

(Translation)

Securities Code: 7013
June 3, 2015

To: Shareholders

IHI Corporation
Tamotsu Saito, President & CEO
1-1, Toyosu 3-chome, Koto-ku, Tokyo

**NOTICE OF CONVOCATION
OF THE 198TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 198th Ordinary General Meeting of Shareholders of IHI Corporation (the “Company”). The meeting shall be held as described below.

- 1. Date and Time:** June 25, 2015 (Thursday), 10:00 a.m.
(The reception of the attendees to the meeting at the reception desk shall start at 8:45 a.m.)
- 2. Place:** The “Hiten” main banquet hall, Grand Prince Hotel New Takanawa
13-1, Takanawa 3-chome, Minato-ku, Tokyo

3. Purposes

Matters to be reported:

1. Report on the business report and the consolidated financial statements for the 198th fiscal year (from April 1, 2014 to March 31, 2015), and the results of the audit of the consolidated financial statements by the accounting auditor and the Board of Corporate Auditors.
2. Report on the non-consolidated financial statements for the 198th fiscal year (from April 1, 2014 to March 31, 2015).

Matters to be resolved:

- Agenda Item No. 1:** Appropriation of surplus
Agenda Item No. 2: Election of fifteen (15) directors
Agenda Item No. 3: Election of one (1) corporate auditor
Agenda Item No. 4: Revision of directors’ remuneration

4. Exercise of Voting Rights by Shareholders Unable to Attend the Meeting

If you are unable to attend the meeting on the specified date, you can exercise your voting rights by voting form (i.e., “Form for Exercising Voting Right”) or via the Internet, etc. Please review the Reference Material for the General Meeting of Shareholders in this document and exercise your voting rights using either of the methods described on the following page.

Outline of Exercising Voting Rights

If you are able to attend the General Meeting of Shareholders

Please present the enclosed voting form to the receptionist when you attend the meeting. Also, please be sure to bring this Notice of Convocation of the 198th Ordinary General Meeting of Shareholders (this document) to the meeting.

If you are unable to attend the General Meeting of Shareholders

- If you exercise your voting rights by voting form

Please exercise your voting rights by stating whether you are for or against the agenda items on the voting form enclosed herein and send the form back to us so that it reaches us by the deadline below. If you do not state whether you are for or against each of the agenda items in exercising your voting rights by the voting form, you shall be considered to have stated that you are for the agenda item.

Deadline: To arrive no later than 5:30 p.m. on June 24, 2015 (Wednesday) (JST)

- If you exercise your voting rights via the Internet, etc.

Please exercise your voting rights through the website designated by the Company (<http://www.web54.net>) by the deadline below. (For details, please refer to the “Exercise of Voting Rights by Electronic Measures” on page 101.)

Deadline: No later than 5:30 p.m. on June 24, 2015 (Wednesday) (JST)

Treatment if you exercise your voting rights in duplicate

- (a) If any voting rights are exercised redundantly both by the voting form and via the Internet, etc., the votes which reach us last shall be considered to be valid. If both the votes by the voting form and the votes via the Internet, etc. reach us on the same day, the votes cast via the Internet, etc. shall be considered to be valid.
- (b) If any voting rights are exercised via the Internet, etc. more than once, the votes cast last shall be considered to be valid.

Matters regarding the Reference Material for the General Meeting of Shareholders and the Attachment to the Notice of Convocation

Please note that we will post any amendments to the Reference Material for the General Meeting of Shareholders, or the business report, the consolidated financial statements or the non-consolidated financial statements on our website, if any such amendment is made.

Our website: <http://www.ihico.jp>

- END -

Disclaimer:

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail.

Reference Material for the General Meeting of Shareholders

Agenda Items and Reference Matters

Agenda Item No. 1: Appropriation of surplus

IHI sets as its basic policy for profit distribution that it is important to provide stable dividend and to increase retained earnings necessary for strengthening the business base for enabling stable dividend payment.

In consideration of the above policy, the results for this fiscal year and internal revenue fund requirement, the 198th year-end dividends will be as follows:

- (i) Type of dividend assets
Cash
- (ii) Matters concerning the allotment of dividend assets and the total amount
3 yen per share of the Company's common stock
Total amount of dividends 4,630,527,330 yen
An interim dividend of 3 yen per share was paid, resulting in an annual dividend of 6 yen per share.
- (iii) Effective date of dividends
June 26, 2015

Agenda Item No. 2: Election of fifteen (15) directors

Approval is hereby requested for the election of fifteen (15) directors in total, as follows, since the term of office of all fifteen (15) current directors will expire at the conclusion of this General Meeting of Shareholders. To further strengthen corporate governance, IHI proposes to appoint a total of three (3) outside directors, which is an increase of one (1) from the previous total.

The candidates for the offices of directors are as follows:

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Significant Concurrent Positions	No. of the Company's shares owned
1	Kazuaki Kama (December 26, 1948)	<p>Jul. 1971: Joined the Company</p> <p>Jun. 2004: Executive Officer; General Manager of Finance & Accounting Division, the Company</p> <p>Apr. 2005: Managing Executive Officer; General Manager of Finance & Accounting Division, the Company</p> <p>Jun. 2005: Director; Managing Executive Officer, General Manager of Finance & Accounting Division, the Company</p> <p>Apr. 2006: Director; Managing Executive Officer, the Company</p> <p>Apr. 2007: President; Chief Executive Officer, the Company</p> <p>Apr. 2012: Chairman of the Board, the Company (incumbent)</p> <p>(Position and Areas of Responsibility at the Company) Chairman of the Board</p> <p>(Significant Concurrent Positions) Representative Director, Japanese Aero Engines Corporation President, Japan Ship Exporters' Association President, Financial Accounting Standards Foundation Chairman, Japan Vocational Ability Development Association Chairman, The Society of Japanese Aerospace Companies</p>	171,000 shares

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Significant Concurrent Positions	No. of the Company's shares owned
		Outside Director, KYOKUTO BOEKI KAISHA, LTD. Outside Director, KONICA MINOLTA, INC. Outside Director, NSK Ltd.	

(Note)

Mr. Kazuaki Kama is serving concurrently as Representative Director of the Japanese Aero Engines Corporation (JAEC), which is involved in the following transactions with the Company.

- (1) The Company is entrusted with development and research of civil aircraft jet engines and pays the private sector portion of its funding.
- (2) The Company guarantees a portion of JAEC's loan obligations, etc.
- (3) The Company receives subsidies from JAEC for developing civil aircraft jet engines.
- (4) The Company manufactures and delivers civil aircraft jet engine components, etc. to JAEC.
- (5) The Company pays a portion of expenses required for the profit-making activities of JAEC.

There are no special interests between the Company and any of the other enterprises at which Mr. Kazuaki Kama serves as representative.

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Significant Concurrent Positions	No. of the Company's shares owned
2	Tamotsu Saito (July 13, 1952)	<p>Apr. 1975: Joined the Company</p> <p>Apr. 2006: Vice President of Aero-Engine & Space Operations, the Company</p> <p>Jun. 2006: Executive Officer; Vice President of Aero-Engine & Space Operations, the Company</p> <p>Jan. 2008: Executive Officer; President of Aero-Engine & Space Operations, the Company</p> <p>Apr. 2008: Director; Executive Officer, President of Aero-Engine & Space Operations, the Company</p> <p>Apr. 2009: Director; Managing Executive Officer, President of Aero-Engine & Space Operations, the Company</p> <p>Apr. 2010: Director, the Company</p> <p>Apr. 2011: Executive Vice President, the Company</p> <p>Apr. 2012: President; Chief Executive Officer, the Company (incumbent)</p> <p>(Position and Areas of Responsibility at the Company) President; Chief Executive Officer</p> <p>(Significant Concurrent Positions) Representative Director; President, Manufacturing Science and Technology Center</p>	94,000 shares
<p>(Note) Mr. Tamotsu Saito is serving concurrently as Representative Director and President of the Manufacturing Science and Technology Center. There are no special interests between the Company and the Manufacturing Science and Technology Center.</p>			

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Significant Concurrent Positions	No. of the Company's shares owned
3	Sadao Degawa (July 20, 1951)	<p>Apr. 1977: Joined the Company</p> <p>Jul. 2004: Deputy General Manager of Corporate Research & Development, the Company</p> <p>Apr. 2008: Executive Officer; General Manager of Corporate Research & Development, the Company</p> <p>Jun. 2009: Director; Executive Officer, General Manager of Corporate Research & Development, the Company</p> <p>Apr. 2011: Director; Managing Executive Officer; General Manager of Corporate Research & Development, the Company</p> <p>Apr. 2012: Executive Vice President, the Company (incumbent)</p> <p>(Position and Areas of Responsibility at the Company) Executive Vice President; Assistant to the President; in charge of Resources, Energy and Environment Business Areas; in charge of Group Engineering; in charge of Business Relating to Information Systems</p>	63,000 shares

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Significant Concurrent Positions	No. of the Company's shares owned
4	Toshinori Sekido (July 6, 1953)	<p>Apr. 1978: Joined the Company</p> <p>Jul. 2004: Division Director of Civil Aero-Engine Division, Aero-Engine & Space Operations, the Company</p> <p>Apr. 2007: Executive Officer; Vice President of Aero-Engine & Space Operations, the Company</p> <p>Apr. 2010: Managing Executive Officer; President of Aero-Engine & Space Operations, the Company</p> <p>Jun. 2011: Director; Managing Executive Officer; President of Aero-Engine & Space Operations, the Company</p> <p>Apr. 2013: Director, the Company</p> <p>Apr. 2014: Executive Vice President, the Company (incumbent)</p> <p>(Position and Areas of Responsibility at the Company) Executive Vice President; Assistant to the President; in charge of Priority New Business Areas; in charge of Business Relating to Human Resources, Procurement and Corporate Business Development</p>	39,000 shares

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Significant Concurrent Positions	No. of the Company's shares owned
5	Ichiro Terai (January 12, 1954)	<p>Apr. 1976: Joined the Company</p> <p>Jul. 2002: Manager of Tax Accounting Group, Finance & Accounting Division, the Company</p> <p>Apr. 2009: Executive Officer; Deputy General Manager of Finance & Accounting Division, Manager of Tax Accounting Group, Finance & Accounting Division, the Company</p> <p>Jun. 2009: Director; Executive Officer, General Manager of Finance & Accounting Division, the Company</p> <p>Apr. 2012: Director; Managing Executive Officer; General Manager of Finance & Accounting Division, the Company</p> <p>Apr. 2014: Director, the Company</p> <p>Apr. 2015: Executive Vice President, the Company (incumbent)</p> <p>(Position and Areas of Responsibility at the Company) Executive Vice President; Assistant to the President; in charge of Corporate Planning and Group Finance & Accounting</p>	16,000 shares

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Significant Concurrent Positions	No. of the Company's shares owned
6	Joji Sakamoto (November 23, 1952)	<p>Apr. 1976: Joined the Company</p> <p>Jul. 2002: Manager of Administration Division, the Company</p> <p>Jul. 2005: General Manager of Public Relations & Advertising Division, the Company</p> <p>Apr. 2007: General Manager of Compliance Control Division and General Manager of Contracts & Legal Division, the Company</p> <p>Apr. 2008: Executive Officer; General Manager of Compliance Control Division, General Manager of Contracts & Legal Division, General Manager of Reform the Internal Control System Project Division, the Company</p> <p>Jun. 2009: Director, the Company (incumbent)</p> <p>(Position and Areas of Responsibility at the Company) Director; in charge of Business Relating to Internal Audit; in charge of Business Relating to Legal, CSR and Administration; in charge of Group Compliance and Risk Management; in charge of Group Business Process Platform</p>	55,000 shares

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Significant Concurrent Positions	No. of the Company's shares owned
7	Eiichi Yoshida (September 9, 1952)	<p>Apr. 1977: Joined the Company</p> <p>Apr. 2006: Vice President of Logistics Systems & Structures Operations, the Company</p> <p>Apr. 2008: Executive Officer; Vice President of Logistics Systems & Structures Operations, the Company</p> <p>Apr. 2009: Executive Officer; President of Logistics Systems Operations, the Company</p> <p>Apr. 2011: Executive Officer; Vice President of Machinery, Environmental & Logistics Systems Operations, the Company</p> <p>Apr. 2012: Managing Executive Officer; Vice President of Global Marketing Headquarters and Chief Regional Officer in China, the Company</p> <p>Apr. 2013: Managing Executive Officer; General Manager of Sales Headquarters and Deputy General Manager of Solution & Engineering Headquarters, the Company</p> <p>Jun. 2013: Director; Managing Executive Officer; General Manager of Sales Headquarters and Deputy General Manager of Solution & Engineering Headquarters, the Company</p> <p>Apr. 2015: Director, the Company (incumbent)</p> <p>(Position and Areas of Responsibility at the Company) Director; in charge of Business Relating to Public Relations, Investor Relations and Project Audit; in charge of Group Operations</p>	44,000 shares

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Significant Concurrent Positions	No. of the Company's shares owned
8	Tsugio Mitsuoka (October 13, 1954)	<p>Apr. 1980: Joined the Company</p> <p>Apr. 2008: Vice President of Aero-Engine & Space Operations, the Company</p> <p>Apr. 2010: Executive Officer; Vice President of Aero-Engine & Space Operations, the Company</p> <p>Apr. 2013: Managing Executive Officer; President of Aero-Engine & Space Operations and Deputy General Manager of Intelligent Information Management Headquarters, the Company</p> <p>Jun. 2014: Director; Managing Executive Officer; President of Aero-Engine & Space Operations and Deputy General Manager of Intelligent Information Management Headquarters, the Company (incumbent)</p> <p>(Position and Areas of Responsibility at the Company) Director; Managing Executive Officer; in charge of Aero Engine, Space and Defense Business Areas; in charge of Business Relating to Defense; President of Aero-Engine & Space Operations and Deputy General Manager of Intelligent Information Management Headquarters</p>	44,000 shares

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Significant Concurrent Positions	No. of the Company's shares owned
9	Hiroyuki Otani (October 8, 1955)	<p>Apr. 1978: Joined the Company</p> <p>Apr. 2010: Vice President of Aero-Engine & Space Operations, the Company</p> <p>Apr. 2011: Executive Officer; President of Power Systems Operations, the Company</p> <p>Apr. 2012: Executive Officer; Vice President of Energy Operations, the Company</p> <p>Apr. 2013: Executive Officer; Vice President of Machinery & Logistics Systems Operations, the Company</p> <p>Apr. 2014: Managing Executive Officer; President of Machinery & Logistics Systems Operations and Deputy General Manager of Intelligent Information Management Headquarters, the Company</p> <p>Jun. 2014: Director; Managing Executive Officer; President of Machinery & Logistics Systems Operations and Deputy General Manager of Intelligent Information Management Headquarters, the Company (incumbent)</p> <p>(Position and Areas of Responsibility at the Company) Director; Managing Executive Officer; in charge of Industrial Systems & General-Purpose Machinery Business Areas; President of Machinery & Logistics Systems Operations and Deputy General Manager of Intelligent Information Management Headquarters</p>	36,000 shares

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Significant Concurrent Positions	No. of the Company's shares owned
10	Akinori Abe (November 4, 1954)	<p>Apr. 1977: Joined the Company</p> <p>Jun. 2010: Director; General Superintendent of Yokohama Shipyard, IHI Marine United Inc. (now Japan Marine United Corporation)</p> <p>Apr. 2012: Executive Officer; President of Offshore Project & Steel Structures Operations, the Company</p> <p>Apr. 2014 Managing Executive Officer; President of Offshore Project & Steel Structures Operations and General Manager of Solution & Engineering Headquarters, the Company</p> <p>Jun. 2014 Director; Managing Executive Officer; President of Offshore Project & Steel Structures Operations and General Manager of Solution & Engineering Headquarters, the Company (incumbent)</p> <p>(Position and Areas of Responsibility at the Company) Director; Managing Executive Officer; in charge of Social Infrastructure & Offshore Facilities Business Areas; President of Offshore Project & Steel Structures Operations and General Manager of Solution & Engineering Headquarters</p>	7,000 shares

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Significant Concurrent Positions	No. of the Company's shares owned
11	Candidate for Outside Director Tomokazu Hamaguchi (April 20, 1944)	<p>Apr. 1967: Joined Nippon Telegraph and Telephone Public Corporation</p> <p>Apr. 1985: Senior Manager, Administration Division, Public Administrations System Division, Data Communication Sector, NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p> <p>Jul. 1988: Senior Manager, Corporate Strategy Planning Department, NTT DATA Corporation</p> <p>Jun. 1995: Senior Vice President, NTT DATA Corporation</p> <p>Jun. 1997: Executive Vice President, NTT DATA Corporation</p> <p>Jun. 2001: Senior Executive Vice President, NTT DATA Corporation</p> <p>Jun. 2003: President and Chief Executive Officer, NTT DATA Corporation</p> <p>Jun. 2007: Counselor and Director, NTT DATA Corporation</p> <p>Apr. 2008: Director, the Company (incumbent)</p> <p>Jun. 2009: Senior Corporate Adviser, NTT DATA Corporation</p> <p>Jun. 2013: Senior Advisor, NTT DATA Corporation (incumbent)</p> <p>(Position and Areas of Responsibility at the Company) Director</p> <p>(Significant Concurrent Positions) Outside Director, East Japan Railway Company Outside Director, KURARAY CO., LTD.</p>	28,000 shares
<p>(Reasons for nomination)</p> <p>Mr. Tomokazu Hamaguchi was selected as a candidate for an outside director with the aim of reflecting in the management of the Company his broad insight from his track record in transforming his own organization and supporting transformations at customers while at the helm of a state-of-the-art IT and telecommunications company. In addition, the Company aims for him to carry out management oversight and monitoring functions from an independent perspective.</p>			

(Period in office)

At the conclusion of this meeting, Mr. Tomokazu Hamaguchi will have served 7 years as outside director of the Company.

