(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:	June 12, 2013
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:	Hiroaki Yamamoto, Manager, Corporate Legal Group, Legal & General Affairs Department
Local point of contact:	Same as head office
Telephone number of above:	Same as head office
Contact person at above:	Same as head office
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) Osaka Securities Exchange Co., Ltd. (8-16, Kitahama 1-chome, Chuo-ku, Osaka) 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

   By resolution of the Board of Directors held on June 11, 2013, Mitsubishi Heavy Industries, Ltd. (TSE: 7011, "the Company") and Hitachi, Ltd. (TSE: 6501, "Hitachi") signed a basic integration agreement and a joint venture agreement (collectively, the "Definitive Agreements") in relation to the business integration centered on the thermal power generation systems (the "Business Integration"), specifying the terms and conditions related to the Business Integration that the Company and Hitachi transfer their respective operations centered on the thermal power generation systems (the "Integrated Business") by way of company split and other method to an integrated company, of which equity interest of the Company and Hitachi will be 65% and 35%, respectively (the "Integrated Company"), effective on January 1, 2014. Accordingly, 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 the Cabinet Office Ordinance on Disclosure of Corporate Information.

2. Text of Report

   (1) Purpose of the Business Integration

   The global market has continued to expand, driven by the growth engines of China and other emerging countries, while environmental awareness around the world has increased. These trends have presented a major opportunity for the Company and Hitachi to expand thermal power generation systems businesses where they both excel businesses that solve global energy and environmental issues at the same time. In order to prevail against competition and respond to this buoyant demand, companies must respond in detail based on highly advanced technologies, quality and reliability, unfettered by the traditional frameworks of companies. In this regard, they must be able to harness engineering capabilities as well as sales and service capabilities closely tied to each region. The Company and Hitachi share the same corporate credo of contributing to society through the development of superior, original technologies and products. Over the years, the two companies have established partnerships harnessing their technical skills and expertise in a variety of fields. Examples include an alliance and subsequent establishment of a joint venture in the steel production machinery field; collaboration in the overseas railway systems business; and integration of the hydroelectric power generation system business. Another example has been joint support for the Fukushima Daiichi Nuclear Power Station of Tokyo Electric Power Company.

   Based on these extensive partnerships, the two companies reached an agreement on the Business Integration to address buoyant global demand for thermal power generation systems by harnessing superior technical skills, quality and reliability, with the aim of prevailing against intensifying global competition.

In the thermal power generation field, the two companies both have expansive product lineups. For example, in gas turbines, the Company has focused on highly efficient large models in recent years. Meanwhile, Hitachi sees its mainstay products as small and medium-sized models. Regionally, the Company has strengths mainly in Southeast Asia and the Middle East, while Hitachi has harnessed its strengths in markets such as Europe and Africa. The two companies will respectively strive to leverage the complementary strengths of the other company. Moreover, the two companies will further enhance their ability to address customer needs and provide services by taking advantage of their respective strengths in providing total solutions across all aspects of thermal power plants.

Through this agreement, the Company and Hitachi will cooperate to develop a stable and efficient management base for the new company. The Integrated Company aims to be a global leading company in the thermal power generation systems field by accelerating global business development along with synergies of the integration and by maximizing integrated and complementary strengths in the technology and product aspects.

(2) Schedule of Business Integration

Execution of Definitive Agreements	June 11, 2013
Execution of Company Split Agreement	End of July 2013 (Tentative)
Effective Date of Company Split Date	January 1, 2014 (Tentative)

* The company split will be a simple absorption-type company split pursuant to Article 784, Paragraph 3 of the Companies Act of Japan. Therefore, the Company and Hitachi do not plan to convene shareholders' meetings to obtain approval for the company split agreement.

(3) Method, Equity Contribution, and Outline of the Business Integration

A. Method, Equity Contribution

The Company and Hitachi reached an agreement to execute the Business Integration according to the following scheme. The equity contribution ratio of the Company and Hitachi will be 65% and 35% respectively on the effective date of the company split.

(i) The Company will establish the Preparatory Company for the Business Integration as predecessor of the Integrated Company.

(ii) The Company and Hitachi will respectively transfer the Integrated Business to the Integrated Company by way of absorption-type company split and other method (the "Company Split"). As a result, The Company and Hitachi owns shares of common stock of the Integrated Company 683 shares and 317 shares, respectively.

