

(Translation)

Securities Code: 7013

June 5, 2008

To: Shareholders

IHI Corporation

Kazuaki Kama, President & CEO
1-1, Toyosu 3-chome, Koto-ku, Tokyo

**NOTICE OF CONVOCATION
OF THE 191ST ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 191st Ordinary General Meeting of Shareholders of IHI Corporation (the "Company"). The meeting shall be held as described below.

If you are unable to attend the meeting on the date specified below, you can still exercise your voting rights by voting form (i.e., "Form for Exercising Voting Right") or via the Internet, etc. Please exercise your voting rights after reviewing the Reference Material for the General Meeting of Shareholders contained herein.

[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 5:30 p.m. on June 26, 2008 (Thursday).

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

Please exercise your voting rights by using the Internet, etc. through the website designated by the Company (<http://www.web54.net>) by 5:30 p.m. (JST) on June 26, 2008 (Thursday).

1. **Date and Time:** June 27, 2008 (Friday), 10:00 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 191st fiscal year (from April 1, 2007 to March 31, 2008), and the results of the audit of the consolidated financial statements by the accounting auditor and the board of company auditors.
2. Report on the financial statements for the 191st fiscal year (from April 1, 2007 to March 31, 2008).

Matters to be resolved:

Agenda Item No. 1: Appropriation of surplus

- Agenda Item No. 2:** Partial amendment of the Articles of Incorporation
Agenda Item No. 3: Appointment of two (2) auditors

4. Predetermined Treatment regarding Convocation

- (1) If any voting rights are exercised redundantly by both 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.
- (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 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.

- END -

1. The reception of the attendees to the meeting at the reception desk shall start at 8:45 a.m.
2. We apologize for the inconvenience, however please submit the enclosed "Form for Exercising Voting Right" to the reception desk when you come to attend the meeting on the date of the meeting.
3. Please note that we shall post any amendments to the Reference Material for the General Meeting of Shareholders, the business report, the financial statements or the consolidated financial statements on our website (<http://www.ihi.co.jp>) if any such amendment is made.

(Attachment)

Business Report

(From April 1, 2007 to March 31, 2008)

1. Matters on Current Status of Company Group

(1) Progress of Business Operations and their Results

Japan's economy in this fiscal year maintained a steady recovery in general, supported by an increase in exports mainly to Europe, Asia and oil-producing countries and strong capital investments by the private sector, although there were some factors which decelerated corporate profits in the latter half of the year such as a rise in the price of crude oil and raw materials, and the continued weak dollar and strong yen in the foreign exchange market.

Turning to the global economy, the U.S. economy continued to be strong in general without a rapid slowdown in spite of a concern over the influence on the substantial economy due to the subprime loan issue. The Chinese economy sustained high growth rates supported by an expansion of investments in fixed assets and an increase in consumer spending, and the European economy also strongly expanded.

Under these circumstances, the IHI Group made efforts to strengthen profitability and reform business structure. As a result, the amount of orders received by the IHI Group in this fiscal year amounted to 1,556.5 billion yen, up 14% from the previous year. The sales increased by 11% to 1,350.5 billion yen, and the order backlog as of the end of this fiscal year was 1,819.3 billion yen, up 7% from the previous year.

In terms of profit and loss, although a substantial downturn in the Energy & Plants Operations resulted in an operating loss of 16.8 billion yen and an ordinary loss of 30.8 billion yen, the IHI Group recorded a net profit of 25.1 billion yen supplemented by the sale of fixed assets, etc.

The Company decided to withhold payment of interim dividends for the first half year again, due to the difficulty of gaining profits for the relevant midterm.

As the real estate business has had a greater material impact on operating losses and income in this fiscal year, the business segment classification has been changed by the addition of a seventh (Real Estate Operations) segment.

Business operations by sector are summarized as follows:

o Logistics Systems & Structures Operations

In "Logistics Systems & Structures Operations", the market for investments in bridges and other steel structures by the public sector is still shrinking, and competition in the market for both steel bridges and concrete bridges remained severe. Due to a reduced number of large-scale projects such as subways, roads and tunnels, the competition for soliciting orders from civil engineering contractors intensified, resulting in an adverse market environment for shield machines and segments as a whole. On the other hand, the trend for capital investments by the private sector shows, with a sign of decline in some areas, that the market for deck cranes, transporting machinery and parking facilities is actively supported by comparatively strong investments in such sectors.

