

DATA FILE 2007

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, KHI 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. KHI also engaged in the shipping business through the company known as Kawasaki Kisen Kaisha, Ltd., which later became an independent company. In 1939, KHI adopted its present name, Kawasaki Heavy Industries, Ltd.

In 1950, KHI'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 KHI, forming an integrated heavy industry enterprise.

KHI established a subsidiary in the United States to sell its motorcycles in 1966. In 1975, through its local subsidiary, KHI 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, KHI 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, KHI established a local subsidiary to acquire a hydraulic machinery manufacturing business in Plymouth, U.K., its first production facility in Europe. In 2001, KHI built a new rolling stock plant in Lincoln, Nebraska, where we already have a motorcycle plant. The new plant started full-scale operation in April 2002.

KHI also reorganized several industry segments of the Group to improve profitability, including spinning off the shipbuilding, hydraulics, plant engineering businesses. In 2002, Kasawaki Shipbuilding Corporation and Kawasaki Precision Machinery, Ltd., in 2005, Kawasaki Plant Systems, Ltd. was established as wholly owned subsidiary.

KHI has been seeking to expand its activities in Asia. KHI has wholly owned subsidiary in Thailand and joint ventures in Malaysia, the Philippines and Indonesia to manufacture motorcycles as well as a shipbuilding joint venture in China and other production and/or sales facilities in China, Malaysia, the Philippines and Korea.

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FINANCIAL HIGHLIGHTS

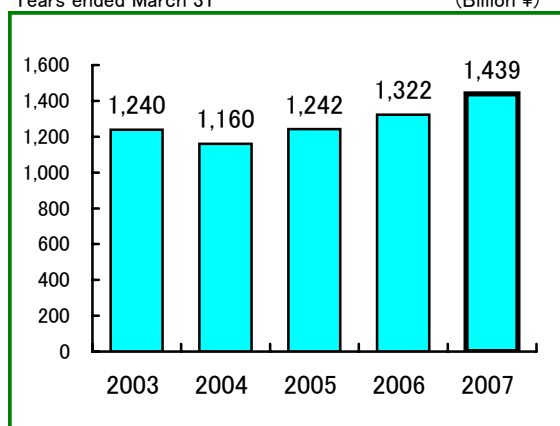
Kawasaki Heavy Industries, Ltd. and consolidated subsidiaries

Years ended March 31

	Millions of yen				
	2003	2004	2005	2006	2007
For the year:					
Net sales	¥1,239,598	¥1,160,252	¥1,241,592	¥1,322,487	¥1,438,619
Net income	13,022	6,333	11,479	16,467	29,772
Net income per share (yen)	9.3	4.4	7.9	11.2	18.9
Return on average shareholders' equity (%)	7.4%	3.4%	5.7%	7.3%	11.1%
Cash dividends per share (yen)	¥2	2.0	2.5	3.0	5.0
At year end:					
Total assets	1,149,161	1,156,904	1,194,473	1,284,085	1,357,980
Working capital	137,771	121,941	138,523	113,240	155,412
Current ratio (%)	120.0%	118.0%	119.8%	114.1%	119.3%
Total shareholders' equity	174,585	190,175	201,465	237,588	290,428

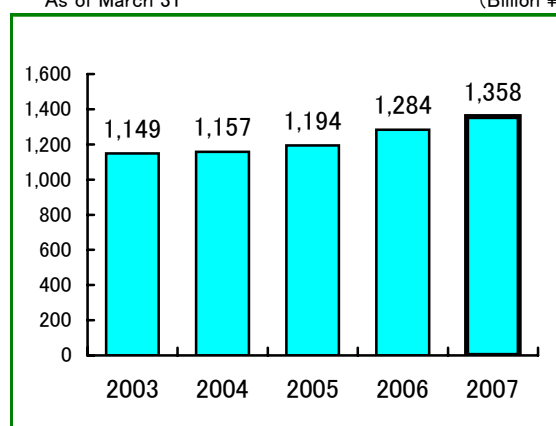
Net Sales

Years ended March 31 (Billion ¥)



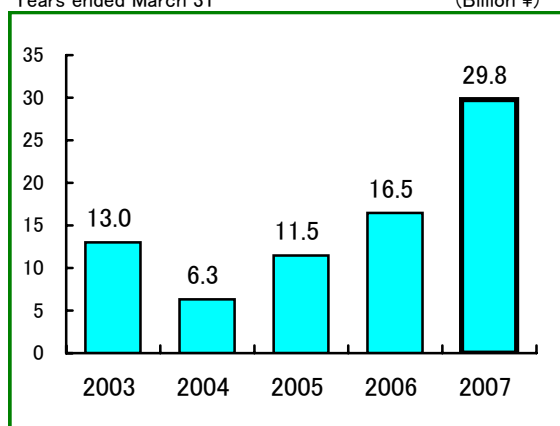
Total Assets

As of March 31 (Billion ¥)



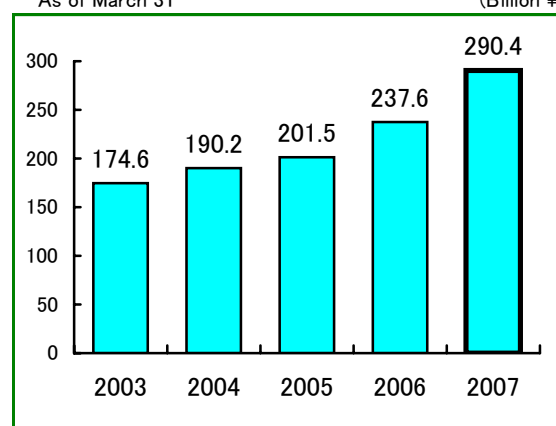
Net Income (Loss)

Years ended March 31 (Billion ¥)



Total Shareholders' Equity

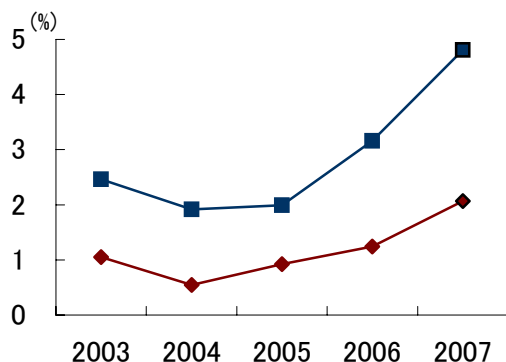
As of March 31 (Billion ¥)



KEY INDICATORS (CONSOLIDATED BASIS)

Ratio of Operating Income to Sales Return on Sales

Years ended March 31



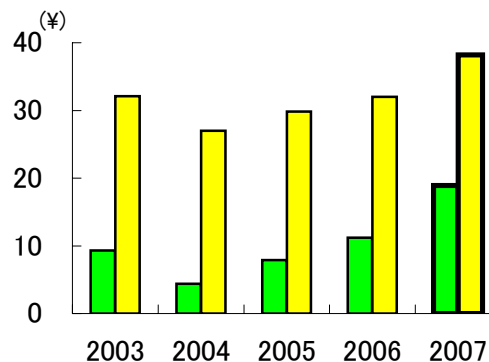
	2003	2004	2005	2006	2007
Operating Income to Sales - ■ -	2.46	1.92	1.99	3.16	4.81
ROS - ◆ -	1.05	0.55	0.92	1.25	2.07

Operating Income to Sales: Operating Income/Net Sales.

ROS: Net Income/Net Sales.

Earnings per Share Cash Flow per Share

Years ended March 31



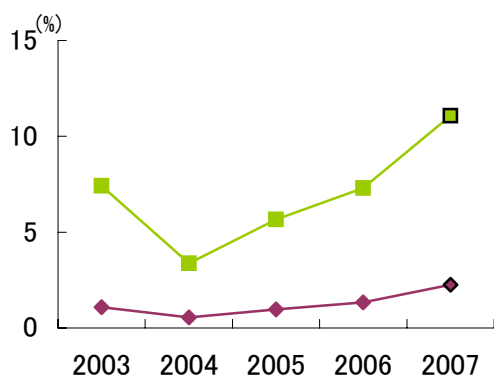
	2003	2004	2005	2006	2007
EPS ■	9.3	4.4	7.9	11.2	18.9
CFPS ■	32.1	27.0	29.8	32.0	38.2

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



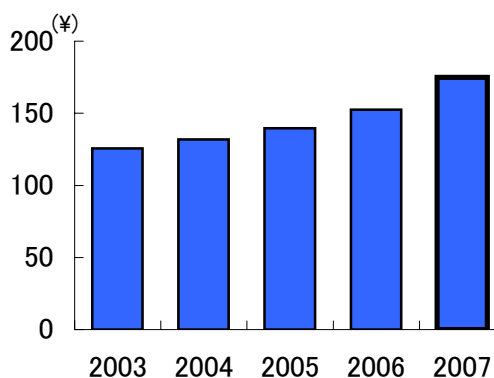
	2003	2004	2005	2006	2007
ROE - ■ -	7.4	3.4	5.7	7.3	11.1
ROA - ◆ -	1.1	0.5	1.0	1.3	2.3

ROE: Net Income/Average Shareholders' Equity.

ROA: Net Income/Average Total Assets.

Book Value per Share

As of March 31

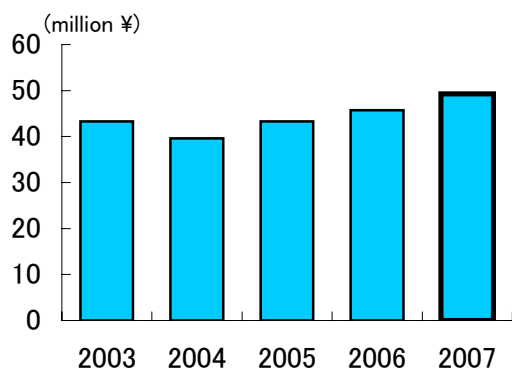


	2003	2004	2005	2006	2007
Book Value per Share	125.6	131.8	139.7	152.5	175.0

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

Net Sales per Employee

Years ended March 31

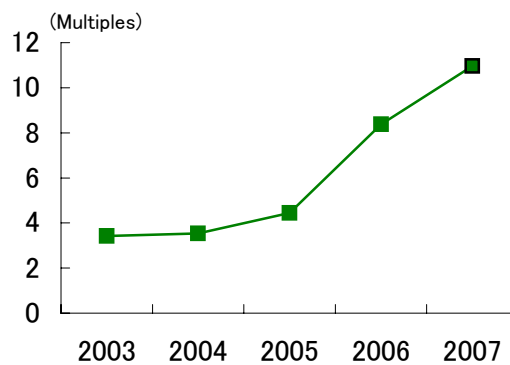


2003	2004	2005	2006	2007
43.28	39.59	43.29	45.73	49.25

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

Interest Coverage

Years ended March 31

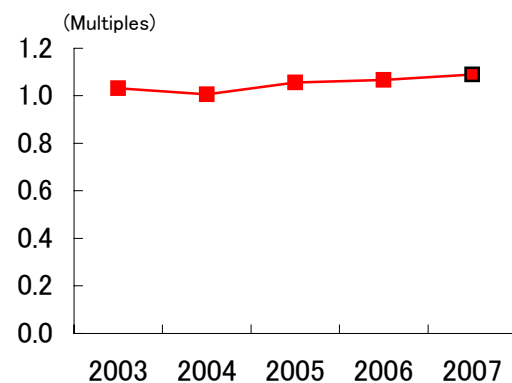


2003	2004	2005	2006	2007
3.42	3.54	4.44	8.37	10.97

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

Asset Turnover

Years ended March 31

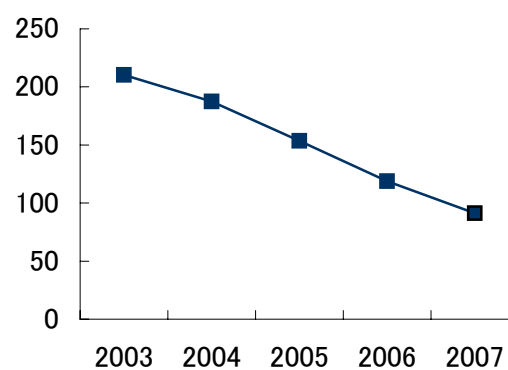


2003	2004	2005	2006	2007
1.03	1.01	1.06	1.07	1.09

Asset Turnover: Net Sales/Average Total Assets.

