

## IHI's Announcement on Inadequate Inspections, etc. in Civil Aero Engine Maintenance—JCR will Watch Results of Investigation and Impacts on Business Performance

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on IHI Corporation (security code: 7013)'s announcement on the fact that it has found its inadequate inspections and practices concerning maintenance in its civil aero engine business.

- (1) IHI Corporation (the "Company") announced on March 8 that it has found that there had been several inadequate maintenance practices in its civil aero engine business. It was revealed by an on-site inspection in January this year by the Ministry of Land, Infrastructure, Transport and Tourism, East Japan Civil Aviation Bureau. In particular, the following 2 inadequate practices were found: (i) malpractices that deviated from rules on inspections that should have been conducted by qualified workers; and (ii) prescribed orders in manual were not followed in maintenance work, and days which were not work days were recorded. The Company reported the investigation results to engine manufacturers, its customers, and received opinions from them that there had been no problems with flight safety.
- (2) The Company investigated about 40 thousand inspection records on engines certified by the Ministry for the past 2 years and found 211 cases of inadequate practices. The Company has voluntarily suspended its inspections in its civil aero engine business since February 12. The inspections by the Ministry are currently continuing and there are no prospects for restart of the Company's inspections. These malpractices found this time are those in the aero engine maintenance practices, in which safety first should be a basic principle. JCR considers that it will be important for the Company to restore confidence. JCR will closely watch the future investigation results, measures to prevent recurrence of these malpractices, impact of the incident on its activities for winning orders and business performance, and others.

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<Reference>

Issuer: IHI Corporation

Long-term Issuer Rating: A-      Outlook: Stable

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