

(English Translation)

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To all related parties:

**IHI Corporation**

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**Regarding the F-LNG/Offshore Structure Business**

As stated in the disclosure material dated October 24, 2016(\*), IHI Corporation (hereinafter, "IHI") has stopped accepting new orders for the F-LNG/Offshore Structure Business in view of the significant deterioration of profitability from fiscal year 2014, and thoroughly explored transforming the business structure to focus on aluminum SPB tanks, as well as the need for drastic countermeasures in light of prospects for the offshore market.

(\*): "Briefing Materials on Amendments to Results and Dividend Forecasts for Year Ending March 31, 2017"

The current offshore market has been in an ongoing slump with no expectations of a demand recovery, due mainly to the fall in crude oil prices. Under this business environment, there is uncertainty in sufficient workload for the operation of the Aichi Works, one of IHI's main works, from the next fiscal year onwards. IHI reached the conclusion that, even including its utilization by other businesses, it would be difficult for the Aichi Works to ensure profitability by continuous and stable input of new orders. As a result, after the completion of projects for which orders have already been received, IHI has decided to end the Aichi Works' function as a production base.

<Future policies>

- The IHI Group will do its utmost to complete the SPB cargo tanks and the FPSO shipbuilding project that are currently under construction.
- IHI will fulfill its responsibility to provide after-sales services following delivery by quickly setting up a dedicated organizational unit and assigning skilled personnel with experience and high levels of expertise. Also, IHI will maintain and utilize, as knowhow, its manufacturing technology and technical skill gained up to this point.
- IHI will maintain employment for the employees of the Aichi Works by optimally re-assigning them within the Group, and continue looking to utilize the Aichi area in new ways in the future.

Also, IHI will continue to explore possibilities for the IHI Group's future presence in the field of offshore development, taking societal demand into consideration.

The IHI Group will continue to aim to realize its management goals by constantly working to strengthen its earnings foundations through the portfolio management introduced in the "Group Management Policies 2016."