

Investors Meeting for Fiscal 2005

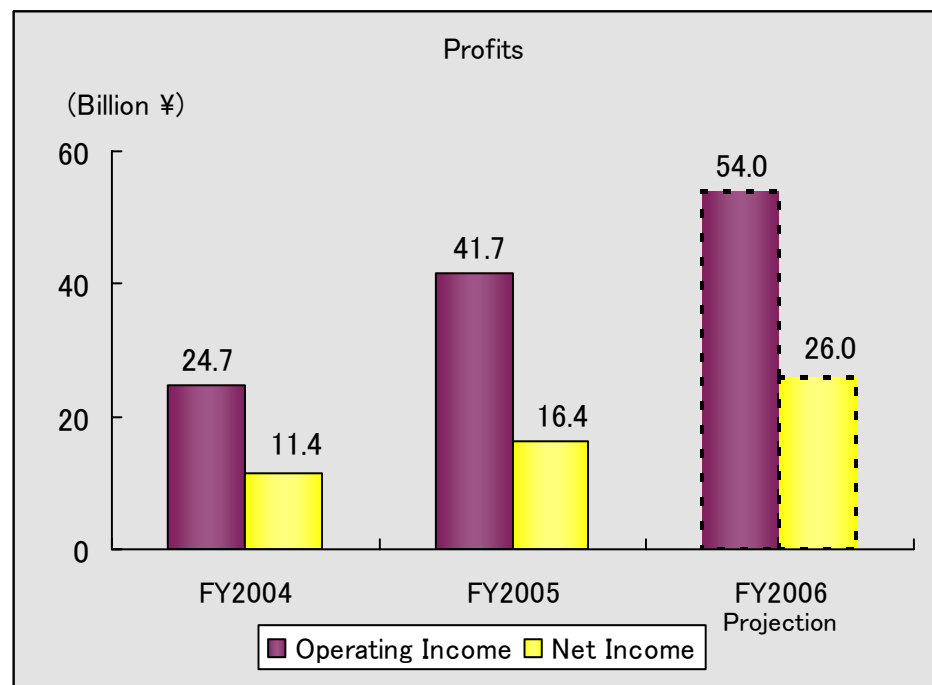
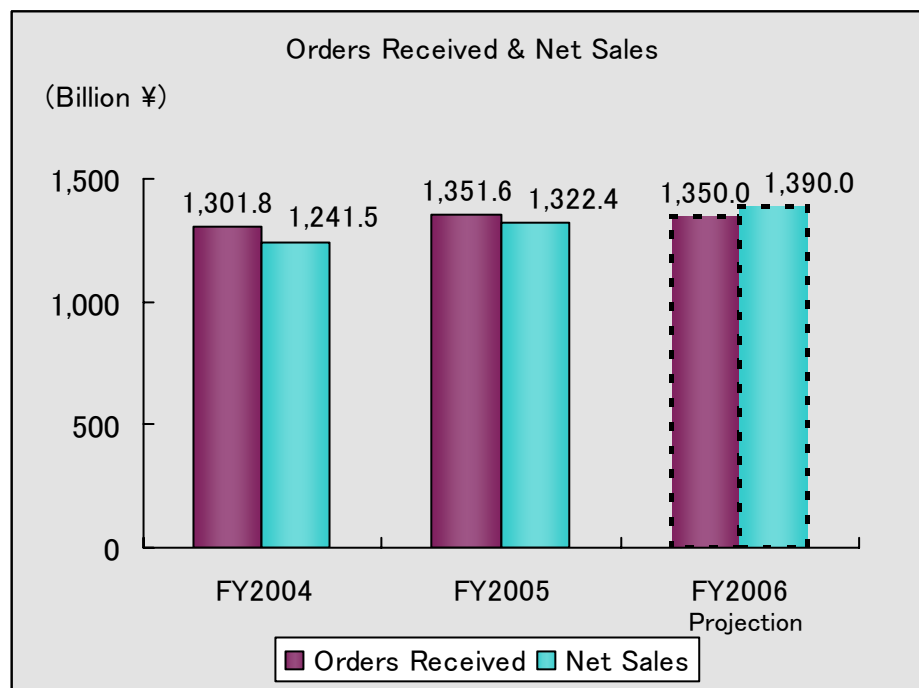
(for the year ended March 31, 2006)

Apr 28, 2006

Kawasaki Heavy Industries, Ltd.



