

Fiscal Year 2004
**Management Policies
Strategic Overview**

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1. Positioning for Fiscal 2004

- 1) As a result of promoting the Project Super X (PSX), it is certain that the new Restructuring Plan through fiscal 2005 is moved up by a year.
 - (1) Elimination of accumulated deficit moved a year ahead
 - (2) Restore dividends
 - (3) Resolve management issues: Implement Priority Initiatives

- 2) Develop and launch new management plan for sustainable medium- to long-term growth.

2. Priority Issues

Viewpoint	Priority Initiatives	Action Plans
Financial	Stabilize profitability	Comprehensive budget system
Customer	Long-term relationship	Increase CS level
Business Process	Strengthen competitiveness	PLE and Group management
	Thorough risk management	Promote <i>Smart EPC</i>
Personnel and reform	Human asset development / proper assignment	Career development program / Success Support

✓ Complete control to achieve the targets

✓ CS analysis and follow up

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Enhance ability for
 ✓ construction supervision (construction IT)
 ✓ procurement
 ✓ engineering technology (leveraging LCE)

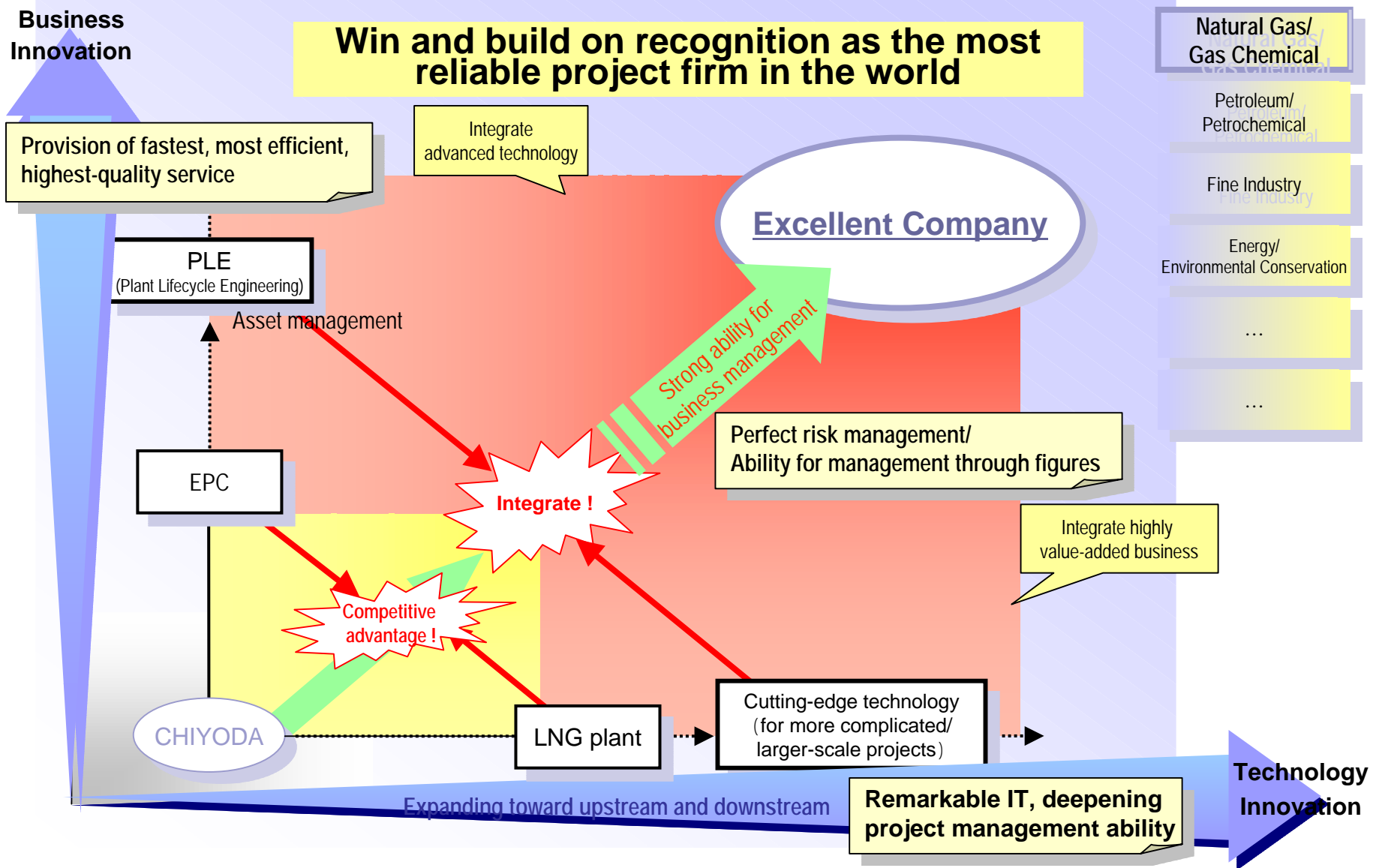
✓ Strengthen project audits

➤ Strengthen management capabilities

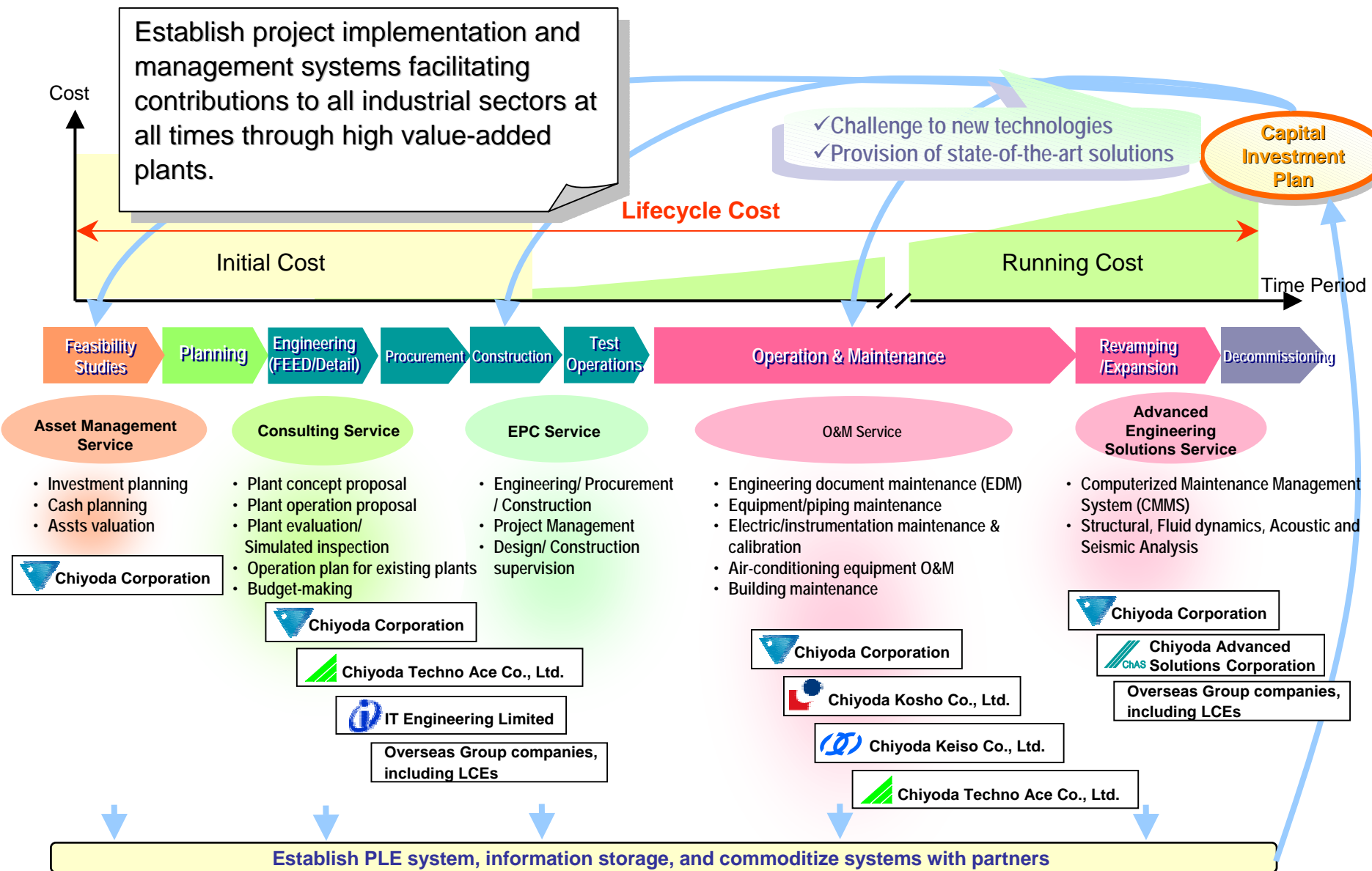
PLE: Plant Lifecycle Engineering
 LCE: Low Cost Engineering Center

