

*News Release*

February 12, 2016

**Acquisition of Shares in TOA Valve Engineering Inc.  
and Agreement of Capital and Business Alliance**

Following the resolution adopted by our board meeting held on February 12, 2016, we would like to announce our decision on the acquisition of common shares in TOA Valve Engineering Inc., hereinafter called TVE, and the agreement of capital and business alliance between TVE and KITZ Corporation, hereinafter called KITZ.

**1. Reason for Capital and Business Alliance**

KITZ offers a wide variety of product lineup for such fields as building utilities, oil refineries, and petrochemicals through its extensive production and sales network in and out of Japan. KITZ is the top valve manufacturer at home and has established a firm footing even in the global market.

TVE, on the other hand, is a leading valve manufacturer in Japan which boasts of its advanced technology and high reliability, required to manufacture high-temperature and high-pressure service valves for the field of power generation.

Considering a long term view and aiming to expand overseas business, both companies had continued discussing opportunities to collaborate the strengths of the two companies, namely high technical background and experience for high-temperature / high-pressure service valves offered by TVE and the global network for procurement, production and sales provided by KITZ.

As a result, both companies have reached agreement on making this capital and business alliance to further boost the corporate value of the two companies.

Under the agreement of the capital and business alliance, KITZ will become the largest shareholder of TVE. We believe that this alliance will enable the two companies to enhance the prospect of expanding the business by using the strengths of both companies.

**2. The content of the Capital Alliance**

KITZ is scheduled to purchase 302,200 common shares, which are the whole shares owned by Mitsubishi Corporation (equivalent to 11.28 % of the entire shares issued), from Mitsubishi Corporation through ToSTNeT-1 on February 12, 2016. This transaction will allow KITZ to own 12.98% voting right at TVE.

**3. The content of the Business Alliance**

- (1) Procurement : To share the source of procurement in and out of Japan, allowing both companies to have access to the optimum materials and parts.

- (2)Engineering : To share technical information, allowing both companies to jointly develop products if needed.
- (3)Production : To utilize production facilities of each party, allowing both companies to establish the most suitable measures for the production of the products of each company or the jointly developed products.
- (4)Sales : To share the sales network of each party, allowing both companies to expand the sales of the products of each company or the jointly developed products to “the power generation field” as well as “the oil and gas field.”
- (5)After-sales Service : To share maintenance function of each party, allowing the both companies to establish the optimum after-sales network.

#### 4. Outline of TOA Valve Engineering Inc.

(As of September 30, 2015)

(1) Name	TOA Valve Engineering Inc.		
(2) Location	5-12-1, Nishitachibana-cho, Amagasaki-shi, Hyogo Japan		
(3) Representative	Yoshihisa Manabe, President & CEO		
(4) Contents of Business	Manufacturing and selling valves and cast carbon steel products. Providing maintenance service for valves		
(5) Capital	1,739 million yen		
(6) Date of Establishment	March 16, 2000		
(7) Major shareholders and their stock ownership ratio			
Mitsubishi Corporation			12.95%
Japan Trustee Services Bank, Ltd.			7.79%
Seika Corporation			4.87%
TOA Trading partner shareholding association			3.92%
Mitsubishi Heavy Industries, Ltd.			3.84%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.			2.91%
Mitsubishi UFJ Trust and Banking Corporation			2.85%
Takashi Maejima			2.40%
Goldman Sachs International			2.00%
Shinichi Mikawa			1.78%
(8) Consolidated Financial conditions and operating results (3 years)			
	(Unit: millions of yen)		
Fiscal Year	September 2013	September 2014	September 2015
Net Assets	7,742	6,553	7,082
Total Assets	12,356	10,954	11,558
Net Assets per share(Yen)	3,316.17	2,804.37	3,023.58
Net Sales	8,330	7,083	9,183
Operating income	83	(1,198)	726
Ordinary income	137	(1,120)	808
Net income	(262)	(1,150)	694
Net income per share (Yen)	(112.43)	(492.57)	297.50
Dividend per share (Yen)	30.00	15.00	40.00