 (7 Directors)
#15 Stock Acquisition Rights (July 31, 2014)	1,000 shares of common stock	¥564,000	¥1,000	August 19, 2014 to August 18, 2044	474 (8 Directors)

(Notes)

1. The issue prices 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 these rights offering.
2. All stock acquisition rights held by a Statutory Auditor were granted during his term of office as a MHI's Senior Vice President.

**2 STOCK ACQUISITION RIGHTS ISSUED TO MHI'S EMPLOYEES
DURING FY2014**

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
#15 Stock Acquisition Rights (July 31, 2014)	1,000 shares of common stock	¥564,000	¥1,000	August 19, 2014 to August 18, 2044	810 (28 persons)

(Notes)

1. The issue prices 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 these rights offering.
2. The #15 Stock Acquisition Rights shown in the table above were granted to Senior Vice Presidents of MHI who did not concurrently serve as Director and to a former Senior Vice President of MHI who did not concurrently serve as Director (holding the position of Senior Corporate Adviser at the time of granting) and who was eligible to receive them but whose rights were withheld while he was serving abroad during his term of office as Senior Vice President.

OFFICERS

1 DIRECTORS AND STATUTORY AUDITORS

Position	Name	Responsibility	Important Concurrent Positions in Other Entities
*Chairman of the Board	Hideaki Omiya		Director, Seiko Epson Corporation
*President and CEO (Member of the Board)	Shunichi Miyanaga	CEO	Director, Mitsubishi Motors Corporation
*Director (Member of the Board), Senior Executive Vice President	Atsushi Maekawa	Domain CEO, President and CEO, Energy & Environment, (First Alternate President and CEO)	
*Director (Member of the Board), Senior Executive Vice President	Yoichi Kujirai	Domain CEO, President and CEO, Commercial Aviation & Transportation Systems (Second Alternate President and CEO)	
*Director (Member of the Board), Executive Vice President	Hisakazu Mizutani	Domain CEO, President & CEO, Integrated Defense & Space Systems	
*Director (Member of the Board), Executive Vice President	Kazuaki Kimura	Domain CEO, President & CEO, Machinery, Equipment & Infrastructure	
*Director (Member of the Board), Executive Vice President	Tatsuhiko Nojima	CFO	Statutory Auditor, Mitsubishi Motors Corporation
Director (Member of the Board), Executive Vice President	Takashi Funato	CAO/CRO	
Director (Member of the Board)	Yorihiko Kojima		Chairman of the Board, Mitsubishi Corporation Director, Takeda Pharmaceutical Company Limited

Position	Name	Responsibility	Important Concurrent Positions in Other Entities
Director (Member of the Board)	Christina Ahmadjian		Professor, Hitotsubashi University, Graduate School of Commerce and Management Director, Japan Exchange Group, Inc.
Director (Member of the Board)	Hiroki Tsuda		Director, Daiwa Securities Group Inc.
Statutory Auditor (Full time)	Toshiro Yagami		
Statutory Auditor (Full time)	Eiji Isu		
Statutory Auditor	Nobuo Kuroyanagi		Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Director, Tokio Marine & Nichido Fire Insurance Co., Ltd. Director, Mitsubishi Research Institute, Inc. Director, Honda Motor Co., Ltd. Statutory Auditor, Tokyo Kaikan Co., Ltd.
Statutory Auditor	Haruya Uehara		Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation Director, Koito Manufacturing Co., Ltd. Statutory Auditor, Nikon Corporation Statutory Auditor, Mitsubishi Research Institute, Inc.
Statutory Auditor	Shinichiro Ito		President and Chief Executive Officer, ANA Holdings Inc. Chairman of the Board, All Nippon Airways Co., Ltd.

