

DATA FILE '99

KAWASAKI HEAVY INDUSTRIES, LTD.

Code No. (7012)

HISTORY

Kawasaki Heavy Industries, Ltd. (KHI) traces its origins to an industrial shipyard in Tsukiji, Tokyo, established by Shozo Kawasaki in 1878. In 1896, the Company was incorporated under the laws of Japan as Kawasaki Dockyard Co., Ltd. The Company later expanded its business to include the manufacture of rolling stock, steel, steel structures, industrial machinery, automobiles and aircraft. The Company also engaged in the shipping business through the company known as Kawasaki Kisen Kaisha, Ltd. (the "K" Line), which later became an independent company. In 1939, the Company adopted its present name, Kawasaki Heavy Industries, Ltd.

In 1950, the Company's steel manufacturing division was divested and Kawasaki Steel Corporation was formed. In 1969, Kawasaki Aircraft Co., Ltd. and Kawasaki Rolling Stock Mfg. Co., Ltd., former divisions which had been divested, were merged back into the Company, forming an integrated heavy industry enterprise.

The Company established a subsidiary in the United States to sell its motorcycles in 1969. In 1975, through its local subsidiary, the Company began to produce motorcycles in the United States ahead of any other Japanese producer of any type of motor vehicle. Subsequently, through its U.S. subsidiaries, the Company began to manufacture rolling stock in New York in 1986, wheel loaders in Georgia in 1987, and small gasoline engines in Missouri in 1989. In 1993, the Company established a local subsidiary to acquire a hydraulic machinery manufacturing business in Plymouth, U.K., its first production facility in Europe.

The Company has been seeking to expand its activities in Asia. The Company has joint ventures in Malaysia, Thailand, Indonesia and the Philippines to manufacture motorcycles. In China, KHI established four joint ventures to manufacture prime movers (1995), ships (1995), steel structures (1997) and motorcycle engines (1997).

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FINANCIAL HIGHLIGHTS (CONSOLIDATED BASIS)

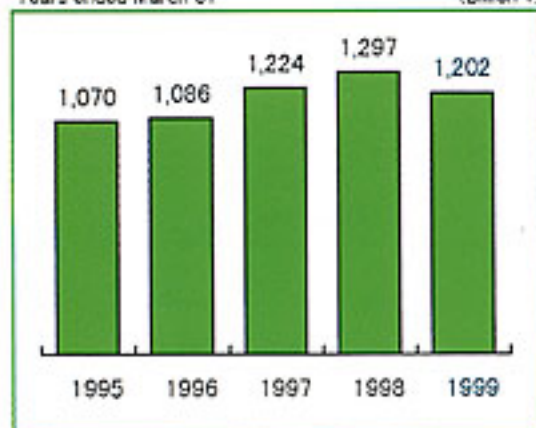
Kawasaki Heavy Industries, Ltd. and consolidated subsidiaries

Years ended March 31

	Millions of yen				
	1999	1998	1997	1996	1995
For the year:					
Net sales	¥1,202,189	¥1,297,212	¥1,224,259	¥1,086,244	¥1,070,444
Net income (loss)	(6,132)	18,556	22,572	16,462	10,216
Net income (loss) per share (yen)	(4.4)	13.3	16.4	12.2	7.6
Return on average shareholders' equity	(3.0%)	9.1%	12.5%	10.4%	6.8%
Cash dividends per share (yen)	6.0	6.0	7.0	5.5	5.0
At year end:					
Total assets	1,204,857	1,222,906	1,303,168	1,252,371	1,191,664
Working capital	161,712	162,084	150,759	127,644	106,458
Current ratio	122.4%	121.7%	117.8%	115.5%	113.4%
Total shareholders' equity	199,637	209,040	197,161	162,984	152,991

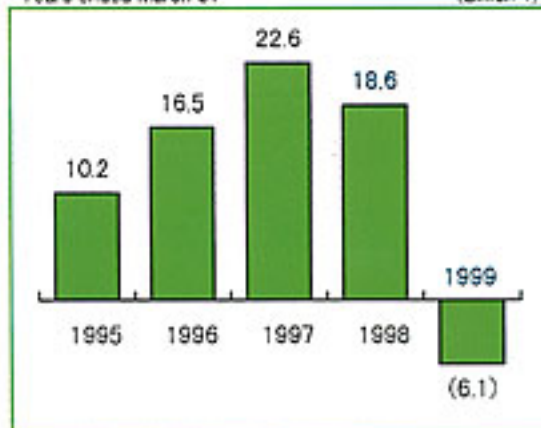
Net Sales

Years ended March 31 (Billion ¥)



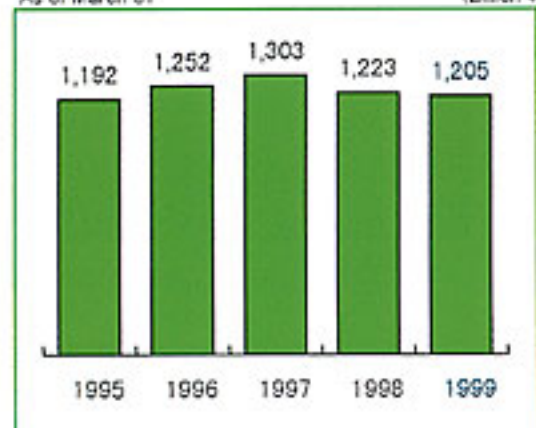
Net Income

Years ended March 31 (Billion ¥)



Total Assets

As of March 31 (Billion ¥)



Total Shareholders' Equity

As of March 31 (Billion ¥)

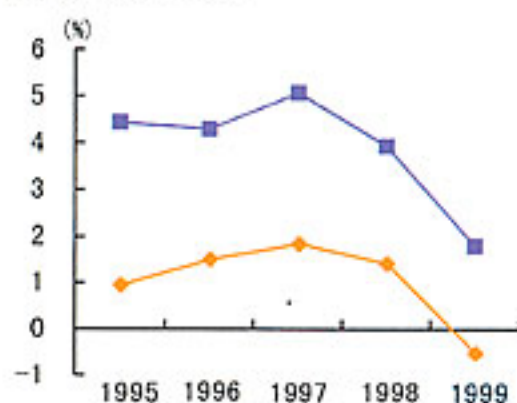


Note. Concerning the recognition of revenue, figures for 1997 and before in this material are based on the completed-contract method, while figures for 1998 and after are on the percentage-of-completion method. More information on page 4 and 23.

KEY INDICATORS (CONSOLIDATED BASIS)

Ratio of Operating Income to Sales Return on Sales

Years ended March 31



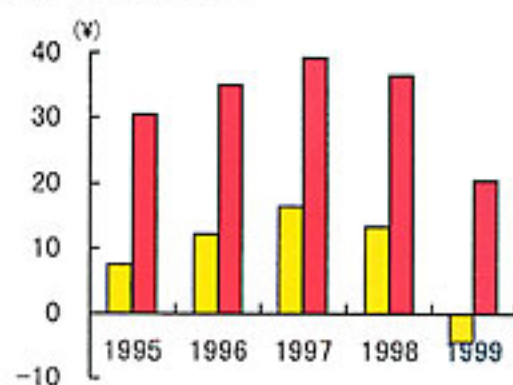
	1995	1996	1997	1998	1999
Operating Income to Sales - ■ -	4.45	4.30	5.08	3.94	1.80
ROS - ◆ -	0.95	1.52	1.84	1.43	-0.51

Operating Income to Sales: Operating Income/Net Sales.

ROS: Net Income/Net Sales.

Earnings per Share Cash Flow per Share

Years ended March 31



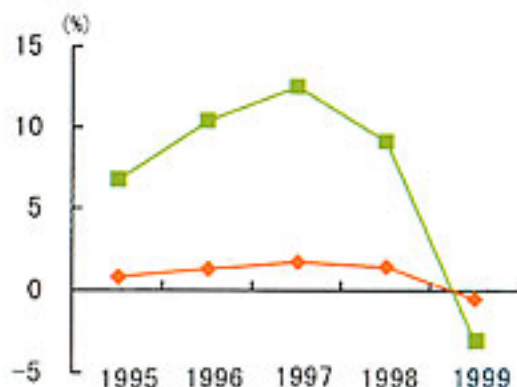
	1995	1996	1997	1998	1999
EPS ■	7.6	12.2	16.4	13.3	-4.4
CFPS ■	30.5	35.0	39.3	36.7	20.5

Earnings per Share: Net Income/Average Number of Shares Outstanding

Cash Flow per Share: (Net Income + Depreciation) / Average Number of Shares Outstanding

Return on Shareholders' Equity Return on Assets

Years ended March 31



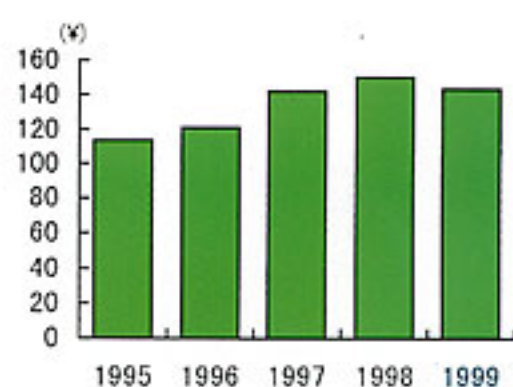
	1995	1996	1997	1998	1999
ROE - ■ -	6.78	10.42	12.53	9.14	-3.00
ROA - ◆ -	0.84	1.35	1.77	1.47	-0.51

ROE: Net Income/Average Shareholders' Equity.

ROA: Net Income/Average Total Assets.

Book Value per Share

As of March 31

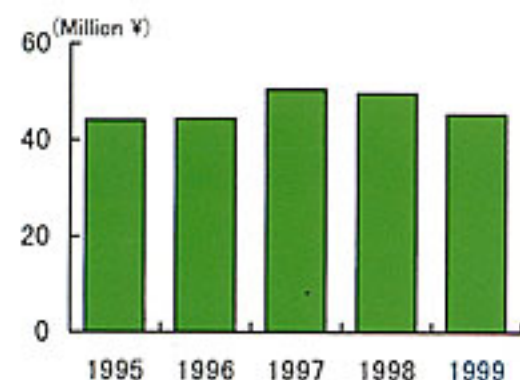


	1995	1996	1997	1998	1999
Book Value per Share	113.32	120.73	141.93	150.32	143.56

Book Value per Share: Total Shareholders' Equity / Number of Shares Outstanding

Net Sales per Employee

Years ended March 31

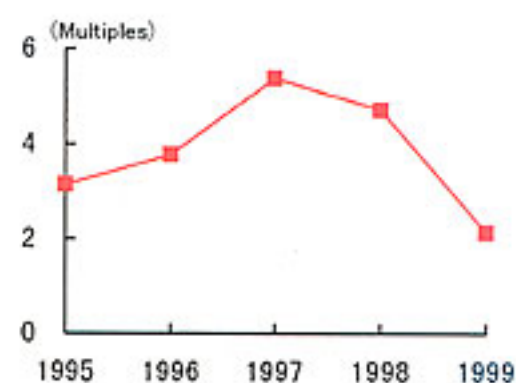


1995	1996	1997	1998	1999
44.11	44.52	50.57	49.70	45.39

Net Sales per Employee: Net Sales/Number of Employees.

Interest Coverage

Years ended March 31

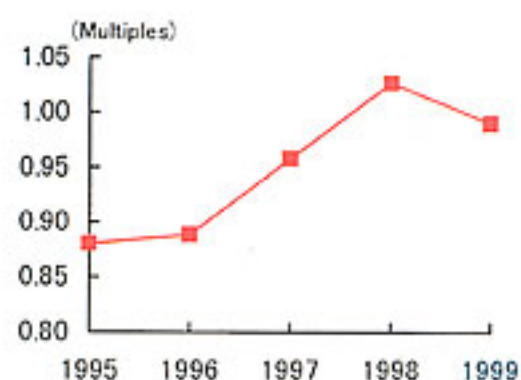


1995	1996	1997	1998	1999
3.16	3.79	5.38	4.72	2.15

Interest Coverage: (Operating Income + Interest and Dividend Income)/Interest Expense

Asset Turnover

Years ended March 31

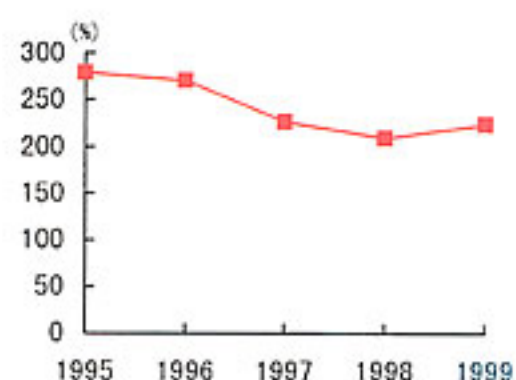


1995	1996	1997	1998	1999
0.88	0.89	0.96	1.03	0.99

Asset Turnover: Net Sales/Average Total Assets

Debt to Equity Ratio

Years ended March 31



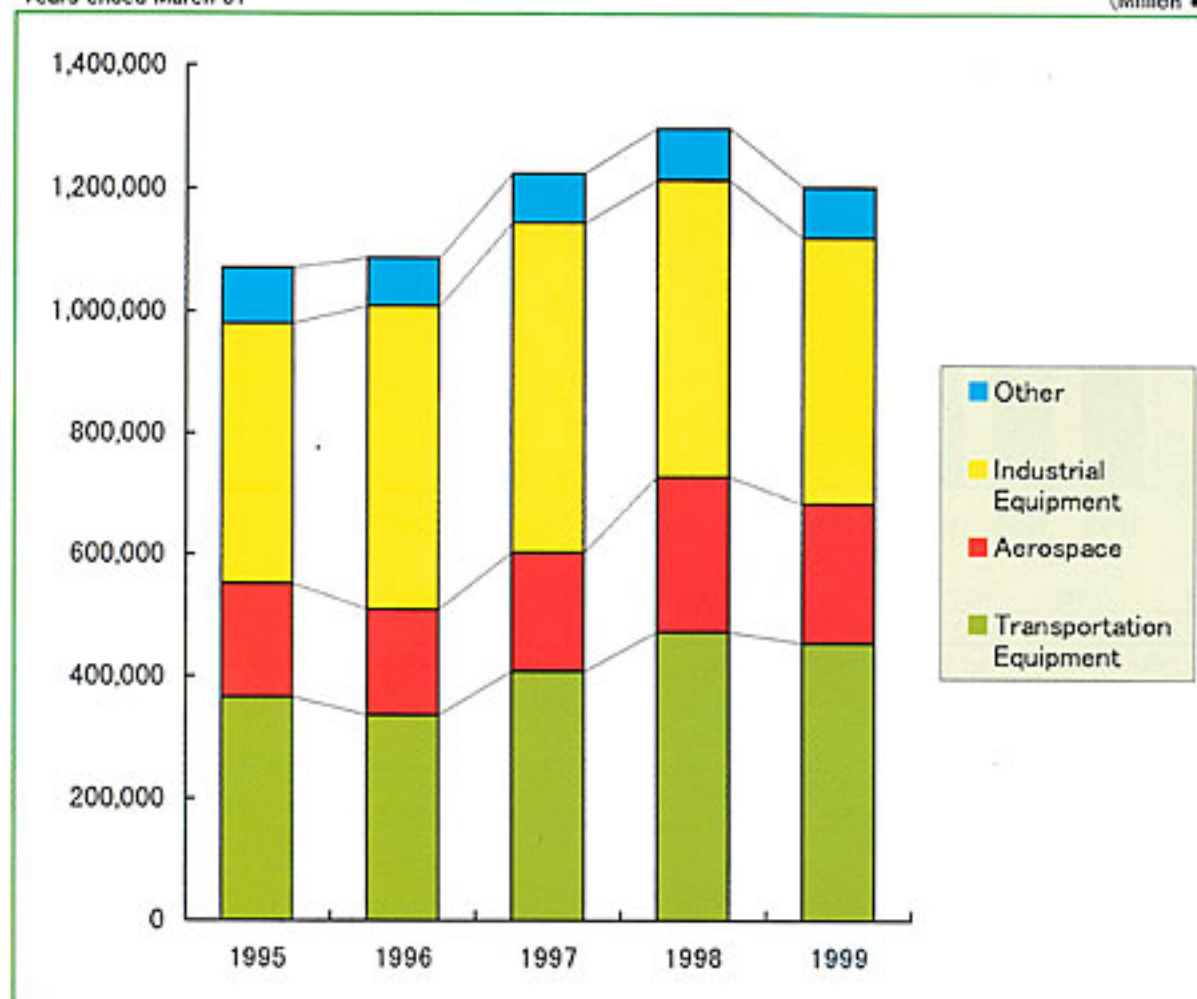
1995	1996	1997	1998	1999
279	271	227	209	224