Summary of FY2005 Results (Consolidated)



	Actual Exchange Rates		Planned Exchange Rates
	FY2004	FY2005	FY2006
USD/¥	108.00	112.00	110.00
EUR/¥	136.00	139.00	130.00

(Billion ¥)

	FY2004 (Actual)	FY2005 (Actual)	FY2006 (Projection)
Operating Income	24.7	41.7	54.0
Net Income	11.4	16.4	26.0

Breakdown of Increases/Decreases in Profit for FY2005 compared to FY2004

Operating income (+17.0billion yen)

Effects of foreign exchange rate movements	+11.5
Increase in selling, general and administrative expenses (including sales promotion expenses of Consumer Product Machinery business for European market)	- 3.5
Adverse impact of a rise in material price	-11.0
Provision for losses on construction contracts	- 5.8
Effects of sales increase	+10.0
Effects of cost reduction including fixed cost, etc	+15.8

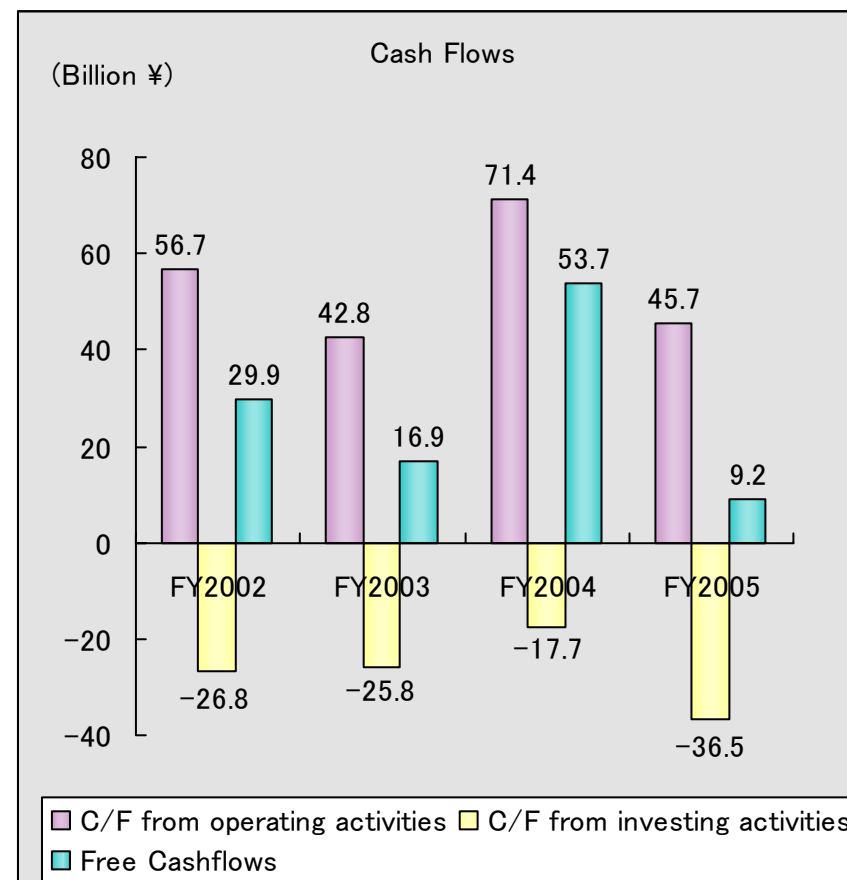
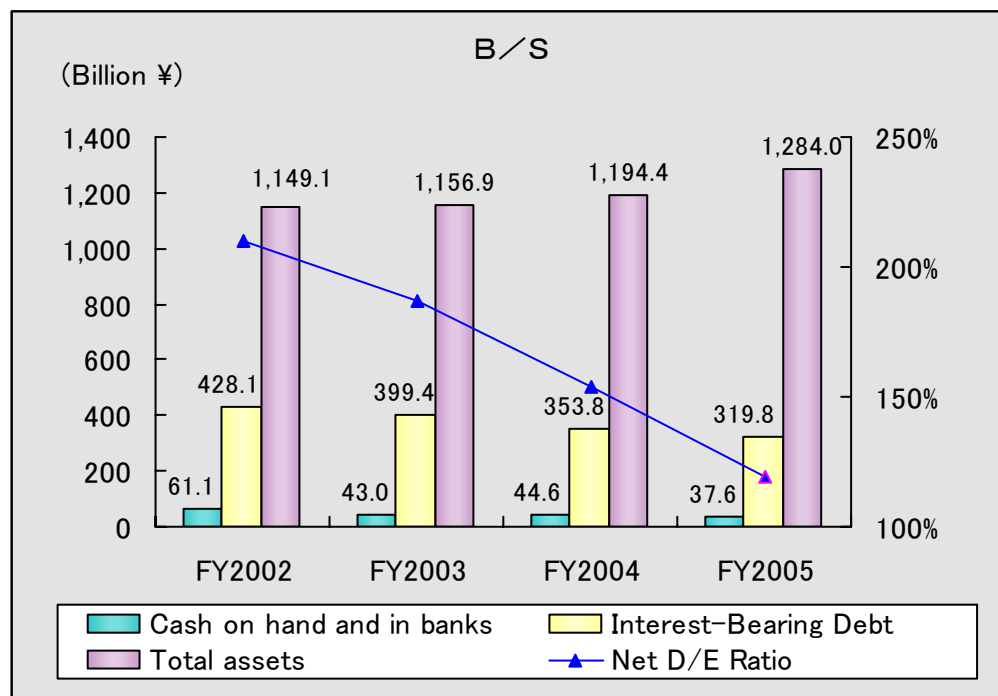
Non-operating income (-7.2billion yen)

