(Note) This is a translation of the official Japanese original for reference purposes only. In the event of any discrepancy between this translation and the official Japanese original, the Japanese original shall prevail. Please note that differences between this translation and those in the previous years may not necessarily mean that there have been changes in the official Japanese original, since the translation differences may stem only from a more accurate translation.

THE 91ST

ORDINARY GENERAL MEETING OF SHAREHOLDERS

THE INFORMATION DISCLOSED ON THE WEBSITE

2015 FISCAL YEAR (from April 1, 2015 to March 31, 2016)

① STOCK ACQUISITION RIGHTS OF MHI

② NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

③ NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

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/stock/meeting/index.html) (available in Japanese only)

Stock Acquisition Rights of MHI

1. Stock Acquisition Rights Held by MHI's Officers at the End of FY2015

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 who are not serving as Audit and Supervisory Committee Members)
#5 Stock Acquisition Rights (July 31, 2007)	1,000 shares of common stock	¥793,000	¥1,000	August 17, 2007 to August 16, 2037	33 (2 Directors who are not serving as an Audit and Supervisory Committee Members)
#6 Stock Acquisition Rights (July 31, 2008)	1,000 shares of common stock	¥410,000	¥1,000	August 19, 2008 to August 18, 2038	94 (2 Directors who are not serving as Audit and Supervisory Committee Members)
#8 Stock Acquisition Rights (July 31, 2009)	1,000 shares of common stock	¥295,000	¥1,000	August 18, 2009 to August 17, 2039	130 (2 Directors who are not serving as Audit and Supervisory Committee Members)

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
#9 Stock Acquisition Rights (July 30, 2010)	1,000 shares of common stock	¥268,000	¥1,000	August 18, 2010 to August 17, 2040	189 (4 Directors who are not serving as Audit and Supervisory Committee Members)
#10 Stock Acquisition Rights (November 30, 2011)	1,000 shares of common stock	¥270,000	¥1,000	December 16, 2011 to December 15, 2041	224 (4 Directors who are not serving as Audit and Supervisory Committee Members)
					23 (1 Director who is serving as an Audit and Supervisory Committee Member)
#11 Stock Acquisition Rights (July 31, 2012)	1,000 shares of common stock	¥225,000	¥1,000	August 17, 2012 to August 16, 2042	284 (4 Directors who are not serving as Audit and Supervisory Committee Members)
					52 (1 Director who is serving as an Audit and Supervisory Committee Member)

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	176 (4 Directors who are not serving as Audit and Supervisory Committee Members)
					27 (1 Director who is serving as an Audit and Supervisory Committee Member)
#15 Stock Acquisition Rights (July 31, 2014)	1,000 shares of common stock	¥564,000	¥1,000	August 19, 2014 to August 18, 2044	348 (6 Directors who are not serving as Audit and Supervisory Committee Members)
					44 (1 Director who is serving as an Audit and Supervisory Committee Member)

(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 Director who is serving as an Audit and Supervisory Committee Member were granted during his term of office as a MHI's Director who is not serving as an Audit and Supervisory Committee Member or Senior Vice President.

2. Stock acquisition rights issued to MHI's employees DURING FY2015

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 to MHI's Employees
#16 Stock Acquisition Rights (April 23, 2015)	1,000 shares of common stock	¥553,000	¥1,000	May 12, 2015 to May 11, 2045	42 (1 person)

(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 #16 Stock Acquisition Rights were granted to Senior Vice President of MHI who did not concurrently serve as Director, whose rights have been put on hold because of his absence in Japan.

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: 238
   Principal consolidated subsidiaries are described in "OVERVIEW OF MHI GROUP 9. OUTLINES OF MAIN SUBSIDIARIES" of the business report.
   In this fiscal year, 37 companies have been added to the scope of consolidation; Nine (MITSUBISHI HEAVY INDUSTRIES HULL PRODUCTION CO., LTD., etc.) are newly formed companies; 23 (UNICARRIERS HOLDINGS CORPORATON, etc) are due to equity acquisitions, and five are due to the increase of significance on the consolidated financial statements. 39 companies have been excluded from the scope of consolidation; 18 (TOYO ENGINEERING WORKS, LTD., etc) are due to dissolution by mergers; nine (MAINTENANCE PARTNERS NV,etc) are due to the sale of its equity; four (MITSUBISHI MAHINDRA AGRICULTURAL MACHINERY CO., LTD., former company name: MITSUBISHI AGRICULTURAL MACHINERY CO., LTD, etc.) are due to allocation of new stocks to a third party; three (MLP U.S.A., Inc., etc.) are due to liquidation and five are due to the decrease of significance on the consolidated financial statements.

