

Fiscal Year 2006

Management Policies
Strategic Overview

To become “Reliability No.1” Project Company
To become Excellent Company able to
“Sustain Earnings Growth”

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President and Chief Executive Officer

May 18, 2005



Contents

1. **DSP 2008 Program on Right Track**
2. **Market Outlook**
3. **Strategic Focus on Transforming Chiyoda into “Reliability No. 1” Company also Underpinned by Strong Earnings Growth**
4. **Summary**

1

DSP 2008 Program on Right Track

As a company with growing earnings,
will focus on increasing corporate value through self-help.



Business Innovation

- Plant Lifecycle Engineering (PLE)
- Sales of technology

➤ “Reliability No.1” Project Company

➤ Excellent Company able to “Sustain Earnings Growth”

Clients Build long-term partnership with clients based on superior technologies.

Finance Establish a sound financial position able to support the creation of next-generation businesses.

Drive forward innovation that “targets change and takes on the challenge of bringing about change.” Continuous enhancement of competitiveness and improvement of work processes

Management Innovation

- Cold Eye Review
- BSC integrated management system

Execution Further upgrade project execution skills and Smart EPC. (with i-PLANT21®)

HR Create an energetic organization and refine employee skills.

• Cutting-edge technology capable of creating ultra large-scale plants

Technology Innovation

* BSC: Balanced Score Card

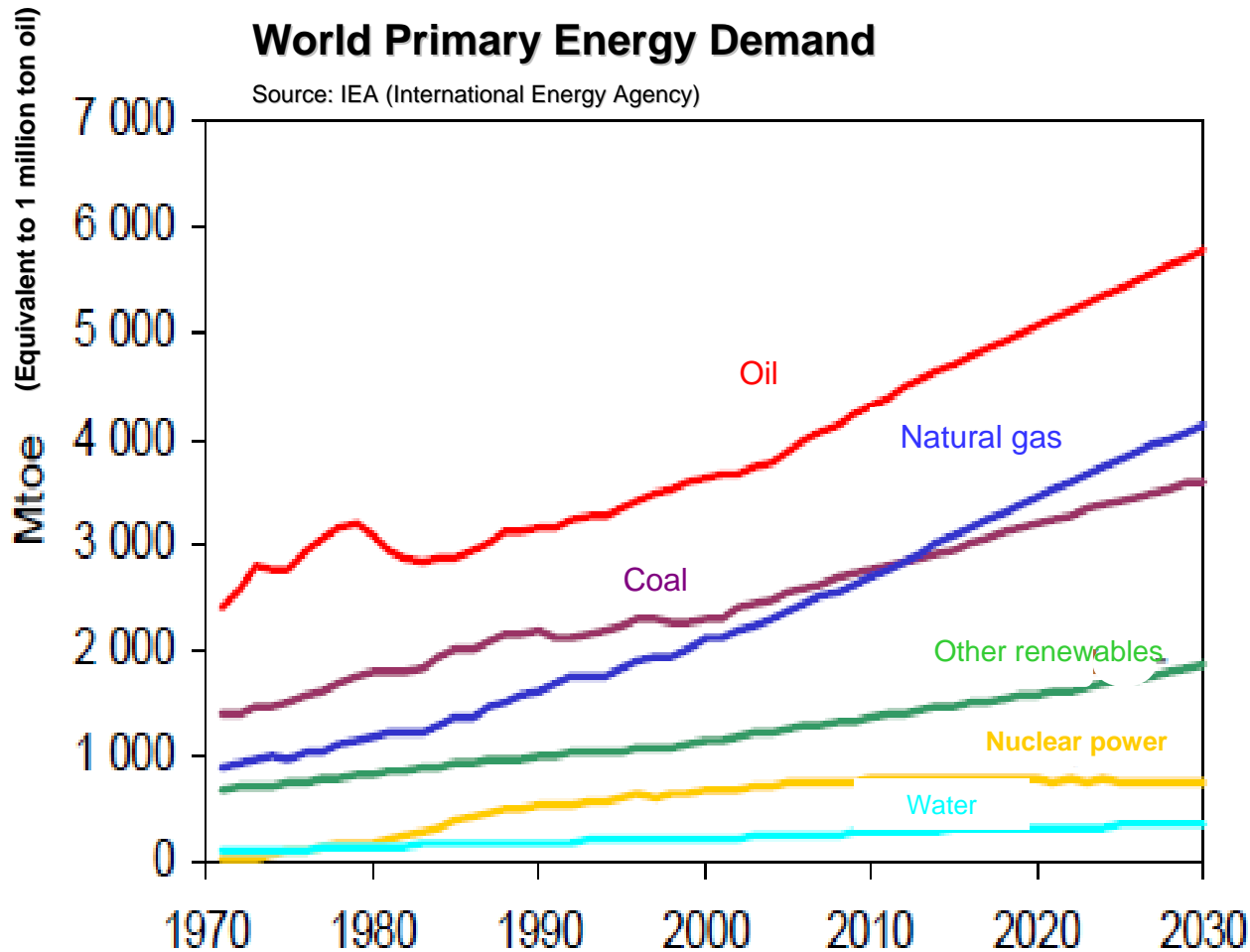
• Group’s collective strengths

Market Outlook

Booming Market Underpinned by Growing Energy Demand

World Primary Energy Demand

Source: IEA (International Energy Agency)



Chiyoda's Market Outlook

Oil: Domestic

Rebound in investment
Higher added value
Chemical refinery integration
Plant Lifecycle Engineering