(iii) The Company will sell 33 shares of common stock of the Integrated Company that it owns to Hitachi for 29.7 billion yen.

B. Outline of the Business Integration

A) Overview of the Business to Be Transferred

Scope of the Business Integration will be as follows.

(i) Thermal power generation system businesses (gas turbines, steam turbines, coal gasification generating equipment, boilers, generators, etc.)

(ii) Geothermal power system business

(iii) Environmental equipment business

(iv) Fuel cells business

(v) Other related business

Subsidiaries and affiliates engaging in these businesses will be subject to the Business Integration.

B) Rights and Obligations Transferred to the Integrated Company

The Integrated Company will succeed assets, liabilities, other rights and obligations and contractual status from the Company and Hitachi through the Company Split. Subsidiaries and affiliates which are engaged in the businesses subject to the Business Integration will be included in the integration. Details of the Business Integration including assets, liabilities and contractual status, etc. will be provided in the company split agreement which will be executed around the end of July 2013.

C) Outlook on Performance of Obligation

In the Company Split, obligations of the Company, Hitachi and the Integrated Company are anticipated to be duly performed.

(4) Calculation Basis, etc., Concerning Allotment under the Company Split

A. Calculation Basis and Background

The Company appointed Nomura Securities Co., Ltd. (“Nomura Securities”) and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (“Mitsubishi UFJ Morgan Stanley) as its financial advisers in order to achieve fairness and appropriateness in the determination of number of shares allocated in the Company Split.

Nomura Securities performed a Comparable Companies Analysis and a Discounted Cash Flow (“DCF”) Analysis for the businesses to be integrated of both companies. The results of each analysis are shown below. The ranges mentioned below are the calculated range of the number of the shares of common stock of the Integrated Company allocated to the Integrated Business of Hitachi.

Valuation Methodology	Range of the shares of common stock to be allocated to Hitachi
Comparable Companies Analysis	218 ~ 281 shares
DCF Analysis	317 ~ 346 shares

In calculating value of the Integrated Business of both companies, Nomura Securities relied on the provided information and publicly available information, assuming that such information was accurate and complete without independent verification of the accuracy or completeness of such information. Nomura Securities neither conducted an independent evaluation, appraisal or assessment including any evaluation or analysis of each asset or liability nor requested a third-party institution to value either company or their affiliates. The calculation results of value of the Integrated Business of both companies provided by Nomura Securities reflect the information and economic conditions that were available as of June 7, 2013, and it is presumed that the information on financial forecasts obtained from both companies has been reasonably prepared or reviewed based on the best currently available forecasts and judgment of the management of the Company.
Significant increases or decreases in profit of the Integrated Business are projected in some fiscal years in the both companies' business plans used for the DCF Analysis of Nomura Securities. This is due to the fact that the business plans of the Integrated Business have reflected the specific characteristic of the thermal power generation systems business that the competitive circumstance has significantly impacted on each year's plant orders and therefore led to the volatile financial performance.
In addition, pursuant to a request from the Board of Directors of the Company, Nomura Securities submitted to the Company an opinion (a fairness opinion) dated June 10, 2013, to the effect that the number of the shares of common stock of the Integrated Company allocated to the Integrated Business of Hitachi is reasonable under the aforementioned premises and certain other premises from a financial viewpoint for the Company.

In the respective valuation of the Integrated Business of both the Company and Hitachi, Mitsubishi UFJ Morgan Stanley analyzed the number of shares to be allocated in the Company Split, taking holistically into account the result of the DCF Analysis, Comparable Company Analysis and Precedent Transaction Analysis.

The following shows the outline of the calculation results of the number of shares to be allocated in the Company Split conducted by Mitsubishi UFJ Morgan Stanley under each methodology. (The ranges stated below show the number of common shares of the Integrated Company allocated to Hitachi for its Integrated Business).

Valuation Methodology	Range of shares to be allocated to Hitachi
DCF Analysis	264 ~ 435 shares
Comparable Companies Analysis	233 ~ 332 shares
Precedent Transactions Analysis	303 ~ 350 shares

Also, in response to the request from the Board of Directors of the Company, Mitsubishi UFJ Morgan Stanley rendered its fairness opinion dated June 10, 2013 to the Company's Board of Directors which opined that the number of shares to be allocated in the Company Split is fair to the Company from a financial point of view.