   (2) Principal non-consolidated subsidiaries:
   AMAGASAKI KENKO NO MORI CO., LTD., etc.
   (Reasons for excluding from the scope of consolidation)
   Non-consolidated subsidiaries are excluded from the scope of consolidation because their consolidation would have a negligible impact on the consolidated financial statements given their aggregate level of total assets, sales, net income, etc.

   (3) Entities not accounted for as subsidiaries even though MHI owns the majority of voting rights:
   MITSUBISHI MAHINDRA AGRICULTURAL MACHINERY CO., LTD.
   This company is classified as an affiliated company accounted for by the equity method considering the percentage of holdings (including preferred stocks) and the contents of shareholders' agreement.

2. Application of the equity method
   (1) Affiliated companies accounted for by the equity method
   MITSUBISHI MOTORS CORPORATION, etc. (Total: 27 companies)
   In this fiscal year, two companies have been reclassified from consolidated subsidiaries to affiliated company accounted for by the equity method; one (MM BRIDGE CO., LTD., former company name: MITSUBISHI HEAVY INDUSTRIES BRIDGE & STEEL STRUCTURES ENGINEERING CO., LTD.) is due to the sale of equities; the other (MITSUBISHI MAHINDRA AGRICULTURAL MACHINERY CO., LTD, former company name: MITSUBISHI AGRICULTURAL MACHINERY CO., LTD) is due to allocation of new stocks to a third party. MITSUBISHI NUCLEAR FUEL CO., LTD. has been reclassified from an affiliated company accounted for by the equity method to a consolidated subsidiary due to an equity acquisition. One affiliated company has been included in the scope of equity method application due to the increase of significance on the consolidated financial statements.

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

Non-consolidated subsidiaries not accounted for by the equity method:
AMAGASAKI KENKO NO MORI CO., LTD., etc.
Affiliated companies not accounted for by the equity method:
KITAKANTO NICHIYU CO., LTD., etc.
(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 the application of the equity method would have a negligible impact on the consolidated financial statements.

3. Asset valuation standards and methods
(1) Securities
Other securities
Other 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.)
Other 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) Property, plant and equipment (excluding leased assets)
Principally straight-line method is applied for buildings (excluding the equipment attached to them). Principally declining-balance method is applied for the other items of property, plant and equipment.

(2) Intangible Assets (excluding leased assets)
Straight-line method is applied.

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

5. Allowance and reserves
(1) Allowance for doubtful accounts
Allowance for doubtful accounts 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 loss on construction contracts

Reserve for loss 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 work-in-process already exceed their respective total contract revenues, the exceeding portion is recognized as the loss on devaluation of the work-in-process and, accordingly, is not included in the reserve for losses on construction contracts.

(4) Reserve for loss on passenger vessel construction business

Reserve for loss on passenger vessel construction business is provided based on reasonable estimation for the expected loss to be realized in the following years from the construction of two large-sized cruise ships for the AIDA Cruises brand.

(5) Reserve for stock benefits

Reserve for stock benefits is provided in relation to the plan to grant the stocks of MHI to the officers and executive management personnel through a trust. Estimated value of the MHI's stocks corresponding to the Stock Grant Points held by the eligible persons as at the balance sheet date is recognized.

(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 of PCB products and equipment.

6. Other essential facts in preparing consolidated financial statements

(1) Recognition of revenue and costs

With regard to construction contracts, the percentage-of-completion method is applied if a reliable estimation of the (i) total costs on and revenues from a contract and (ii) percentage of completion at the balance sheet date is available. In applying this method the percentage of completion at the balance sheet date is estimated based on the costs incurred to date divided by the estimated total costs on the contracts. The completed-contract method is applied when the above conditions are not met.

(2) Accounting treatment of consumption tax

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

(3) Liability for retirement benefit

Liability for retirement benefit is provided for employees' retirement benefits by deducting the pension assets (including a retirement benefit trust) from the retirement benefit obligations, based on estimated balances at the end of the fiscal year.

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

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

Unrecognized actuarial gains and losses and unrecognized prior service costs after tax are recorded in "Remeasurements of defined benefit plans" within the net assets section as a component of accumulated other comprehensive income.

