

**Notice Concerning Conclusion of Absorption-type Split Agreement**  
**Relating to Transfer of Ship Construction Business**  
**To New Consolidated Group Company**

Tokyo, July 31, 2015 –Mitsubishi Heavy Industries, Ltd. (MHI) announced its intent to spin off its ship construction business to one of its wholly owned group companies, MHI Ship & Ocean Engineering Co., Ltd. (MSK). To that end, MHI and MSK have concluded an absorption-type split agreement (the “Agreement”) under the terms described below. Because the Agreement corresponds to the transfer of business operations to a wholly owned group company, some disclosure items and details have been omitted.

**1. Purpose of the Company Split**

Effective October 1 MHI will launch a wholly owned ship construction company from which time all operations in the construction of large-scale commercial ships in the Nagasaki district will be transferred to the new entity. Plans also call for management resources to be focused into the construction of gas carriers, a vessel type in which it excels. Through this initiative, the new company aims to strengthen its competitiveness in ship building market 1) by streamlining production through continuous construction of specific vessels; 2) by enhancing efficiency through the development of a more compact organization; and 3) by streamlining administrative processes within a more dynamic business structure. It also intends to promote further development of the commercial ship business through its activities.

**2. Outline of the Company Split**

**(1) Schedule**

Date of the Agreement Signing	July 31, 2015
Effective Date of Company Split	October 1, 2015 (subject to change)

\* The company split will be of the simple absorption type pursuant to Article 784, Paragraph 2 of the Companies Act of Japan. Therefore, the move does not require approval at a general shareholders meeting as stipulated in Article 783, Paragraph 1 of said Act.

**(2) Company Split Method**

MHI will serve as the splitting company, with MSK functioning as the succeeding company.

**(3) Allotment under the Company Split**

In conjunction with this company split, MSK will issue 40,000 shares of common stock, the entirety of which will be allotted to MHI.

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

Obligations based on stock acquisition rights of the splitting company will neither be transferred nor taken over by the succeeding company. MHI has not issued any bonds with stock acquisition rights.

#### **(5) Changes in Capital Amount Accompanying the Company Split**

The company split will result in no decreases in MHI's capitalization or capital reserves.

#### **(6) Rights and Obligations Transferred to the Succeeding Company**

- a. The succeeding company will succeed to the assets, liabilities, and their ancillary rights and obligations pertaining to the business operations of the splitting company (with the exception of any rights and/or obligations stipulated in the Agreement as non-successive).
- b. All liabilities and other obligations taken over by the succeeding company from the splitting company as a result of this company split will be succeeded to on cumulative basis.

#### **(7) Outlook on Performance of Obligations**

In conjunction with the company split, the splitting company and succeeding company are both expected to encounter no difficulty in carrying out their respective due obligations.

### **3. Profile of the Parties to the Company Split**

	Splitting Company (as of March 31, 2015)	Succeeding Company (as of June 30, 2015)
(1) Name	Mitsubishi Heavy Industries, Ltd.	MHI Ship & Ocean Engineering Co., Ltd.
(2) Head office	16-5, Konan 2-chome, Minato-ku, Tokyo, Japan	1-1, Akunoura-machi, Nagasaki City, Nagasaki, Japan
(3) Representative	Shunichi Miyanaga, President and CEO	Masataka Nakamura, President
(4) Business	Manufacture of ships, marine products, power systems, machinery, steel structures, aircraft, space systems, industrial machinery, special vehicles, etc.	Engineering, manufacture, transport, installation, repair, dismantling, export/import, trading and proxy trading of machinery and equipment and their components used in ships and steel structures
(5) Capital	265,608 million yen	80 million yen
(6) Establishment	January 11, 1950	June 1, 1970
(7) Number of issued shares	3,373,647,813	160,000
(8) Fiscal year end	March 31	March 31
(9) Major	• The Master Trust Bank of 4.32%	Mitsubishi Heavy

shareholders and shareholding ratios	Japan, Ltd. (Trust Account)	Industries, Ltd.	100%
	• Japan Trustee Services Bank, Ltd. (Trust Account)	3.99%	
	• The Nomura Trust and Banking Co., Ltd. (Retirement Allowance Trust, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Account)	3.72%	
	• Meiji Yasuda Life Insurance Company (Standing proxy: Trust & Custody Services Bank, Ltd.)	2.37%	
	• The Bank of New York Mellon SA/NV 10	1.70%	

**(10) Business Results and Financial Status of Splitting Company in Most Recent Fiscal Year (consolidated basis)**

Net assets	2,120,014 million yen
Total assets	5,520,357 million yen
Net assets per share	530.65 yen
Revenues	3,992,110 million yen
Operating income	296,140 million yen
Ordinary income	274,787 million yen
Net income	110,412 million yen
Net income per share	32.90 yen

**(11) Description of the Business to be Split or Succeeded to**

The business concerning engineering, manufacture, procurement, quality assurance, sales and services of LNG (liquefied natural gas), LPG(liquefied petroleum gas) carriers and Sea Resources Exploration Vessels constructed in Nagasaki(with the exception of manufacture and quality assurance of these hull blocks).

**(12) Business Results of the Business to be Split or Succeeded to**

	Results of splitting	FY2014 business results	Percentage (a/b)
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	business (a)	(consolidated basis) (b)	
Revenues	74,741million yen	3,992,110 million yen	1.9%

### (13) Assets and Liabilities of Splitting or Succeeding Operations

Assets	72,000million yen
Liabilities	66,000million yen

### 4. Profile of the Listed Company Post-Split

		Splitting Company
(1)	Name	Mitsubishi Heavy Industries, Ltd.
(2)	Head office	16-5, Konan 2-chome, Minato-ku, Tokyo, Japan
(3)	Representative	Shunichi Miyanaga, President and CEO
(4)	Business	Manufacture of ships, marine products, power systems, machinery, steel structures, aircraft, space systems, industrial machinery, special vehicles, etc.
(5)	Capital	265,608 million yen
(6)	Fiscal year end	March 31

### 5. Profile of the Succeeding Company Post-Split

		Succeeding Company
(1)	Name	To Be Determined
(2)	Head office	180, Koyagi-machi, Nagasaki City , Nagasaki, Japan
(3)	Representative	Hiroshi Yokota, President
(4)	Business	Engineering, manufacture and repair services of ships
(5)	Capital	1,000million yen
(6)	Fiscal year end	March 31

### 6. Outlook

The impact of the company split on the business results of MHI will be minimal, on both a consolidated and non-consolidated basis.

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