

(English Translation)

January 28, 2019

For immediate release:

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**Notice of Business Transfer of IHI's Plant Construction Business by Company Split
(Simplified Absorption-Type Company Split) to IHI Wholly-Owned Subsidiary
and Merger between IHI Wholly-Owned Subsidiaries**

IHI Corporation (the "Company") announces that at a meeting of the Board of Directors held today, it resolved to transfer the design, manufacture, and sale of plants, and related businesses, operated by the Company to IHI Plant Construction Co., Ltd. (hereinafter "IPC"), a wholly-owned subsidiary of the Company (hereinafter referred to as the "Company Split"), and in conjunction with the Company Split, it also resolved that IPC would conduct an absorption-type merger of IHI Plant Engineering Corporation (hereinafter "IPEC"), a wholly-owned subsidiary of the Company (hereinafter referred to as the "Absorption-Type Merger" and collectively with the Company Split as the "Integration").

As the Company Split involves a company split whereby business of the Company is transferred to a wholly-owned subsidiary, the business description has been omitted.

1. Purpose of the Integration

In recent years the business environment surrounding the IHI Group's Resources, Energy and Environment Business Area has been undergoing rapidly accelerating change. The Company believes that building a system that enables the cooperative creation of solutions with customers is an essential step toward swiftly meeting the diversifying needs of customers looking to achieve a net-zero-CO₂-emission and recycling-based society.

Currently, the business regarding plant construction, which operates within the Resources, Energy and Environment Business Area, is divided into the design, manufacture, and sale of plants mainly related to LNG tanks, storage tanks, and process-related plants, etc., and related businesses, which are operated by the Company, and the design, installation and repair of plant facilities, etc. including boilers and nuclear power facilities, which are operated by IPC. Meanwhile, IPEC primarily conducts the design, manufacture, installation, sale, repair, maintenance, etc. of stand-alone machinery and other components for petrochemical plants in Japan.

The purpose of this Company Split is to unite the management resources related to plants under IPC in order to carry out business operations and personnel placements efficiently by building a united and seamlessly connected operational system encompassing the design, manufacture, installation, repair and service of plants while, at the same time, providing high-quality solutions for the needs of customers who are looking to achieve the net-zero-CO₂-emission and recycling-based society.

2. Outline of the Integration

(1) Schedule of the Integration

| | |
|--|----------------------------|
| Board of Directors approval of absorption-type company split agreement (The Company): | January 28, 2019 |
| Execution of absorption-type company split agreement: | February 1, 2019 (planned) |
| Execution of absorption-type merger agreement: | February 1, 2019 (planned) |
| General Meeting of Shareholders approval of absorption-type company split agreement (IPC): | March 2019 (planned) |
| General Meeting of Shareholders approval of absorption-type merger agreement (IPC, IPEC): | March 2019 (planned) |
| Effective date: | April 1, 2019 (planned) |

* The Company will not seek approval of a General Meeting of Shareholders regarding the absorption-type company split agreement pursuant to the provisions on simplified absorption-type company splits stipulated in Article 784, Paragraph 2 of the Companies Act.

(2) Outline of the Company Split

(i) Method of the Company Split

The Company Split will be carried out as an absorption-type company split with the Company as the splitting company and IPC as the successor company.

(ii) Allotment associated with the Company Split

IPC will issue 120,000 shares of common stock in conjunction with the Company Split, all of which are to be allotted and delivered to the Company.

(iii) Treatment of share acquisition rights and bonds with share acquisition rights associated with the Company Split

The splitting company will not be compelled to transfer or succeed obligations to the successor company, such that are based on the splitting company's share acquisition rights. Meanwhile, the Company does not issue bonds with share acquisition rights.

(iv) Increase or decrease of capital stock, etc. due to the Company Split

The Company Split will not cause decreases in the Company's capital stock or its legal capital surplus.

(v) Rights and obligations to be assumed by the successor company

The successor company will assume the assets, liabilities, rights and obligations, as well as contractual positions, pertaining to the target operations of the splitting company. Note, however, that IPC shares, and employees' employment contracts (the Company's employees will be seconded to the successor company) will be excluded from the target of succession.

In principle, the successor company will assume the financial obligations of the splitting company, and in so doing release the splitting company from such liabilities.

(vi) Anticipated performance of financial obligations

Both the splitting company and the successor company maintain assets exceeding liabilities and have non-exempt property sufficient to guarantee performance subsequent to the Company Split. Meanwhile in terms their earnings situations, we do not anticipate any issues at this point in time with respect to a situation where either company would face difficulties with respect to duly performing their financial obligations. As such, we deem there to be no issues with respect to the likelihood of the splitting company and the successor company performing their respective financial obligations subsequent to the effective date of the Company Split.

- (3) Outline of the Absorption-Type Merger
- (i) Method of the Absorption-Type Merger
The Absorption-Type Merger will be carried out as an absorption-type merger with IPC as the surviving company and IPEC as the absorbed company. IPEC will be dissolved.
- (ii) Allotment associated with the Absorption-Type Merger
In conjunction with the Absorption-Type Merger, IPC will not allot shares or other monies to the shareholders of IPEC.
- (iii) Treatment of share acquisition rights and bonds with share acquisition rights associated with the Absorption-Type Merger
Not applicable.