Debt to Equity Ratio: Interest Bearing Debt / Total Shareholders' Equity

SALES BY SEGMENT (CONSOLIDATED BASIS)

Years ended March 31

(Million ¥)



External Sales

(Million ¥)

	1995	1996	1997	1998	1999
Transportation Equipment	365,506	336,934	407,977	472,525	454,061
Aerospace	185,673	171,900	194,973	255,328	228,618
Industrial Equipment	428,772	498,649	541,030	485,353	436,030
Other	90,493	78,761	80,279	84,006	83,480
Total	1,070,444	1,086,244	1,224,259	1,297,212	1,202,189

Note: Net effects of the percentage-of-completion method in 1998 are as follows:

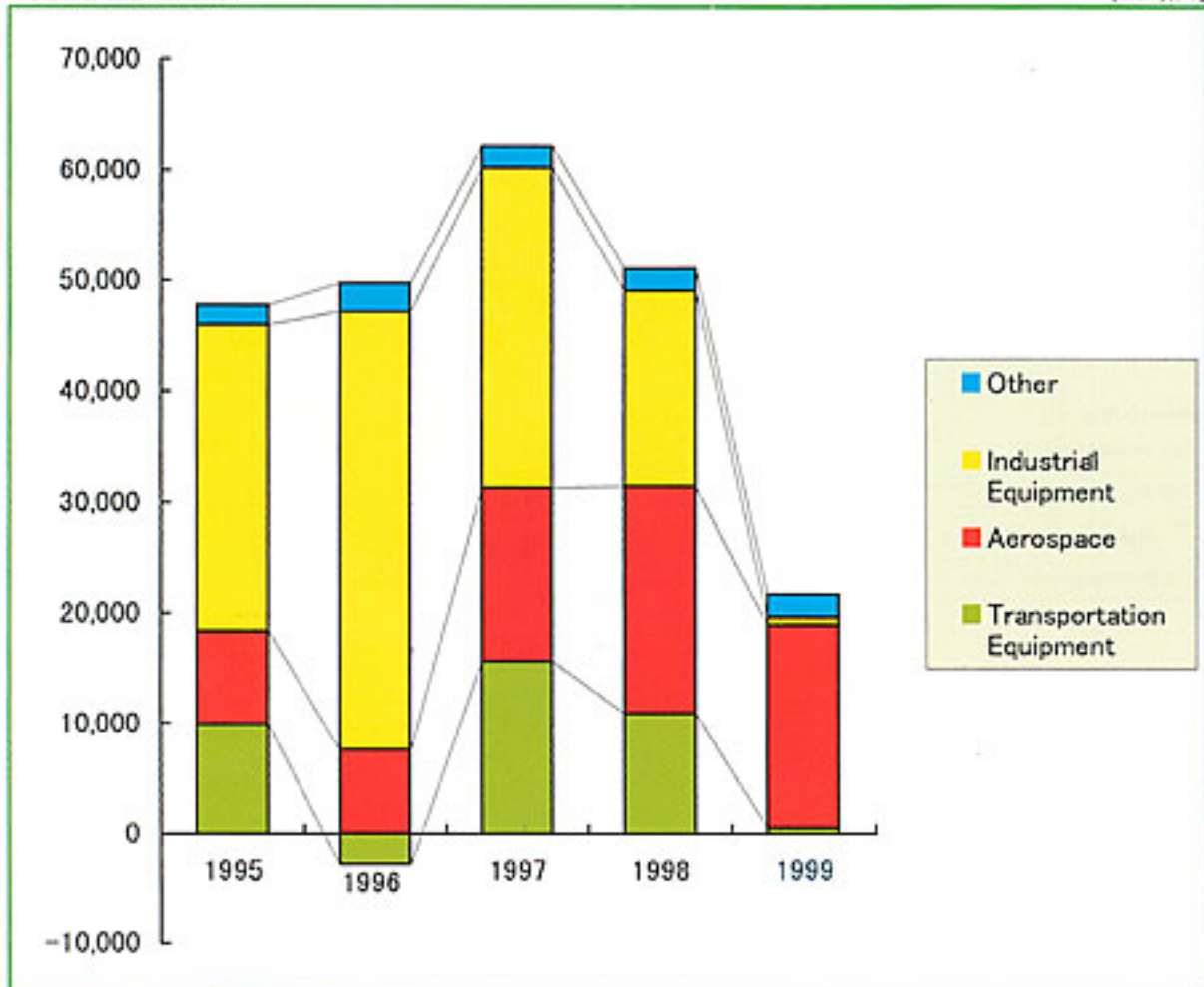
	Millions of yen	
	Sales	Operating income
Transportation Equipment	¥54,037	¥10,087
Industrial Equipment	¥25,553	¥5,116
Total	¥79,590	¥15,203

OPERATING INCOME BY SEGMENT

(CONSOLIDATED BASIS)

Years ended March 31

(Million ¥)



Operating Income		(Million ¥)				
	1995	1996	1997	1998	1999	
Transportation Equipment	9,864	(2,856)	15,609	10,866	540	
Aerospace	8,460	7,578	15,616	20,539	18,378	
Industrial Equipment	27,673	39,544	28,964	17,603	686	
Other	1,749	2,543	1,979	2,001	2,157	
Eliminations and corporate	(147)	(53)	43	70	(95)	
Net Operating Income	47,599	46,756	62,211	51,079	21,666	

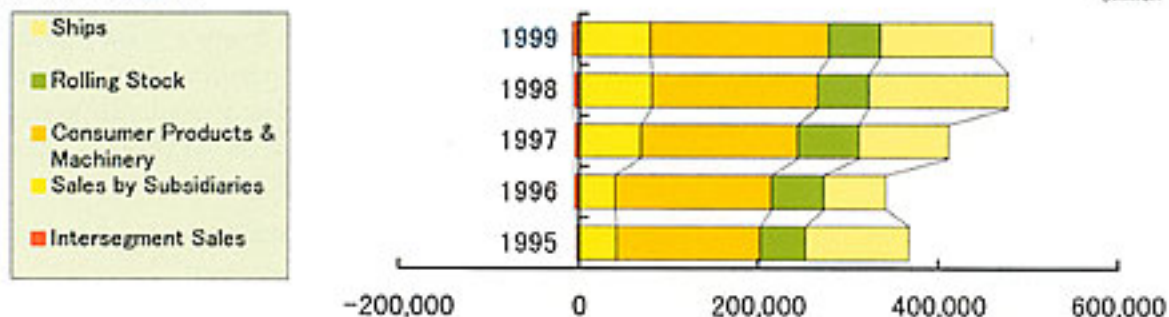
Ratio of Operating Income to Sales						
	1995	1996	1997	1998	1999	
Transportation Equipment	2.7%	-0.8%	3.8%	2.3%	0.1%	
Aerospace	4.6%	4.4%	8.0%	8.0%	8.0%	
Industrial Equipment	6.5%	7.9%	5.4%	3.6%	0.2%	
Other	1.9%	3.2%	2.5%	2.4%	2.6%	
Total	4.4%	4.3%	5.1%	3.9%	1.8%	

SEGMENT SALES ANALYSIS

Transportation Equipment

Years ended March 31

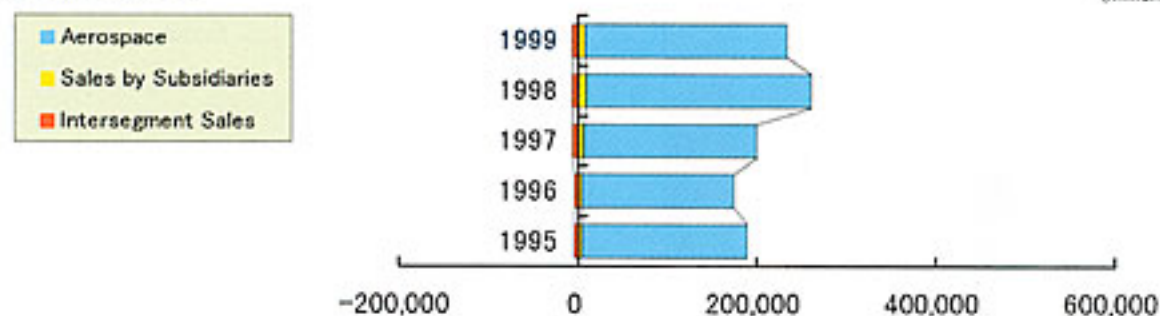
(Million ¥)



Aerospace

Years ended March 31

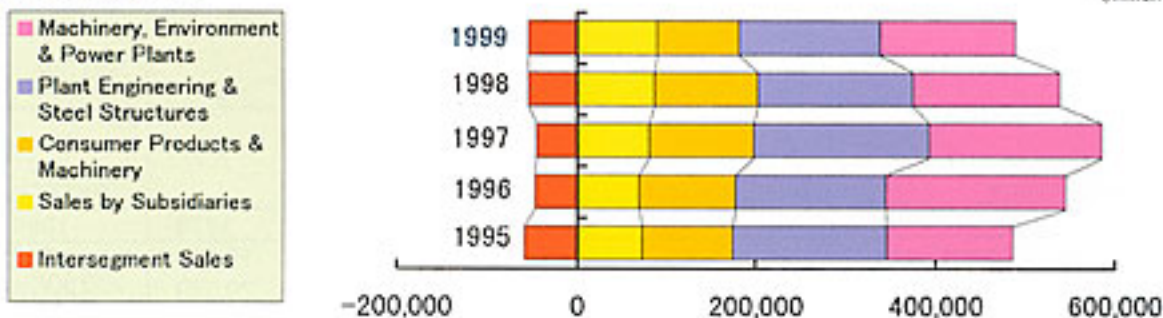
(Million ¥)



Industrial Equipment

Years ended March 31

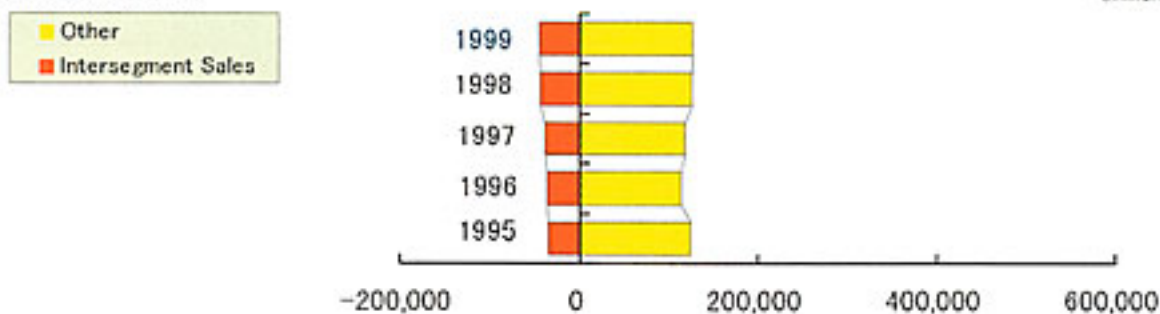
(Million ¥)



Other

Years ended March 31

(Million ¥)



Transportation Equipment					(Million ¥)
	1995	1996	1997	1998	1999
Ships a)	115,783	69,501	100,620	154,476	124,896
Rolling Stock	49,664	57,282	68,048	57,130	57,248
Consumer Products & Machinery b)	160,684	175,212	174,438	184,748	198,976
Sales by Subsidiaries c)	42,035	40,165	69,470	81,489	79,901
Total sales	368,166	342,160	412,576	477,843	461,021
Intersegment sales	(2,660)	(5,226)	(4,599)	(5,318)	(6,960)
External sales	365,506	336,934	407,977	472,525	454,061

Aerospace					(Million ¥)
	1995	1996	1997	1998	1999
Aerospace	185,702	171,765	194,936	252,259	226,827
Sales by Subsidiaries	4,343	4,370	5,988	9,242	7,943
Total sales	190,045	176,135	200,924	261,501	234,770
Intersegment sales	(4,372)	(4,235)	(5,951)	(6,173)	(6,152)
External sales	185,673	171,900	194,973	255,328	228,618

Industrial Equipment					(Million ¥)
	1995	1996	1997	1998	1999
Machinery, Environment & Power Plants	141,011	200,052	192,427	163,365	150,638
Plant Engineering & Steel Structures	170,553	166,738	195,025	172,430	156,153
Consumer Products & Machinery d)	102,274	108,422	117,540	115,771	92,239
Sales by Subsidiaries	73,003	69,686	80,732	87,395	90,178
Total sales	486,841	544,898	585,724	538,961	489,208
Intersegment sales	(58,069)	(46,249)	(44,694)	(53,608)	(53,178)
External sales	428,772	498,649	541,030	485,353	436,030

Other					(Million ¥)
	1995	1996	1997	1998	1999
Total sales	125,516	114,823	119,024	127,347	127,618
Intersegment sales	(35,023)	(36,062)	(38,745)	(43,341)	(44,138)
External sales	90,493	78,761	80,279	84,006	83,480

Notes: a) Sales by product group within each segment, i.e. Ships, Rolling Stock, Aerospace, etc. are on a non-consolidated basis.

b) Consumer product sales.

c) Sales by subsidiaries: total subsidiaries sales minus internal sales within the segment.

d) Sales of hydraulic machinery, construction machinery, industrial gas turbines and industrial robots.

