

# DATA FILE 2009

**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 (it is now existed as JFE 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 Group has been seeking to expand its activities in Asia, especially in China. In shipbuilding business, Nantong COSCO KHI Ship Engineering Co., Ltd. (NACKS) was established as a joint venture between KHI and China Ocean Shipping (Group) Company in 1995. NACKS builds various types of commercial vessels for both domestic and overseas customers under the technical support from Kawasaki Shipbuilding Corporation (KSC, wholly-owned subsidiary of KHI). In energy-related business, Anhui Conch Kawasaki Engineering Co., Ltd. (ACK) was established as a joint venture between Kawasaki Plant Systems, Ltd. (K-Plant, wholly-owned subsidiary of KHI) and the Anhui Conch Group in 2006. KHI has established three joint ventures for the time being and set up an integrated system in China encompassing the design, production, sales and after-sale services of waste heat recovery power generation systems for cement plants and cement producing facilities. In hydraulic machinery business, in order to meet the increasing demand in China, Chinese subsidiary in Suzhou, which Kawasaki Precision Machinery Ltd. (KPM, wholly-owned subsidiary of KHI) established in 2005, started the production of hydraulic pumps in 2006. In 2008, the production facility was expanded, and in 2009, the production of hydraulic marine machinery started at the same facility.

KHI has also undertaken its group reorganization. In Sep. 2009, KHI announced that it would remerge its three subsidiaries, KSC, KPM (separated in 2002), and K-Plant (separated in 2005) as of October 1, 2010. This remerger will bring together the intellectual assets of the four companies, including knowledge of technology and other know-how as well as human resources, and, thereby, enhance the overall capabilities of the KHI Group. KHI Group will use this remerger of its three subsidiaries, as a springboard toward reaching the goal proclaimed in Kawasaki Group Mission Statement to be a profitable global corporate group working as one for the good of the planet.

Group Mission:

**Kawasaki, working as one for the good of the planet**

(Enriching lifestyles and helping safeguard the environment: Global Kawasaki) -

- We are the Kawasaki Group, a global technology leader with diverse integrated strengths.
- We create new value—for a better environment and a brighter future for generations to come.

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# FINANCIAL HIGHLIGHTS

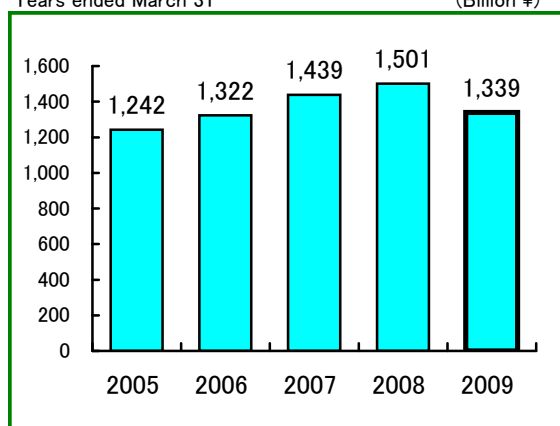
Kawasaki Heavy Industries, Ltd. and consolidated subsidiaries

Years ended March 31

	Millions of yen				
	2005	2006	2007	2008	2009
<b>For the year:</b>					
Net sales	¥1,241,592	¥1,322,487	¥1,438,619	¥1,501,097	¥1,338,597
Net income	11,479	16,467	29,772	35,141	11,728
Net income per share (yen)	7.9	11.2	18.9	21.1	7.0
Return on average shareholders' equity (%)	5.7%	7.3%	11.1%	11.4%	3.8%
Cash dividends per share (yen)	2.5	3.0	5.0	5.0	3.0
<b>At year end:</b>					
Total assets	1,194,473	1,284,085	1,357,980	1,378,770	1,399,771
Working capital	138,523	113,240	155,412	157,741	165,791
Current ratio (%)	119.8%	114.1%	119.3%	119.1%	120.0%
Total shareholders' equity	201,465	237,588	290,428	313,192	290,441

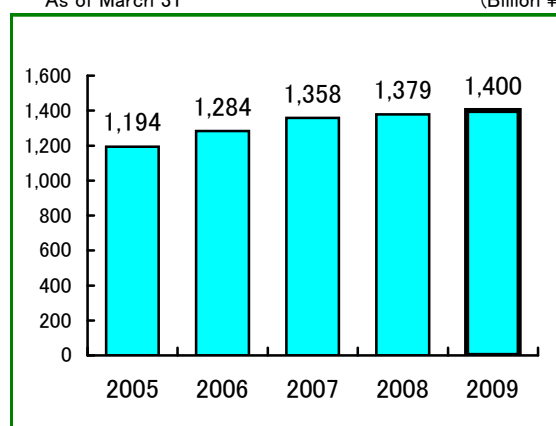
## Net Sales

Years ended March 31 (Billion ¥)



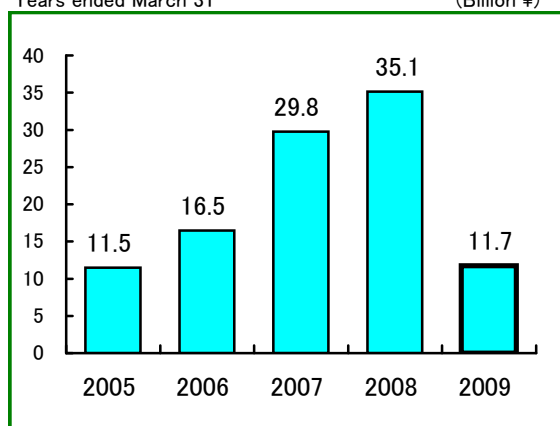
## Total Assets

As of March 31 (Billion ¥)



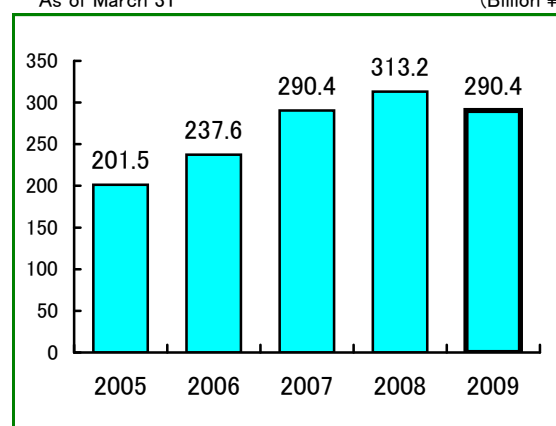
## Net Income (Loss)

Years ended March 31 (Billion ¥)



## Total Shareholders' Equity

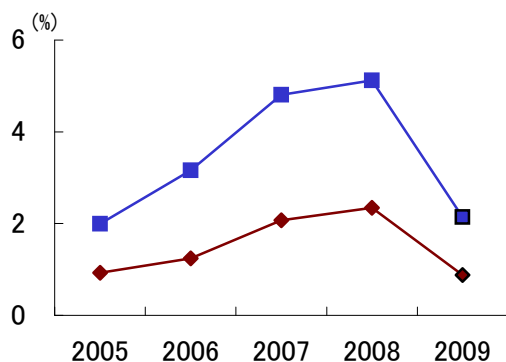
As of March 31 (Billion ¥)



# KEY INDICATORS (CONSOLIDATED BASIS)

## Ratio of Operating Income to Sales Return on Sales

Years ended March 31



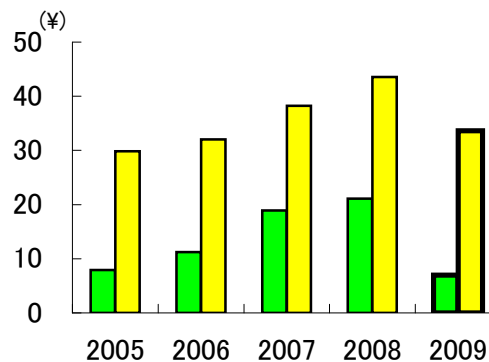
	2005	2006	2007	2008	2009
Operating Income to Sales - ■-	1.99	3.16	4.81	5.12	2.15
ROS - ◆-	0.92	1.25	2.07	2.34	0.88

Operating Income to Sales: Operating Income/Net Sales.

ROS: Net Income/Net Sales.

## Earnings per Share Cash Flow per Share

Years ended March 31



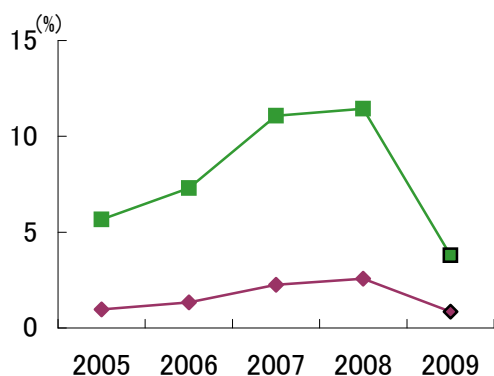
	2005	2006	2007	2008	2009
EPS ■	7.9	11.2	18.9	21.1	7.0
CFPS ■	29.8	32.0	38.2	43.5	33.6

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



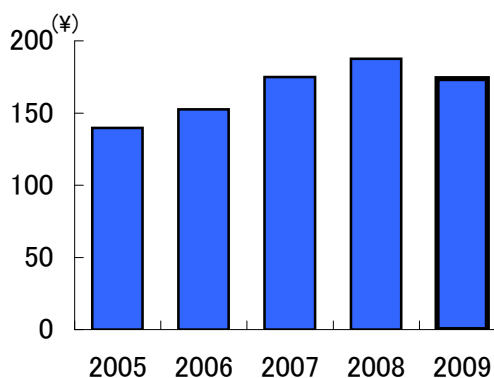
	2005	2006	2007	2008	2009
ROE - ■-	5.7	7.3	11.1	11.4	3.8
ROA - ◆-	1.0	1.3	2.3	2.6	0.8

ROE: Net Income/Average Shareholders' Equity.

ROA: Net Income/Average Total Assets.

## Book Value per Share

As of March 31

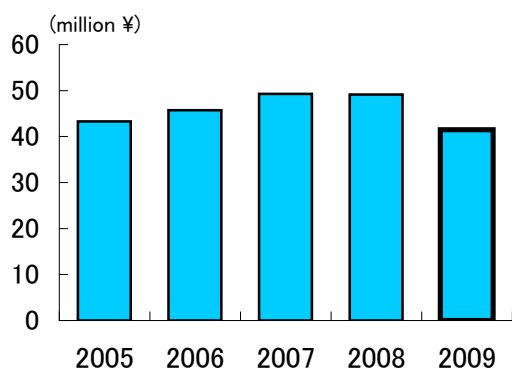


	2005	2006	2007	2008	2009
Book Value per Share	139.7	152.5	175.0	187.5	173.9

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

## Net Sales per Employee

Years ended March 31

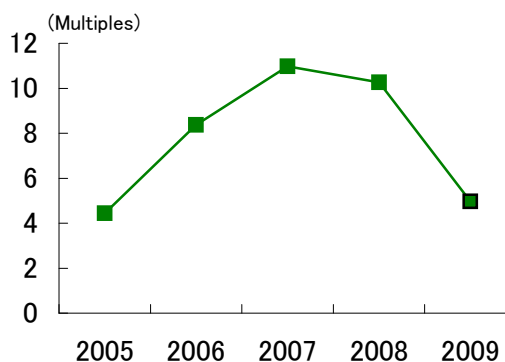


2005	2006	2007	2008	2009
43.29	45.73	49.25	49.11	41.49

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

## Interest Coverage

Years ended March 31

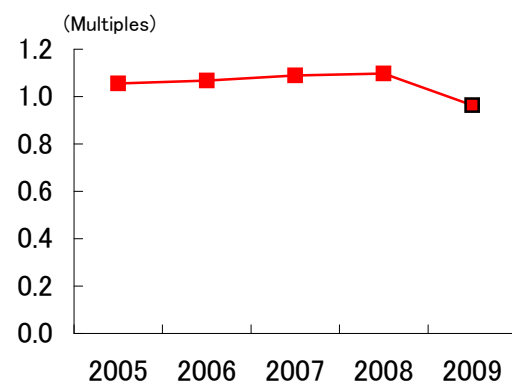


2005	2006	2007	2008	2009
4.44	8.37	10.97	10.27	4.97

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

## Asset Turnover

Years ended March 31

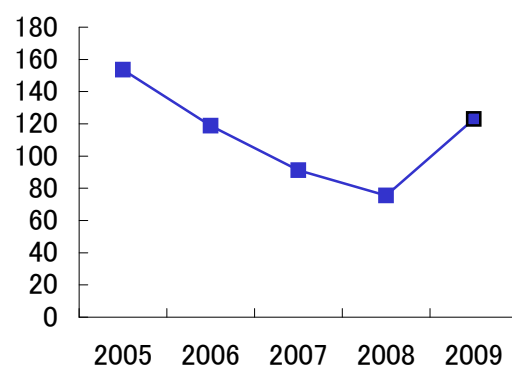


2005	2006	2007	2008	2009
1.06	1.07	1.09	1.10	0.96

Asset Turnover: Net Sales/Average Total Assets.