Debt to Equity Ratio

Years ended March 31



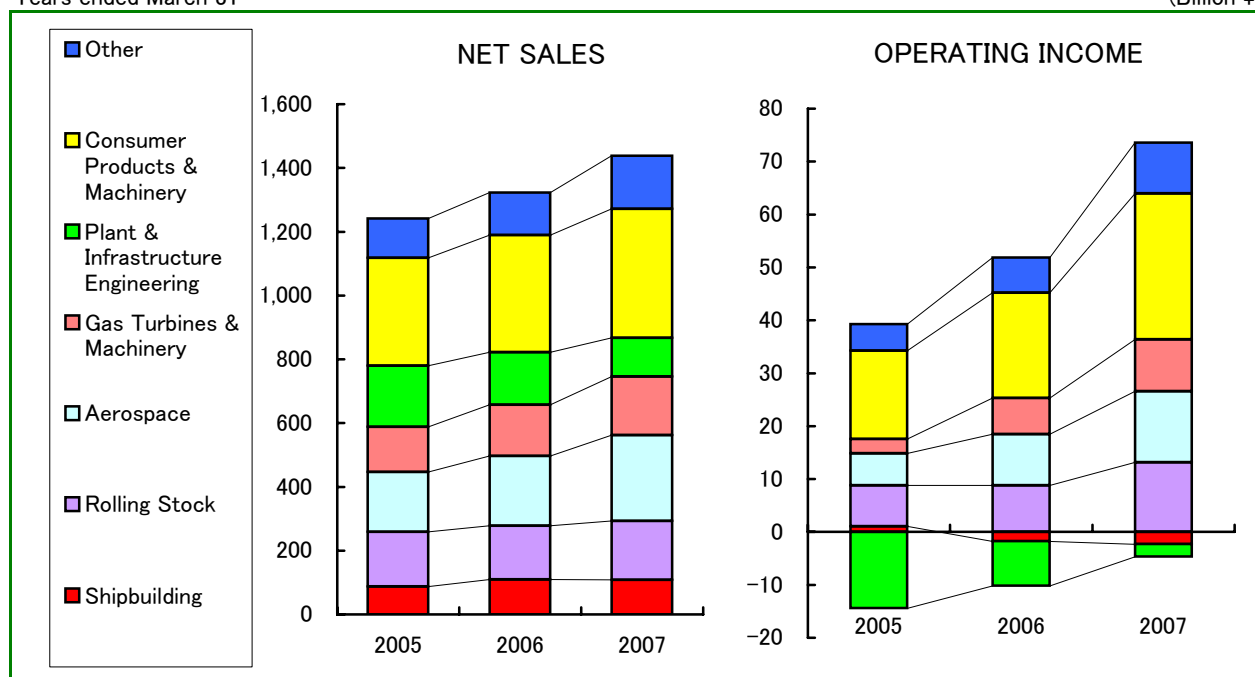
2003	2004	2005	2006	2007
210	187	154	119	91

Debt to Equity Ratio: (Interest Bearing Debt - Cash on Hand and in Banks) / Total Shareholders' Equity.

SEGMENT INFORMATION

Years ended March 31

(Billion ¥)



Net Sales

(Billion ¥)

	2005	2006	2007
Shipbuilding	87.1	109.7	108.8
Rolling Stock	171.7	168.3	184.3
Aerospace	188.3	218.5	269.1
Gas Turbines & Machinery	141.4	161.4	183.3
Plant & Infrastructure Engineering	191.0	164.5	122.1
Consumer Products & Machinery	338.5	367.0	403.7
Other	123.7	133.1	167.3
Total	1,241.6	1,322.5	1,438.6

Operating Income (Loss)

(Billion ¥)

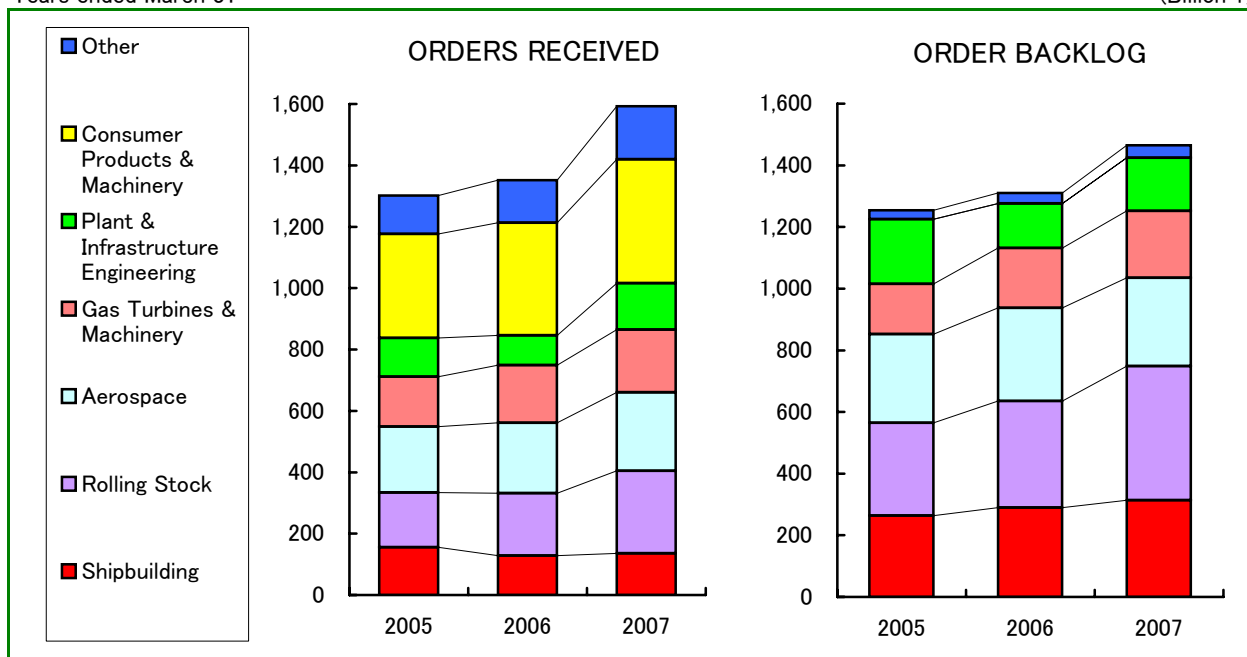
	2005	2006	2007
Shipbuilding	1.0	(1.7)	(2.2)
Rolling Stock	7.8	8.8	13.2
Aerospace	6.1	9.7	13.4
Gas Turbines & Machinery	2.7	6.8	9.8
Plant & Infrastructure Engineering	(14.5)	(8.5)	(2.4)
Consumer Products & Machinery	16.7	19.9	27.6
Other	5.0	6.7	9.6
Net Operating Income	24.7	41.8	69.1

Ratio of Operating Income to Sales

	2005	2006	2007
Shipbuilding	1.2%	(1.7%)	(2.1%)
Rolling Stock	4.5%	5.2%	7.1%
Aerospace	3.2%	4.4%	5.0%
Gas Turbines & Machinery	1.9%	4.2%	5.4%
Plant & Infrastructure Engineering	(7.6%)	(5.2%)	(2.0%)
Consumer Products & Machinery	4.9%	5.4%	6.8%
Other	3.9%	4.9%	5.8%
Total	2.0%	3.2%	4.8%

Years ended March 31

(Billion ¥)



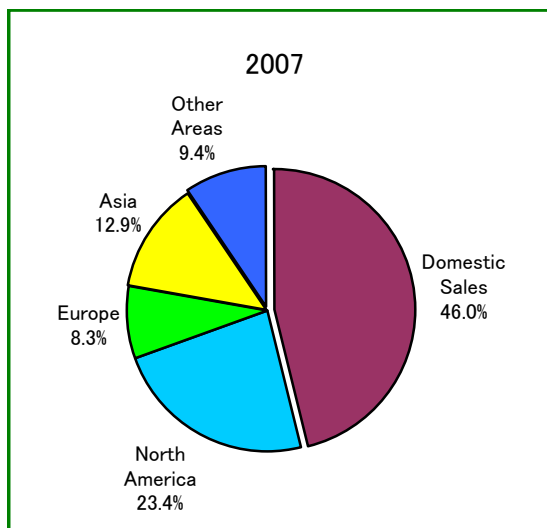
(Billion ¥)

	Orders Received		
	2005	2006	2007
Shipbuilding	155.8	128.3	135.6
Rolling Stock	178.4	203.2	269.1
Aerospace	214.7	229.3	255.6
Gas Turbines & Machinery	162.7	188.1	204.8
Plant & Infrastructure Engineering	126.4	97.3	150.2
Consumer Products & Machinery	338.5	367.0	403.7
Other	125.4	138.5	173.6
Total	1,301.8	1,351.6	1,592.7

	Order Backlog		
	2005	2006	2007
Shipbuilding	263.7	289.2	314.0
Rolling Stock	300.8	346.3	434.4
Aerospace	287.4	301.6	286.7
Gas Turbines & Machinery	163.4	195.1	216.9
Plant & Infrastructure Engineering	210.2	144.1	172.3
Consumer Products & Machinery	0.0	0.0	0.0
Other	28.8	34.1	40.9
Total	1,254.4	1,310.4	1,465.2

OVERSEAS SALES

Years ended March 31



2007		
	Million ¥	% against net sales
North America	336,765	23.4%
Europe	119,408	8.3%
Asia	186,066	12.9%
Other Areas	135,506	9.4%
Total Overseas Sales	777,745	54.0%
Domestic Sales	660,874	46.0%
Net Sales	1,438,619	100.0%

Shipbuilding

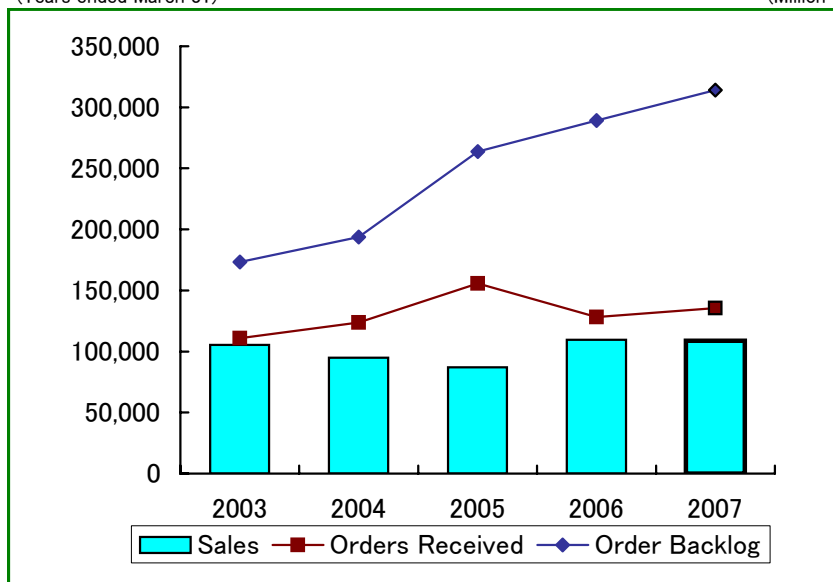
(Years ended March 31) –Consolidated Basis–

(Million ¥)

	2003	2004	2005	2006	2007
Sales	105,458	94,939	87,081	109,697	108,849
Orders Received	110,926	123,756	155,832	128,323	135,600
Order Backlog	173,304	193,705	263,707	289,227	313,987

(Years ended March 31)

(Million ¥)



(Years ended March 31)

–Parent (until 1st half of 2003) and Kawasaki Shipbuilding Corporation (from 2nd half of 2003) –

(Million ¥)

	2003	2004	2005	2006	2007
Sales	101,748	92,043	83,655	105,108	104,795
Newly Constructed Ships	90,649	77,507	74,241	90,763	94,146
Exports	66,135	56,448	50,617	64,617	74,729
Orders Received	107,201	121,766	151,799	124,066	131,268
Order Backlog	173,081	194,388	263,503	289,387	313,869

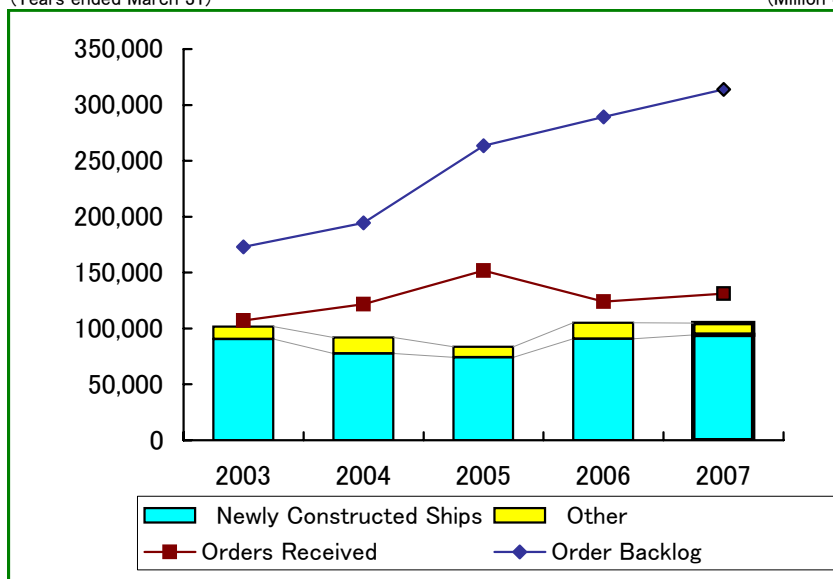
Note: Shipbuilding business in “Kawasaki Heavy Industries, Ltd. (KHI)” was partitioned off on 1st Oct. 2002

as a wholly owned subsidiary, i.e., “Kawasaki Shipbuilding Corporation (Kawasaki SC)”.

