

July 31, 2013

Mitsubishi Heavy Industries, Ltd.  
President and CEO: Shunichi Miyanaga  
TSE: 7011  
Listed securities exchanges: Tokyo,  
Nagoya, Fukuoka, Sapporo

## **Agreement Approved on Split-off of MHI's Industrial Thermal Power Plant Domestic Business Operations to Wholly Owned Subsidiary**

At a meeting of its Board of Directors convened today, Mitsubishi Heavy Industries, Ltd. (MHI) formally approved an absorption-type company split agreement under which, as the company announced on May 30, its industrial thermal power plant business for Japanese domestic customers will be split off and succeeded by MHI Plant Engineering Co., Ltd. (MHIPEC), a wholly owned MHI subsidiary. Details of the reorganization initiative are provided below, with some abridgment owing to the nature of the transfer of operations to a wholly owned subsidiary.

### 1. Objectives of the Company Split

Demand for industrial thermal power plant has been growing in Japan after the 2011 Great East Japan Earthquake, from industrial power users seeking for private power plant, or from newly emerging PPS (power producers and suppliers). To expand business in this market further going forward, however, MHI needs further enhancement of competitiveness, flexibility and agility of its business development. Toward those ends, the company decided to integrate the whole operational functions, such as marketing, engineering, construction, and after-sales service, in a single entity to realize more quick decision and quick response to customers. In line with this conviction, effective October 1, 2013 the company has decided to split off its industrial thermal power plant business for Japanese domestic customers under a simple absorption-type company split arrangement, transferring these operations to its wholly owned subsidiary MHIPEC.

### 2. Outline of the Company Split

#### (1) Schedule

Passage of resolution by Board of Directors	July 31, 2013
Date of conclusion of agreement	July 31, 2013
Effective date	October 1, 2013 (subject to change)

Note: In accordance with Article 784, Paragraph 3, of Japan's Companies Act, this action constitutes a simple absorption-type company split that does not require approval at a General Shareholders Meeting, as stipulated in Article 783, Paragraph 1.

## (2) Type of Company Split

This action consists of an absorption-type company split with MHI as the splitting company and MHIPEC as the succeeding company.

## (3) Description of Allotment Pertaining to the Company Split

When effecting the absorption-type company split, MHIPEC will issue 100,000 shares, all of which will be allotted to MHI.

## (4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights in Conjunction with the Company Split

Obligations based on the stock acquisition rights of the splitting company are not to be transferred to or taken over by the succeeding company. It may be noted that MHI has not issued any bonds with stock acquisition rights.

## (5) Changes in Amounts of Stated Capital Arising from the Company Split

MHI will see no decrease in either its stated capital or capital reserves as a result of this company split.

## (6) Rights and Obligations Taken Over by the Succeeding Company

① The succeeding company shall take over the assets, contractual status and other rights and obligations pertinent to the business operations involved in the company split (with the exception of any items designated otherwise in the absorption-type company split agreement).

② Transfer of debts and other obligations from the splitting company toward the succeeding company as a result of this company split will be in the manner of cumulative debt assumption by succeeding company.

## (7) Outlook on Performance of Obligations

MHI has deemed that there should be no problems in performance of the obligations that are to be borne by the splitting and succeeding companies as a result of this company split.

## 3. Outline of Companies Involved in this Company Split

	Splitting Company (as of March 31, 2013)	Succeeding Company (as of March 31, 2013)
(1) Name	Mitsubishi Heavy Industries, Ltd.	MHI Plant Engineering Co., Ltd.
(2) Head office	16-5, Konan 2-chome, Minato-ku, Tokyo	12, Nishiki-cho, Naka-ku, Yokohama, Kanagawa
(3) Representative	Hideaki Omiya, President and CEO	Masao Ishikawa, President
(4) Scope of business	Shipbuilding & Ocean Development, Power Systems, Machinery & Steel	Engineering, construction, etc. of ships, power plant, steel structure products,

		Infrastructure Systems, Aerospace Systems, General Machinery & Special Vehicles, other manufacturing operations	environmental systems, chemical plants, transportation systems, etc.
(5)	Stated Capital	265,608 million yen	1,000 million yen
(6)	Date of incorporation	January 11, 1950	October 10, 1961
(7)	Number of issued shares	3,373,647,813	400,000
(8)	Close of fiscal year	March 31	March 31
(9)	Major shareholders and ownership ratios	<ul style="list-style-type: none"> <li>• Japan Trustee Services Bank, Ltd. (Trust Account) 4.3%</li> <li>• The Master Trust Bank of Japan, Ltd. (Trust Account) 4.1%</li> <li>• The Nomura Trust and Banking Co., Ltd. (Retirement Allowance Trust); Mitsubishi UFJ Trust and Banking Corporation (Banking Account) 3.7%</li> <li>• Meiji Yasuda Life Insurance Company 2.3%</li> <li>• JPMorgan Chase Bank 380055 2.2%</li> </ul>	Mitsubishi Heavy Industries, Ltd. 100%
(10)	Net assets	1,430,225 million yen (consolidated)	4,755 million yen (non-consolidated)
(11)	Total assets	3,935,119 million yen (consolidated)	11,364 million yen (non-consolidated)
(12)	Net assets per share	410.90 yen (consolidated)	11,887 yen (non-consolidated)
(13)	Net sales	2,817,893 million yen (consolidated)	22,868 million yen (non-consolidated)
(14)	Operating income	163,520 million yen (consolidated)	640 million yen (non-consolidated)
(15)	Ordinary income	149,028 million yen (consolidated)	670 million yen (non-consolidated)
(16)	Net income	97,330 million yen (consolidated)	364 million yen (non-consolidated)
(17)	Net income per share	29.01 yen (consolidated)	911 (non-consolidated)

(18) Scope of Business Segment to be Split Off and Succeeded

- ① Industrial thermal power plant business for Japanese domestic customers
- ② Business auxiliary to the above products

(19) Performance of Business Segment to be Split Off and Succeeded (Fiscal year ended March 2013, consolidated)

	Performance of business segment to be split-off (a)	Performance of splitting company (MHI) (b)	Ratio (a/b)
Net sales	22,800 million yen	2,817,893 million yen	0.8%

(20) Assets and Liabilities of Segment to be Split Off and Succeeded

Assets	17.4 billion yen
Liabilities	17.4 billion yen

4. Profile of the Splitting Company after the Company Split

	Splitting Company
(1) Name	Mitsubishi Heavy Industries, Ltd.
(2) Head office	16-5, Konan 2-chome, Minato-ku, Tokyo
(3) Representative	Shunichi Miyanaga, President and CEO
(4) Scope of business	Shipbuilding & Ocean Development, Power Systems, Machinery & Steel Infrastructure Systems, Aerospace Systems, General Machinery & Special Vehicles, other manufacturing operations
(5) Stated Capital	265,608 million yen
(6) Close of fiscal year	March 31

5. Profile of the Succeeding Company after the Company Split

	Succeeding Company
(1) Name	MHI Plant Engineering Co., Ltd.
(2) Head office	12, Nishiki-cho, Naka-ku, Yokohama, Kanagawa
(3) Representative	Masao Ishikawa, President
(4) Scope of business	① Industrial thermal power plant business for Japanese domestic customers ② Engineering, construction, etc. of power systems, steel structure products, environmental systems, chemical plants, transportation systems, etc.
(5) Stated Capital	1,000 million yen
(6) Close of fiscal year	March 31

6. Outlook

This company split operation will have minimal impact on MHI's business performance, both consolidated and non-consolidated.

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