## Debt to Equity Ratio

Years ended March 31



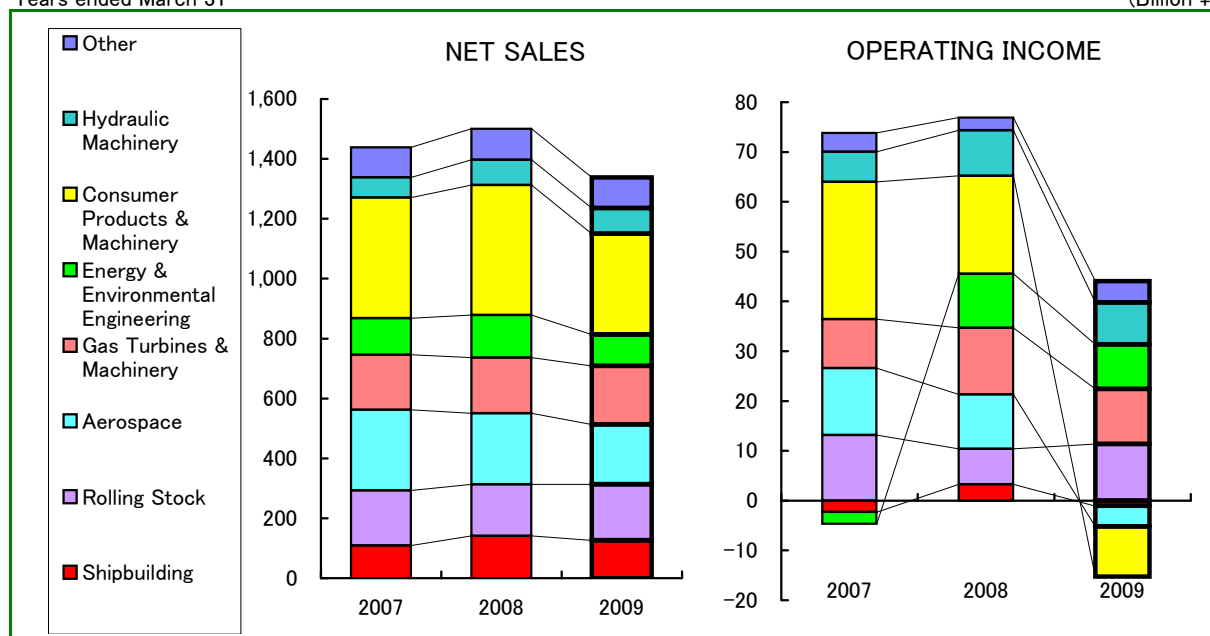
2005	2006	2007	2008	2009
154	119	91	76	123

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 ¥)		
	2007	2008	2009
Shipbuilding	108.8	141.4	126.4
Rolling Stock	184.3	171.7	186.5
Aerospace	269.1	237.3	200.4
Gas Turbines & Machinery	183.3	185.5	195.2
Energy & Environmental Engineering	122.1	142.5	105.2
Consumer Products & Machinery	403.7	434.0	336.5
Hydraulic Machinery	66.6	84.0	84.9
Other	100.7	104.6	103.6
<b>Total</b>	<b>1,438.6</b>	<b>1,501.1</b>	<b>1,338.6</b>

## Operating Income (Loss)

	(Billion ¥)		
	2007	2008	2009
Shipbuilding	(2.2)	3.3	(1.0)
Rolling Stock	13.2	7.2	11.4
Aerospace	13.4	10.9	(4.2)
Gas Turbines & Machinery	9.8	13.4	11.0
Energy & Environmental Engineering	(2.4)	10.8	9.0
Consumer Products & Machinery	27.6	19.7	(10.1)
Hydraulic Machinery	6.1	9.1	8.4
Other	3.8	2.6	4.3
<b>Net Operating Income</b>	<b>69.1</b>	<b>76.9</b>	<b>28.7</b>

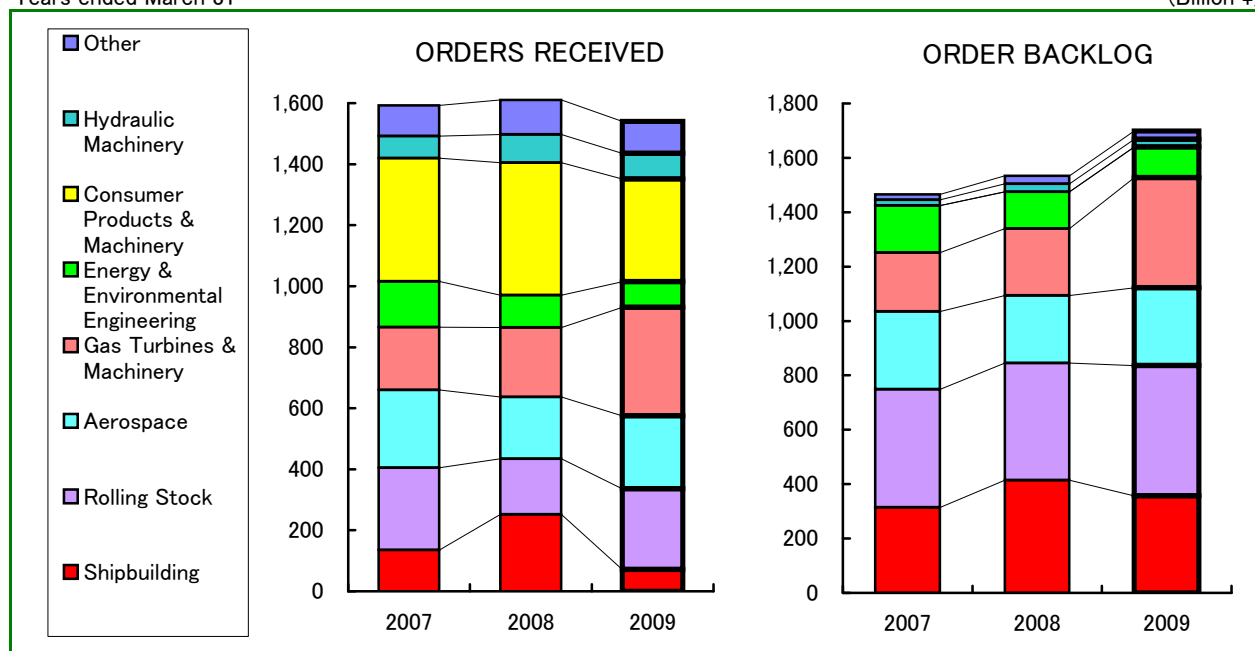
## Ratio of Operating Income to Sales

	2007	2008	2009
Shipbuilding	(2.1%)	2.3%	(0.8%)
Rolling Stock	7.1%	4.2%	6.1%
Aerospace	5.0%	4.6%	(2.1%)
Gas Turbines & Machinery	5.4%	7.2%	5.6%
Energy & Environmental Engineering	(2.0%)	7.6%	8.5%
Consumer Products & Machinery	6.8%	4.5%	(3.0%)
Hydraulic Machinery	9.1%	10.8%	9.9%
Other	3.8%	2.5%	4.1%
<b>Total</b>	<b>4.8%</b>	<b>5.1%</b>	<b>2.1%</b>

Note: The Hydraulic Machinery segment, which had been included in "Other" until the year 2007, is presented separately from the year 2008 as its materiality has increased. The information for the 2007 above had been retroactively restated based on the new industry segment categories.

Years ended March 31

(Billion ¥)



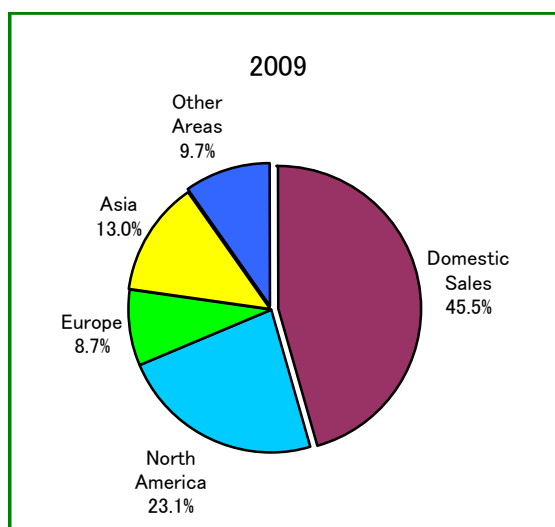
(Billion ¥)

	Orders Received			Order Backlog		
	2007	2008	2009	2007	2008	2009
Shipbuilding	135.6	251.3	71.5	314.0	414.2	356.9
Rolling Stock	269.1	183.3	264.6	434.4	431.4	478.6
Aerospace	255.6	202.5	239.2	286.7	248.3	286.6
Gas Turbines & Machinery	204.8	227.4	355.5	216.9	246.0	405.2
Energy & Environmental Engineering	150.2	106.0	83.6	172.3	135.3	112.2
Consumer Products & Machinery	403.7	434.0	336.5	0.0	0.0	0.0
Hydraulic Machinery	72.9	92.3	84.1	21.0	29.3	28.5
Other	100.7	113.9	105.5	19.9	29.2	31.2
<b>Total</b>	<b>1,592.7</b>	<b>1,610.8</b>	<b>1,540.6</b>	<b>1,465.2</b>	<b>1,533.7</b>	<b>1,699.2</b>

Note: The Hydraulic Machinery segment, which had been included in "Other" until the year 2007, is presented separately from the year 2008 as its materiality has increased. The information for the 2007 above had been retroactively restated based on the new industry segment categories.

## OVERSEAS SALES

Years ended March 31



2009		
	Million ¥	% against net sales
North America	309,979	23.1%
Europe	116,298	8.7%
Asia	174,310	13.0%
Other Areas	130,051	9.7%
<b>Total Overseas Sales</b>	<b>730,638</b>	<b>54.5%</b>
<b>Domestic Sales</b>	<b>607,959</b>	<b>45.5%</b>
<b>Net Sales</b>	<b>1,338,597</b>	<b>100.0%</b>

# Shipbuilding

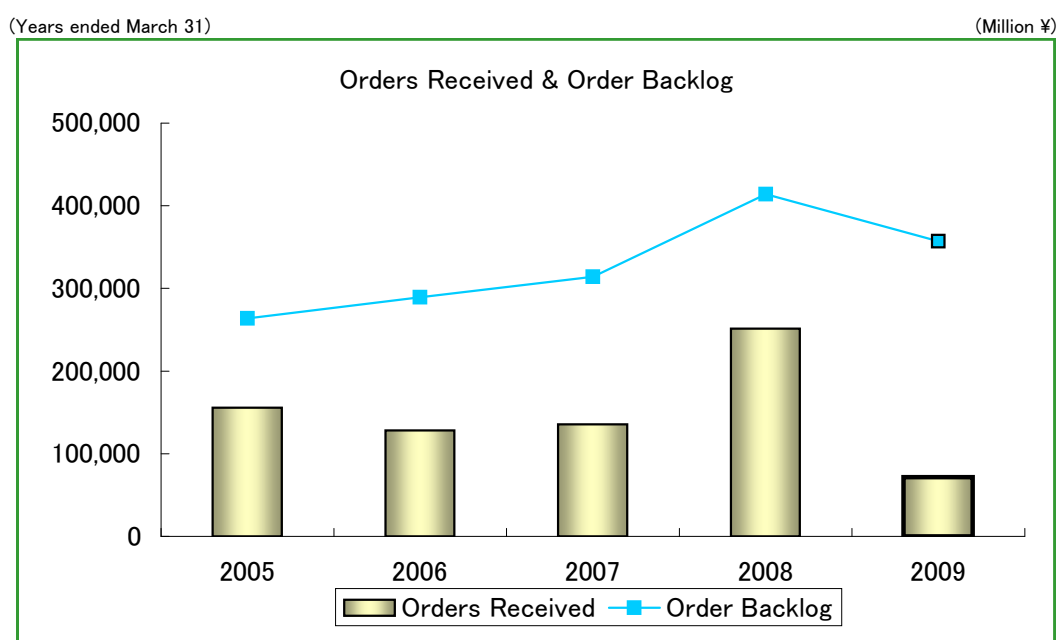
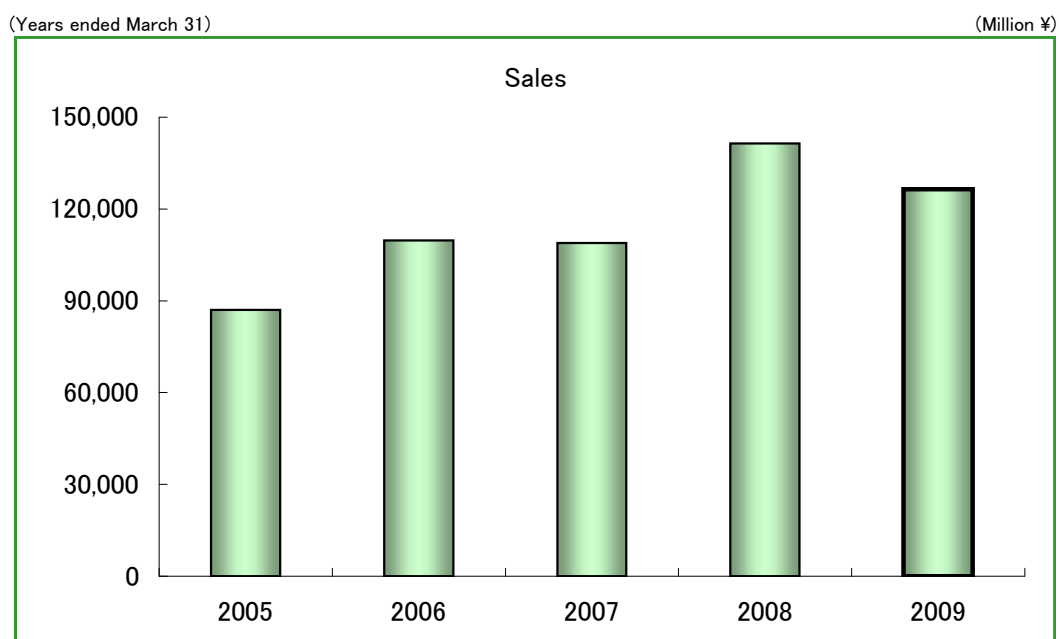
Main Products: LNG Carriers, LPG Carriers, VLCCs, Bulk Carriers, Submarines and others

(Years ended March 31) –Consolidated Basis–

(Million ¥)

	2005	2006	2007	2008	2009
Sales	87,081	109,697	108,849	141,397	126,426
Orders Received	155,832	128,323	135,600	251,331	71,513
Order Backlog	263,707	289,227	313,987	414,176	356,937

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)".