(Notes)

1. The positions, the responsibilities, and the important concurrent positions in other entities are shown as of March 31, 2015.
2. An asterisk mark (*) indicates a Representative Director.
3. Messrs. Kazuaki Kimura, a Director, took the office of Director on June 26, 2014 (on the date of the 89th Ordinary General Meeting of Shareholders).
4. Mr. Yorihiro Kojima, Ms. Christina Ahmadjian and Mr. Hiroki Tsuda, each a Director, are Outside Directors as defined in Article 2, Item 15 of the Companies Act.
5. Messrs. Nobuo Kuroyanagi, Haruya Uehara and Shinichiro Ito, each a Statutory Auditor, are Outside Statutory Auditors as defined in Article 2, Item 16 of the Companies Act.
6. MHI has submitted notifications, specifying all MHI's Outside Directors and Outside Statutory Auditors as an independent Director or an independent Statutory Auditor, to Tokyo Stock Exchange, Inc. and other listed financial instruments exchanges.
7. Mr. Hideaki Omiya, a Director, took the office of a Director of Seiko Epson Corporation as of June 24, 2014.
8. Mr. Shunichi Miyanaga, a Director, took the office of a Director of Mitsubishi Motors Corporation as of June 25, 2014.
9. Mr. Yorihiro Kojima, a Director, retired from his position as a Director of Sony Corporation as of June 19, 2014.
10. Ms. Christina Ahmadjian, a Director, took the office of a Director of Japan Exchange Group, Inc. as of June 17, 2014.
11. Mr. Nobuo Kuroyanagi, a Statutory Auditor, took the office of Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. as of April 1, 2014, and retired from his position as a Director of Isetan Mitsukoshi Holdings Ltd. as of June 23, 2014.
12. Mr. Shinichiro Ito, a Statutory Auditor, retired from his positions as President and Chief Executive Officer of ANA Holdings Inc. and Chairman of the Board of All Nippon Airways Co., Ltd. as of March 31, 2015, and took the office of Chairman of the Board of ANA Holdings Inc. as of April 1, 2015.
13. Director who retired from office due to resignation during FY2014 is as follows.

Position	Name	Responsibility	Date of Retirement
Director (Member of the Board), Senior Executive Vice President	Toshio Kodama	CTO, Head of Technology & Innovation Headquarters, Head of ICT Solution Headquarters	March 17, 2015

(Notes)

1. The position and the responsibility are shown as of the retirement.

14. Each responsibility of CFO, CAO/CRO and CTO is as described below.
- CFO: Finance, Accounting and Procurement & Sourcing including Management Planning
 - CAO/CRO: Administration including Management Audit, General Affairs, Legal and Personnel, etc., and Risk Management
 - CTO: Technology & Innovation and ICT (Information and Communication Technologies)

2 OUTSIDE OFFICERS

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

Position	Name	Name of Entity	Relations with MHI
Director	Yorihiko Kojima	Takeda Pharmaceutical Company Limited	No notable relations
	Christina Ahmadjian	Japan Exchange Group, Inc.	No notable relations
	Hiroki Tsuda	Daiwa Securities Group Inc.	No notable relations
Statutory Auditor	Nobuo Kuroyanagi	Tokio Marine & Nichido Fire Insurance Co., Ltd.	Purchase of insurance products, etc.
		Mitsubishi Research Institute, Inc.	Consignment of research and analysis works, etc.
		Honda Motor Co., Ltd.	Sales of turbochargers, etc.
		Tokyo Kaikan Co., Ltd.	No notable relations
	Haruya Uehara	Koito Manufacturing Co., Ltd.	Purchases of lighting installations for aircrafts, etc.
		Nikon Corporation	Purchases of optical equipment, etc.
		Mitsubishi Research Institute, Inc.	Consignment of research and analysis works, etc.
	Shinichiro Ito	ANA Holdings Inc.	No notable relations
		All Nippon Airways Co., Ltd.	Maintenance of engine module for aircrafts, etc.

(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 of the Ordinance for Enforcement of the Companies Act or as an “Outside Officer” etc. as defined in Article 124, Item 2 of this Ordinance.
2. Mr. Yorihiko Kojima, a Director, retired from his position as a Director of Sony Corporation as of June 19, 2014. MHI has no notable relations with Sony Corporation.
3. Mr. Nobuo Kuroyanagi, a Statutory Auditor, retired from his position as a Director of Isetan Mitsukoshi Holdings Ltd. as of June 23, 2014. MHI has no notable relations with Isetan Mitsukoshi Holdings Ltd.

