

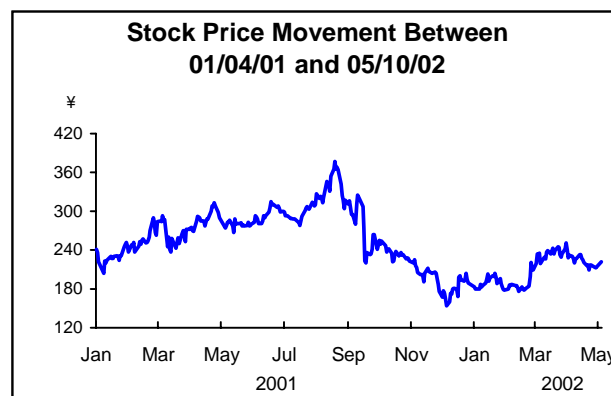
Profile

Ishikawajima-Harima Heavy Industries Co. Ltd. (IHI) is one of Japan's leading heavy machinery manufacturers, providing technology-oriented products and services to the nation's industrial, private and public sectors. IHI researches, consults, engineers, manufactures and supplies a range of machinery, equipment, plants, structures, ships and offshore facilities. IHI and its group of companies actively promote the selection and development of business to improve profitability in such fields as manufacturing, energy production, marine transportation, distribution and aerospace and environmental technologies. IHI is a national leader in the production of jet aircraft engines. IHI collaborates with Toshiba Corporation in the building of power plants, especially nuclear power plants.

Market Data

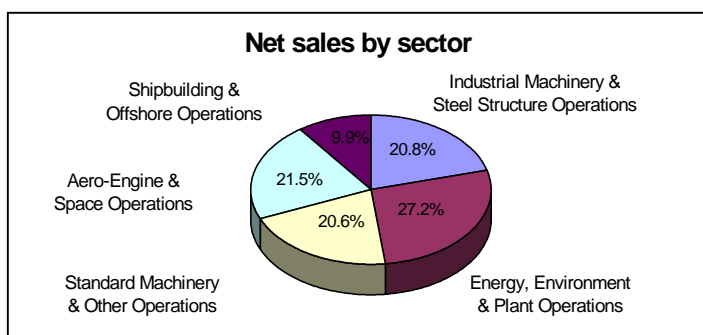
Market Data (as of May 10, 2002)

Price per share:	¥ 220
52-week high:	¥ 377
52-week low:	¥ 154
Total shares outstanding:	1,298.5mn
Market cap:	¥ 285,670mn



Financial Highlights for FY2001 (YoY)

- Net sales decreased by ¥ 32,415mn to ¥ 1,082,402mn.
- Operating income decreased by ¥ 12,714mn to ¥ 27,233mn.
- Ordinary income decreased by ¥ 9,295mn to ¥ 18,760mn.
- Net income decreased by ¥ 3,666mn to ¥ 5,539mn.
- Fully diluted EPS decreased by ¥ 2.82 to ¥ 4.27.
- ROE was 2.8% for FY2002.



Operating Income by Sector

	¥mn	
	2001/03	2002/03
Industrial Machinery & Steel Structure Operations	819	2,567
Energy, Environment & Plant Operations	21,291	15,659
Standard Machinery & Other Operations	7,372	6,788
Aero-Engine & Space Operations	8,030	6,387
Shipbuilding & Offshore Operations	4,356	1,727
Elimination & Corporate	283	761
Total	39,947	27,233

Cash-Flows

	¥mn	
	2001/03	2002/03
Operating Activities	22,611	19,233
Investing Activities	60,613	29,584
Financing Activities	40,281	2,095
Cash and cash equivalents, end of year	122,391	111,063

Key Strengths

- **Abundant capital:** an excellent financial standing that is indispensable for restructuring
- **Aero-engine and space operations:** medium-term growth potential and high profitability, especially in jet-engine maintenance where IHI dominates the market