- Use Balance Score Card (BSC) to set numerical targets
- Use BSC to assure that targets are passed down from corporate to divisions and on to individual

3. Issues for Sustainable Growth



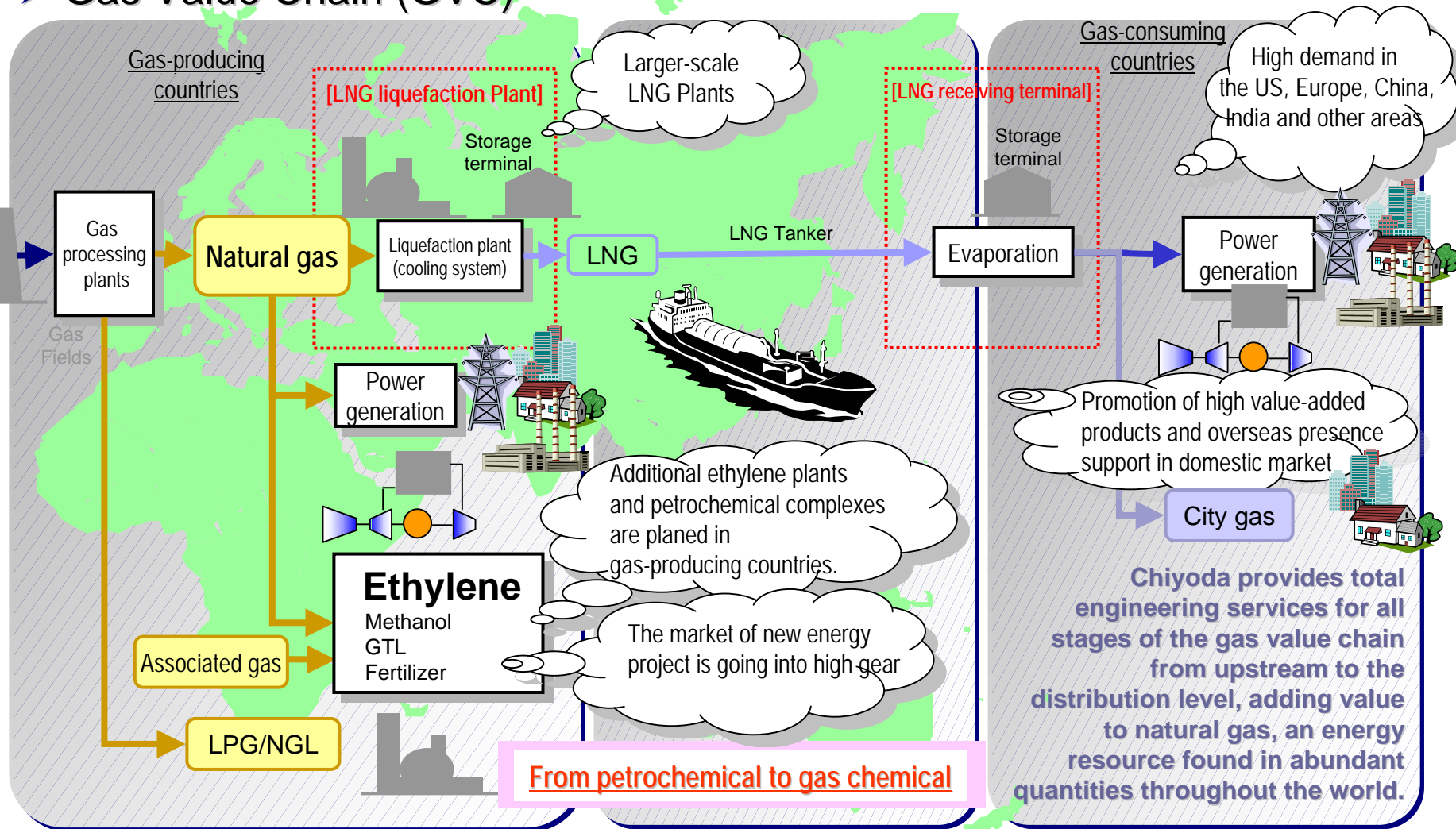
4. PLE and Group Management



5. 1 Principal Markets and Our Response

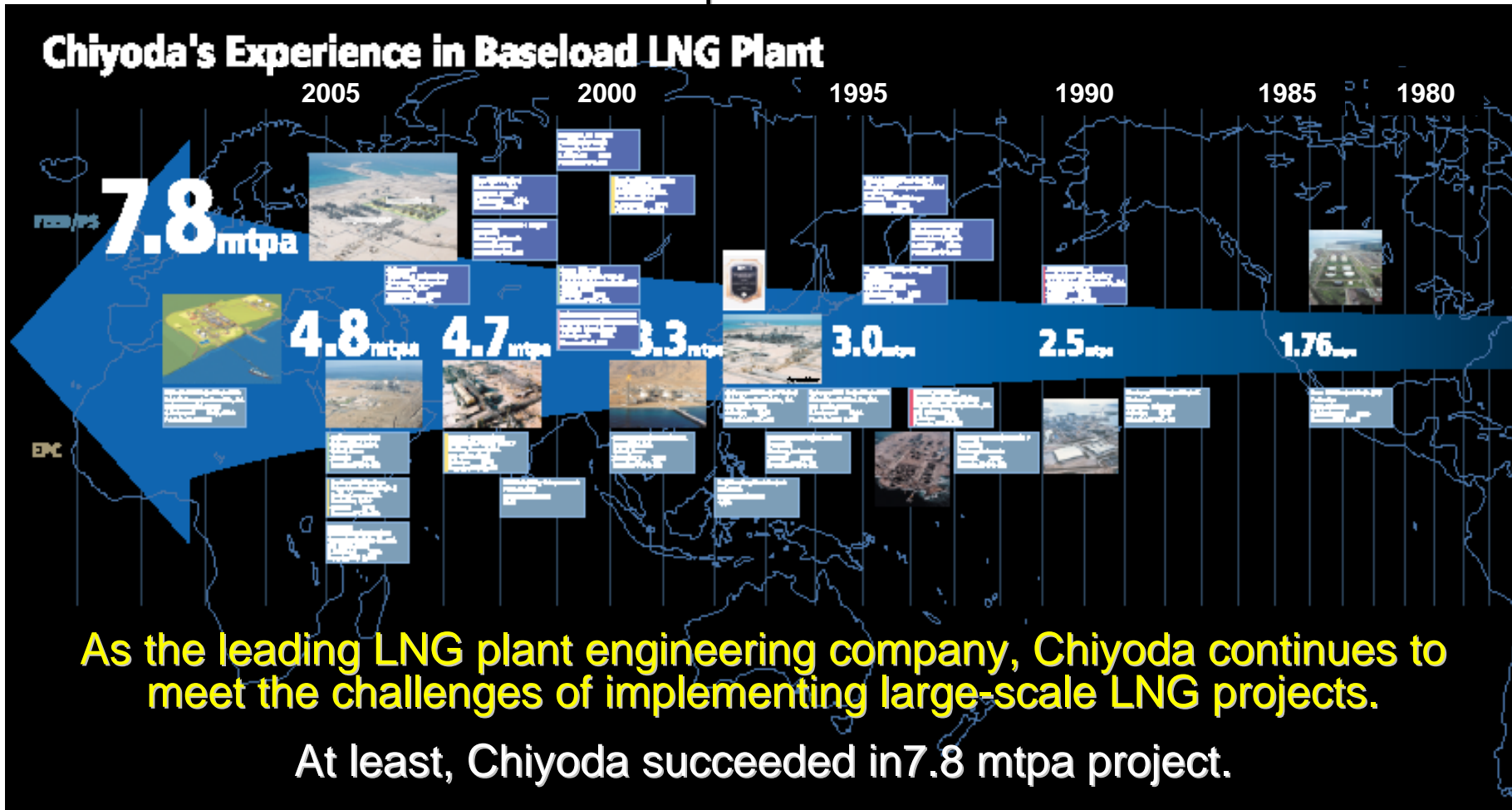
(Overseas: Gas Shift)

➤ Gas Value Chain (GVC)