7. Additional information

(1) Adjustment to deferred tax assets and deferred tax liabilities due to changes in corporate income tax rate

Following the promulgation of the "Law for Partial Amendment of the Income Tax Law, etc." (Law No. 15 of 2016) and the "Law for Partial Amendment of the Local Tax Law, etc." (Law No. 13 of 2016) on March 31, 2016, the reduction in the corporate income tax rate becomes effective for fiscal years beginning on or after April 1, 2016. In conjunction with these changes, the statutory tax rate used to measure deferred tax assets and liabilities for the temporary differences estimated to be resolved in or after the fiscal year beginning on April 1, 2016 have been changed.

As a result, "Deferred tax assets (net of deferred tax liabilities)" decreased by 4,886 million yen, while "Income taxes (deferred)", "Net unrealized gains (losses) on investment securities", "Remeasurements of defined benefit plans" and "Deferred gains (losses) on hedges increased by 5,271 million yen, 765 million yen, 400 million yen, and 20 million yen respectively in this fiscal year.

Change in Accounting Policy

1. Application of the Accounting Standard for Business Combinations and related accounting standards

The MHI Group has applied the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013; hereinafter the "Accounting Standard for Business Combinations"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; hereinafter the "Accounting Standard for Consolidated Financial Statements"), and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013; hereinafter the "Accounting Standard for Business Divestitures"), etc. effective from the fiscal year under review. As a result, the method of recording the amount of difference caused by changes in MHI's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of MHI was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out in or after the beginning of the fiscal year under review, the accounting method was changed to one in which if the purchase price allocation is revised due to the finalization of the tentative accounting treatment in the fiscal year following the fiscal year in which the business combination is originally recorded, the impact of the revision on the beginning balances of the fiscal year in which the revision is made is presented separately and the beginning balances are presented after reflecting that impact. In addition, a change in the presentation of net income, etc. and a change in the presentation of minority interests to non-controlling interests were adopted.

The application of the Accounting Standard for Business Combinations, etc. is subject to the transitional treatment provided for in Paragraph 58-2(4) of the Accounting Standard for Business Combinations, Paragraph 44-5(4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4(4) of the Accounting Standard for Business Divestitures. Accordingly, these standards have been applied prospectively from the beginning of the fiscal year under review.

The impact of these changes on consolidated financial statements is insignificant.

Notes to the Consolidated Balance Sheet

1. Pledged assets and related liabilities

(1) Assets pledged as collateral

Property, plant and equipment	¥	8,638 million
Total	¥	8,638 million

(2) Liabilities related to the assets pledged as collateral

Short-term borrowings	¥	1,438 million
Long-term borrowings	¥	614 million
Total	¥	2,053 million

2. Accumulated depreciation

Accumulated depreciation of property, plant and equipment	¥	2,045,300 million

3. Contingent liabilities

(1) Guarantee obligations on such debts as borrowings from financial institutions by parties outside the MHI Group

Employees (Residence fund loan, etc.)	¥	21,671 million
L&T-MHPS Turbine Generators Private Ltd.	¥	8,950 million
L&T-MHPS Boilers Private Ltd.	¥	3,820 million
Others	¥	5,352 million
Total	¥	39,794 million

(2) Unsettled balances of notes receivable

Notes receivable discounted	¥	1,156 million
Notes receivable endorsed	¥	550 million

4. Reserve for loss on passenger vessel construction business

With respect to the passenger vessel construction business, MHI believes that it has already accounted for all provisions for loss estimated to the extent reasonably possible based on the facts already occurred. However, the actual amount of future losses may be different from the current estimate mainly as MHI is still negotiating the construction schedule for the second ship with the customer.

5. Others

On February 1, 2014 (the "Effective Date of Company Split"), MHI and Hitachi, Ltd. ("Hitachi") integrated their businesses centered on thermal power generation systems into Mitsubishi Hitachi Power Systems, Ltd. ("MHPS"), a consolidated subsidiary of MHI, through a spin-off in the form of an absorption-type company split.

As part of this business integration, assets and liabilities, contracts with customers and others, and rights and obligations thereunder, related to the boiler construction projects for Medupi and Kusile thermal power stations (the "South African Projects"), for which companies such as Hitachi Power Africa Proprietary Limited ("HPA"), a consolidated subsidiary of Hitachi in the Republic of South Africa, received orders in 2007, were transferred from HPA to Mitsubishi Hitachi Power Systems Africa Proprietary Limited ("MHPS-Africa"), a consolidated subsidiary of MHI (the "South African Asset Transfer").

