

(English Translation)

April 6, 2015

To all related parties:

IHI Corporation

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Notice of Loss on Valuation (Unconsolidated Basis) of Investment in Affiliates

IHI Corporation (hereinafter, "IHI") announces its decision to record an extraordinary loss consisting of loss on valuation and loss provision for its FY3/2015 full year earnings (unconsolidated basis).

1. Details of the Loss on Valuation of Investment in Affiliates

Estaleiro Atlântico Sul S.A. (hereinafter, "EAS"), one of IHI's subsidiaries, in which IHI, JGC Corporation and Japan Marine United (IHI's equity method affiliate) have a combined 33.3% stake through a Brazilian special purpose company, JAPAN EAS INVESTIMENTOS E PARTICIPAÇÕES LTDA (hereinafter, "JEI"), is facing a difficult financial condition as a result of the economic uncertainty and weak business environment in Brazil. IHI views this situation as unlikely to recover anytime soon.

Based on the above, IHI concludes that it is necessary to record an extraordinary loss, on an unconsolidated basis, with respect to IHI's 60.4% investment in JEI, amounting to ¥9.0bn (consisting of ¥6.2bn loss on valuation related to investment in affiliates and ¥2.8bn of loss provision for affiliates).

On a consolidated basis, as EAS is an equity method affiliate of IHI, IHI will be recording a loss of ¥5.3bn (excluding the loss pertaining to minority shareholders).

As of March 31, 2015, IHI's loan guarantees to EAS on a consolidated basis was ¥19.4bn based on the end of period exchange rate. Currently, there are no requests being made for the fulfillment of such loan guarantees.

2. Regarding the Fiscal Year Guidance

With respect to the FY3/2015 full year consolidated earnings guidance, IHI is currently reviewing the impact of the weaker than expected Japanese yen, as well as the impact of the accident at Izmit Bay Crossing Bridge construction site on March 21, 2015, which was disclosed through IHI's website on March 24, 2015.