

(English Translation)

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To all related parties:

IHI Corporation

Representative: Tamotsu Saito
President and Chief Executive Officer
Securities code: 7013
Contact: Mikio Mochizuki
Managing Executive Officer,
Finance & Accounting Division
Phone: +81-3-6204-7065

**Notice of Revisions to Forecasts of Consolidated Results for the Fiscal Year Ended
March 31, 2015 and Extraordinary Loss**

IHI Corporation (hereinafter, "IHI") announces that the forecasts of consolidated results for the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015), which were announced on February 3, 2015, have been revised as described below.

Additionally, IHI will record an extraordinary loss for the fiscal year ended March 31, 2015 for the loss expected to be incurred in relation to Estaleiro Atlântico Sul S.A. (hereinafter, "EAS"), a 33.3% subsidiary of JAPAN EAS INVESTMENTOS E PARTICIPAÇÕES LTDA, a Brazilian special purpose company and an IHI consolidated subsidiary jointly established by IHI, JGC Corporation and Japan Marine United Corporation.

1. Revisions to Forecasts of Consolidated Results for the Fiscal Year Ended March 31, 2015
(from April 1, 2014 to March 31, 2015)

(Millions of yen)

| | Net Sales | Operating Income | Ordinary Income | Net Income | Net Income per Share |
|---|-----------|---------------------|--------------------|---------------|----------------------------|
| Previous forecasts (A) (Announced on February 3, 2015) | 1,460,000 | 70,000 | 62,000 | 35,000 | 22.68 yen |
| Revised forecasts (B) | 1,455,000 | 63,000 | 56,000 | 9,000 | 5.83 yen |
| Change (B - A) | (5,000) | (7,000) | (6,000) | (26,000) | — |
| Change (%) | (0.3) | (10.0) | (9.7) | (74.3) | — |
| (Reference) Previous fiscal year results (FY3/2014) | 1,304,038 | 53,271 | 53,235 | 33,133 | 22.51 yen |

2. Reasons for Revisions

In the forecasts of consolidated results for the fiscal year, net sales are generally in line with the

previous forecasts.

However, despite improved profitability helped by the weaker than expected Japanese yen, operating income and ordinary profit are expected to decrease by ¥7.0bn and ¥6.0bn, respectively, due to lower profitability in the offshore structure business and increased construction costs resulting from the accident at Izmit Bay Crossing Bridge construction site. Additionally, net income, despite reduced tax payments, is expected to decrease by ¥26.0bn due to an extraordinary loss of ¥29.1bn (¥26.8bn excluding loss pertaining to minority shareholders).

There are no revisions to the end of the fiscal year dividend forecasts (¥3 per share)

3. Details of the Extraordinary Loss

(Background)

In 2013, there were an increasing number of investments in offshore structures/plants for offshore energy exploration as a result of the global rise in demand for oil and natural gas. Brazil, in particular, was viewed as a world-class market for offshore energy exploration. Given the favorable business environment, IHI invested in EAS with the goal of supplying offshore energy exploration facilities such as FPSOs (Floating Production, Storage and Offloading Systems) and using the knowledge gained thereby in the future to promote offshore energy exploration-related businesses in Japan, which has the world's sixth largest Exclusive Economic Zone. At the time, EAS was the only Brazilian company capable of constructing large-scale offshore structures and was poised for further growth with existing orders for 7 drill ships and 20 tankers and an expectation of future orders with respect to FPSO construction projects.

EAS's financials and cash position, however, have weakened significantly due to, among other things, allegations of corruption in the Brazilian economy, which has interfered with EAS's ability to obtain payments for certain overdue amounts, and the quick downturn in the Brazilian economy as a result of the drop in energy prices.

On April 6, 2015, IHI released the "Notice of Loss on Valuation (Unconsolidated Basis) of Investment in Affiliates." In light of such losses, IHI has been carefully considering all of its options, including the possibility of restructuring EAS. More broadly, in light of the continuing circumstances adversely affecting Brazil's business environment, IHI has been giving careful consideration to its strategy for its offshore energy exploration-related businesses in Brazil.

For these reasons, although currently there are no requests being made for payments pursuant to loan guarantees, in anticipation of potential losses arising out of EAS's situation, IHI has decided to incorporate into the results for the fiscal year ended March 31, 2015 losses that IHI views to be possible in relation to its investment in Brazil.

As set out in our "Group Management Policies 2013", IHI is aiming to contribute to satisfying the needs of society for offshore energy exploration and continues to see high potential in the Brazilian offshore energy exploration business. Thus, for the time being IHI intends to continue its business related to offshore energy exploration but to do so cautiously while at the same time seeking to minimize losses.

(Details of the Extraordinary Loss in Relation to Investment in Brazil and its Impact on Net Income)

Details of the extraordinary loss of ¥29.1bn(*) to be incorporated in consolidated results ending March 31, 2015 are described below.

- | | |
|--|---------------|
| ① Loss in relation to investment in EAS (extraordinary loss): | ¥(7.6)bn (*) |
| <u>Of which, portion pertaining to minority shareholders:</u> | <u>¥2.3bn</u> |
| Impact on Net Income: | ¥(5.3)bn |
| ② Potential loss from EAS (equal to loan guarantees) and loss provision for EAS related projects (extraordinary loss, impact on net income): | ¥(21.5)bn(*) |

The loss of ¥(5.3)bn (excluding the loss pertaining to minority shareholders) announced on April 6 through “Notice of Loss on Valuation (Unconsolidated Basis) of Investment in Affiliates” is equal to ① above.

On an unconsolidated basis, IHI will record an extraordinary loss of ¥(21.5)bn in addition to the ¥(9.0)bn loss announced on April 6 through “Notice of Loss on Valuation (Unconsolidated Basis) of Investment in Affiliates”.

(Note) The above forecasts are based on information currently available to IHI and certain assumptions determined as rational. Actual performance may significantly differ from these forecasts due to various factors in the future.