Under these circumstances and as a result of our positive sales efforts, the amount of orders received resulted in 190.9 billion yen, up 10% from the previous

fiscal year. Major projects for which we received orders include steel superstructure works for Tokai Junction at the Second Tomei Expressway for Central Nippon Expressway Company Limited. Sales increased by 1% to 184.3 billion yen. Major projects considered as sales include the reinforcement of corners of steel bridge piers for Metropolitan Expressway Company Limited.

An operating loss of 1.9 billion yen was recorded, affected by a stagnant demand for bridges and steel structures.

○ **Industrial Machinery Operations**

In “Industrial Machinery Operations”, our major customers such as the automobile, steel and paper industries had a strong demand for capital investments, and each category of industrial machinery showed favorable results. With the expansion of exports and overseas production by domestic automobile manufacturers against the intensified environment regulations, the demand for automobile super chargers remained at a high level.

Under these circumstances and in spite of our positive sales efforts, the amount of orders received resulted in 170.9 billion yen, down 17% from the previous fiscal year. Major projects for which we received orders include the No. 3 Plate Heating Furnace at Fukuyama Works of JFE Steel Corporation. Sales increased by 10% to 193.3 billion yen. Major projects considered as sales include repair works for the No. 3 Blast Furnace at Kashima Steel Works of Sumitomo Metal Industries, Ltd.

The operating income amounted to 15.6 billion yen, a 36% increase from the previous year.

○ **Energy & Plants Operations**

In “Energy & Plants Operations”, although there were demands for these products both in domestic and overseas market, price competition was severe in general.

Under these circumstances, we continued to select orders carefully, and thanks to a large-scale project in Algeria, resulting in the amount of 431.7 billion yen as orders received, a 23% increase from the previous fiscal year. Sales increased by 11% to 395.6 billion yen.

An operating loss of 74 billion yen was recorded due to the decline of profitability in overseas projects and disruptions of domestic boiler projects.

○ **Aero-Engine & Space Operations**

In “Aero-Engine & Space Operations”, the defense sector remained stagnant affected by a reduction in the frontline equipment budget. In the civil sector, while a strong demand for air transportation was expected, due to a rise in jet fuel costs arising from a rise in the price of crude oil and intensified price competition among airlines, the demand for more economical aircraft and more mobile regional jets is expanding, and the market for aero-engines and engine overhauls remained strong. GEnx engines to be mounted on Boeing’s next-generation, mid-sized civil aircraft are under development at a satisfactory pace, and obtained an engine type certificate in March 2008.

Under these circumstances and as a result of our positive sales efforts, we won orders for F110 engines and F100 engine components for the Ministry of Defense, and civil sector orders for V2500, CF34, GE90 and GEnx engines and components, as well as for V2500 and CF34 overhauls. The amount of orders

received for these products, including space equipment, amounted to 323.3 billion yen, a 26% increase from the previous fiscal year. Sales increased by 5% to 313.4 billion yen.

The operating income amounted to 23.6 billion yen, a 45% increase from the previous fiscal year.

○ **Shipbuilding & Offshore Operations**

In “Shipbuilding & Offshore Operations”, supported by positive ocean cargo transportation thanks to economic growth mainly in BRICs, the demand for the building of new ships was strong. On the other hand, due to a demand for an increase in steel material costs, a high rise in the price of materials, and factors raising costs due to the application of Common Structural Rules and Performance Standard of Protective Coating, the proper price of a ship could not be easily established, the yen got stronger, and it became necessary to carefully accept orders for future projects.

Under these circumstances, we received orders for 30 new ships, including 10 large-scale container ships and 20 bulk carrier ships, amounting to 1.91 million deadweight tons. The amount of total orders received, together with ship repairs, increased by 51% to 279 billion yen. Sales amounted to 160.8 billion yen, a 21% increase from the previous fiscal year, with the completion of 15 ships amounting to 1.39 million deadweight tons, including 2 large-scale tankers, 6 large-scale container ships, 4 bulk carrier ships, 2 inland vessels and 1 patrol vessel.

The operating income amounted to 2.4 billion yen, a 52% increase from the previous fiscal year.

○ **Real Estate Operations**

In “Real Estate Operations”, we recorded 9.9 billion yen in orders received and 40.7 billion yen in sales thanks to the sale of condominiums in the Toyosu area.