(Policy on independence)

One of the Company's subsidiaries has a business relationship involving equipment maintenance with NTT DATA Corporation, where Mr. Tomokazu Hamaguchi previously served as a business executive. However, the said relationship generates less than 0.01% of the Company's consolidated net sales (for the fiscal year ended March 31, 2015), and at least five years have passed since Mr. Tomokazu Hamaguchi was a business executive at the said company. Therefore, this has no impact on his independence.

The Company has registered Mr. Tomokazu Hamaguchi with domestic financial instrument exchanges (where the Company is listed) as an independent director.

(Overview of the Limited Liability Contract)

The Company has concluded a contract with Mr. Tomokazu Hamaguchi to limit his liability for damages prescribed in Article 423, Paragraph 1 of the Corporation Law, pursuant to the provisions of Article 427, Paragraph 1 of the Law. The amount of the limitation of his liability for damages under the said contract shall be the amount stipulated by laws and regulations. If reappointment of the director is approved, the Company shall continue the aforementioned contract to limit liability with same.

manufacturer and his broad insight gained in positions such as Chairman of The Japan Chamber of Commerce and Industry. In addition, the Company aims for him to carry out management oversight and monitoring functions from an independent perspective.

(Period in office)

At the conclusion of this meeting, Mr. Tadashi Okamura will have served 5 years as outside director of the Company.

(Policy on independence)

The IHI Group has a business relationship involving the sale and purchase of nuclear power-related products with TOSHIBA Corporation, where Mr. Tadashi Okamura previously served as a business executive. However, the said relationship generates 1.47% of the Company's consolidated net sales (for the fiscal year ended March 31, 2015), and at least five years have passed since Mr. Tadashi Okamura was a business executive at the said company. Therefore, this has no impact on his independence.

The Company has registered Mr. Tadashi Okamura with domestic financial instrument exchanges (where the Company is listed) as an independent director.

(Overview of the Limited Liability Contract)

The Company has concluded a contract with Mr. Tadashi Okamura to limit his liability for damages prescribed in Article 423, Paragraph 1 of the Corporation Law, pursuant to the provisions of Article 427, Paragraph 1 of the Law. The amount of the limitation of his liability for damages under the said contract shall be the amount stipulated by laws and regulations. If reappointment of the director is approved, the Company shall continue the aforementioned contract to limit liability with same.

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Significant Concurrent Positions	No. of the Company's shares owned
13	<p>Candidate for New Director</p> <p>Hiroshi Asakura (June 20, 1954)</p>	<p>Apr. 1980: Joined the Company</p> <p>Apr. 2008: Division Director, Rotating Machinery Division, Industrial Machinery Operations, the Company</p> <p>Apr. 2009: Executive Officer; President of Rotating Machinery Operations, the Company</p> <p>Apr. 2012: Executive Officer; General Manager of Corporate Research & Development, the Company</p> <p>Apr. 2013: Managing Executive Officer; General Manager of Corporate Planning Division, the Company (incumbent)</p> <p>(Position and Areas of Responsibility at the Company) Managing Executive Officer; General Manager of Corporate Planning Division</p>	25,000 shares
14	<p>Candidate for New Director</p> <p>Naoya Domoto (October 8, 1955)</p>	<p>Apr. 1981: Joined the Company</p> <p>Apr. 2010: Vice President of Power Systems Operations, General Manager of Planning Division, Division Director of Power Systems Plant Division, the Company</p> <p>Apr. 2012: Executive Officer; Vice President of Energy Operations, the Company</p> <p>Apr. 2013: Executive Officer; Vice President of Energy & Plant Operations, the Company</p> <p>Apr. 2014: Managing Executive Officer; President of Energy & Plant Operations, the Company (incumbent)</p> <p>(Position and Areas of Responsibility at the Company) Managing Executive Officer; President of Energy & Plant Operations</p>	16,000 shares

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Significant Concurrent Positions	No. of the Company's shares owned
15	<p>Candidate for New Director</p> <p>Candidate for Outside Director</p> <p>Taketsugu Fujiwara (February 19, 1947)</p>	<p>Apr. 1969: Joined Asahi Chemical Industry Co., Ltd. (now Asahi Kasei Corporation)</p> <p>Jun. 2000: Director, Asahi Kasei Corporation</p> <p>Jun. 2003: Senior Executive Officer, Asahi Kasei Corporation</p> <p>Oct. 2003: Presidential Executive Officer, Asahi Kasei Chemicals Corporation</p> <p>Apr. 2009: Vice-Presidential Executive Officer, Asahi Kasei Corporation</p> <p>Jun. 2009: Director, Vice-Presidential Executive Officer, Asahi Kasei Corporation</p> <p>Apr. 2010: President and Representative Director, Presidential Executive Officer, Asahi Kasei Corporation</p> <p>Apr. 2014: Vice Chairman and Director, Asahi Kasei Corporation</p> <p>Jun. 2014: Vice Chairman, Asahi Kasei Corporation (incumbent)</p> <p>(Significant Concurrent Positions) President and Representative Director, The Electrochemical Society of Japan Outside Director, SHIMADZU CORPORATION Independent Director of the Board, KOKUYO Co., Ltd.</p>	0 shares
<p>(Reasons for nomination) Mr. Taketsugu Fujiwara was selected as a candidate for an outside director with the aim of reflecting in the management of the Company his extensive experience and broad insight gained at the helm of a general chemicals manufacturer, where he has implemented diversified management. In addition, the Company aims for him to carry out management oversight and monitoring functions from an independent perspective.</p> <p>(Policy on independence) One of the Company's subsidiaries has a business relationship involving the sale and purchase of industrial machinery with Asahi Kasei Corporation, where Mr. Taketsugu Fujiwara previously served as a business executive. However, the said relationship generates less than 0.01% of the Company's consolidated net sales (for the fiscal year ended March 31, 2015). Therefore, this has no impact on his independence.</p> <p>If appointment of the director is approved, the Company plans to register the candidate with domestic financial instrument exchanges (where the Company is listed) as an independent director.</p>			

(Overview of the Limited Liability Contract)

If appointment of the director is approved, the Company plans to conclude a contract with Mr. Taketsugu Fujiwara to limit his liability for damages prescribed in Article 423, Paragraph 1 of the Corporation Law, pursuant to the provisions of Article 427, Paragraph 1 of the Law. The amount of the limitation of his liability for damages under the said contract shall be the amount stipulated by laws and regulations.

Agenda Item No. 3: Election of one (1) corporate auditor

Approval is hereby requested for the election of one (1) corporate auditor, as follows, since out of the five (5) current corporate auditors, the term of office of Mr. Takeo Inokuchi will expire at the conclusion of this General Meeting of Shareholders.

Consent to submission of this agenda has already been obtained from the Board of Corporate Auditors.

The candidate for the office of corporate auditor is as follows:

Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	No. of the Company's shares owned
<p>Candidate for New Corporate Auditor</p> <p>Candidate for Outside Corporate Auditor</p> <p>Takayuki Hashimoto (July 9, 1954)</p>	<p>Apr. 1978: Joined IBM Japan, Ltd.</p> <p>Apr. 2000: Director; General Manager of General Business, IBM Japan, Ltd.</p> <p>Apr. 2003: Managing Executive Officer, IBM Japan, Ltd.</p> <p>Jan. 2007: Senior Managing Executive Officer, IBM Japan, Ltd.</p> <p>Apr. 2008: Director; Senior Managing Executive Officer, IBM Japan, Ltd.</p> <p>Jan. 2009: General Manager, IBM Japan, Ltd.</p> <p>May 2012: Director, Chairman, IBM Japan, Ltd.</p> <p>May 2014: Chairman, IBM Japan, Ltd.</p> <p>Jan. 2015: Vice Chairman, IBM Japan, Ltd. (incumbent)</p> <p>(Significant Concurrent Positions) Outside Director, KAGOME CO., LTD.</p>	<p>0 shares</p>
<p>(Reasons for nomination) Mr. Takayuki Hashimoto was selected as a candidate for an outside corporate auditor in view of his extensive experience and knowledge of global companies gained at the helm of a state-of-the-art IT company. The Company aims for him to reflect these assets in the auditing of the Company's management from an independent perspective. (Policy on independence) The Company has a business relationship involving leasing IT-related equipment with IBM Japan, Ltd., where Mr. Takayuki Hashimoto previously served as a business executive. However, the said relationship generates less than 0.01% of the Company's consolidated net sales (for the fiscal year ended March 31, 2015). Therefore, this has no impact on his independence. If appointment of the corporate auditor is approved, the Company plans to register the candidate with domestic financial instrument exchanges (where the Company is listed) as an independent auditor. (Overview of the Limited Liability Contract)</p>		

If appointment of the corporate auditor is approved, the Company plans to conclude a contract with Mr. Takayuki Hashimoto to limit his liability for damages prescribed in Article 423, Paragraph 1 of the Corporation Law, pursuant to the provisions of Article 427, Paragraph 1 of the Law. The amount of the limitation of his liability for damages under the said contract shall be the amount stipulated by laws and regulations.

Agenda Item No. 4: Revision of directors' remuneration

The total amount of remuneration for the Company's directors is set at 1,090 million yen or below per year (30 million yen or below for outside directors), as resolved at the 190th Ordinary General Meeting of Shareholders held on June 27, 2007.

The Company has decided to increase the number of outside directors from two (2) to three (3). In conjunction with this change, approval is hereby requested to revise the total amount of the portion of remuneration for the Company's outside directors to 45 million yen or below per year, while keeping the total amount of remuneration for the Company's directors at 1,090 million yen or below per year.

Also, for employees concurrently serving as directors, approval is hereby requested to continue the current situation of not including the employee salary portion in the total amount of remuneration for the Company's directors.

There are currently fifteen (15) directors (two (2) of whom are outside directors). If Agenda Item No. 2 is approved in its original form, there will be fifteen (15) directors (three (3) of whom will be outside directors).

(Attachment)

Business Report

(From April 1, 2014 to March 31, 2015)

1. Matters on Current Status of Company Group

(1) Progress of business operations and their results

- **Business environment**

During the fiscal year under review, the Japanese economy continued on a track of moderate recovery due to steady private consumption in the latter half of the fiscal year and improved exports and increased capital investment backed by improved corporate earnings, despite weak recovery in private consumption following a rise in the consumption tax in the first half. The global economy grew moderately led by a strong U.S. economy, although certain emerging countries experienced weak growth and mounting geopolitical risks. Within this business environment, the IHI Group steadily implemented initiatives to accelerate business development under its three-year medium-term management plan, “Group Management Policies 2013” that was launched in April 2013.

- **Operating results**

In the fiscal year under review, orders received increased by ¥205.4 billion from the previous fiscal year to ¥1,664.3 billion, while net sales rose by ¥151.8 billion to ¥1,455.8 billion, as all business segments posted increases in orders received and sales. In the fiscal year under review, operating income increased by ¥9.9 billion versus the previous fiscal year, to ¥63.2 billion, as the increase in operating income in the Resources, Energy and Environment segment and the Aero Engine, Space and Defense segment partially offset by the decline in operating income in the Social Infrastructure and Offshore Facilities segment and the Industrial Systems and General-Purpose Machinery segment. Ordinary income rose by ¥3.2 billion to ¥56.5 billion, despite the deterioration in share of profit of entities accounted for using equity method. Net income declined by ¥24.0 billion from the previous fiscal year to ¥9.0 billion, due to the posting of loss on business of subsidiaries and associates related to Brazil’s Estaleiro Atlântico Sul S.A., in which IHI invested to promote offshore energy exploration-related business. The posting of loss was caused by the fact that its financial position was weakened partly due to disarray in the Brazilian economy.

[Earnings Highlights (Consolidated)]

	197 th Fiscal Year		198 th Fiscal Year	
	Amount (Billions of yen)	%	Amount (Billions of yen)	%
Orders Received	1,458.9	46	1,664.3	50
Net Sales	1,304.0	47	1,455.8	52
Operating income	53.2	–	63.2	–
Ordinary Income	53.2	–	56.5	–
Net Income	33.1	–	9.0	–
Order Backlog	1,338.8	47	1,655.4	49

The % column shows the overseas ratio.

- **Interim dividend**

IHI's interim dividend for the first half of the fiscal year under review was ¥3 per share in consideration of factors such as operating performance during the fiscal year under review.

- **Resources, Energy and Environment**

Main business

Boilers, Power systems plant, Motors for land and marine use, Large marine motors, Gas processes (storage facilities and chemical plants), Nuclear power (components for nuclear power plants), Environmental systems, Pharmaceuticals (pharmaceutical plants)

Performance in fiscal year under review

Orders received increased by 17.8% from the previous fiscal year to ¥582.7 billion owing to order increases in Boiler Business and Power system plant Business.

Sales increased by 20.7% from the previous fiscal year to ¥415.3 billion owing to increases in Gas process Business and Boiler Business.

Operating income increased by 107.4% from the previous fiscal year to ¥24.0 billion owing partly to the effects of the increase in sales and yen depreciation.

BUSINESS TOPICS

Acceleration of efforts for effective use of lignite coal

In Indonesia, IHI began demonstration operations of a lignite gasification plant (TIGAR®) to manufacture synthetic gas, which is the raw material for fertilizer, from lignite. The operability and durability of the plant was confirmed through long-term test operations during approximately two years at a test plant, and IHI aims to start activities for receiving orders for commercial models during 2015.

Lignite is a low-ranking type of coal containing abundant moisture. Given the ample reserves of lignite and its low price, lignite is expected to be used effectively around the world. The IHI Group has been working aggressively to utilize lignite effectively, including the development of a lignite pre-drying system in order to efficiently use lignite, as well as the acquisition of a European company which has extensive knowledge with respect to lignite-fired boilers.

- **Social Infrastructure and Offshore Facilities**

Main business

Bridges, Water gates, Shield tunneling machines, Transportation systems, Urban development (real estate sales and rental), F-LNG (floating-LNG storage facilities), Offshore structures

Performance in fiscal year under review

Orders received increased by 1.8% from the previous fiscal year to ¥178.7 billion owing to an increase in Concrete construction materials Business,

partially offset by order decreases in Bridge Business.

Sales increased by 25.5% from the previous fiscal year to ¥188.6 billion owing to increases in F-LNG/Offshore structure Business, Bridge Business and Urban development Business.

Operating income/loss of ¥3.2 billion in deficit, which was ¥5.6 billion lower than the previous fiscal year, was posted, as the poor profitability of F-LNG/Offshore structure Business and the accident that occurred at the Izmit Bay Crossing Bridge in Turkey, partially offset by the profit-increasing factors such as the yen depreciation and increased revenues from Bridge Business and Urban development Business.

BUSINESS TOPICS

Opening of Nhat Tan Bridge (Vietnam-Japan Friendship Bridge)

The Nhat Tan Bridge (Vietnam-Japan Friendship Bridge), constructed in Hanoi, Vietnam, by a joint venture between IHI Infrastructure Systems Co., Ltd., one of the IHI subsidiaries, and Sumitomo Mitsui Construction Co., Ltd., was completed last December. The Nhat Tan Bridge is a large cable-stay bridge spanning the Red River in central Vietnam, and has a total length of 3,080 meters. Among other benefits, the bridge is expected to help relieve traffic congestion in central Hanoi, and is regarded as an important part of the core road infrastructure that is essential for Vietnam's development.

In addition, the IHI Group completed its first Group-owned works in Vietnam in the Dinh Vu Industrial Zone located along the coast of the northern part of the country. This new works is capable of meeting a wide range of needs, from bridge structures to machinery components. As a key production base in Southeast Asia, it will respond to the rapidly growing demand for infrastructure in Vietnam and other parts of Southeast Asia.

○ Industrial Systems and General-Purpose Machinery

Main business

Marine machinery, Logistics systems, Transport machinery, Parking systems, Steel manufacturing equipment, Industrial machinery, Heat / surface treatment machinery, Papermaking machinery, Vehicular turbochargers, Compressors, Separation equipment, Marine turbochargers, Construction machinery, Agricultural machinery, Small motors

Performance in fiscal year under review

Orders received increased by 12.0% from the previous fiscal year to ¥415.0 billion owing to increases in Vehicular turbochargers Business and Transport machinery Business, partially offset by the impact of the divestiture of the business related to the rolling mills in October 2013.

Sales increased by 3.5% from the previous fiscal year to ¥411.7 billion owing to increases in Vehicular turbochargers Business, partially offset by the decrease in Transport machinery Business and the impact of the divestiture of the business related to the rolling mills.

Operating income decreased by 32.2% from the previous fiscal year to ¥10.2 billion due to mainly reflecting an increase in selling, general and administrative expenses such as R&D expenses, partially offset by the increase in sales.

BUSINESS TOPICS

Reaching the 50 Million Vehicular Turbocharger Milestone

The IHI Group manufactures and sells various models and kinds of vehicular turbochargers at plants in 7 countries around the world, and an accumulated total of 50 million turbochargers had been sold on a global basis as of the end of 2014. Vehicular turbochargers contribute significantly to making exhaust gas cleaner, improving fuel efficiency, and boosting driving performance. Also, in recent years there has been rising demand for turbochargers as a necessary automobile component for making gasoline engines smaller.

The Group is aiming to manufacture more than 10 million turbochargers per year by 2020, by both ramping up manufacturing volume in Japan, Europe, China and North America, as well as with the contributions from operations in South Korea, where production started in 2015. Going forward, the Group will use its highly-reliable development and manufacturing technologies to develop its manufacturing and sales activities globally.

○ **Aero Engine, Space and Defense**

Main business

Aero engines, Rocket systems/space utilization systems (space-related equipment), Defense equipment and systems

Performance in fiscal year under review

Orders received increased by 15.0% from the previous fiscal year to ¥468.0 billion owing to order increases in Aero engine Business and Rocket systems/space utilization system Business.