Decrease in net interest expenses	+ 0.9
Gain on sales of marketable securities (FY2004 ¥3.7 billion →FY2005 ¥4.3 billion)	+ 0.6
Loss of foreign exchange (FY2004 ¥0.1 billion →FY2005 ¥-8.9 billion)	- 9.0
Others	+ 0.3

Other income (-7.1billion yen)

Gain on contribution of securities to employee's retirement benefit trust	+12.9
Gain on sales of property, plant and equipment (FY2004 ¥2.8 billion →FY2005 ¥0 billion)	- 2.8
Losses on impairment of fixed assets	- 3.0
Loss on restructuring reforms	-15.8
Others	+ 1.6

Interest-Bearing Debt and Cash flows



(Billion ¥)

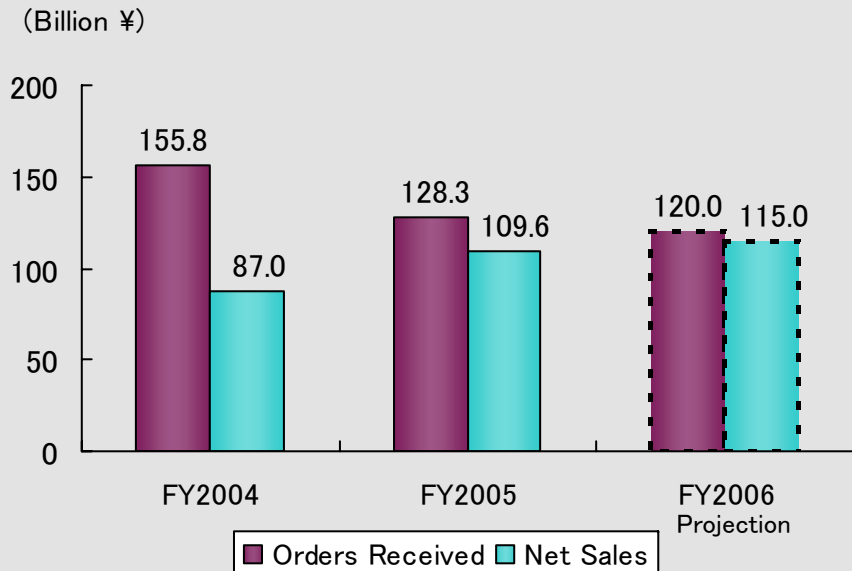
	FY2002	FY2003	FY2004	FY2005
Net debt	367.0	356.4	309.2	282.1
Shareholders' equity	174.5	190.1	201.4	237.5
Net D/E ratio	210%	187%	154%	119%

* About ¥180 billion of interest-bearing debt has been reduced in the last five years due to profit increase and conversion of some convertible bonds to the stocks in addition to implementation of some measures to reduce receivables and inventories.