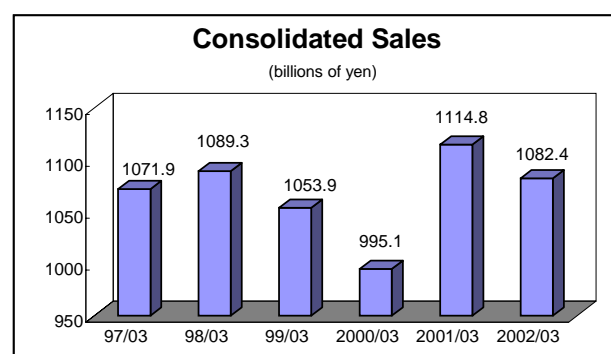
Business Strategy

Target for FY2004

	Consolidated
ROIC*	5%
Interest-bearing liabilities	¥ 470bn

* Return on Invested Capital

= (Operating income + interest income and dividend received) after tax / (shareholders' equity + interest-bearing liabilities)



Improvements in cash-flow and reductions in interest-bearing liabilities

Improvements in cash-flow management and reductions in interest-bearing liabilities have been implemented as an index of performance evaluation in every business division. This should reduce the interest-bearing liabilities to an expected 470 billion yen on a consolidated base at the end of FY2004, with further reductions expected in FY2005.

Restructuring

a) Fields of growth through the concentration of management resources

- Aero-Engine and Space Operations
- Dispersion of electric power supplies: GT, MGT, fuel cells, wind power generation, etc.
- Environmental and Recycling Systems: pyrolysis gasification, refuse-derived fuel (RDF), waste incinerators, etc.
- Physical Distribution Systems and Intelligent Traffic System (ITS): automated warehouses, ITS, parking systems, etc.
- Standard Machinery: turbochargers, etc.

b) Fields for spin-out or business tie-up

- Shipbuilding
- Industrial Machinery: paper-making machines

Recent Events

- IHI decided to divest itself of the Shipbuilding & Offshore Division and have it merged with Marine United Inc. (MU), a joint venture between IHI and Sumitomo Heavy Industries, Ltd. (SHI), effective October 1, 2002 with MU as the surviving entity. Simultaneously with the acquisition, MU will issue additional shares of its stock for allocation to SHI. Upon completion of the foregoing transaction, MU will be 95% owned by IHI and 5% by SHI, and will change its registered trade name to IHI Marine United Inc. (IHI MU). IHI MU, as one of consolidated subsidiaries of IHI, will strive to enhance corporate value. We had already terminated our negotiation with Kawasaki Heavy Industries which had been underway regarding possible establishment of a joint venture.
- In February 2002 IHI established a joint venture (IHI Turbo (Thailand) Co., Ltd.) with Toyota Motor Corp. in the area of vehicle turbocharger business, in order to prepare for expected increase in demand for diesel engine turbochargers in South-east Asian markets.
- Between December 2001 and January 2002, IHI exchanged agreements with Urban Development Corp. and Shibaura Institute of Technology for sale of currently vacant lots in Toyosu, Koto-ku, Tokyo (9.4 ha in total). Proceeds of these transactions will be used to finance factory relocation costs and R&D activities as well as to reduce interest bearing liabilities and to ensure efficient utilization of assets.
- IHI and Niigata Engineering Co., Ltd., currently in the process of reorganization under the Corporate Rehabilitation Law, reached a basic agreement to commence exclusive discussion regarding certain collaboration in the engine and pharmaceutical industry related businesses of Niigata Engineering.
- IHI's land machinery businesses were reorganized on April 1, 2002. Land Machinery businesses are now comprised of three divisions, namely, Logistics Systems & Structures Division, Industrial Machinery Division and Energy & Plant Division.

Investor Relations Contacts

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Cautionary Statement

Statements made in this release with respect to IHI's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of IHI. These statements are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them. IHI cautions you that a number of important factors such as general economic conditions and exchange rates could cause actual results to differ materially from those discussed in the forward-looking statements.