Therefore the each figure in the column of 2003 represents a total of the figures which the shipbuilding business in KHI before the partition and Kawasaki SC accomplished respectively.

(Years ended March 31)

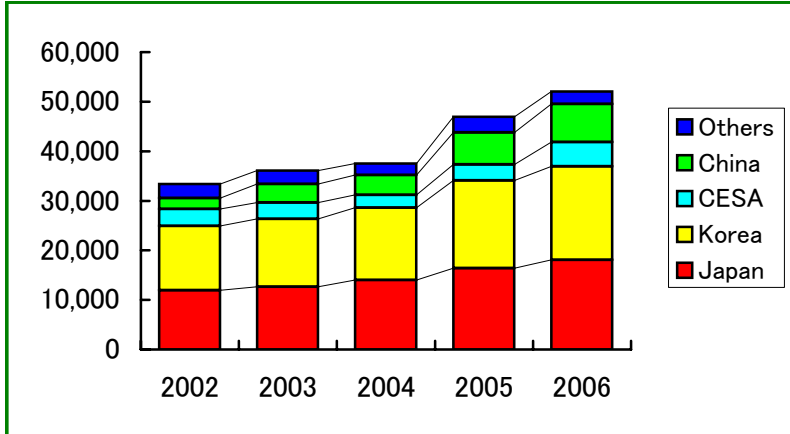
(Million ¥)



Newly Constructed Ships World Market Volume

(Years ended December 31)

(Thousand GT)



	(Thousand GT)				
	2002	2003	2004	2005	2006
Japan	11,957	12,688	14,027	16,434	18,103
Korea	12,967	13,683	14,603	17,689	18,843
CESA a)	3,414	3,258	2,591	3,227	4,915
China	2,207	3,763	3,952	6,466	7,695
Others	2,839	2,738	2,372	3,153	2,531
World Market Volume	33,384	36,130	37,545	46,969	52,087

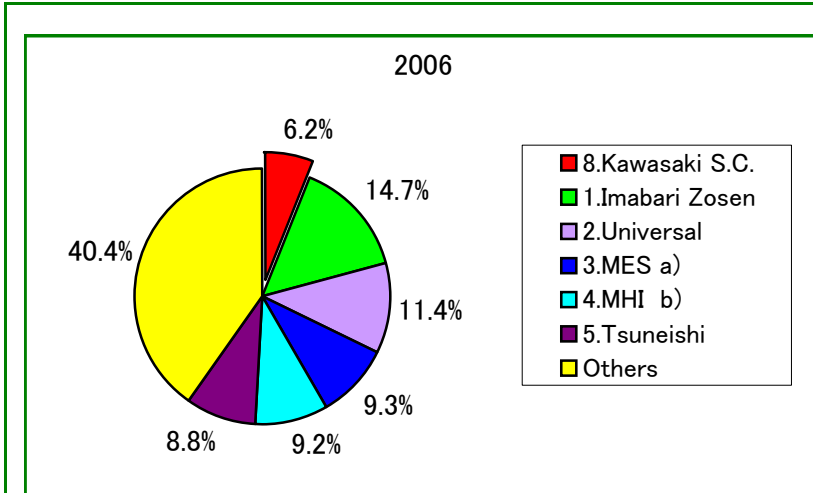
Notes: 1. Figures are on a ships volume completed (tonnage) basis for vessels of 100GT and above.

2. a) Community of European Shipyards' Associations

Source: Lloyd's Register "World Shipbuilding Statistics 2006"

Newly Constructed Ships Domestic Share

(Years ended December 31)



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

2. a) Mitsui Engineering & Shipbuilding.

b) Mitsubishi Heavy Industries.

Source: The Shipbuilders' Association of Japan

2002 (%)	
1.Universal	19.6
2.Imabari Zosen	11.0
3.IHI Marine United	8.2
4.MES a)	7.6
5.Tsuneishi	7.1
11.Kawasaki S.C.	3.8

2003 (%)	
1.Universal	17.0
2.Imabari Zosen	12.6
3.IHI Marine United	7.5
4.MES a)	6.9
5.Tsuneishi	6.7
10.Kawasaki S.C.	4.9

2004 (%)	
1.Universal	15.3
2.Imabari Zosen	11.1
3.MHI b)	10.8
4.Tsuneishi	7.8
5.Koyo	7.2
12.Kawasaki S.C.	3.6

2005 (%)	
1.Imabari Zosen	14.5
2.Universal	13.6
3.MES a)	8.6
4.IHI Marine United	8.1
5.Tsuneishi	7.9
8.Kawasaki S.C.	5.6

2006 (%)	
1.Imabari Zosen	14.7
2.Universal	11.4
3.MES a)	9.3
4.MHI b)	9.2
5.Tsuneishi	8.8
8.Kawasaki S.C.	6.2

Rolling Stock

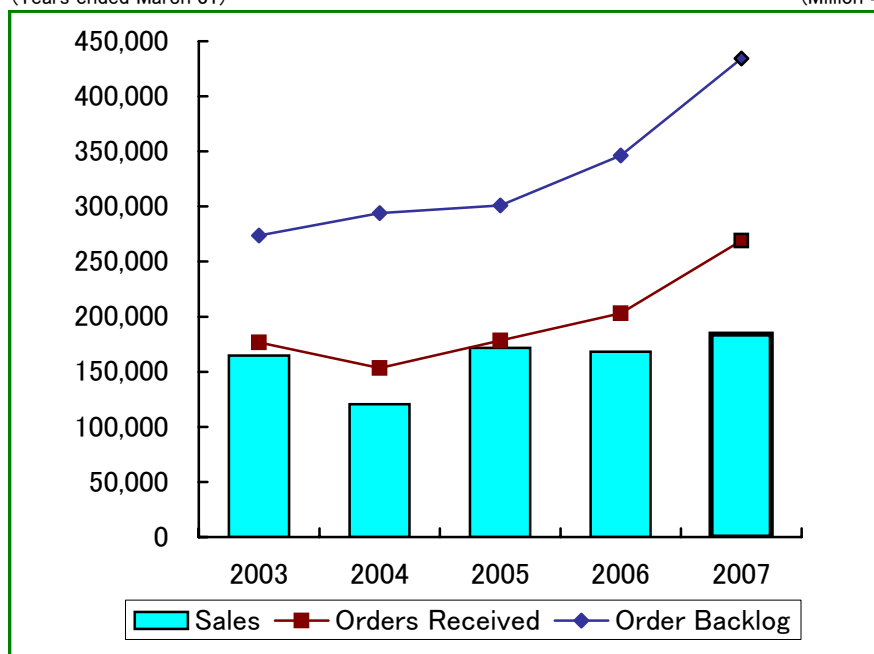
(Years ended March 31)–Consolidated Basis–

(Million ¥)

	2003	2004	2005	2006	2007
Sales	164,774	120,597	171,731	168,306	184,283
Orders Received	176,693	153,399	178,369	203,165	269,120
Order Backlog	273,563	294,017	300,837	346,310	434,419

(Years ended March 31)

(Million ¥)



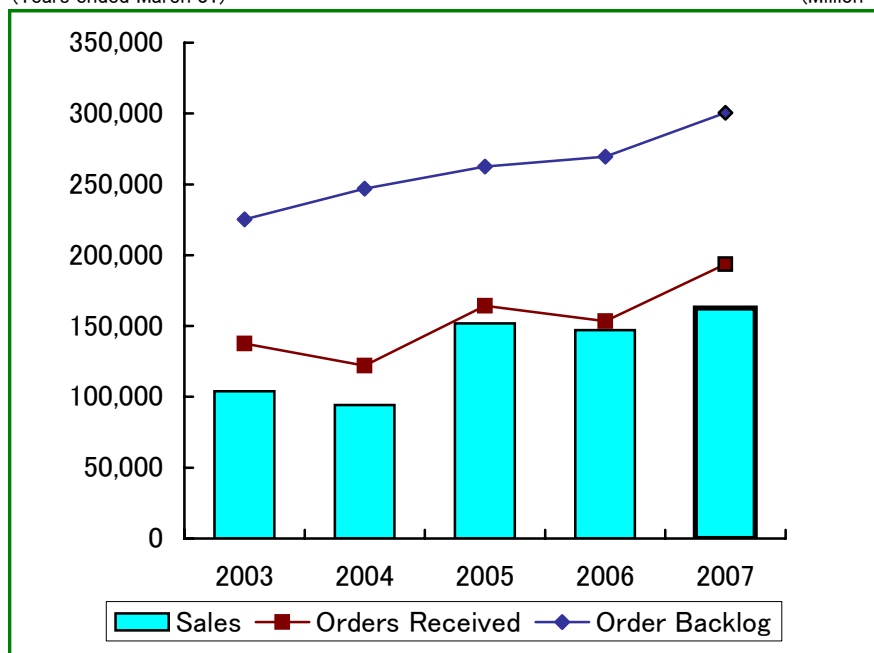
(Years ended March 31)–Parent Only–

(Million ¥)

	2003	2004	2005	2006	2007
Sales	103,846	94,239	151,824	147,020	162,627
Exports	36,326	28,082	84,458	99,812	114,126
Orders Received	137,531	122,079	164,285	153,450	193,584
Order Backlog	225,319	246,999	262,499	269,671	300,431

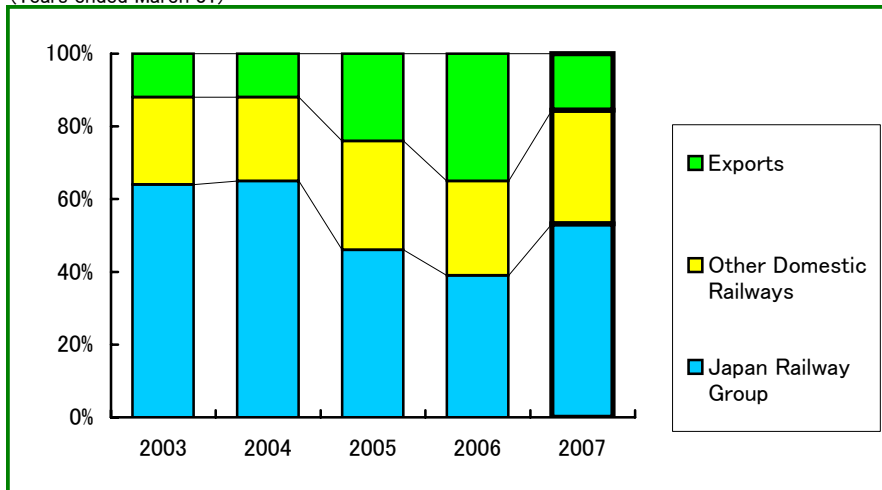
(Years ended March 31)

(Million ¥)



Japanese Rolling Stock Production by Demand Sector

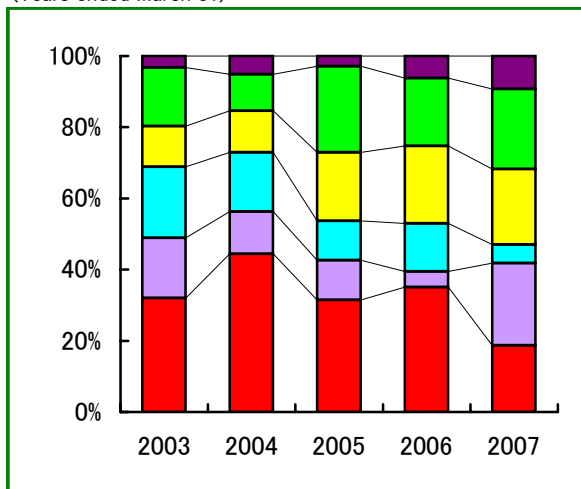
(Years ended March 31)



	2003	2004	2005	2006	2007
Japan Railway Group	64%	65%	46%	39%	53%
Other Domestic Railways	24%	23%	30%	26%	31%
Exports	12%	12%	24%	35%	16%
Total	100%	100%	100%	100%	100%