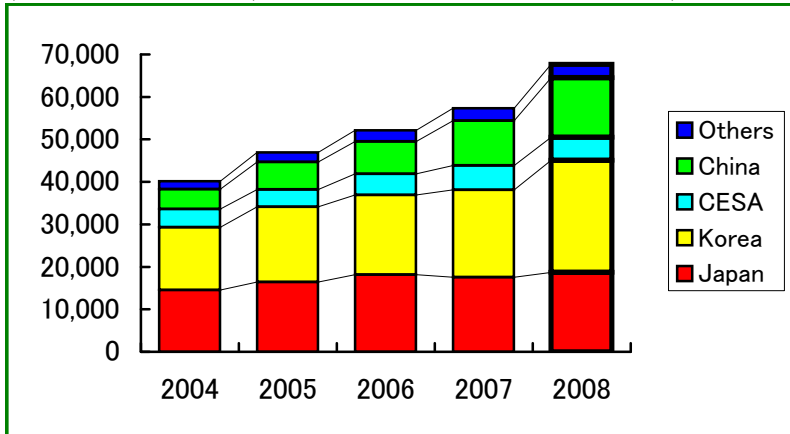




## Newly Constructed Ships World Market Volume

(Years ended December 31)

(Thousand GT)



	2004	2005	2006	2007	2008
Japan	14,515	16,434	18,176	17,525	18,656
Korea	14,768	17,689	18,717	20,593	26,379
CESA a)	4,291	4,100	4,965	5,715	5,479
China	4,679	6,466	7,665	10,553	13,956
Others	1,918	2,280	2,595	2,934	3,220
<b>World Market Volume</b>	<b>40,171</b>	<b>46,969</b>	<b>52,118</b>	<b>57,320</b>	<b>67,690</b>

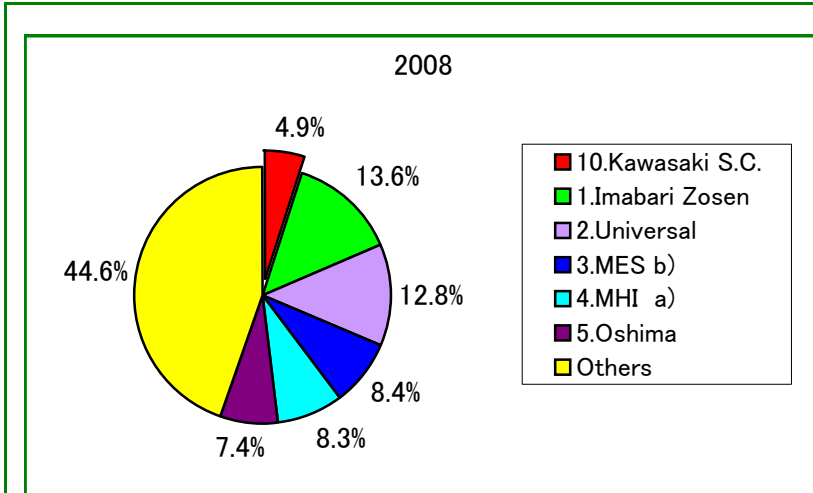
Notes: 1. Figures are on a ships volume completed (tonnage) basis for vessels of 100GT and above.

2. a) Community of European Shipyards' Associations

Source: Lloyd's Register "World Shipbuilding Statistics 2008"

## 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) Mitsui Engineering & Shipbuilding.

Source: The Shipbuilders' Association of Japan

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

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

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

2007 (%)	
1.Imabari Zosen	14.9
2.Universal	13.2
3.Tsuneishi	8.8
4.MES b)	7.8
5.Oshima	7.4
<b>12.Kawasaki S.C.</b>	<b>3.6</b>

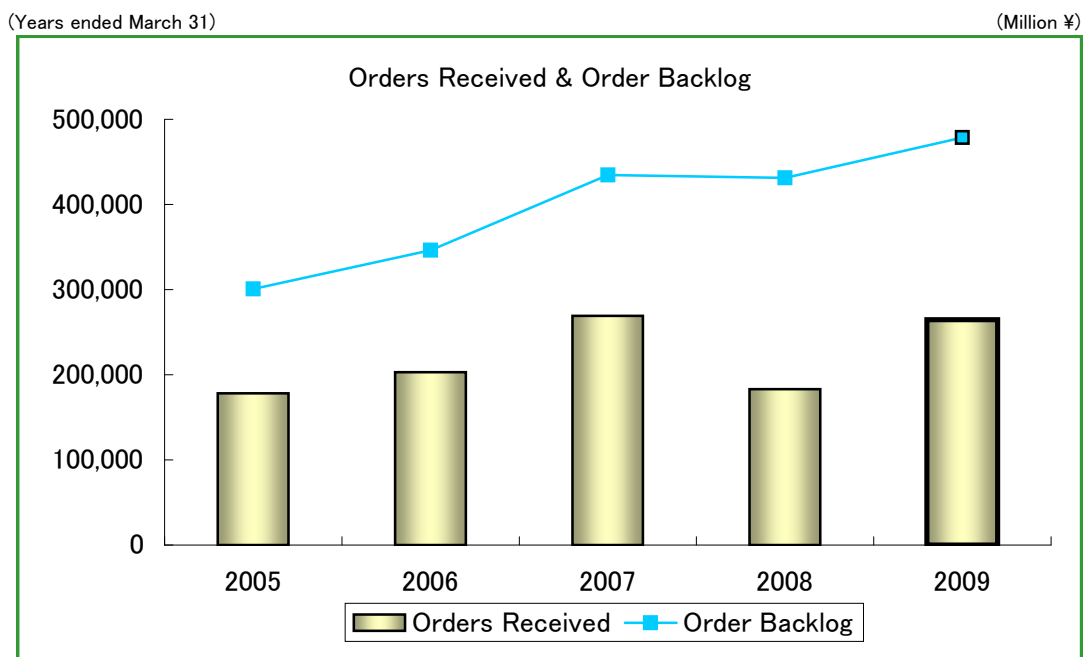
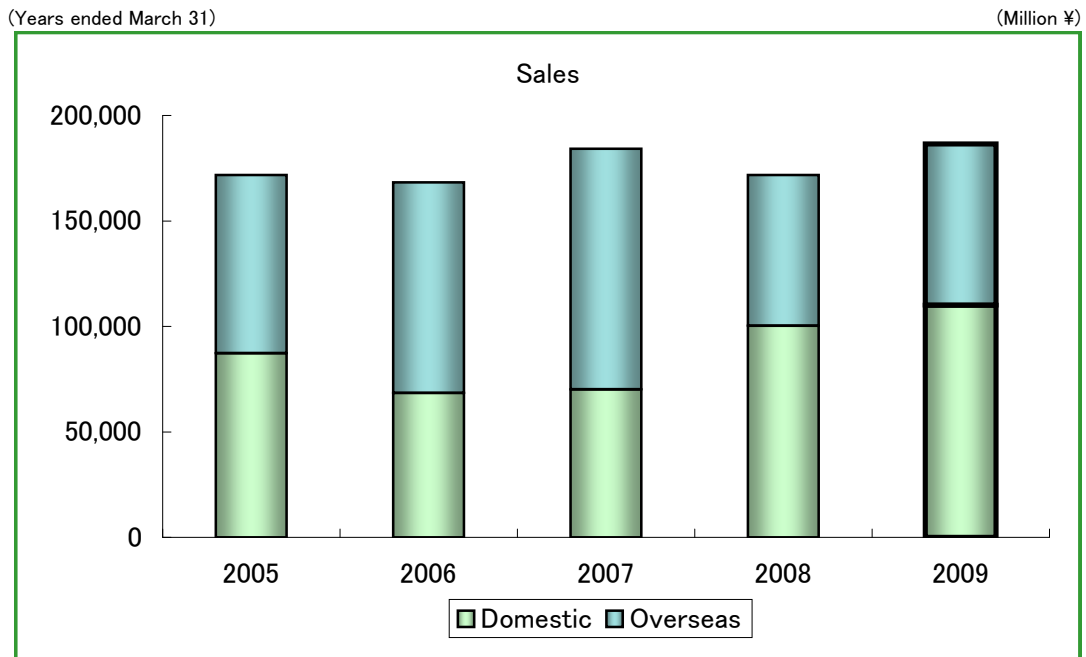
  

2008 (%)	
1.Imabari Zosen	13.6
2.Universal	12.8
3.MES b)	8.4
4.MHI a)	8.3
5.Oshima	7.4
<b>10.Kawasaki S.C.</b>	<b>4.9</b>

## Rolling Stock

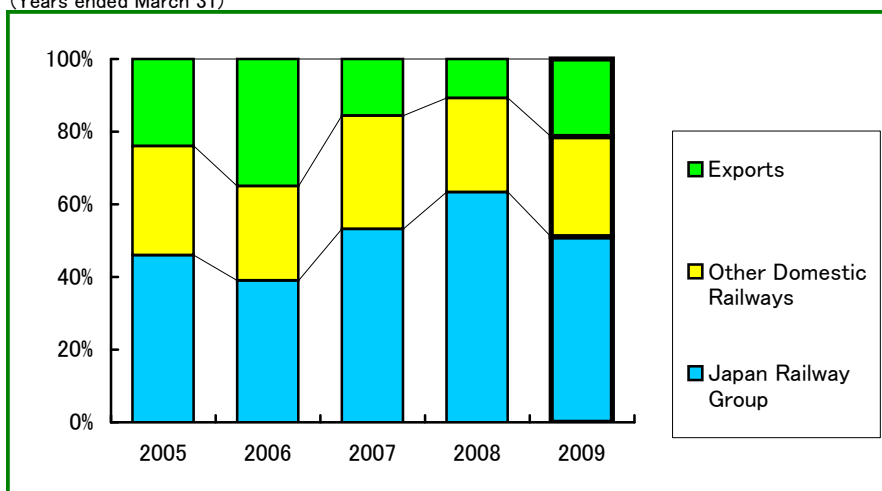
Main Products: Electric train cars(incl. Shinkansen), Electric and diesel locomotives, Passenger coaches, Monorail cars, Platform screen doors

(Years ended March 31)–Consolidated Basis–					(Million ¥)
	2005	2006	2007	2008	2009
Sales	171,731	168,306	184,283	171,739	186,454
Orders Received	178,369	203,165	269,120	183,254	264,604
Order Backlog	300,837	346,310	434,419	431,377	478,566



### Japanese Rolling Stock Production by Demand Sector

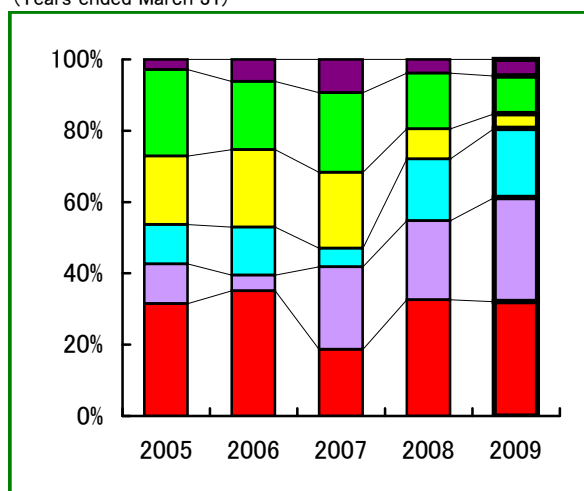
(Years ended March 31)



	2005	2006	2007	2008	2009
Japan Railway Group	46%	39%	53%	63%	51%
Other Domestic Railways	30%	26%	31%	26%	28%
Exports	24%	35%	16%	11%	21%
Total	100%	100%	100%	100%	100%

### Major Rolling Stock Suppliers to the Japan Railway Group

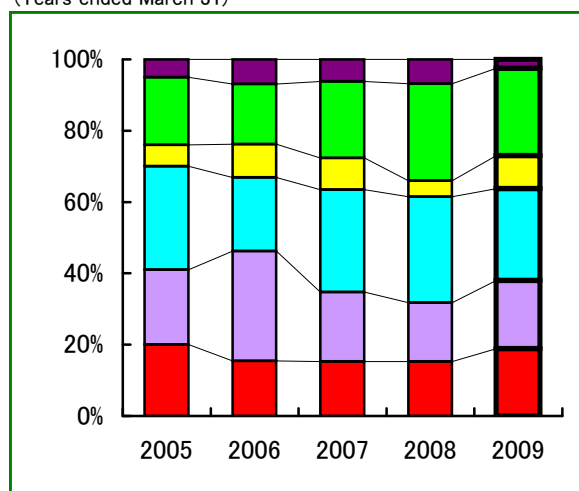
(Years ended March 31)



	2005	2006	2007	2008	2009
KHI	31.5%	35.1%	18.7%	32.6%	32.0%
Nippon Sharyo	11.1%	4.4%	23.1%	22.2%	29.2%
Hitachi	11.1%	13.5%	5.2%	17.3%	19.3%
Kinki Sharyo	19.2%	21.7%	21.3%	8.4%	4.2%
Tokyu Car	24.2%	19.1%	22.4%	15.6%	10.6%
Others	2.9%	6.2%	9.3%	3.9%	4.7%
Total	100%	100%	100%	100%	100%

### Major Rolling Stock Suppliers to Domestic Railways except JR Group

(Years ended March 31)



	2005	2006	2007	2008	2009
KHI	20.0%	15.4%	15.3%	15.2%	18.8%
Nippon Sharyo	21.0%	30.8%	19.5%	16.5%	19.1%
Hitachi	29.0%	20.7%	28.7%	29.7%	25.8%
Kinki Sharyo	6.0%	9.3%	8.9%	4.5%	9.3%
Tokyu Car	19.0%	16.9%	21.5%	27.3%	24.5%
Others	5.0%	6.9%	6.2%	6.8%	2.5%
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

Main Products: Aircrafts for Japan Ministry of Defense, Component parts for commercial aircrafts (BOEING , Embraer), Missiles

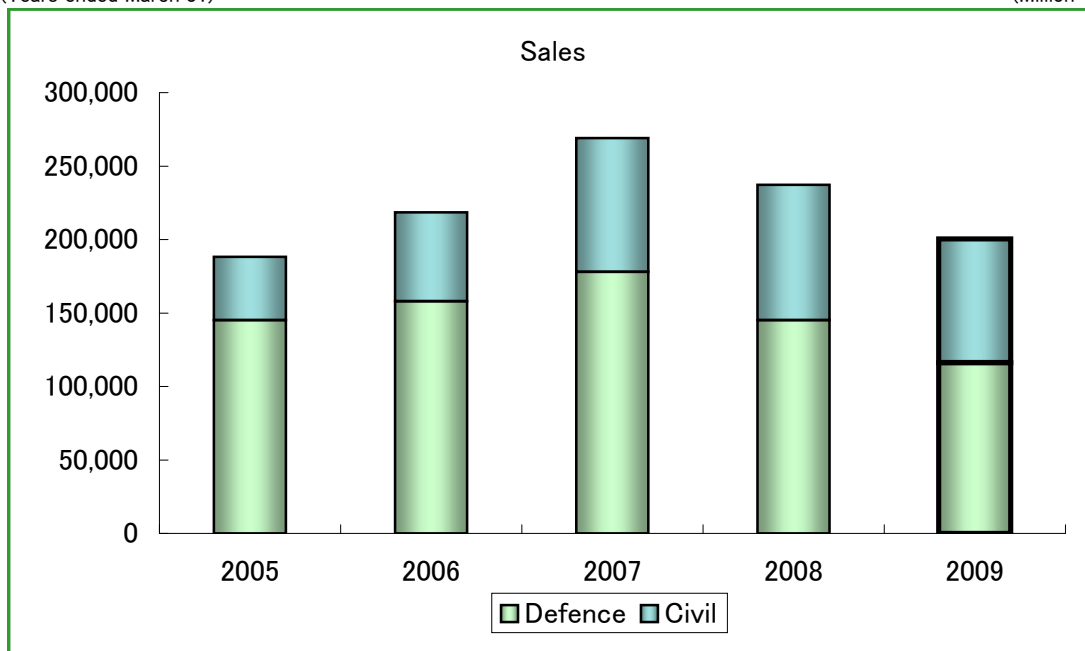
(Years ended March 31)-Consolidated Basis-