Sales increased by 7.1% from the previous fiscal year to ¥434.8 billion owing to yen depreciation and increased delivery in civil aero engines.

Operating income increased by 7.8% from the previous fiscal year to ¥39.5 billion owing to the profit-increasing effect of the increase in sales partially offset by an increase in R&D expenses.

BUSINESS TOPICS

Approval Obtained for “PW1100G-JM Civil Aero Engine

In December 2014, approval was issued for the PW1100G-JM engine for Airbus S.A.S.’ A320neo, and it was formally approved from the U.S. Federal Aviation Administration for operation as a civil aero engine. The IHI Group is participating with a roughly 15% share of the program through the Japanese-side program by the Japanese Aero Engines Corporation, and is working on the development, design, and production of key components such as fan modules and part of low-pressure compressors, as well as on engine maintenance. In addition, the proprietarily developed, advanced composite material technology is greatly contributing to reducing engine weight and improving fuel economy.

(2) Financing

The Company carried out financing primarily through 63.8 billion yen from long-term loans and 40.0 billion yen from the 39th to 42nd unsecured bonds, and this was allocated for agreed repayment of long-term loans, redemption of bonds, working capital, capital for business acquisitions, and others.

(3) Capital investment

With regard to capital investment activities, the total capital investment for the fiscal year under review was 63.9 billion yen as a result of the Company having made progress centering on growth and focus businesses as well as core businesses stipulated by Group Management Policies 2013, such as additional factory constructions for aircraft engines in the Aero Engine, Space and Defense Operations, a manufacturing facility for our vehicular turbocharger manufacturing subsidiary in the Industrial Systems and General-Purpose Machinery Operations, and office buildings for rent in the Social Infrastructure and Offshore Facility Operations.

(4) Status of important business reorganizations etc.

The Company is accelerating development of lignite-fired boilers with the aim of entering this market in the near future. To this end, on June 30, 2014, the Company acquired all of the shares of Steinmüller Engineering GmbH, which is engaged in operations including engineering of lignite-fired boilers, combustion facilities and environmental equipment owned by Germany's Siemens AG, and made it a wholly owned consolidated subsidiary of the Company.

(5) Issues to be addressed

For the fiscal year under review, IHI Group has been implementing growth strategies that focus on businesses under “Group Management Policies 2013”. As a result, the value of orders received has been steadily increased and conditions have been improved for the achievement of long-term business targets, consolidated net sales of 1,600.0 billion yen. Certain risks have surfaced, however, including the reduced profitability of a project to construct an offshore structure for a Singaporean customer, the possible booking of a loss by a Brazilian company that the IHI Group invested in, and an accident at a large bridge construction site in Turkey.

In this final fiscal year of the current business plan, a maximum attempt will be made to minimize the adverse effects of such risks. Moreover, a concerted effort will be made to implement the following measures to achieve business targets and ensure future growth.

(i) Strengthening Collaboration among Group Functions and Business Fields

In order to survive global competition, collaboration among the Group’s three headquarters, which are engaged in the shared Group functions of “Solution & Engineering,” “Intelligent Information Management” and “Global Marketing,” and four business sectors, will be strengthened further. The business sectors are Resources, Energy and Environment; Social Infrastructure and Offshore Facilities; Industrial Systems and General-Purpose Machinery; and Aero Engine, Space and Defense. The aim of the strengthened cooperation is to propose attractive new value to customers and expand the group’s capacity to achieve its goals and contribute to steady results. In particular, collaboration among the three headquarters and businesses that are expected to meet customer needs by combining product and service (systemized) will be accelerated.

(ii) Increase Value for Customers and Secure Orders Steadily

In order to accelerate growth, every member of the IHI Group must take a customer-oriented approach that helps to increase customer value and secure orders on a steady basis. As part of the effort to secure net income, we will begin preparing more precise quotations and more detailed plans at an early stage to win large-scale projects. When bidding for foreign projects, more information will be gathered about local markets. Also, the IHI Group will strengthen its marketing capabilities, build stronger networks with customers, partners and stakeholders, and offer products and services that better meet local needs.

(iii) Reform Business Models to Create More Profitable Structures

As the “Group Management Policies 2013” places a primary emphasis on “growth” to increase profits, the IHI Group is striving to expand business scale and secure more competitive advantages. Competitiveness will be improved by steadily cutting costs, strengthening profitability controls for major projects and leveraging value chain analysis to develop business structures that offer higher profitability. Furthermore, the IHI Group will strive to differentiate its products and services by leveraging shared group functions without being bound by existing business frameworks. Also, through M&A, as well as partnerships with other companies and facilitating open innovation, business models will be reformed.

As for orders received and progress large scale project, we are striving to

pursue the sophistication of controls through prevention of recurrence by feedback of low profitability event, precise ascertainment of country risk and sharing the knowledge gained by the plan-do-check-act (PDCA) cycle in each project.

(iv) Allocate Management Resources to Achieve Growth

Growth will also be accelerated by strategically concentrating resources generated by concentration and selection of businesses in targeted fields that offer growth potential, as well as in core business fields. Group headquarters will be reformed to enhance and expand strategic planning. Continuous investments for growth will be supported by improving capital efficiency through ROIC (return on invested capital)-based performance management, improving cash flow by using CCC (cash conversion cycles) *1 as an index, and improving D/E ratio (stability index) *2.

*1: CCC: Number of days from purchase to collection of proceeds

*2: D/E ratio: Ratio obtained by dividing interest-bearing debt by equity

(v) Reform Business Processes to Create Value

The IHI Group will also launch the I-Project to improve its business processes. Under this project, the plan-do-check-act (PDCA) cycle will be adopted to improve the quality and productivity of operations. This initiative is expected to help achieve “growth” targets under the “Group Management Policies 2013.”

Ultimately, the IHI Group aims to improve its corporate value through the measures described above. In the spirit of the IHI corporate message, “Realize your dreams,” IHI Group will continue to evolve as a corporate group helping customers and stakeholders around the world to realize their dreams.

We would like to ask for your continued understanding and support.

(6) Changes in assets and profit/loss

(Millions of yen)

Item	195 th Fiscal Year	196 th Fiscal Year	197 th Fiscal Year	198 th Fiscal Year
Orders Received	1,269,676	1,225,649	1,458,984	1,664,387
Net Sales	1,221,869	1,256,049	1,304,038	1,455,844
Ordinary Income	41,715	36,219	53,235	56,529
Net Income	23,823	33,386	33,133	9,082
Net Income per Share (Yen)	16.26	22.81	22.51	5.88
Total Assets	1,338,131	1,364,239	1,496,361	1,690,882
Net Assets	258,475	299,282	362,555	359,595
ROE (Return on equity)* (%)	9.8	12.4	10.5	2.6

* Net income / (average of equity at previous fiscal year end and end of fiscal year under review)

(7) Main lenders of Corporate Group (As of March 31, 2015)

(Millions of yen)

Lender	Amount
Mizuho Bank, Ltd.	70,857
Sumitomo Mitsui Banking Corporation	42,515
Sumitomo Mitsui Trust Bank, Limited	36,042
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	21,729
The Hachijuni Bank, Ltd.	15,098
Nippon Life Insurance Company	8,620
The Dai-ichi Life Insurance Company, Limited	8,500
The Yamaguchi Bank, Ltd.	8,126
Development Bank of Japan Inc.	7,833
The Hiroshima Bank, Ltd.	5,227

(8) Main sales offices and works (As of March 31, 2015)

Head Office	1-1, Toyosu 3-chome, Koto-ku, Tokyo		
Sales Offices	Hokkaido Branch (Chuo-ku, Sapporo-city) Metropolitan Branch (Naka-ku, Yokohama-city) Chubu Branch (Nakamura-ku, Nagoya-city) Chugoku Branch (Naka-ku, Hiroshima-city) Kyushu Branch (Chuo-ku, Fukuoka-city)	Tohoku Branch (Aoba-ku, Sendai-city) Hokuriku Branch (Toyama-city, Toyama) Kansai Branch (Chuo-ku, Osaka-city) Shikoku Branch (Takamatsu-city, Kagawa)	
Oversea Offices	SINGAPORE ALGER JAKARTA BEIJING NEW DELHI	PARIS HANOI BANGKOK SHANGHAI KUALA LUMPUR	MOSCOW DUBAI SEOUL TAIPEI ISTANBUL
Works	Mizuho Aero-Engine Works (Mizuho-machi, Nishitama-gun, Tokyo) Soma No.1 Aero-Engine Works Soma No.2 Aero-Engine Works (Soma-city, Fukushima) Yokohama Works (Isogo-ku, Yokohama-city) Aichi Works (Chita-city, Aichi) Aioi Works, Aioi Casting Workshop (Aioi-city, Hyogo) Kure Aero-Engine & Turbo Machinery Works (Kure-city, Hiroshima)		

(Notes)

- On April 1, 2014, the Istanbul Office was opened.
On February 1, 2015, the Dubai Office was opened and operations at the Bahrain Office were transferred to the Dubai Office.
On March 31, 2015, the Metropolitan Branch was closed.
- Locations of main subsidiaries are as provided in “(10) Main Subsidiaries.”

(9) Employees (As of March 31, 2015)

Business Segment	Number of Employees
Resources, Energy and Environment	7,493
Social Infrastructure and Offshore Facilities	2,385
Industrial Systems and General-Purpose Machinery	9,389
Aero Engine, Space and Defense	6,081
Others	2,295
Corporate (company-wide)	890
Total	28,533

(971 increase compared with March 31, 2014)

(10) Main subsidiaries (As of March 31, 2015)

Company Name	Location	Capital	Voting Interest of the Company	Main Business
IHI AEROSPACE CO., LTD.	Koto-ku, Tokyo	5,000 million yen	100.00 %	Manufacture, sale, and repair of space development equipment and rocket vehicles
IHI Infrastructure Systems Co., Ltd.	Sakai-city, Osaka	4,903 million yen	100.00 %	Design, manufacture, installation, maintenance and repair of bridges and water gates
Niigata Power Systems Co., Ltd.	Chiyoda-ku, Tokyo	3,000 million yen	100.00 %	Manufacture and sale of internal combustion engines, gas turbine engines and marine equipment

Company Name	Location	Capital	Voting Interest of the Company	Main Business
Meisei Electric Co., Ltd.	Isesaki-city, Gunma	2,996 million yen	51.02%	Manufacture and sale of communication, electronic, electric measuring, information processing machines and other instruments and equipment, in addition to construction design and contracting and other incidental services
IHI Transport Machinery Co., Ltd.	Chuo-ku, Tokyo	2,647 million yen	100.00 %	Design, manufacture, sale, installation, maintenance, and repair of parking systems, materials handling equipment, and transport and distribution plants
IHI Construction Machinery Ltd.	Yokohama-city, Kanagawa	1,750 million yen	100.00 %	Manufacture, sale and repair of construction machinery and materials handling equipment
IHI Shibaura Machinery Corporation	Matsumoto-city, Nagano	1,111 million yen	90.95%	Design, manufacture, sale, installation, maintenance and repair of internal combustion engines, agricultural machinery, fire pumps and turf-grass management equipment
IHI Compressor and Machinery Co., Ltd.	Koto-ku, Tokyo	1,033 million yen	100.00 %	Design, manufacture, sale, installation, maintenance and repair of compressors, separators and superchargers for ships

Company Name	Location	Capital	Voting Interest of the Company	Main Business
IHI Turbo Co., Ltd.	Koto-ku, Tokyo	1,000 million yen	100.00 %	Manufacture and sale of vehicular turbochargers
Niigata Transys Co., Ltd.	Chiyoda-ku, Tokyo	1,000 million yen	100.00 %	Manufacture and sale of rolling stock, industrial vehicles and machines for snow removal
IHI Plant Construction Co., Ltd.	Koto-ku, Tokyo	500 million yen	100.00 %	Design, manufacture, installation and repair of boiler facilities, nuclear power facilities, environmental and storage plant facilities, and industrial machinery facilities
IHI STAR Machinery Corporation	Chitose-city, Hokkaido	500 million yen	100.00 %	Design, manufacture, sale, maintenance and repair of agricultural machinery
JAPAN EAS INVESTIMENTOS E PARTICIPAÇÕES LTDA	Brazil	207,000 thousand real	60.45%	Investment in and financing of Estaleiro Atlântico Sul S.A. and operations related to participating in the management of that company as its shareholder
IHI INC. (Note 2)	U.S.A.	92,257 thousand US dollars	100.00 %	Sale and order procurement of various plant, machinery and maintenance of aircraft engine, etc. (regional headquarters)
IHI Aero Engines US Co., Ltd. (Note 3)	U.S.A.	63,400 thousand US dollars	89.50%	Investment in civil aircraft engine program
IHI Power Generation Corporation	U.S.A.	38,250 thousand US dollars	100.00 %	Investment in biomass power generation business, etc.

Company Name	Location	Capital	Voting Interest of the Company	Main Business
JURONG ENGINEERING LIMITED	Singapore	51,788 thousand Singapore dollars	95.56%	Installation of various types of plants and facilities/equipment, engineering and consulting of architectural work and civil engineering and plants
IHI E&C International Corporation	U.S.A.	21,257 thousand US dollars	100.00 %	FS (feasibility study)/FEED (front end engineering design) and EPC (engineering, procurement and construction) business in oil and gas field
IHI INFRASTRUCTURE ASIA CO., LTD.	Vietnam	542,638 million Vietnamese dong	100.00 %	Engineering, construction and installation of steel structures and concrete structures
Changchun FAWER-IHI Turbo Co., Ltd.	China	158,300 thousand Chinese yuan	57.16%	Manufacture and sale of vehicular turbochargers
IHI Charging Systems International GmbH	Germany	15,000 thousand euro	100.00 %	Design, manufacture, and sale of vehicular turbochargers
IHI Turbo America Co.	U.S.A.	7,700 thousand US dollars	100.00 %	Manufacture and sale of vehicular turbochargers
Wuxi IHI Turbo Co., Ltd.	China	9,000 thousand US dollars	100.00 %	Manufacture and sale of vehicular turbochargers
IHI ASIA PACIFIC PTE. LTD.	Singapore	12,500 thousand Singapore dollars	100.00 %	Order procurement, business support, purchase and sale agent (regional headquarters)
IHI TURBO (THAILAND) CO., LTD.	Thailand	260,000 thousand Thai baht	90.00%	Manufacture and sale of vehicular turbochargers
IHI-Sullair Compression Technology (Suzhou) Co., Ltd.	China	55,465 thousand Chinese yuan	51.00%	Manufacture, sale and service of general-purpose turbo compressors

Company Name	Location	Capital	Voting Interest of the Company	Main Business
IHI Southwest Technologies, Inc.	U.S.A.	5,800 thousand US dollars	100.00 %	Nondestructive testing services for nuclear power plants, petrochemical plants, and thermal power plants, etc.
IHI Europe Ltd.	U.K.	2,500 thousand pound	100.00 %	Sale and mediation of various types of plant, machinery, ships/vessels and aircraft engines
IHI (Shanghai) Management Co., Ltd.	China	2,100 thousand US dollars	100.00 %	Sale, order procurement and purchase of various industrial equipment, technical support including maintenance and engineering, provision of shared services (regional headquarters)

(Notes)

1. The Voting Interests of the Company include indirectly owned portions.
2. IHI INC. increased its capital to maintain a capital level required to operate as such a company.
3. In line with the development of an engine program, IHI Aero Engines US Co., Ltd. increased its capital at an amount equivalent to development costs.
4. In the figures for the Voting Interests of the Company, shares of less than one unit are rounded to the nearest unit.

2. Company Officers

(1) Directors and Corporate Auditors (as of March 31, 2015)

Title	Name	Responsibilities and significant concurrent position(s)
Chairman of the Board	Kazuaki Kama	Representative Director, Japanese Aero Engines Corporation President, Japan Ship Exporters' Association President, Financial Accounting Standards Foundation Chairman, Japan Vocational Ability Development Association Chairman, The Society of Japanese Aerospace Companies Outside Director, KYOKUTO BOEKI KAISHA, LTD. Outside Director, KONICA MINOLTA, INC. Outside Director, NSK Ltd.
President	Tamotsu Saito	Representative Director; President, Manufacturing Science and Technology Center
Executive Vice President	Fusayoshi Nakamura	Assistant to the President
Executive Vice President	Sadao Degawa	Assistant to the President In charge of Group Engineering In charge of Business Relating to Information Systems
Executive Vice President	Toshinori Sekido	Assistant to the President In charge of Priority New Business Areas In charge of Business Relating to Corporate Business Development
Director	Joji Sakamoto	In charge of Business Relating to Internal Audit In charge of Business Relating to Legal, CSR and Administration In charge of Group Compliance and Risk Management In charge of Group Business Process Platform
Director	Ichiro Terai	In charge of Corporate Planning and Group Finance & Accounting
Director	Hiroshi Iwamoto	In charge of Business Relating to Human Resources In charge of Business Relating to Public Relations, Investors Relations and Project Audit

Title	Name	Responsibilities and significant concurrent position(s)
Director	Hiromitsu Hamamura	In charge of Resources, Energy and Environment Business Areas In charge of Business Relating to Procurement
Director	Eiichi Yoshida	General Manager of Sales Headquarters; Deputy General Manager of Solution & Engineering Headquarters
Director	Tsugio Mitsuoka	In charge of Aero Engine, Space and Defense Business Areas In charge of Business Relating to Defense President of Aero-Engine & Space Operations; Deputy General Manager of Intelligent Information Management Headquarters
Director	Hiroyuki Otani	In charge of Industrial Systems & General-Purpose Machinery Business Areas President of Machinery & Logistics Systems Operations; Deputy General Manager of Intelligent Information Management Headquarters
Director	Akinori Abe	In charge of Social Infrastructure & Offshore Facilities Business Areas President of Offshore Project & Steel Structures Operations; General Manager of Solution & Engineering Headquarters
Director	Tomokazu Hamaguchi	Outside Director, East Japan Railway Company Outside Director, KURARAY CO., LTD.
Director	Tadashi Okamura	Chairman, The Japan Machinery Federation External Director, The Shoko Chukin Bank, Ltd.
Standing Corporate Auditor	Hideo Otaka	
Standing Corporate Auditor	Makoto Serizawa	
Corporate Auditor	Takeo Inokuchi	Outside Corporate Auditor, Sanki Engineering Co., Ltd. Outside Director, Kikkoman Corporation Independent Member of the Board, Kaneka Corporation
Corporate Auditor	Nobuo Gohara	Attorney at Law
Corporate Auditor	Toshiharu Watanabe	

- (Notes) 1. Director: Messrs. Tomokazu Hamaguchi and Tadashi Okamura are outside directors.
2. Corporate Auditor: Messrs. Takeo Inokuchi, Nobuo Gohara, and Toshiharu

Watanabe are outside corporate auditors.