The operating income amounted to 12.3 billion yen.

○ **Other Operations**

In “Other Operations”, the demand for agricultural machinery and diesel engines was strong in general, resulting in 150.5 billion yen in orders received, up 4%, and 167 billion yen in sales, up 7%.

The operating income amounted to 5.1 billion yen, a 72% increase from the previous fiscal year.

[Sales, Orders Received and Order Backlog by Business Segment]

(in millions of yen)

Business Segment	Sales		Orders Received		Order Backlog	
	Amount	%	Amount	%	Amount	%
Logistics Systems & Structures Operations	184,306	14%	190,960	12%	188,010	10%
Industrial Machinery Operations	193,390	14	170,986	11	114,147	6
Energy & Plants Operations	395,649	29	431,718	28	547,297	30
Aero-Engine & Space Operations	313,406	23	323,333	21	326,542	18
Shipbuilding & Offshore Operations	160,829	12	279,065	18	586,974	32
Real Estate Operations	40,753	3	9,901	1	7,930	1
Other Operations	167,004	13	150,582	9	48,423	3
Elimination & Corporate	△104,770	△8				
Total	1,350,567	100	1,556,545	100	1,819,323	100
Of which, overseas	577,426	43	820,116	53	1,070,932	59

(2) Financing

(Omission)

(3) Capital Investment

(Omission)

(4) Assignment of Business, Absorption-type Company Split and Absorption-type Merger

(Omission)

(5) Problems to Overcome

In respect of the future global economy, there is a strong concern in the U.S. economy over the influence of fractured financial markets originating from the subprime loan issue on the real economy, and it is expected that consumer spending and capital investment will slow down. The economies of other countries are also expected to be affected by the slowdown of the U.S. economy, but such influences may be slight on the economy of China in which domestic demand is deemed to be still expanding, and the European economy from which support by exports to oil-producing countries and emerging countries is expected.

Regarding Japan's economy, due to a rise in the price of crude oil and raw materials that continued from the latter half of the previous fiscal year, and the rapid progression of the strong yen, the economy is uncertain and remains to be seen.

In such economic environment, the IHI Group will proceed with the "selection and concentration of business operations", under the "Group

Management Policies 2007” prepared in November 2006, strengthen the competitiveness in the global market, and build a system under which each company of the group makes efforts to improve profitability as a whole.

In the business area of transportation & engines, we will strengthen technical and manufacturing capabilities so as to lead the growing aero-engine market. We will also reinforce the operations for automotive turbochargers, diesel/gas engines and marine engines, agricultural machinery and small-size engines, from which demands for environmental reasons and those in the global market are increasing.

In the business area of logistics, social and industrial infrastructure, we will propose a next generation manufacturing and logistics systems based on system engineering and key hardware production. In areas constituting social infrastructure such as bridges, transportation systems, shipbuilding and offshore operations, it will develop business operations globally based on the “selection and concentration of business operations”. In the business area of energy and environment, we will prioritize the recovery of profitability by selecting products with technological advantages among LNG storage facilities, boilers, and nuclear power operations, selecting orders carefully and enhancing risk management.

The Company held an extraordinary general meeting of shareholders on April 18, 2008 and reported to the shareholders the outline of the correction of the financial results for the previous fiscal year, background to such correction, results of its investigation and measures to prevent a recurrence.

In connection with this correction of financial results, the stock exchanges in Sapporo, Tokyo, Osaka and Fukuoka designated the Company’s stock as a Security on Alert (*tokusetsu chui shijo meigara*) because it is necessary for the Company to improve its internal control system. The IHI Group regards this situation as an extremely serious event, and will take measures in order to further reinforce its internal control structure, enhance corporate governance and prevent a recurrence, and do its best to regain the trust of the stakeholders in the group as a whole.

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

Reference Material for General Meeting of Shareholders

Agenda Items and Reference Matters

Agenda Item No. 1: Appropriation of surplus

Although the Company recorded its operating loss and ordinary loss in the 191st fiscal year, we deem it important to stably pay dividends, and hereby propose to do so as follows.