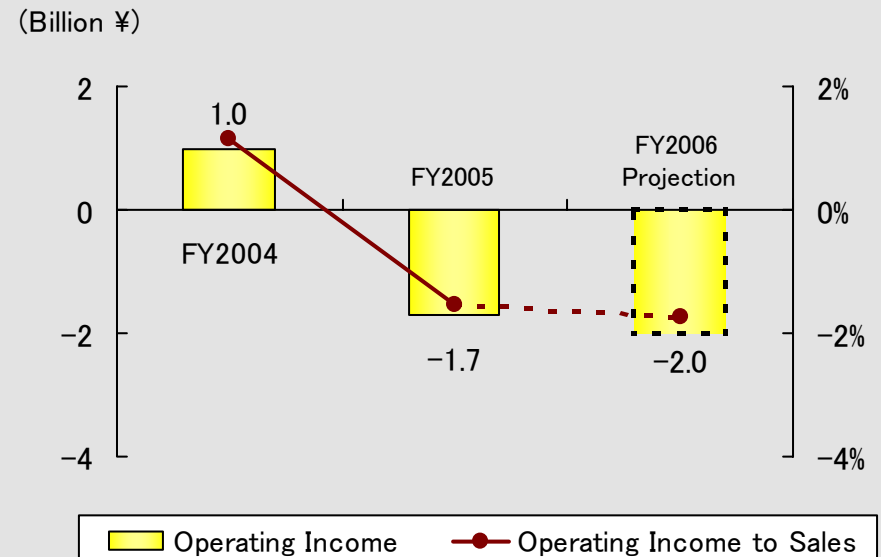
* We have consecutively made positive free cash flows for five years, generating about ¥140 billion.

Shipbuilding

Orders Received & Net Sales



Operating Income & Operating Income to Sales



(vessel)

	Orders Received		Sales	
	FY2004	FY2005	FY2004	FY2005
LNG carriers	4	1	5(2)	4(3)
Small-sized LNG carriers	1	2	-	1
LPG carriers	2	1	3	-
VLCCs	3	1	-	2
Bulk carriers	5	10	5	7
Submarines	-	1	2(2)	2(1)
Total	15	16	15(4)	16(4)