(2) PRINCIPAL ACTIVITIES

Position	Name	The Number of Attendance at the Board of Directors Meetings	The Number of Attendance at the Board of Statutory Auditors Meetings
Director	Yorihiko Kojima	13 out of 15 times	—
	Christina Ahmadjian	15 out of 15 times	—
	Hiroki Tsuda	14 out of 15 times	—
Statutory Auditor	Nobuo Kuroyanagi	12 out of 15 times	16 out of 18 times
	Haruya Uehara	15 out of 15 times	18 out of 18 times
	Shinichiro Ito	14 out of 15 times	18 out of 18 times

These Directors and Statutory Auditors have expressed their views at the Board of Directors meetings on the overall management of MHI from their various perspectives based on their considerable experience and knowledge as business managers and so forth. Messrs. Nobuo Kuroyanagi, Haruya Uehara and Shinichiro Ito, each a Statutory Auditor, have expressed their views at the Board of Statutory Auditors meetings on the overall auditing from the perspective of achieving legitimate and appropriate performance of business activities based on their considerable experience and knowledge, and they have also conducted on-site audits at places of business in Japan, exchanged opinions with Directors and the Accounting Auditors, and provided necessary proposals.

(3) OUTLINE OF LIABILITY LIMITATION AGREEMENT

MHI has entered into Liability Limitation Agreements with Directors: Mr. Yorihiko Kojima; Ms. Christina Ahmadjian; and Mr. Hiroki Tsuda, and Statutory Auditors: Messrs. Nobuo Kuroyanagi; Haruya Uehara; and Shinichiro Ito respectively, which provide a limitation on their liabilities to compensate for damages under Article 423, Paragraph 1 of the Companies Act, the amount of which is the higher of ¥10 million or the minimum liability amount defined in Article 425, Paragraph 1 of the Companies Act.

3 AMOUNT OF REMUNERATION AND OTHER PAYMENT TO DIRECTORS AND STATUTORY AUDITORS

Position	Total Amount of Remuneration, etc. (Millions of Yen)	Monetary Remuneration		Stock Option	
		Figures (persons)	Total Amount (Millions of Yen)	Figures (persons)	Total Amount (Millions of Yen)
Directors (Outside Directors)	1,251 (36)	17 (3)	985 (36)	9 (—)	265 (—)
Statutory Auditors (Outside Statutory Auditors)	157 (36)	5 (3)	157 (36)	— (—)	— (—)
Total (Outside Officers)	1,408 (72)	22 (6)	1,143 (72)	9 (—)	265 (—)

(Notes)

1. The figures in the table above include 6 Directors who retired during FY2014.
2. The amounts of remuneration in the monetary remuneration column in the table above include estimated amounts of performance-linked remuneration for Officers other than Outside Officers.
3. The amounts of remuneration in the stock option column in the table above are the costs associated with the accounting of stock acquisition rights issued in a so-called stock-linked remuneration scheme.
4. The maximum permitted monetary remuneration amounts are ¥1,200 million (resolution of the 81st Ordinary General Meeting of Shareholders on June 28, 2006) per fiscal year for Directors, and the total issuance price of stock acquisition rights to Directors excluding Outside Directors is limited to ¥300 million (resolution of the 82nd Ordinary General Meeting of Shareholders on June 27, 2007) per fiscal year.
5. The maximum permitted monetary remuneration amounts are ¥160 million (resolution of the 81st Ordinary General Meeting of Shareholders on June 28, 2006) per fiscal year for Statutory Auditors.

Estimated remuneration amounts were included in the remuneration amounts disclosed for FY 2013. The actual amounts paid in FY 2014 exceeded the estimated amounts by ¥34 million for Directors (excluding Outside Directors) and ¥2 million for Statutory Auditors (excluding Outside Statutory Auditors). As a result, the actual amounts of remuneration paid for FY 2013 consisted of a total of ¥1,425 million paid to 23 Directors and a total of ¥154 million paid to 6 Statutory Auditors.

ACCOUNTING AUDITORS

1 NAME OF ACCOUNTING AUDITORS

Ernst & Young ShinNihon LLC

2 REMUNERATION PAID TO ACCOUNTING AUDITORS

(Millions of Yen)

① Amount of Remuneration	235
② Sum of the Amount of Money and Other Material Advantage to Be Paid by MHI and Its Subsidiaries	458

(Note)

The amount in ① is the total of the remuneration for auditing pursuant to the Companies Act, the remuneration for auditing pursuant to the Financial Instruments and Exchange Act, and the remuneration for works other than auditing.

