

**MHI to Conclude Absorption-type Company Split Agreement
on Transfer of Hydraulic Machinery, Particle Accelerator and ITS Businesses
to Wholly Owned Subsidiary**

Tokyo, July 31, 2015 – As announced on May 26, later this year Mitsubishi Heavy Industries, Ltd. (MHI) will be transferring its hydraulic machinery, particle accelerator and intelligent transport system (ITS) businesses to Mitsubishi Heavy Industries Mechatronics Systems, Ltd. (MHI-MS), a wholly owned subsidiary. Today, MHI took the formal decision to conclude an absorption-type company split agreement with MHI-MS enabling the business transfers. 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

MHI-MS was launched as a company handling the design, manufacture, installation and after-sale servicing of machinery and environmental systems. Subsequently, as a result of reorganization of MHI’s group companies MHI-MS’s business scope expanded to include mechanical parking systems and steel structures equipment. Now, MHI has taken the decision to have MHI-MS take over its current businesses in hydraulic machinery, particle accelerators and ITS products under an absorption-type company split arrangement. The move aims at expanding and stabilizing these business fields by growing their markets through integration with MHI-MS’s product areas.

2. Outline of the Company Split

(1) Schedule

Hydraulic Machinery and Particle Accelerator Businesses

Execution of basic agreement	July 31, 2015
Effective date of company split	October 1, 2015 (subject to change)

Intelligent Transport Systems Business

Execution of basic agreement	July 31, 2015
Effective date of company split	November 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-MS functioning as the successor company.

(3) Allotment under the Company Split

MHI-MS will issue no shares or allot any other assets to MHI in conjunction with this company split.

(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

- ① 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).
- ② 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 Mechatronics Systems, Ltd.
(2) Head office	16-5, Konan 2-chome, Minato-ku, Tokyo, Japan	4-22, Wadamia-dori 5-chome, Hyogo-ku, Kobe, Japan
(3) Representative	Shunichi Miyanaga, President and CEO	Nozomu Watanabe, President
(4) Business	Manufacture of ships, marine products, power systems, machinery, steel structures, aircraft, space systems, industrial machinery, special vehicles, etc.	Design, manufacture, marketing and after-sale servicing of mechanical devices (testing systems, culture/sports facilities), environmental systems, mechanical parking systems, steel structures equipment, and other mechanical equipment

(5) Capital	265,608 million yen	1,000 million yen
(6) Establishment	January 11, 1950	December 2, 1968
(7) Number of issued shares	3,373,647,813	200,000
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and shareholding ratios	<ul style="list-style-type: none"> • The Master Trust Bank of Japan, Ltd. (Trust Account) 4.32% • 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% 	Mitsubishi Heavy Industries, Ltd. 100%

(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	274,78 million yen
Net income	110,412 million yen
Net income per share	32.90 yen

(11) Description of the Businesses to be Split or Succeeded to

The businesses are those respectively relating to hydraulic machinery, particle accelerators and intelligent transport systems, together with their ancillary operations.

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

	Results of splitting businesses (a)	FY2014 business results (consolidated basis) (b)	Percentage (a/b)
Revenues	43,082 million yen	3,992,110 million yen	1.1%

(13) Assets and Liabilities of Splitting or Successor Operations

Assets	20.4 billion yen
Liabilities	8.9 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	Mitsubishi Heavy Industries Mechatronics Systems, Ltd.
(2)	Head office	4-22, Wadamia-dori 5-chome, Hyogo-ku, Kobe, Japan
(3)	Representative	Nozomu Watanabe, President
(4)	Business	Design, manufacture, marketing and after-sale servicing of mechanical devices (testing systems, culture/sports facilities, particle accelerators), toll collection machinery and systems, ETC (electronic toll collection) systems and onboard equipment, hydraulic machinery and equipment, deck machinery and deck cranes, environmental systems, mechanical parking systems, steel structures equipment, and other mechanical equipment
(5)	Capital	1,060 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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