(Million ¥)

	2005	2006	2007	2008	2009
Sales	188,255	218,533	269,108	237,349	200,425
Orders Received	214,702	229,257	255,613	202,506	239,177
Order Backlog	287,441	301,599	286,699	248,332	286,601

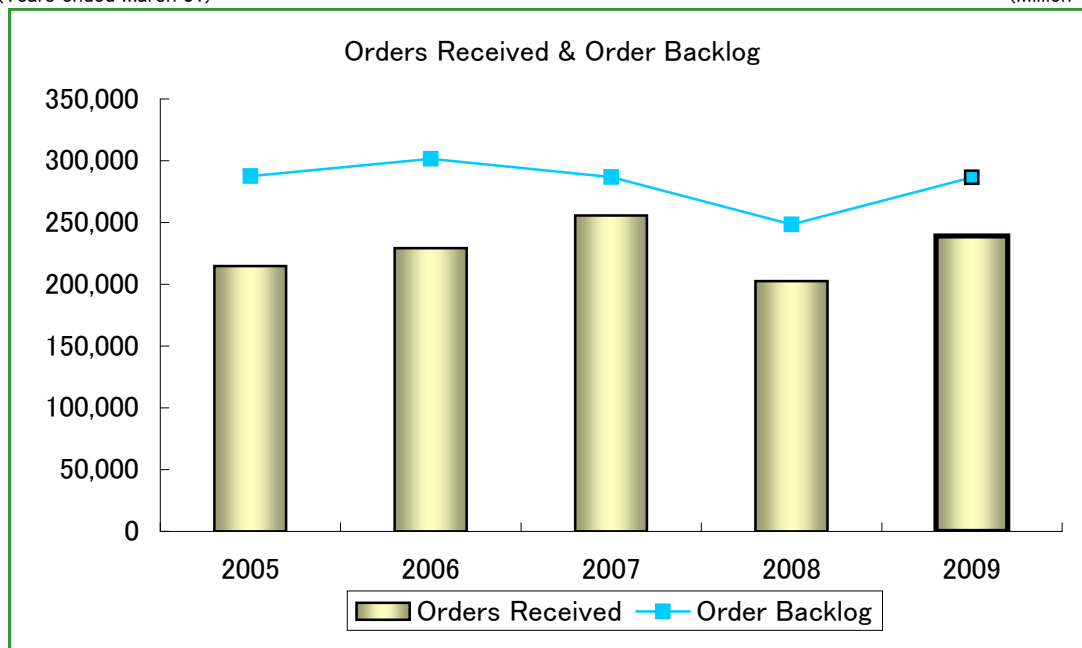
(Years ended March 31)

(Million ¥)



(Years ended March 31)

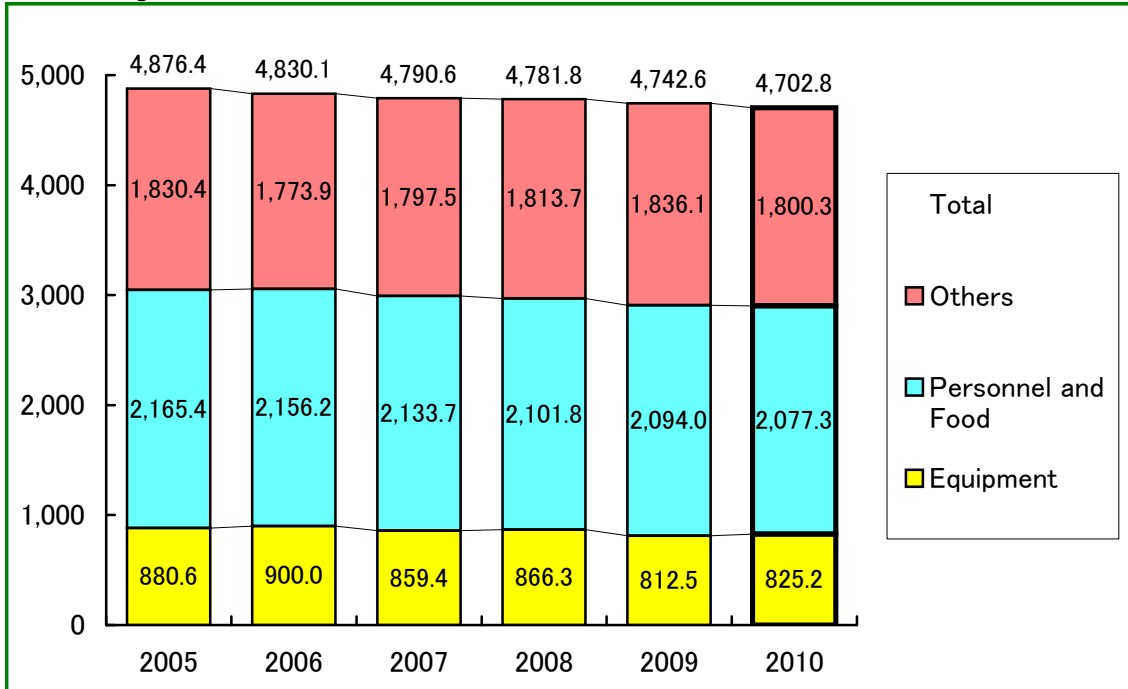
(Million ¥)



### 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)

2004			2005			2006		
	Billion ¥	% Share		Billion ¥	% Share		Billion ¥	% Share
1. MHI a)	281.7	22.1	1. MHI	270.6	20.7	1. MHI	241.7	17.6
2. KHI	158.8	12.5	2. KHI	142.9	10.9	2. KHI	129.7	9.4
3. Mitsubishi Electric	94.9	7.5	3. Mitsubishi Electric	103.2	7.9	3. Mitsubishi Electric	114.2	8.3
4. IHI	56.3	4.4	4. NEC	90.6	6.9	4. NEC	107.8	7.8
5. Toshiba	38.9	3.1	5. IHI	49.3	3.8	5. Toshiba	49.5	3.6
2007			2008			2009		
	Billion ¥	% Share		Billion ¥	% Share		Billion ¥	% Share
1. MHI	277.6	21.0	1. MHI	327.5	25.1	1. MHI	314.0	22.7
2. KHI	130.6	9.9	2. Mitsubishi Electric	96.1	7.4	2. Mitsubishi Electric	155.6	11.3
3. Mitsubishi Electric	117.7	8.9	3. NEC	71.7	5.5	3. KHI	153.0	11.1
4. NEC	83.1	6.3	4. KHI	66.8	5.1	4. NEC	98.2	7.1
5. IHIMU b)	44.6	3.4	5. Toshiba	57.0	4.4	5. Fujitsu	44.3	3.2

Notes: a) Mitsubishi Heavy Industries.

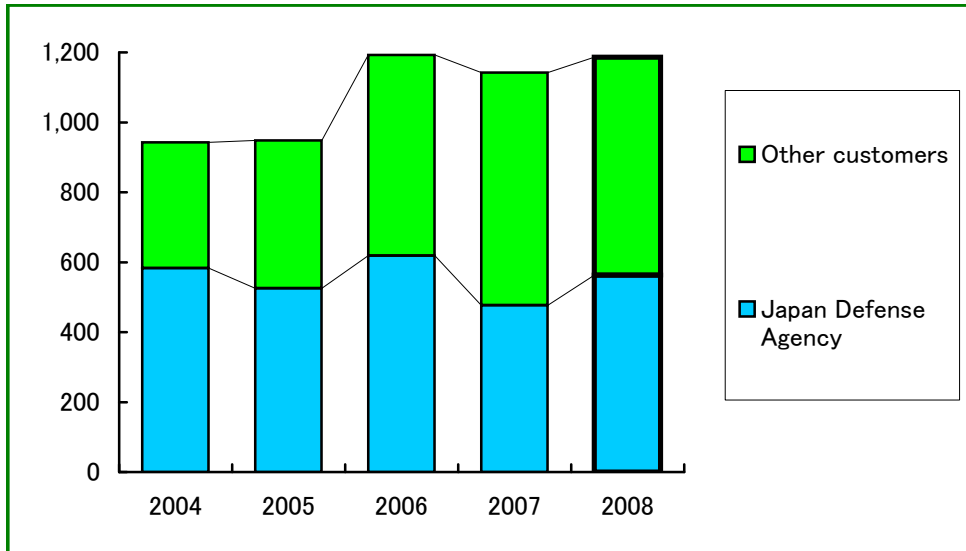
b) IHI Marine United.

Source: Japan Defense Agency.

### Japanese Aircraft Production by Demand Sector

(Years ended December 31)

(Billion ¥)



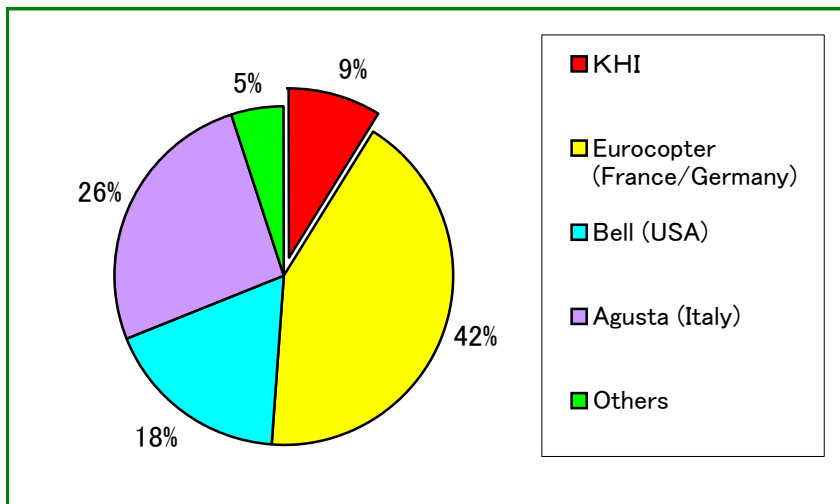
(Million ¥)

	2004	2005	2006	2007	2008
Japan Defense Agency	582,941	524,697	619,308	477,103	563,416
Other customers	360,041	423,356	574,178	664,827	622,913
<b>Total</b>	<b>942,982</b>	<b>948,053</b>	<b>1,193,486</b>	<b>1,141,930</b>	<b>1,186,329</b>

Source: The Society of Japanese Aerospace Companies

### Helicopters Domestic Share for Civilian Use (The average of 2004–2008)

(Years ended December 31)



KHI	9%
Eurocopter (France/Germany)	42%
Bell (USA)	18%
Agusta (Italy)	26%
Others	5%
<b>Total</b>	<b>100%</b>

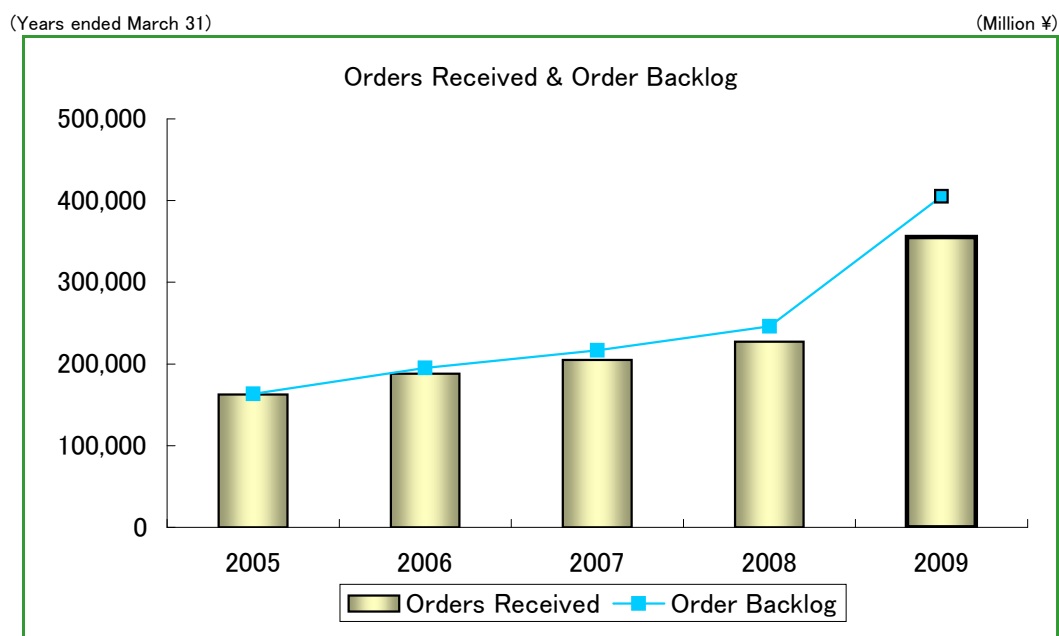
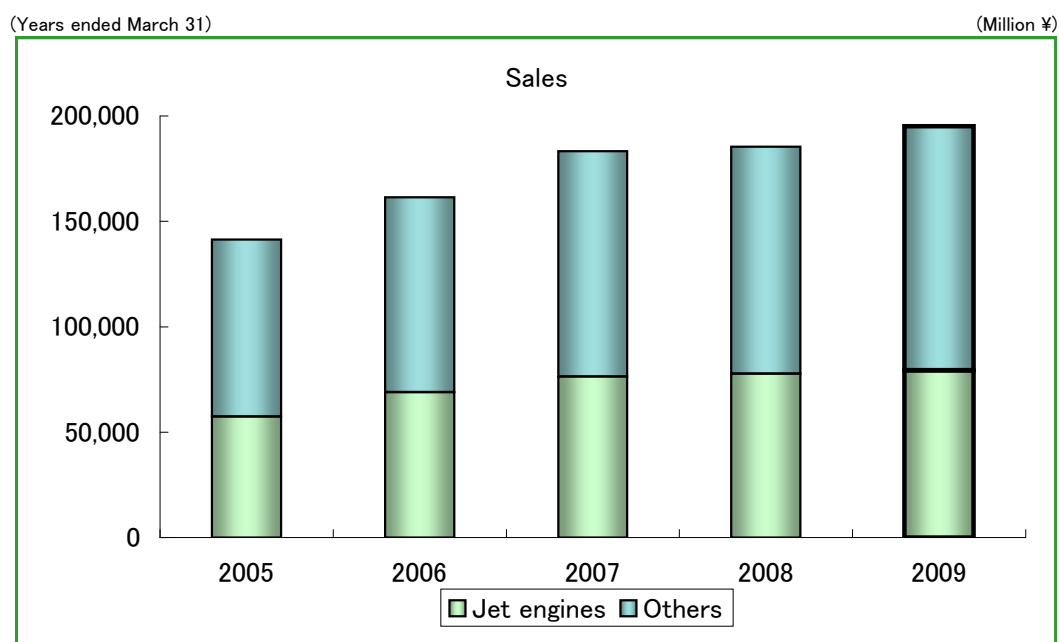
Note: Figures are calculated on the basis of the new registration number of double-turbine helicopters.

