

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

Tokyo, February 24, 2016 – Today Mitsubishi Heavy Industries, Ltd. (MHI) took a formal decision to conclude an absorption-type company split agreement under which all functions of its compressor business, together with related assets, rights and obligations, will be transferred to Mitsubishi Heavy Industries Compressor Corporation (MCO), a group company. 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

The company split targets restructuring of MHI's compressor business and maximization of related efficiency, toward expansion of the MHI Group's business operations in compressors.

2. Outline of the Company Split

(1) Schedule

Date of the agreement signing	February 24, 2016
Effective date of company split	April 1, 2016 (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 MCO functioning as the successor company.

(3) Allotment under the Company Split

No shares or other monetary allotments will be effected 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

- a. The successor company will succeed to all functions, rights and obligations pertaining to the compressor 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 Compressor Corporation
(2) Head office	16-5, Konan 2-chome, Minato-ku, Tokyo, Japan	4-6-22, Kan-on-shin-machi, Nishi-ku, Hiroshima, Japan
(3) Representative	Shunichi Miyanaga, President and CEO	Hiroaki Osaki, President
(4) Business	Manufacture of ships, marine products, power systems, machinery, steel structures, aircraft, space systems, industrial machinery, special vehicles, etc.	Design, manufacture, sales, and engineering related to compressors, drive turbines, gear boxes, related equipment, and their control systems
(5) Capital	265,608 million yen	4,000 million yen
(6) Establishment	January 11, 1950	April 1, 2010
(7) Number of issued shares	3,373,647,813	80,000
(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%	Mitsubishi Heavy Industries, Ltd. 100%

	<ul style="list-style-type: none"> • Meiji Yasuda Life Insurance Company (Standing proxy: Trust & Custody Services Bank, Ltd.) 	2.37%		
	<ul style="list-style-type: none"> • 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

4. Status after the Company Split

The company split will result in no changes to MHI's name, head office location, representative, business scope, capital or fiscal year end.

5. 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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