

Highlights of Q&A at Press and Analyst Conference for Fiscal Year 2014 Results

1. How did the catwalk drop accident at Izmit Bay Crossing Bridge impact project profitability in FY2014 and how would it impact the project risk in FY2015?
 - It is expected to take approximately 3 months to restore the construction site to the condition prior to the accident. This restoration effort is expected to cost approximately ¥2.1bn in total, and ¥1.8bn of which was incurred in FY2014, and ¥0.3bn is expected to be incurred in FY2015. The costs pertain mainly to the restoration of the catwalk as well as to the procurement of materials resulting from the 3-month delay.
Based on the project contract, IHI can be liable for construction delay damages. However, we are trying our utmost to minimize the delay and will continue to negotiate with our customer, with whom we have a trusted relationship, in order to avoid the payment of damages for delay. The amount of catch-up costs for minimizing the delay cannot be assessed at the moment since we are currently undergoing a construction review process. Therefore these costs are not included in our FY2015 earnings guidance.
2. What is the status of the investigation for the causes of the catwalk drop accident?
 - The causes of the accident are still under investigation. However, as far as we know, there seems to have been some sort of defects in the materials supporting the catwalk.
3. The number of civil aero engines forecasted to be delivered in FY2015 is approximately the same as in FY2014. Is there a breakdown of this forecast by engine models?
 - We are in a transitional period where an increase in number in PW1100G, new engine model for the new Airbus A320neo aircraft, will be offset by decrease in the current engine model, V2500.
4. Are there possibilities of additional expenses to be incurred in relation to Estaleiro Atlântico Sul S.A. (EAS) which reported an extraordinary loss? Are loan guarantees still remaining?
 - With respect to EAS, our current focus is on “how to contain the loss at the minimum level”. We are planning to support EAS in one way or another if EAS’ business plan shows signs of turnaround and based on discussions with the Brazilian shareholders and support provided by the Brazilian government. Otherwise, however, it is possible that we will go through a liquidation or bankruptcy procedure. With respect to loan guarantees, we have recorded an extraordinary loss for full amount in FY2014.
5. What are your views with respect to the Letter from the American investor?
 - We welcome constructive dialogue with all investors. We appreciate their views and will do as much as possible to incorporate them. For example, we have been strengthening our portfolio management and project management policies, and will continue to implement various measures to enhance shareholder value.
6. Capex of ¥90.0bn in FY2015 is ¥26.1bn more than in the previous year. What are the main

components?

- Main components are 1) expansion of facilities for the mass production of PW1100G (new engine model) in Aero Engine, Space and Defense, 2) investments to promote global expansion of the turbocharger business in Industrial System and General-Purpose Machinery, 3) strengthening of the Vietnam manufacturing facility in Social Infrastructure and Offshore Facility and 4) capital lease investments in incineration facilities for earthquake aftermath recovery projects in Resources, Energy and Environment