Japanese oil major

Natural Gas: Overseas

Global LNG boom
Large gas and chemical projects using associated gas
New clean energy: Growing GTL and other new energy markets

Coal: Overseas

Growing demand for coal and stricter environmental regulations
Growing demand for flue gas desulfurization
Business model reform
→ **CT-I21 license business**

3

Strategic Focus on Transforming Chiyoda into “Reliability No. 1” Company also Underpinned by Strong Earnings Growth

◆ Key Performance Factors to Win Recognition as “Reliability No. 1” Company

(1) Operating structure and human resources:

- + Excellent technology and project execution capabilities (SmartEPC)
- + Risk management capability (Cold Eye Review, Project Audit)
- + Professional manpower (PKP training system)
- + Integrated project engineering system I-Plant21[®], including sophisticated IT technology
- + Operation management system/Process approach (BSC integrated management of progress)

(2) Continuing implementation of additional initiatives:

- + Assure superior reliability by leveraging existing systems and continuing progress checks!!
- + Bolster Technical Cold Eye Review, Project Management Review!!
- + Review/cooperate information sharing with customers

3

Strategic Focus on Transforming Chiyoda into “Reliability No. 1” Company also Underpinned by Strong Earnings Growth

◆ Key Performance Factors for Earnings Growth

(1) Raise gross profit on projects completed above gross profit on new contracts through self-help

Do not make easy decisions or be compromised easily. Look deeper for more convincing answers.

(2) Do not overstretch. Accomplish the task on hand the best you can.

Business Expansion Driven by Technological Competitive Advantage

- Establish strong presence in large-scale plant market leveraging experience, track record and technological prowess (Lager, Faster, Safer)