SHIPS

KHI has been known as a front-runner in gas carrier design and construction since it built the first LNG carrier in Japan in 1981, utilizing ultra-low temperature storage technology licensed from Moss Rosenberg Verfts A.S. of Norway. In 1989, the Company delivered its first Jetfoil, an advanced type of hydrofoil capable of smooth highspeed cruising, manufactured under license from The Boeing Company. In 1994, the Company delivered its first Jet Piercer, a new high-speed wave-piercing catamaran car ferry developed in conjunction with Advanced Multi-Hull Designs Pty, Ltd. of Australia. KHI is one of only two suppliers of submarines to the Japan Defense Agency (JDA). The Company continues to bolster its position as a premier international shipbuilder by focusing on higher value-added ships such as LNG carriers as well as faster ships.

Principal Products: ○Liquefied natural gas (LNG) carriers ○Liquefied petroleum gas (LPG) carriers
 ○Container ships ○Very large crude-oil carriers (VLCCs) and other types of tankers ○Bulk carriers
 ○Jetfoils ○Jet Piercers ○Submarines ○Maritime application equipment

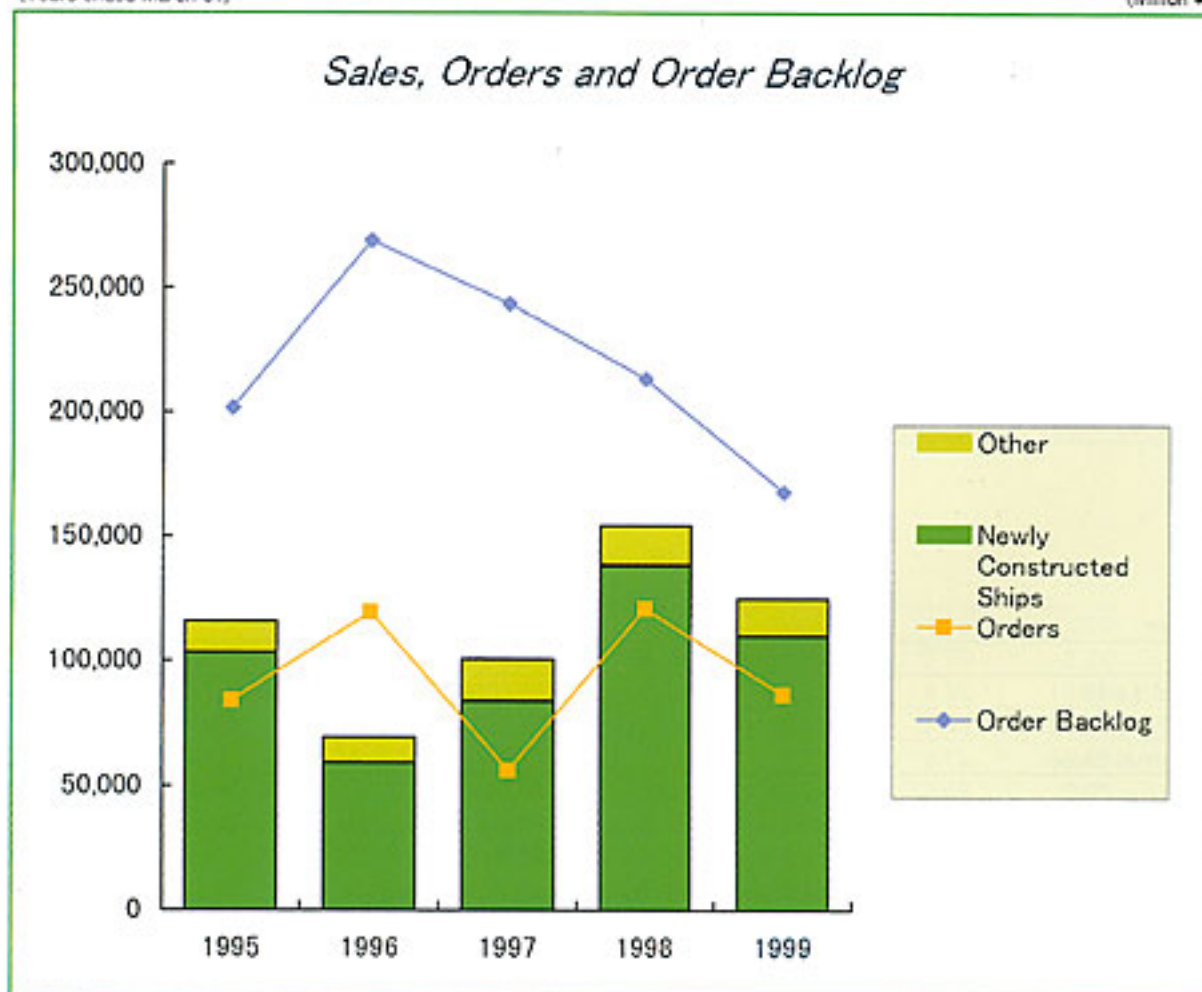
(Years ended March 31) -Parent Only-

(Million ¥)

	1995	1996	1997	1998	1999
Sales	115,783	69,501	100,620	154,476	124,896
Newly Constructed Ships	103,127	59,194	83,703	138,444	110,027
Exports	72,355	60,039	48,971	59,443	60,248
Orders	83,789	119,310	56,263	120,882	86,484
Order Backlog	201,880	269,069	243,498	213,637	168,007

(Years ended March 31)

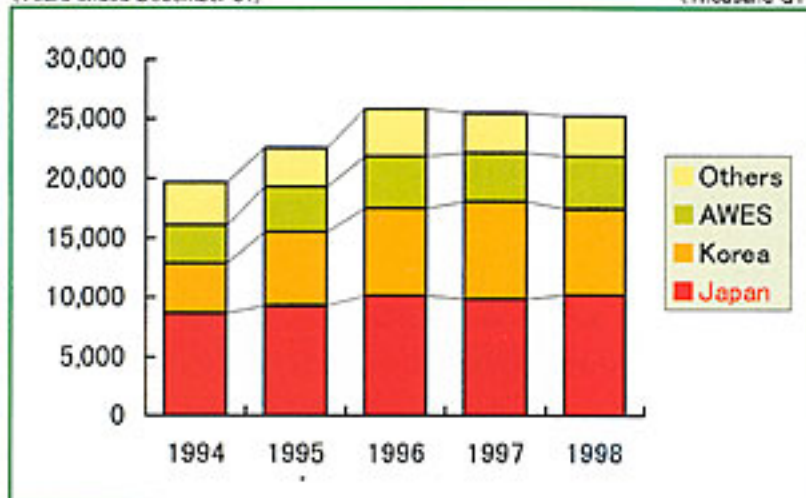
(Million ¥)



Newly Constructed Ships World Market Volume

(Years ended December 31)

(Thousand GT)



	1994	1995	1996	1997	1998
Japan	8,647	9,310	10,148	9,883	10,206
Korea	4,235	6,218	7,382	8,226	7,243
AWES a)	3,202	3,777	4,361	4,029	4,432
Others	3,573	3,299	3,959	3,363	3,416
World Market Volume	19,657	22,604	25,850	25,501	25,297

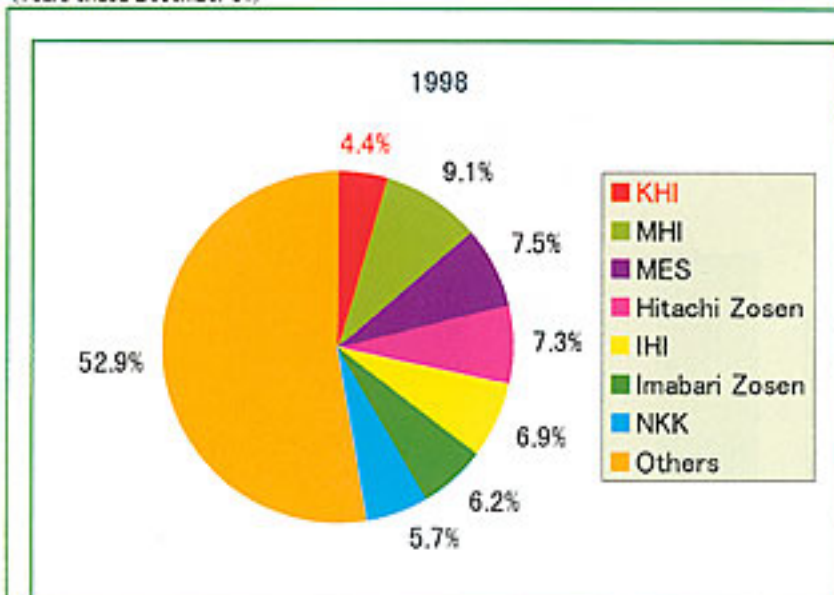
Notes: 1. Figures are on a ships volume completed (tonnage) basis for vessels of 100GT and above.

2. a) The Association of West European Shipbuilders

Source: Lloyd's World Fleet Statistics 1998

Newly Constructed Ships Domestic Share

(Years ended December 31)



Notes: 1. Figures are on a ships volume completed (tonnage) basis.

2. a) Mitsubishi Heavy Industries

b) Ishikawajima-Harima Heavy Industries

c) Mitsui Engineering & Shipbuilding

Source: KP Data

	1994 (%)
1. MHI a)	12.6
2. IHI b)	7.9
3. Imabari Zosen	7.1
4. NKK	6.6
5. KHI	6.3

	1995 (%)
1. MHI	13.3
2. Hitachi Zosen	10.4
3. Imabari Zosen	6.8
4. MES c)	6.0
5. IHI	6.0
6. KHI	5.8

	1996 (%)
1. MHI	12.3
2. IHI	6.8
3. Hitachi Zosen	6.5
4. MES	6.1
5. Imabari Zosen	6.0
11. KHI	4.1

	1997 (%)
1. MHI	14.2
2. IHI	6.6
2. NKK	6.6
4. KHI	6.6
5. Imabari Zosen	6.5

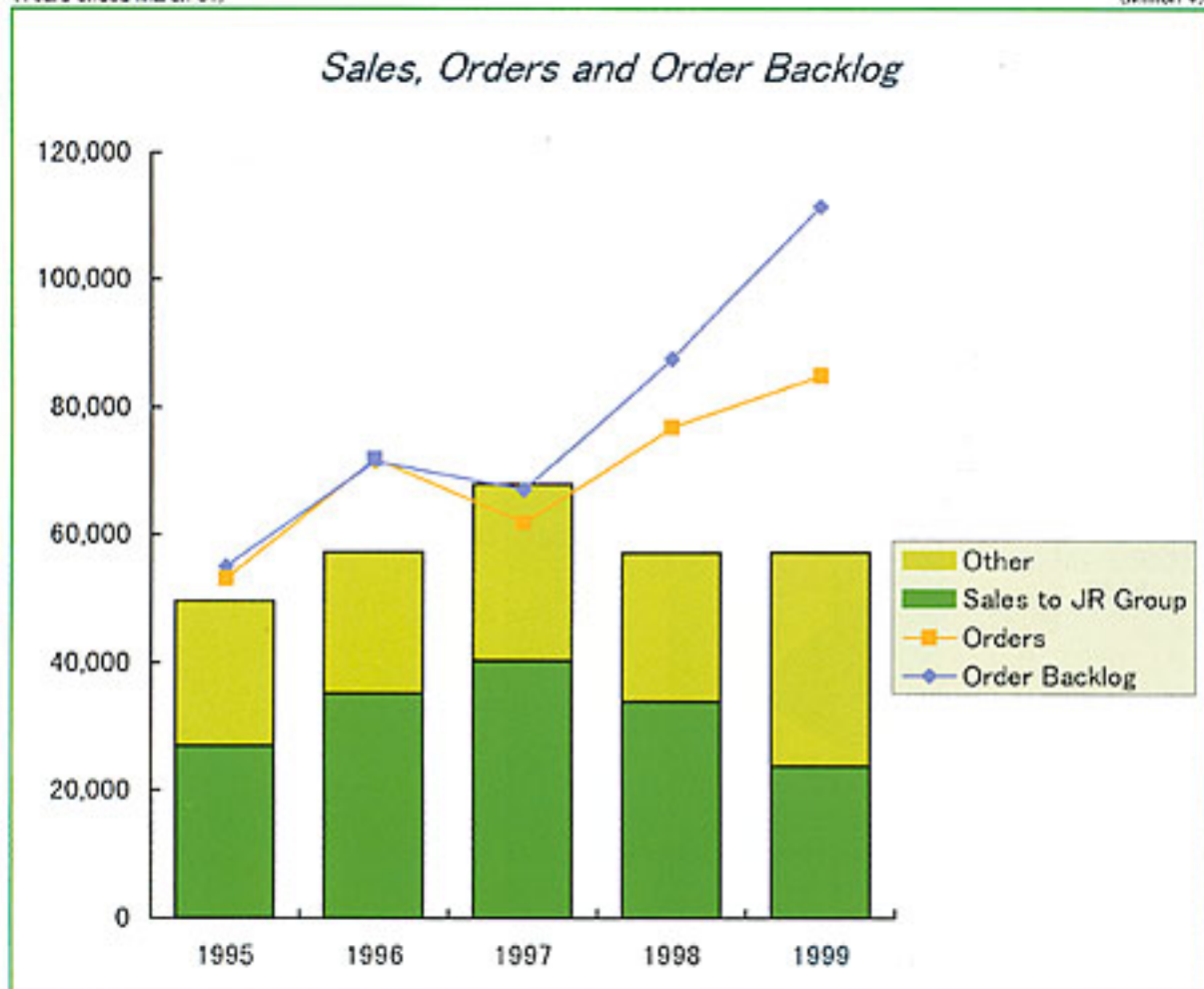
ROLLING STOCK

KHI entered into the rolling stock related field in 1906 and has advanced its standing in the markets both at home and abroad. The Company is the leading manufacturer of rolling stock in Japan and the largest supplier to the Japan Railways (JR) Group. KHI's aerodynamic technology accumulated through its Aerospace Group has been successfully applied to new types of Shinkansen with higher-speed. KHI also ranks among world's leaders in this sector. In the United States, the Company is enhancing production at its subsidiary, Kawasaki Rail Car, Inc. in Yonkers, New York. In order to respond to future demand worldwide, KHI aims to upgrade its capability as a system integrator for traffic control systems.

