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To all related parties:

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Notice of Recording of Business Structural Reform Expenses and Settlement-Related Expenses under Extraordinary Losses

IHI Corporation (hereinafter, "IHI") announces that ¥9.9 billion of business structural reform expenses and ¥6.9 billion of settlement-related expenses were recorded under extraordinary losses in the financial results for the fiscal year ended March 31, 2017.

1. Details of extraordinary losses

(1) Business structural reform expenses related to the F-LNG/Offshore structure Business

As disclosed in the news release "Regarding the F-LNG/Offshore Structure Business" dated today, IHI has decided that Aichi Works, which has held F-LNG production facilities, shall end its function as a base for such production after the completion of all projects of orders received.

In light of this resolution, IHI carried out a reevaluation of the asset values of F-LNG production facilities (business assets), and an examination into the recoverability of these assets in accordance with the "Accounting Standards for Impairment of Non-current Assets." As a result, in addition to performing impairment accounting on the estimated unrecoverable amount, IHI has rationally estimated the dismantlement costs upon the completion of the facility's production role for a portion of the assets, and decided to record business structural reform expenses of ¥9.9 billion as extraordinary losses.

(2) Settlement-related expenses related to delivered boiler facilities

Concerning boiler facilities that IHI manufactured and delivered in the past, the customer filed a lawsuit against IHI in 2015 claiming that IHI was liable for an accident involving boiler damage that occurred while performing a trial operation. Judging that the path of reaching an early resolution and reducing legal risks was in IHI's best interest, IHI has settled the case by agreeing to bear a portion of the amount incurred by the accident. As a result, IHI has decided to record settlement package and lawyer fees, etc. of ¥6.9 billion as extraordinary losses.

2. Future outlook

Concerning the full-year consolidated results forecasts for the fiscal year ended March 31, 2017, please refer to the news release "Notice of Revisions to Full-Year Consolidated Financial Forecasts for the Fiscal Year Ended March 31, 2017" released today.