3. Standing Corporate Auditor: Mr. Makoto Serizawa possesses considerable knowledge of financial and accounting matters gained through his years of experience working in the Finance and Accounting Division of the Company.
4. The Company has registered Directors Messrs. Tomokazu Hamaguchi and Tadashi Okamura, and Corporate Auditors Messrs. Takeo Inokuchi, Nobuo Gohara and Toshiharu Watanabe with domestic financial instrument exchanges (where the Company is listed) as independent directors and independent auditors, respectively.

(2) Directors who resigned during this fiscal year

Directors who held office during this fiscal year and whose terms expired during this fiscal year are as follows:

Position (at time of resignation)	Name	Responsibilities and significant concurrent positions at time of resignation	Date of resignation
Director	Kazuo Tsukahara	Assistant to the President	June 27, 2014
Director	Tatsumi Kawaratani	Assistant to the President	June 27, 2014
Director	Izumi Imoto	Assistant to the President	June 27, 2014

(3) Directors' and Executive Officers' responsibilities as of April 1, 2015

Directors' and Executive Officers' responsibilities as of April 1, 2015 are as follows:

Position	Name	Responsibilities
Chairman of the Board	Kazuaki Kama	
President Chief Executive Officer	Tamotsu Saito	
Executive Vice President	Sadao Degawa	Assistant to the President In charge of Resources, Energy and Environment Business Areas In charge of Group Engineering In charge of Business Relating to Information Systems
Executive Vice President	Toshinori Sekido	Assistant to the President In charge of Priority New Business Areas In charge of Business Relating to Human Resources, Procurement and Corporate Business Development
Executive Vice President	Ichiro Terai	Assistant to the President In charge of Corporate Planning and Group Finance & Accounting
Director	Fusayoshi Nakamura	Assistant to the President
Director	Joji Sakamoto	In charge of Business Relating to Internal Audit In charge of Business Relating to Legal, CSR and Administration In charge of Group Compliance and Risk Management In charge of Group Business Process Platform
Director	Hiroshi Iwamoto	Assistant to the President
Director	Hiromitsu Hamamura	Assistant to the President
Director	Eiichi Yoshida	In charge of Business Relating to Public Relations, Investor Relations and Project Audit In charge of Group Operations
Director Managing Executive Officer	Tsugio Mitsuoka	In charge of Aero Engine, Space and Defense Business Areas In charge of Business Relating to Defense President of Aero-Engine & Space Operations; Deputy General Manager of Intelligent Information Management Headquarters
Director Managing Executive Officer	Hiroyuki Otani	In charge of Industrial Systems & General-Purpose Machinery Business Areas President of Machinery & Logistics Systems Operations; Deputy General Manager of Intelligent Information Management Headquarters

Position	Name	Responsibilities
Director Managing Executive Officer	Akinori Abe	In charge of Social Infrastructure & Offshore Facilities Business Areas President of Offshore Project & Steel Structures Operations; General Manager of Solution & Engineering Headquarters
Managing Executive Officer	Naruto Takata	General Manager of Procurement Strategy Planning
Managing Executive Officer	Hiroshi Asakura	General Manager of Corporate Planning Division
Managing Executive Officer	Hajime Kuwata	President of Global Marketing Headquarters
Managing Executive Officer	Mikio Mochizuki	General Manager of Finance & Accounting Division
Managing Executive Officer	Naoya Domoto	President of Energy & Plant Operations
Executive Officer	Junichi Sakaki	President of Rotating Machinery Operations
Executive Officer	Akira Tateno	General Manager of Corporate Research & Development
Executive Officer	Hiromu Furukawa	President of Vehicular Turbocharger Operations
Executive Officer	Taizo Suga	President of Regional Headquarters for Asia Pacific
Executive Officer	Tsutomu Yoshida	President of IHI INC. (Regional Headquarters in the Americas)
Executive Officer	Takanori Kunihiro	President of Nuclear Power Operations
Executive Officer	Tomoharu Shikina	Vice President of Aero-Engine & Space Operations
Executive Officer	Atsushi Kuwata	General Manager of Sales Headquarters; Deputy General Manager of Solution & Engineering Headquarters
Executive Officer	Takeshi Yamada	Deputy General Manager of Finance & Accounting Division
Executive Officer	Hideya Hata	President of Infrastructure Operations; Deputy General Manager of Solution & Engineering Headquarters; Deputy General Manager of Intelligent Information Management Headquarters
Executive Officer	Nobuko Mizumoto	General Manager of Group Business Process Platform Division
Executive Officer	Masafumi Nagano	General Manager of Human Resources Division
Executive Officer	Koji Yahagi	Vice President of Energy & Plant Operations
Executive Officer	Yukiya Murano	General Manager of Intelligent Information Management Headquarters
Executive Officer	Toshiaki Ishida	Deputy General Manager of Sales Headquarters
Executive Officer	Masahiko Sugitani	Vice President of Energy & Plant Operations; Deputy General Manager of Solution & Engineering Headquarters

(Notes) 1. Executive Vice President, Mr. Sadao Degawa supervises Intelligent Information Management Headquarters.

2. Executive Vice President, Mr. Toshinori Sekido supervises the Solution & Engineering Headquarters.
3. Executive Vice President, Mr. Ichiro Terai supervises the Global Marketing Headquarters, Offshore Project Collaboration Division and Urban Development Operations.
4. Director, Mr. Joji Sakamoto supervises Headquarters Representative's Offices.

(4) Remuneration of directors and corporate auditors

(i) Number of amount and recipients

(Millions of yen)

Position	Number of recipients	Breakdown			Total Amount Paid
		Base amount	Share-based compensation	Performance-based bonus	
Director	18	617	78	211	907
Corporate Auditor	5	102	—	—	102
Total (Of which, number of outside officers)	23 (5)	720 (56)	78 (—)	211 (—)	1,010 (56)

- (Notes)
1. Remuneration of directors does not include salaries of those who are also company employees.
 2. Maximum total amount of directors' remuneration is set at 1,090 million yen or below (excluding employee salaries) per year as resolved at the 190th Ordinary General Meeting of Shareholders held on June 27, 2007, and maximum total amount of corporate auditors' remuneration is set at 120 million yen or below as resolved at the 197th Ordinary General Meeting of Shareholders held on June 27, 2014.
 3. During the fiscal year under review, 13 directors (excluding outside directors) were paid 132 million yen in performance-based bonuses for the fiscal year ended March 31, 2014.
 4. The numbers of directors and corporate auditors as of March 31, 2015 are respectively 15 (including 2 outside directors) and 5 (including 3 outside corporate auditors). The reason for the discrepancy from the above is that figures in the chart include 3 directors who retired at the conclusion of the 197th Ordinary General Meeting of Shareholders held on June 27, 2014.

(ii) Policy on determination of remuneration

Maximum total remuneration of directors and corporate auditors is resolved at an Ordinary General Meeting of Shareholders as described Note 2 above.

Directors' remuneration is a reward system that considers the standard necessary to secure superior human resources, more strongly aspires towards improvements of the Group's business results and corporate value, and emphasizes sharing the risk and return of stock price fluctuations with shareholders. Remuneration details are finalized at a meeting of the Board of Directors, following consultation and recommendations to the Remuneration Advisory Committee (the "Committee") which was created to ensure that remuneration is appropriate and that the process is transparent.

Directors' remuneration consists of a base amount, stock compensation-type stock options and performance-based bonuses. For performance-based bonuses, the amount paid is determined so as to provide an incentive for achieving the operating income targets in the medium-term management plan. The amount paid is calculated based on the degree to which operating income target values in the medium-term management plan and for each term are achieved, and finalized after consultation and recommendations to the Committee.

In addition, outside directors receive only a base amount.

Remuneration for corporate auditors comprises basic remuneration only as compensation for their responsibilities for auditing the execution of business throughout the Group. The amount is determined through discussions among corporate auditors.

The Committee consists of 4 members: an outside director who serves as the chair, an outside corporate auditor, the director in charge of human resources, and the director in charge of finance and accounting. The chair makes final decisions on the Committee's recommendations.

(5) Information regarding outside directors and outside corporate auditors

- (i) Significant concurrent positions at other entities and the relationship between the Company and those entities

Significant concurrent positions at other entities are as follows.
There is no special relationship between the Company and these entities.

Position	Name	Significant concurrent positions at other entities
Director	Tomokazu Hamaguchi	Outside Director, East Japan Railway Company Outside Director, KURARAY CO., LTD.
Director	Tadashi Okamura	Chairman, The Japan Machinery Federation External Director, The Shoko Chukin Bank, Ltd.
Corporate Auditor	Takeo Inokuchi	Outside Corporate Auditor, Sanki Engineering Co., Ltd. Outside Director, Kikkoman Corporation Outside Director, Kaneka Corporation
Corporate Auditor	Nobuo Gohara	Attorney at Law

(ii) Attendance to directors/corporate auditors' meetings and activities during this fiscal year:

Position	Name	Attendance of meetings		Activities
		Directors' meetings	Auditors' meetings	
Director	Tomokazu Hamaguchi	18 of 19 (95%)	-	Provided advice and suggestions accordingly, from the viewpoint of an experienced business manager of a leading-edge IT/telecommunication business, in order to ensure appropriate and correct decisions were taken at the meetings.
Director	Tadashi Okamura	18 of 19 (95%)	-	Provided advice and suggestions accordingly, from the viewpoint of an experienced business manager of a manufacturing business, in order to ensure that appropriate and correct decisions were taken at the meetings.
Corporate Auditor	Takeo Inokuchi	13 of 19 (68%)	9 of 13 (69%)	Addressed questions and expressed opinions accordingly from the viewpoint of an experienced business manager of financial institutions.
Corporate Auditor	Nobuo Gohara	18 of 19 (95%)	13 of 13 (100%)	Addressed questions and expressed opinions accordingly from the viewpoint of a leading expert on corporate compliance.
Corporate Auditor	Toshiharu Watanabe	19 of 19 (100%)	13 of 13 (100%)	Addressed questions and expressed opinions accordingly from the viewpoint of a business manager with global experience of manufacturing industries.

(iii) Limitation of liability

In accordance with Article 427, Paragraph 1 of the Corporation Law, each outside director/corporate auditor has entered into an agreement with the Company to limit his liability for damages stipulated in Article 423, Paragraph 1 of the same law. Amount of maximum liability of each director/corporate auditor under the agreement shall be subject to laws and regulations.

3. Corporate Share Information

(1) Corporate shares (as of March 31, 2015)

- (i) Total number of shares authorized to be issued: 3,300,000,000
- (ii) Total number of shares issued: 1,543,509,110
(excluding 3,290,432 treasury shares)
- (iii) Total number of shareholders: 84,412
- (iv) Major shareholders (top 10 shareholders)

Name	Number of shares held (Thousand)	Shareholding ratio (%)
State Street Bank And Trust Company	72,022	4.66
Japan Trustee Services Bank, Ltd. (TOSHIBA CORPORATION Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited)	55,422	3.59
The Dai-ichi Life Insurance Company, Limited	54,060	3.50
Japan Trustee Services Bank, Ltd. (Holder in Trust)	51,594	3.34
The Master Trust Bank of Japan, Ltd. (Holder in Trust)	51,259	3.32
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	45,979	2.97
GOLDMAN, SACHS & CO. REG	26,537	1.71
IHI Customer Stock Ownership Association	25,215	1.63
Nippon Life Insurance Company	24,897	1.61
Sumitomo Life Insurance Company	22,624	1.46

- (Notes)
1. Voting rights for 55,422,000 shares held by “Japan Trustee Services Bank, Ltd. (TOSHIBA CORPORATION Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited)” are exercised in accordance with the instructions of TOSHIBA CORPORATION because TOSHIBA CORPORATION is a consigner of the shares.
 2. Voting rights for 45,979,000 shares held by “Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.” are exercised in accordance with the instructions of Mizuho Bank because Mizuho Bank is a consigner of the shares.
 3. Shareholding ratios are calculated without including total number of treasury shares (3,290,432 shares).

(2) Subscription rights to shares

(i) Subscription rights to shares at the end of the fiscal year

(a) Subscription rights to shares granted to Company officers in remuneration for the performance of their duties:

Name (Date of decision)	Number of subscription rights to shares	Class and number of shares underlying subscription rights to shares	Amount to be paid in (per subscription right to shares)	Value of property to be contributed upon exercise (per subscription right to shares)	Exercise period
1 st Subscription Rights to Shares (July 23, 2007)	54	Common stock 54,000 shares	462,000 yen	1,000 yen	From August 10, 2007 to August 9, 2037
2 nd Subscription Rights to Shares (July 22, 2008)	166	Common stock 166,000 shares	185,000 yen	1,000 yen	From August 19, 2008 to August 18, 2038
3 rd Subscription Rights to Shares (July 21, 2009)	227	Common stock 227,000 shares	165,000 yen	1,000 yen	From August 6, 2009 to August 5, 2039
4 th Subscription Rights to Shares (July 23, 2010)	333	Common stock 333,000 shares	154,000 yen	1,000 yen	From August 10, 2010 to August 9, 2040
5 th Subscription Rights to Shares (July 25, 2011)	305	Common stock 305,000 shares	178,000 yen	1,000 yen	From August 18, 2011 to August 17, 2041
6 th Subscription Rights to Shares (July 23, 2012)	458	Common stock 458,000 shares	159,000 yen	1,000 yen	From August 17, 2012 to August 16, 2042
7 th Subscription Rights to Shares (July 22, 2013)	198	Common stock 198,000 shares	376,000 yen	1,000 yen	From August 22, 2013 to August 21, 2043

Name (Date of decision)	Number of subscription rights to shares	Class and number of shares underlying subscription rights to shares	Amount to be paid in (per subscription right to shares)	Value of property to be contributed upon exercise (per subscription right to shares)	Exercise period
8 th Subscription Rights to Shares (July 22, 2014)	179	Common stock 179,000 shares	440,000 yen	1,000 yen	From August 12, 2014 to August 11, 2044

(Notes) Terms and conditions for exercising subscription rights to shares are as follows.

1. Subscription rights to shares shall be exercisable for five (5) years from the date one (1) year after a director or an executive officer lost its position (in the event that such individual assumes the position of corporate auditor within one (1) year after he/she resigns a director or an executive officer, the date he/she lost its position as corporate auditor) (“Exercise Start Date”).
2. Notwithstanding the above 1, in the event of the following, subscription rights to shares shall be exercisable for the period stipulated below. (However, (2) does not apply to subscription rights to shares issued by a reorganized company.)

- (1) In the event that the Exercise Start Date does not become effective by the dates indicated below for each of the subscription rights to shares (the “due date”):

Name	Due date	Exercise period of subscription rights to shares
1 st Subscription Rights to Shares	August 9, 2036	From August 10, 2036 to August 9, 2037
2 nd Subscription Rights to Shares	August 18, 2037	From August 19, 2037 to August 18, 2038
3 rd Subscription Rights to Shares	August 5, 2038	From August 6, 2038 to August 5, 2039
4 th Subscription Rights to Shares	August 9, 2039	From August 10, 2039 to August 9, 2040
5 th Subscription Rights to Shares	August 17, 2040	From August 18, 2040 to August 17, 2041
6 th Subscription Rights to Shares	August 16, 2041	From August 17, 2041 to August 16, 2042
7 th Subscription Rights to Shares	August 21, 2042	From August 22, 2042 to August 21, 2043
8 th Subscription Rights to Shares	August 11, 2043	From August 12, 2043 to August 11, 2044

- (2) In the event that a merger agreement (under which the Company becomes an absorbed company) or an agenda item of an equity-swap agreement and/or an equity transfer plan (under which the Company becomes a wholly-owned subsidiary of another company) is approved at a General Meeting of Shareholders of the Company (or at a Board of Director meeting or by the Chief Executive Officer if a decision at a shareholders’ meeting is not necessary)
Fifteen (15) days from the following day of such decision.

3. A holder of subscription rights to shares who relinquishes his/her subscription rights to shares shall not be able to exercise such rights.

(b) Number of subscription rights to shares

Name (Date of decision)	Director			Corporate Auditor		
	Number of subscription rights to shares	Number of underlying shares	Number of holders	Number of subscription rights to shares	Number of underlying shares	Number of holders
1 st Subscription Rights to Shares (July 23, 2007)	46	46,000 shares	4	8	8,000 shares	1
2 nd Subscription Rights to Shares (July 22, 2008)	148	148,000 shares	7	18	18,000 shares	1
3 rd Subscription Rights to Shares (July 21, 2009)	206	206,000 shares	8	21	21,000 shares	1
4 th Subscription Rights to Shares (July 23, 2010)	302	302,000 shares	10	31	31,000 shares	1
5 th Subscription Rights to Shares (July 25, 2011)	282	282,000 shares	12	23	23,000 shares	1
6 th Subscription Rights to Shares (July 23, 2012)	429	429,000 shares	13	29	29,000 shares	1
7 th Subscription Rights to Shares (July 22, 2013)	198	198,000 shares	13	-	-	-
8 th Subscription Rights to Shares (July 22, 2014)	179	179,000 shares	13	-	-	-

- (Notes)
1. These subscription rights to shares are not granted to outside directors and corporate auditors.
 2. The subscription rights to shares held by corporate auditors were granted to them while they were serving as directors or executive officers and not granted to them while serving as corporate auditors.

