

(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 December 1, 2017 and 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 Shipbuilding Co., 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 September 1, 2017)

Trade Name	MHI Shipbuilding Co., Ltd.
Location of Head Office	3-1, Minato Mirai 3 Cho-me, Nishi-ku, Yokohama, Kanagawa
Representative	Representative Director Motoaki Morikane
Capital	¥ 25 million
Net Assets	¥ 50 million
Total Assets	¥ 50 million
Details of Business	1. Construction, sales and repair of ships and marine structures 2. Planning, research, engineering, sales of expertise and manufacturing and sales of the parts relating to the businesses referred to in any of the foregoing item 1 3. Manufacturing, sales and repair of hydraulic equipment 4. Any other businesses ancillary to the foregoing items

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

The Succeeding Company was established on September 1, 2017 and its first fiscal year has not ended after the establishment.

(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 is planning to establish a new company which undertakes construction of ships that require intensive outfitting, collaboration with the business partners, provision of designs and development of new businesses etc. as of January 1, 2018.

In order to launch such new company, the Company established the Succeeding Company as a 100%-owned subsidiary and decided to transfer its Shipbuilding & Ocean Development business to it by a simplified absorption-type company split.

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

(1) Method

It is the spin-off simplified absorption-type company split between the Company as the splitting company and MHI Shipbuilding as the succeeding company.

(2) Allocation of Shares

The Succeeding Company shall issue 950 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):

- i) Design, manufacturing, sales, after service and engineering of commercial ships, vessels for the governmental agencies and Naval ships which are constructed and repaired in Shimonoseki District of the Company
- ii) Manufacturing of hydraulic equipment and machines which are conducted in Shimonoseki District of the Company
- iii) Any other businesses ancillary to the foregoing items

(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 Shipbuilding Co., Ltd.
Location of Head Office	3-1, Minato Mirai 3 Cho-me, Nishi-ku, Yokohama, Kanagawa
Representative	President and CEO Koji Okura
Capital	¥ 3 billion
Net Assets	¥ 9.9 billion
Total Assets	¥ 122.4 billion
Details of Business	<ol style="list-style-type: none"> 1. Construction, sales and repair of ships and marine structures 2. Planning, research, engineering, sales of expertise and manufacturing and sales of the parts relating to the businesses referred to in any of the foregoing item 1 3. Manufacturing, sales and repair of hydraulic equipment 4. Any other businesses ancillary to the foregoing items

(End of Document)