Following MHI's main subsidiaries are audited by auditing firms other than the one used by MHI: MHI Holding Denmark ApS (Denmark); Mitsubishi Hitachi Power Systems Europe GmbH (Germany); Mitsubishi Nichiyu Forklift Co., Ltd.; Primetals Technologies, Limited (United Kingdom); and MHI International Investment B.V. (Netherlands).

3 CONTENTS OF WORKS OTHER THAN AUDITING

MHI has requested Accounting Auditors to provide advisory works, including consultations on the application of International Financial Reporting Standards, and has paid Accounting Auditors remuneration for such works 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 Companies Act apply to Accounting Auditors, the Board of Statutory Auditors will deliberate the dismissal of Accounting Auditors. When the dismissal is deemed appropriate, the Board of Statutory Auditors will dismiss the Accounting Auditors based on the assent of all Statutory Auditors. Further, should the Board of Directors determine that it is necessary to change Accounting Auditors in view of Accounting Auditors' performance or in view of MHI's auditing practices, the Board of Directors will submit a proposal of not reappointing Accounting Auditors to the General Meeting of Shareholders on condition that it will gain the assent of the Board of Statutory Auditors.

ESTABLISHING A FRAMEWORK FOR ENSURING APPROPRIATE BUSINESS CONDUCT

In accordance with the applicable laws and ordinances, 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 that the Directors' execution of their duties is in compliance with relevant laws and MHI's 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 Directors' execution of their duties
 - (1) Principle matters related to the management of documents shall be specified in company regulations, and information related to the Directors' execution of their duties 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 that 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 that the duties and actions of employees comply with relevant laws and MHI's Articles of Incorporation
 - (1) MHI shall create a framework comprising the Risk management and 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 of MHI Group
- (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 Group-wide management.
- (2) To ensure appropriate Group-wide 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 Statutory Auditors, MHI shall establish a Statutory Auditor's Office with dedicated employees 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, employees in Statutory Auditor's Office 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 Statutory Auditors.
9. System to allow Directors and employees to report information to 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 that Statutory Auditors' 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, 2015) (1/2)

(Millions of Yen)

ASSETS

Current assets:

Cash and deposits	367,415
Trade receivables	1,291,278
Merchandise and finished products	182,281
Work in process	985,570
Raw materials and supplies	157,010
Deferred income taxes	150,939
Others	429,027
Allowance for doubtful accounts	(11,519)
Total current assets	3,552,002

Fixed assets:

Property, plant and equipment:

Buildings and structures	377,804
Machinery and transportation equipment	259,358
Tools, equipment and furniture	49,451
Land	184,691
Leased assets	4,856
Construction in progress	78,635
Subtotal	954,797

Intangible assets:

Goodwill	95,588
Others	145,925
Subtotal	241,513

Investments and advances:

Investment securities	583,496
Long-term loans and advances	19,422
Asset for retirement benefit	67,377
Deferred income taxes	15,495
Others	97,808
Allowance for doubtful accounts	(11,558)
Subtotal	772,043

Total fixed assets **1,968,354**

TOTAL ASSETS **5,520,357**

CONSOLIDATED BALANCE SHEET (As of March 31, 2015) (2/2)

(Millions of Yen)

LIABILITIES**Current liabilities:**

Trade payables	794,780
Electronically recorded obligations	74,430
Short-term borrowings	177,780
Current portion of long-term borrowings	54,985
Commercial papers	95,000
Income taxes payable	30,113
Reserve for product warranties	15,796
Reserve for loss on construction contracts	59,529
Reserve for loss on passenger vessel construction business	105,280
Advance payments received on contracts	663,176
Others	358,359
Total current liabilities	2,429,232

Long-term liabilities:

Bonds	245,000
Long-term borrowings	402,822
Deferred income taxes	105,536
Reserve for treatment of PCB waste	9,845
Liability for retirement benefit	129,008
Others	78,896
Total long-term liabilities	971,109

TOTAL LIABILITIES **3,400,342****NET ASSETS****Stockholders' equity:**

Common stock	265,608
Capital surplus	204,039
Retained earnings	1,148,268
Treasury stock	(5,249)
Total stockholders' equity	1,612,668

Accumulated other comprehensive income (loss) :

Net unrealized gains on investment securities	81,499
Deferred gains on hedges	802
Foreign currency translation adjustments	68,413
Remeasurements of defined benefit plans	17,383
Total accumulated other comprehensive income (loss)	168,100