Source: Aviation Engineering

## Gas Turbines & Machinery

Main Products: Jet engines, Gas turbine co-generation system, Gas turbines & Steam turbines for marines & land, Diesel engines, Marine propulsion system

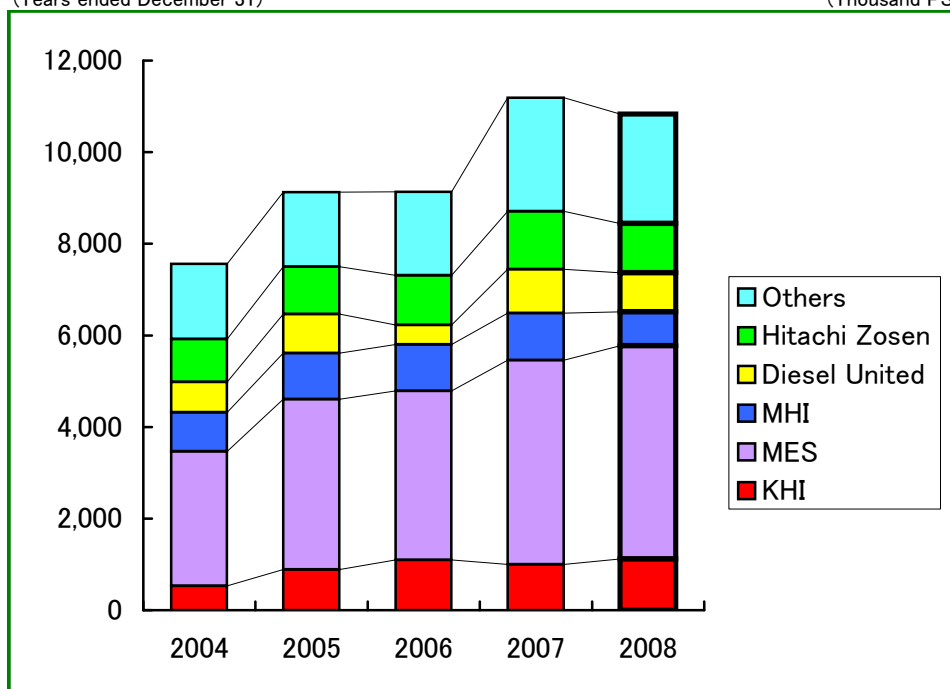
	(Years ended March 31)–Consolidated Basis–				(Million ¥)
	2005	2006	2007	2008	2009
Sales	141,366	161,431	183,309	185,486	195,156
Orders Received	162,700	188,068	204,847	227,422	355,517
Order Backlog	163,440	195,108	216,886	245,962	405,196



## Diesel Engines Domestic Production

(Years ended December 31)

(Thousand PS)



(Thousand PS)

	2004	2005	2006	2007	2008
<b>KHI</b>	<b>531</b>	<b>891</b>	<b>1,095</b>	<b>1,001</b>	<b>1,121</b>
MES a)	2,938	3,712	3,693	4,459	4,650
MHI b)	848	1,010	1,012	1,027	742
Diesel United	665	851	428	954	852
Hitachi Zosen	941	1,034	1,085	1,264	1,079
Others	1,641	1,628	1,824	2,486	2,388
<b>Total</b>	<b>7,564</b>	<b>9,126</b>	<b>9,137</b>	<b>11,191</b>	<b>10,832</b>

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)

	2004	2005	2006	2007	2008
<b>KHI</b>	<b>7.0%</b>	<b>9.8%</b>	<b>12.0%</b>	<b>8.9%</b>	<b>10.3%</b>
MES	38.8%	40.7%	40.4%	39.8%	42.9%
MHI	11.2%	11.1%	11.1%	9.2%	6.9%
Diesel United	8.8%	9.3%	4.7%	8.5%	7.9%
Hitachi Zosen	12.4%	11.3%	11.9%	11.3%	10.0%
Others	21.8%	17.8%	19.9%	22.3%	22.0%

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

Source: KP Data.

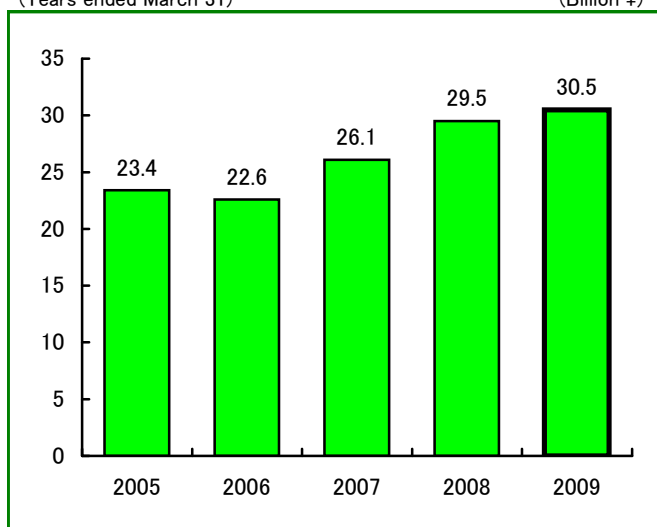


## Gas Turbine Generator Sales

-Parent Only-

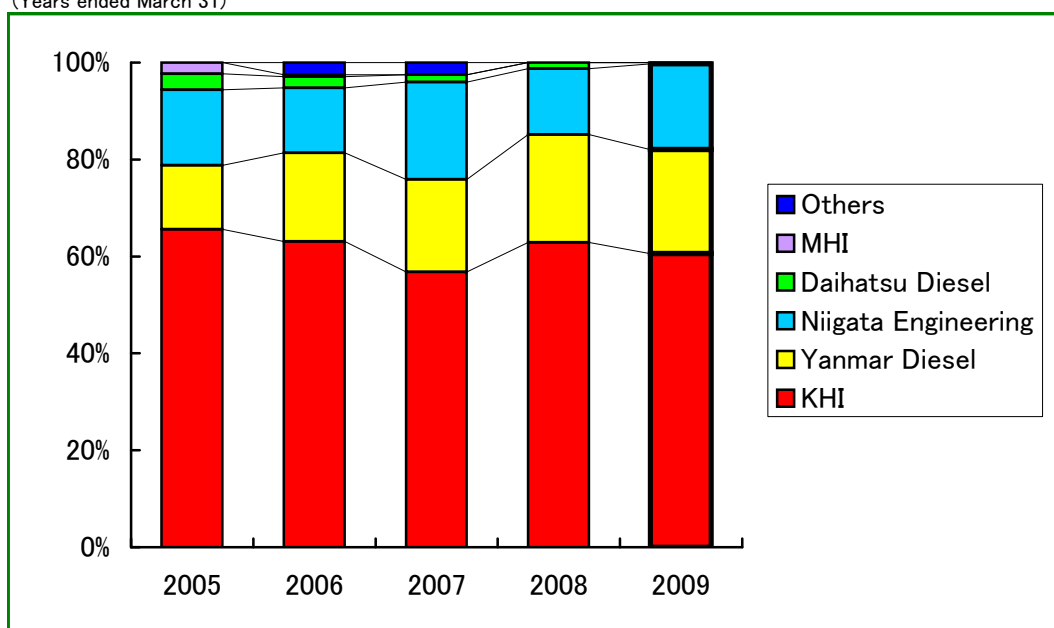
(Years ended March 31)

(Billion ¥)



## Gas Turbine Generators Domestic Share

(Years ended March 31)



	2005	2006	2007	2008	2009
KHI	65.6%	63.1%	56.8%	62.9%	60.6%
Yanmar Diesel	13.2%	18.3%	19.1%	22.3%	21.4%
Niigata Engineering	15.6%	13.4%	20.1%	13.6%	17.7%
Daihatsu Diesel	3.3%	2.3%	1.5%	1.2%	0.3%
MHI a)	2.3%	0.4%	0.0%	0.0%	0.0%
Others	0.0%	2.5%	2.5%	0.0%	0.0%
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".

# Energy & Environmental Engineering

Main Products : Industrial plants (cement, chemical and others), Power plants, LNG & LPG tanks, Municipal refuse incineration plants, Shield machines

(Years ended March 31)–Consolidated Basis–

(Million ¥)

	2005	2006	2007	2008	2009
Sales	191,012	164,506	122,062	142,547	105,178
Orders Received	126,403	97,332	150,221	106,046	83,649
Order Backlog	210,160	144,147	172,255	135,288	112,163

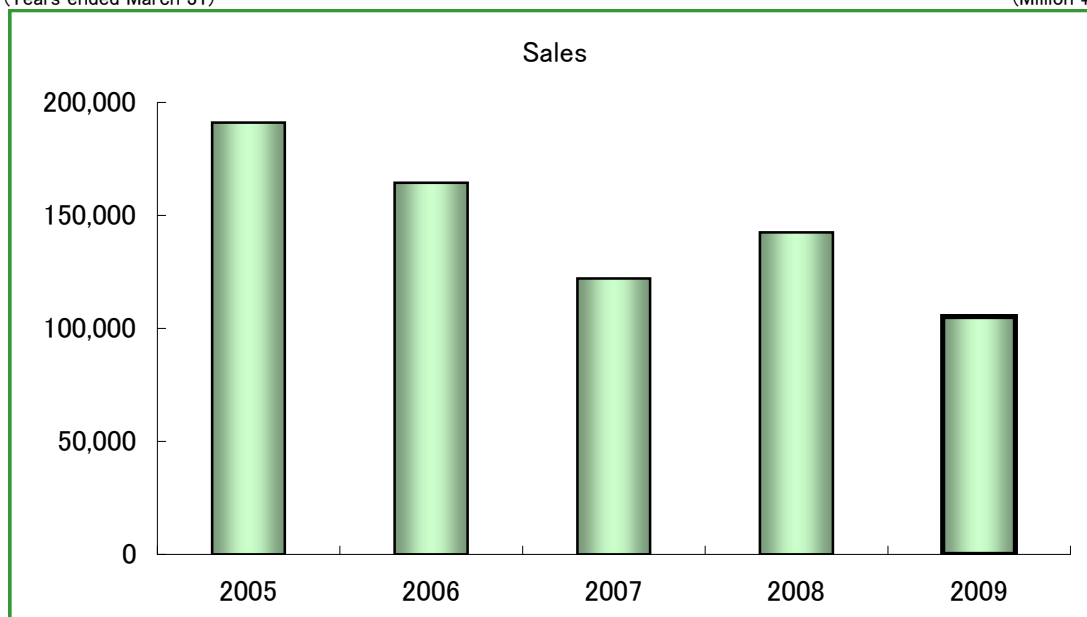
Note: Environmental engineering business unit in the Energy & Environmental Engineering segment of "Kawasaki Heavy Industries, Ltd.

(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.

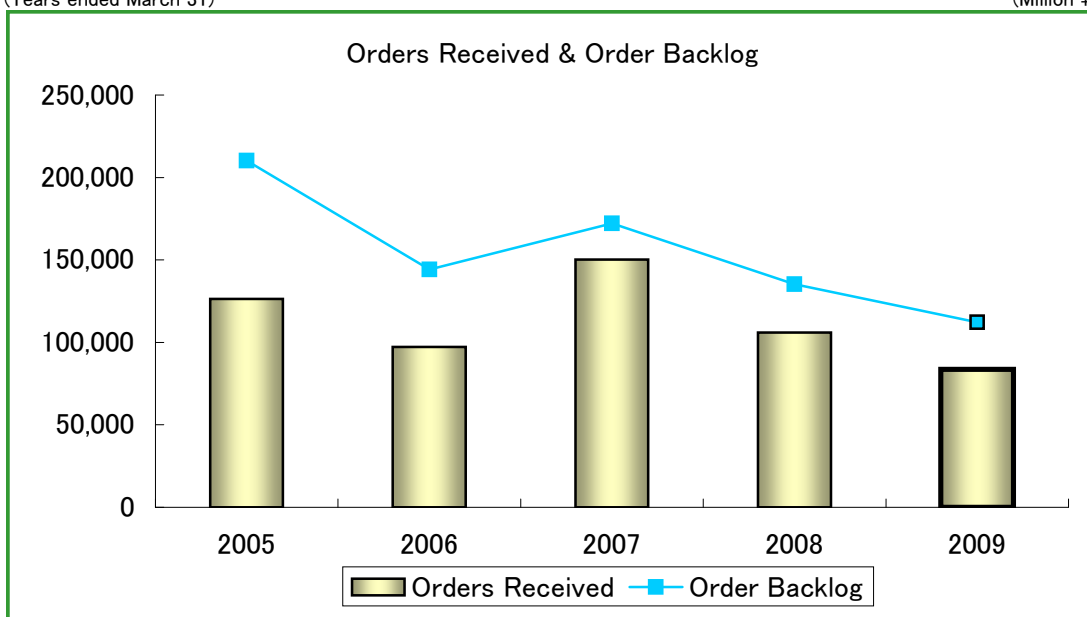
(Years ended March 31)

(Million ¥)



(Years ended March 31)