Under the contract between MHI and Hitachi regarding the South African Asset Transfer, it is agreed that Hitachi and HPA shall be responsible for any contingent liabilities arising from events that had occurred before the Effective Date of Company Split and for any claim that had already accrued as of the said date, while MHPS and MHPS-Africa shall be responsible for the execution of the project on and after the Effective Date of Company Split, and on that basis, the future project schedule and project cash flow estimation dating back to the Effective Date of Company Split shall be refined, and the definitive price of the South African

Asset Transfer shall be determined based on the refined estimate, and the difference from the tentative price shall be adjusted.

MHI and Hitachi have not completed the price adjustment of the South African Asset Transfer at the moment. Meanwhile, MHPS-Africa has the right to receive the price adjustment payments and other payments from Hitachi or HPA in the amount calculated under the contract because it was already expected as of the Effective Date of Company Split that the South African Projects would incur a loss. On March 31, 2016, MHI demanded that Hitachi pay ZAR 48,200 million (equivalent to approximately 379.0 billion yen converted at a rate of 7.87 yen to 1 ZAR) to MHPS-Africa as part of the price adjustment and other payments.

Part of the said rights to receive payments from Hitachi is included in "Others" in the current assets of the consolidated balance sheet.

Notes to the Consolidated Statement of Income

1. Business structure improvement expenses

Business structure improvement expenses are comprised of business reorganization expenses relating to Energy & Environment domain, Machinery, Equipment & Infrastructure domain.

2. Loss on passenger vessel construction business reserve

In the passenger vessel construction business, MHI recognized an extraordinary loss of 64,126 million yen in its consolidated financial results for the fiscal year ended March 31, 2014 and 69,534 million yen for the fiscal year ended March 31, 2015 under provision for loss on passenger vessel construction business reserve as a result of a significant cost overrun due to, among others, difficulties in construction of the prototype ship.

In the fiscal year under review, with the assignment of additional manpower, MHI pushed ahead with the works for the first ship in close coordination with the customer. However, due to design changes in the later construction phase, the need to address faults found in the final stages, and the need for modification and responses to adjustment requests of the customer in the finishing stage of interior works, delivery of the first ship was delayed. Consequently, MHI recognized an extraordinary loss of 30,953 million yen in the second quarter and 22,108 million yen in the third quarter of the fiscal year under review.

In the fourth quarter of the fiscal year under review, MHI made finishing touches to the ship before delivery installed the ship's control systems and it underwent final inspections. However, the ship is fitted with cutting-edge equipment and resulting work took longer than we expected, there were faults in main engines, and in addition to noise reduction measures requested by the customer during sea trials, fires broke out onboard. In the end, the delivery of the ship was completed in the middle of March, 2016.

Furthermore, due to the first ship's delayed delivery and adjustments made to the first ship, as well as the customer feedback regarding the requirements for the second ship, the construction phase of the second ship has been re-examined radically.

As a result, MHI expected, in the fourth quarter of the fiscal year under review, that the amount of expected future losses would exceed the previously recorded amount of provision and booked an additional extraordinary loss of 50,850 million yen for that quarter for an additional expected loss estimated to the extent reasonably possible as of the end of the fourth quarter. The total amount of provision for loss on passenger vessel construction business reserve recorded as extraordinary loss throughout the fiscal year under review amounted to 103,911 million yen.

MHI recognizes the loss associated with its passenger vessel construction business which will be incurred in the future as extraordinary loss because it does not regard such loss as a loss incurred as an ongoing operations.

With respect to the passenger vessel construction business, MHI believes that it has already accounted for all provisions for loss estimated to the extent reasonably possible based on the facts already occurred. However, the actual amount of future losses may be different from the current estimate mainly as MHI is still negotiating the construction schedule for the second ship with the customer.

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 26, 2015 Ordinary General Meeting of Shareholders	Common Stock	¥20,135million	¥6	Mar 31, 2015	Jun 29, 2015
Oct 30, 2015 Board of Directors	Common Stock	¥20,177million	¥6	Sep 30, 2015	Dec 3, 2015

Note: Total cash dividends paid in accordance with the resolution by the board of directors held on October 30, 2015 include 37 million yen of cash dividends for the stocks held by the Stock Grant ESOP Trust and the Officer Remuneration BIP Trust I&II.