Major Rolling Stock Suppliers to the Japan Railway Group

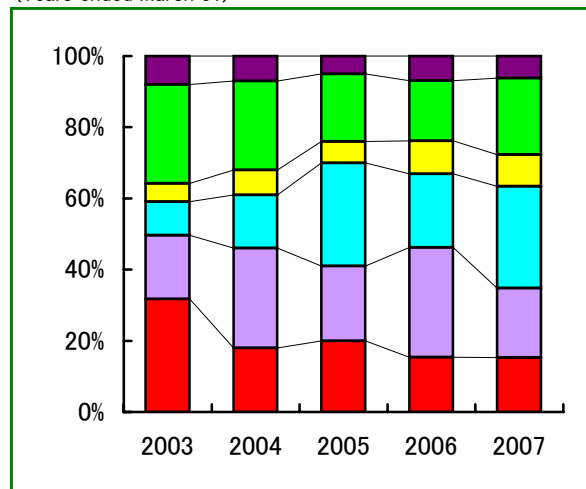
(Years ended March 31)



	2003	2004	2005	2006	2007
KHI	32.0%	44.4%	31.5%	35.1%	18.7%
Nippon Sharyo	16.9%	11.9%	11.1%	4.4%	23.1%
Hitachi	20.0%	16.6%	11.1%	13.5%	5.2%
Kinki Sharyo	11.4%	11.7%	19.2%	21.7%	21.3%
Tokyu Car	16.5%	10.3%	24.2%	19.1%	22.4%
Others	3.2%	5.1%	2.9%	6.2%	9.3%
Total	100%	100%	100%	100%	100%

Major Rolling Stock Suppliers to Domestic Railways except JR Group

(Years ended March 31)



	2003	2004	2005	2006	2007
KHI	31.7%	18.0%	20.0%	15.4%	15.3%
Nippon Sharyo	17.9%	28.0%	21.0%	30.8%	19.5%
Hitachi	9.4%	15.0%	29.0%	20.7%	28.7%
Kinki Sharyo	5.1%	7.0%	6.0%	9.3%	8.9%
Tokyu Car	27.8%	25.0%	19.0%	16.9%	21.5%
Others	8.0%	7.0%	5.0%	6.9%	6.2%
Total	100%	100%	100%	100%	100%

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.

Aerospace

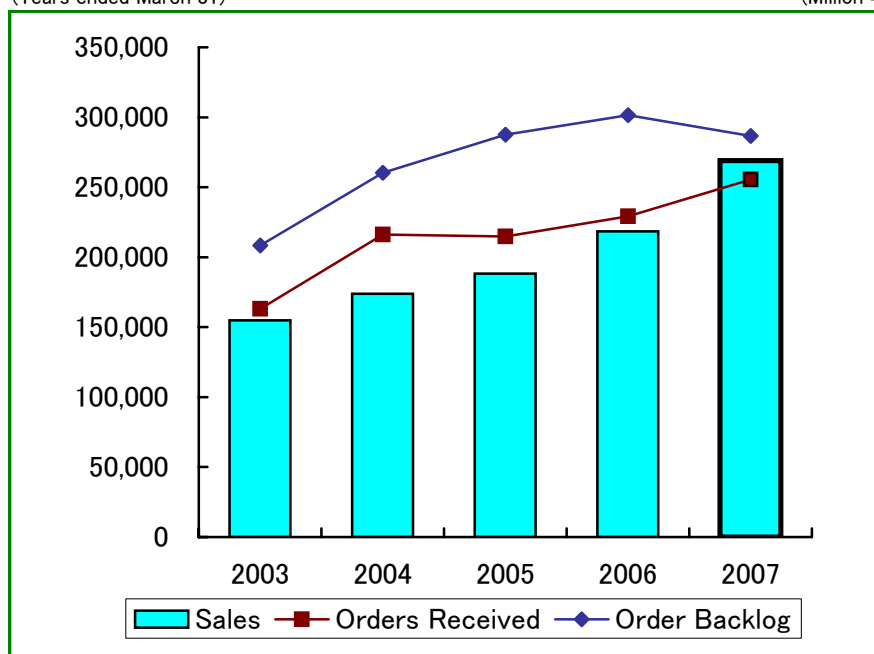
(Years ended March 31)–Consolidated Basis–

(Million ¥)

	2003	2004	2005	2006	2007
Sales	154,848	173,783	188,255	218,533	269,108
Orders Received	163,023	216,201	214,702	229,257	255,613
Order Backlog	208,410	260,321	287,441	301,599	286,699

(Years ended March 31)

(Million ¥)



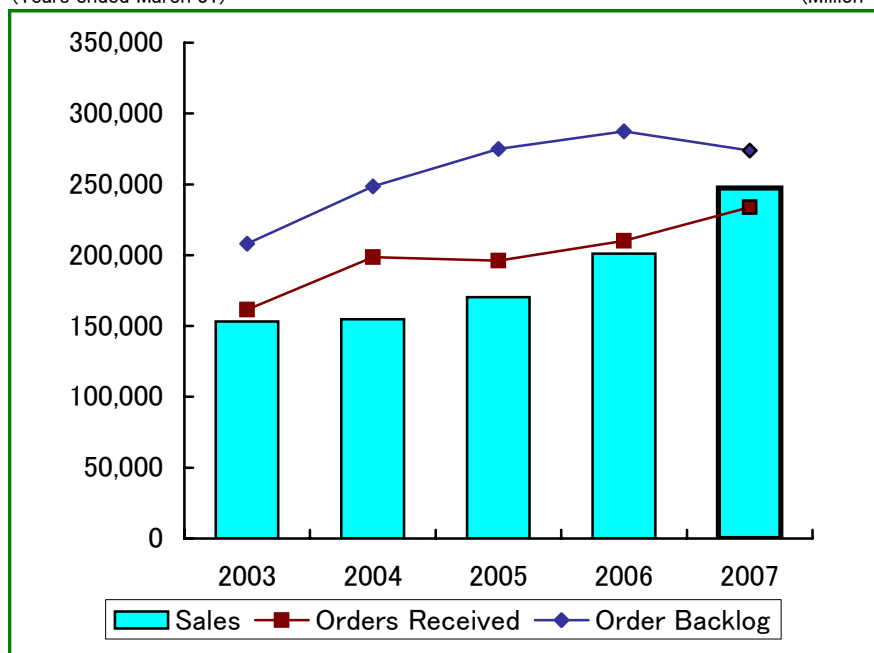
(Years ended March 31)–Parent Only–

(Million ¥)

	2003	2004	2005	2006	2007
Sales	153,224	154,769	170,425	201,121	247,396
Exports	35,134	31,712	31,368	45,770	70,794
Orders Received	161,485	198,577	196,161	210,070	233,868
Order Backlog	208,024	248,567	274,975	287,516	273,755

(Years ended March 31)

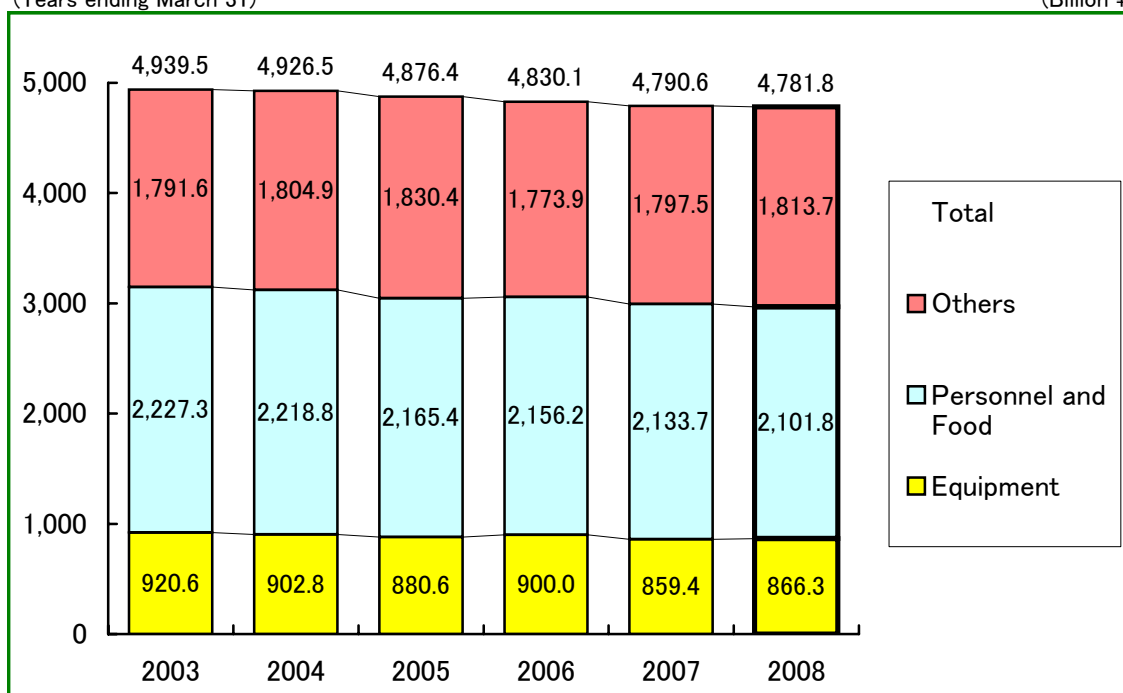
(Million ¥)



Japan's Defense Budget (Initial Budget Base)

(Years ending March 31)

(Billion ¥)



Source: Japan Defense Agency.

Major Suppliers to the Japan Defense Agency

(Years ended March 31)

2002			2003			2004		
	Billion ¥	% Share		Billion ¥	% Share		Billion ¥	% Share
1. MHI a)	275.5	21.7	1. MHI	347.9	27.2	1. MHI	281.7	22.1
2. KHI	121.3	9.6	2. KHI	110.2	8.6	2. KHI	158.8	12.5
3. Mitsubishi Electric	101.0	8.0	3. Mitsubishi Electric	73.5	5.7	3. Mitsubishi Electric	94.9	7.5
4. NEC	57.2	4.5	4. IHI	52.7	4.1	4. IHI	56.3	4.4
5. IHI b)	54.5	4.3	5. Toshiba	49.8	3.9	5. Toshiba	38.9	3.1

2005			2006			2007		
	Billion ¥	% Share		Billion ¥	% Share		Billion ¥	% Share
1. MHI	270.6	20.7	1. MHI	241.7	17.6	1. MHI	277.6	21.0
2. KHI	142.9	10.9	2. KHI	129.7	9.4	2. KHI	130.6	9.9
3. Mitsubishi Electric	103.2	7.9	3. Mitsubishi Electric	114.2	8.3	3. Mitsubishi Electric	117.7	8.9
4. NEC	90.6	6.9	4. NEC	107.8	7.8	4. NEC	83.1	6.3
5. IHI	49.3	3.8	5. Toshiba	49.5	3.6	5. IHIMU c)	44.6	3.4

Notes: a) Mitsubishi Heavy Industries.

b) Ishikawajima-Harima Heavy Industries.

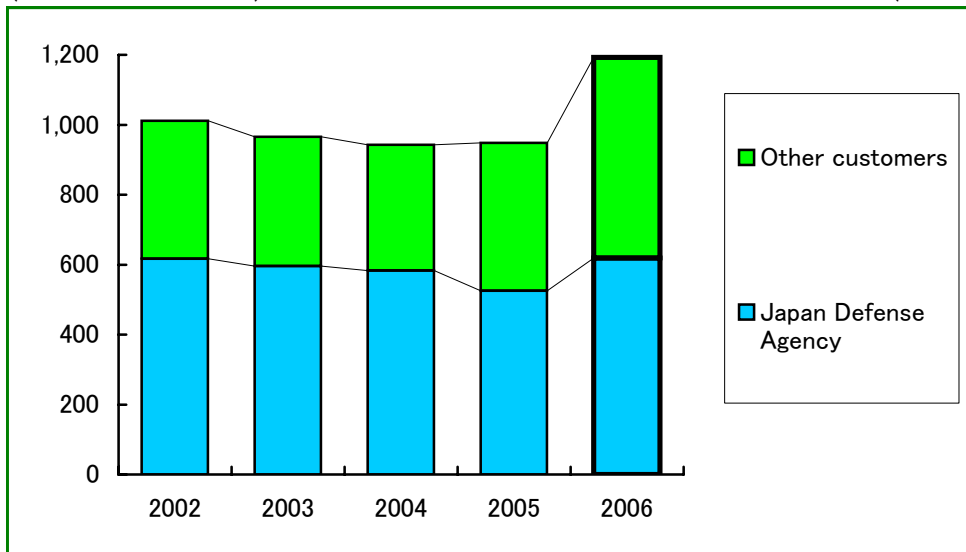
c) IHI Marine United.

