

**MHI to Conclude Absorption-type Company Split Agreement
on Transfer of Machine Tools Business to Wholly Owned Subsidiary**

Tokyo, July 31, 2015 – As announced on May 26, in October Mitsubishi Heavy Industries, Ltd. (MHI) will be transferring its machine tools business to Mitsubishi Heavy Industries Machine Tool Sales Co., Ltd. (MHI-MTS), a wholly owned subsidiary. Today, MHI took the formal decision to conclude an absorption-type company split agreement with MHI-MTS enabling the business transfer. As the company split involves the transfer of operations to a subsidiary, some disclosure items and details have been omitted from the information provided below.

1. Purpose of the Company Split

In recent years the demand structure of the machine tool market has undergone dramatic changes both in Japan and globally, and in response dedicated machine tool manufacturers everywhere today are taking steps to enhance their competitive strength through expeditious decision-making. Amid these developments MHI, seeking to strengthen its group capacity to compete in this changing global market, has taken the decision to transfer its machine tool operations to MHI-MTS under an absorption-type company split arrangement. The move has two objectives: to enhance organizational responsiveness through the integration of manufacturing and sales operations, and to put in place a structure conducive to swift decision-making.

2. Outline of the Company Split

(1) Schedule

Execution of basic agreement	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 corporation, with MHI-MTS functioning as the successor company.

(3) Allotment under the Company Split

In conjunction with this company split MHI-MTS will issue 54,000 shares of common stock, to be allotted in their entirety 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 successor 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 Successor Company

a. The successor 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 absorption-type split agreement as non-successive).

b. All liabilities and other obligations taken over by the successor company from the splitting company as a result of this company split will be succeeded to on a cumulative basis.

(7) Outlook on Performance of Obligations

In conjunction with the company split, the splitting company and successor 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)	Successor Company (as of March 31, 2015)
(1) Name	Mitsubishi Heavy Industries, Ltd.	Mitsubishi Heavy Industries Machine Tool Sales Co., Ltd.
(2) Head office	16-5, Konan 2-chome, Minato-ku, Tokyo, Japan	14-10, Miyahara 2-chome, Yodogawa-ku, Osaka, Japan
(3) Representative	Shunichi Miyanaga, President and CEO	Kenji Fujiwara, President
(4) Business	Manufacture of ships, marine products, power systems, machinery, steel structures, aircraft, space systems, industrial machinery, special vehicles, etc.	Marketing of machine tools, cutting tools and related products as well as consulting services and product installation, operational guidance, repair, refurbishment, inspection, storage, etc.
(5) Capital	265,608 million yen	300 million yen
(6) Establishment	January 11, 1950	April 1, 2004
(7) Number of issued shares	3,373,647,813	6,000
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and shareholding ratios	• The Master Trust Bank of Japan, 4.32% Ltd. (Trust Account)	Mitsubishi Heavy Industries, Ltd. 100%

	<ul style="list-style-type: none"> • 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% 	
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(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 concerned involves operations in machine tools and ancillary operations.

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

	Results of splitting business (a)	FY2014 business results (consolidated basis) (b)	Percentage (a/b)
Revenues	37,113 million yen	3,992,110 million yen	0.9%

(13) Assets and Liabilities of Splitting or Successor Operations

Assets	24.7 billion yen
Liabilities	13.7 billion 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 Successor Company Post-Split

	Successor Company
(1) Name	To be announced
(2) Head office	130, Roku-jizo, Ritto, Shiga Prefecture, Japan
(3) Representative	To be announced
(4) Business	Design, manufacture and marketing of machine tools, cutting tools and related products as well as consulting services and product installation, operational guidance, repair, refurbishment, inspection, storage, etc.
(5) Capital	3,000 million 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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