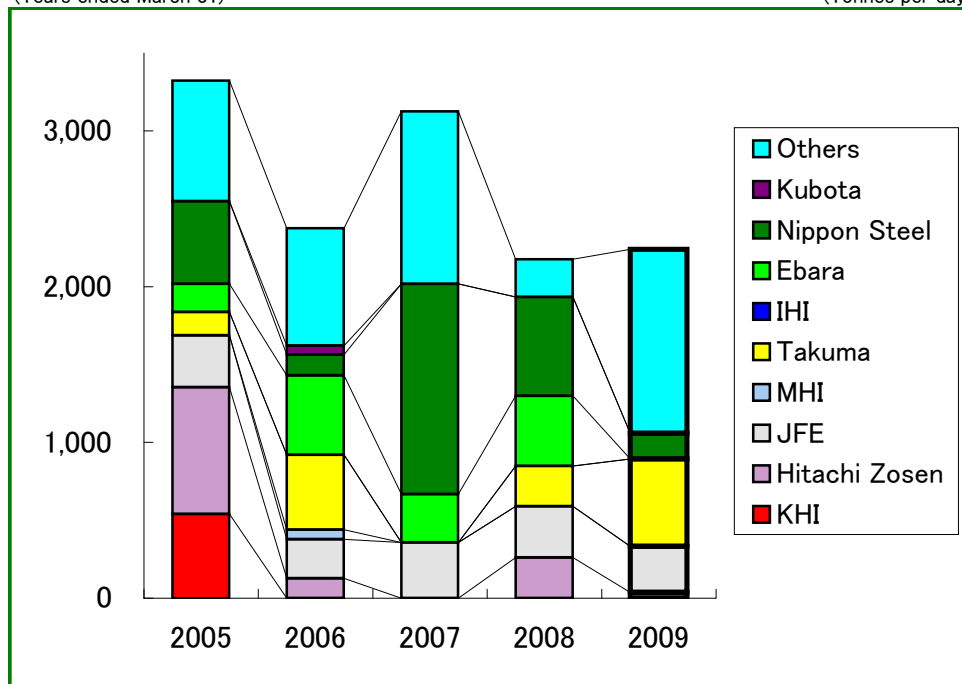
(Million ¥)



## Refuse Incineration Plants Domestic Market Volume

(Years ended March 31)

(Tonnes per day)



(Tonnes per day)

	2005	2006	2007	2008	2009
<b>KHI</b>	<b>540</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Hitachi Zosen	815	128	0	260	36
JFE a)	333	250	358	330	297
MHI b)	0	62	0	0	0
Takuma	150	480	0	258	560
IHI c)	0	0	0	0	0
Ebara	180	511	309	450	0
Nippon Steel	530	132	1,352	635	165
Kubota	0	58	0	0	0
Others	776	755	1,106	244	1,182
<b>Total Market Volume</b>	<b>3,324</b>	<b>2,376</b>	<b>3,125</b>	<b>2,177</b>	<b>2,240</b>

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)

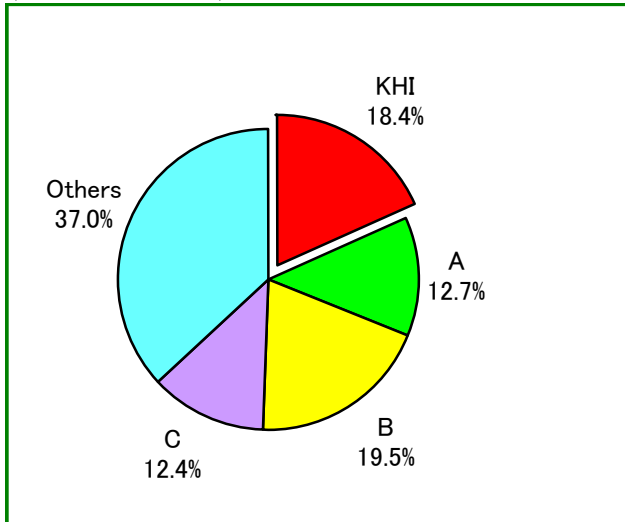
	2005	2006	2007	2008	2009
<b>KHI</b>	<b>16.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Hitachi Zosen	24.5%	5.4%	0.0%	11.9%	1.6%
JFE	10.0%	10.5%	11.5%	15.2%	13.3%
MHI	0.0%	2.6%	0.0%	0.0%	0.0%
Takuma	4.5%	20.2%	0.0%	11.9%	25.0%
IHI	0.0%	0.0%	0.0%	0.0%	0.0%
Ebara	5.4%	21.5%	9.9%	20.7%	0.0%
Nippon Steel	15.9%	5.6%	43.3%	29.2%	7.4%
Kubota	0.0%	2.4%	0.0%	0.0%	0.0%
Others	23.5%	31.8%	35.3%	11.1%	52.7%

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 (2005–2009 Total)**

(Years ended March 31)



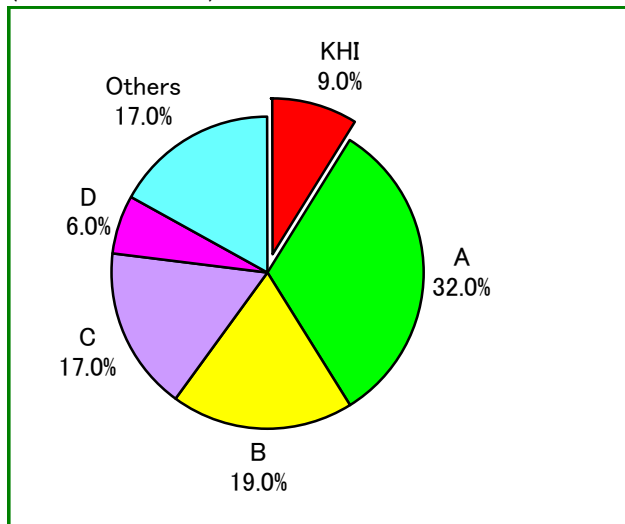
Notes: 1. Segments A, B and C represent the shares of the three other major companies in this market.

2. Figures are shown on a sales amount basis.

Source: Company's estimates.

**Shield Machines and Tunnel Boring Machines  
 Domestic Share (2009)**

(Year ended March 31)



Notes: 1. Segments A, B, C and D represent the shares of the four other major companies in this market.

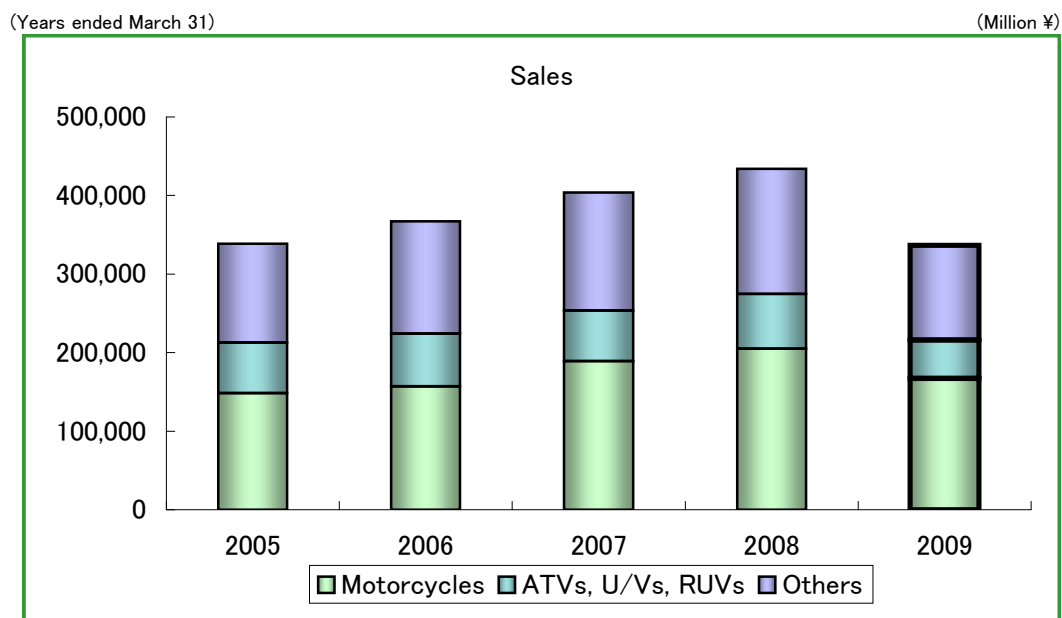
2. Figures are shown on a sales amount basis.

Source: Company's estimates.

## Consumer Products & Machinery

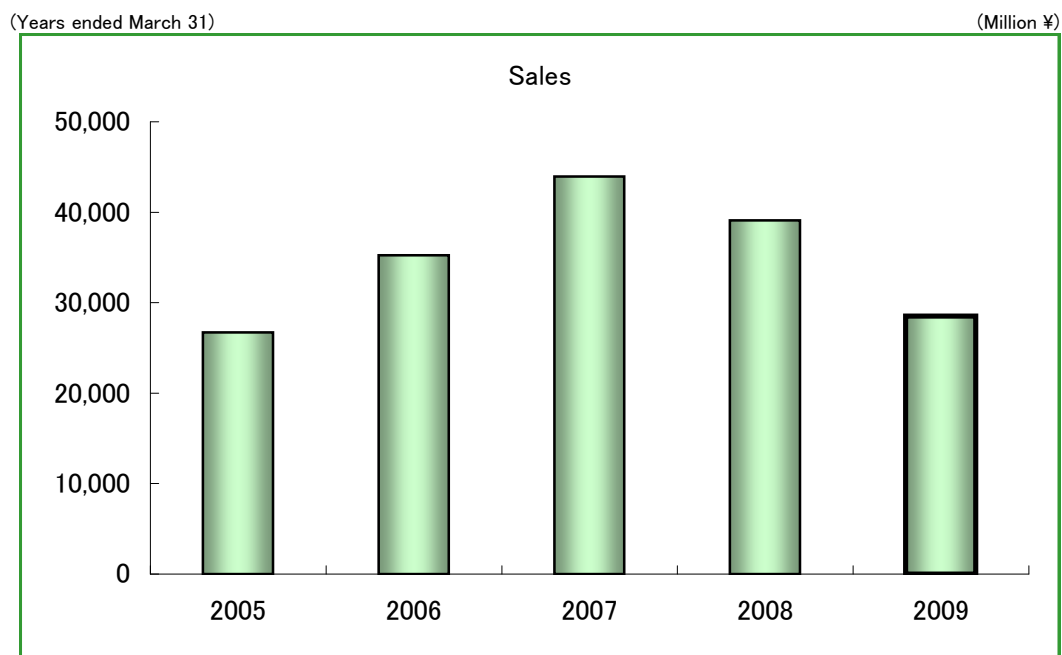
Main Products : Motorcycles, All-Terrain Vehicles(ATVs), Utility Vehicles, Personal Watercraft, General-Purpose Gasoline Engines, Industrial Robots

(Years ended March 31)–Consolidated Basis–					(Million ¥)
	2005	2006	2007	2008	2009
Sales	338,450	366,960	403,702	433,963	336,459



## Industrial Robot Sales

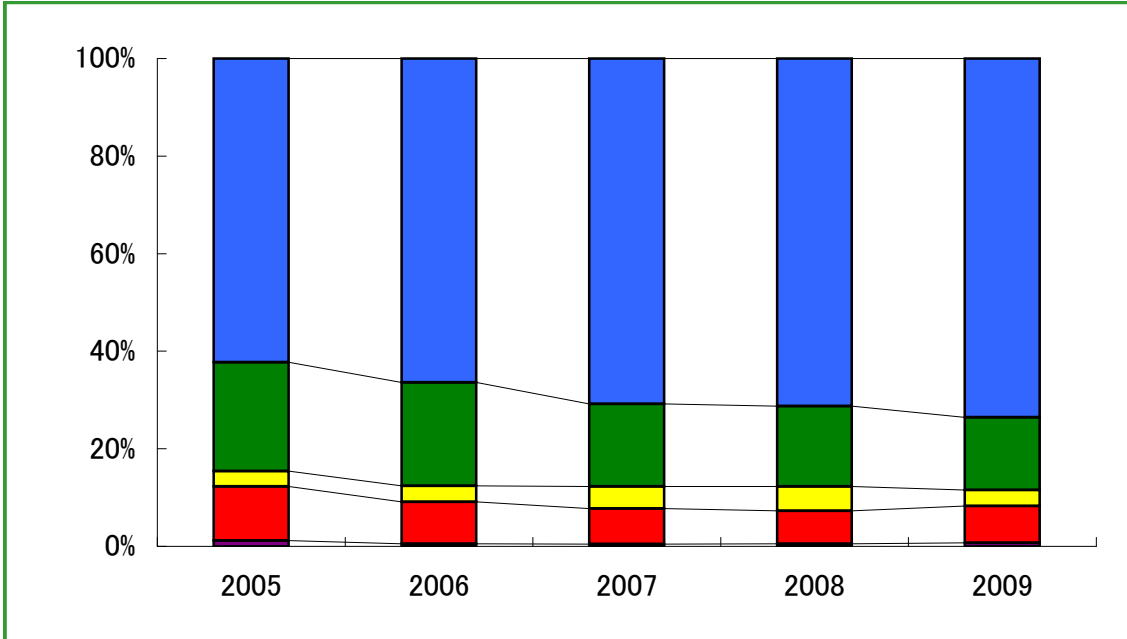
(Years ended March 31)–Parent Only–					(Million ¥)
	2005	2006	2007	2008	2009
Sales	26,729	35,232	43,936	39,098	28,533



### Composites of Consumer Product Sales

-Parent Only-

(Years ended March 31)



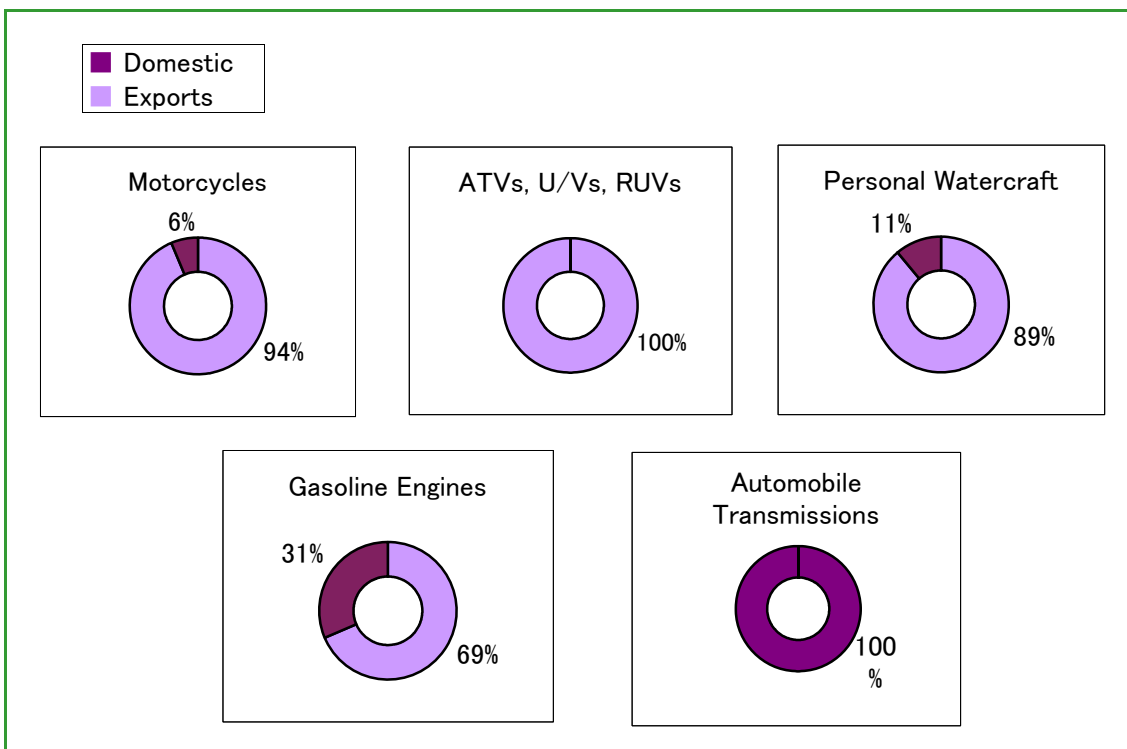
	2005	2006	2007	2008	2009
Motorcycles	62.3%	66.4%	70.8%	71.3%	73.6%
ATVs, U/Vs, RUVs	22.3%	21.2%	16.9%	16.4%	14.9%
Personal Watercraft	3.1%	3.3%	4.6%	5.0%	3.2%
Gasoline Engines	11.1%	8.6%	7.3%	6.8%	7.6%
Automobile Transmissions	1.2%	0.5%	0.4%	0.5%	0.7%