Source: Japan Defense Agency.

Japanese Aircraft Production by Demand Sector

(Years ended December 31)

(Billion ¥)

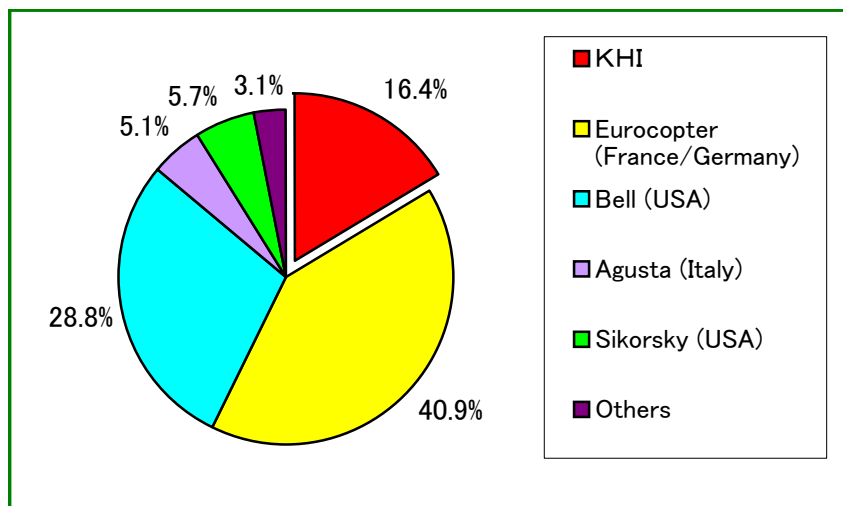


	2002	2003	2004	2005	2006
Japan Defense Agency	617,027	596,205	582,941	524,697	619,308
Other customers	394,031	369,822	360,041	423,356	574,178
Total	1,011,058	966,027	942,982	948,053	1,193,486

Source: The Society of Japanese Aerospace Companies

Helicopters Domestic Share for Civilian Use (2007)

(Year ended March 31)



KHI	16.4%
Eurocopter (France/Germany)	40.9%
Bell (USA)	28.8%
Agusta (Italy)	5.1%
Sikorsky (USA)	5.7%
Others	3.1%
Total	100.0%

Note: Figures are calculated on the basis of the enrollment number of double-turbine helicopters.

Source: Japan Civil Aviation Promotion Foundation

Gas Turbines & Machinery

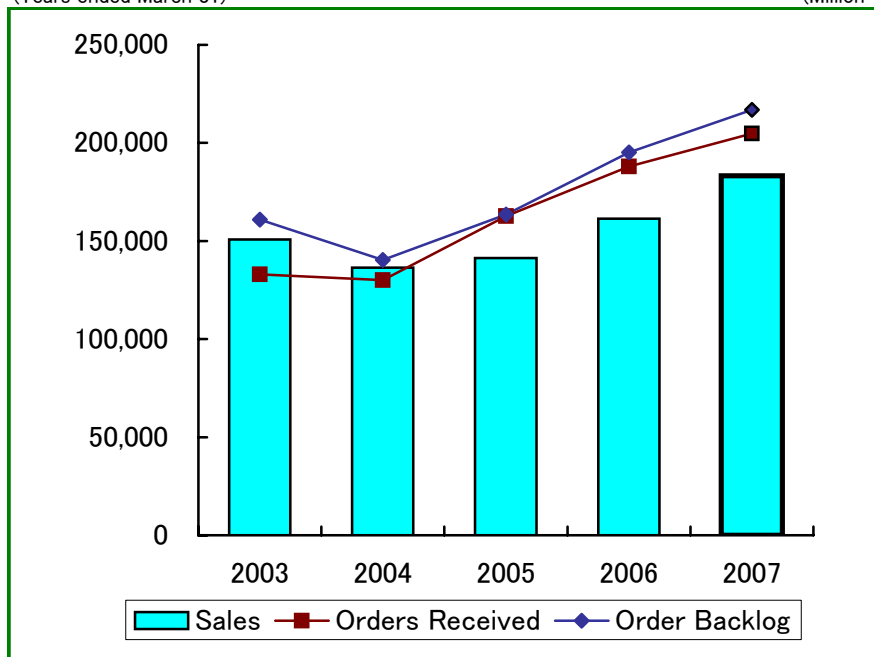
(Years ended March 31)–Consolidated Basis–

(Million ¥)

	2003	2004	2005	2006	2007
Sales	150,766	136,468	141,366	161,431	183,309
Orders Received	132,989	129,987	162,700	188,068	204,847
Order Backlog	160,874	140,327	163,440	195,108	216,886

(Years ended March 31)

(Million ¥)



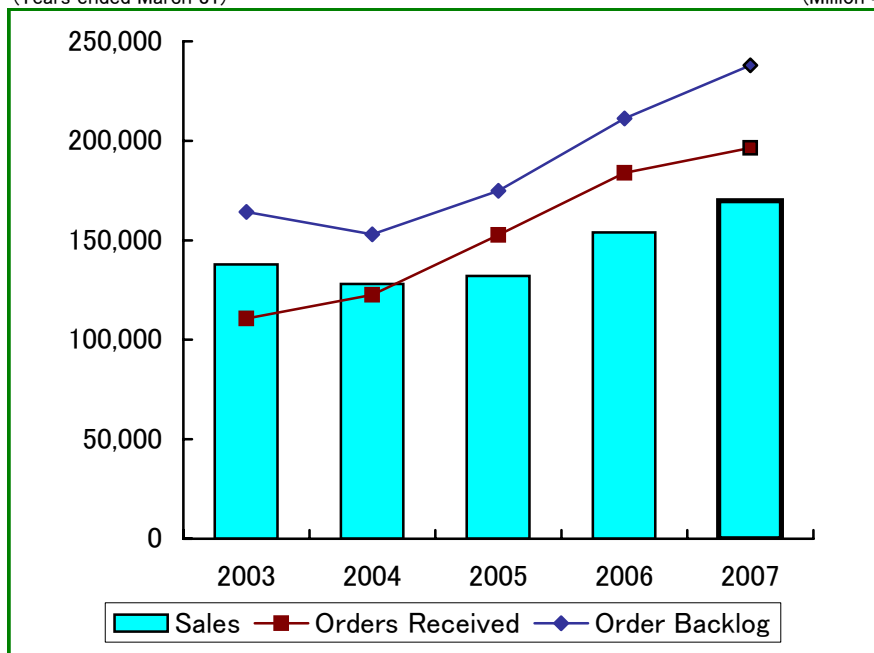
(Years ended March 31)–Parent Only–

(Million ¥)

	2003	2004	2005	2006	2007
Sales	137,900	128,000	132,103	153,896	169,877
Exports	52,129	45,279	51,829	74,207	80,505
Orders Received	110,733	122,593	152,718	183,877	196,487
Order Backlog	164,234	152,943	174,824	211,209	237,873

(Years ended March 31)

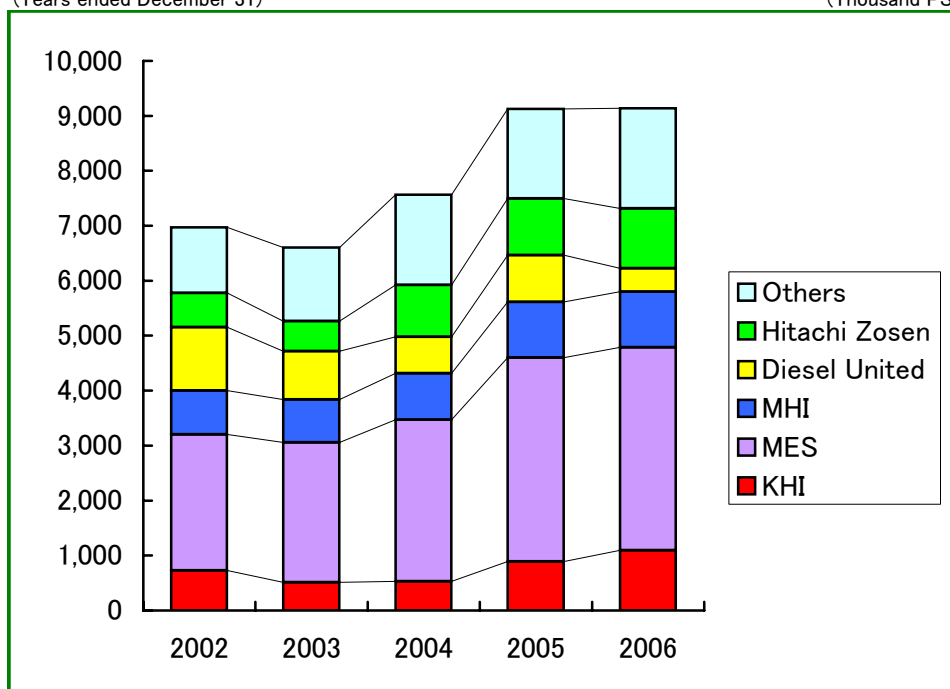
(Million ¥)



Diesel Engines Domestic Production

(Years ended December 31)

(Thousand PS)



(Thousand PS)

	2002	2003	2004	2005	2006
KHI	729	510	531	891	1,095
MES a)	2,475	2,546	2,938	3,712	3,693
MHI b)	795	784	848	1,010	1,012
Diesel United	1,153	878	665	851	428
Hitachi Zosen	624	549	941	1,034	1,085
Others	1,193	1,339	1,641	1,628	1,824
Total	6,969	6,606	7,564	9,126	9,137

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

2. a) Mitsui Engineering & Shipbuilding.

b) Mitsubishi Heavy Industries.

Source: KP Data.

Diesel Engines Domestic Share

(Years ended December 31)

	2002	2003	2004	2005	2006
KHI	10.5%	7.7%	7.0%	9.8%	12.0%
MES	35.5%	38.5%	38.8%	40.7%	40.4%
MHI	11.4%	11.9%	11.2%	11.1%	11.1%
Diesel United	16.5%	13.3%	8.8%	9.3%	4.7%
Hitachi Zosen	9.0%	8.3%	12.4%	11.3%	11.9%
Others	17.1%	20.3%	21.8%	17.8%	19.9%

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

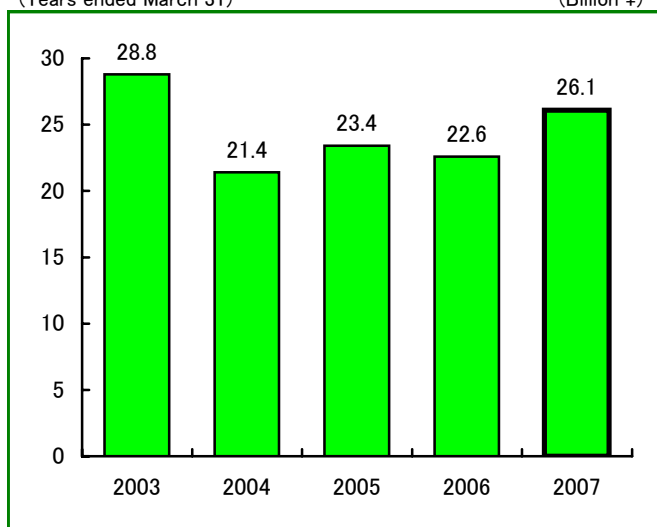
Source: KP Data.