   (2) Dividends of which the record date is within this fiscal year which take effect in the 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 23, 2016 Ordinary General Meeting of Shareholders	Common Stock	¥20,181 million	Retained Earnings	¥6	Mar 31, 2016	Jun 24, 2016

Note 1: The above is scheduled to be resolved at the ordinary general meeting of shareholders on June 23, 2016.

Note 2: Total cash dividends to be paid in accordance with the resolution by the ordinary general meeting of shareholders to be held on June 23, 2016 include 36 million yen of cash dividends for the stocks held by the Stock Grant ESOP Trust and the Officer Remuneration BIP Trust I&II.

3. Type and number of shares subject to the share subscription rights
   Common stock 6,946,000 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, 2016 are shown in the following table. The ones whose fair values are extremely difficult to determine are excluded from the following table. (See Footnote 2 below the table.)

(Unit: million yen)

	Consolidated Balance Sheet Amount (*)	Fair Value (*)	Variance
(1) Cash and deposits	310,523	310,523	—
(2) Trade receivables	1,205,689	1,205,689	—
(3) Securities and investment securities	378,429	393,995	15,565
(4) Trade payables	(763,761)	(763,761)	—
(5) Electronically recorded obligations	(96,888)	(96,888)	—
(6) Short-term borrowings	(293,131)	(293,131)	—
(7) Commercial papers	(45,000)	(45,000)	—
(8) Debentures	(265,000)	(271,513)	(6,513)
(9) Long-term borrowings	(449,017)	(471,240)	(22,223)
(10) Derivatives (*)			
・to which hedge accounting is not applied	772	772	—
・to which hedge accounting is applied	2,001	2,001	—

(*) 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.

(Footnote 1) The computation method of the fair values of financial instruments

(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) Electronically recorded obligations; (6) Short-term borrowings;

(7) Commercial papers

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.

(8) Debentures

Market prices are used as the fair values.

(9) 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 method for interest-rate swaps" are applied (see (10) below), the principal and total interest according to the interest rate under the interest-rate swaps are used.

(10)Derivatives

The fair values of exchange contracts are based on forward exchange rates.

Those to which the "exceptional method for 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 (9).)

(Footnote 2) Unlisted securities, whose consolidated balance sheet amount is 151,737 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	¥	500.30
Net income per share	¥	19.02

Notes on Subsequent Events

Mitsubishi Motors Corporation, an affiliated company accounted for by the equity method, reported to the Ministry of Land, Infrastructure, Transport and Tourism on April 20, 2016 that it had conducted fuel consumption testing improperly to present better fuel consumption rates than actual rates. At the present time, it is difficult for Mitsubishi Motors Corporation to reasonably estimate the amount of the effect of this incident on financial position, business performance and cash flow of Mitsubishi Motors Corporation, and thereby the amount of the effect of this incident is not reflected in the MHI's consolidated financial statements for the current fiscal year.

In addition, at a Board of Directors meeting of Mitsubishi Motors Corporation held on May 12, 2016, it was resolved to issue new shares through third-party allocation to Nissan Motor Co., Ltd. However, MHI has yet to determine the effect of this event on the financial position and business performance of MHI in the next fiscal year.

Notes on Business Combination

1. Business Combination by Acquisition

(1) Outline of the business combination
  ① Name of the acquired company and its business
    Name of the acquired company: UniCarriers Holdings Corporation
    Description of business: Development, manufacture and sale of material handling equipment, such as forklift trucks, container carriers and transfer cranes
  ② Business combination date: March 31, 2016
  ③ Legal form of the business combination: Acquisition of shares in exchange for cash
  ④ Percentage of voting rights acquired: 100%
    Shareholding ratio of acquired shares (%):
    Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings, Ltd.: 65%
    Mitsubishi Nichiyu Forklift Co., Ltd.: 35%

(2) Purchase price of the acquired company: ¥115,672 million in cash

(3) Major acquisition-related costs and their amounts
  Remuneration, fees, etc., to external advisors, etc.: ¥819 million

(4) The amount and the cause of the resulting goodwill and the applicable amortization method and period
  ① Amount of the resulting goodwill
    ¥63,147 million
    The amount of goodwill is calculated on a tentative basis as the purchase price allocation is not finalized.
  ② Cause of the goodwill
    The excess earnings potential for future periods expected from the development of the acquired business going forward.
  ③ Amortization method and period
    To be amortized over a reasonable period on a straight-line basis, based on an estimation of the period over which the effect of the investment will be materialized.

