

The JFTC Opens Secondary Review Concerning the Proposed Integration in Thermal Power Generation Systems and Other Businesses of Mitsubishi Heavy Industries, Ltd. and Hitachi, Ltd. and Solicits Comments from Third Parties

September 6, 2013
Japan Fair Trade Commission

The Japan Fair Trade Commission (JFTC) received a notification pursuant to the provision of the Antimonopoly Act (AMA) jointly from MH Power Systems, Ltd. (MHPS), a subsidiary of Mitsubishi Heavy Industries, Ltd. (MHI), and Hitachi, Ltd. (Hitachi) concerning the proposed integration in thermal power generation systems and other businesses (see reference below), and has reviewed possible impacts on competition from the proposed integration. With the knowledge that a more in-depth review is necessary, today, the JFTC requested MHPS and Hitachi to submit further reports, information or materials, pursuant to the provision of Article 10(9) of the AMA as applied *mutatis mutandis* pursuant to the provision of Article 15-2(4) of the AMA. The JFTC also starts seeking comments from third parties concerning possible impacts on competition that would arise through the proposed integration. The instruction for submitting comments is shown below.

The request by the JFTC for reports, etc. does not mean that the proposed integration could pose any concerns with respect to the AMA.

Note: To execute the proposed integration, MHI (i) established MHPS as its subsidiary and (ii) plans to transfer its thermal power generation systems and other businesses to MHPS in the form of absorption-type company split, and (iii) Hitachi also plans to transfer the same businesses to MHPS in the form of absorption-type company split. The JFTC received a notification by MHPS and Hitachi with respect to the transaction in above (iii), pursuant to the provision of Article 15-2(3) of the AMA.

1. Submission of comments

Comments on the proposed integration are to be received by October 7, 2013. Detailed description on possible impacts on competition that you consider the proposed integration could raise is invited.

(1) Procedures for submission:

Please identify your name, affiliation, address and contact information (e-mail address, facsimile number and telephone number), and send your comments by postal mail, e-mail or facsimile.

(2) Submission address:

Mergers and Acquisitions Division, Economic Affairs Bureau,

Japan Fair Trade Commission

1-1-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-8987

FAX: +81-3-3581-5771

E-mail: mhi-hitachi_atmark_jftc.go.jp

(Please replace “_atmark_” with “@”, when you send an e-mail to the e-mail address provided.)

2. Privacy policy

Comments received will be used only for the purpose of reviewing the proposed integration, and shall not be disclosed to others including the parties in the form of containing any identifiable information. Please note that the JFTC will not make individual responses to the comments.

The JFTC asks for your identification and contact information, for communication purpose where any clarifications may be needed on your comments. The information provided will not be used for any other purposes.

(Reference)

The businesses to be integrated by MHI and Hitachi are:

- (i) Thermal power generation systems business (gas turbines, steam turbines, coal gasification generating equipments, boilers, thermal power control systems, generators, etc.)
- (ii) Geothermal power system business
- (iii) Environmental equipment business
- (iv) Fuel cells business
- (v) Electric power sales business (Only electric power sales in relation to demonstration facility for gas turbine combined cycle power generation plant at Takasago Machinery Works of MHI)
- (vi) Other related businesses

(Certain subsidiaries and affiliates owned by each company in relation to these businesses are included in the proposed integration.)

(Foot Note)

The JFTC has been authorized to conduct reviews on whether business combination plans may be substantially to restrain competition in particular fields of trade by following procedures prescribed in

the AMA. When a notifying corporation submits the notification form to the JFTC and the JFTC receives it, the notifying corporation is prohibited from effecting the planned business combination in question until the expiration of the 30-day waiting period from the date of receipt of the said notification. During the waiting period, concerning the business combination in question, the JFTC will normally either; (1) judge that the said business combination is not problematic in light of the AMA, or; (2) judge that more detailed review is necessary and request submission of the necessary reports, information or materials.

In the case of (1) above, to improve transparency of the review of business combination, the JFTC shall give notification to the effect that it will not issue a cease and desist order.

In the case of (2) above, the period when the JFTC may give notice prior to cease and desist order shall be extended until 120 days after the date of receipt of the notification or 90 days after the date of receipt of all reports etc., whichever is later. In case the JFTC judges in this extended period that the business combination plan in question is not problematic in light of the AMA, it shall give notification to the effect that it will not issue a cease and desist order, same as the case of (1).