

**Announcement Concerning MC's involvement in  
Chiyoda Corporation's Financial Reinforcement Plan  
(Conversion into Subsidiary Following Third-Party Allotment and Loan Agreement)**

Mitsubishi Corporation (MC) hereby announces that the below resolution on the financial reinforcement plan for Chiyoda Corporation (Chiyoda) was passed at MC's Board of Directors' meeting on May 9, 2019.

I. Third-Party Allotment and Loan Agreement

1. Background

In 2008, MC underwrote the issuance of third-party shares by Chiyoda and made it an equity-method affiliate. The two companies formed a capital and business alliance, under which MC agreed to provide Chiyoda with management and sales support to enhance its corporate value.

In its "Notice of Revisions to Forecast of Consolidated Results and Dividend" announced on October 31, 2018, Chiyoda downwardly revised its full-year consolidated financial forecast for the fiscal year ending March 31, 2019, mainly due to a substantial increase in construction costs for previously contracted projects. On February 13, 2019, Chiyoda announced its "Consolidated Financial Results for the Nine Months Ended December 31, 2018," which revealed a net loss of 128.2 billion yen.

Having been requested by Chiyoda to help shore up its financial situation, MC has performed its due diligence on the company and made the decision to increase its capital commitment to Chiyoda through the subscription of additional third-party shares. MC has also decided to enter into a loan agreement with Chiyoda through MC's wholly owned subsidiary, Mitsubishi Corporation Financial & Management Services (Japan) Ltd.

2. Subscription of Third-Party Allotment

(1) Payment Date	July 1, 2019
(2) Number of New Shares To Be Subscribed	175,000,000 A-class preferred shares of Chiyoda Corporation
(3) Price of Shares To Be Subscribed	400 yen per share
(4) Total Subscription Amount	70,000,000,000 yen
(5) Method of Subscription (Subscribed Party)	MC will subscribe all of the A-class preferred shares through a third party allotment
(6) Other	The subscription described herein assumes that all related resolutions and amendments to Chiyoda's Articles of Incorporation will be adopted at Chiyoda's 91 <sup>st</sup> general meeting of shareholders, which is scheduled to be held on June 25, 2019.

\*For details, please refer to the announcement by Chiyoda dated May 9, 2019.

### 3. Loan Agreement

(1) Lender	Mitsubishi Corporation Financial & Management Services (Japan) Ltd.
(2) Loan Amount	90,000,000,000 yen

### 4. Use of Funds

MC and Chiyoda have agreed that the funds procured by Chiyoda by the abovementioned subscription and loan agreement shall be used as follows to help realize Chiyoda's revival plan:

- (1) As working capital for current projects and future contracts
- (2) To execute the structural reforms required to dramatically reduce costs
- (3) To strengthen construction management capabilities and invest further in IT management

## II. Conversion into Subsidiary

### 1. Background

Although the A-class preferred shares will not give MC any additional voting rights at Chiyoda, MC does have the option of converting them into common stock after July 1, 2019. MC has been using International Financial Reporting Standards (IFRS) since its financial statement for the year ended March 2014. In addition to defining terminology, format and manner of preparation for consolidated financial statements, IFRS allows for exercisable potential voting rights in subsidiaries to be considered when determining whether or not to include them in consolidated reporting. Accordingly, for accounting purposes MC will be treating Chiyoda as a consolidated subsidiary once the necessary approvals are obtained. The timing for this has yet to be determined.

### 2. Chiyoda Corporation

(1) Company Name	Chiyoda Corporation	
(2) Address	4-6-2 Minatomirai, Nishi-ku, Yokohama-shi, Kanagawa	
(3) Names and Titles of Representative	Masaji Santo, President and Chief Executive Officer	
(4) Summary of Business	Integrated engineering business including consulting, planning, engineering, procurement, construction, commissioning and maintenance for industrial plants	
(5) Capital Stock	43 billion yen	
(6) Date of Establishment	January 20, 1948	
(7) Major Shareholders and Shareholding Ratio	Mitsubishi Corporation 33.39%, The Master Trust Bank of Japan, Ltd. (Trust A/C) 3.95%, MUFG Bank, Ltd. 3.47%, etc.	
(8) MC's Relationships	Capital Relationship	Chiyoda is an equity method affiliate in which MC has a 33.39% equity interest.
	Human Relationship	One Chiyoda director is MC officer.
	Trading Relationship	MC and Chiyoda are business partners in the industrial plant and infrastructure sectors.

(9) Consolidated Financial Position and Operating Results (Past 3 years)			
Fiscal Year Ended	March 2016	March 2017	March 2018
Net Assets (million yen)	202,128	157,125	159,418
Total Assets (million yen)	528,219	461,331	420,704
Net Assets per Share (yen)	722.9	599.8	608.4
Sales (million yen)	611,548	603,745	510,873
Operating Profit (million yen)	16,015	15,680	△12,330
Ordinary Profit (million yen)	16,205	△3,080	△10,100
Net Income Attributable to Owners of the Parent (millions yen)	3,375	△41,116	6,445
Net Income per Share (yen)	13.0	△158.8	24.9
Dividend per Share (yen)	10	6.0	7.5

\*Chiyoda's financial position and operating results for the fiscal year ended March 2019 are scheduled to be announced today.

### 3. Number of Shares To Be Acquired, Acquisition Value, and Number of Shares Held Before and After Proposed Acquisition

(1)	Number of Common Shares Held Before Proposed Acquisition	86,931,220 (Number of voting rights: 869,312) (Voting rights holding ratio: 33.57%)
(2)	Number of Shares To Be Acquired	175,000,000 A-class preferred shares (No voting rights)
(3)	Acquisition Value	70,000,000,000 yen
(4)	Number of Common Shares Held After Exercising all Conversion Rights of A-Class Preferred Shares	786,931,220 (Number of voting rights: 7,869,312) (Voting rights holding ratio: 82.06%)

\* In calculating the amount of common shares to be issued for one A-class preferred share, MC assumes that conversion will be at the initial conversion price of 100 yen per A-class preferred share and that the dividend on those shares will have been paid in full by the time MC exercises its conversion right.

### 4. Schedule

(1)	Board of Directors Resolution Date	May 9, 2019
(2)	Contract Execution Date	May 9, 2019
(3)	Issuance Date of Class-A Preferred Shares	July 1, 2019 (planned)
(4)	Exercise Date of Common Shares Conversion Right	Undecided (After July 1, 2019 and granting of necessary approvals)

## 5. Future Outlook

### (1) Regarding Conversion Right of A-Class Preferred Shares:

After MC has increased its capital commitment to Chiyoda through the subscription of these third-party shares, it will own 175,000,000 of Chiyoda's A-class preferred shares. Although these shares will not give MC any additional voting rights at Chiyoda, after July 1, 2019, MC will have the option of converting them into 700,000,000 common shares. Should MC choose to exercise this option, it will have 786,931,220 (adding to the 86,931,220 common shares that it already owns in Chiyoda), giving it 82.06% of the company's voting shares. In calculating the amount of common shares to be issued for one A-class preferred share, MC assumes that conversion will be at the initial conversion price of 100 yen per A-class preferred share and that the dividend on those shares will have been paid in full by the time MC exercises its conversion right.

### (2) MC has been using IFRS since its financial statement for the year ended March 2014. In addition to defining terminology, format and manner of preparation for consolidated financial statements, IFRS allows for exercisable potential voting rights in subsidiaries to be considered when determining whether or not to include them in consolidated reporting. Accordingly, for accounting purposes MC will be treating Chiyoda as a consolidated subsidiary once the necessary approvals are obtained. The timing for this has yet to be determined.

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