

Mitsubishi Heavy Industries, Ltd.
IHI Corporation
Development Bank of Japan Inc.

MHI, IHI and DBJ Conclude Three-way Agreement
On Investments into New Commercial Aero Engine Company:
Mitsubishi Heavy Industries Aero Engines, Ltd.

Tokyo, August 29, 2014 – Mitsubishi Heavy Industries, Ltd. (MHI), IHI Corporation and the Development Bank of Japan Inc. (DBJ) concluded a three-way formal agreement today on their respective investments into a new commercial aero engine company, Mitsubishi Heavy Industries Aero Engines, Ltd., to be launched on October 1. The new company will succeed to MHI's business in commercial aero engines under a company split action, as MHI previously announced on March 31 and August 28.

To solidify its position as a partner company in joint international development programs in the commercial aero engine market – where continuous and robust growth is expected – the new company will focus on improving its financial base. It will also pursue enhanced competitive operation by improving productivity through the formation of a large-scale cooperative production.

Specifically, in the area of low-pressure turbine blades, a product expected to mark increased production in coming years, the new company will forge long-term cooperative production ties with IHI that possesses one of the world's leading production capacities in this field. Initiatives will also be directed toward creating a wholly integrated supply chain for engine parts – an area that demands advanced machining technologies – by supporting cooperative enterprises of the new company and forging an industrial cluster. With these various undertakings, the new company will progressively enhance its competitive strength and build a strong presence within the international markets. As the major shareholder of the new company, MHI will carry out its responsibility for the new company's business management and continue to provide support in material procurement and research & development activities, etc.

IHI has opted to make a modest capital investment into the new company, considering that the commissioned production of low-pressure turbine blades for the new company will be a long-term cooperation. IHI expects the production cooperation will further strengthen cost competitiveness of its world's leading blade production plants in Soma, Fukushima, through further enhancement of its capability in securing low-pressure turbine production volume with greater stability.

DBJ has supported Japan's aircraft industry over the course of roughly 30 years, tracing back to its predecessor before undergoing incorporation in 2008. In the present instance again, the bank is committed to providing backup support to strengthen the global competitiveness of Japan's

aero engine industry, through provision of risk money to the new company, leveraging Fund for Japanese Industrial Competitiveness.

MHI, IHI and DBJ aim to work closely with the newly launching company and pledge to provide their full support to the new entity's business development.

Overview of Investments into the New Company

Capital increase sum	11 billion yen (including 5.5 billion yen to be added to capital)
Capital before new investment	500 million yen
Capital after new investment	6 billion yen
Capital investment method	Third-party allocation of shares: 1 billion yen to IHI, 10 billion yen to DBJ
Payment date	October 1, 2014

Overview of New Company

Name	Mitsubishi Heavy Industries Aero Engines, Ltd.
Establishment	October 1, 2014 (date absorption-type split takes effect)
Head Office	1200 Higashi-tanaka, Komaki City, Aichi Prefecture
Business	Engineering, manufacturing, marketing , maintenance, repair and overhaul of commercial aero engines
Ownership ratios	MHI 89%, IHI 1%, DBJ 10%
Capital	6 billion yen
Representative	Katsuyuki Shimauchi, President
Revenues	Approx. 37 billion yen (FY2013)
Employees	Approx. 320
Subsidiary	MHI Aero Engine Service Co, Ltd. (maintenance, repair and overhaul of small size aero engines)