Principal Products: ○Electric cars for Shinkansen bullet trains, express trains and commuter trains
 ○Electric and diesel locomotives ○Passenger coaches ○Integrated transit systems ○Monorail cars
 ○Platform screen doors

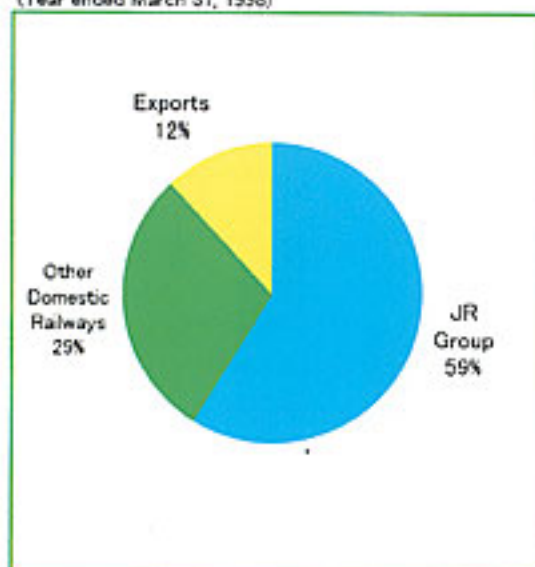
(Years ended March 31) -Parent Only-		(Million ¥)				
	1995	1996	1997	1998	1999	
Sales	49,664	57,282	68,048	57,130	57,248	
Sales to JR Group	26,990	35,148	40,304	33,932	23,857	
Exports	2,489	266	1,270	6,667	15,851	
Orders	53,147	72,010	61,996	76,958	85,057	
Order Backlog	55,035	71,607	67,196	87,537	111,546	

(Years ended March 31) (Million ¥)



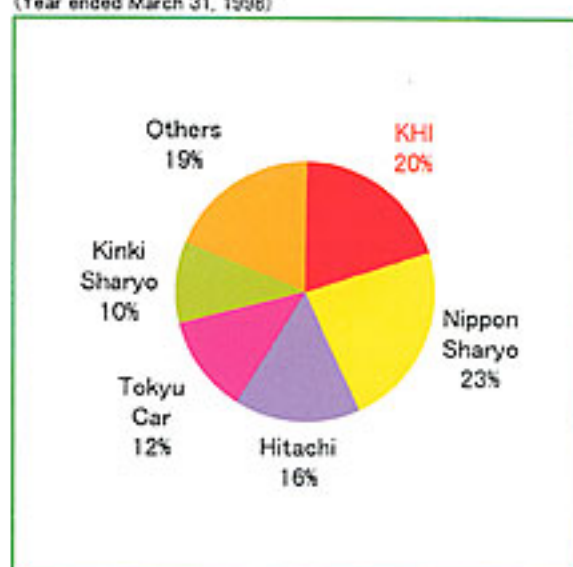
Japanese Rolling Stock Production by Demand Sector

(Year ended March 31, 1998)



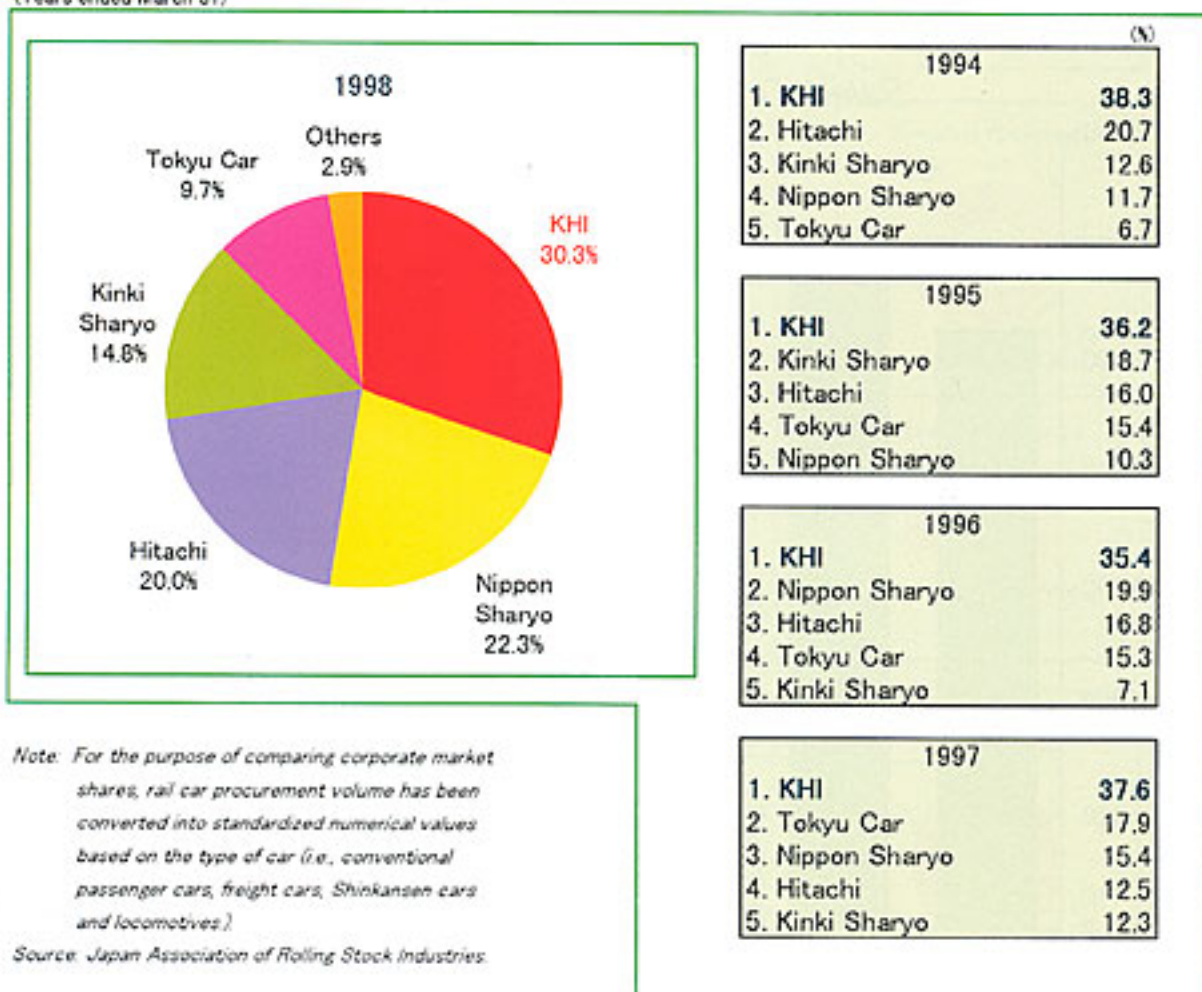
Major Rolling Stock Suppliers to Domestic Railways except JR Group

(Year ended March 31, 1998)



Major Suppliers to the Japan Railway (JR) Group by Percentage Share

(Years ended March 31)



1994 (%)	
1. KHI	38.3
2. Hitachi	20.7
3. Kinki Sharyo	12.6
4. Nippon Sharyo	11.7
5. Tokyu Car	6.7

1995 (%)	
1. KHI	36.2
2. Kinki Sharyo	18.7
3. Hitachi	16.0
4. Tokyu Car	15.4
5. Nippon Sharyo	10.3

1996 (%)	
1. KHI	35.4
2. Nippon Sharyo	19.9
3. Hitachi	16.8
4. Tokyu Car	15.3
5. Kinki Sharyo	7.1

1997 (%)	
1. KHI	37.6
2. Tokyu Car	17.9
3. Nippon Sharyo	15.4
4. Hitachi	12.5
5. Kinki Sharyo	12.3

Note: For the purpose of comparing corporate market shares, rail car procurement volume has been converted into standardized numerical values based on the type of car (i.e., conventional passenger cars, freight cars, Shinkansen cars and locomotives).

Source: Japan Association of Rolling Stock Industries.

Figures for 1999 are not available at the moment.

CONSUMER PRODUCTS & MACHINERY

The Consumer Products & Machinery Group consists of five divisions: Consumer Products, Precision Machinery, Construction Machinery, Industrial Gas Turbines and Industrial Robots. Kawasaki brand motorcycles are the main products of this Group. KHI specializes in medium- and large-sized motorcycles and they are mainly exported to Europe and North America. Other consumer products such as Jet Ski® personal watercraft, originally developed by the Company, ATVs and U/Vs are produced by its subsidiary, Kawasaki Motors Manufacturing Corp., U.S.A. in Lincoln, Nebraska. Through the Precision Machinery Division, KHI manufactures various types of hydraulic equipment, ranked as one of world leaders in this field. KHI developed small- and medium-sized industrial gas turbines in 1976. The Company maintains the largest domestic share in the field of gas turbines for standby generators and co-generation systems.

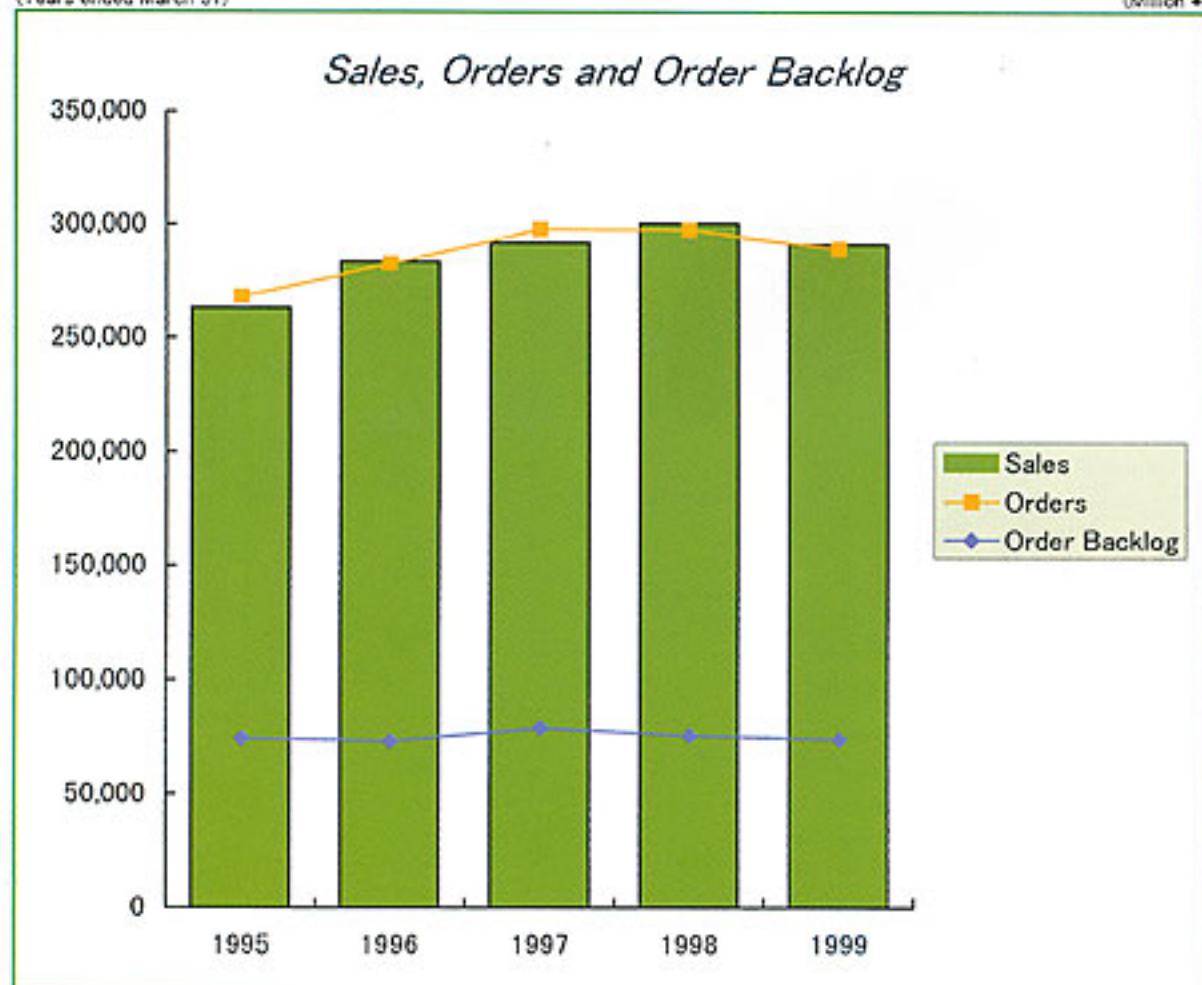
Principal Products: ○Motorcycles ○All-terrain vehicles (ATVs) and utility vehicles (U/Vs) ○Jet Ski® personal watercraft ○General-purpose gasoline engines ○Brush cutters ○Transmissions ○Hydraulic equipment ○Wheel loaders and road rollers ○Medium- and small-sized gas turbines for standby and co-generation systems ○Industrial robots

(Years ended March 31)-Parent Only-

	1995	1996	1997	1998	1999
Sales	262,958	283,634	291,978	300,519	291,215
Exports	146,811	164,467	171,091	187,200	197,601
Orders	268,021	282,656	297,771	297,493	289,226
Order Backlog	74,496	73,447	79,353	75,980	74,386

(Years ended March 31)

(Million ¥)

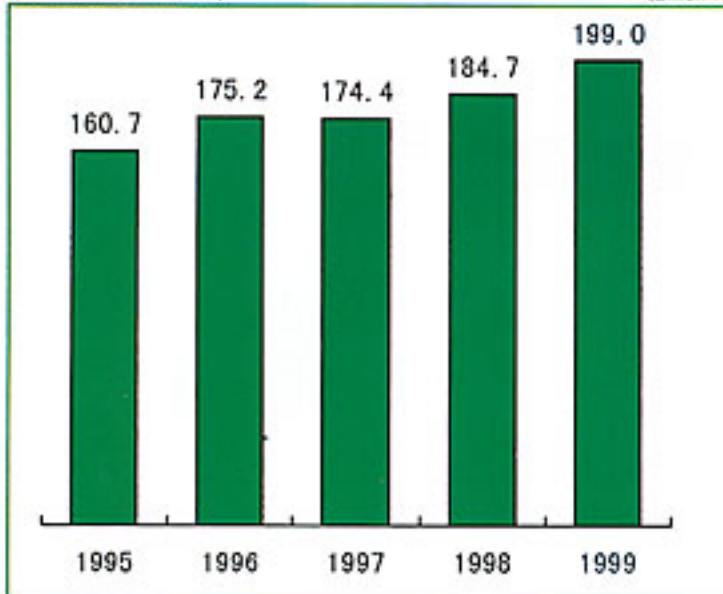


Consumer Products Division Sales

-Parent Only-

(Years ended March 31)