LNG Plants under Construction

As of April 2005

Snøhvit LNG (Melkøya Island) - Norway

4.5 MMTPA x 1
2006 - 2007

Sakhalin II – Russia

4.8 MMTPA x 2
2007 / 2008

Chiyoda total capacity 37.9

Worldwide total capacity 77.6

= 49%

ELNG T 1/2 - Egypt

3.6 MMTPA x 2
2007+

Qalhat LNG - Oman

3.3 MMTPA x 1
2005

NLNG (Bonny Isl.) T4/5 - Nigeria

4.0 MMTPA x 2
2005

RasGas II Tr-4 - Qatar

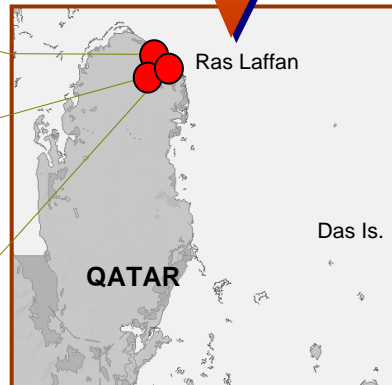
4.7 MMTPA x 1
2005

RasGas II Tr-5 - Qatar

4.7 MMTPA x 1
2007

Qatargas II Tr-4/5 - Qatar

7.8 MMTPA x 2
2007 / 2008



Qalhat LNG - Oman

3.3 MMTPA x 1
2005

Darwin LNG - Australia

3.0 MMTPA x 1
2006

NWS T5 - Australia

4.2 MMTPA x 1
2008

Atlantic LNG T4 – T&T

5.2 MMTPA x 1
2006

Papua (Tangguh) - Indonesia




3.8 MMTPA x 2
2007

Business Expansion Driven by Technological Competitive Advantage

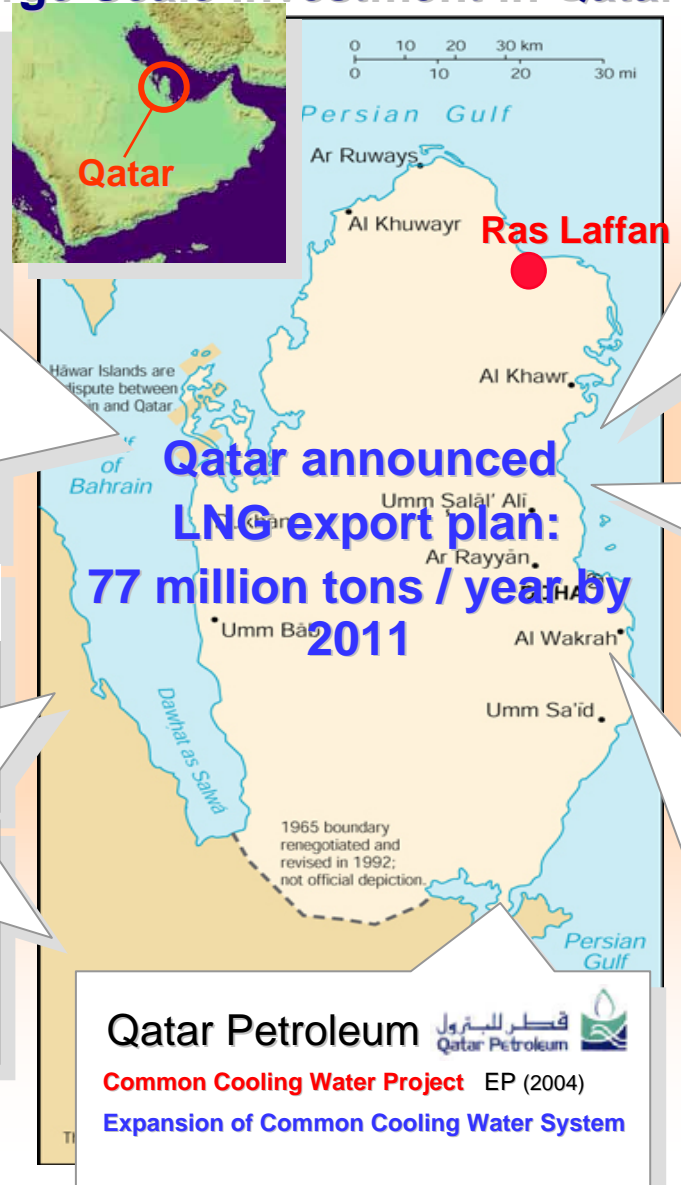
Increasing Large-Scale Investment in Qatar

indicate contracts received




QATARGAS, QATARGAS 2

Train 1 EPC (1997)
Train 2 EPC (1997)
Train 3 EPC (1998)
Train 1/2/3 Debottlenecking (2005)
Train 4 EPC (2007) 780
Train 5 EPC (2009) 780
LNG 26.3 million tons