In deriving the written opinion to the Board of Directors of the Company and analyzing the number of shares to be allocated in the Company Split as the basis thereof, Mitsubishi UFJ Morgan Stanley relied upon the information available to the public and information provided by the Company or Hitachi, assumed that all of the information used by it was accurate and complete, and did not independently verify the accuracy and completeness thereof. With respect to the financial projections of the Integrated Business of both the Company and Hitachi, Mitsubishi UFJ Morgan Stanley has assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of the Company and Hitachi.

In addition, Mitsubishi UFJ Morgan Stanley has not made any independent valuation or appraisal of the assets or liabilities of the Integrated Business of both the Company and Hitachi, nor has it been furnished with any such appraisals other than the accounting, tax, legal and environment reports regarding the Integrated Business of Hitachi prepared by experts, upon which Mitsubishi UFJ Morgan Stanley has relied without any independent verification.

The analyses and opinion of Mitsubishi UFJ Morgan Stanley are necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Mitsubishi UFJ Morgan Stanley as of, June 10, 2013. Events occurring after such date may affect the analyses and opinion and the assumptions used therein, and Mitsubishi UFJ Morgan Stanley does not assume any obligation to update, revise or reaffirm the analyses or opinion.

With respect to the Business Integration, Mitsubishi UFJ Morgan Stanley will receive fees for its services from the Company, a significant portion of which is contingent upon the execution of the Definitive Agreements and the closing of the Business Integration.

Please note that Mitsubishi UFJ Morgan Stanley, together with its affiliates (the “Group”), are a global financial services firm engaged in the banking, securities, trust, investment management, credit services and other financial businesses (collectively, “Financial Services”). The Group’s securities business is engaged in securities underwriting, trading, and brokerage activities, foreign exchange, commodities and derivatives trading, as well as providing investment banking, financing and financial advisory services. In the ordinary course of its underwriting, trading, brokerage and financing activities, the Group may at any time hold long or short positions, may provide Financial Services to the Company, Hitachi, or companies that may be involved in this transaction and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or loans of the Company, Hitachi, or any company that may be involved in this transaction, or in any currency or commodity that may be involved in this transaction, or in any related derivative instrument. The Group, its directors and officers may also at any time invest on a principal basis or manage funds that invest on a principal basis, in debt or equity securities of the Company, Hitachi, or any company that may be involved in this transaction, or in any currency or commodity that may be involved in this transaction, or in any related derivative instrument. Further, the Group may at any time carry out ordinary course broking activities for the Company, Hitachi, or any company that may be involved in this transaction.

The analyses and opinion of Mitsubishi UFJ Morgan Stanley are only for the information of the Board of Directors of the Company for the purpose of considering the Business Integration, and may not be relied upon or used by any other party or for any other purpose.

In addition, significant increases or decreases in profit are projected in some fiscal years in the financial projections of the Integrated Business, which were provided by the Company to Mitsubishi UFJ Morgan Stanley for the DCF analysis. This is based on the assumption to the financial projection that a competitive environment in a given year could have a significant impact on the profitability of each fiscal year due to the nature of the thermal power generation system business.

Hitachi appointed GCA Savvian Corporation (“GCA Savvian”) as its financial advisor in order to achieve fairness in determining the number of shares of common stock of the Integrated Company to be allocated under the Company Split.

GCA Savvian performed a calculation of the number of shares of common stock of the Integrated Company to be allocated to Hitachi based on Comparable Companies Analysis and DCF Analysis for each Integrated Business of Hitachi and the Company.

The results of the calculations by GCA Savvian are summarized below. The ranges indicated below are the calculated ranges of the number of shares of common stock of the Integrated Company to be allocated to Hitachi.

Calculation Method	Range of Allocated Shares
Comparable Company Analysis	260〜315 shares
DCF Analysis	307〜346 shares

In conducting the foregoing calculations, GCA Savvian has assumed that all information provided to GCA Savvian by Hitachi and the Company and publicly available information are accurate and complete, and that no information was undisclosed to GCA Savvian, which may have a material adverse effect on the calculation, and therefore, GCA Savvian has not independently verified the accuracy and completeness of such information.