Note: () = Sales units by percentage-of-completion method

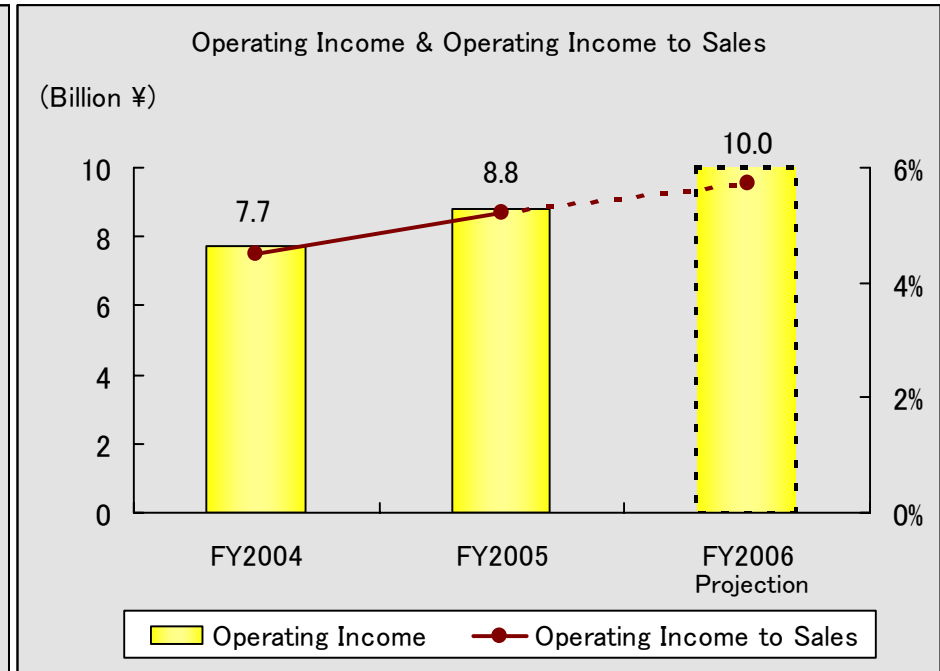
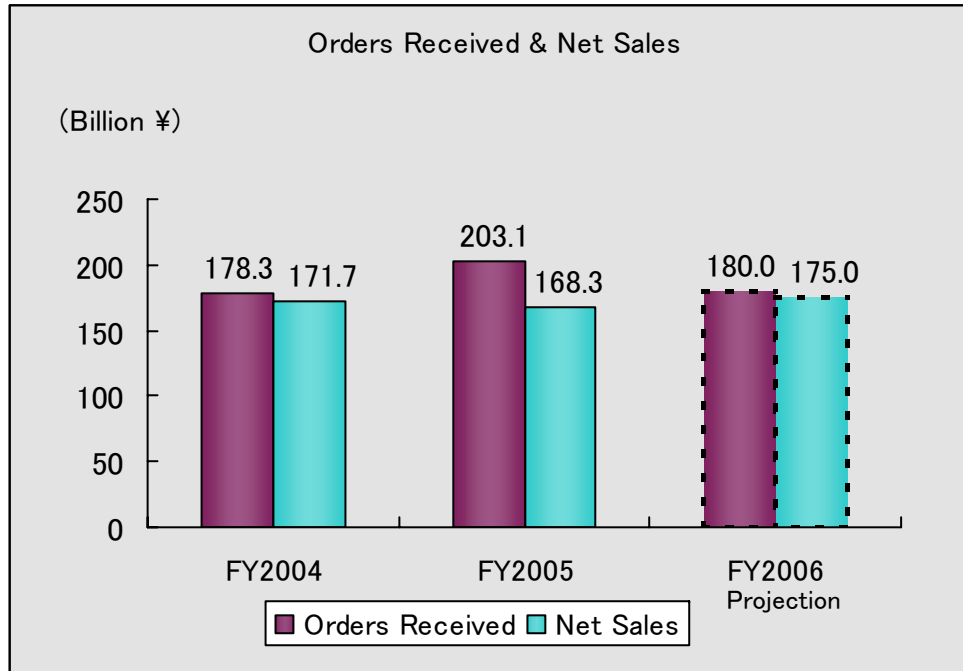
Business results for FY2005

- * Decrease in total amount of orders received due to decrease in orders received of LNG carriers despite of increase in those of bulk carriers
- * Adverse impact of a rise in steel price

Outlook for FY2006

- * Strengthening of selective order-taking
- * Increase in sales of LNG carriers, bulk carriers and submarines
- * Adverse impact of a rise in steel price and increase in outsourcing cost