(5) Amount and breakdown of assets acquired and liabilities assumed on the business combination date

Current assets	¥ 73,651 million
Fixed assets	¥ 73,572 million
Total assets	¥147,224 million
Current liabilities	¥ 94,771 million
Long-term liabilities	¥ 11,951 million
Total liabilities	¥106,722 million

(6) Purchase price allocation

As of the end of the fiscal year under review, purchase price adjustments and the calculation of the fair value of assets and liabilities that are identifiable as of the business combination date have not been completed and the purchase price allocation has not been finalized. Therefore, the purchase price is allocated on a tentative basis based on reasonable information that is available as of the end of the fiscal year under review.

Notes to the Non-consolidated 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
   Other 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.)
   Other 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) Property, plant and equipment (excluding leased assets)
   Straight-line method is applied for buildings (excluding the equipment attached to them). Declining-balance method is applied for the other items of property, plant and equipment.

   (2) Intangible Assets (excluding leased assets)
   Straight-line method is applied.

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

3. Allowance and reserves
   (1) Allowance for doubtful accounts
   Allowance for doubtful accounts 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 work-in-process already exceed their respective total contract revenues, the exceeding portion is recognized as the loss on devaluation of the work-in-process and, accordingly, is not included in the reserve for losses on construction contracts.

(4) Reserve for loss on passenger vessel construction business

Reserve for loss on passenger vessel construction business is provided based on reasonable estimation for the expected loss to be realized in the following years from the construction of two large-sized cruise ships for the AIDA Cruises brand.

(5) Reserve for stock benefits

Reserve for stock benefits is provided in relation to the plan to grant the stocks of MHI to the officers and executive management personnel through a trust. Estimated value of the MHI’s stocks corresponding to the Stock Grant Points held by the eligible persons as at the balance sheet date is recognized.

(6) Reserve for retirement allowance

Reserve for retirement allowance is provided for employees’ retirement benefits. The amounts are based on the balances of retirement benefit obligations and estimated pension fund assets (including a retirement benefit trust) at the end of the fiscal year.

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 incurrence, over the average remaining service period of employees.

(7) Reserve for treatment of PCB waste

Reserve for treatment of PCB (Poly Chlorinated Biphenyl) waste is provided based on estimated costs of the treatment of PCB products and equipment.

4. Recognition of revenue and costs

With regard to construction contracts, the percentage-of-completion method is applied if a reliable estimation of the (i) total costs on and revenues from a contract and (ii) percentage of completion at the balance sheet date is available. In applying this method the percentage of completion at the balance sheet date is estimated based on the costs incurred to date divided by the estimated total costs on the contracts. The completed-contract method is applied when the above conditions are not met.

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. Additional information

Adjustment to deferred tax assets and deferred tax liabilities due to changes in corporate income tax rate

Following the promulgation of the "Law for Partial Amendment of the Income Tax Law, etc." (Law No. 15 of 2016) and the "Law for Partial Amendment of the Local Tax Law, etc." (Law No. 13 of 2016) on March 31, 2016, the reduction in the corporate income tax rate becomes effective for fiscal years beginning on or after April 1, 2016. In conjunction with these changes, the statutory tax rate used to measure deferred tax assets and liabilities for the temporary differences estimated to be resolved in or after the fiscal year beginning on April 1, 2016 have been changed.

As a result, "Deferred tax assets (net of deferred tax liabilities)" decreased by 5,211 million yen, while "Income taxes (deferred)", "Net unrealized gains (losses) on investment securities" and "Deferred gains (losses) on hedges increased by 5,868 million yen, 637 million yen, and 20 million yen respectively in this fiscal year.

Notes on Change in Accounting Policy

1. Application of the Accounting Standard for Business Combinations and related accounting standards

MHI has applied the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013; hereinafter the "Accounting Standard for Business Combinations") and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013; hereinafter the "Accounting Standard for Business Divestitures"), etc. effective from the fiscal year under review. As a result, the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out in or after the beginning of the fiscal year under review, the accounting method was changed to one in which if the purchase price allocation is revised due to the finalization of the tentative accounting treatment in the fiscal year following the fiscal year in which the business combination is originally recorded, the impact of the revision on the beginning balances of the fiscal year in which the revision is made is presented separately and the beginning balances are presented after reflecting that impact.