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

### Domestic/Export Sales by Product

-Parent Only-

(Year ended March 31, 2009)

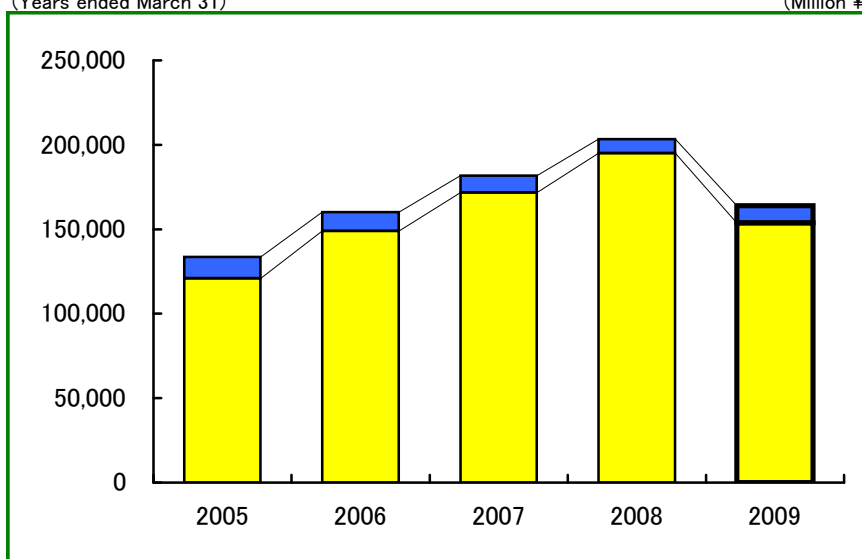


## Motorcycle Sales

-Parent Only-

(Years ended March 31)

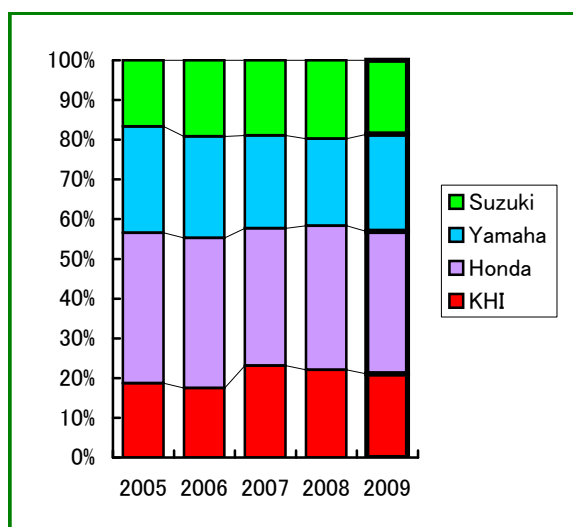
(Million ¥)



	2005	2006	2007	2008	2009
■ Domestic Sales	12,630	11,241	10,040	8,421	10,323
■ Export Sales	120,934	148,937	171,755	195,017	153,674
<b>Total Motorcycle Sales</b>	<b>133,564</b>	<b>160,178</b>	<b>181,795</b>	<b>203,438</b>	<b>163,997</b>

Note: Including sales of spare parts.

## Motorcycle Sales Domestic Share

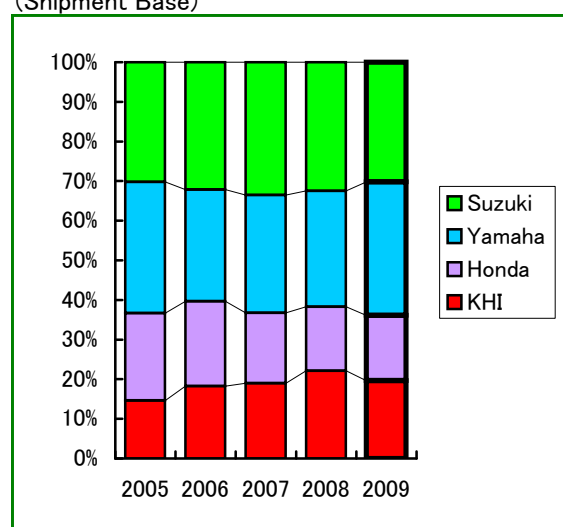


(Years ended March 31)

	2005	2006	2007	2008	2009
KHI	18.7%	17.5%	23.1%	22.1%	21.0%
Honda Motor	37.9%	37.8%	34.6%	36.2%	35.9%
Yamaha Motor	26.7%	25.5%	23.4%	21.9%	24.5%
Suzuki Motor	16.7%	19.2%	18.9%	19.8%	18.6%

## Motorcycle Sales Export Share

(Shipment Base)



(Years ended March 31)

	2005	2006	2007	2008	2009
KHI	14.6%	18.2%	19.0%	22.1%	19.6%
Honda Motor	22.0%	21.4%	17.7%	16.2%	16.5%
Yamaha Motor	33.1%	28.2%	29.8%	29.2%	33.7%
Suzuki Motor	30.2%	32.1%	33.5%	32.5%	30.2%

Note: Engine displacement of more than 251cc.

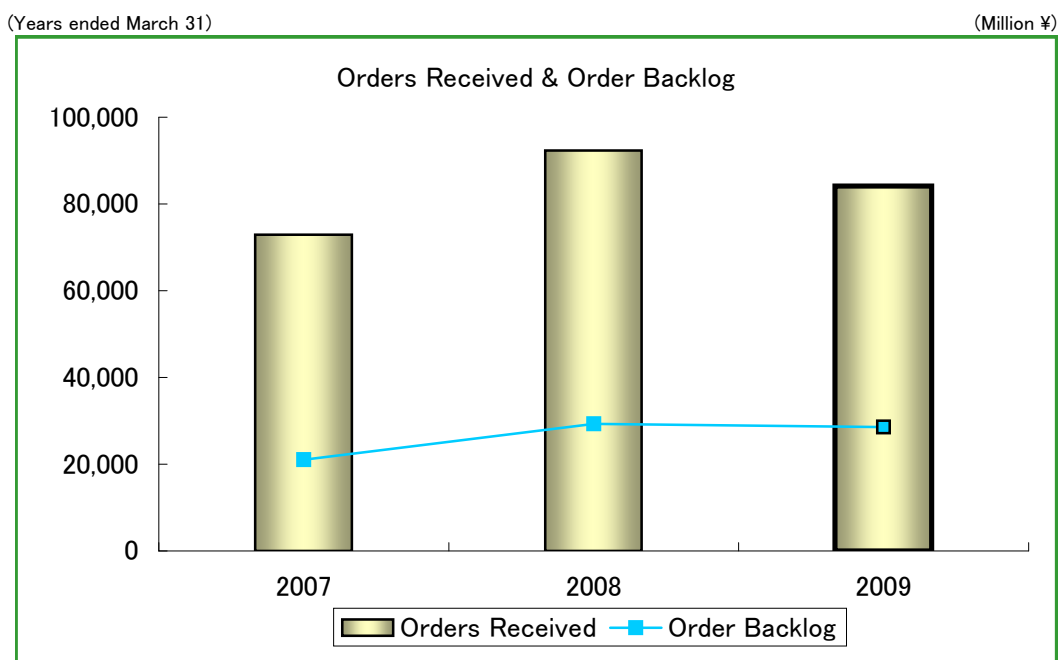
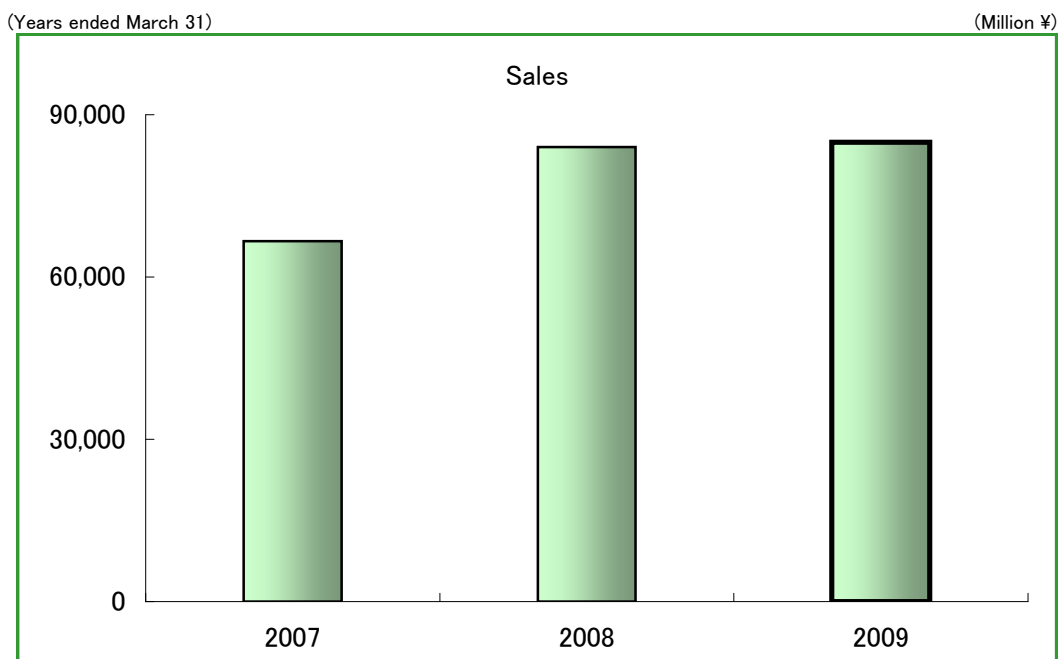
Source: Japan Automobile Manufacturers Association Inc.

## Hydraulic Machinery

Main Products: Hydraulic components (pumps, motors & valves), Hydraulic systems for industrial use, Hydraulic marine machinery and others

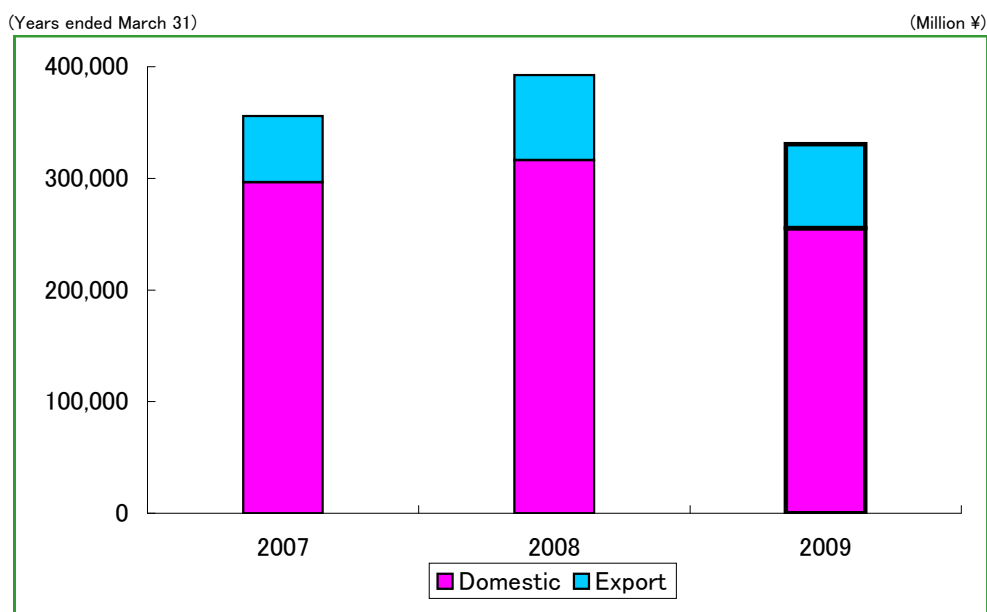
(Years ended March 31)–Consolidated Basis–	2007	2008	2009
			(Million ¥)
Sales	66,649	84,028	84,919
Orders Received	72,918	92,335	84,143
Order Backlog	21,010	29,317	28,539

Note: The Hydraulic Machinery segment, which had been included in "Other" until the year 2007, is presented separately from the year 2008 as its materiality has increased. The information for the 2007 above had been retroactively restated based on the new industry segment categories.