5.1 Principal Markets and Our Response (Overseas)

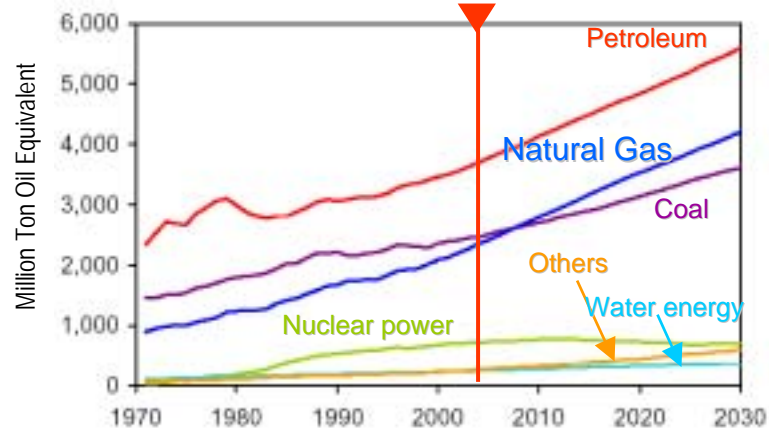
- Unrivalled track record in LNG plant construction



5. 1 Principal Markets and Our Response (Overseas)

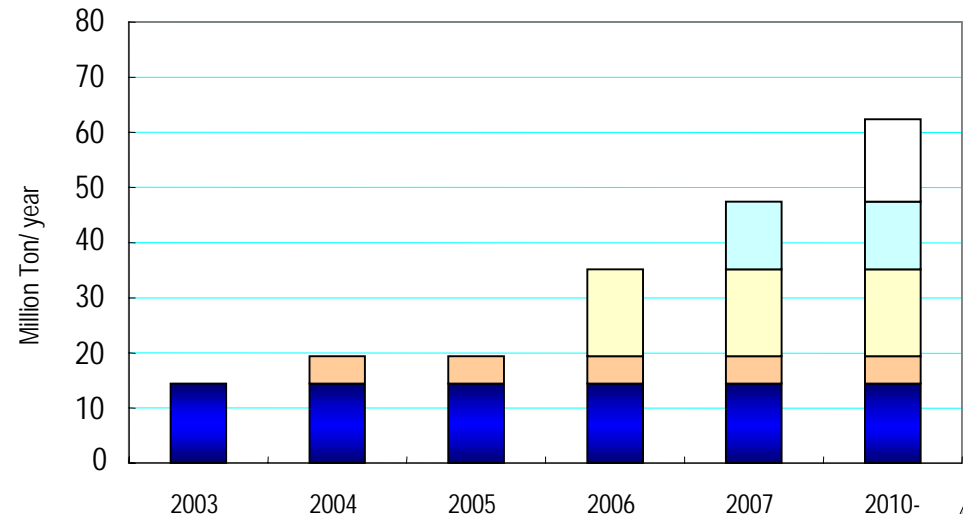
- Natural gas projects and forecasts announced at LNG14 (March 2004, Doha Qatar)
 - Exxon Mobil: One-third of growth in energy demand will come from gas.
 - Shell, BP, Chevron: Rush of LNG projects announcements
 - Qatar: Plans to boost LNG exports to over 60 million tons/year by 2010
 - Sasol-Chevron, Shell, etc.: Gas to Liquid (GTL) projects

Global Gross Supply Transition & Forecast of Primary Energy



Source: IEA (International Energy Agency)

LNG Export Plan in Qatar



5. 2 Principal Markets and Our Response

(Pinpointing changing requirements of domestic customers)

- Energy and Environment
 - Petroleum, power and gas companies are aggressively investing in clean energy facilities.
 - Market expansion by promoting integrated energy and chemical plant projects.
- Fine Industries
 - Focus on high value-added process plants, including electronic materials, pharmaceuticals and speciality chemicals plants.
- New Energy
 - Focus on potential growth areas: National GTL project; develop hydrogen-based energy technology; bring cutting-edge technologies to energy conservation for entire industrial complexes.
- Support for domestic clients investing overseas projects

6. Summary

- Sales and earnings are prospected to continuously increase.
- Develop and implement a new management plan for future goals.
- Win recognition as the most trusted project firm in the world;
Transform Chiyoda into an excellent company capable of contributing at all times to all industrial sectors through high value-added plants with superior project management and implementation capabilities.
- Place greater emphasis on fulfilling Chiyoda's social obligations (CSR) and become a respected corporate citizen.



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Forward-looking Statements

The forecasts and plans in this presentation are based on information available to management on May 18, 2004, the date these materials were prepared. Actual results may differ significantly from these forecasts for a number of factors, including but not limited to changes in economic conditions and operating environment in Japan and overseas.