(ii) Subscription rights to shares granted to the Company's executive officers in remuneration for the performance of their duties during this fiscal year:

Date of decision	July 22, 2014
Number of subscription rights to shares	146
Class and number of underlying shares	Common stock: 146,000 shares (1,000 shares per subscription right to shares)
Amount to be paid in	440,000 yen per subscription right to shares
Value of property to be contributed upon exercising	1,000 yen per subscription right to shares (1 yen per share)
Exercise period	From August 12, 2014 to August 11, 2044
Status of granting	Number of subscription rights to shares: 146 Number of underlying shares: 146,000 Number of individuals to whom subscription rights to shares have been granted: 17

- (Notes) Terms and conditions for exercising subscription rights to shares are as follows.
1. Subscription rights to shares shall be exercisable for five (5) years from the date one (1) year after a director or an executive officer lost its position (in the event that such individual assumes the position of corporate auditor within one (1) year after he/she resigns a director or an executive officer, the date he/she lost its position as corporate auditor) ("Exercise Start Date").
 2. Notwithstanding the above 1, in the event of the following, subscription rights to shares shall be exercisable for the period stipulated below. (However, (2) does not apply to subscription rights to shares issued by a reorganized company.)
 - (1) In the event that Exercise Start Date does not become effective by August 11, 2043
From August 12, 2043 to August 11, 2044
 - (2) In the event that a merger agreement (under which the Company becomes an absorbed company) or an equity-swap agreement and/or an equity transfer plan (under which the Company becomes a wholly-owned subsidiary of another company) is approved at a General Meeting of Shareholders of the Company (or at a Board of Director meeting or by the Chief Executive Officer if a decision at a shareholders' meeting is not necessary)
Fifteen (15) days from the following day of such decision
 3. A holder of subscription rights to shares who relinquishes her/his subscription rights to shares shall not be able to exercise such rights.

(iii) Other important matters regarding subscription rights to shares

No items to report.

4. Status of Accounting Auditor

(1) Name

Ernst & Young ShinNihon LLC

(2) Remunerations, etc.

	Amount of payment	
Remunerations paid to the accounting auditor for the fiscal year under review	188	million yen
Total sum of cash and profits relating to other assets that the Company and its subsidiaries should pay to the accounting auditor	440	million yen

- (Notes)
1. The audit agreement entered into by the accounting auditor and the Company does not clearly distinguish the amount being derived from the audit under the Corporation Law and that being derived from the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be substantially distinguished from each other. Therefore, the remunerations paid to the accounting auditor for the fiscal year under review indicates the total of these two kinds of amounts.
 2. Of the Company's main subsidiaries, IHI INC., JURONG ENGINEERING LIMITED and other eleven companies are audited by certified public accountants or accounting auditors (including persons overseas possessing the overseas country's equivalent qualification) other than the accounting auditor of the Company.

(3) Details of non-audit services

The Company entrusts the accounting auditor with the services regarding "Advice and support for issues arising from implementation of IFRS" and "Guidance on accounting for subsidiaries and associates" other than services defined in Article 2, Paragraph 1 of the Certified Public Accountants Law of Japan (non-audit services).

(4) Policy for decisions on dismissal or non-reappointment of accounting auditors

In the case where it is deemed that the accounting auditor has fallen under any of the reasons for dismissal prescribed in Article 340, Paragraph 1 of the Corporation Law, the Board of Corporate Auditors shall dismiss the accounting auditor based on the consent of all corporate auditors.

In addition, in cases where the accounting auditor is deemed to have difficulty in conducting audit operations appropriately, the Board of Directors, based on the consent or at the request of the Board of Corporate Auditors, shall propose the dismissal or non-reappointment of the accounting auditor as an agenda item at a general meeting of shareholders.

(Note) In accordance with the enforcement of the "Law for Partial Revision of the Corporation Law" (Act No. 90 of 2014) on May 1, 2015, the decision-making body for proposals regarding the dismissal or non-reappointment of the accounting auditor has been changed from the Board of Directors to the Board of Corporate Auditors. Please note that the above contents reflect the policy in the fiscal year under review.

5. Systems to ensure compliance of directors with laws and regulations and articles of incorporation, and systems to ensure appropriateness of other operations.

Chapter 1 Purpose

(1) Purpose

The purpose of this policy is to define the requirements of directors in accordance with the Corporation Law (Act No. 86 of 2005) regarding the establishment of “systems for ensuring that directors’ execution of duties conform to laws and regulations and articles of incorporation and systems to ensure the appropriateness of operation activities of other corporation” to improve the corporate governance of the IHI group companies and increase corporate value.

Chapter 2 Internal Control System to Supervise Directors and Employees

(2) System for ensuring compliance of directors and employees with laws and regulations and articles of incorporation

Directors of the Company shall establish rules to ensure that the performance of their duties is compliant with laws and regulations and articles of incorporation, and directors and employees shall observe such rules. Directors of the Company shall establish systems to ensure the appropriateness of operation activities throughout the Company, at each division, and at each affiliate company, and to audit such activities are properly pursued.

(i) Preparation of rules and regulations

Directors shall prepare company-wide and departmental rules and regulations such as “Basic Code of Conduct for the IHI Group” that all directors and employees of the Company must follow to perform their duties. Divisions and sections in charge of each operation must be specified clearly in each rule and regulation. A mechanism to update such rules and regulations in the event of amendment of laws shall also be defined.

(ii) Compliance activities

With respect to compliance activities, the “Compliance Committee” chaired by an officer in charge of compliance for the entire Company shall establish a company-wide compliance policy. The company-wide policy shall be applied to the plan for each division, and each division shall create its own rules and activity plans. In addition to the company-wide training organized and administered by Corporate Social Responsibility Division, training for each level (such as managerial staff, mid-level staff, and new employees) and training for each competency (such as human resources, finance, and procurement) shall be conducted to ensure compliance by all employees.

(iii) A system to ensure and correct activities

An internal audit mechanism shall be created to monitor, inspect, and assess operation activities at each division to ensure the appropriateness of such activities. “Corporate Audit Division”, which is independent of all other divisions, shall be established. Corporate Audit Division shall report the results of audits to the Board of Directors as needed. To prevent noncompliance, a “Compliance Hotline” shall be established as an internal reporting system and CSR Promotion Division shall provide the necessary consultations.

(3) System for storing and managing information

Information related to Directors’ exercise of their duties shall be saved as a written document or in an electromagnetic form. Directors shall establish a basic policy for storing and managing documents and electromagnetic records, and shall manage information thereof.

Amendment of safekeeping policy for documents and digital records shall be subject to approval of the Board of Directors.

(4) System for managing risks

Directors of the Company shall continuously assess, identify, and monitor business risks at each division of IHI group companies.

Directors shall recognize the importance of assessing, identifying, and monitoring any of the following risks as various risks relevant to the execution of duties of IHI group companies, and shall establish an appropriate system to manage such risks and as well as a system to apply and evaluate it.

(i) Contracts/agreements

Operational risks relating to contracts/agreements such as competition, alliance/M&A with other companies, business integration, overseas operations, material procurement, and debt guarantee.

(ii) Design, manufacturing, and technologies

Risks that manufacturing sites, quality assurance, technology agreements, and research and development perform below expectations.

(iii) Laws and regulations

Risks of losses or loss of credibility due to violation of law.

(iv) Information systems

Risks of leakage, theft, and loss of information assets, and damage thereto.

(v) Safety, health, and environment

Risks of problems with health and safety assurance and environmental conservation at offices and construction sites.

(vi) Disaster and system failure

Risks of interruption of business activities due to disaster, accidents, and information system failures.

(vii) Financial activities

Risks regarding financial activities such as exchange rate and interest rate trends.

(viii) Financial reporting

Risks of fictitious financial reporting (whether due to fraud or negligence).

Directors of the Company shall continuously assess, identify, and monitor business risks at each division of IHI group companies and promptly appoint personnel to deal with risks in the event new risks arise, and shall report to the Board of Directors of the Company regarding such risks that may affect IHI group performance, financial condition, and share price.

(5) System for assuring that Directors exercise their duties efficiently

Directors of the Company shall clearly separate the function of management supervision from that of performance to ensure efficient performance of duties, and shall delegate most rights to perform duties to executive officers for efficiency.

To make appropriate decisions through multi-dimensional considerations, the Chief Executive Officer shall organize a management committee as an advisory body to discuss important matters of IHI group companies.

Directors shall prepare profit plans including target profitability of each division at the beginning of every financial period and verify their results each month.

Chapter 3 Internal Audit System for Corporate Group

(6) Ensuring for assuring operational legitimacy within the corporate group

Directors of the Company shall establish a system to ensure IHI group-wide governance by setting rules to manage group companies and appointing responsible divisions to manage, control, and direct such companies. As for group company matters with high levels of importance, directors shall submit/report to the Board of Directors and Management Committee.

Directors of the Company shall monitor the business conditions of group companies on a routine basis by deploying part-time corporate auditors or other employees to group companies. If necessary, responsible division or related division shall provide support to secure the appropriateness of business operations.

Directors also establish a group business management section within the Corporate Planning Division to create a group-wide management mechanism and to supervise group company businesses.

Chapter 4 Internal Audit System to Ensure Corporate Auditors' Performance of Duties

(7) Employees to assist corporate auditors

Corporate auditors of the Company shall establish an audit office to assist them in the performance of their duties.

The audit office shall consist of several employees of IHI with core competencies, and such employees shall be appointed based on discussions between corporate auditors and related directors.

Directors shall ensure the independence of the employees of the audit office from executive officers.

(8) Audit by corporate auditors

Corporate auditors of the Company, in accordance with the audit policies defined at the Board of Corporate Auditors, shall attend important meetings including the Board of Directors meetings and management meetings, and audit the performance of directors through interviews with directors, reviews of documents related to important resolutions, and investigations of operations and financial situations of each division and major subsidiaries.

(9) Reporting to corporate auditors

Directors and employees of the Company shall, without delay, report to corporate auditors and the Board of Corporate Auditors regarding related laws and regulations, results of internal audits, results of hotline system, and other important matters that have a company-wide impact.

(Note) Please note that the above contents reflect the system in the fiscal year under review. The system was partially revised by a resolution at a meeting of the Board of Directors held on April 28, 2015 prior to the enforcement of the "Law for Partial Revision of the Corporation Law" (Act No. 90 of 2014) and the "Ministerial Ordinance for Partial Revision of the Ordinance for Enforcement of the Corporation Law, etc.," (Ordinance of the Ministry of Justice No. 6 of 2015) on May 1, 2015.

Consolidated Balance Sheet

(As of March 31, 2015)

(Millions of yen)

Account title	Amount	Account title	Amount
Assets		Liabilities	
Current assets	1,053,726	Current liabilities	795,925
Cash and deposits	94,549	Notes and accounts payable – trade	300,148
Notes and accounts receivable – trade	438,260	Short-term loans payable	114,135
Securities	205	Commercial papers	17,000
Finished goods	24,939	Accrued expenses	82,612
Work in process	249,362	Income taxes payable	23,162
Raw materials and supplies	125,000	Advances received	125,170
Deferred tax assets	43,206	Provision for bonuses	26,687
Other	84,562	Provision for construction warranties	36,804
Allowance for doubtful accounts	(6,357)	Provision for loss on construction contracts	28,553
		Other provision	656
		Other	40,998
Non-current assets	637,156	Non-current liabilities	535,362
Property, plant and equipment	357,625	Bonds payable	70,000
Buildings and structures	145,642	Long-term loans payable	192,320
Machinery, equipment and vehicles	77,470	Lease obligations	13,174
Land	90,294	Deferred tax liabilities for land revaluation	5,445
Leased assets	15,877	Net defined benefit liability	157,986
Construction in progress	10,885	Provision for loss on subsidiaries and associates	22,590
Other	17,457	Other provision	1,186
Intangible assets	50,501	Other	72,661
Goodwill	23,301	Total liabilities	1,331,287
Software	13,613	Net Assets	
Other	13,587	Shareholders' equity	313,511
Investments and other assets	229,030	Capital stock	107,165
Investment securities	167,138	Capital surplus	54,438
Deferred tax assets	35,587	Retained earnings	152,563
Net defined benefit asset	3	Treasury shares	(655)
Other	28,168	Accumulated other comprehensive income	32,283
Allowance for doubtful accounts	(1,866)	Valuation difference on available-for-sale securities	16,622
		Deferred gains or losses on hedges	(743)
		Revaluation reserve for land	5,166
		Foreign currency translation adjustment	14,783
		Remeasurements of defined benefit plans	(3,545)
		Subscription rights to shares	747
		Minority interests	13,054
		Total net assets	359,595
Total assets	1,690,882	Total liabilities and net assets	1,690,882

Consolidated Statement of Income
(Year ended March 31, 2015)

(Millions of yen)

Account title	Amount
Net sales	1,455,844
Cost of sales	1,210,313
Gross profit	245,531
Selling, general and administrative expenses	182,278
Operating income	63,253
Non-operating income	
Interest and dividend income	2,369
Foreign exchange gains	5,274
Reversal of accrued expense for delayed delivery	2,210
Other	3,054
Non-operating expenses	
Interest expenses	4,221
Share of loss of entities accounted for using equity method	1,701
Other	13,709
Ordinary income	56,529
Extraordinary losses	
Loss on business of subsidiaries and associates	29,089
Impairment loss	175
Income before income taxes and minority interests	27,265
Income taxes – current	29,827
Income taxes – deferred	(9,309)
Income before minority interests	6,747
Minority interests in loss	2,335
Net income	9,082

(Reference)

Consolidated Statement of Cash Flows (Summary)
(Year ended March 31, 2015)

(Millions of yen)

Account title	Amount
Net cash provided by (used in) operating activities	63,589
Net cash provided by (used in) investing activities	(74,611)
Net cash provided by (used in) financing activities	33,443
Effect of exchange rate change on cash and cash equivalents	7,185
Net increase (decrease) in cash and cash equivalents	29,606
Cash and cash equivalents at end of period	92,527

Consolidated Statement of Changes in Equity
(Year ended March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	107,165	54,439	171,318	(665)	332,257
Cumulative effects of changes in accounting policies			(14,625)		(14,625)
Restated balance	107,165	54,439	156,693	(665)	317,632
Changes of items during period					
Dividends of surplus			(13,891)		(13,891)
Net income			9,082		9,082
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares		(1)		18	17
Net increase from newly consolidated subsidiaries			609		609
Change of scope of equity method			(1)		(1)
Reversal of revaluation reserve for land			71		71
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(1)	(4,130)	10	(4,121)
Balance at end of current period	107,165	54,438	152,563	(655)	313,511

	Accumulated other comprehensive income						Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	8,424	36	4,665	4,912	(5,058)	12,979	621	16,698	362,555
Cumulative effects of changes in accounting policies								(54)	(14,679)
Restated balance	8,424	36	4,665	4,912	(5,058)	12,979	621	16,644	347,876
Changes of items during period									
Dividends of surplus						-			(13,891)
Net income						-			9,082
Purchase of treasury shares						-			(8)
Disposal of treasury shares						-			17
Net increase from newly consolidated subsidiaries						-			609
Change of scope of equity method						-			(1)
Reversal of revaluation reserve for land						-			71
Net changes of items other than shareholders' equity	8,198	(779)	501	9,871	1,513	19,304	126	(3,590)	15,840
Total changes of items during period	8,198	(779)	501	9,871	1,513	19,304	126	(3,590)	11,719
Balance at end of current period	16,622	(743)	5,166	14,783	(3,545)	32,283	747	13,054	359,595

Notes to the Consolidated Financial Statements

I. Basis of Preparation of the Consolidated Financial Statements

1. Scope of Consolidation

(1) Number and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 152

Names of major consolidated subsidiaries:

IHI AEROSPACE CO., LTD., IHI Infrastructure Systems Co., Ltd.,
Niigata Power Systems Co., Ltd., Meisei Electric Co., Ltd.,
IHI Transport Machinery Co., Ltd., IHI Construction Machinery Ltd.,
IHI Shibaura Machinery Corporation,
IHI Compressor and Machinery Co., Ltd., IHI Turbo Co., Ltd.,
Niigata Transys Co., Ltd., IHI Plant Construction Co., Ltd.,
IHI STAR Machinery Corporation,
JAPAN EAS INVESTIMENTOS E PARTICIPAÇÕES LTDA, IHI INC.,
IHI Aero Engines US Co., Ltd., IHI Power Generation Corp.,
JURONG ENGINEERING LIMITED, IHI E&C International Corporation,
IHI INFRASTRUCTURE ASIA CO., LTD.,
Changchun FAWER-IHI Turbo Co., Ltd.,
IHI Charging Systems International GmbH, IHI Turbo America Co.,
Wuxi IHI Turbo Co., Ltd., IHI ASIA PACIFIC PTE. LTD.,
IHI TURBO (THAILAND) CO., LTD.,
IHI-Sullair Compression Technology (Suzhou) Co., Ltd.,
IHI Southwest Technologies, Inc., IHI Europe Ltd.,
IHI (Shanghai) Management Co., Ltd.

In the fiscal year under review, the number of consolidated subsidiaries increased by 1 due to an acquisition, 3 due to new establishment of the companies and 6 due to increased materiality, and decreased by 5 due to liquidation and 1 due to a merger.