## Hydraulic Products Market Volume

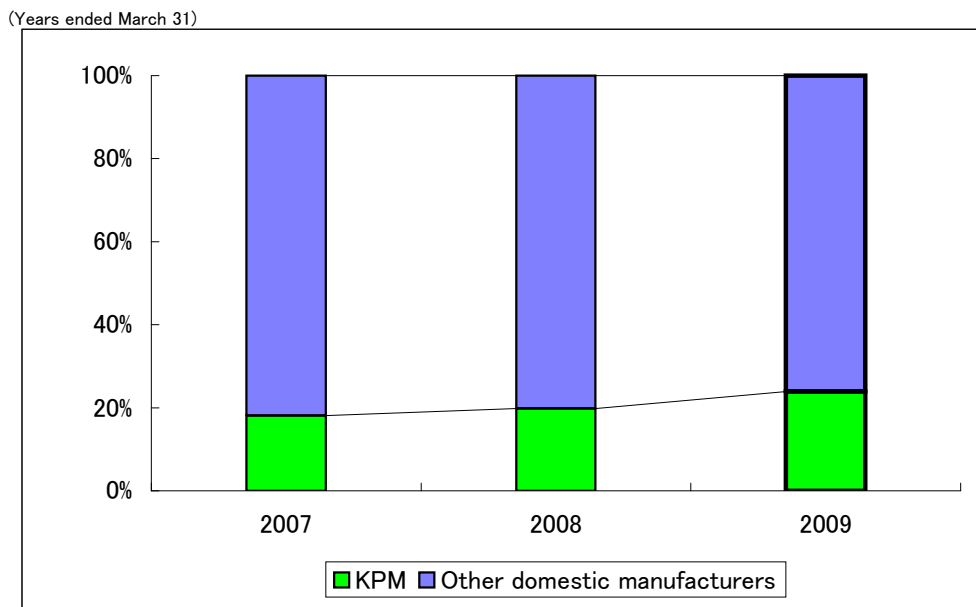


Note: Figures represent the total sales of domestic hydraulic manufacturers which are affiliated with Japan Fluid Power Association.

Source: Japan Fluid Power Association

	2007	2008	2009
Domestic	296,462	316,310	255,340
Export	59,277	76,297	75,151
Total	355,739	392,607	330,491

## Hydraulic Products Share (Including Export)



Note: Hydraulic machinery business in "Kawasaki Heavy Industries, Ltd. (KHI)" was partitioned off on 1st Oct. 2002 as a wholly owned subsidiary, i.e., "Kawasaki Precision Machinery Ltd.(KPM)".

Source: Company's estimates.

	2007	2008	2009
KPM	18.1%	19.8%	23.9%
Other domestic manufacturers	81.9%	80.2%	76.1%
Total	100.0%	100.0%	100.0%

# CONDENSED BALANCE SHEETS

Kawasaki Heavy Industries, Ltd. and consolidated subsidiaries

As of March 31

ASSETS	Millions of yen					
	2009	2008	2007	2006	2005	2004
Current assets:						
Cash on hand and in banks	¥31,956	¥39,875	¥39,351	¥37,650	¥44,629	¥43,064
Receivables	421,748	437,295	446,850	442,033	419,633	383,532
Allowance for doubtful receivables	(3,112)	(4,140)	(4,273)	(3,829)	(6,014)	(6,725)
	418,636	433,155	442,577	438,204	413,619	376,807
Inventories	476,441	439,310	427,934	383,017	332,333	335,064
Deferred tax assets	33,232	25,250	32,694	32,398	20,219	19,429
Other current assets	35,532	44,692	19,362	24,630	26,205	25,116
Total current assets	995,797	982,282	961,918	915,899	837,005	799,480
Investments and long-term loans:						
Investments in securities	45,852	70,052	87,277	67,130	69,972	65,008
other	8,437	9,623	9,717	9,627	9,597	12,831
Total Investments and long-term loans	54,289	79,675	96,994	76,757	79,569	77,839
Property, plant and equipment						
	880,831	835,610	814,101	793,926	786,126	780,895
Accumulated depreciation	(596,713)	(575,683)	(560,282)	(547,707)	(542,960)	(531,973)
Net property, plant and equipment	284,118	259,927	253,819	246,219	243,166	248,922
Intangible and other assets						
Deferred tax assets	42,773	38,337	27,725	28,186	19,260	14,456
Intangible and other assets	22,794	18,549	17,524	17,024	15,473	16,207
	65,567	56,886	45,249	45,210	34,733	30,663
Total assets	¥1,399,771	¥1,378,770	¥1,357,980	¥1,156,904	¥1,194,473	¥1,156,904
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities:						
Short-term borrowings and current portion						
of long-term debt	¥207,355	¥137,681	¥138,463	¥162,746	¥146,605	¥188,652
Trade payables	358,478	431,000	412,501	409,942	348,389	286,117
Advances from customers	125,763	124,679	124,445	98,590	106,574	110,900
Income tax payable	8,710	16,836	13,365	19,978	12,276	12,491
Accrued bonuses	14,242	19,263	17,811	15,198	13,958	14,289
Provision for product warranty	7,638	6,734	5,100	4,200	2,551	2,156
Provision for restructuring charges	-	-	-	9,557	-	-
Provision for losses on construction contracts	20,931	8,836	12,363	12,613	6,833	5,018
Deferred tax liabilities	932	270	296	111	317	188
Other current liabilities	85,957	79,242	82,162	69,724	60,979	57,728
Total current liabilities	830,006	824,541	806,506	802,659	698,482	677,539
Long-term liabilities:						
Long-term debt, less current portion	181,933	138,766	165,754	157,057	207,279	210,819
Retirement and severance benefits	79,969	81,928	77,484	69,113	73,422	64,902
Deferred tax liabilities	2,938	5,433	3,996	3,733	1,980	2,035
Other	9,679	9,064	8,862	8,427	7,154	7,579
Total long-term liabilities	274,519	235,191	256,096	238,330	289,835	285,335
Minority interests	4,805	5,846	4,950	5,508	4,691	3,855
Shareholders' equity:						
Authorized--- 3,360,000,000 shares						
Issued----- 1,669,629,122 shares in 2009						
	104,329	104,329	103,188	92,085	81,427	81,427
Capital surplus	54,282	54,291	53,179	42,094	31,390	31,388
Retained earnings	154,273	151,401	125,799	100,776	88,704	80,469
Net unrealized gains on securities	3,140	10,292	19,342	14,097	16,910	13,266
Gains/losses on hedging items	(264)	5,217	(1,608)	-	-	-
Foreign currency translation adjustments	(24,851)	(11,878)	(9,417)	(11,426)	(16,843)	(16,283)
Treasury stock, at cost	(468)	(460)	(55)	(38)	(123)	(92)
Total shareholders' equity	290,441	313,192	290,428	237,588	201,465	190,175
Total liabilities and shareholders' equity	¥1,399,771	¥1,378,770	¥1,357,980	¥1,284,085	¥1,194,473	¥1,156,904

# CONDENSED STATEMENTS OF INCOME

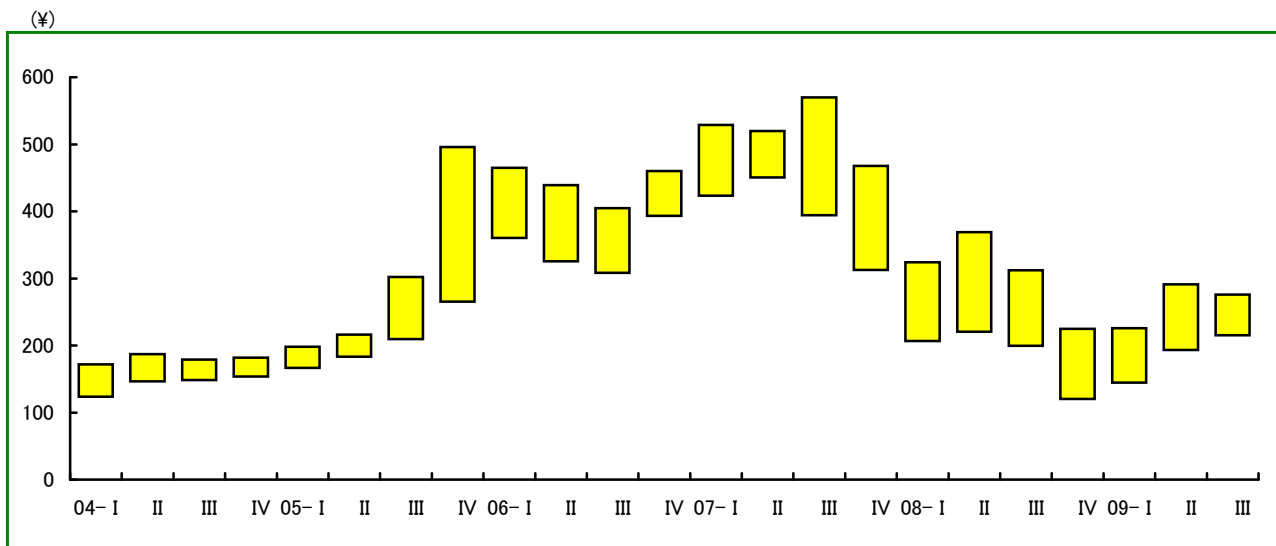
Kawasaki Heavy Industries, Ltd. and consolidated subsidiaries  
Years ended March 31

	Millions of yen					
	2009	2008	2007	2006	2005	2004
Net sales	¥1,338,597	¥1,501,097	¥1,438,619	¥1,322,487	¥1,241,592	¥1,160,252
Cost of sales	1,146,944	1,262,032	1,213,524	1,148,547	1,088,219	998,416
Gross profit	191,653	239,065	225,095	173,940	153,373	161,836
Selling, general and administrative expenses	162,940	162,155	155,953	132,145	128,629	139,586
Operating income	28,713	76,910	69,142	41,795	24,744	22,250
Other income (expenses):						
Interest and dividend income	4,352	5,005	3,807	3,225	3,240	3,476
Equity in income (loss) of unconsolidated subsidiaries and affiliates	8,709	7,642	2,694	(197)	506	941
Interest expense	(6,658)	(7,980)	(6,650)	(5,377)	(6,296)	(7,274)
Other, net	(11,491)	(23,522)	(23,725)	(16,146)	(1,630)	(8,151)
Income (loss) before income taxes and minority interests	23,625	58,055	45,268	23,300	20,564	11,242
Income taxes						
Current	(16,783)	(23,271)	(16,623)	(24,148)	(15,869)	(16,604)
Deferred	6,022	1,260	1,337	17,843	7,374	11,890
Minority interests in net (income) loss of consolidated subsidiaries	(1,136)	(903)	(210)	(528)	(590)	(195)
Foreign currency translation adjustments	-	-	-	-	-	-
Net income (loss)	¥11,728	¥35,141	¥29,772	¥16,467	¥11,479	¥6,333

	Millions of yen					
	2009	2008	2007	2006	2005	2004
Per share amounts (yen):						
Net income (loss)	¥7.0	¥21.1	¥18.9	¥11.2	¥7.9	¥4.4
Cash dividends	3.0	5.0	5.0	3.0	2.5	2.0
Other data:						
Capital expenditures (Million ¥)	82,450	50,538	39,269	41,724	29,692	41,502
Depreciation (Million ¥)	44,334	37,455	30,279	30,551	31,555	32,590
R&D expenses (Million ¥)	38,256	36,228	33,819	27,040	13,183	14,741
Number of employees	32,266	30,563	29,211	28,922	28,682	29,306

# STOCK INFORMATION

## Stock Price Range

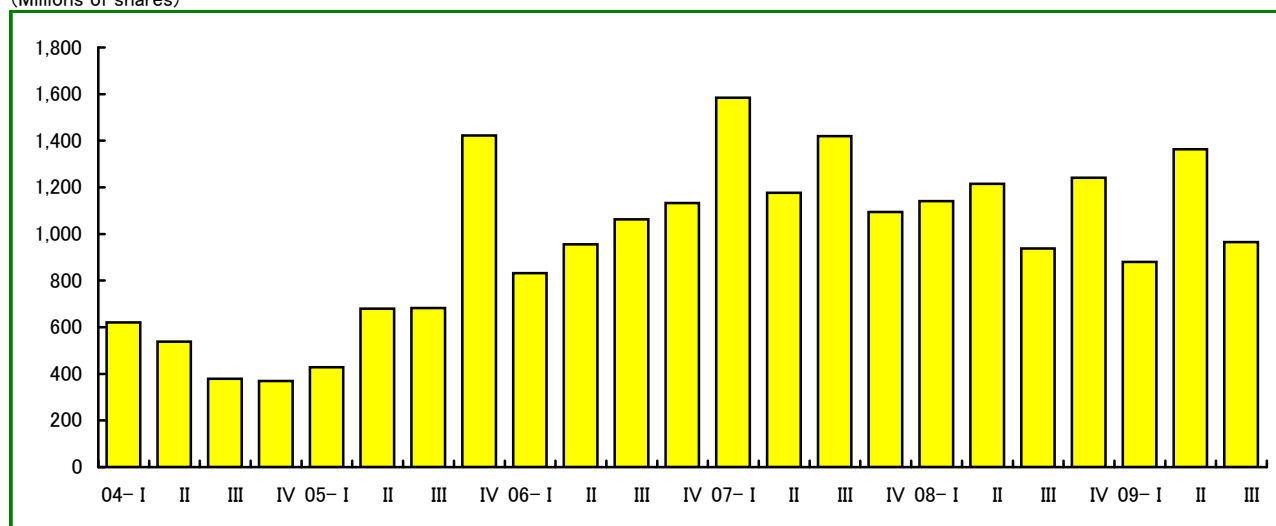


(¥)

	2004				2005				2006				2007				2008				2009		
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
High	172	187	179	182	198	216	302	496	465	439	405	460	529	520	570	468	324	369	312	225	226	291	276
Low	123	146	148	153	166	183	209	265	360	325	308	393	423	450	394	312	206	220	199	120	144	193	215

## Stock Trading Volume

(Millions of shares)



(Millions of shares)

	2004				2005				2006				2007				2008				2009		
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
	620	538	379	370	429	679	682	1,422	832	956	1,063	1,133	1,585	1,177	1,419	1,094	1,141	1,215	938	1,241	880	1,364	965

<b>Paid-in Capital</b> ¥ 104,328,628,664  <b>Number of Shares</b> Authorized—3,360,000,000 shares Outstanding—1,669,629,122 shares (Dilution 29,479,123 shares)  As of March 31, 2009
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<b>Paid-in Capital</b> ¥ 104,328,628,664  <b>Number of Shares</b> Authorized—3,360,000,000 shares Outstanding—1,669,629,122 shares (Dilution 29,479,123 shares)  As of September 30, 2009
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### 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 Mellon

101 Barclay St., 22 West, New York, NY 10286, U.S.A.

Phone: (866)650-6825 U.S. Toll Free: 888-269-2377 (888-BNY-ADRS)

KHI Web Site at: <http://www.khi.co.jp>

## ***CORPORATE DATA***

### Registered Office

1-1, Higashikawasaki-cho 3-chome,  
 Chuo-ku, Kobe 650-8670, Japan

### Kobe Head Office

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 Phone: (078)371-9530  
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 4-1, Hamamatsu-cho 2-chome,  
 Minato-ku, Tokyo 105-6116, Japan  
 Phone: (03)3435-2111  
 Fax: (03)3436-3037

### Year of Incorporation

1896

KAWASAKI HEAVY INDUSTRIES, LTD.