Rolling Stock



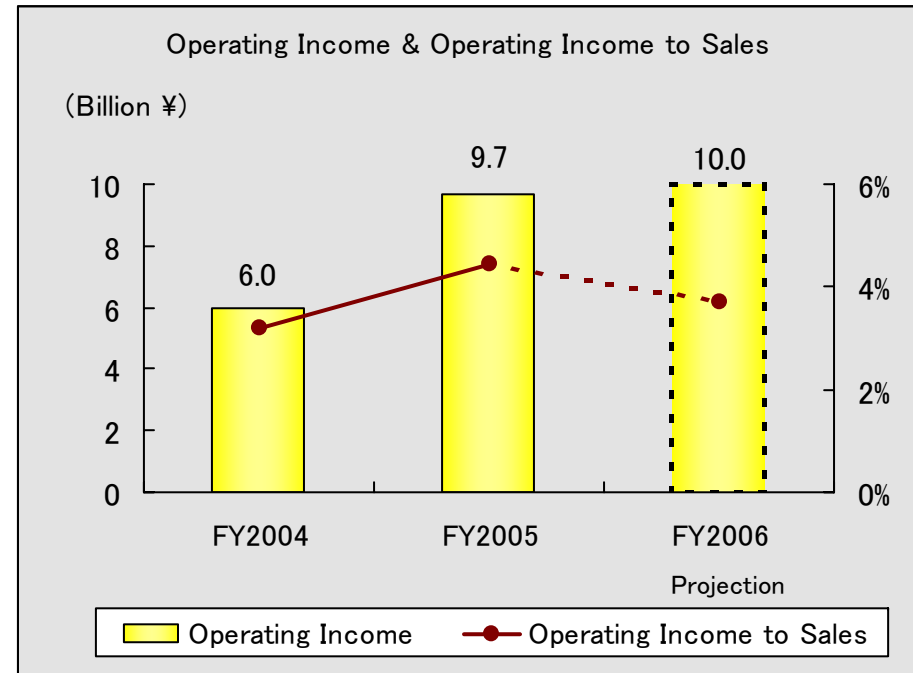
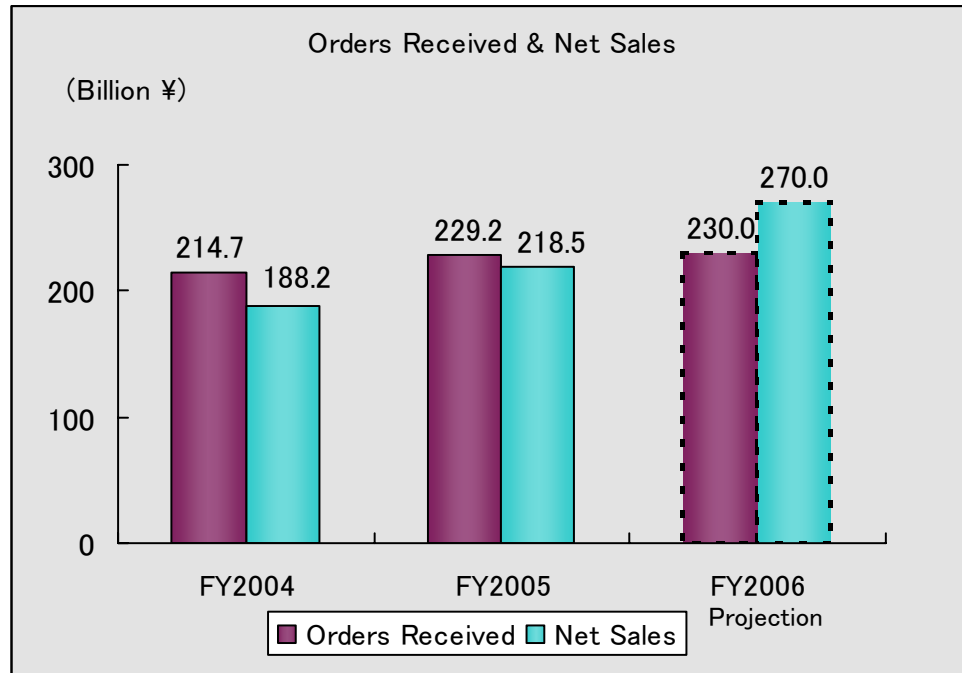
Business results for FY2005

- * Increase in orders received of a large-scale project for overseas
 - Commuter trains for PATH in U.S.
 - CKS International Airport Access Railway System for Taiwan
- * Completion of delivery for Taiwan High Speed Railway System (180 cars)
- * Development of new type of rolling stock for domestic market
- * Increase in profit due to enhancement of profitability of wheel loaders business

Outlook for FY2006

- * Increase in profit due to
 - major increase in sales of high-speed trains for China
 - increase in sales of wheel loaders for U.S. market

Aerospace



Sales units for commercial aircraft and components
(unit)

	Sales	
	FY2004	FY2005
B777	40	49
B767	10	11
Embraer170/175	57	39
Embraer190/195	8	37