The application of the Accounting Standard for Business Combinations, etc. is subject to the transitional treatment provided for in Paragraph 58-2(4) of the Accounting Standard for Business Combinations and Paragraph 57-4(4) of the Accounting Standard for Business Divestitures. Accordingly, these standards have been applied prospectively from the beginning of the fiscal year under review.

The impact of these changes on financial statements is insignificant.

Notes to the Non-consolidated Balance Sheet

1. Accumulated depreciation

Accumulated depreciation of property, plant and equipment ¥ 1,213,843 million

2. Contingent liabilities

Guarantee obligations on such debts as borrowings from financial institutions

Mitsubishi Heavy Industries Aero Engines, Ltd.	¥	20,000 million
Employees (Residence fund loan, etc.)	¥	16,515 million
Mitsubishi Nuclear Fuel Co, Ltd.	¥	7,700 million
Others	¥	15,695 million
Total	¥	59,910 million

3. Monetary receivables from / payables to subsidiaries and affiliated companies

(Excluding accounts which are stated as such in Balance Sheet)

Short-term monetary receivables	¥	236,903 million
Long-term monetary receivables	¥	631 million
Short-term monetary payables	¥	420,962 million
Long-term monetary payables	¥	16,902 million

4. Reserve for loss on passenger vessel construction business

With respect to the passenger vessel construction business, MHI believes that it has already accounted for all provisions for loss estimated to the extent reasonably possible based on the facts already occurred. However, the actual amount of future losses may be different from the current estimate mainly as MHI is still negotiating the construction schedule for the second ship with the customer.

5. Others

On February 1, 2014 (the “Effective Date of Company Split”), MHI and Hitachi, Ltd. (“Hitachi”) integrated their businesses centered on thermal power generation systems into Mitsubishi Hitachi Power Systems, Ltd. (“MHPS”), a consolidated subsidiary of MHI, through a spin-off in the form of an absorption-type company split.

As part of this business integration, assets and liabilities, contracts with customers and others, and rights and obligations thereunder, related to the boiler construction projects for Medupi and Kusile thermal power stations (the “South African Projects”), for which companies such as Hitachi Power Africa Proprietary Limited (“HPA”), a consolidated subsidiary of Hitachi in the Republic of South Africa, received orders in 2007, were transferred from HPA to Mitsubishi Hitachi Power Systems Africa Proprietary Limited (“MHPS-Africa”), a consolidated subsidiary of MHI (the “South African Asset Transfer”).

Under the contract between MHI and Hitachi regarding the South African Asset Transfer, it is agreed that Hitachi and HPA shall be responsible for any contingent liabilities arising from events that had occurred before the Effective Date of Company Split and for any claim that had already accrued as of the said date, while MHPS and MHPS-Africa shall be responsible for the execution of the project on and after the Effective Date of Company Split, and on that basis, the future project schedule and project cash flow estimation dating back to the Effective Date of Company Split shall be refined, and the definitive price of the South African Asset Transfer shall be determined based on the refined estimate, and the difference from the tentative price shall be adjusted.

MHI and Hitachi have not completed the price adjustment of the South African Asset Transfer at the moment. Meanwhile, MHPS-Africa has the right to receive the price adjustment payments and other payments from Hitachi or HPA in the amount calculated under the contract because it was already expected as of the Effective Date of Company Split that the South African Projects would incur a loss. On March 31, 2016, MHI demanded that Hitachi pay ZAR 48,200 million (equivalent to approximately 379.0 billion yen converted at a rate of 7.87 yen to 1 ZAR) to MHPS-Africa as part of the price adjustment and other payments.

As of the end of the fiscal year under review (March 31, 2016), MHI has provided MHPS-Africa a 130.0 billion yen loan in total.

Notes to the Non-consolidated Statement of Income

1. Transactions with subsidiaries and affiliated companies

Sales	¥	462,654 million
Purchases	¥	325,451 million
Transactions other than operating transactions	¥	38,711 million

2. Business structure improvement expenses

Business structure improvement expenses are comprised of business reorganization expenses relating to Energy & Environment domain and Machinery, Equipment & Infrastructure domain.