RasGas, RasGas



Train 1 FEED } 660
Train 2 FEED }
Train 3 EPC (2003) 470
Train 4 EPC (2005) 470
Train 5 EPC (2007) 470
LNG 20.7 million tons

QATARGAS 3

Train 6 (2009) 780 **FEED**
LNG 7.8 million tons (planning)

RasGas

Train 6/7 **FEED** (2008) 780 x 2
LNG 15.6 million tons (planning)

QATARGAS 4





Train 7 (2010) 780 **FEED**
LNG 7.8 million tons (planning)


ExxonMobil

Al-Khaleej Gas Development Project EPC (2006)

- **GTL plants**
- **Independent Water and Power Plant**
- **Gas Chemical Plants (Ethylene, etc.)**
- **Export through pipelines**



Qatar Petroleum



Common Cooling Water Project EP (2004)
Expansion of Common Cooling Water System

Launching World's Largest LNG Project

December 15, 2004



Contract amount:
about 400 billion yen

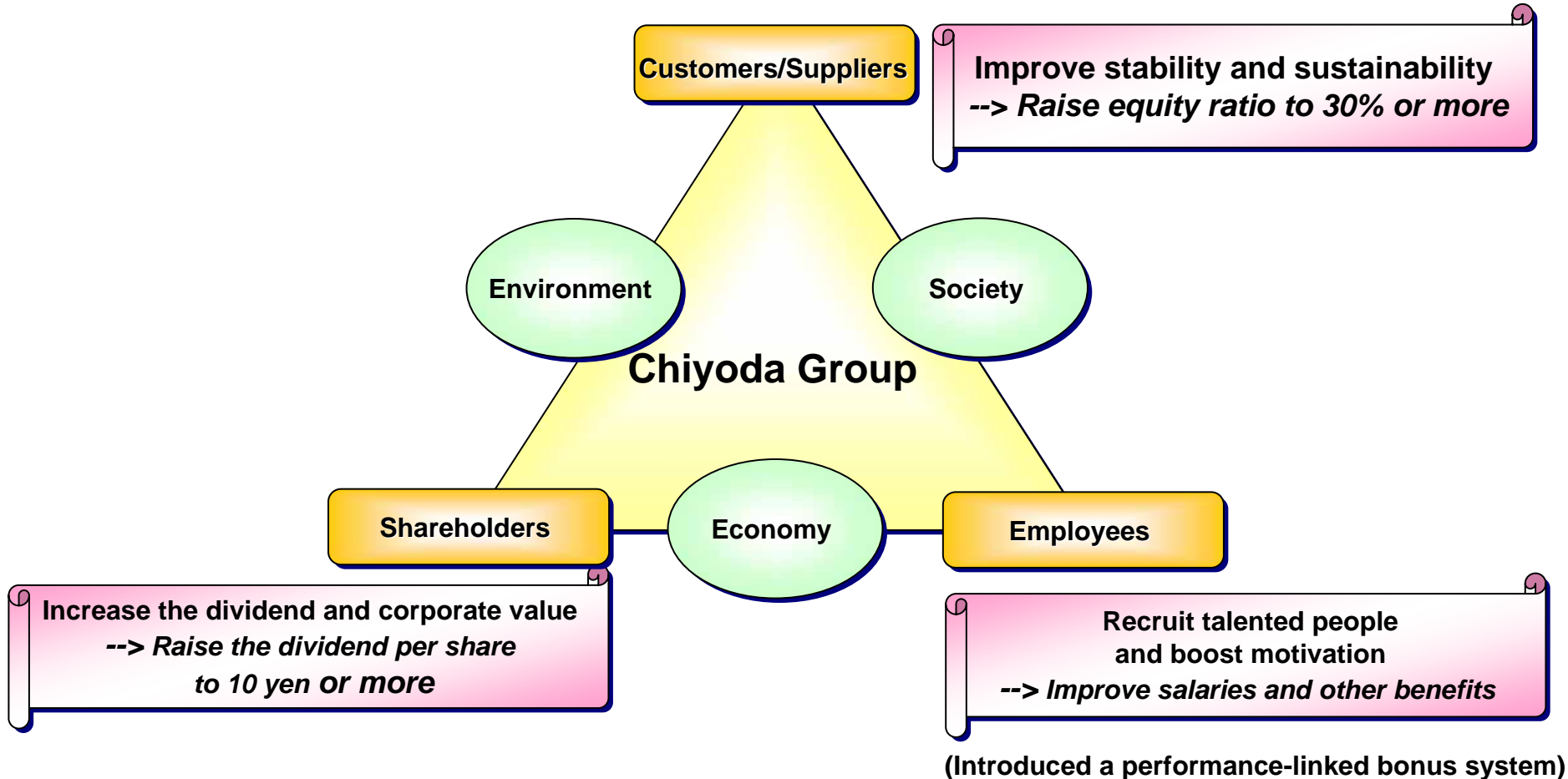
QUATARGAS (II) Project EPC Contract-signing Ceremony