(2) Names of major non-consolidated subsidiaries, etc.

Names of major non-consolidated subsidiaries:

Livecon Engineering Co., Ltd., IHI NeoG Algae LLC, Meisei Management Service Co., Ltd., IHI ASIA PACIFIC (Thailand) CO., LTD.

(Reason for excluding from the scope of consolidation)

Those non-consolidated subsidiaries are small in size and their total assets, net sales, the net income or loss for the Company's equity interest, and retained earnings for the Company's equity interest do not have a significant effect on the consolidated financial statements.

2. Application of the Equity Method

(1) Number and names of major affiliated companies accounted for by the equity method

Number of affiliated companies accounted for by the equity method: 33

Names of major equity method affiliates:

Japan Marine United Corporation, Estaleiro Atlântico Sul S.A., GE
Passport, LLC

In the fiscal year under review, the number of affiliated companies accounted for by the equity method decreased by 2 due to transfer of equity.

(2) Names of affiliated companies not accounted for by the equity method

Names of major companies: UNIGEN Inc., Perkins Shibaura Engines (Wuxi) Co., Ltd.

(Reason for excluding from the scope of equity method)

The companies' net income or loss for the Company's equity interest, and retained earnings for the Company's equity interest have immaterial effect on the consolidated financial statements and is less significant as a whole.

3. Significant Accounting Policies

(1) Valuation bases and methods of securities

Securities to be held until maturity are stated at amortized cost (by the straight-line method).

Other securities with market prices available are stated at fair market value as of the balance sheet date. The related valuation differences are directly included into net assets and the cost of sale price is determined by the moving-average method. Other securities without market prices available are stated at moving-average cost.

(2) Valuation bases and methods of derivatives

Derivatives are stated at fair market value.

(3) Valuation bases and methods of inventories

Raw materials and supplies are stated at moving-average cost (for figures shown on balance sheet, the book value write-down method based on decreased profitability is used).

Finished goods and Work in process are stated at identified cost (for figures shown on balance sheet, the book value write-down method based on decreased profitability is used).

(4) *Depreciation and amortization of non-current assets*

Property, plant and equipment (except for leased assets)

These assets are depreciated by the declining-balance method. However, lend-lease properties and buildings (excluding building fixtures) acquired on or after April 1, 1998, are depreciated by the straight-line method. In addition, some of the Company's consolidated subsidiaries employ the straight-line method.

Intangible assets (except for leased assets)

Intangible assets are amortized by the straight-line method. Software used internally is amortized using the straight-line method over the useful life of the assets, estimated by the company (within five years).

Leased assets

Leased assets related to ownership transfer finance lease transactions are depreciated using the same method as that applied to property, plant and equipment.

Leased assets related to non-ownership transfer finance leases are depreciated over the lease period as useful life using the straight-line method with no residual value. The Company uses the method for ordinary rental transactions for non-ownership transfer finance leases for which lease agreements were concluded on or before March 31, 2008.

(5) *Bases for significant allowances and provisions*

Allowance for doubtful accounts

To prepare for losses on bad debts, the allowance for doubtful accounts is provided for based on historical default rates for general receivables, plus individually estimated uncollectible amounts for specific receivables such as doubtful receivables.

Provision for bonuses

For payment of employee bonuses, the provision for bonuses is provided for in the amount that is expected to be paid.

Provision for directors' bonuses

To prepare for payment of bonuses for directors, the provision for bonuses is provided for in the amount that is expected to be paid.

Provision for construction warranties

To prepare for expenditures for construction warranties, the provision for construction warranties is provided for in the amount of estimated future expenditures based on historical experience.

Provision for loss on construction contracts

Provision for loss on construction contracts is provided for in the amount of estimated losses on undelivered construction contracts to occur at the end of the fiscal year under review.

Provision for directors' retirement benefits

The domestic consolidated subsidiaries provided the provision for directors' retirement benefits for the amount required to be paid at the end of the fiscal year under review in accordance with the internal policy.

Provision for loss on subsidiaries and associates

To prepare for losses on the businesses of subsidiaries and associates, estimated loss amount is provided for, taking into account the details of assets and other factors of the relevant subsidiaries.

(6) *Other significant matters concerning the preparation of consolidated financial statements*

Recognition of revenue and expenses

Basis of recording revenues and costs of construction contracts

Construction projects whose outcome of the progress by the end of the fiscal year deemed definite are recorded on the percentage-of-completion basis (rate of progress estimated by the cost-ratio method), while all other projects are accounted for on the completed construction basis.

Hedge accounting

(1) Hedge accounting

Deferred hedge accounting is applied. Transactions under forward foreign exchange contracts are booked in yen by translation at the foreign exchange rate stipulated in the contract if requirements for such treatment ("*furiate-shori*") is satisfied.

Interest rate swaps that satisfy requirements for exceptional treatments are accounted for by the exceptional treatment ("*tokurei-shori*").

(2) Hedging instruments and hedged items

Interest swaps are used to hedge interest rate risks associated with loans, and forward foreign exchange contracts, etc. are used to hedge foreign currency risks associated with monetary claims and liabilities denominated in foreign currencies.

(3) Hedging policy

Hedging instruments necessary for each risk category are selected.

(4) Method of assessing effectiveness of hedging

In the period from the beginning of hedging to the point of assessment, effectiveness is evaluated by comparing the cumulative total of the change in market value of or the change in cash flow of a hedged item, with the cumulative total of the change in market value of or the change in cash flow of hedging instruments.

Recognition of net defined benefit liability

To prepare for employees' retirement benefits, net defined benefit liability is recognized as the difference between projected benefit obligations and pension fund assets based on estimated amounts at the end of the fiscal year under review. Some consolidated subsidiaries adopt the conventional method to determine net defined benefit liability.

In the calculation of defined benefit liability, the method used to attribute projected benefit obligations in the period up to the fiscal year under review is benefit formula basis.

Past service cost is amortized using the straight-line method over a certain number of years within the average remaining service period of employees at the time of accrual.

Actuarial gain or loss is amortized starting in the fiscal year following the fiscal year in which it occurs using the straight-line method over a certain number of years within the average remaining service period of employees.

Amortization method and period of goodwill

Goodwill is amortized through the estimated effective period of the investment, with the exception that when the amount of goodwill is immaterial, it is charged to income as incurred.

Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

II. Change in Accounting Policy

(Application of Accounting Standard for Retirement Benefits)

For the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), the Company has additionally applied the provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits effective from the fiscal year under review, and reviewed the determination of projected benefit obligations and current service cost. Accordingly, the Company changed the method of attributing expected benefit to periods from the straight-line basis to mainly the benefit formula basis as well as amended the determination of discount rate from that based on a maturity period of bonds, which is the basis for the determination of discount rate, decided depending on a period of years approximate to the expected average remaining working lives of employees to one that mainly uses a single weighted average discount rate reflecting the estimated timing of retirement benefit payment and the estimated amount of each retirement benefit payments.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of the revision to the calculation method for projected benefit obligations and current service cost has been added to or deducted from retained earnings as of the beginning of the fiscal year under review.

As a result of the change, as of the beginning of the fiscal year under review, net defined benefit liability increased by 22,053 million yen, and retained earnings and minority interests decreased by 14,625 million yen and by 54 million yen, respectively. In addition, the impact of this change on operating income, ordinary income and income before income taxes and minority interests for the fiscal year under review was immaterial.

III. Changes in Presentation

(Consolidated balance sheet)

“Provision for loss on subsidiaries and associates,” which was included in “Other provision” under “Non-current liabilities” in the previous fiscal year, has been separately presented in the fiscal year under review due to its increased materiality of the amount.

IV. Notes to the Consolidated Balance Sheet

1. Assets pledged as collateral and secured liabilities

(1) Assets pledged as collateral

Cash and deposits	154 million yen
Notes and accounts receivable - trade	122 million yen
Raw materials and supplies	5 million yen
Buildings and structures	1,917 million yen
Machinery, equipment and vehicles	142 million yen
Land	6,380 million yen
Other property, plant and equipment	14 million yen
Investment securities	646 million yen
	(Note)

Of above, the following assets are pledged as collateral of factory foundation.

Buildings and structures	228 million yen
Machinery, equipment and vehicles	55 million yen
Land	2,613 million yen
Other property, plant and equipment	14 million yen

(2) Secured liabilities

Short-term loans payable	4,952 million yen
Long-term loans payable	590 million yen

Of above, the liabilities for which the collateral of factory foundation is pledged are as follows:

Short-term loans payable	2,484 million yen
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(Note) Kagoshima Mega Solar Power Corporation and seven shareholder companies of the said company entered into a revolving pledge agreement with financial institutions in order to secure all and any liabilities of the said company under the limited loan agreement concluded between Kagoshima Mega Solar Power Corporation and the financial institutions.

2. Accumulated depreciation of property, plant and equipment

535,112 million yen

3. Contingent liabilities

(1) Liabilities on guarantee (Note 1)

(Millions of yen)

Guarantee Given to	Amount	Description
Estaleiro Atlântico Sul S.A.	(Note 2) 19,413	Guarantee of obligations for construction payment and loans from financial institutions
Japanese Aero Engines Corporation	7,729	Guarantee of loan obligations for purchase of fuselages, guarantee of lease obligations and guarantee of fuselage asset value
UNIGEN Inc.	6,300	Loans from financial institutions
ALPHA Automotive Technologies LLC	1,001	Guarantee for lease obligations and loans from financial institutions
IHI Group Health Insurance Association	787	Loans from financial institutions
Japan Aeroforge, Ltd.	590	Loans from financial institutions
Rio Bravo Fresno	(Note 3) 421	Guarantee for repayment of advances received
Rio Bravo Rocklin	(Note 3) 409	Guarantee for repayment of advances received
IHI Logistics System Technology Shanghai Co., Ltd.	193	Loans from financial institutions
Construction machinery customers	82	Guarantee for lease obligations
Employees	76	Guarantee on mortgage and education loans, etc.
Chubu Segment Co., Ltd.	25	Loans from financial institutions
Total	37,026	

(Notes)

1. The amounts shown above are the amounts the Group would pay to creditors in any of the following cases:
 - (1) In the case of a perfected joint guarantee agreement, etc., if the amount guaranteed by the Group is clearly expressed and specified irrespective of other guarantors' capacities to guarantee.
 - (2) In the case of a joint and several guarantee agreement with multiple guarantors, if the percentage or the amount guaranteed by the Group is clearly expressed in accordance with an arrangement among guarantors and other joint and several guarantors' capacities to guarantee are deemed adequate.
2. Estaleiro Atlântico Sul S.A. (hereinafter "EAS"), whose financial position was weakened due to its business environment being adversely affected by, among other things, disarray in the Brazilian economy, is in a situation from which it is not expected to recover. Considering this situation, the Group has recorded a provision for loss on subsidiaries and associates associated with guarantee of obligations to EAS.

3. These are maximum guarantee limits under revolving guarantee agreements, which guarantee liabilities relating to ongoing transactions within a maximum guarantee amount.

(2) *Quasi-guarantee*

(Millions of yen)

Guarantee Given to	Amount	Description
Employees	8,109	Guarantee on mortgage and guarantee on bank loans, etc.
IHI Group Health Insurance Association	837	Loans from financial institutions
Total	8,946	

(3) *Notes receivable - trade discounted*

200 million yen

(4) *Notes receivable endorsed*

1 million yen

V. Notes to the Consolidated Statement of Changes in Equity

1. Numbers of Shares Issued

(1) *Class and number of shares issued*

(unit: shares)

Class	Number of Shares at April 1, 2014	Increase	Decrease	Number of Shares at March 31, 2015
Common stock	1,546,799,542	-	-	1,546,799,542

(2) *Class and numbers of treasury shares*

(unit: shares)

Class	Number of Shares at April 1, 2014	Increase	Decrease	Number of Shares at March 31, 2015
Common stock	3,369,103	14,029	92,700	3,290,432

(Notes)

1. The increase in shares is the result of the purchase of shares less than one unit.
2. Of the decrease in shares, 700 shares are due to the sale of fractional shares at the request of shareholders, and 92,000 shares are due to the exercise of stock options.

2. Matters Concerning Dividends

(1) Cash dividends

Resolution	Class of Shares	Total Amount of Dividend (million yen)	Dividend per Share (yen)	Record Date	Effective Date
June 27, 2014 Ordinary General Meeting of Shareholders	Common stock	9,261	6	March 31, 2014	June 30, 2014
November 5, 2014 Meeting of the Board of Directors	Common stock	4,631	3	September 30, 2014	December 4, 2014

(2) Of the dividends whose record date belongs to the current fiscal year, the dividend whose effective date falls in the following fiscal year is as follows:

Resolution	Class of Shares	Total Amount of Dividend (million yen)	Source of Dividend	Dividend per Share (yen)	Record Date	Effective Date
June 25, 2015 Ordinary General Meeting of Shareholders	Common stock	4,631	Retained earnings	3	March 31, 2015	June 26, 2015

3. Class and Number of Shares underlying Subscription Rights to Shares

Common stock 3,408,000 shares

VI. Financial Instruments

1. Status of Financial Instruments

As a Group policy, the Company and consolidated subsidiaries restrict the investments only in short-term and highly safe financial instruments and obtain funds through bank borrowings and bond issuance.

The customer credit risks in connection with notes and accounts receivable are managed by monitoring the balances and the collectability status by customer and by order in accordance with the Company's policies and procedures. At the same time, the financial status of each counterparty is

periodically monitored in order to early capture and mitigate collectability concern arisen from deterioration in financial conditions.

Foreign currency risks associated with monetary assets and liabilities denominated in foreign currencies are, in principle, hedged by utilizing foreign exchange futures and currency option contracts.

As for securities and investment securities, their market prices and the financial status of issuers are regularly assessed, and the Company's holding status is continuously monitored.

Loans, commercial papers and bond payables are made for the purpose of obtaining working capital and funds for capital expenditures. Of which, loans, commercial papers or bond payables with floating rate are exposed to fluctuation risk of interest rate, therefore, such risk is hedged by employing derivative contracts. Derivative contracts are utilized solely to avoid fluctuation risks of foreign exchange rate, interest rate and commodity prices, and the Company does not enter derivative contracts for speculative purpose.

2. Fair Values of Financial Instruments

The table below shows the amounts of financial instruments recorded in the consolidated balance sheet and their fair values as of March 31, 2015, as well as their differences.

(Millions of yen)

	Consolidated Balance Sheet Amount	Fair Value	Differences
(1) Cash and deposits	94,549	94,549	-
(2) Notes and accounts receivable - trade	438,260		
Allowance for doubtful accounts(*1)	(4,181)		
	434,079	433,495	(584)
(3) Securities and investment securities	50,732	50,741	9
Securities to be held until maturity	1,708	1,717	9
Available-for-sale securities	49,024	49,024	-
Total assets	579,360	578,785	(575)
(4) Notes and accounts payable - trade	300,148	300,148	-
(5) Short-term loans payable	114,135	114,135	-
(6) Commercial papers	17,000	17,000	-
(7) Bonds payable	70,000	69,409	(591)
(8) Long-term loans payable	192,320	193,317	997
Total liabilities	693,603	694,009	406
(9) Derivatives (*2)			
(a) Derivatives to which hedge accounting is not applied	(1,368)	(1,368)	-
(b) Derivatives to which hedge accounting is applied	(685)	(685)	-
Derivatives, total	(2,053)	(2,053)	-

(*1) The amount of allowance for doubtful accounts, which is recorded individually for notes and accounts receivable, is excluded.

(*2) Derivatives are stated in net of assets and liabilities. The figures in parenthesis indicate net liabilities.

(Notes)

1. Fair value measurement of financial instruments and notes on securities and derivatives
 - (1) Cash and deposits
The fair value of cash and deposits approximates their book value because of their short-term nature. Thus, the book value is used as fair value.
 - (2) Notes and accounts receivable - trade
The fair values are measured based on the present values calculated by discounting receivable amounts classified by certain period at a rate with time to maturity and credit risk taken into account.
 - (3) Securities and investment securities
The fair values of equity securities are based on the market prices at the exchange.
 - (4) Notes and accounts payable - trade, (5) Short-term loans payable, and (6) Commercial papers
The fair value of these accounts approximates their book value because of their short-term nature. Thus, the book value is used as fair value.
 - (7) Bonds payable
The fair value of bonds issued by the Company is based on market price. If there is no market price, the price is computed by the present value method by which the total amount of principal and interest is discounted for the remaining period of the bond and taking into account credit risk.
 - (8) Long-term loans payable
The fair value of long-term loans payable is measured by discounting the total amount (*3) of principals and interests at an assumed interest rate for similar new borrowings.

(*3) Long-term loans payable which are subject to either designated hedge accounting of forward exchange contracts, etc. or exceptional treatment of interest rate swaps are measured depending on the conditions of cases where they are accounted for together with said derivatives.
 - (9) Derivatives
The fair value of forward foreign exchange contracts is based on the forward exchange rate. Forward foreign exchange contracts, etc., which qualify for the designated hedge accounting, are accounted for together with notes and accounts receivable - trade, notes and accounts payable - trade or long-term loans payable designated as a hedged item. Therefore, their fair values are included in the fair value of any of these items (please refer to the above (2), (4) and (8)).

Also, interest rate swaps, which qualify for the exceptional treatment, are accounted for together with long-term loans payable and short-term loans payable designated as a hedged item. Therefore, their fair values are included in the fair value of long-term loans payable and short-term loans payable (please refer to the above (8)).
2. Unlisted equity securities (consolidated balance sheet amount of 36,088 million yen) and shares of subsidiaries and associates (consolidated balance sheet amount of 80,523 million yen) are not included in the above "(3) Securities and investment securities, Available-for-sale securities," since their market price is not available and the assessment of their fair values is deemed extremely difficult.