3. Overview of the parties involved in the Integration (As of March 31, 2018)

| | | | |
|---|--|--|---|
| (1) Trade name | IHI Corporation (Splitting company) | IHI Plant Construction Co., Ltd. (Successor company) (Surviving company) | IHI Plant Engineering Corporation (Absorbed company) |
| (2) Headquarters | 1-1, Toyosu 3-chome, Koto-ku, Tokyo | 1-1, Toyosu 3-chome, Koto-ku, Tokyo | 1-1, Toyosu 3-chome, Koto-ku, Tokyo |
| (3) Title and name of representative | Tsugio Mitsuoka, President and Chief Executive Officer | Yusuke Osawa, President | Norihiro Okumura, President |
| (4) Business details | Manufacture and sale, etc. of metalworking machinery, compressors, air blowers, superchargers for vehicles and ships, logistics equipment, boilers, components for nuclear power plants, chemical machinery, general-purpose machinery, jet engines, space development equipment, etc. | Design, installation and repair of plant facilities, etc. including boilers and nuclear power facilities | Primarily design, manufacture, installation, sale, repair and maintenance, etc. of stand-alone machinery and other components for petrochemical plants in Japan |
| (5) Capital | 107,165 million yen | 500 million yen | 150 million yen |
| (6) Establishment | January 17, 1889 | September 1, 1969 | July 1, 1981 |
| (7) Number of shares issued | 154,679,954 shares | 806,700 shares | 300,000 shares |
| (8) Fiscal year-end | March 31 | March 31 | March 31 |
| (9) Major shareholders and shareholding ratio | (Note) | The Company, 100% | The Company, 100% |
| (10) Financial position and business results for the previous fiscal year | | | |
| | (Consolidated) | (Non-consolidated) | (Non-consolidated) |
| (i) Net assets | 350,217 million yen | 9,613 million yen | 1,475 million yen |
| (ii) Total assets | 1,633,662 million yen | 27,905 million yen | 9,393 million yen |
| (iii) Net assets per share | 2,103.22 yen | 11,917.43 yen | 4,919.91 yen |

| | | | |
|---------------------------------|-----------------------|--------------------|--------------------|
| (iv) Net sales | 1,590,333 million yen | 43,667 million yen | 11,849 million yen |
| (v) Operating profit | 72,267 million yen | 2,884 million yen | 517 million yen |
| (vi) Ordinary profit | 21,425 million yen | 3,117 million yen | 518 million yen |
| (vii) Profit | 13,417 million yen | 2,145 million yen | 355 million yen |
| (viii) Basic earnings per share | 53.71 yen | 2,659.81 yen | 1,186.42 yen |

| | |
|--|-------|
| (Note) The Master Trust Bank of Japan, Ltd. (Holder in Trust) | 5.45% |
| Japan Trustee Services Bank, Ltd. (Holder in Trust) | 4.49% |
| Japan Trustee Services Bank, Ltd. (TOSHIBA CORPORATION Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited) | 3.58% |
| The Dai-ichi Life Insurance Company, Limited | 3.50% |
| State Street Bank And Trust Company 505001 | 3.07% |

(11) Business details of the division to be split

Design, manufacture and sale of plants (including LNG tanks, storage tanks, process-related plants, etc.), and related businesses

(12) Business results of the division to be split

| | Fiscal year ended March 31, 2018 (Operations subject to the Company Split) | Fiscal year ended March 31, 2018 (Consolidated) | Ratio (Operations subject to the Company Split/ Consolidated) |
|-----------|---|---|--|
| Net sales | 17.8 billion yen | 1,590.3 billion yen | 1.1% |

(13) Items and amounts of assets and liabilities to be split

Assets and liabilities subject to the Company Split amount to an estimated 13,233 million yen and 14,692 million yen, respectively, as of March 31, 2018.

4. Status subsequent to the Integration

(1) Status of the Company subsequent to the Company Split

There will be no change in the trade name, headquarters, representative, business details, capital stock or fiscal year-end.

(2) Status of IPC subsequent to the Integration

IPC intends to change its trade name to IHI Plant Corporation on the same date as that of the effective date of the Integration.