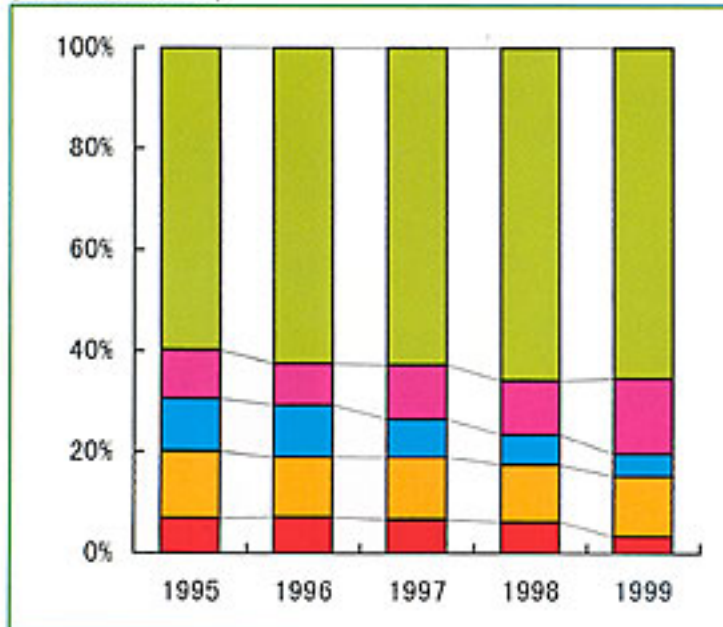
(Billion ¥)



Sales Breakdown of Consumer Products Division by Product

-Parent Only-

(Years ended March 31)

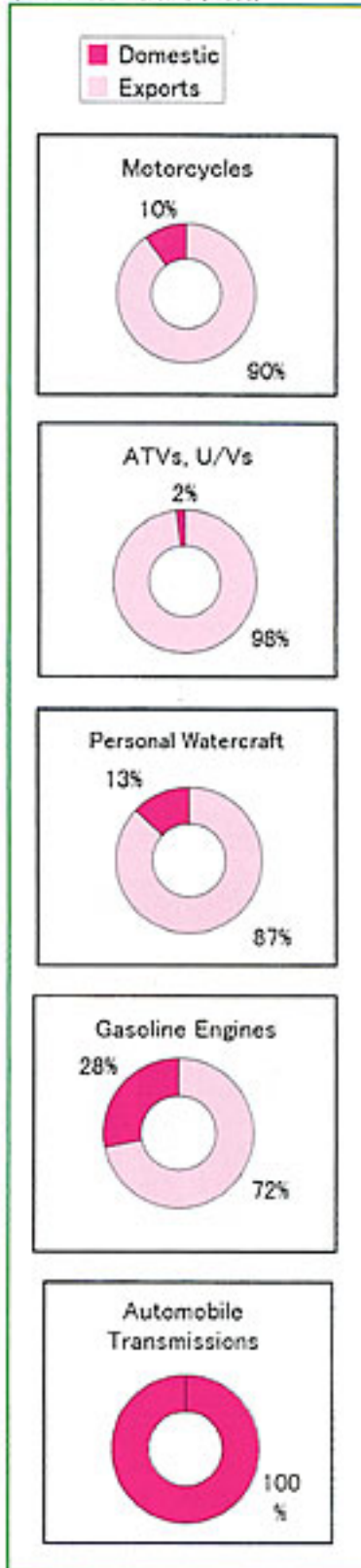


	1995	1996	1997	1998	1999
Motorcycles	59.9%	62.5%	62.8%	66.0%	65.5%
ATVs, U/Vs	9.6%	8.3%	10.8%	10.8%	15.1%
Personal Watercraft	10.5%	10.3%	7.6%	5.9%	4.4%
Gasoline Engines	13.2%	11.9%	12.2%	11.2%	11.7%
Automobile Transmissions	6.8%	7.0%	6.6%	6.1%	3.3%

Domestic/Export Sales by Product

-Parent Only-

(Year ended March 31, 1999)

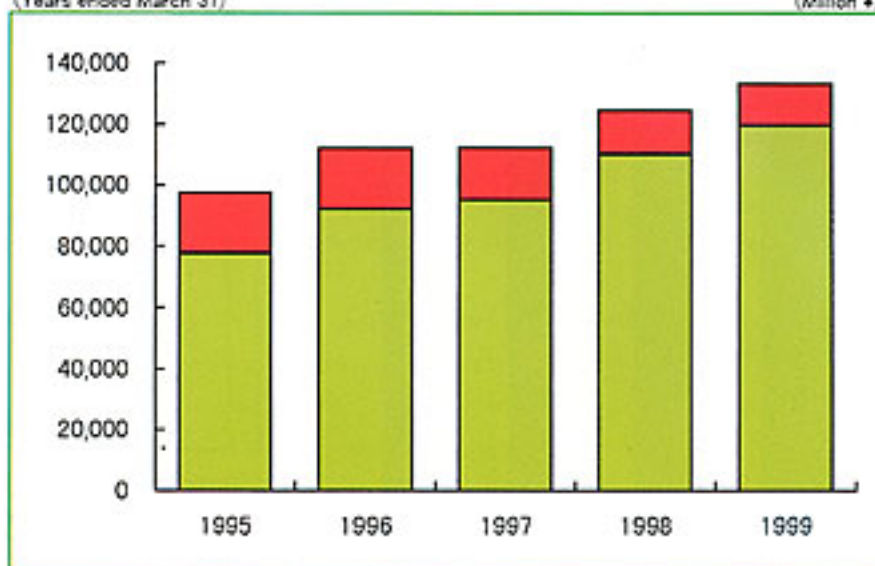


Motorcycle Sales

-Parent Only-

(Years ended March 31)

(Million ¥)

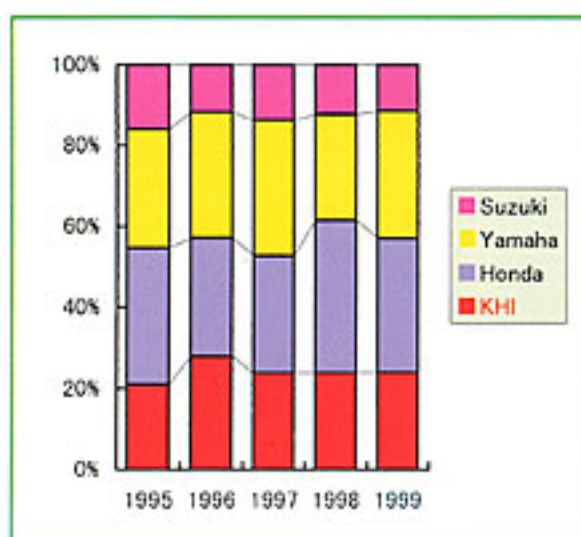


(Million ¥)

	1995	1996	1997	1998	1999
Domestic Sales	19,698	20,021	17,106	14,141	13,488
Export Sales	77,728	92,122	95,227	110,262	119,629
Total Motorcycle Sales	97,426	112,143	112,333	124,403	133,117

Note: Including sales of spare parts.

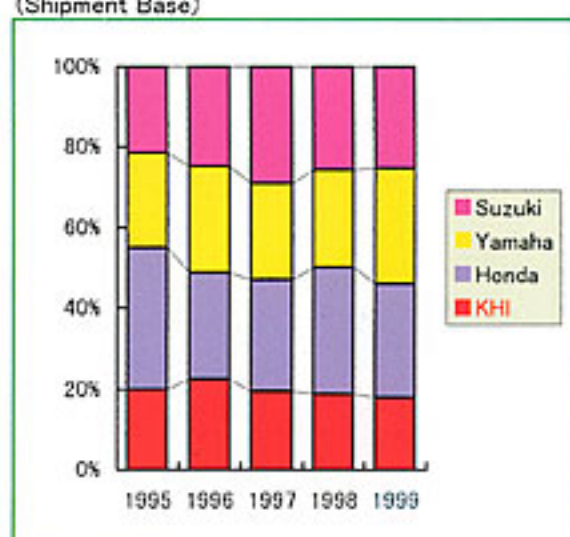
Motorcycle Sales Domestic Share



(Years ended March 31)

	1995	1996	1997	1998	1999
KHI	20.9%	27.8%	23.8%	23.8%	23.9%
Honda Motor	33.7%	29.3%	29.0%	37.6%	33.1%
Yamaha Motor	29.4%	31.0%	33.4%	26.2%	31.4%
Suzuki Motor	16.0%	11.9%	13.8%	12.4%	11.6%

Motorcycle Sales Export Share (Shipment Base)



(Years ended March 31)

	1995	1996	1997	1998	1999
KHI	19.9%	22.5%	19.4%	18.7%	18.0%
Honda Motor	35.1%	26.3%	27.6%	31.4%	28.0%
Yamaha Motor	23.5%	26.3%	24.0%	24.1%	28.6%
Suzuki Motor	21.5%	24.9%	29.0%	25.8%	25.4%

Note: Engine displacement of more than 251cc.

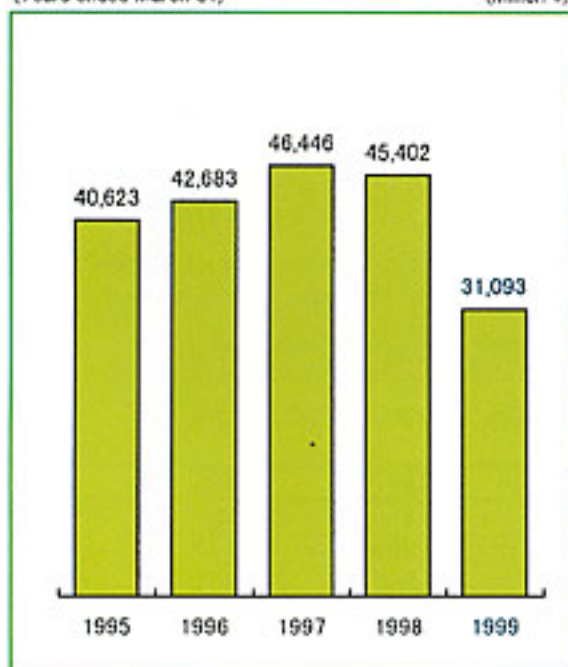
Source: Japan Automobile Manufacturers Association Inc.

Hydraulic Equipment Sales

-Parent Only-

(Years ended March 31)

(Million ¥)

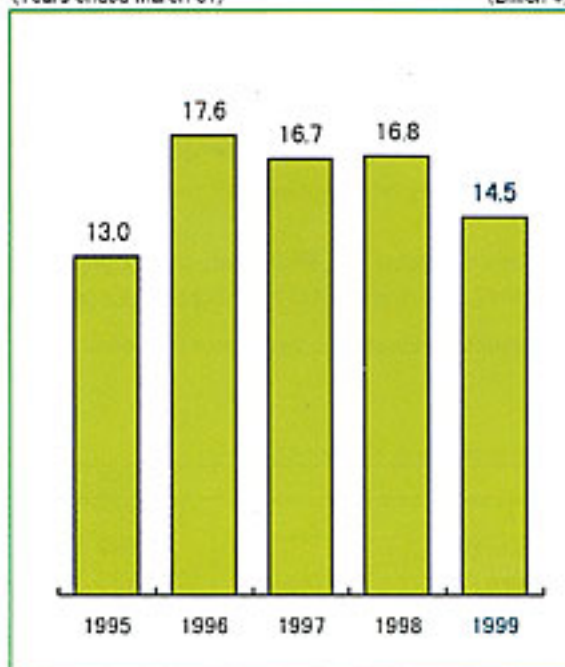


Industrial Robot Sales

-Parent Only-

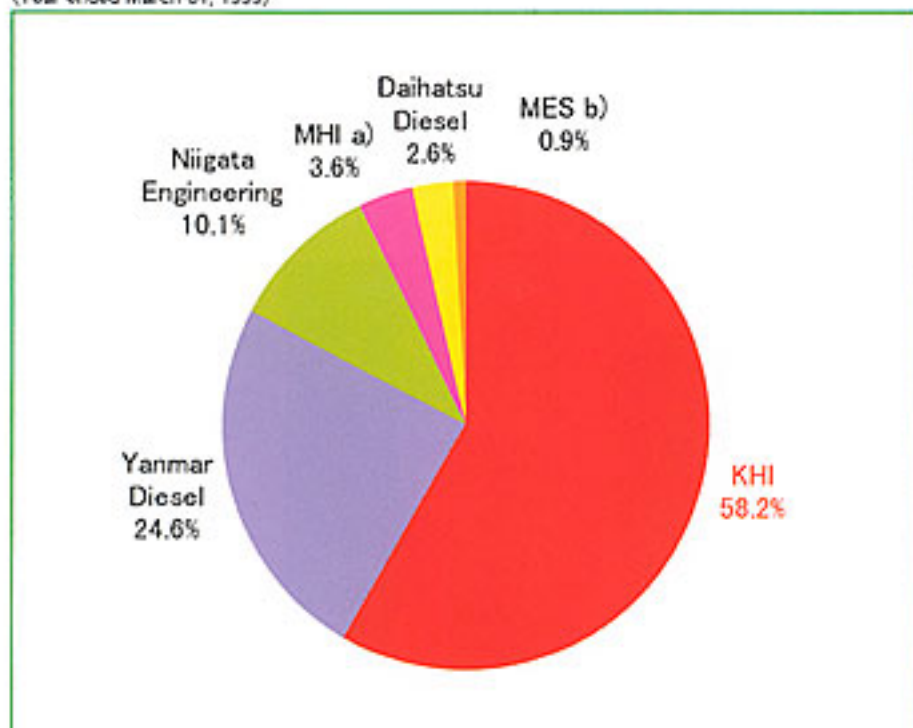
(Years ended March 31)

(Billion ¥)



Gas Turbine Generators Domestic Share

(Year ended March 31, 1999)



Notes: 1. Figures represent sales for medium- and small-sized gas turbine generators (up to 2,000kW).