Gas Turbine Generator Sales

-Parent Only-

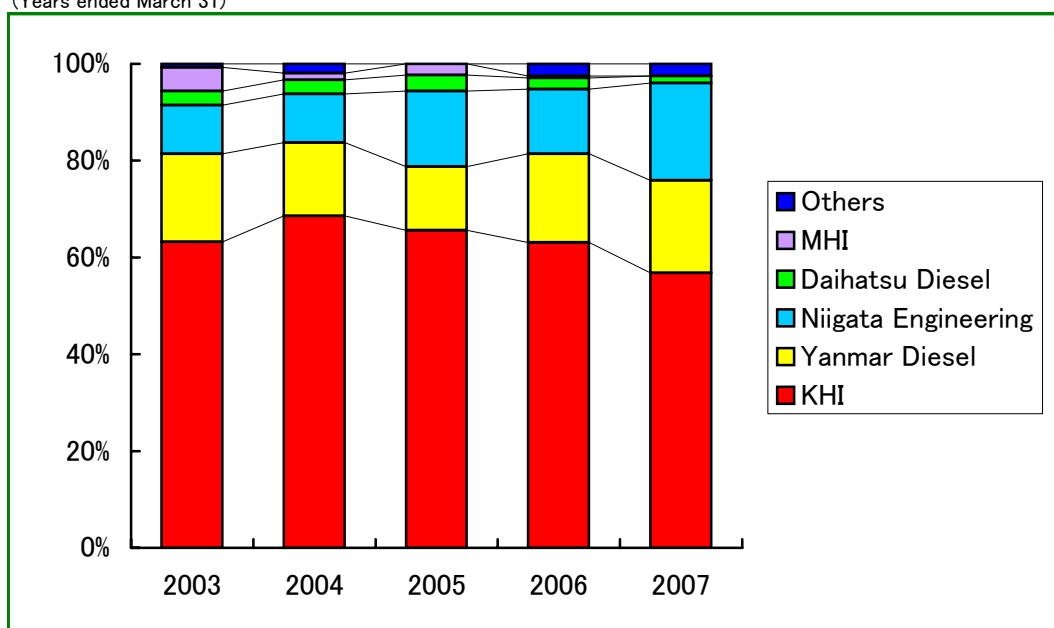
(Years ended March 31)

(Billion ¥)



Gas Turbine Generators Domestic Share

(Years ended March 31)



	2003	2004	2005	2006	2007
KHI	63.2%	68.6%	65.6%	63.1%	56.8%
Yanmar Diesel	18.2%	15.1%	13.2%	18.3%	19.1%
Niigata Engineering	10.1%	10.1%	15.6%	13.4%	20.1%
Daihatsu Diesel	2.9%	2.9%	3.3%	2.3%	1.5%
MHI a)	4.9%	1.4%	2.3%	0.4%	0.0%
Others	0.7%	1.9%	0.0%	2.5%	2.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

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

2. a) Mitsubishi Heavy Industries.

Source: *Denki Nichinichi Shimbun, "Ranking Series"*.

Plant & Infrastructure Engineering

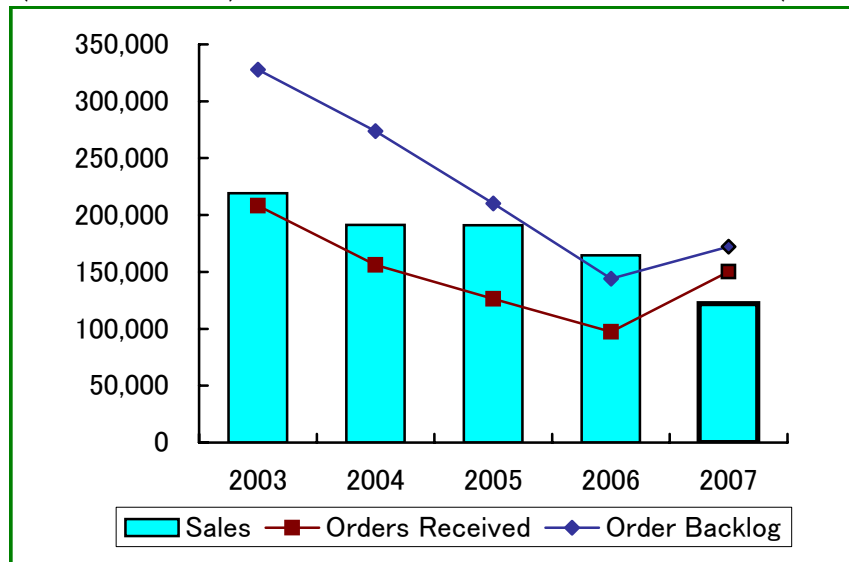
(Years ended March 31)–Consolidated Basis–

(Million ¥)

	2003	2004	2005	2006	2007
Sales	219,092	191,412	191,012	164,506	122,062
Orders Received	208,268	156,145	126,403	97,332	150,221
Order Backlog	327,911	273,837	210,160	144,147	172,255

(Years ended March 31)

(Million ¥)



(Years ended March 31) – Parent, Kawasaki Plant Systems, Ltd., and Kawasaki Environmental Engineering, Ltd. –

(Million ¥)

	2003	2004	2005	2006	2007
Sales	212,764	184,659	185,896	170,493	125,736
Exports	51,147	54,236	77,921	71,909	35,061
Orders Received	193,199	151,755	121,579	99,940	146,737
Order Backlog	329,104	278,101	214,715	161,153	182,104

Note: Environmental engineering business unit in the Plant & Infrastructure Engineering segment of "Kawasaki Heavy Industries, Ltd. (KHI)" was separated from KHI in Oct. 2006, as a wholly owned subsidiary, i.e., "Kawasaki Environmental Engineering, Ltd.(KEE)". The merger of KEE and Kawasaki Plant Systems, Ltd.(K Plant) in Apr. 2007 created the new K Plant, which is now the segment's core company.

Therefore, each figure in the column of 2006 and 2007 represents the total figures of the Plant & Infrastructure Engineering segment of KHI after the separation, K Plant, and KEE accomplished respectively.

(Years ended March 31)

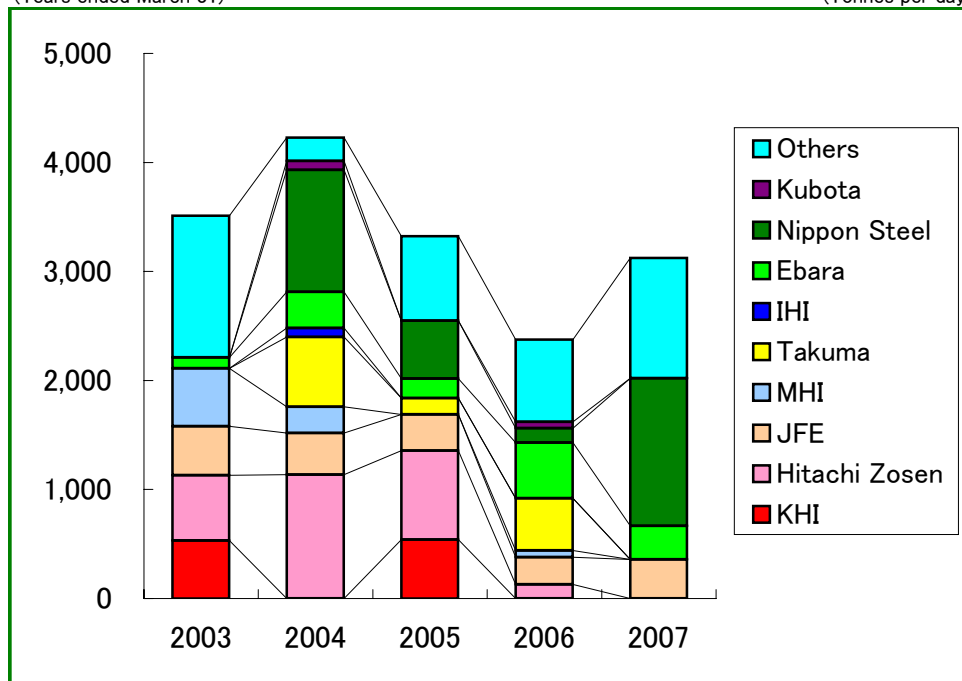
(Million ¥)



Refuse Incineration Plants Domestic Market Volume

(Years ended March 31)

(Tonnes per day)



(Tonnes per day)

	2003	2004	2005	2006	2007
KHI	531	0	540	0	0
Hitachi Zosen	600	1,135	815	128	0
JFE a)	450	383	333	250	358
MHI b)	530	240	0	62	0
Takuma	0	640	150	480	0
IHI c)	0	84	0	0	0
Ebara	100	330	180	511	309
Nippon Steel	0	1,118	530	132	1,352
Kubota	0	84	0	58	0
Others	1,300	215	776	755	1,106
Total Market Volume	3,511	4,229	3,324	2,376	3,125

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

2. a) JFE Engineering Corporation. (Until 2003, "NKK")

b) Mitsubishi Heavy Industries.

c) IHI Corporation. (Until 2006, "Ishikawajima-Harima Heavy Industries")

Source: Company's estimates.

Refuse Incineration Plants Domestic Share

(Years ended March 31)

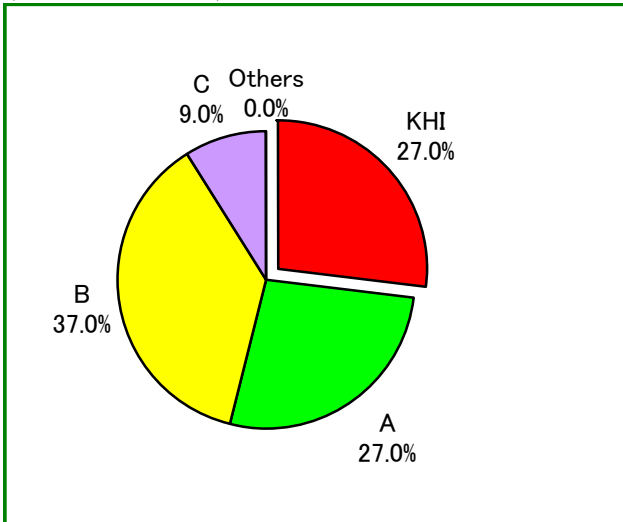
	2003	2004	2005	2006	2007
KHI	15.1%	0.0%	16.2%	0.0%	0.0%
Hitachi Zosen	17.1%	26.8%	24.5%	5.4%	0.0%
JFE	12.8%	9.1%	10.0%	10.5%	11.5%
MHI	15.1%	5.7%	0.0%	2.6%	0.0%
Takuma	0.0%	15.1%	4.5%	20.2%	0.0%
IHI	0.0%	2.0%	0.0%	0.0%	0.0%
Ebara	2.8%	7.8%	5.4%	21.5%	9.9%
Nippon Steel	0.0%	26.4%	15.9%	5.6%	43.3%
Kubota	0.0%	2.0%	0.0%	2.4%	0.0%
Others	37.1%	5.1%	23.5%	31.8%	35.3%

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

Source: Company's estimates.

**Shield Machines and Tunnel Boring Machines
 –Large-Diameter Model
 Domestic Share (2003–2007 Total)**

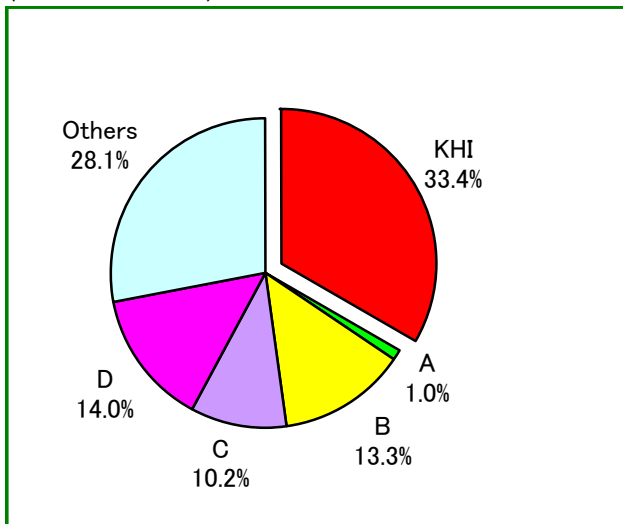
(Years ended March 31)



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 (2007)**

(Year ended March 31)



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.

