

No. 1824

Notice Concerning Conclusion of Absorption-type Split Agreement
Pertaining to Succession to MHI's Intellectual Properties
in Steel and Metal Production Machinery Business
by Consolidated Group Company

Tokyo, July 31, 2014 – Mitsubishi Heavy Industries, Ltd. (MHI), at a Board of Directors meeting held today, approved a company split whereby its intellectual properties and related assets, rights and obligations pertaining to its steel and metal production machinery business will be transferred to Mitsubishi-Hitachi Metals Machinery, Inc. (MH), a consolidated group company. Because the split entails transfer to a consolidated group company, the following disclosure contents omit some items and details.

1. Purpose of the Company Split

The aim of the company split is to achieve maximum benefits from MHI's groupwide business in steel and metal production machinery by unifying management and operation of all related intellectual properties as a way of expanding business in this area.

2. Outline of the Company Split

(1) Schedule

Vote at Board of Directors Meeting: July 31, 2014

Date of Agreement Signing: July 31, 2014 (tentative)

Effective Date of Company Split: September 15, 2014 (tentative)

* The company split will be a simple absorption-type split pursuant to Article 784, Paragraph 3 of the Companies Act of Japan. Approval at a general shareholders meeting as stipulated in Article 783, Paragraph 1 of that Act is therefore not required.

(2) Company Split Method

This will be a simple absorption-type split, with MHI as the splitting company and MH as the successor company.

(3) Allocation Relating to Company Split

Coinciding with the company split, MH will issue 2 shares of common stock to be allocated in full to MHI.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Accompanying the Company Split

Obligations based on the stock acquisition rights of MHI, the splitting company, will neither be transferred nor succeeded to by MH, the successor company. MHI has not issued any bonds with stock acquisition rights.

(5) Changes in Amount of Capital Accompanying the Company Split

The company split will result in no decrease either in MHI's capital or in its capital reserve.

(6) Rights and Obligations Transferred to the Successor Company

- 1). The successor company will succeed to the intellectual properties and related assets, rights and obligations pertaining to the steel and metal production machinery business of the splitting company (with the exception of anything stipulated as exempt in the split agreement).
- 2) Any and all liabilities or other obligations of the splitting company which the successor company succeeds to shall be succeeded cumulatively.

(7) Outlook on Performance of Obligations

Any obligations which the splitting company and the successor company should bear as a result of the company split are expected to be duly met.

3. Profiles of the Parties of the Company Split

	Splitting Company (as of March 31, 2014)	Successor Company (as of March 31, 2014)
(1) Name	Mitsubishi Heavy Industries, Ltd.	Mitsubishi-Hitachi Metals Machinery, Inc.
(2) Head Office	16-5, Konan 2-chome, Minato-ku, Tokyo	34-6, Shiba 5-chome, Minato-ku, Tokyo
(3) Representative	Shunichi Miyanaga President and CEO	Ryoichi Nishi President
(4) Business	Manufacture, etc. of ships, marine engines, power systems, machinery, steel structures, aircraft, aerospace systems, industrial machinery, special vehicles, etc.	Manufacture, sale and marketing-related engineering, etc. of hot and cold rolling equipment and processing lines
(5) Capital	265,608 million yen	3,500 million yen
(6) Establishment	January 11, 1950	October 2, 2000
(7) Number of issued shares	3,373,647,813	70,000
(8) Fiscal year end	March 31	March 31

(9) Major share-holders and share-holdings	• The Master Trust Bank of Japan, Ltd. (Trust Account)	4.7%		
	• Japan Trustee Services Bank, Ltd. (Trust Account)	3.9%		
	• The Nomura Trust and Banking Co., Ltd. (Retirement Allowance Trust, The Bank of Tokyo-Mitsubishi UFJ, Ltd Account)	3.7%	Mitsubishi Heavy Industries, Ltd.	55.7%
			Hitachi, Ltd.	34.3%
			IHI Corporation	10%
	• JP Morgan Chase Bank 380072	2.3%		
	• Meiji Yasuda Life Insurance Company	2.3%		
(10)	Net assets	1,774,223 million yen	35,354 million yen	
(11)	Total assets	4,886,035 million yen	57,413 million yen	
(12)	Net assets per share	459.99 yen	505,061 yen	
(13)	Revenues	3,349,598 million yen	51,112 million yen	
(14)	Operating income	206,118 million yen	5,845 million yen	
(15)	Ordinary income	183,159 million yen	5,530 million yen	
(16)	Net income	160,428 million yen	3,208 million yen	
(17)	Net income per share	47.81 yen	45,900 yen	

Note: (10)-(17) Splitting company figures are consolidated basis unless otherwise indicated; successor company figures are non-consolidated.

4. Status after Company Split

The company split will not result in any changes to MHI's name, Head Office location, president & CEO, business profile, capital or end of fiscal year.

5. Outlook

Impact from the company split on MHI's earnings will be minimal, on both a consolidated and non-consolidated basis.

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