2. a) Mitsubishi Heavy Industries. b) Mitsui Engineering & Shipbuilding

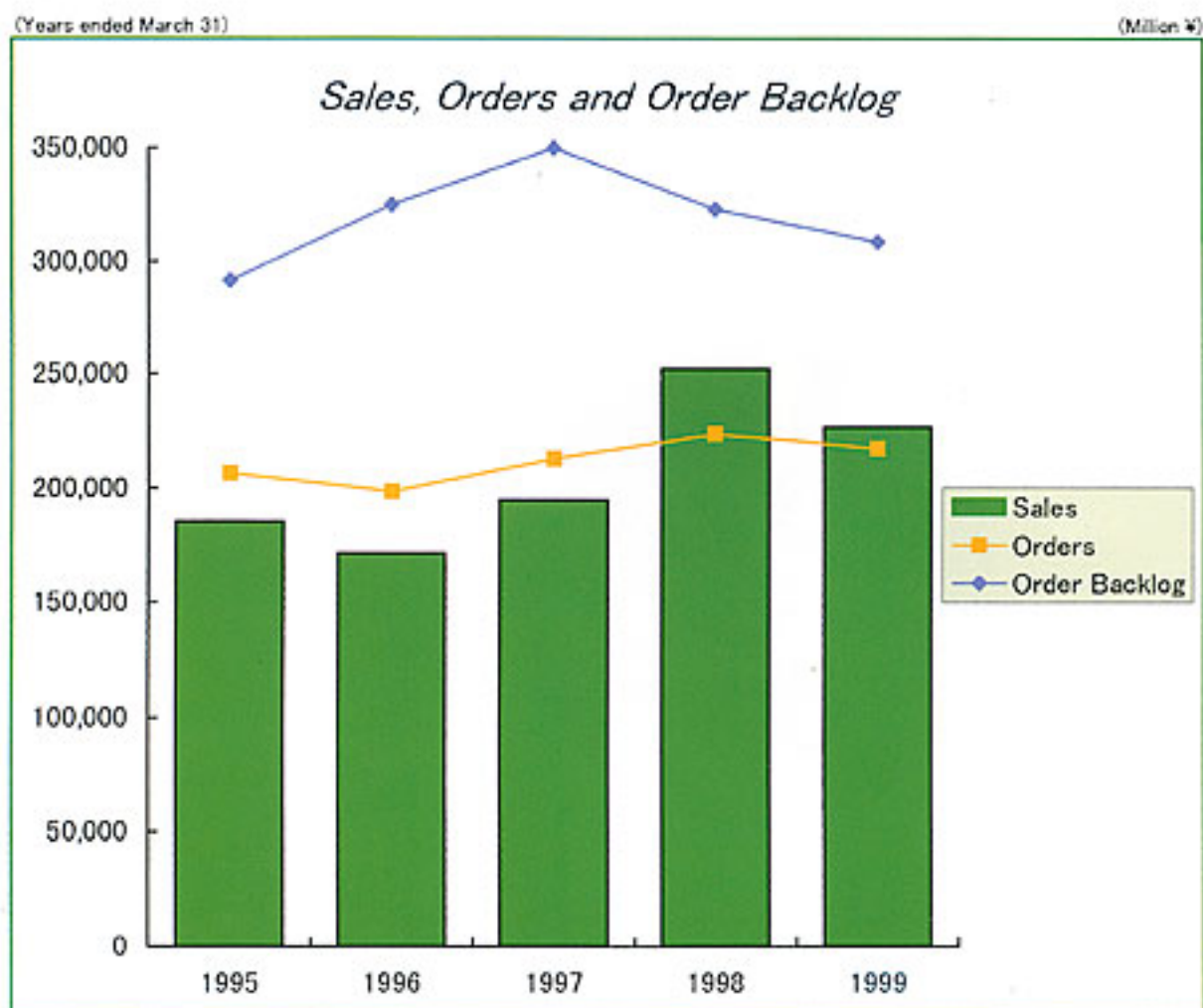
Source: Denki Nichinichi Shinbun, "Ranking Series".

AEROSPACE

The Aerospace Group includes two divisions: Aerospace and Jet Engines. KHI plays a prominent role in Japanese aircraft industry in both the defense-related and the civil sectors. For JDA business, the Company has been the prime contractor of the P-3C anti-submarine warfare patrol airplanes, the T-4 intermediate jet trainers, the CH-47J and the OH-1 helicopters. For the civil markets, the Company mainly manufactures component parts for the Boeing 777 and 767. KHI also produces jet engines for the JDA and their parts for the V2500, RB211/TRENT and PW4000 turbo-fan engines for the civil markets.

Principal Products: ○P-3C anti-submarine warfare patrol airplanes ○T-4 intermediate jet trainers
 ○CH-47, OH-1 and BK117 helicopters ○Component parts for B777 and B767 passenger airplanes
 ○Missiles ○Electronic equipment ○Space equipment ○Jet and gas-turbine engines

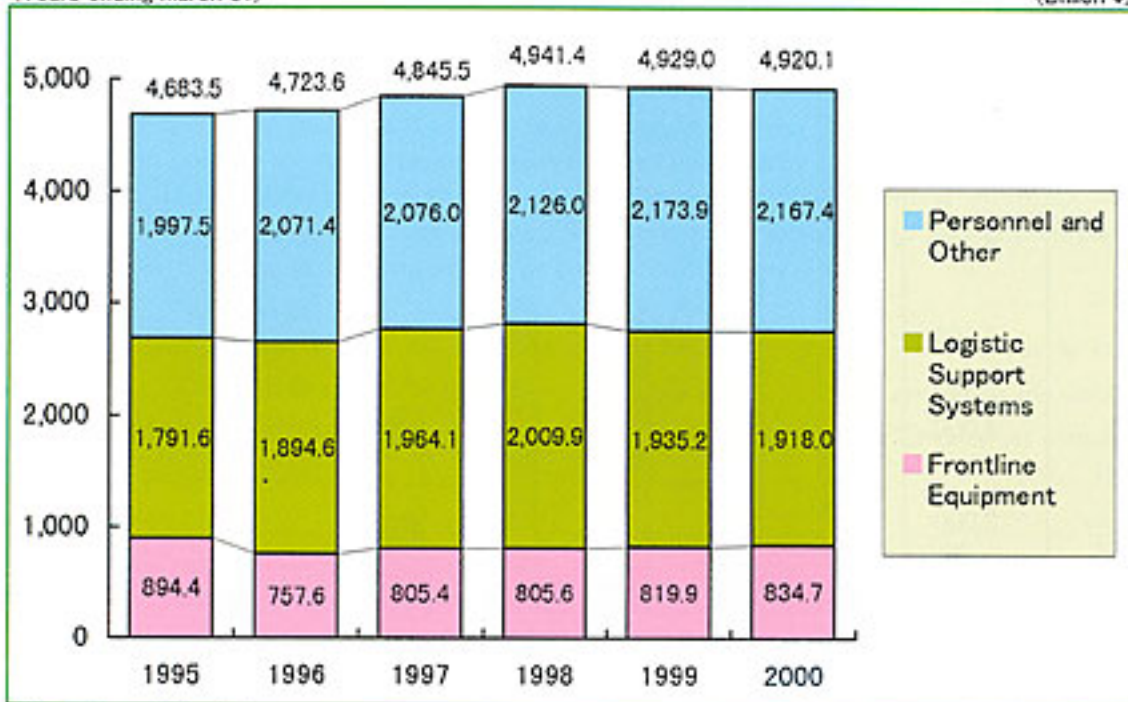
(Years ended March 31)-Parent Only-	1995	1996	1997	1998	1999
Sales	185,702	171,765	194,936	252,259	226,827
Exports	22,559	23,380	43,390	63,177	81,113
Orders	206,536	198,484	212,843	223,931	217,416
Order Backlog	291,562	324,943	349,745	322,962	308,611



Japan's Defense Budget (Initial Budget Base)

(Years ending March 31)

(Billion ¥)



Source: Japan Defense Agency.

Major Suppliers to the Japan Defense Agency – Including Aircraft

(Years ended March 31)

1994			1995			1996		
	Million ¥	% Share		Million ¥	% Share		Million ¥	% Share
1. MHI a)	264,946	19.3	1. MHI	279,004	20.6	1. MHI	229,030	17.2
2. KHI	126,119	9.2	2. KHI	148,198	10.9	2. KHI	156,895	11.7
3. IHI b)	93,852	6.8	3. Mitsubishi			3. Mitsubishi		
4. Mitsubishi			Electric	95,919	7.1	Electric	108,530	8.1
Electric	91,568	6.8	4. NEC	53,088	3.9	4. NEC	72,905	5.5
5. Itochu Corp	53,080	3.9	5. IHI	52,701	3.9	5. IHI	56,253	4.2

1997			1998			1999		
	Million ¥	% Share		Million ¥	% Share		Million ¥	% Share
1. MHI	329,941	24.3	1. MHI	271,933	20.6	1. MHI	332,426	26.7
2. Mitsubishi			2. KHI	146,764	11.1	2. Mitsubishi		
Electric	131,807	9.7	3. Mitsubishi			Electric	103,094	8.3
3. KHI	99,188	7.3	Electric	128,687	9.7	3. KHI	87,269	7.0
4. IHI	71,467	5.3	4. NEC	74,558	5.6	4. IHI	64,406	5.2
5. NEC	57,111	4.2	5. IHI	66,160	5.0	5. NEC	44,607	3.6

Notes: a) Mitsubishi Heavy Industries

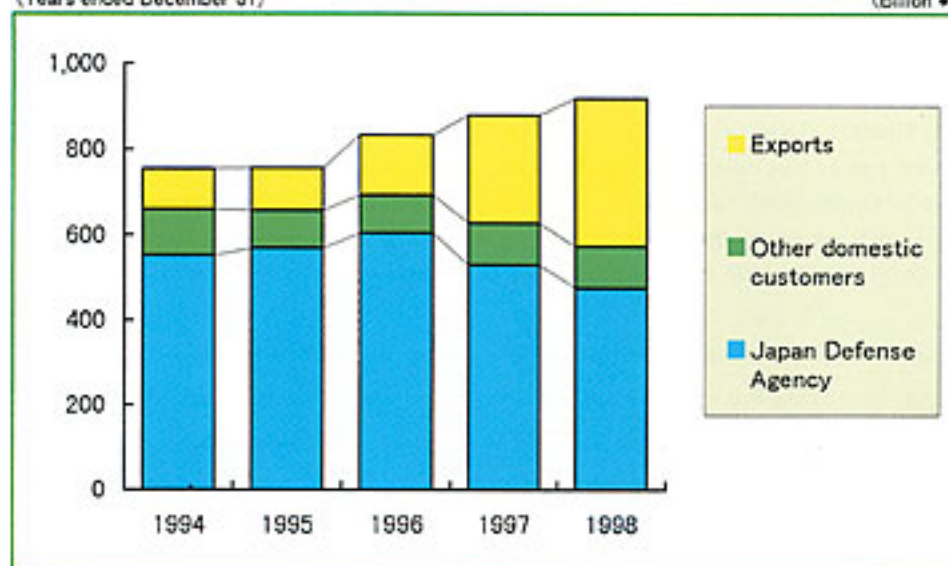
b) Ishikawajima-Harima Heavy Industries

Source: Japan Defense Agency.

Japanese Aircraft Production by Demand Sector

(Years ended December 31)

(Billion ¥)



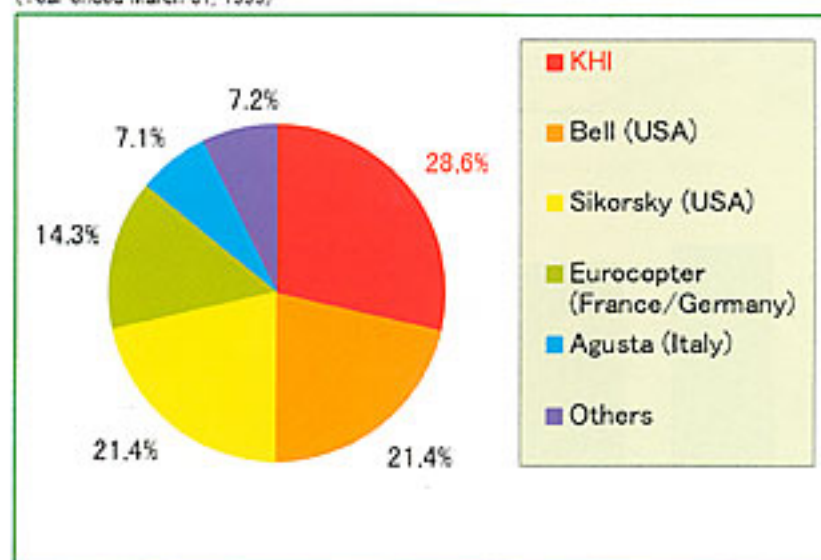
(Million ¥)

	1994	1995	1996	1997	1998
Japan Defense Agency	551,346	568,642	602,772	528,322	475,477
Other domestic customers	108,406	88,557	89,773	99,067	96,434
Exports	95,145	99,266	141,144	252,223	346,455
Total	754,897	756,465	833,689	879,612	918,366

Source: Ministry of International Trade and Industry, "Machinery Statistics Year Book".

Helicopters Domestic Share for Civilian Use

(Year ended March 31, 1999)



Notes: Figures are calculated on the basis of the number of newly registered double-turbine helicopters.

Source: Civil Aviation Bureau, Ministry of Transport.

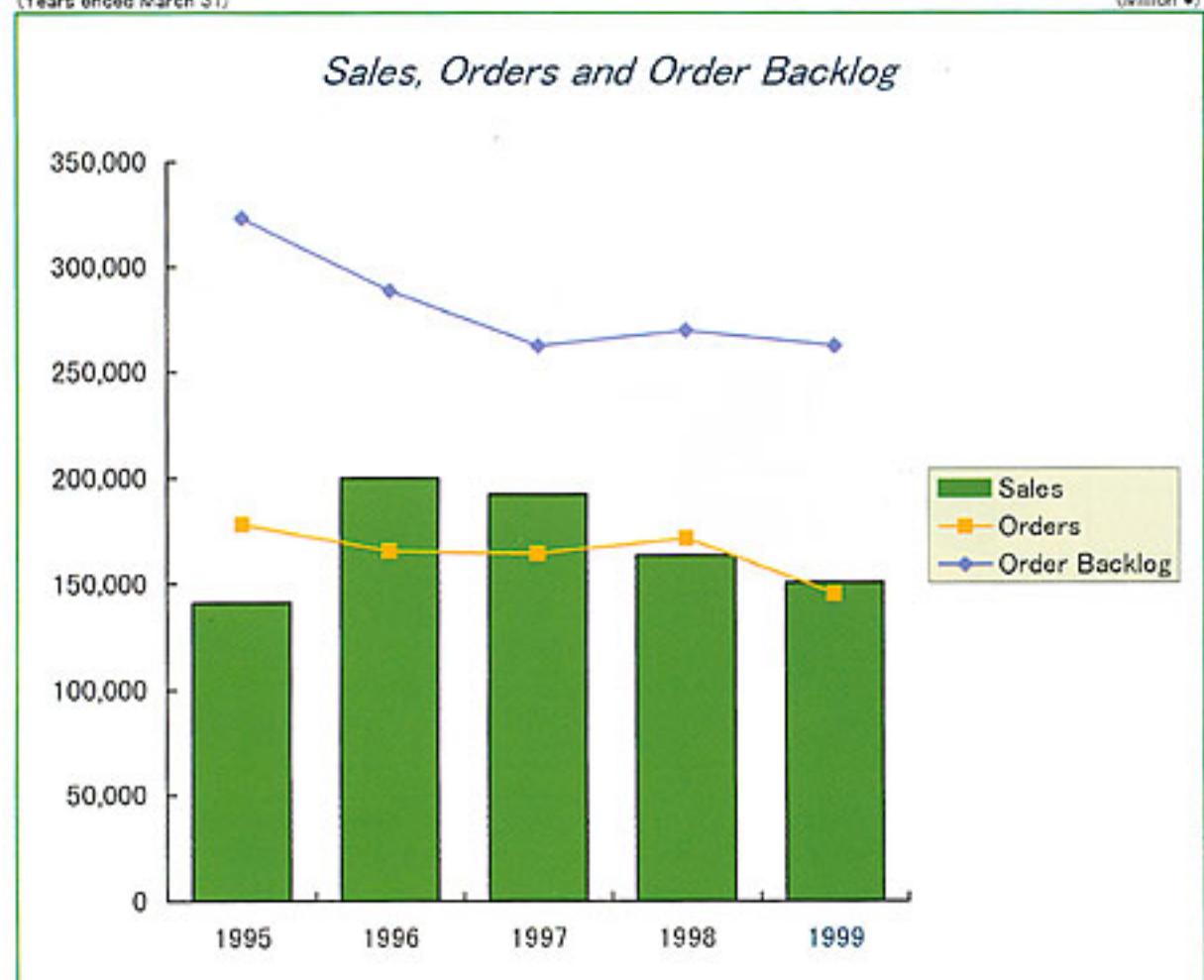
MACHINERY, ENVIRONMENT & POWER PLANTS

This Group is comprised of five divisions: Prime Movers, Boiler Plants, Environmental Plant 1, Environmental Plant 2, and Nuclear Systems. Main products of the Group are combined cycle power plants (CCPPs) in the Prime Mover Division and municipal refuse incineration plants in the Environmental Plant 1 Division. The Company is focusing on CCPPs, which combine gas turbines fueled by natural gas or low calorie gas, and steam turbines powered by waste heat recovery boilers, being manufactured in corporation with Asea Brown Boveri AG of Switzerland (currently ABB Alstom Power). KHI is one of the Japan's leading suppliers of municipal refuse incineration plants, and also provides crushing and sorting plants for bulky and industrial waste.