VII. Investment and Rental Properties

1. Status of Investment and Rental Properties

The Company and certain consolidated subsidiaries own rental office buildings (including land), parking lots and commercial facilities in Tokyo and other areas. Income from rental properties is 5,818 million yen for the fiscal year under review.

Major income from rental properties is included in Net sales, where major rental expenses are included in Cost of sales.

2. Fair Values of Investment and Rental Properties

(Millions of yen)

Consolidated Balance Sheet Amount	Fair Value
102,292	276,706

(Notes)

1. Consolidated balance sheet amount is calculated by subtracting accumulated depreciation and accumulated impairment loss from acquisition cost.
2. Fair values as of March 31, 2015 are measured mainly based on the values in the appraisal report prepared by external real estate appraisers.

VIII. Special Purpose Company (“SPC”) Subject to Disclosure

No applicable item.

IX. Per Share Information

1. Net assets per share	224.03 yen
2. Net income per share	5.88 yen

(Note)

The basis for calculating net income per share is as follows.

Net income	9,082 million yen
Amounts for non-common shareholders	–
Net income regarding common stock	9,082 million yen
Average number of shares of common stock	1,543,507 thousand shares

X. Significant Subsequent Events

No applicable item.

XI. Other Notes

(Loss on business of subsidiaries and associates)

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, the Company 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 to be used in the development of oil resources by the state-managed petroleum company, *Petróleo Brasileiro S.A.* (hereinafter "Petrobras") and an expectation of future orders with respect to FPSO construction projects.

EAS's financials and cash position, however, have weakened significantly due to its business environment being adversely affected by, among other things, EAS's inability to obtain payments for certain overdue amounts, arising from not only the quick downturn in the Brazilian economy as a result of the drop in resource prices, but also large-scale corruption related to Petrobras. In response to this, the Company decided that it was necessary to re-examine the strategies for offshore development related businesses in Brazil, and as a provision for future potential losses that could be incurred by the EAS business, the Company has recorded an extraordinary loss of 29,089 million yen as a loss estimation amount related to Brazil investments that could foreseeably be incurred at this current point in time.

This extraordinary loss comprises 7,604 million yen in loss related to the Company's investment in EAS and 21,485 million yen in provision for loss on subsidiaries and associates related to losses that could foreseeably be incurred from the EAS business.

This provision for loss on subsidiaries and associates includes a guarantee obligation amount as of the end of the fiscal year under review of 19,413 million yen for the Company making EAS a guaranteed company.

(Revision to amounts of deferred tax assets and liabilities due to change in effective statutory tax rates)

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 9 of 2015) and “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 2 of 2015) were promulgated on March 31, 2015, and the corporate tax rates are to be lowered from the fiscal years beginning on or after April 1, 2015.

Accordingly, the normal effective statutory tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 35.6% to 33.1% for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2015, and to 32.3% for temporary differences expected to be reversed in fiscal years beginning on April 1, 2016 and onwards.

As a result of these changes, the amount of deferred tax assets (less the amount of deferred tax liabilities) decreased by 6,672 million yen. Income taxes - deferred and valuation difference on available-for-sale securities increased by 7,207 million yen and 681 million yen respectively.

Remeasurements of defined benefit plans and deferred gains or losses on hedges decreased by 128 million yen and 16 million yen, respectively.

Deferred tax liabilities for land revaluation decreased by 632 million yen and revaluation reserve for land increased by 570 million yen.

(Accounting procedures regarding application of consolidated taxation system)

The Company and certain consolidated subsidiaries filed for approval during the fiscal year under review to adopt the consolidated taxation system, and this system will be adopted from the fiscal year ending March 31, 2016.

Therefore, from the fiscal year under review, related accounting procedures were performed assuming the adoption of the consolidated taxation system and based on the “Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 1)” (ASBJ PITF No. 5, January 16, 2015) and the “Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 2)” (ASBJ PITF No. 7, January 16, 2015).

(Note) In preparing the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to the consolidated financial statements, monetary amounts less than one unit are rounded.

Non-Consolidated Balance Sheet
(As of March 31, 2015)

(Millions of yen)

Account title	Amount	Account title	Amount
Assets		Liabilities	
Current assets		Current liabilities	
630,857		487,768	
Cash and deposits	15,798	Notes payable – trade	6,066
Notes receivable – trade	2,063	Accounts payable – trade	138,295
Accounts receivable – trade	197,441	Short-term loans payable	96,563
Finished goods	51	Commercial papers	17,000
Work in Process	163,059	Lease obligations	2,392
Raw materials and supplies	92,085	Accounts payable – other	21,127
Advance payments – other	16,103	Accrued expenses	52,738
Prepaid expenses	5,186	Income taxes payable	11,520
Deferred tax assets	28,958	Advances received	81,722
Accounts receivable – other	38,231	Deposits received	843
Short-term loans receivable	72,504	Provision for bonuses	10,324
Other	4,302	Provision for directors' bonuses	401
Allowance for doubtful accounts	(4,928)	Provision for construction warranties	26,819
Non-current assets		Provision for loss on construction contracts	20,000
501,729		Other	1,951
Property, plant and equipment	205,293	Non-current liabilities	
Buildings	102,727	438,477	
Structures	6,134	Bonds payable	70,000
Docks and building berths	904	Long-term loans payable	162,147
Machinery and equipment	30,490	Lease obligations	5,847
Vessels	0	Long-term lease and guarantee deposited	9,772
Vehicles	98	Provision for retirement benefits	111,702
Tools, furniture and fixtures	8,334	Provision for loss on subsidiaries and associates	27,374
Land	45,413	Asset retirement obligations	143
Leased assets	7,732	Other	51,489
Construction in progress	3,457	Total liabilities	
Intangible assets	17,759	926,245	
Goodwill	26	Net Assets	
Royalties and other intangible assets	8,191	Shareholders' equity	
Leasehold right	9	192,006	
Right of using facilities	34	Capital stock	107,165
Software	9,362	Capital surplus	54,535
Leased assets	29	Legal capital surplus	54,520
Other	104	Other capital surplus	15
Investments and other assets	278,675	Retained earnings	30,959
Investment securities	80,566	Legal retained earnings	6,083
Shares of subsidiaries and associates	137,217	Other retained earnings	24,876
Investments in capital	1,086	Reserve for advanced depreciation of non-current assets	10,041
Investments in capital of subsidiaries and associates	11,566	Reserve for investment loss on restructuring specified business	473
Long-term loans receivable	12,921	Retained earnings brought forward	14,361
Deferred tax assets	22,799	Treasury shares	(654)
Other	13,206	Valuation and translation adjustments	
Allowance for doubtful accounts	(689)	13,587	
		Valuation difference on available-for-sale securities	13,346
		Deferred gains or losses on hedges	240
		Subscription rights to shares	
		747	
		Total net assets	
		206,340	
Total assets	1,132,586	Total liabilities and net assets	1,132,586

Non-Consolidated Statement of Income
(Year ended March 31, 2015)

(Millions of yen)

Account title	Amount
Net sales	689,269
Cost of sales	599,925
Gross profit	89,343
Selling, general and administrative expenses	78,092
Operating income	11,251
Non-operating income	
Interest and dividend income	28,155
Foreign exchange gains	5,428
Reversal of accrued expense for delayed delivery	2,413
Other	1,301
Non-operating expenses	
Interest expenses	2,576
Other	9,581
Ordinary income	36,392
Extraordinary losses	
Loss on business of subsidiaries and associates	30,538
Loss on valuation of investments in capital of subsidiaries and associates	1,769
Provision for loss on subsidiaries and associates	648
Loss on valuation of shares of subsidiaries and associates	622
Income before income taxes	2,813
Income taxes – current	11,609
Income taxes – deferred	(9,028)
Net income	232

Non-Consolidated Statement of Changes in Equity
(Year ended March 31, 2015)

(Millions of yen)

	Shareholders' equity										
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			Total retained earnings	Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus		Reserve for advanced depreciation of non-current assets	Reserve for specified business restructuring investment loss	Retained earnings brought forward			
Balance at beginning of current period	107,165	54,520	16	54,536	6,083	10,106	-	42,308	58,498	(665)	219,535
Cumulative effects of changes in accounting policies								(13,880)	(13,880)		(13,880)
Restated balance	107,165	54,520	16	54,536	6,083	10,106	-	28,428	44,618	(665)	205,655
Changes of items during period											
Dividends of surplus								(13,891)	(13,891)		(13,891)
Net income								232	232		232
Reversal of reserve for advanced depreciation of non-current assets						(548)		548	-		-
Increase in reserve due to change in tax rate						484		(484)	-		-
Provision of reserve for specified business restructuring investment loss							473	(473)	-		-
Purchase of treasury shares										(7)	(7)
Disposal of treasury shares			(1)	(1)						18	17
Net changes of items other than shareholders' equity											
Total changes of items during period	-	-	(1)	(1)	-	(64)	473	(14,067)	(13,658)	10	(13,648)
Balance at end of current period	107,165	54,520	15	54,535	6,083	10,041	473	14,361	30,959	(654)	192,006

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	5,655	100	5,755	620	225,912
Cumulative effects of changes in accounting policies					(13,880)
Restated balance	5,655	100	5,755	620	212,031
Changes of items during period					
Dividends of surplus					(13,891)
Net income					232
Reversal of reserve for advanced depreciation of non-current assets					-
Increase in reserve due to change in tax rate					-
Provision of reserve for specified business restructuring investment loss specified business					-
Purchase of treasury shares					(7)
Disposal of treasury shares					17
Net changes of items other than shareholders' equity	7,690	140	7,831	126	7,957
Total changes of items during period	7,690	140	7,831	126	(5,691)
Balance at end of	13,346	240	13,587	747	206,340

current period					
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(Note) In preparing the business report, consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, non-consolidated balance sheet, non-consolidated statement of income and non-consolidated statement of changes in equity, figures less than one unit for monetary amounts, numbers of shares and shareholding ratios are rounded down. However, in the business report, consolidated balance sheet, consolidated statement of income and consolidated statement of changes in equity, for monetary amounts (excluding borrowings and remuneration) for which units are in millions of yen, figures less than one unit are rounded to the nearest unit.

Notes to the Non-Consolidated Financial Statements

I. Significant Accounting Policies

1. Valuation Bases and Methods of Assets

(1) Securities

Shares of subsidiaries and associates are stated at moving-average cost. Other securities with market prices available are stated at fair market value as of the balance sheet date. The related valuation differences are directly included into net assets and the cost of sale price is determined by the moving-average method. Other securities without market prices available are stated at moving-average cost.

(2) Derivatives

Derivatives are stated at fair market value.

(3) Inventories

Inventories held for the purpose of sales in the normal course of business

Finished goods are stated at moving-average cost (for figures shown on balance sheet, the book value write-down method based on decreased profitability is used).

Work in process is stated at identified cost (for figures shown on balance sheet, the book value write-down method based on decreased profitability is used).

Raw materials and supplies are stated at moving-average cost (for figures shown on balance sheet, the book value write-down method based on decreased profitability is used).

2. Depreciation and Amortization of Non-current Assets

(1) Property, plant and equipment (except for leased assets)

These assets are depreciated by the declining-balance method. However, lend-lease properties and buildings (excluding building fixtures) acquired on or after April 1, 1998, are depreciated by the straight-line method.

(2) Intangible assets (except for leased assets)

Intangible assets are amortized by the straight-line method. Software used internally is amortized using the straight-line method over the useful life of the assets as estimated by the company (within five years).

(3) Leased assets

Leased assets related to ownership transfer finance lease transactions are depreciated using the same method as that applied to property, plant and equipment.

Leased assets related to non-ownership transfer finance leases are depreciated over the lease period as useful period using the straight-line method with no residual value. The Company uses the method for ordinary rental transactions for non-ownership transfer finance leases for which lease agreements were concluded on or before March 31, 2008.

3. Allowances and Provisions

(1) Allowance for doubtful accounts

To prepare for losses on bad debts, the allowance for doubtful accounts is provided for based on historical default rates for general receivables, plus individually estimated uncollectible amounts for specific receivables such as doubtful receivables.

(2) Provision for bonuses

For payment of employee bonuses, the provision for bonuses is provided for in the amount that is expected to be paid.

(3) Provision for directors' bonuses

To prepare for payment of bonuses for directors, the provision for bonuses is provided for in the amount that is expected to be paid.

(4) Provision for construction warranties

To prepare for expenditures for construction warranties, the provision for construction warranties is provided for in the amount of estimated future expenditures based on historical experience.

(5) Provision for loss on construction contracts

Provision for loss on construction contracts is provided for in the amount of estimated losses on undelivered construction contracts to occur at the end of the fiscal year under review.

(6) Provision for retirement benefits

Provision for retirement benefits is provided for based on projected benefit obligations as of the balance sheet date.

In the calculation of defined benefit liability, the method used to attribute projected benefit obligations in the period up to the fiscal year under review is benefit formula basis.

Past service cost is amortized using the straight-line method over a certain number of years within the average remaining service period of employees at the time of accrual.

Actuarial gain or loss is amortized starting in the fiscal year following the fiscal year in which it occurs using the straight-line method over a certain number of years within the average remaining service period of employees.

(7) Provision for loss on subsidiaries and associates

To prepare for losses on the businesses of subsidiaries and associates, estimated loss amount is provided for, taking into account the details of assets and other factors of the relevant subsidiaries.

4. Basis of Recognizing Revenues and Expenses

Basis of recognizing revenues and costs of construction contracts

Construction projects whose outcome of the progress by the end of the fiscal year deemed definite are recorded on the percentage-of-completion basis (rate of progress estimated by the cost-ratio method), while all other projects are accounted for on the completed construction basis.

5. Other Significant Matters Concerning Preparation of the Non-Consolidated Financial Statements

(1) Hedge accounting

1) Hedge accounting

Deferred hedge accounting is applied. Transactions under forward foreign exchange contracts are booked in yen by translation at the foreign exchange rate stipulated in the contract if requirements for such treatment (“furiate-shori”) are satisfied.

Interest rate swaps that satisfy requirements for exceptional treatments are accounted for by the exceptional treatment (“tokurei-shori”).

2) Hedging instruments and hedged items

Interest swaps are used to hedge interest rate risks associated with loans, and forward foreign exchange contracts, etc. are used to hedge foreign currency risks associated with monetary claims and liabilities denominated in foreign currencies.

3) Hedging policy

Hedging instruments necessary for each risk category are selected.

4) Method of assessing effectiveness of hedging

In the period from the beginning of hedging to the point of assessment, effectiveness is evaluated by comparing the cumulative total of the change in market value of or the change in cash flow of a hedged item, with the cumulative total of the change in market value of or the change in cash flow of hedging instruments.

(2) Accounting method for retirement benefits

In the non-consolidated financial statements, the treatment for unrecognized actuarial gain or loss and unrecognized past service cost on the balance sheet is different to the treatment in the consolidated financial statements. On the non-consolidated balance sheet, unrecognized actuarial gain or loss and unrecognized past service cost are added or deleted from projected benefit obligations and the resulting amount is recorded in provision for retirement benefits.

(3) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

II. Change in Accounting Policy

(Application of Accounting Standard for Retirement Benefits)

For the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015), the Company has additionally applied the provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits effective from the fiscal year under review, and reviewed the determination of projected benefit obligations and current service cost. Accordingly, the Company changed the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis as well as amended the determination of discount rate from that based on a maturity period of bonds, which is the basis for the determination of discount rate, decided depending on a period of years approximate to the expected average remaining working lives of employees to one that uses a single weighted average discount rate reflecting the estimated timing of retirement benefit payment and the estimated amount of each retirement benefit payments. Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of the revision to the calculation method for projected benefit obligations and current service cost has been added to or deducted from retained earnings brought forward as of the beginning of the fiscal year under review.

As a result of the change, as of the beginning of the fiscal year under review, provision for retirement benefits increased by 21,566 million yen, and retained earnings brought forward decreased by 13,880 million yen. In addition, the impact of this change on operating income, ordinary income and income before income taxes for the fiscal year under review was immaterial.

III. Notes to the Non-Consolidated Balance Sheet

1. Assets Pledged as Collateral and Secured Liabilities

Assets pledged as collateral

Shares of subsidiaries and associates	144 million yen (Note 1)
Investment securities	646 million yen (Note 2)

(Notes)

1. Collateral for loans of subsidiaries and associates (44 million yen of short-term loans payable and 21 million yen of long-term loans payable).
2. Kagoshima Mega Solar Power Corporation and seven shareholder companies of the said company entered into a revolving pledge agreement with financial institutions in order to secure all and any liabilities of the said company under the limited loan agreement concluded between Kagoshima Mega Solar Power Corporation and the financial institutions.