- (i) Type of assets for distribution
Cash
- (ii) Matters concerning the allotment of assets for distribution and the total amount thereof
4 yen per share of the Company's common stock
In this case, the total amount of dividends will be 5,866,088,004 yen.
- (iii) Effective date of dividends
June 30, 2008 (scheduled)

Agenda Item No. 2: Partial amendment of the Articles of Incorporation

1. Reasons for amendment

In order to clarify the management liability of directors and to establish a management system able to promptly respond to changes in the management environment, we propose to shorten the term of office of directors from two (2) years to one (1) year by making the necessary amendments to the provisions of Article 25 of the current Articles of Incorporation, and to create a supplementary provision regarding the term of office of directors appointed at the 190th Ordinary General Meeting of Shareholders held on June 27, 2007.

2. Content of amendment

The amendments shall be as follows: (underlines show amendment)

Current Articles	Proposed Amendment
Article 25. (Term of Office of Directors) The term of office of directors shall expire at the end of the ordinary general meeting of shareholders for the last business term ending within <u>two</u> years of their election. <u>The term of office of a director elected to fill a vacancy or for increase of the number shall be until the end of the term of office of other incumbents.</u>	Article 25. (Term of Office of Directors) The term of office of directors shall expire at the end of the ordinary general meeting of shareholders for the last business term ending within <u>one</u> years of their election. (Deleted)
(New provision)	<u>Supplementary Provisions</u> <u>Notwithstanding the provisions of Article 25, the term of office of directors who were appointed at the 190th General Meeting of Shareholders held on June 27, 2007 shall remain unchanged.</u> <u>These supplementary provisions shall be deleted after the expiration of the term of office of the relevant directors.</u>

Agenda Item No. 3: Appointment of two (2) auditors

Approval is hereby requested for the election of 2 auditors in total, as follows, since out of the five (5) current auditors, the term of office of Mr. Kiyooki Shimagami will expire at the close of this General Meeting of Shareholders, and Mr. Sakae Ando will resign from office at the close of this General Meeting of Shareholders. Consent to submission of this agenda has already been obtained from the Board of Auditors.

The nominees for the offices of auditors are as follows:

Nominee No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at the Company, and Representation of other Entities	No. of the Company's shares owned by Nominee
1	Teruo Shimizu (July 5, 1950)	<p>Apr. 1974: Joined the Company</p> <p>Apr. 2005: Division Director, Materials Handling & Logistics Systems Division, Logistics Systems & Structures Operations, the Company</p> <p>Oct. 2005: Division Director, Logistics Systems Division, Logistics Systems & Structures Operations, the Company</p> <p>Apr. 2006: Executive Officer; Vice President of Logistics Systems & Structures Operations, the Company</p> <p>Apr. 2008: Advisor, the Company (up to the present)</p>	13,000 shares
2	Nobuo Gohara (March 2, 1955)	<p>Apr. 1983: Appointed as public prosecutor</p> <p>Apr. 2001: Deputy Prosecutor-General at the Nagasaki District Public Prosecutors Office</p> <p>Oct. 2003: Specially-appointed Professor at Toin University of Yokohama Law School (concurrent assumption)</p> <p>Jan. 2004: Deputy Manager of the Tokyo District Public Prosecutors Office, Hachioji Branch</p> <p>Apr. 2004: Chief Researcher and Teacher at the Research and Training Institute of the Ministry of Justice</p> <p>Apr. 2005: Professor at Toin University of Yokohama Law School and Head of the Compliance Research Center</p> <p>Apr. 2006: Registered as attorney at law</p> <p>Nov. 2006: Representative Director of Compliance Communications, Inc. (up to the present)</p> <p>Apr. 2008: Specially-appointed Professor at Toin University of Yokohama Law School (up to the present)</p>	0 share

(Note)

1. Each of the candidates has no special stake in the Company.

2. Mr. Nobuo Gohara is a candidate for outside auditor.
3. The matters to be noted in relation to the candidate for outside auditor are as follows:
 - (1) The reason we nominated Mr. Nobuo Gohara as a candidate for outside auditor is that we expect Mr. Gohara to commit himself to further enhance our corporate governance as he is active in research and educational efforts for full-set compliance aiming for the “satisfaction by companies of social requirements”, and has a profound knowledge of the Companies Act and the Financial Instruments and Exchange Law.
 - (2) If Mr. Nobuo Gohara is elected as outside auditor as originally proposed by the Company, the Company intends to execute a contract with Mr. Gohara to limit his liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the same Act.
The amount of the limitation of his liability for damages under the said contract shall be the amount stipulated by laws and regulations.

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