Consumer Products & Machinery

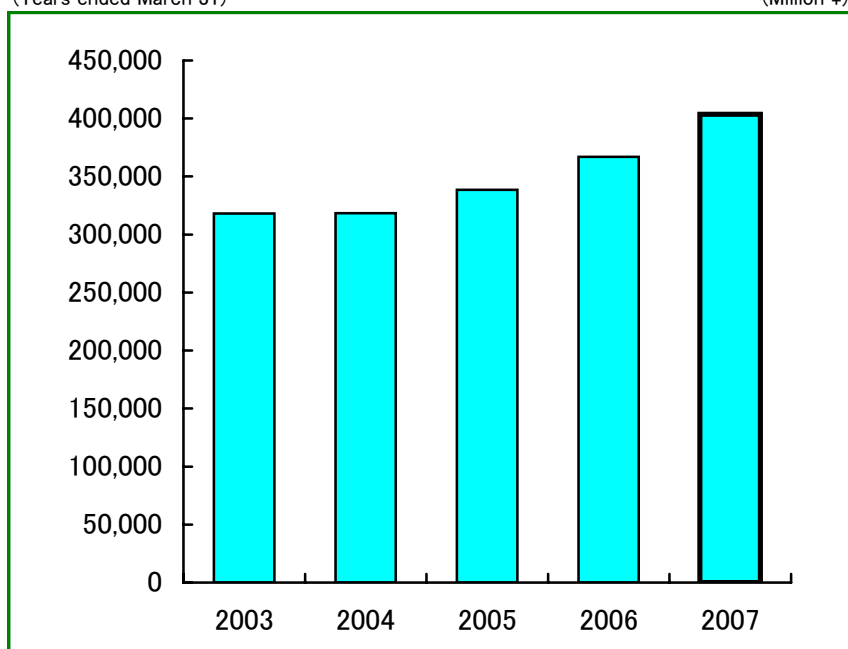
(Years ended March 31)–Consolidated Basis–

(Million ¥)

	2003	2004	2005	2006	2007
Sales	318,025	318,325	338,450	366,960	403,702

(Years ended March 31)

(Million ¥)



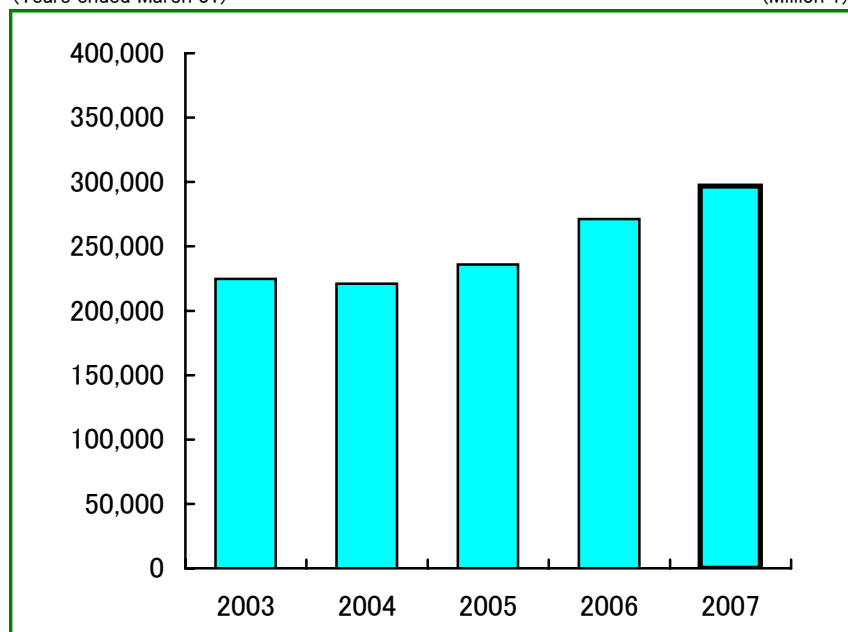
(Years ended March 31)–Parent Only–

(Million ¥)

	2003	2004	2005	2006	2007
Sales	224,731	220,883	235,983	271,315	296,846
Exports	193,311	184,451	202,405	234,056	264,236

(Years ended March 31)

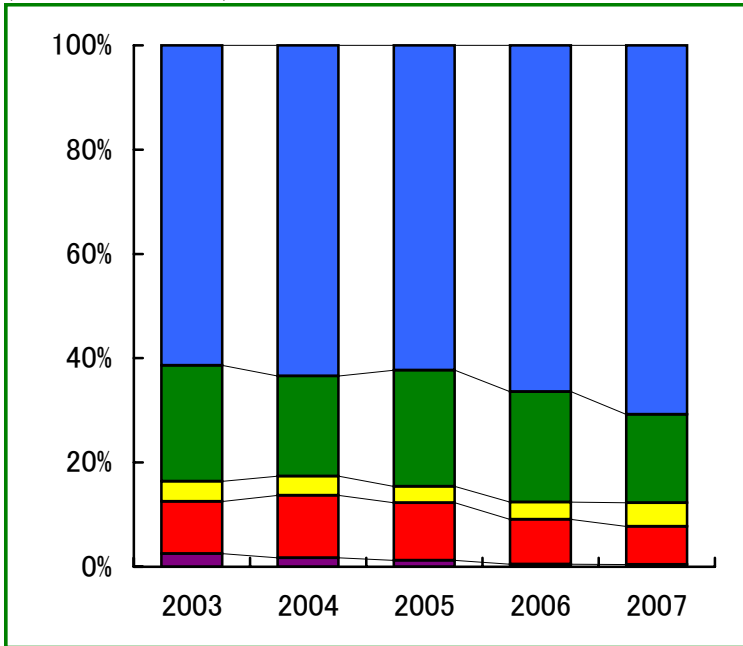
(Million ¥)



Composites of Consumer Product Sales

-Parent Only-

(Years ended March 31)



	2003	2004	2005	2006	2007
Motorcycles	61.4%	63.4%	62.3%	66.4%	70.8%
ATVs, U/Vs	22.2%	19.2%	22.3%	21.2%	16.9%
Personal Watercraft	3.9%	3.7%	3.1%	3.3%	4.6%
Gasoline Engines	10.0%	12.0%	11.1%	8.6%	7.3%
Automobile Transmissions	2.5%	1.7%	1.2%	0.5%	0.4%

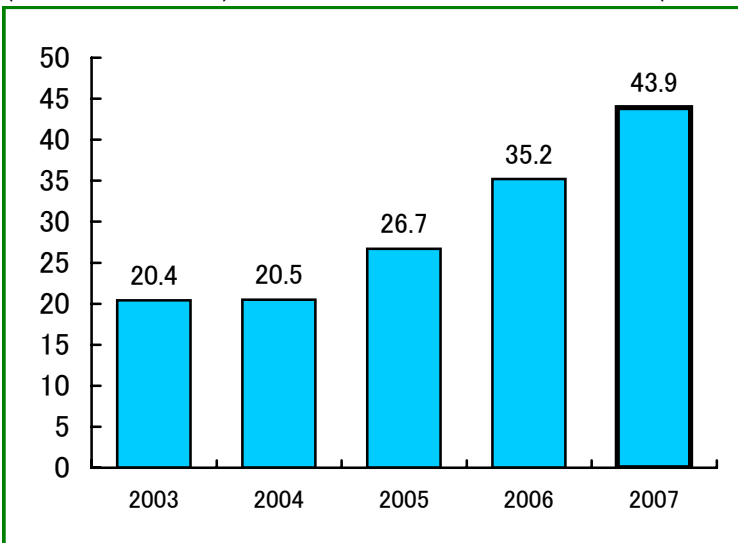
ATVs: All-Terrain Vehicles U/Vs: Utility Vehicles

Industrial Robot Sales

-Parent Only-

(Years ended March 31)

(Billion ¥)



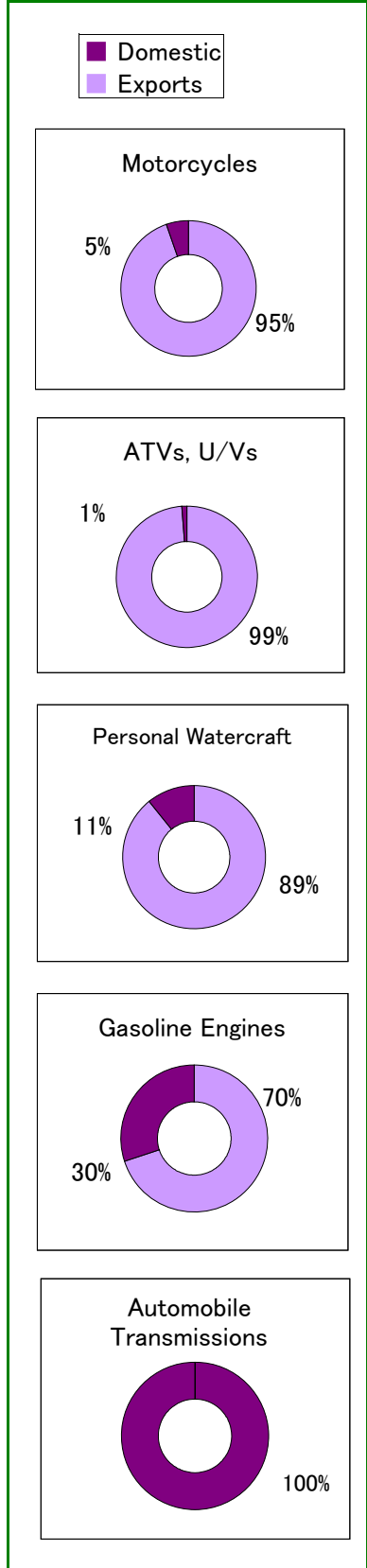
(Billion ¥)

	2003	2004	2005	2006	2007
Sales	20.4	20.5	26.7	35.2	43.9

Domestic/Export Sales by Product

-Parent Only-

(Year ended March 31, 2007)

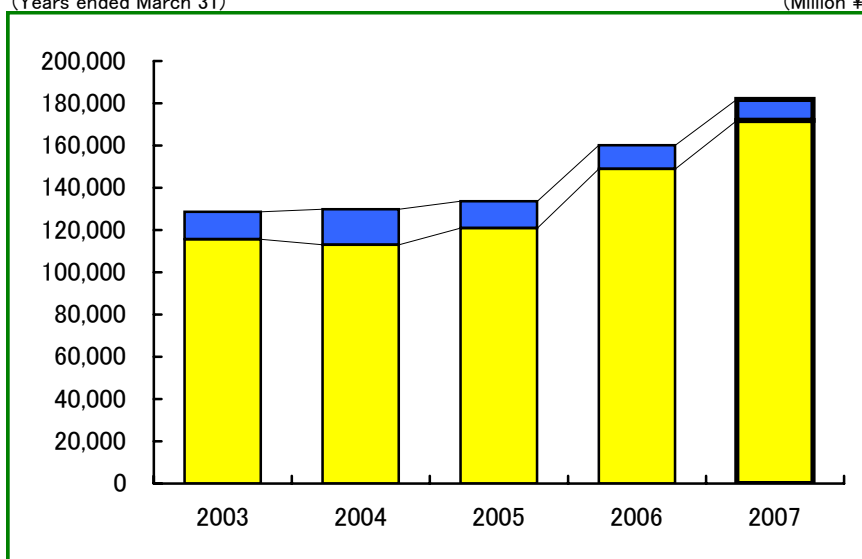


Motorcycle Sales

-Parent Only-

(Years ended March 31)

(Million ¥)

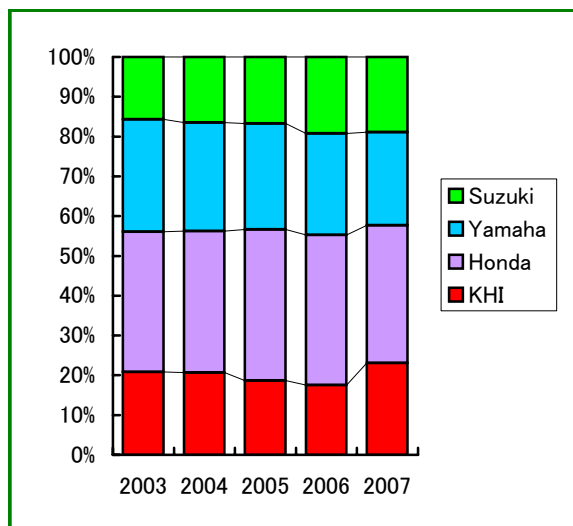


(Million ¥)

	2003	2004	2005	2006	2007
■ Domestic Sales	13,109	16,774	12,630	11,241	10,040
■ Export Sales	115,569	113,058	120,934	148,937	171,755
Total Motorcycle Sales	128,678	129,832	133,564	160,178	181,795

Note: Including sales of spare parts.

Motorcycle Sales Domestic Share

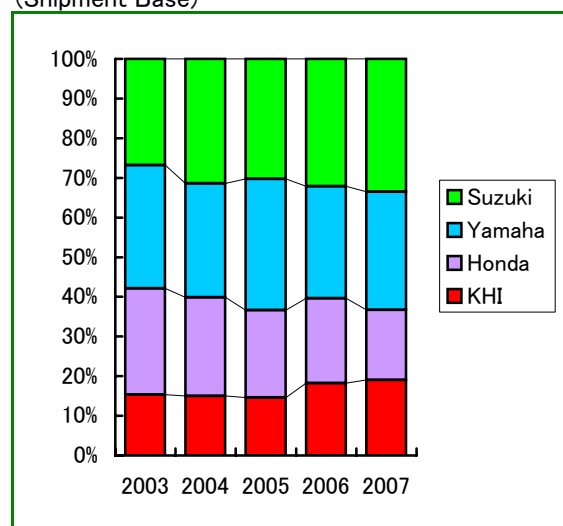


(Years ended March 31)

	2003	2004	2005	2006	2007
KHI	20.8%	20.7%	18.7%	17.5%	23.1%
Honda Motor	35.3%	35.5%	37.9%	37.8%	34.6%
Yamaha Motor	28.2%	27.3%	26.7%	25.5%	23.4%
Suzuki Motor	15.7%	16.5%	16.7%	19.2%	18.9%

Motorcycle Sales Export Share

(Shipment Base)



(Years ended March 31)

	2003	2004	2005	2006	2007
KHI	15.3%	15.0%	14.6%	18.2%	19.0%
Honda Motor	26.8%	24.8%	22.0%	21.4%	17.7%
Yamaha Motor	31.1%	28.7%	33.1%	28.2%	29.8%
Suzuki Motor	26.8%	31.4%	30.2%	32.1%	33.5%

Note: Engine displacement of more than 251cc.