Principal Products: ○ Diesel engines for power generation and maritime applications ○ Gas & steam turbines for power generation and maritime applications ○ Various boilers for power generation and maritime applications ○ Municipal refuse incineration plants ○ Air compressors ○ Propellers ○ Water-jet propulsors ○ Wind tunnels ○ Various crushers and shredders ○ Nuclear power plant equipment

	(Years ended March 31)–Parent Only–				(Million ¥)
	1995	1996	1997	1998	1999
Sales	141,011	200,052	192,427	163,365	150,638
Exports	25,439	13,494	34,310	14,619	31,662
Orders	178,252	165,377	164,066	171,674	145,272
Order Backlog	323,629	288,851	262,556	269,711	262,640

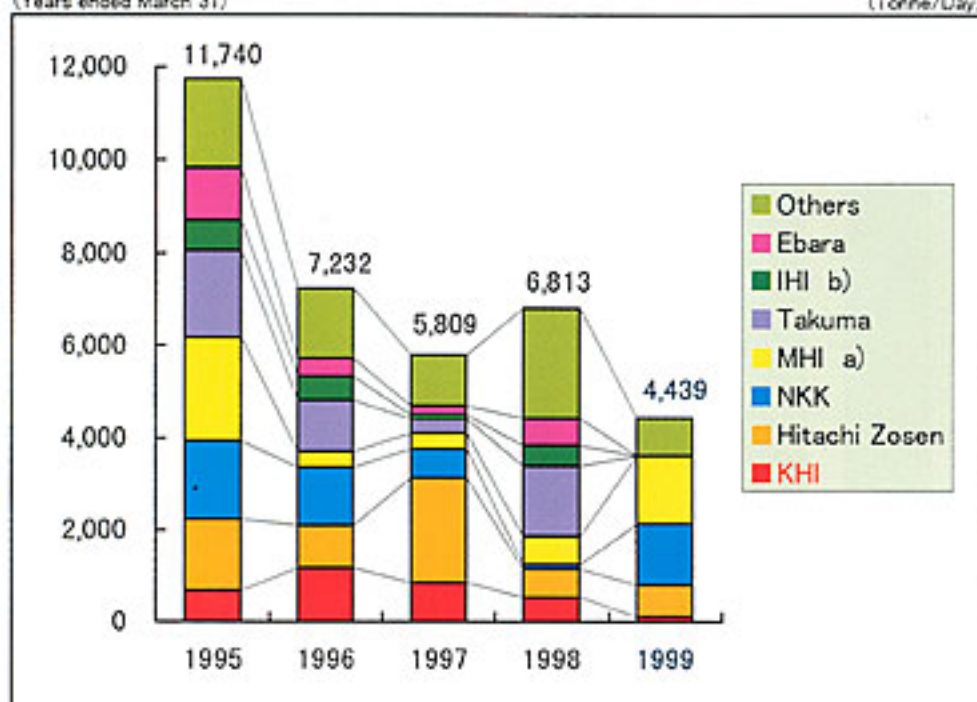
(Years ended March 31) (Million ¥)



Refuse Incineration Plants Domestic Market Volume

(Years ended March 31)

(Tonne/Day)



	1995	1996	1997	1998	1999
KHI	668	1,165	847	528	100
Hitachi Zosen	1,560	929	2,283	619	700
NKK	1,708	1,260	626	96	1,320
MHI a)	2,240	350	353	617	1,490
Takuma	1,876	1,111	305	1,538	0
IHI b)	664	517	91	450	0
Ebara	1,120	396	186	579	0
Others	1,904	1,504	1,118	2,386	829
Total Market Volume	11,740	7,232	5,809	6,813	4,439

Notes: 1. Figures represent tonnes of processing capacity per day for ordered units.

2. a) Mitsubishi Heavy Industries. b) Ishikawajima-Harima Heavy Industries.

Source: Kankyo Sangyo Shimbunsha and the Company.

Refuse Incineration Plants Domestic Share

(Years ended March 31)

	1995	1996	1997	1998	1999
KHI	5.7%	16.1%	14.6%	7.7%	2.3%
Hitachi Zosen	13.3%	12.8%	39.3%	9.1%	15.8%
NKK	14.5%	17.4%	10.8%	1.4%	29.7%
MHI	19.1%	4.8%	6.1%	9.1%	33.6%
Takuma	16.0%	15.4%	5.3%	22.6%	0.0%
IHI	5.7%	7.1%	1.6%	6.6%	0.0%
Ebara	9.5%	5.5%	3.2%	8.5%	0.0%
Others	16.2%	20.9%	19.1%	35.0%	18.6%

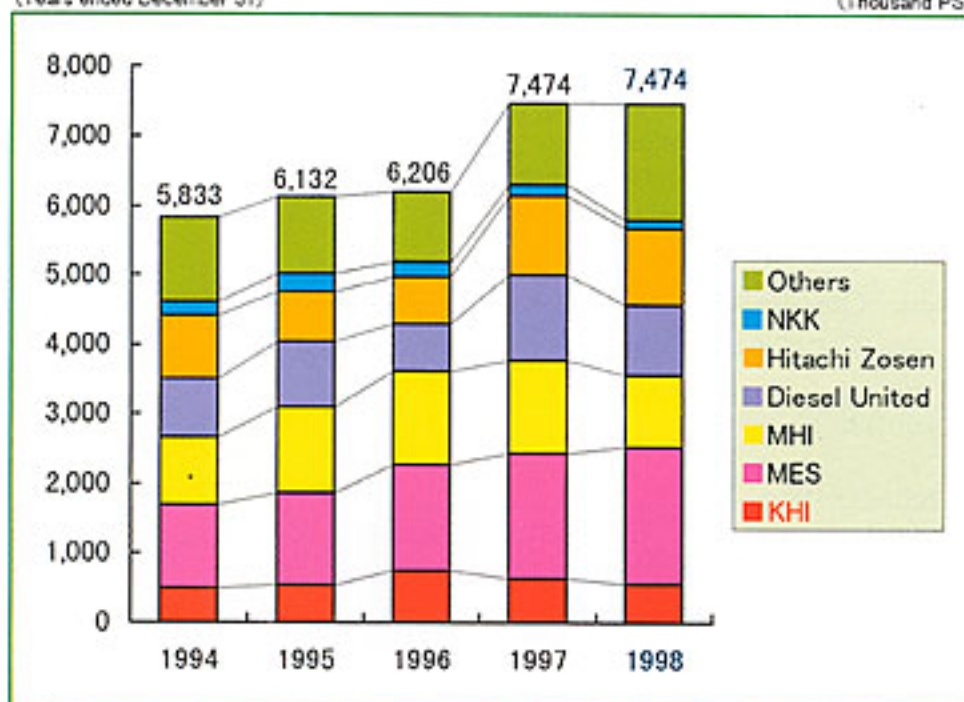
Note: Figures are calculated on the basis of tonnes of processing capacity per day for ordered units.

Source: Kankyo Sangyo Shimbunsha and the Company.

Diesel Engines Domestic Production

(Years ended December 31)

(Thousand PS)



(Thousand PS)

	1994	1995	1996	1997	1998
KHI	491	539	748	629	552
MES a)	1,195	1,319	1,519	1,803	1,964
MHI	968	1,235	1,349	1,346	1,050
Diesel United	856	945	672	1,225	997
Hitachi Zosen	906	717	678	1,148	1,111
NKK	194	260	212	160	122
Others	1,223	1,117	1,028	1,163	1,678
Total	5,833	6,132	6,206	7,474	7,474

Notes: 1. Figures are shown on the basis of horse power (PS).

2. a) Mitsui Engineering & Shipbuilding

Source: KP Data

Diesel Engines Domestic Share

(Years ended December 31)

	1994	1995	1996	1997	1998
KHI	8.4%	8.8%	12.1%	8.4%	7.4%
MES	20.5%	21.5%	24.5%	24.1%	26.3%
MHI	16.6%	20.1%	21.7%	18.0%	14.0%
Diesel United	14.7%	15.4%	10.8%	16.4%	13.3%
Hitachi Zosen	15.5%	11.7%	10.9%	15.4%	14.9%
NKK	3.3%	4.2%	3.4%	2.1%	1.6%
Others	21.0%	18.3%	16.6%	15.6%	22.5%

Note: Figures are shown on the basis of horse power (PS).

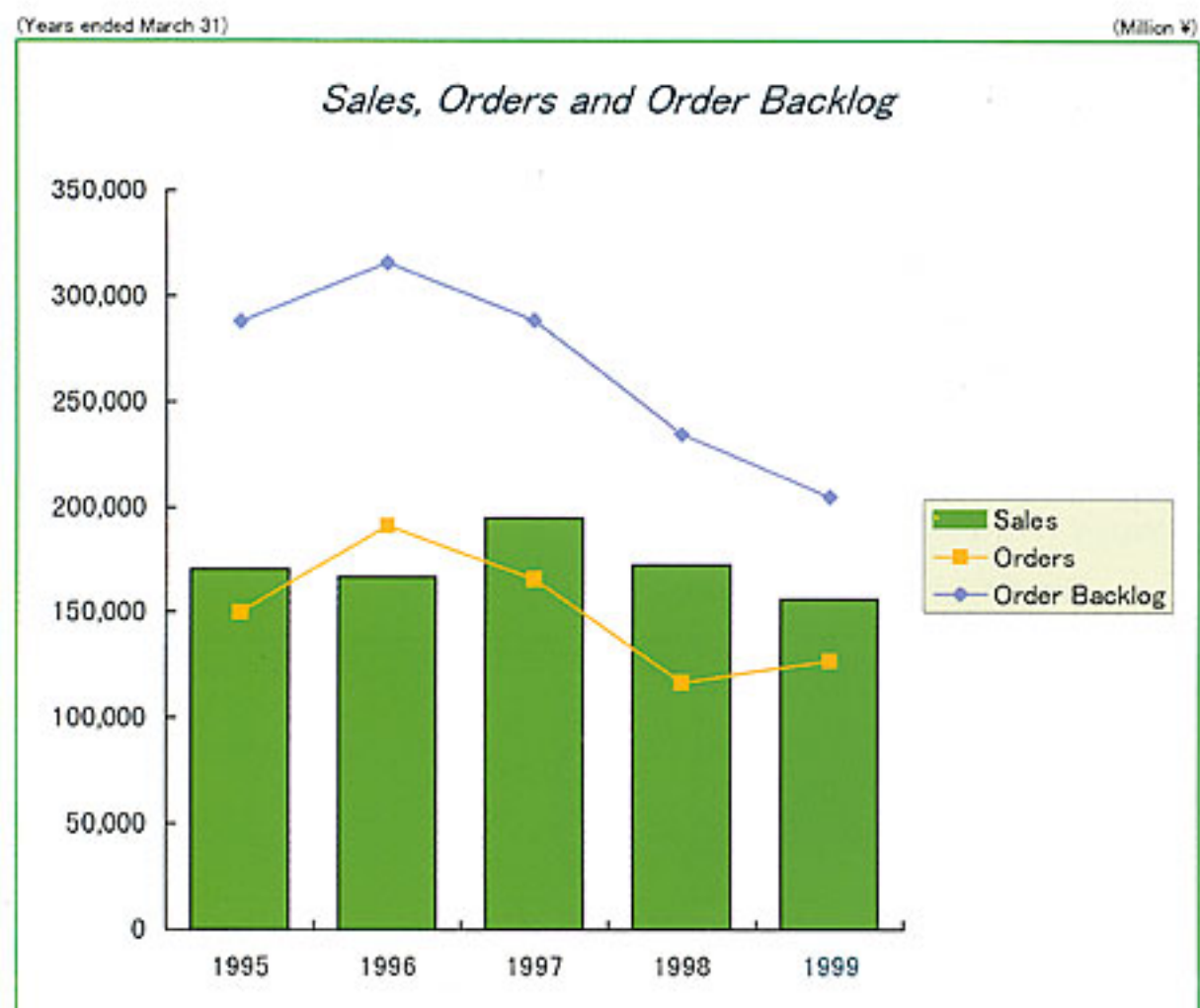
Source: KP Data

PLANT ENGINEERING & STEEL STRUCTURES

This Group consists of two divisions: Industrial Plants and Steel Structures. Through this Group, KHI has been involved in large-scale projects and social infrastructure projects both in Japan and overseas. In the Industrial Plant Division, the Company supplies many types of industrial plants, including steel, cement and chemical plants. Shield machines and tunnel boring machines are also produced in this division. In the Steel Structures Division, the Company manufactures a large variety of steel structures such as bridges, LPG and LNG storage tanks, penstocks, watergates, and airport facilities mainly for domestic public customers.