LNG plant in Ras Laffan, Qatar / Capacity: 7.8 million ton x 2 = 15.6 million ton per annum (world's largest)

Strengthen Financial Position to Invest in Creation of Next-generation Businesses

● Target

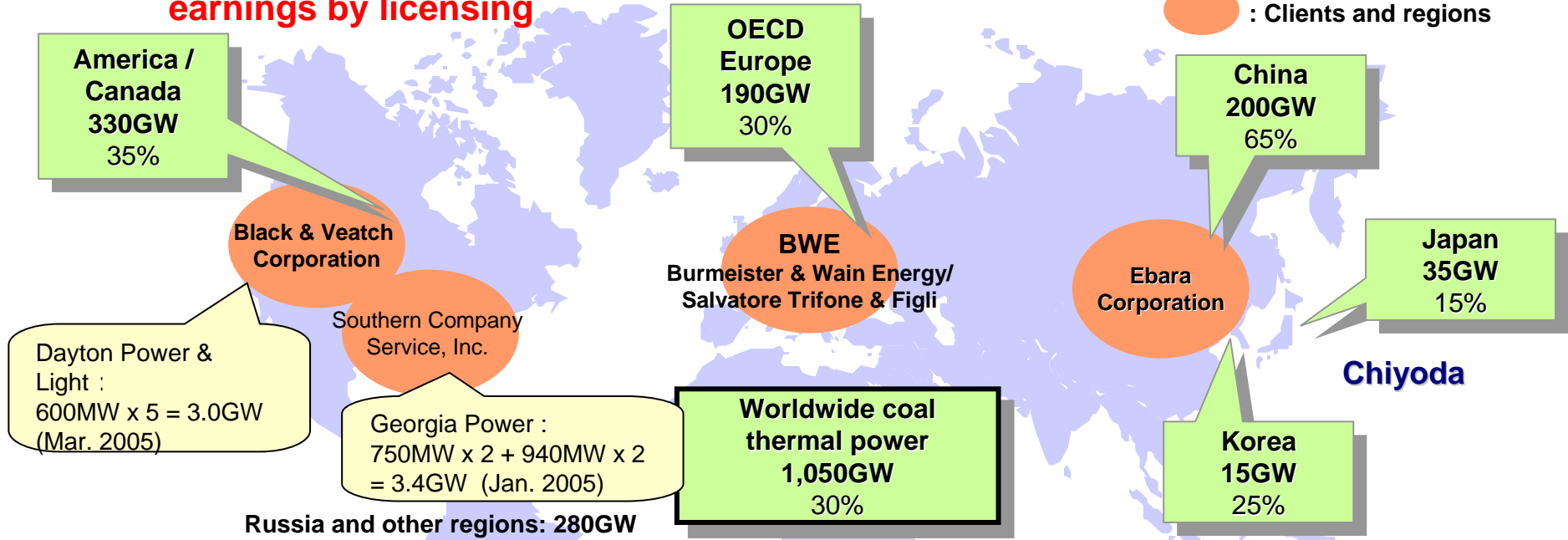
Double Step-Up 2008 aims to achieve sustained satisfaction in a balanced manner among three stakeholder groups: customers/suppliers, shareholders and employees.