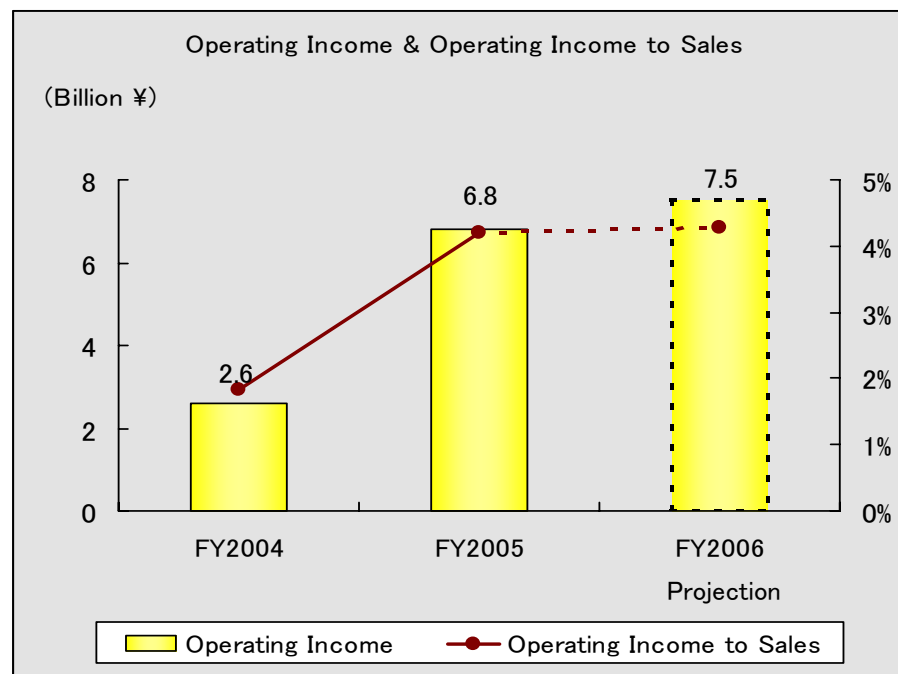
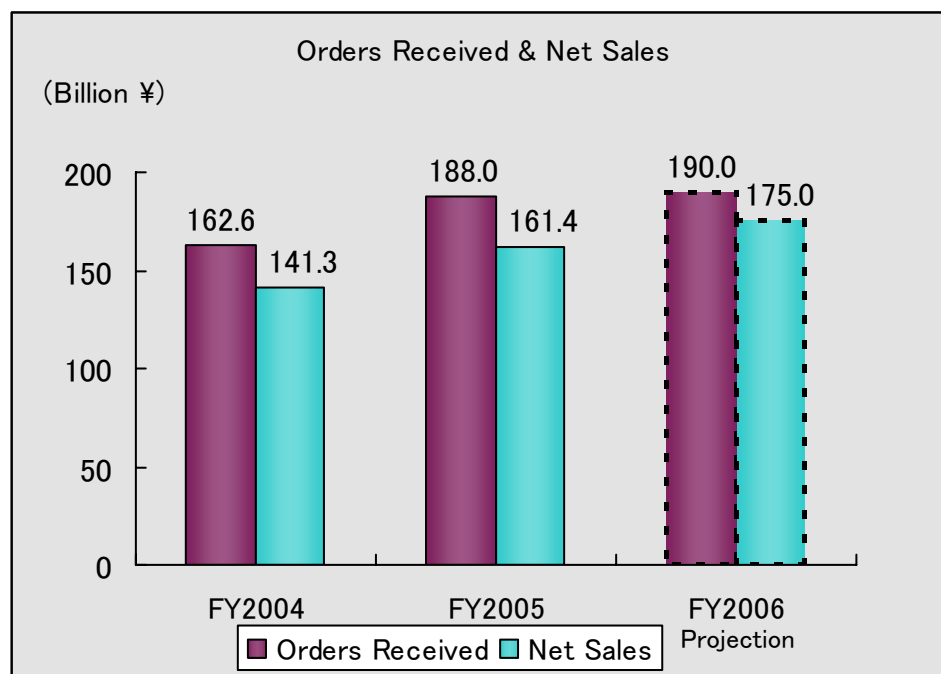
Business results for FY2005

- * Increase in orders received for commercial aircraft business such as B777 for BOEING
- * Increase in profit due to
 - ...sales increase of BOEING business
 - ...sales increase of development of the P-X(Patrol plane) and C-X(Container plane) for JDA

Outlook for FY2006

- * Increase in sales of P-X/C-X and guided missile system for JDA
- * Increase in delivery of B777 for BOEING
- * Adverse impact of price hike in materials (mainly, titanium and aluminum) because of the growth of global demand for commercial aircraft business and cost increase for outsourcing