Furthermore, GCA Savvian has not independently evaluated, appraised or assessed the values of, nor has it been provided with any valuations or appraisals from third party institutions on the assets and liabilities of each Integrated Business of Hitachi and the Company.

In addition, GCA Savvian has assumed that the financial projection of each Integrated Business of Hitachi and the Company was reasonably prepared based on the best available estimates and interpretations made at the time.

The Company’s future profit plan of the Integrated Business used by GCA Savvian as a base assumption for its DCF Analysis calculations includes a fiscal year that forecasts a substantial increase in profit compared to the preceding year. This is primarily due to the nature of thermal power business in which profit level of certain fiscal year tends to be considerably impacted by historical competitive environments prevalent at the time of awards of power plant projects and so forth.

The Company and Hitachi, referencing the results of calculations by Nomura Securities, Mitsubishi UFJ Morgan Stanley and GCA Savvian and comprehensively considering factors including financial condition, condition of assets and business forecasts of each, discussed the number of shares of common stock of the Integrated Company to be allocated with due care, and concluded that the above number of shares of common stock to be allocated was appropriate.

B. Relationship with Financial Advisers

Nomura Securities and Mitsubishi UFJ Morgan Stanley, financial advisers of the Company, are not related parties of both the Company and Hitachi and have no important interests with the Company and Hitachi in relation to the Company Split.

GCA Savvian, a financial adviser of Hitachi, is not a related party of Hitachi and the Company and has no important interests with Hitachi and the Company in relation to the Company Split.

(5) Profile of the Parties of the Company Split

A. Hitachi

A) Company name, location of the head office, name of the representative, the amount of capital, the amount of total equity, total assets, the contents of the business

Company name	Hitachi, Ltd.
Head Office	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Name and title of Representative	Hiroaki Nakanishi, President
Capital	458,790 million yen (As of March 31, 2013)
Total equity (Consolidated-basis)	3,179,287 million yen (As of March 31, 2013)
Total Assets (Consolidated-basis)	9,809,230 million yen (As of March 31, 2013)
Business	Development, manufacture and sales of products and provision of services across 10 segments: Information & Telecommunication Systems, Power Systems, Social Infrastructure & Industrial Systems, Electronic Systems & Equipment, Construction Machinery, High Functional Materials & Components, Automotive Systems, Digital Media & Consumer Products, Financial Services, Others

B) Sales, operating income, ordinary income and net income for the years ended in the last 3 years

(Consolidated-basis) (Millions of Japanese yen)

	Fiscal Year ending March 2011	Fiscal Year ending March 2012	Fiscal Year ending March 2013
Sales	9,315,807	9,665,883	9,041,071
Operating income	444,508	412,280	422,028
Net income before tax	432,201	557,730	344,537

Net income	238,869	347,179	175,326

(Unconsolidated-basis) (Millions of Japanese yen)

	Fiscal Year ending March 2011	Fiscal Year ending March 2012	Fiscal Year ending March 2013
Sales	1,795,306	1,870,475	1,911,529
Operating income	33,117	17,869	34,781
Ordinary income	127,564	48,923	76,050
Net income	64,276	254,549	57,681

C) Name of major shareholder and ratio of the number of shares held by major shareholders to the total number of outstanding shares

(As of March 31, 2013)

Name of major shareholder	Ratio of the number of shares held by major shareholders to the total number of outstanding shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	6.52%
Japan Trustee Services Bank, Ltd. (Trust Account)	5.77%
SSBT OD05 OMNIBUS ACCOUNT – TREATY CLIENTS (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	2.58%
Hitachi Employees’ Shareholding Association	2.57%
State Street Bank and Trust Company 505224 (Standing proxy: Mizuho Corporate Bank, Ltd.)	2.18%

D) Capital, personal and business relationship with the Company

Capital relationship	There is no important capital relationship.
Personal relationship	There is no important personal relationship.
Business relationship	There is no important business relationship.

B. Integrated Company

The Company and Hitachi will have equity interests of 65% and 35%, respectively, in the

Integrated Company.

Details of the Business Integration will be provided in the company split agreement which will be executed around the end of July 2013.

# # #