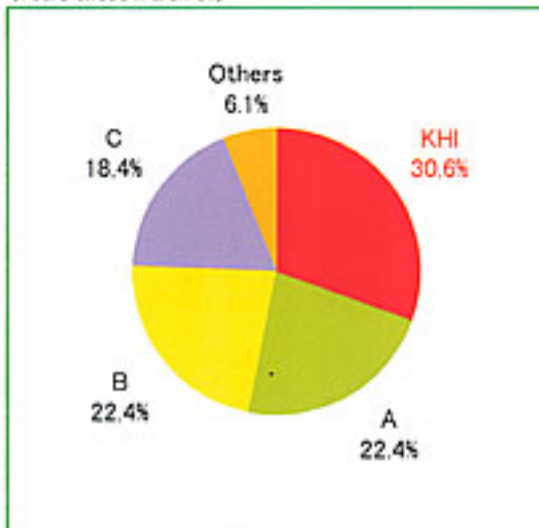
Principal Products: ○Steel-making, cement, chemical and other industrial plants ○Shield machines and tunnel boring machines ○Bridges ○LNG and LPG tanks ○Penstocks ○Watergates ○Airport facilities ○Steel frames ○Factory automation systems

(Years ended March 31)-Parent Only-	1995	1996	1997	1998	1999
Sales	170,553	166,738	195,025	172,430	156,153
Exports	35,474	31,389	46,682	47,464	17,608
Orders	150,154	191,066	165,538	116,757	126,857
Order Backlog	287,952	315,660	288,502	234,581	204,949



**Shield Machines and Tunnel Boring Machines
—Large-Diameter Model
Domestic Share (1991-1998 Total)**

(Years ended March 31)

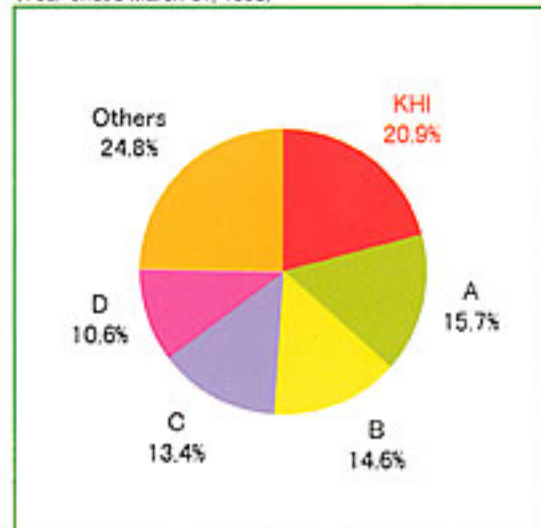


- Notes: 1. Segments A, B and C represent the shares of the three other major companies in this market.
2. Figures are shown on a sales amount basis.

Source: Company's estimates.

**Shield Machines and Tunnel Boring Machines
Domestic Share**

(Year ended March 31, 1999)

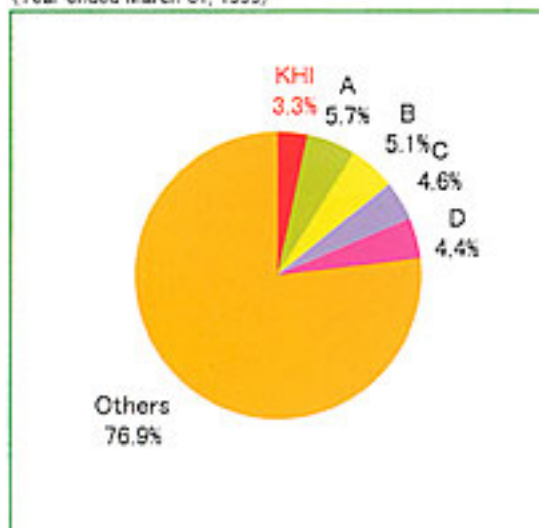


- Notes: 1. Segments A, B, C and D represent the shares of the four other major companies in this market.
2. Figures are shown on a sales amount basis.

Source: Company's estimates.

Steel Bridges Domestic Share

(Year ended March 31, 1999)



- Notes: 1. Figures are shown on the basis of steel volume to be used for the contracts.
2. Segments A, B, C and D represent the shares of the four other major companies in this market.

Source: Company's estimates.

CONDENSED BALANCE SHEETS

Kawasaki Heavy Industries, Ltd. and consolidated subsidiaries

As of March 31

ASSETS	Millions of yen					
	1999	1998	1997	1996	1995	1994
Current assets:						
Cash on hand and in banks	¥55,306	¥76,265	¥96,617	¥100,134	¥91,532	¥101,092
Marketable securities	47,785	48,834	49,939	46,814	45,504	43,260
Receivables	416,596	420,562	402,711	355,707	323,392	347,785
Allowance for doubtful receivables	(3,041)	(2,959)	(3,794)	(3,649)	(3,412)	(3,992)
	413,555	417,603	398,917	352,058	319,980	343,793
Inventories	347,765	351,236	440,970	444,378	437,776	453,783
Deferred tax assets	5,507	-	-	-	-	-
Other current assets	14,481	14,493	11,691	9,233	8,747	9,247
Total current assets	884,399	908,431	998,134	952,617	903,539	951,175
Investments and long-term loans	51,006	54,548	56,379	51,115	45,386	44,631
Property, plant and equipment	723,349	704,184	665,523	648,232	623,927	607,691
Accumulated depreciation	(478,483)	(461,749)	(432,327)	(416,617)	(396,754)	(380,478)
Net property, plant and equipment	244,866	242,435	233,196	231,615	227,173	227,213
Intangible and other assets						
Deferred tax assets	2,956	-	-	-	-	-
Intangible and other assets	6,989	5,699	5,429	5,405	5,595	5,830
	9,945	5,699	5,429	5,405	5,595	5,830
Foreign currency translation adjustments	14,641	11,793	10,030	11,619	9,971	10,288
Total assets	¥1,204,857	¥1,222,906	¥1,303,168	¥1,252,371	¥1,191,664	¥1,239,137

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen					
	1999	1998	1997	1996	1995	1994
Current liabilities:						
Short-term borrowings and current portion of long-term debt	¥238,265	¥239,252	¥250,080	¥236,636	¥242,469	¥269,169
Trade payables	321,830	327,176	364,641	344,641	297,970	325,762
Advances from customers	81,409	97,703	145,768	167,512	184,833	190,629
Accrued income taxes	3,424	19,904	24,334	18,335	7,026	10,148
Accrued expenses	22,761	41,721	41,461	39,364	40,136	40,103
Deferred tax liabilities	5,162	-	-	-	-	-
Other current liabilities	49,836	20,591	21,091	18,485	24,647	46,366
Total current liabilities	722,687	746,347	847,375	824,973	797,081	882,177
Long-term liabilities:						
Long-term debt, less current portion	208,783	198,135	197,130	204,801	184,535	155,904
Retirement and severance benefits	54,024	52,182	50,514	48,649	46,637	43,443
Deferred tax liabilities	2,573	-	-	-	-	-
Other	10,894	11,466	6,411	6,733	6,675	6,820
Total long-term liabilities	276,254	261,783	254,055	260,183	237,847	206,167
Minority interests	6,279	5,736	4,577	4,231	3,745	2,540
Shareholders' equity:						
Common stock of ¥50 par value:						
Authorized—3,360,000,000 shares						
Issued—1,390,595,964 shares in 1999						
1,390,595,964 shares in 1998	81,427	81,427	81,088	71,108	71,108	70,086
Capital surplus	24,682	24,682	24,345	14,375	14,375	13,357
Retained earnings	93,528	102,931	91,728	77,502	67,508	64,811
Treasury stock, at cost	-	-	-	(1)	-	(1)
Total shareholders' equity	199,637	209,040	197,161	162,984	152,991	148,253
Total liabilities and shareholders' equity	¥1,204,857	¥1,222,906	¥1,303,168	¥1,252,371	¥1,191,664	¥1,239,137

CONDENSED STATEMENTS OF INCOME

Kawasaki Heavy Industries, Ltd. and consolidated subsidiaries
Years ended March 31

	Millions of yen					
	1999	1998	1997	1996	1995	1994
Net sales	¥1,202,189	¥1,297,212	¥1,224,259	¥1,086,244	¥1,070,444	¥1,070,257
Cost of sales	1,045,143	1,114,693	1,041,697	928,126	912,432	919,092
Gross profit	157,046	182,519	182,562	158,118	158,012	151,165
Selling, general and administrative expenses	135,380	131,440	120,351	111,362	110,413	109,800
Operating income	21,666	51,079	62,211	46,756	47,599	41,365
Other income (expenses):						
Interest and dividend income	5,495	5,122	5,424	5,156	6,619	6,897
Interest expense	(12,646)	(11,907)	(12,578)	(13,694)	(17,143)	(20,284)
Other, net	(15,723)	(3,815)	(5,148)	(553)	(16,205)	(3,187)
Income (loss) before income taxes, minority interests and other	(1,208)	40,479	49,909	37,665	20,870	24,791
Income taxes						
Current	(9,358)	(22,618)	(27,128)	(21,777)	(13,157)	(13,038)
Deferred	(2,943)	-	-	-	-	-
Minority interests in net (income) loss of consolidated subsidiaries	808	(541)	(529)	(48)	(124)	(113)
Amortization of excess of equity in net assets over cost of investment in a subsidiary	-	-	-	-	-	301
Equity in income of unconsolidated subsidiaries and affiliates	683	1,236	320	343	599	1,157
Foreign currency translation adjustments	-	-	-	279	2,028	4,024
Net income (loss)	¥(6,132)	¥18,556	¥22,572	¥16,462	¥10,216	¥17,122
	1999	1998	1997	1996	1995	1994
Per share amounts (yen):						
Net income (loss)	(¥4.4)	¥13.3	¥16.4	¥12.2	¥7.6	¥12.8
Cash dividends	6.0	6.0	7.0	5.5	5.0	5.0
Other data:						
Capital expenditures (Million ¥)	40,428	42,928	35,130	39,319	33,729	59,842
Depreciation (Million ¥)	34,607	32,416	31,245	30,823	30,899	30,652
R&D expenses (Million ¥)	18,600	17,800	17,400	17,300	17,000	17,300
Number of employees	26,486	26,102	24,211	24,401	24,266	23,913

Change in Accounting Policy

Effective April 1, 1997, the method of accounting for revenue from long-term construction contracts was changed from the completed-contract method to the percentage-of-completion method. The percentage-of-completion method is applied to long-term contracts exceeding ¥5,000 million.

Under the previous completed-contract method, sales of materials and equipment for plant construction projects, contract prices of which exceeded ¥10,000 million, were recognized at the time of shipment.

As a result of this change, net sales, operating income and income before income taxes, minority interests and other for 1998 increased ¥79,590 million, ¥15,203 million and ¥15,203 million, respectively, compared with the amounts which would have been recognized if the former method had been applied consistently.

STOCK INFORMATION

Stock Price Range



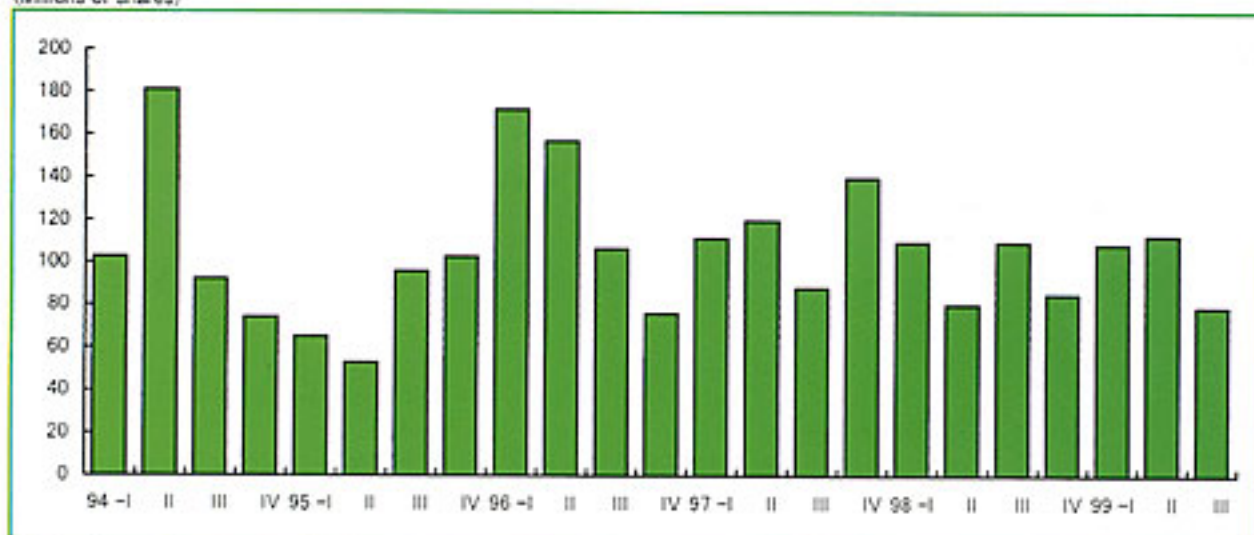
(*)

	1994				1995				1996				1997				1998				1999		
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III *
High	442	500	485	485	456	362	448	478	559	569	560	537	543	551	544	413	362	298	356	314	270	340	347
Low	338	381	435	437	330	286	314	406	448	522	498	471	431	470	458	190	196	230	250	242	211	259	250

* As of Aug. 31, 1999

Stock Trading Volume

(Millions of shares)



(Millions of shares)

	1994				1995				1996				1997				1998				1999		
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III *
	103	181	92	74	65	53	96	103	172	157	107	76	112	120	88	140	110	80	110	85	109	113	79

* As of Aug. 31, 1999

Paid-in Capital
¥81,426,590,792

Number of Shares

Authorized—3,360,000,000 shares
Outstanding—1,390,595,964 shares
(Dilution—136,905,000 shares)

As of March 31, 1999

Paid-in Capital
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As of August 31, 1999

Stock Listings

Tokyo, Osaka, Nagoya, Kyoto, Hiroshima, Fukuoka, Niigata, Sapporo

Transfer Agent

The Chuo Trust & Banking Co., Ltd.
7-1, Kyobashi 1-chome, Chuo-ku, Tokyo 104-0031, Japan

Registrar

The Chuo Trust & Banking Co., Ltd., Osaka Branch
6-26, Kitahama 2-chome, Chuo-ku, Osaka 541-0041, Japan

ADR (American Depositary Receipt) Information

Ratio: 1 ADR = 4 Ordinary Shares

Exchange: OTC (Over-the-Counter)

Symbol: KWHIY

CUSIP: 486 359 20 1

Depository: The Bank of New York

101 Barclay St., 22 West, New York, NY 10268, U.S.A.

Phone: (212)815-2042 U.S. Toll Free: 888-269-2377 (888-BNY-ADRS)

CORPORATE DATA

Registered Office

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Phone: (03)3435-2111
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Year of Incorporation

1896

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IR Desk

Finance Department

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