

February 25, 2008

To Whom It May Concern:

Company Name: IHI Corporation
Representative: Kazuaki Kama, President and CEO
(Stock Code: 7013 First Section of
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Announcement Concerning the Transfer of the Cement Plant Business

IHI Corporation (the “Company”) hereby announces that a resolution was made at a meeting of its Board of Directors held today to entirely transfer its cement plant businesses to Kawasaki Plant Systems, Ltd., a member of the Kawasaki Heavy Industries Group. Details of the transfer are as follows.

1. Reasons for the Business Transfer

The Company has decided to transfer its cement plant businesses to allow concentration of its management resources for plant businesses in more profitable areas such as LNG storage facilities and enhancement of the systems for project implementation, thereby reducing risks and improving the constitution of business operations.

Meanwhile, Kawasaki Plant Systems, one of the world’s leading players in the cement plant business, intends to leverage the expertise brought by the transfer of the Company’s cement plant business, as well as that accumulated within the company, to achieve further expansion of the business at home and internationally.

Although this transfer means the Company’s withdrawal from the cement plant business, the Company is responsible for fulfilling any cement plant contracts in progress.

2. Details of the Business Transfer

(1) Businesses to be Transferred

The cement plant businesses to be transferred include the design, manufacture, installation, commissioning, repair, retrofitting and expansion of cement plants and major plant constituents, including pre-heaters, kilns and mills, as well as after-sales services, supply of spare goods and all other businesses concerning cement plants.

(2) The Company’s Cement Plant Business Performance for the Fiscal Year Ended March 2007

(Millions of yen)

	Cement Plant Business (a)	All Businesses (b)	a/b
Net Sales	4,083	642,490	0.6%
Gross Profit on Sales	(8,721)	39,097	—
Operating Income	(8,725)	(17,589)	—

(3) Assets and Liabilities to be Transferred

Assets to be transferred include technological, marketing and other information concerning the Company's cement plant business, but do not include the inventories and plant, property and equipment for the business.

There are no liabilities to be transferred from the Company to Kawasaki Plant Systems, Ltd.

3. Outline of Kawasaki Plant Systems, Ltd.

- Major Businesses: Design, manufacture, installation, repair and sales of industrial, energy, environmental and other plants
- Establishment: April 2005
- Head Office: 1-1, Higashikawasaki-cho 3-chome, Chuo-ku, Kobe-shi, Hyogo-ken
- President and CEO: Toshikazu Hayashi
- Capital: ¥8,500 million (as of April 1, 2007)
- Number of Employees: 896 (as of October 1, 2007)
- Ownership: 100% owned by Kawasaki Heavy Industries, Ltd.
- Business Relationship with the Company: None

4. Transfer Procedures

Scheduled transfer procedures are as follows.

Basic agreement signed on February 25, 2008

Contract of business transfer concluded in late March 2008 (planned)

The business transfer enacted on April 1, 2008 (planned)

5. Accounts Concerning the Transfer

Any income and expenses due to this business transfer will be included in extraordinary income and expenses.

6. Effects of the Transfer

Effects of this business transfer on the Company's financial statements for the fiscal year ending March 2008 and thereafter are immaterial.

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