Source: Japan Automobile Manufacturers Association Inc.

CONDENSED BALANCE SHEETS

Kawasaki Heavy Industries, Ltd. and consolidated subsidiaries
As of March 31

ASSETS	Millions of yen					
	2007	2006	2005	2004	2003	2002
Current assets:						
Cash on hand and in banks	¥39,351	¥37,650	¥44,629	¥43,064	¥61,185	¥91,344
Marketable securities	—	—	—	—	—	—
Receivables	446,850	442,033	419,633	383,532	398,243	402,808
Allowance for doubtful receivables	(4,273)	(3,829)	(6,014)	(6,725)	(5,176)	(5,893)
	442,577	438,204	413,619	376,807	393,067	396,915
Inventories	427,934	383,017	332,333	335,064	342,387	372,269
Deferred tax assets	32,694	32,398	20,219	19,429	18,423	16,994
Other current assets	19,362	24,630	26,205	25,116	12,900	25,149
Total current assets	961,918	915,899	837,005	799,480	827,962	902,671
Investments and long-term loans:						
Investments in securities	87,277	67,130	69,972	65,008	52,146	81,222
other	9,717	9,627	9,597	12,831	13,598	14,176
Total Investments and long-term loans	96,994	76,757	79,569	77,839	65,744	95,398
Property, plant and equipment						
Property, plant and equipment	814,101	793,926	786,126	780,895	761,110	774,153
Accumulated depreciation	(560,282)	(547,707)	(542,960)	(531,973)	(526,758)	(532,636)
Net property, plant and equipment	253,819	246,219	243,166	248,922	234,352	241,517
Intangible and other assets						
Deferred tax assets	27,725	28,186	19,260	14,456	10,765	4,917
Intangible and other assets	17,524	17,024	15,473	16,207	10,338	10,572
	45,249	45,210	34,733	30,663	21,103	15,489
Total assets	¥1,357,980	¥1,284,085	¥1,194,473	¥1,156,904	¥1,149,161	¥1,255,075

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen					
	2007	2006	2005	2004	2003	2002
Current liabilities:						
Short-term borrowings and current portion						
of long-term debt	¥138,463	¥162,746	¥146,605	¥188,652	¥201,248	¥243,113
Trade payables	412,501	409,942	348,389	286,117	294,769	325,664
Advances from customers	124,445	98,590	106,574	110,900	100,829	111,423
Income tax payable	13,365	19,978	12,276	12,491	7,560	3,347
Accrued bonuses	17,811	15,198	13,958	14,289	19,540	18,954
Provision for product warranty	5,100	4,200	2,551	2,156	2,303	2,479
Provision for restructuring charges	—	9,557	—	—	2,260	—
Provision for losses on construction contracts	12,363	12,613	6,833	5,018	832	80
Deferred tax liabilities	296	111	317	188	284	321
Other current liabilities	82,162	69,724	60,979	57,728	60,566	47,176
Total current liabilities	806,506	802,659	698,482	677,539	690,191	752,557
Long-term liabilities:						
Long-term debt, less current portion	165,754	157,057	207,279	210,819	226,936	248,170
Retirement and severance benefits	77,484	69,113	73,422	64,902	42,368	67,812
Deferred tax liabilities	3,996	3,733	1,980	2,035	2,825	4,338
Other	8,862	8,427	7,154	7,579	6,665	9,284
Total long-term liabilities	256,096	238,330	289,835	285,335	278,794	329,604
Minority interests	4,950	5,508	4,691	3,855	5,591	5,183
Shareholders' equity:						
Authorized— 3,360,000,000 shares						
Issued— 1,659,625,876 shares						
	103,188	92,085	81,427	81,427	81,427	81,427
Capital surplus	53,179	42,094	31,390	31,388	24,683	24,682
Retained earnings	125,799	100,776	88,704	80,469	77,069	64,110
Net unrealized gains on securities	19,342	14,097	16,910	13,266	3,671	5,925
Gains/losses on hedging items	(1,608)	—	—	—	—	—
Foreign currency translation adjustments	(9,417)	(11,426)	(16,843)	(16,283)	(12,225)	(8,407)
Treasury stock, at cost	(55)	(38)	(123)	(92)	(40)	(6)
Total shareholders' equity	290,428	237,588	201,465	190,175	174,585	167,731
Total liabilities and shareholders' equity	¥1,357,980	¥1,284,085	¥1,194,473	¥1,156,904	¥1,149,161	¥1,255,075

CONDENSED STATEMENTS OF INCOME

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

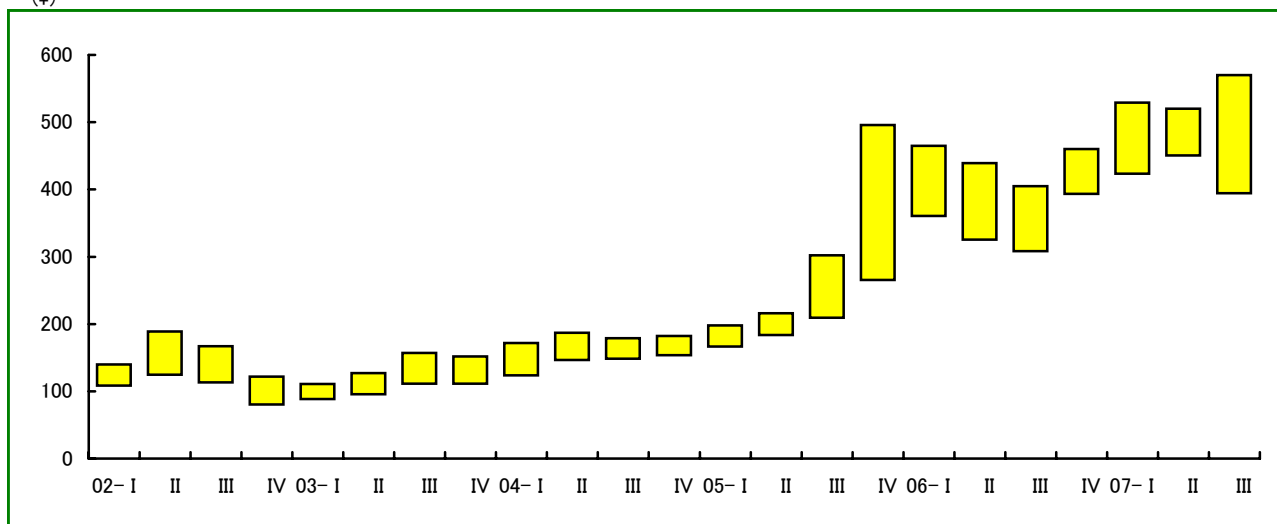
	Millions of yen					
	2007	2006	2005	2004	2003	2002
Net sales	¥1,438,619	¥1,322,487	¥1,241,592	¥1,160,252	¥1,239,598	¥1,144,534
Cost of sales	1,213,524	1,148,547	1,088,219	998,416	1,069,341	977,875
Gross profit	225,095	173,940	153,373	161,836	170,257	166,659
Selling, general and administrative expenses	155,953	132,145	128,629	139,586	139,714	135,348
Operating income	69,142	41,795	24,744	22,250	30,543	31,311
Other income (expenses):						
Interest and dividend income	3,807	3,225	3,240	3,476	4,684	4,798
Equity in income (loss) of unconsolidated subsidiaries and affiliates	2,694	(197)	506	941	(467)	379
Interest expense	(6,650)	(5,377)	(6,296)	(7,274)	(10,291)	(12,146)
Other, net	(23,725)	(16,146)	(1,630)	(8,151)	(7,241)	(8,348)
Income (loss) before income taxes and minority interests	45,268	23,300	20,564	11,242	17,228	15,994
Income taxes						
Current	(16,623)	(24,148)	(15,869)	(16,604)	(11,395)	(6,114)
Deferred	1,337	17,843	7,374	11,890	7,555	-3,131
Minority interests in net (income) loss of consolidated subsidiaries	(210)	(528)	(590)	(195)	(366)	-467
Foreign currency translation adjustments	-	-	-	-	-	-
Net income (loss)	¥29,772	¥16,467	¥11,479	¥6,333	¥13,022	¥6,282

	Millions of yen					
	2007	2006	2005	2004	2003	2002
Per share amounts (yen):						
Net income (loss)	¥18.9	¥11.2	¥7.9	¥4.4	¥9.3	¥4.5
Cash dividends	5.0	3.0	2.5	2.0	¥2.0	-
Other data:						
Capital expenditures (Million ¥)	36,269	41,724	29,692	41,502	35,165	33,132
Depreciation (Million ¥)	30,279	30,551	31,555	32,590	31,595	31,998
R&D expenses (Million ¥)	33,819	27,040	13,183	14,741	15,494	16,549
Number of employees	29,211	28,922	28,682	29,306	28,642	28,936

STOCK INFORMATION

Stock Price Range

(¥)

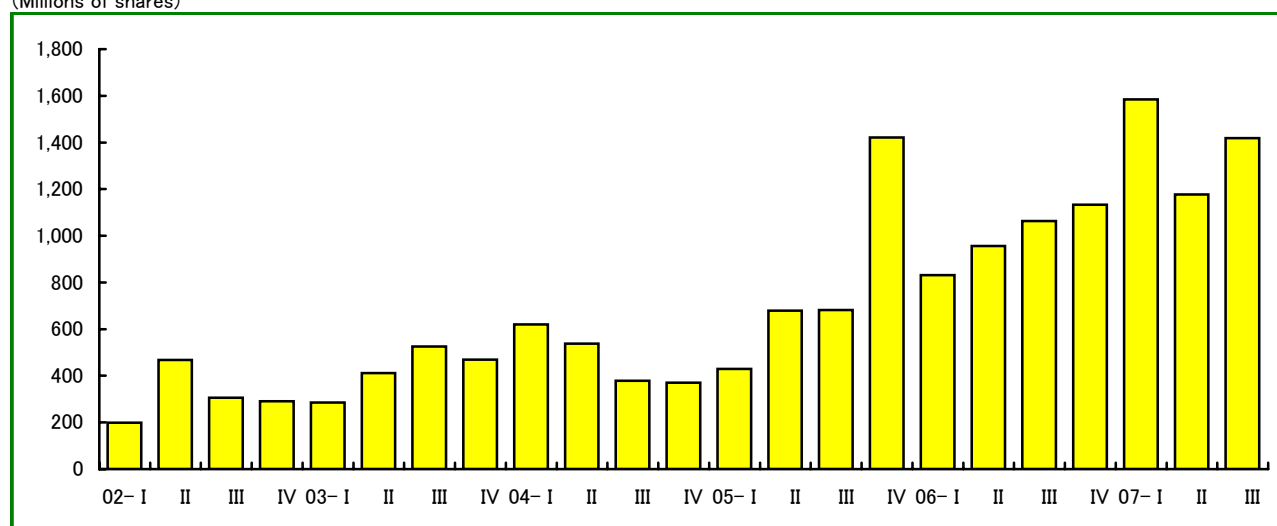


(¥)

	2002				2003				2004				2005				2006				2007		
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
High	140	189	167	122	111	127	157	152	172	187	179	182	198	216	302	496	465	439	405	460	529	520	570
Low	108	124	113	80	88	95	111	111	123	146	148	153	166	183	209	265	360	325	308	393	423	450	394

Stock Trading Volume

(Millions of shares)



(Millions of shares)

	2002				2003				2004				2005				2006				2007		
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
Volume	199	468	306	291	285	411	526	469	620	538	379	370	429	679	682	1,422	832	956	1,063	1,133	1,585	1,177	1,419

Paid-in Capital	
¥103,187,577,986	
Number of Shares	
Authorized	3,360,000,000 shares
Outstanding	1,659,625,876 shares
(Dilution)	52,089,066 shares)
As of March 31, 2007	

Paid-in Capital	
¥ 104,265,062,978	
Number of Shares	
Authorized	3,360,000,000 shares
Outstanding	1,668,911,902 shares
(Dilution)	42,682,221 shares)
As of September 30, 2007	

Stock Listings

Tokyo, Osaka, Nagoya

Transfer Agent

The Chuo Mitsui Trust & Banking Co., Ltd.
33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan

Handling Office

The Chuo Mitsui Trust & Banking Co., Ltd., Osaka Branch
2-21, 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 10286, U.S.A.

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

CORPORATE DATA

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Year of Incorporation

1896

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