Strengthen Financial Position to Invest in Creation of Next-generation Businesses

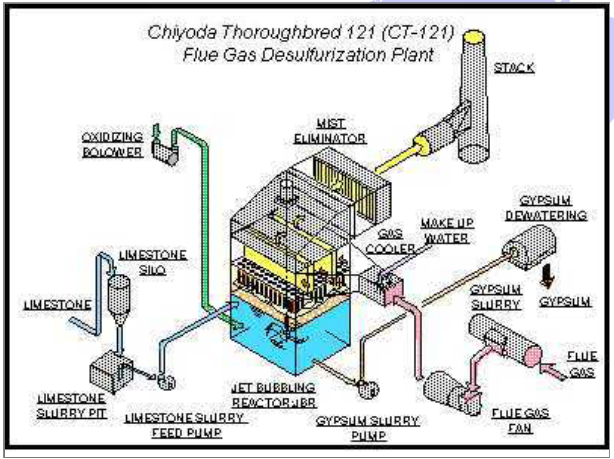
- Create and Nurture an Earnings Growth Business Model
- Effectively use technology resources and further bolster earnings by licensing**

□ : Coal thermal power; power generation ratio
 ○ : Clients and regions



Dayton Power & Light :
 600MW x 5 = 3.0GW
 (Mar. 2005)

Georgia Power :
 750MW x 2 + 940MW x 2
 = 3.4GW (Jan. 2005)



Our proprietary Wet Limestone Flue Gas Desulfurization process was applied to more than 50 plants worldwide.

Promote SmartEPC and Enhance Project Execution

■ Establish Commissioning Department

Assure smooth delivery to the customer after commissioning, a step that precedes performance checks in the final stages of the project, by the Group's accumulated technology and know-how.

■ Strengthen and continue advanced IT technology: Strengthen procurement IT and construction IT