3. Loss on passenger vessel construction business reserve

In the passenger vessel construction business, MHI recognized an extraordinary loss of 64,126 million yen in its consolidated financial results for the fiscal year ended March 31, 2014 and 69,534 million yen for the fiscal year ended March 31, 2015 under provision for loss on passenger vessel construction business reserve as a result of a significant cost overrun due to, among others, difficulties in construction of the prototype ship.

In the fiscal year under review, with the assignment of additional manpower, MHI pushed ahead with the works for the first ship in close coordination with the customer. However, due to design changes in the later construction phase, the need to address faults found in the final stages, and the need for modification and responses to adjustment requests of the customer in the finishing stage of interior works, delivery of the first ship was delayed. Consequently, MHI recognized an extraordinary loss of 30,953 million yen in the second quarter and 22,108 million yen in the third quarter of the fiscal year under review.

In the fourth quarter of the fiscal year under review, MHI made finishing touches to the ship before delivery installed the ship’s control systems and it underwent final inspections. However, the ship is fitted with cutting-edge equipment and resulting work took longer than we expected, there were faults in main engines, and in addition to noise reduction measures requested by the customer during sea trials, fires broke out onboard. In the end, the delivery of the ship was completed in the middle of March, 2016.

Furthermore, due to the first ship’s delayed delivery and adjustments made to the first ship, as well as the customer feedback regarding the requirements for the second ship, the construction phase of the second ship has been re-examined radically.

As a result, MHI expected, in the fourth quarter of the fiscal year under review, that the amount of expected future losses would exceed the previously recorded amount of provision and booked an additional extraordinary loss of 50,850 million yen for that quarter for an additional expected loss estimated to the extent reasonably possible as of the end of the fourth quarter. The total amount of provision for loss on passenger vessel construction business reserve recorded as extraordinary loss throughout the fiscal year under review amounted to 103,911 yen million.

MHI recognizes the loss associated with its passenger vessel construction business which will be incurred in the future as extraordinary loss because it does not regard such loss as a loss incurred as an ongoing operations.

With respect to the passenger vessel construction business, MHI believes that it has already accounted for all provisions for loss estimated to the extent reasonably possible based on the facts already occurred. However, the actual amount of future losses may be different from the current estimate mainly as MHI is still negotiating the construction schedule for the second ship with the customer.

Notes to the Non-consolidated Statement of Changes in Net Assets

The number of treasury stock

Common stock	10,004,421 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 reserve for specified business restructuring investment loss.

Related Party Transactions

Category	Name	Percentage of Voting Rights held by the Issuer	Relation with the Related Parties	Contents of the Transactions	Transaction Amounts	Account	Ending Balance
Subsidiary	Mitsubishi Aircraft Corporation	Direct 64.6%	Manufacturing of MRJ Some officers of MHI concurrently serve as officers of the related party	Manufacturing contract for commercial aircraft(*1)	¥ 13,533 million	Trade Accounts Receivable	¥ 46,357 million
Subsidiary	Mitsubishi Heavy Industries Shipbuilding Co., Ltd.	Direct 100.0%	Transfer of Business Some officers of MHI concurrently serve as officers of the related party	Transfer of Business (*2) Total Assets Transferred Total Liabilities Transferred Transfer Value	 ¥ 62,295 million ¥ 56,407 million ¥ 5,887 million	 — — —	 — — —
Subsidiary	Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings, Ltd.	Direct 100.0%	Some officers of MHI concurrently serve as officers of the related party	Contribution in kind Contribution in cash (*3)	¥ 34,575 million ¥ 65,335 million	— —	— —

Terms and conditions of the transaction and the policy for determining terms and conditions

*1. The terms and conditions are determined based on negotiation between the parties as there has been no similar transaction in the past.

*2. On October 1, 2015, MHI transferred its shipbuilding business to Mitsubishi Heavy Industries Shipbuilding Co., Ltd. by way of company split. Assets and liabilities relating to the business were transferred by their book value immediately prior to the company split, as a transaction under common control in accordance with the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7) and the “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10).

*3. On March 31, 2016, MHI transferred its shares of Mitsubishi Nichiyu Forklift Co., Ltd. to Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings, Ltd. in the form of contribution in kind. The cost of this transferring was recorded at book value immediately prior to the transfer as it was a contribution in kind to a wholly-owned subsidiary. MHI also made an investment in cash on the same day.

Per Share Information

Book value per share	¥ 352.66
Net income per share	¥ 0.95