(i) Trade name IHI Plant Corporation (planned)

(ii) Headquarters 1-1, Toyosu 3-chome, Koto-ku, Tokyo

(iii) Title and name of representative To be determined

(iv) Business details Operations involving the design, manufacture, sale, installation, repair and maintenance of process plants (natural gas-related facilities, petroleum refinery facilities, petrochemical facilities, boiler facilities, nuclear power facilities, etc.), stand-alone equipment and components

(v) Capital 500 million yen

(vi) Fiscal year-end March 31

5. Future outlook

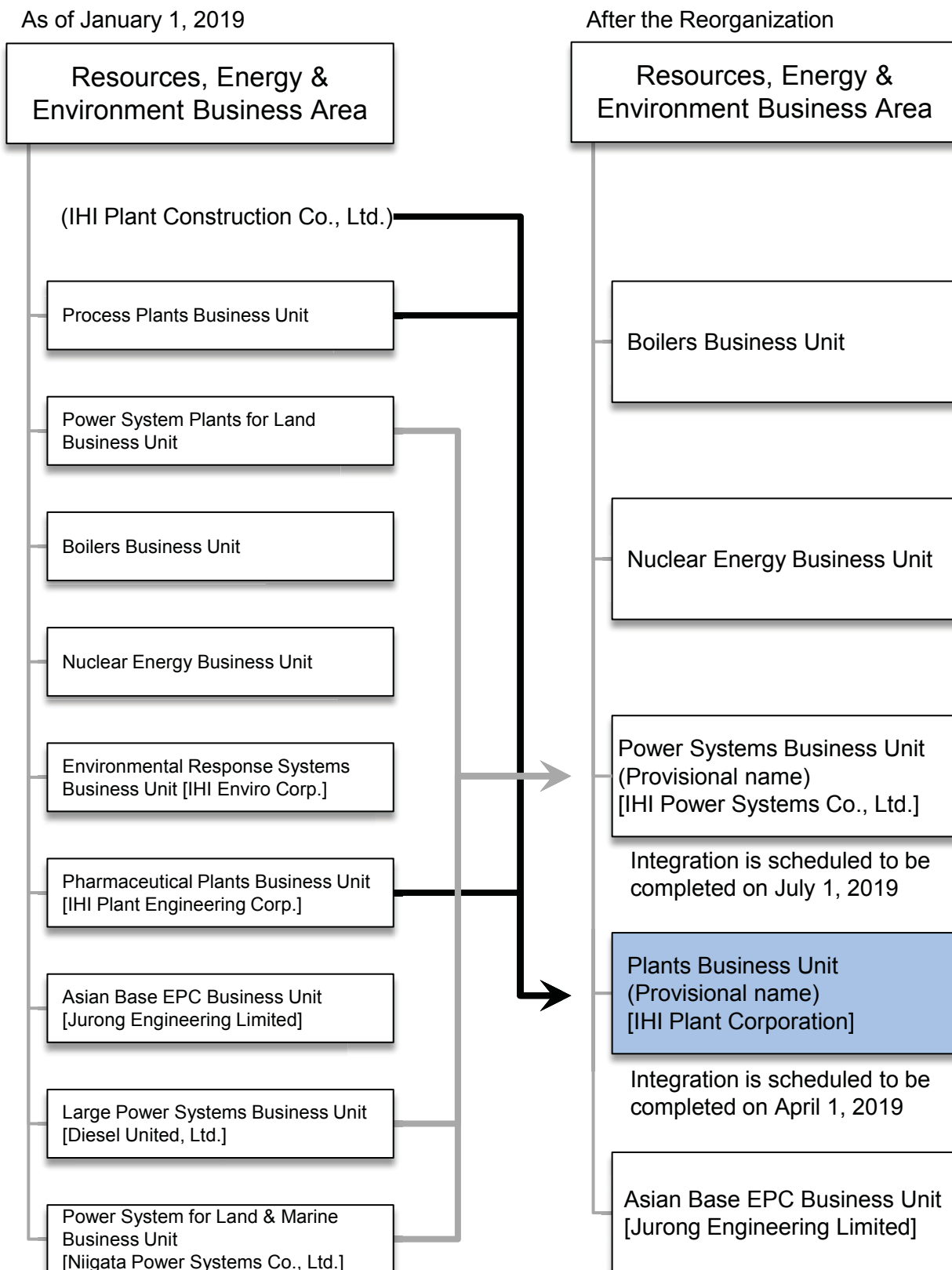
In the Resources, Energy and Environment Business Area, the IHI Group, while orienting its efforts toward the realization of a net-zero-CO₂-emission and recycling-based society, will set common goals and accelerate the implementation of various measures in order to swiftly provide solutions to meet the diversifying needs of customers.

The Integration will bring about seamlessly connected operational system, which will unite the design, manufacturing, installation, repair and service functions in the business related to plants, and with the more-efficient business operations and personnel placement that results, the IHI Group expects to achieve greater competitiveness. The plant-related business will strive to make solid progress toward realizing the goals set by the Resources, Energy and Environment Business Area while fulfilling its relevant roles.

As the Integration is business restructuring between the Company and its wholly-owned subsidiaries, the effect on the IHI Group's consolidated financial performance is expected to be immaterial.

For more details, please see the Organization for the Resources, Energy and Environment Business Area.

Organization for the Resources, Energy and Environment Business Area



- * Companies inside brackets are affiliates in charge of the relevant SBUs.
- * IHI Enviro Corporation which was in charge of the Environmental Response Systems Business Unit, had its business transferred to Kobelco Eco-Solutions Co., Ltd. on January 1, 2019.