Share subscription rights 3,129

Minority interests 336,117

TOTAL NET ASSETS **2,120,014**

TOTAL LIABILITIES AND NET ASSETS **5,520,357**

CONSOLIDATED STATEMENT OF INCOME(From April 1, 2014 to March 31, 2015)

(Millions of Yen)

Net sales	3,992,110
Cost of sales	3,161,157
Gross profit	830,953
Selling, general and administrative expenses	534,812
Operating income	296,140
Non-operating income:	
Interest income	7,324
Dividend income	5,539
Foreign exchange gain	13,862
Others	3,284
Total non-operating income	30,011
Non-operating expenses:	
Interest expense	15,365
Equity in losses of unconsolidated subsidiaries and affiliates	14,128
Loss on disposal of fixed assets	6,312
Others	15,557
Total non-operating expenses	51,364
Ordinary income	274,787
Extraordinary gain:	
Gain on changes in equity interest	17,157
Gain on return of assets from retirement benefits trust	11,986
Gain on sales of investment securities	10,787
Gain on sales of fixed assets	3,960
Total extraordinary gain	43,892
Extraordinary loss:	
Loss on passenger vessel construction business reserve	69,534
Business structure improvement expenses	16,449
Total extraordinary loss	85,983
Income before income taxes and minority interests	232,697
Income taxes:	
Current	73,222
Deferred	27,921
Income before minority interests	131,553
Minority interests in income after taxes	21,141
Net income	110,412

(REFERENCE)**CONSOLIDATED STATEMENT OF CASH FLOWS****(From April 1, 2014 to March 31, 2015)**

(Millions of Yen)

Cash flows from operating activities	212,834
Cash flows from investing activities	(174,149)
Cash flows from financing activities	(45,872)
Effect of exchange rate changes on cash and cash equivalents	(945)
Net decrease in cash and cash equivalents	(8,133)
Cash and cash equivalents at beginning of year	370,710
Decrease in cash and cash equivalents due to changes in scope of consolidation	(10,845)
Increase in cash and cash equivalents from corporate partition	5,617
Cash and cash equivalents at end of year	357,349

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (1/2)
(From April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of March 31, 2014	265,608	203,978	1,031,371	(5,385)	1,495,573
Cumulative effects of changes in accounting policies			49,547		49,547
Restated Balanced	265,608	203,978	1,080,918	(5,385)	1,545,120
Changes in the period					
Cash dividends			(30,199)		(30,199)
Net income			110,412		110,412
Changes in scope of consolidation			(12,862)		(12,862)
Purchase of treasury stock				(32)	(32)
Disposal of treasury stock		61		168	230
Net changes in items other than stockholders' equity					
Total changes in the period	—	61	67,350	136	67,547
Balance as of March 31, 2015	265,608	204,039	1,148,268	(5,249)	1,612,668

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (2/2)
(From April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Accumulated other comprehensive income					Share subscription rights	Minority interests	Total net assets
	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of March 31, 2014	43,188	(1,001)	34,658	(29,019)	47,825	2,635	228,188	1,774,223
Cumulative effects of changes in accounting policies								49,547
Restated Balanced	43,188	(1,001)	34,658	(29,019)	47,825	2,635	228,188	1,823,770
Changes in the period								
Cash dividends								(30,199)
Net income								110,412
Changes in scope of consolidation								(12,862)
Purchase of treasury stock								(32)
Disposal of treasury stock								230
Net changes in items other than stockholders' equity	38,311	1,804	33,754	46,403	120,274	493	107,929	228,696
Total changes in the period	38,311	1,804	33,754	46,403	120,274	493	107,929	296,244
Balance as of March 31, 2015	81,499	802	68,413	17,383	168,100	3,129	336,117	2,120,014

NON-CONSOLIDATED BALANCE SHEET (As of March 31, 2015) (1/2)

(Millions of Yen)

