

May 24, 2007  
Mitsubishi Heavy Industries, Ltd.  
Nippon Yusoki Co., LTD.

### **Announcement of strengthening ownership relationship and promoting alliance**

Mitsubishi Heavy Industries, Ltd. (MHI) and Nippon Yusoki Co., Ltd. (Nichiyu) will strengthen the alliance in forklift business. Accordingly, Nichiyu will issue new shares via the Third Party Allocation, total amount of 4.2 billion yen, MHI will underwrite all of them and, consequently, MHI will become the largest shareholder of Nichiyu with 20% of the shares. MHI and Nichiyu currently have reciprocal sales agreement for Japanese market, by which MHI supplies Mitsubishi branded IC trucks to Nichiyu distribution network and Nichiyu supplies Nichiyu branded electric trucks to MHI distribution network. This time, by strengthening the alliance and cooperation each other, MHI and Nichiyu aim to be the industry leader.

#### **1. Reason and details of the alliance**

Although there is significant growth in Asian countries, forklift industry is, in general, matured industry and there is trend of industry re-formation that some major players have sold their forklift business to either financial or strategic players. Under the circumstances, MHI and Nichiyu strengthen alliance relationship further in order to survive in forklift industry that is getting matured.

As a part of the tighter relationship, MHI will increase its ownership of Nichiyu and strengthen ownership relation as well. (Current MHI's ownership of Nichiyu is approx. 7.7%.) The alliance will be on the global basis. MHI, who has strong market position in IC truck segment, and Nichiyu, who is electric truck specialist and has strong distribution network in Japan, will complement each other and accelerate the collaboration activities in order to become leading company in forklift industry, who will be supported by stakeholders i.e. shareholders, customers, employees ... The alliance is comprehensive one in Japan. In overseas market, the two companies plan to promote collaboration activities as much as possible with respecting existing business structure of each company.

MHI will reinforce distribution in Japan through the alliance with Nichiyu. For overseas market, MHI will distribute trucks made by Nichiyu of the feasible models and for the feasible territories.

Nichiyu will be a leading player in R&D, manufacturing of warehouse equipment and

logistics solution services by utilizing its mechanical and electrical engineering expertise, which has been accumulated for a long time as a pioneer of Japanese electric forklift, and will supply high quality product by enhancing technical and cost competitiveness through the alliance.

As start-up projects, MHI and Nichiyu will start joint product development of counterbalance electric trucks, Nichiyu will start supplying its electric trucks to MHI for specific countries and MHI and Nichiyu will strengthen marketing and distribution in Japan together. MHI and Nichiyu will promote the alliance in order to improve the two companies' position in the industry with respecting each company's management independency.

Details of the issue of new shares via the third party allocation will be described in separate press release separately announced by Nichiyu today.

## 2. Company profile

(1) Nichiyu (Nippon Yusoki Co., Ltd.)

As of March 31, 2007

Description of Business	Manufacture and sales of industrial vehicles, distribution systems and others																
Establishment	August 4, 1937																
Head Office	Kyoto																
President	Toshihiko Uratsuji																
Capital	2,719 million yen																
Number of employees (Group)	2,092																
Major shareholders	<table> <tr> <td>GS Yuasa Power Supply</td> <td>4,701K (11.64%)</td> </tr> <tr> <td>Mitsubishi Heavy Industries, Ltd.</td> <td>3,100K (7.67%)</td> </tr> <tr> <td>Meiji Yasuda Life Insurance Co.</td> <td>2,765K (6.85%)</td> </tr> <tr> <td>Japan Trustee Services BankLtd.</td> <td>2,667K (6.60%)</td> </tr> <tr> <td>Tokio Marine Nichido</td> <td>1,853K (4.58%)</td> </tr> <tr> <td>The Master Trust Bank of Japan</td> <td>1,369K (3.39%)</td> </tr> <tr> <td>The Bank of Tokyo-Mitsubishi UFJ</td> <td>1,363K (3.37%)</td> </tr> <tr> <td>The Bank of Kyoto Ltd.</td> <td>1,301K (3.22%)</td> </tr> </table>	GS Yuasa Power Supply	4,701K (11.64%)	Mitsubishi Heavy Industries, Ltd.	3,100K (7.67%)	Meiji Yasuda Life Insurance Co.	2,765K (6.85%)	Japan Trustee Services BankLtd.	2,667K (6.60%)	Tokio Marine Nichido	1,853K (4.58%)	The Master Trust Bank of Japan	1,369K (3.39%)	The Bank of Tokyo-Mitsubishi UFJ	1,363K (3.37%)	The Bank of Kyoto Ltd.	1,301K (3.22%)
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Relationship with MHI	MHI and Nichiyu currently have reciprocal sales agreement for Japanese market, by which MHI supplies Mitsubishi branded IC trucks to Nichiyu distribution network and Nichiyu supplies Nichiyu branded electric trucks to MHI distribution network.																

(2) MHI (Mitsubishi Heavy Industries, Ltd.)

As of March 31, 2007

Description of Business	Engineering, manufacturing, marketing and other related businesses of Shipbuilding and Ocean Development, Power Systems, Machinery and Steel Structures, Aerospace, Mass & Medium-Lot Manufactured Machinery.
Establishment	January 11, 1950
Head Office	Tokyo
President	Kazuo Tsukuda
Capital	265,608 million yen
Number of Employees (Group)	62,940
Major shareholders (As of September 30, 2006)	State Street Bank & Trust Co. 182,183K (5.40%) The Master Trust Bank of Japan 147,461K (4.37%) Japan Trustee Services BankLtd 145,200K (4.30%) The Nomura Trust & Banking 125,666K (3.72%) Meiji Yasuda Life Insurance Co. 80,022K (2.37%) Tokio Marine Nichido 63,000K (1.87%) The Chase Manhattan Bank N.A. London 59,261K (1.76%)
Relationship with Nichiyu	Major shareholder of Nichiyu MHI and Nichiyu currently have reciprocal sales agreement for Japanese market, by which MHI supplies Mitsubishi branded IC trucks to Nichiyu distribution network and Nichiyu supplies Nichiyu branded electric trucks to MHI distribution network.

### 3. Schedule

May 21, 2007 Management board resolution for the alliance (MHI)

May 24, 2007 Management board resolution for the alliance (Nichiyu)

(Schedule of the issue of new shares via the third party allocation will be described in separate press release separately announced by Nichiyu today.)

### 4. View of the future

The two companies are planning to structure and strengthen further the alliance relationship.

As to Nichiyu, impact on performance will be disclosed appropriately when it is confirmed.

## **5. Contact**

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