

*(Note) This is a translation of the Japanese original for reference purpose only. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.*

## Cover

Type of document:	Extraordinary Report
Filed with:	Director of Kanto Local Finance Bureau
Date of filing:	November 2, 2017 (updated as of February 7, 2018)
Corporate name:	Mitsubishi Heavy Industries, Ltd.
Corporate name in English:	Mitsubishi Heavy Industries, Ltd.
Representative:	Shunichi Miyanaga, President and CEO
Location of head office:	16-5, Konan 2-Chome, Minato-ku, Tokyo
Telephone number of head office:	+81-3-6716-3111 (Main)
Contact person at head office:	Kazuo Ogura, Manager, Administration Group, Legal & General Affairs Department
Local point of contact:	16-5, Konan 2-Chome, Minato-ku, Tokyo
Telephone number of above:	+81-3-6716-3111 (Main)
Contact person at above:	Kazuo Ogura, Manager, Administration Group, Legal & General Affairs Department
Places at which copies of this Extraordinary Report are offered for public inspection:	Tokyo Stock Exchange Group, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya) Fukuoka Stock Exchange, securities membership corporation (14-2, Tenjin 2-chome, Chuo-ku, Fukuoka) Sapporo Securities Exchange, securities membership corporation (14-1, Minamiichijo-nishi 5-chome, Chuo-ku, Sapporo)

[1. Reason for Filing]

The Company decided on November 2, 2017 to conclude an absorption-type company split agreement (absorption-type company split agreement not requiring approval by a resolution of the shareholders meeting), by which Company's engineering business relating to the chemical plants and transportation products shall be succeeded to by MHI Plant and Transportation Systems, Ltd. ("Succeeding Company"), a subsidiary of the Company (hereinafter the foregoing company split shall be called as the "Company Split"). The decision was made by the director delegated by the Board of Directors pursuant to the provisions of the Articles of Incorporation.

On the same date, the Company concluded the absorption-type company split agreement ("Agreement") with the Succeeding Company.

According to the above, the Company is filing this Extraordinary Report pursuant to Article 24-5, Clause 4 of Financial Instruments and Exchange Act and Article 19, Clause 2, Item 7 of Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

[2. Text of Report]

1. Details of the Succeeding Company

(1) Trade Name, Location of Head Office, Representative, Capital, Net Assets, Total Assets and Details of the Business (as of October 14, 2017)

Trade Name	MHI Plant and Transportation Systems, Ltd.
Location of Head Office	3-1, Minato Mirai 3 Cho-me, Nishi-ku, Yokohama, Kanagawa
Representative	Representative Director Yoichi Hibino
Capital	¥ 50 million
Net Assets	¥ 100 million
Total Assets	¥ 100 million
Details of Business	Engineering, manufacturing, procurement, construction, sales and after service relating to chemical plants, transportation systems and environmental products (including ancillary businesses)

(2) Sales and Operating, Ordinary and Net Profits of the Last 3 Fiscal Years

The Succeeding Company was established on October 14, 2017 and its first fiscal year has not ended.

(3) Name and Holding Ratio of Major Shareholder

Mitsubishi Heavy Industries, Ltd. 100%

(4) Capital, Personal and Business Relationship with the Company

The Succeeding Company is the wholly-owned subsidiary of the Company and some of its directors are dispatched by the Company.

## 2. Purpose of the Company Split

The Company has been cultivating the capability and resources of engineering through operation of chemical plants, transportation products and environmental technologies. In order to reinforce the response capability for large-scale complex systems across the Company's product portfolio, the Engineering Headquarters, which totally manages the engineer-relating businesses, was newly established in April, 2016 and has been seeking to enhance engineering operations through horizontal coordination across other business segments. In such circumstance, following the change in market, meeting the customers' interests in total systems as well as individual products, it is required to improve QCD (Quality, Cost and Delivery) management and response to risks including geopolitical aspects. Therefore the Company decided to succeed its engineering business relating to chemical plants and transportation products to the Succeeding Company by a simplified absorption-type company split, intending to clearly allocate responsibilities and authorities and facilitate prompt decision making.

## 3. Method, Allocation of Shares and Other Details of the Company Split

### (1) Method

It is a spin-off simplified absorption-type company split between the Company as the splitting company and the Succeeding Company.

### (2) Allocation of Shares

The Succeeding Company shall issue 90 shares of common stock for the Company Split, which shall be allocated to the Company.

### (3) Other Details

#### a. Rights and Obligations to Be Succeeded To

- (i) In accordance with the Agreement, the Succeeding Company shall succeed to all assets (including all stocks and shares belonging to the following businesses), debts and rights and obligations thereof held by the Company relating to the following (except for those stipulated not to be succeeded to under the Agreement):

[Business]

Engineering, procurement, quality control, construction, manufacturing, sales and after service relating to the business of Engineering Headquarters and Transportation System Division and environmental products belonging to Industry and Infrastructure Domain of the Company (including ancillary businesses).

[Stocks and Shares]

All issued shares of Mitsubishi Transportation Equipment Engineering & Service, Ltd.

- (ii) All debts and obligations shall be transferred from the Company to the Succeeding Company in the form of cumulative taking of obligations.

b. Schedule

January 1, 2018

Effective Date of the Company Split

4. Basis for Calculating the Shares to Be Allocated to the Company

The Company Split is the spin-off absorption-type company split with the 100%-owned subsidiary. Assets and debts shall be succeeded to at book value and shares of the Succeeding Company shall be issued and allocated to the Company in return. Therefore both parties agreed on the number of shares allocated to the Company through discussion.

5. Trade Name, Location of Head Office, Representative, Capital, Net Assets, Total Assets and Details of the Business of the Succeeding Company after the Company Split

Trade Name	Mitsubishi Heavy Industries Engineering, Ltd.
Location of Head Office	3-1, Minato Mirai 3 Cho-me, Nishi-ku, Yokohama, Kanagawa
Representative	President and Representative Director Shigehisa Kobayashi
Capital	¥ 20 billion
Net Assets	¥ 109.8 billion
Total Assets	¥ 185 billion
Details of Business	Engineering, manufacturing, procurement, construction, sales and after service relating to chemical plants, transportation systems and environmental systems (including ancillary businesses)

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