ASSETS	
Current assets:	
Cash and deposits	147,968
Trade notes receivable	1,565
Trade accounts receivable	591,829
Merchandise and finished products	15,035
Work in process	453,027
Raw materials and supplies	56,731
Advances to suppliers	71,825
Prepaid expenses	860
Deferred income taxes	72,133
Short-term loans receivable from subsidiaries and affiliates	160,755
Others	181,008
Allowance for doubtful accounts	(59)
Total current assets	1,752,681
Fixed assets:	
Property, plant and equipment:	
Buildings	199,713
Structures	18,867
Docks and facilities for shipbuilding	2,769
Machinery	93,047
Vessels	138
Aircraft	2
Vehicles and transportation equipment	1,952
Tools, equipment and furniture	23,539
Land	100,096
Leased assets	19,689
Construction in progress	24,599
Subtotal	484,416
Intangible assets:	
Software	8,204
Right of using facilities	375
Leased assets	106
Others	48
Subtotal	8,736
Investments and advances:	
Investment securities	334,612
Investments in shares of subsidiaries and affiliates	647,711
Investments in capital	15
Investments in capital of subsidiaries and affiliates	74,351
Long-term loans receivable from employees	40
Long-term loans receivable from subsidiaries and affiliates	80,784
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,163
Long-term prepaid expense	4,501
Prepaid pension cost	32,936
Long-term receivables	23,264
Others	42,345
Allowance for doubtful accounts	(12,495)
Subtotal	1,230,233
Total fixed assets	1,723,386
TOTAL ASSETS	3,476,067

NON-CONSOLIDATED BALANCE SHEET (As of March 31, 2015) (2/2)

(Millions of Yen)

LIABILITIES
Current liabilities:

Electronically recorded obligations	52,886
Trade accounts payable	341,999
Short-term borrowings	400,823
Current portion of long-term borrowings	46,978
Commercial papers	95,000
Lease obligations	1,480
Accrued payables	24,399
Accrued expenses	96,612
Advance payments received on contracts	325,761
Deposits received	21,132
Reserve for product warranties	44
Reserve for loss on construction contracts	23,927
Reserve for loss on passenger vessel construction business	105,280
Reserve for legal claims	105
Others	2,323
Total current liabilities	1,538,753

Long-term liabilities:

Bonds	245,000
Long-term borrowings	354,416
Lease obligations	18,445
Deferred income taxes	19,663
Reserve for treatment of PCB waste	9,341
Asset retirement obligations	2,856
Others	24,460
Total long-term liabilities	674,184

TOTAL LIABILITIES **2,212,937**

NET ASSETS
Stockholders' equity:

Common stock	265,608
Capital surplus:	
Capital reserve	203,536
Other capital reserve	185
Total capital surplus	203,721

Retained earnings:

Legal reserve	66,363
Revenue reserve:	
Reserve for specified business restructuring investment loss	90,125
Reserve for reduction in costs of fixed assets	44,890
Reserve for accelerated depreciation	1,306
General reserves	460,000
Earned surplus brought forward	61,524
Total revenue reserve	657,845
Total retained earnings	724,209

Treasury stock

Total stockholders' equity **1,188,296**

Valuation, translation adjustments and others:

Net unrealized gains on investment securities	71,789
Total valuation, translation adjustments and others	71,789

Share subscription rights **3,044**

TOTAL NET ASSETS **1,263,130**

TOTAL LIABILITIES AND NET ASSETS **3,476,067**

NON-CONSOLIDATED STATEMENT OF INCOME
(From April 1, 2014 to March 31, 2015)

	(Millions of Yen)
Net sales	1,537,157
Cost of sales	1,316,816
Gross profit	220,341
Selling, general and administrative expenses	114,536
Operating income	105,804
Non-operating income:	
Interest income	2,392
Dividend income	26,853
Others	974
Total non-operating income	30,220
Non-operating expenses:	
Interest expense	9,240
Interest on bonds	3,188
Foreign exchange loss	4,243
Loss on disposal of fixed assets	4,246
Litigation expenses	3,654
Others	5,864
Total non-operating expenses	30,437
Ordinary income	105,588
Extraordinary gain:	
Gain on return of assets from retirement benefits trust	11,986
Gain on sales of investment securities	11,572
Gain on sales of fixed assets	4,310
Total extraordinary gain	27,869
Extraordinary loss:	
Loss on passenger vessel construction business reserve	69,534
Loss on revaluation of investment securities	24,505
Business structure improvement expenses	5,119
Total extraordinary loss	98,858
Income before income taxes	34,599
Income taxes:	
Current	(14,397)
Deferred	30,285
Net income	18,710