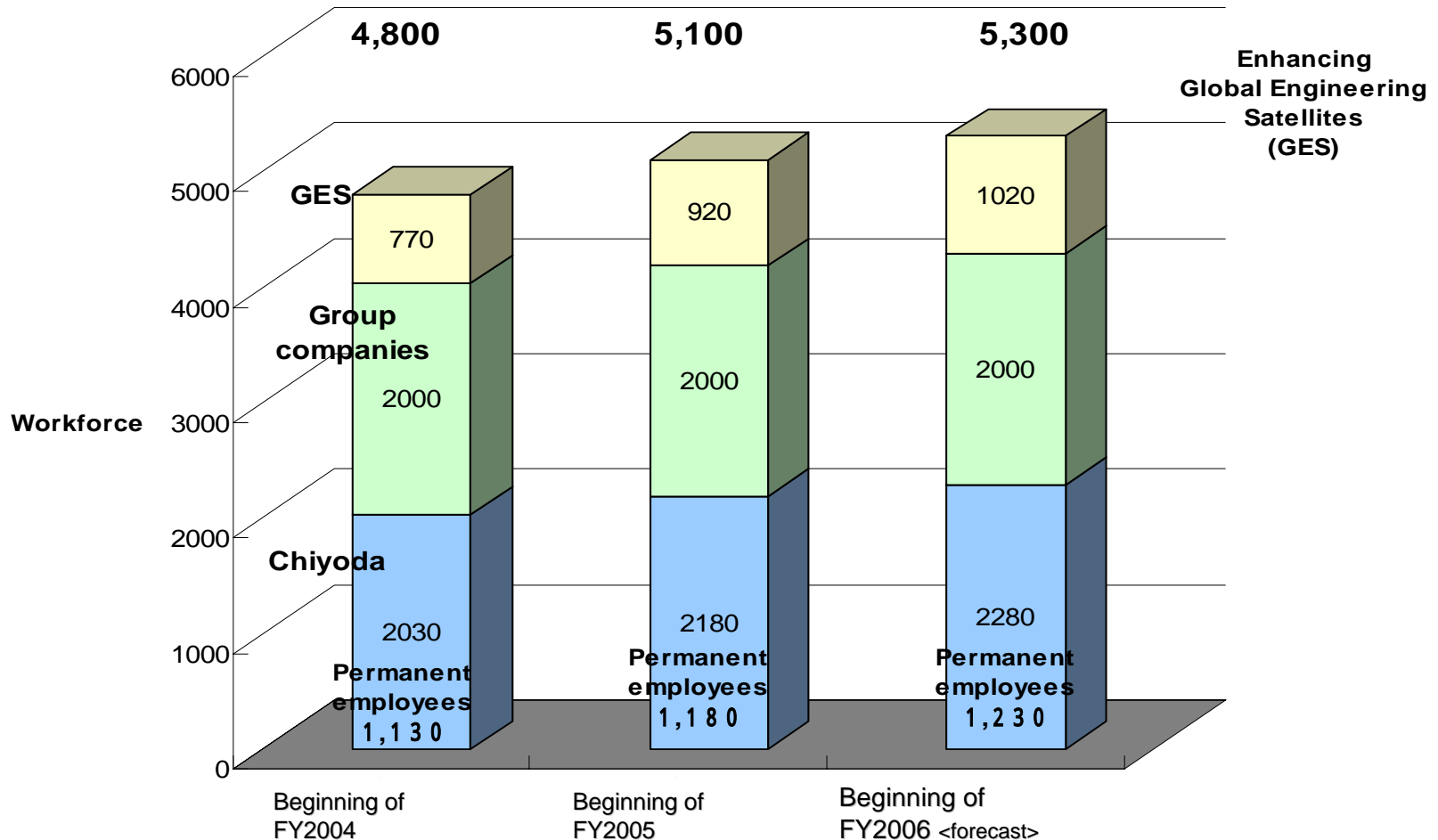
Stabilize earnings by eliminating uncertainties at the project execution stage.

■ Strengthen Integrated Use of Global Engineering Satellites (GESs)

Increase staffing and strengthen functions.

Promote SmartEPC and Enhance Project Execution

Global Operation



Create Energetic Organization and Refine Employees Skills

- Introduced a performance-linked bonus system/ Reformed the personnel management system
- Continue to employ professional staff
- Strengthened Project Key Personnel (PKP) training
- Established Research Institute of Technology Innovation & Strategy (RITIS)
 - Focus on developing project engineering and advanced process technologies
 - Technical Cold Eye Review
 - Monitor technology base across the company and projects
 - Use Lessons Learned to create new knowledge

➔ **Maintaining and improving technological capability to Become the “Reliability No. 1” Project Company**

Summary

- Our vision is to gain recognition as the “Reliability No.1” Project Company in the energy and chemicals sectors and to achieve sustainable growth as an excellent organization that can consistently increase earnings by training professionals, an unending theme, in addition to implementing priority policies.
- At the same time, the Group places priority on fulfilling its corporate social responsibility (CSR) through respectful and dynamic corporate activities in a dignified manner.



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Forward-looking Statements

The forecasts and plans in this presentation are based on information available to management on May 18, 2005, 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.