2. Accumulated Depreciation of Property, Plant and Equipment

304,978 million yen

3. Contingent Liabilities

(1) Liabilities on guarantee (Note 1)

(Millions of yen)

Guaranteed entity	Amount	Details of liability on guarantee
Estaleiro Atlântico Sul S.A.	(Note 2) 19,413	Guarantee of obligations for construction payment and loans from financial institutions
IHI Infrastructure Systems Co., Ltd.	12,257	Loans from financial institutions
Japanese Aero Engines Corporation	7,728	Guarantee of loan obligations for purchase of fuselages, guarantee for lease obligations and guarantee of fuselage asset value
IHI Charging Systems International GmbH	6,772	Loans from financial institutions
UNIGEN Inc.	6,300	Loans from financial institutions
IHI Ionbond AG	5,109	Loans from financial institutions
JAPAN EAS INVESTIMENTOS E PARTICIPAÇÕES LTDA	(Note 2) 3,067	Loans from financial institutions
Niigata Power Systems Co., Ltd.	2,520	Loans from financial institutions
ALPHA Automotive Technologies LLC	1,000	Guarantee for lease obligations and loans from financial institutions
IHI Group Health Insurance Association	786	Loans from financial institutions
Japan Aeroforge, Ltd.	590	Loans from financial institutions
Toshiba IHI Power Systems Corporation	437	Loans from financial institutions
Rio Bravo Fresno	(Note 3) 420	Guarantee for repayment of advances received
Rio Bravo Rocklin	(Note 3) 408	Guarantee for repayment of advances received
IHI Southwest Technologies, Inc.	348	Loans from financial institutions
IHI Logistics System Technology Shanghai Co., Ltd.	193	Loans from financial institutions
Total	67,355	

(Notes)

1. The amounts shown above are the amounts the Company would pay to creditors in any of the following cases:
 - (1) In the case of a perfected joint guarantee agreement, etc., if the amount guaranteed by the Company is clearly expressed and specified irrespective of other guarantors' capacities to guarantee.
 - (2) In the case of a joint and several guarantee agreement with multiple guarantors, if the percentage or the amount guaranteed by the Company is clearly expressed in accordance with an arrangement among guarantors and other joint and several guarantors' capacities to guarantee are deemed adequate.
- 2 Estaleiro Atlântico Sul S.A. (hereinafter "EAS"), whose financial position was weakened due to its business environment being adversely affected by, among other things, disarray in the Brazilian economy, is in a situation from which it is not expected to recover. Considering this situation, the Company has recorded a provision for loss on subsidiaries and associates associated with

- guarantee obligations toward EAS and JAPAN EAS INVESTIMENTOS E PARTICIPAÇÕES LTDA (hereinafter “JEI”), which is investing capital in EAS.
3. These are maximum guarantee limits under revolving guarantee agreements, which guarantee liabilities relating to ongoing transactions within a maximum guarantee amount.

(2) *Quasi-guarantee*

(Millions of yen)

Guaranteed entity	Amount	Details of liability on guarantee
Employees of the Company	7,822	Housing loans and others
IHI Group Health Insurance Association	837	Loans from financial institutions
Total	8,660	

4. Monetary Claims and Liabilities to Subsidiaries and Associates

Short-term monetary claims	101,451 million yen
Long-term monetary claims	10,159 million yen
Short-term monetary liabilities	94,564 million yen
Long-term monetary liabilities	766 million yen

IV. Notes to the Non-Consolidated Statement of Income

1. Amounts of Transactions with Subsidiaries and Associates

(1) *Operating transactions*

Sales to subsidiaries and associates	44,106 million yen
Purchases from subsidiaries and associates	164,420 million yen

(2) *Non-operating transactions*

26,871 million yen

2. Loss on Business of Subsidiaries and Associates

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, the Company 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 to be used in the development of oil resources by the state-managed petroleum company, *Petróleo Brasileiro S.A.* (hereinafter “Petrobras”) and an expectation of future orders with respect to FPSO construction projects.

EAS’s financials and cash position, however, have weakened significantly due to its business environment being adversely affected by, among other things, EAS’s inability to obtain payments for certain overdue amounts,

arising from not only the quick downturn in the Brazilian economy as a result of the drop in resource prices, but also large-scale corruption related to Petrobras. In response to this, the Company decided that it was necessary to re-examine the strategies for offshore development related businesses in Brazil, and as a provision for future potential losses that could be incurred by the EAS business, the Company has recorded an extraordinary loss of 30,538 million yen as a loss estimation amount related to Brazil investments that could foreseeably be incurred at this current point in time.

This extraordinary loss comprises 6,202 million yen in loss related to the Company's investment in JEI, a special purpose company to EAS, and 24,336 million yen in provision for loss on subsidiaries and associates related to losses that could foreseeably be incurred from the EAS and JEI businesses.

This provision for loss on subsidiaries and associates includes a guarantee obligation amount as of the end of the fiscal year under review of 22,481 million yen for the Company making EAS and JEI guaranteed companies.

V. Notes to the Non-Consolidated Statement of Changes in Equity

Class and Number of Treasury Shares at the End of the Fiscal Year

Common stock	3,290,432 shares
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VI. Tax Effect Accounting

(Primary causes for the occurrence of deferred tax assets and liabilities)
Deferred tax assets are mainly in association with provision for retirement benefits, and deferred tax liabilities are mainly in association with valuation difference on available-for-sale securities.

(Revision to amounts of deferred tax assets and liabilities due to change in effective statutory tax rates)

The "Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) and "Act for Partial Revision of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015, and the corporate tax rates are to be lowered from the fiscal years beginning on or after April 1, 2015.

Accordingly, the effective statutory tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 35.6% to 33.1% for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2015, and to 32.3% for temporary differences expected to be reversed in fiscal years beginning on April 1, 2016 and onwards.

As a result of these changes, the amount of deferred tax assets (less the amount of deferred tax liabilities) decreased by 4,597 million yen. Income taxes - deferred, valuation difference on available-for-sale securities and deferred gains or losses on hedges increased by 5,228 million yen, 619 million yen and 11 million yen, respectively.

(Accounting procedures regarding application of consolidated taxation system)

The Company filed for approval during the fiscal year under review to adopt the consolidated taxation system, and this system will be adopted from the fiscal year ending March 31, 2016. Therefore, from the fiscal year under review, related accounting procedures were performed assuming the

adoption of the consolidated taxation system and based on the “Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 1)” (ASBJ PITF No. 5, January 16, 2015) and the “Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 2)” (ASBJ PITF No. 7, January 16, 2015).

VII. Non-current Assets Used Through Leases

In addition to the non-current assets on the non-consolidated balance sheet, machinery, devices and other equipment for manufacturing jet engines are used through non-ownership transfer finance leases.

VIII. Related Party Transactions

1. Subsidiaries, Affiliates and Other Related Parties

(Millions of yen)

Type	Name	Location	Capital or Contribution	Nature of Business	Voting Rights Holding or Held	Relation with the Party
Subsidiary	IHI Infrastructure Systems Co., Ltd.	Sakai-city, Osaka	4,903	Manufacture	Holding directly 100%	Company sharing business function
Subsidiary	JAPAN EAS INVESTIMENTOS E PARTICIPAÇÕES LTDA	Rio de Janeiro, Brazil	207 million BRL	Investment company	Holding directly 60.4%	Company sharing business function
Subsidiary	IHI Charging Systems International GmbH	Heidelberg, Germany	15 million EUR	Manufacture	Holding directly 100%	Company sharing business function
Associate	IHI Finance Support Corporation	Chuo-ku, Tokyo	200	Lease, factoring, etc.	Holding directly 33.5%	Factoring
Associate	Estaleiro Atlântico Sul S.A.	Pernambuco, Brazil	459 million BRL	Manufacture	Holding indirectly 20.1%	Debt guarantee

(Millions of yen)

Name	Transactions	Transaction Amount (Note 1)	Account Title	Balance as of March 31, 2015 (Note 1)
IHI Infrastructure Systems Co., Ltd.	- Increase of loans through in-group financing	(Note 2) 7,995	Short-term loans receivable	18,499
	- Debt guarantee	(Note 3) 12,257	-	-
JAPAN EAS INVESTIMENTOS E PARTICIPAÇÕES LTDA	- Re-guarantee	(Note 4) 13,541	-	-
	- Debt guarantee	(Note 3) 3,067	-	-
IHI Charging Systems International GmbH	- Increase of loans through in-group financing, etc.	(Note 2) 11,091	Short-term loans receivable	11,403
			Long-term loans receivable	3,583
IHI Finance Support Corporation	- Factoring	(Note 5) 71,112	Accounts payable - trade	10,478
			Accounts payable - other	1,326
Estaleiro Atlântico Sul S.A.	- Guarantee of obligations for construction payment	(Note 6) 5,872	-	-

2. Directors/Corporate Auditors and Major Individual Shareholders

(Millions of yen)

Type	Name	Location	Capital or Contribution	Nature of Business or Occupation	Voting Rights Holding or Held	Relation with the Party
Director/corporate auditor	Kazuaki Kama	-	-	Japanese Aero Engines Corporation (Representative Director)	Held directly 0%	Chairman of the Board of the Company

(Millions of yen)

Name	Transactions	Transaction Amount (Note 1)	Account Title	Balance as of March 31, 2015 (Note 1)
Kazuaki Kama	Operating transactions with Japanese Aero Engines Corporation (JAEC) (Note 7)			
	-Subcontract of work from JAEC related to R&D of jet engines	8,293	-	-
	-Payment of a portion of funding related to the above	3,614	-	-
	-Acceptance of subsidies related to the above	9,661	Accounts payable – other	1,822
			Long-term accounts payable – other	43,799
	-Manufacture of jet engine components and delivery thereof to JAEC	154,232	Accounts receivable – trade	25,227
		Advances received	5,240	
-Payment of a portion of expenses related to the above	76,344	-	-	

(Notes)

1. Amounts of transactions do not include consumption taxes and balances as of March 31, 2015 do.
2. Fund transactions are transactions within the Group, etc. and transaction amounts shown above are net increases and decreases. Interest is based on market interest rate.
3. The debt guarantee applies to borrowings from a financial institution.
4. The re-guarantee applies to a debt guarantee implemented by JEI toward borrowings from a financial institution by EAS.
5. With regard to factorings, the Company, any customer and IHI Finance Support Corporation enter into a basic agreement concerning the Company's liabilities and settle the amount.
6. With regard to guarantee of obligations for construction payment, guarantee of obligations is made for EAS's obligations for payment to its suppliers.
7. The Company conducted these transactions as a representative of third parties, and amounts of transactions and trading prices were based on conditions for general transactions.

IX. Per Share Information

(1) Net assets per share	133.19 yen
(2) Net income per share	0.15 yen

(Note)

The basis for calculating net income per share is as follows.

Net income	232 million yen
Amounts for non-common shareholders	–
Net income regarding common stock	232 million yen
Average number of shares of common stock	1,543,506 thousand shares

X. Significant Subsequent Events

No applicable item.

(Note) In preparing the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to the non-consolidated financial statements, monetary amounts less than one unit are rounded down.

Audit Report of Accounting Auditor on Consolidated Financial Statements

(Translation)

Report of Independent Auditors

May 19, 2015

To the Board of Directors
IHI Corporation

Ernst & Young ShinNihon LLC

Jun Uemura (Seal)
Certified Public Accountant
Designated and Engagement Partner

Yoshiyuki Sakuma (Seal)
Certified Public Accountant
Designated and Engagement Partner

Ichiro Tajima (Seal)
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Corporation Law, we have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of IHI Corporation (the "Company") applicable to the fiscal year from April 1, 2014 through March 31, 2015.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control.

However, in making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the IHI Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2015 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law of Japan.

Audit Report of Accounting Auditor on Financial Statements

(Translation)

Report of Independent Auditors

May 19, 2015

To the Board of Directors
IHI Corporation

Ernst & Young ShinNihon LLC

Jun Uemura (Seal)
Certified Public Accountant
Designated and Engagement Partner

Yoshiyuki Sakuma (Seal)
Certified Public Accountant
Designated and Engagement Partner

Ichiro Tajima (Seal)
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Corporation Law, we have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in equity, the notes to the financial statements and the related supplementary schedules of IHI Corporation (the "Company") applicable to the 198th fiscal year from April 1, 2014 through March 31, 2015.

Management's Responsibility for the Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit is not to

express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of IHI Corporation applicable to the 198th fiscal year ended March 31, 2015 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law of Japan.

Audit Report of the Board of Corporate Auditors

<Translation>

Audit Report

We at the Board of Corporate Auditors, having discussed the Directors' performance of duties during the 198th fiscal year, from April 1, 2014 through March 31, 2015, based on audit reports from each Corporate Auditor, prepared this Audit Report. Our audit opinion is as follows.

I. Methods and Contents of the Audit Implemented by Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors established its audit policy, assigned responsibilities to each Corporate Auditor in carrying out the policy, and received reports from each Corporate Auditor on audit implementation and results. In addition, the Board of Corporate Auditors, when necessary, requested reports and received explanations from Directors, other executives and accounting auditors concerning the execution of their duties.

Each Corporate Auditor, in accordance with the Corporate Auditors standard of audit, established by the Board of Corporate Auditors, as well as the audit policy and assigned responsibilities, communicated with Directors, internal audit divisions, and other employees, in order to gather information and develop an optimal audit environment. At the same time, each Corporate Auditor attended meetings of the Board of Directors and other important meetings, received reports on the execution of duties from Directors, employees and other personnel, received reports and requested explanations from them when necessary, perused important documents, including those subject to executive approval, and examined the conditions of assets and business at the head office and other major business office. In addition, each Corporate Auditor has reviewed the contents of the Board of Directors' resolutions on a system which assures that the execution of Directors' duties described in the business report comply with laws and regulations and the Articles of Incorporation, and monitored improvements to the system for assuring the propriety of operations of a corporation, as stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Corporation Law of Japan. Each Corporate Auditor also verified that improvements had been made to the internal control system, in accordance with the Board of Directors' resolutions.

With regard to the Company's subsidiaries, each Corporate Auditor communicated and exchanged information with Directors, Corporate Auditors, and other personnel of the subsidiaries, requested reports from them, and examined the conditions of assets and business when necessary. Based on the methods described above, the Board of Corporate Auditors reviewed the business report and its supplementary schedules for the fiscal year.

Further, each Corporate Auditor has monitored the accounting auditor to verify their independence and the propriety of their audit implementation, and has received reports and requested explanations from them when necessary. In

addition, each Corporate Auditor received a notice from the accounting auditor that “the system for securing appropriate execution of duties” (in each item listed in Article 131 of the Corporate Accounting Rules) has been developed in accordance with “the Standard on Quality Control Concerning Audit” (established by the Business Accounting Council on October 28, 2005), and requested explanations from them when necessary. Based on the methods described above, the Board of Corporate Auditors reviewed non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements) and their supplementary schedules, as well as consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for the fiscal year.

II. Results of Audit

1. Results of the audit of the business report and other documents

(1) The business report and its supplementary schedules present fairly the condition of the Company in accordance with applicable laws and regulations, as well as the Articles of Incorporation.

(2) With regard to the execution of Directors’ duties, we have found no misconduct or material matters in violation of laws and regulations, or the Articles of Incorporation.

(3) We find the content of the Board of Directors’ resolution on the internal control system sufficient. Also, with regard to the description of the internal control system in the business report and execution of Director’s duties, nothing unusual is to be pointed out.

2. Results of the audit of non-consolidated financial statements and their supplementary schedules

The method and results of the audit conducted by Ernst & Young ShinNihon LLC, the Company’s accounting auditor, are recognized as fair and proper.

3. Results of the audit of consolidated financial statements

The method and results of the audit conducted by Ernst & Young ShinNihon LLC, the Company’s accounting auditor, are recognized as fair and proper.

May 20, 2015

The Board of Corporate Auditors IHI Corporation

Hideo Otaka (Seal)

Standing Corporate Auditor

Makoto Serizawa (Seal)

Standing Corporate Auditor

Takeo Inokuchi (Seal)

Outside Corporate Auditor

Nobuo Gohara (Seal)

Outside Corporate Auditor

Toshiharu Watanabe (Seal)

Outside Corporate Auditor

Exercise of Voting Rights by Electronic Measures

You can exercise your voting rights only through a designated special website specifically for such purpose (<http://www.web54.net>). Provider fees and communication fees (telephone charges) to access the Voting Right Exercising Website shall be borne by the shareholder. There is no site tailored for access by mobile phone. When you use it, please read and follow the following rules and instructions:

■ **Electronic voting**

1. Votes for which rights are exercised by 5:30 p.m. (JST) on the day prior to the General Meeting of Shareholders (Wednesday, June 24, 2015) (JST) shall be effective. Please vote as early as possible to allow us sufficient time to tabulate votes.
2. If any voting rights are exercised via the Internet, etc. more than once, the votes cast last shall be considered to be valid.
3. If any voting rights are exercised redundantly both by the voting form and via the Internet, etc., the votes which reach us last shall be considered to be valid. If both the votes by the voting form and the votes via the Internet, etc. reach us on the same day, the votes cast via the Internet, etc. shall be considered to be valid.

■ **Password**

1. A password is required to verify a shareholder's identity. Please take appropriate measures to ensure the security of your password.
2. Passwords supplied by us and those created by you will only apply to matters related to this General Meeting of Shareholders.
3. Your password will become invalid if you enter the wrong password multiple times. Should you need a password to be reissued, please follow the directions on the screen.

■ **System requirement**

1. Display with screen resolution of 800 x 600 pixels (SVGA) or higher
2. The following applications must be installed:
 - (1) Web browser Microsoft® Internet Explorer Ver. 5.01 Service Pack 2 or later
 - (2) PDF reader Adobe® Acrobat® Reader® Ver. 4.0 or later or Adobe® Reader® Ver. 6.0 or later

*Internet Explorer is a registered trademark, trademark and product name of Microsoft Corporation, used in the United States and/or other countries, and Adobe® Acrobat® Reader® and Adobe® Reader® are those of Adobe Systems Incorporated, respectively. These softwares are distributed through their websites at no charge.

■ **If you are unclear about the operation**

Please contact as below if you are unclear about the operation of Exercise of Voting Rights by Electronic Measures:

<p>Sumitomo Mitsui Trust Bank Securities Agency Web Support [Toll Free] 0120 (652) 031 (9:00 – 21:00) (JST)</p>
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For other inquiries please refer to the following:

- 1) Shareholders with an account at a brokerage firm

Please contact the brokerage firm that you trade with

- 2) Shareholders without an account at a brokerage firm (shareholders with a special account)

Sumitomo Mitsui Trust Bank Securities Administration Center

Tel: 0120 (782) 031 [Toll Free]

Hours: Weekdays 9:00 – 17:00 (JST)

To Institutional investors

You can exercise your voting rights by electronic measures as above and also can use the electronic platform to exercise voting rights which is operated by ICJ Inc.