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (1/2)
(From April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Stockholders' equity								
	Common stock	Capital surplus			Legal reserve	Retained earnings			
		Capital reserve	Other capital reserve	Total capital surplus		Revenue reserve			
						Reserve for specified business restructuring investment loss	Reserve for reduction in costs of fixed assets	Reserve for accelerated depreciation	General reserves
Balance as of March 31, 2014	265,608	203,536	124	203,660	66,363	-	43,713	-	460,000
Cumulative effects of changes in accounting policies									
Restated balance	265,608	203,536	124	203,660	66,363	-	43,713	-	460,000
Changes in the period									
Provision of reserve for specified business restructuring investment loss						90,125			
Provision of reserve for reduction in costs of fixed assets							2,212		
Reversal of reserve for reduction in costs of fixed assets							(1,035)		
Provision of reserve for accelerated depreciation								1,306	
Cash dividends									
Net income									
Purchase of treasury stock									
Disposal of treasury stock			61	61					
Net changes in items other than stockholders' equity									
Total changes in the period	-	-	61	61	-	90,125	1,176	1,306	-
Balance as of March 31, 2015	265,608	203,536	185	203,721	66,363	90,125	44,890	1,306	460,000

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (2/2)
(From April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Stockholders' equity					Valuation, translation adjustments and others			Share subscription rights	Total net assets
	Retained earnings			Treasury stock	Total stockholders' equity	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Total valuation, translation adjustments and others		
	Revenue reserve		Total retained earnings							
	Earned surplus brought forward	Total revenue reserve								
Balance as of March 31, 2014	126,647	630,360	696,724	(5,380)	1,160,613	36,500	(6)	36,493	2,592	1,199,700
Cumulative effects of changes in accounting policies	38,973	38,973	38,973		38,973					38,973
Restated balance	165,621	669,334	735,698	(5,380)	1,199,587	36,500	(6)	36,493	2,592	1,238,673
Changes in the period										
Provision of reserve for specified business restructuring investment loss	(90,125)	-	-		-					-
Provision of reserve for reduction in costs of fixed assets	(2,212)	-	-		-					-
Reversal of reserve for reduction in costs of fixed assets	1,035	-	-		-					-
Provision of reserve for accelerated depreciation	(1,306)	-	-		-					-
Cash dividends	(30,199)	(30,199)	(30,199)		(30,199)					(30,199)
Net income	18,710	18,710	18,710		18,710					18,710
Purchase of treasury stock				(32)	(32)					(32)
Disposal of treasury stock				168	230					230
Net changes in items other than stockholders' equity						35,289	6	35,296	451	35,747
Total changes in the period	(104,097)	(11,488)	(11,488)	136	(11,291)	35,289	6	35,296	451	24,456
Balance as of March 31, 2015	61,524	657,845	724,209	(5,244)	1,188,296	71,789	-	71,789	3,044	1,263,130

Report of Accounting Auditors on the Consolidated Financial Statements

Report of Independent Auditors

May 15, 2015

Mr. Shunichi Miyanaga
President
Mitsubishi Heavy Industries, Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Certified Public Accountant : Koichiro Watanabe

Designated and Engagement Partner
Certified Public Accountant : Hiroshi Kaya

Designated and Engagement Partner
Certified Public Accountant : Yoshiaki Morita

Designated and Engagement Partner
Certified Public Accountant : Hirotaka Mizutani

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise 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 2014 fiscal year from April 1, 2014 through March 31, 2015.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 2014 fiscal year ended March 31, 2015 in conformity

with accounting principles generally accepted in Japan.

Conflicts of Interest

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

Report of Accounting Auditors on the Financial Statements

Report of Independent Auditors

May 15, 2015

Mr. Shunichi Miyanaga
President
Mitsubishi Heavy Industries, Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Certified Public Accountant : Koichiro Watanabe

Designated and Engagement Partner
Certified Public Accountant : Hiroshi Kaya

Designated and Engagement Partner
Certified Public Accountant : Yoshiaki Morita

Designated and Engagement Partner
Certified Public Accountant : Hirotaka Mizutani

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise 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 the 2014 fiscal year from April 1, 2014 through March 31, 2015.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the 2014 fiscal year ended March 31, 2015 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

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

The Board of Statutory Auditors' Audit Report

AUDIT REPORT

The Board of Statutory Auditors of the Company, upon deliberation, has prepared this audit report based on audit reports prepared by each Statutory Auditor regarding the Directors' execution of their duties during the 2014 fiscal year, from April 1, 2014, to March 31, 2015, and hereby reports as follows:

I. Methods of the Audit conducted by Statutory Auditors and the Board of Statutory Auditors and Details Thereof

1. The Board of Statutory Auditors established audit policies, audit plans and other matters, received reports from each Statutory Auditor on the status of audits and their results, received reports from Directors, Accounting Auditors and others on the status of the execution of their duties, and requested explanations when necessary.
2. In accordance with the audit plans established by the Board of Statutory Auditors, each Statutory Auditor sought to facilitate communications with Directors, the internal auditing department and other employees, worked to gather information and to create an improved environment for auditing, attended the Board of Directors meetings and other important meetings, received reports from Directors, employees and others on the status of the execution of their duties, requested explanations when necessary, examined important documents, and investigated the status of activities and properties of the Company at Head Office and Works, etc.
3. Each Statutory Auditor monitored and examined the contents of resolutions of the Board of Directors regarding the establishment of systems pursuant to Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, as well as the status of the systems (internal control systems) established in accordance with these resolutions, as essential steps to ensure that the Directors' execution of their duties complies with applicable laws and ordinances and with the Company's Articles of Incorporation, and that the Company conducts its business operations appropriately. Regarding internal controls over financial reporting under the Financial Instruments and Exchange Act, each Statutory Auditor received, from the Directors, Ernst & Young ShinNihon LLC and others, evaluations on the concerned internal control systems over this reporting and reports on the status of audits of these systems, and requested explanations when necessary.
4. Each Statutory Auditor sought to facilitate communication and exchange information with directors, statutory auditors and others of the Company's subsidiaries and, when necessary, received reports from these subsidiaries on the status of their businesses.

Based on the foregoing methods, Statutory Auditors examined the Business Report and the related supplementary schedules for the 2014 fiscal year under review.

5. Each Statutory Auditor monitored and examined whether the Accounting Auditors maintained their independence and carried out their audits in an appropriate manner, received reports from the Accounting Auditors on the status of the execution of their duties and, when necessary, attended their audits and requested explanations.

6. Each Statutory Auditor received a notification from the Accounting Auditors that they are taking steps to improve the “system for ensuring appropriate execution of duties” (matters specified in the items under Article 131 of the Company Accounting Ordinance) in accordance with the “Quality Control Standards Relating to Auditing” (Business Accounting Council) and other standards, and requested explanations when necessary.

Based on the foregoing methods, Statutory Auditors examined the financial statements for the 2014 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 notes to the consolidated financial statements).

II. Results of audit:

1. Result of audit of the Business Report, etc.

In our opinion:

- (1) the Business Report and the related supplementary schedules fairly represent the conditions of the Company in accordance with the applicable laws and ordinances and with the Company’s Articles of Incorporation;
- (2) with respect to the Directors’ execution of their duties, there are no fraudulent acts or material facts of violation of applicable laws and ordinances or of the Company’s Articles of Incorporation; and
- (3) the contents of the resolutions of the Board of Directors regarding internal control systems are appropriate. Furthermore, there are no matters that we should point out regarding the Directors’ execution of their duties related to internal control systems, including internal control systems over financial reporting.

2. Result of audit of the financial statements and the related supplementary schedules

In our opinion, the methods and results of the audit conducted by the Accounting Auditors, Ernst & Young ShinNihon LLC, are appropriate.

3. Result of audit of the consolidated financial statements

In our opinion, the methods and results of the audit conducted by the Accounting Auditors, Ernst & Young ShinNihon LLC, are appropriate.

May 21, 2015

The Board of Statutory Auditors
Mitsubishi Heavy Industries, Ltd.

Toshiro Yagami (seal)
Statutory Auditor (Full time)

Eiji Isu (seal)
Statutory Auditor (Full time)

Nobuo Kuroyanagi (seal)
Statutory Auditor

Haruya Uehara (seal)
Statutory Auditor

Shinichiro Ito (seal)
Statutory Auditor

(Note)

Messrs. Nobuo Kuroyanagi, Haruya Uehara and Shinichiro Ito are Outside Statutory Auditors as defined in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.