Gas Turbines & Machinery



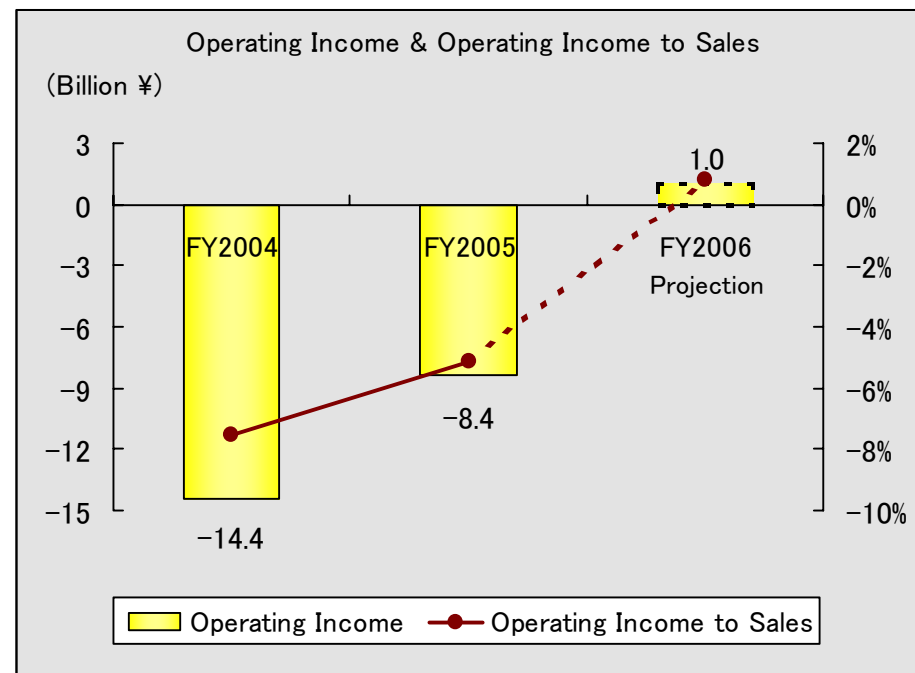
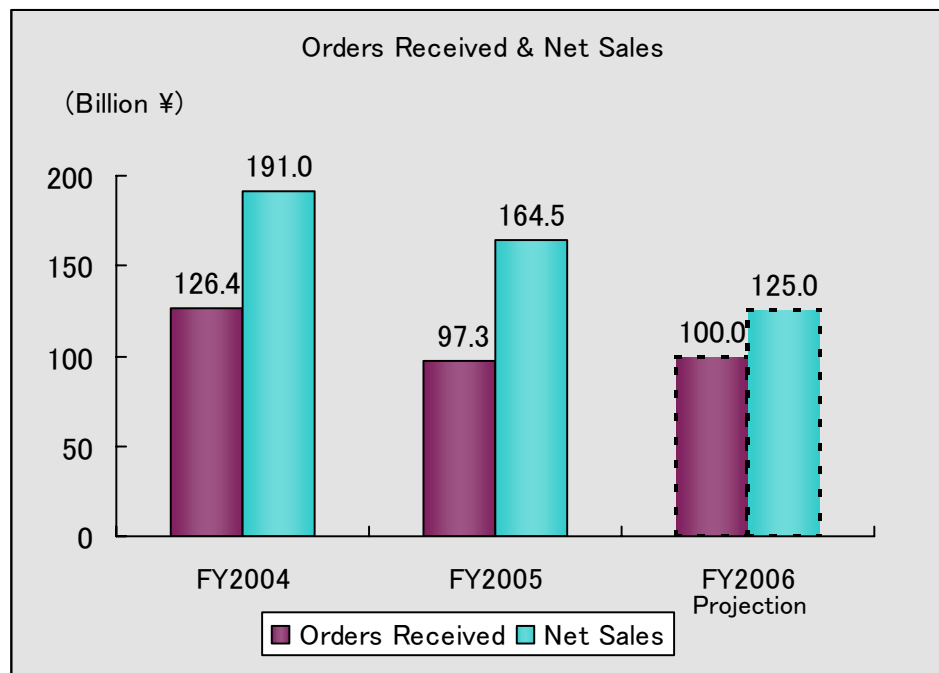
Business results for FY2005

- * Increase in orders received of commercial aircraft jet engines such as TREN1000
- * Large increase in profit due to
 - increase in sales of commercial aircraft jet engines
 - recovery of profitability on account of reduced investment in marketing for new industrial gas turbines (L20A)

Outlook for FY2006

- * Increase in sales and profit of commercial aircraft jet engines, industrial gas turbines and marine diesel engines

Plant & Infrastructure Engineering



<Large-scale orders received and sales of FY2005>

Orders Received	Sales
• LNG Terminal/ Sakaide	• Fertilizer plant/ Iran
	• Coke gas recovery power plant/ Brazil
	• Coal-thermal power plant/ Philippines

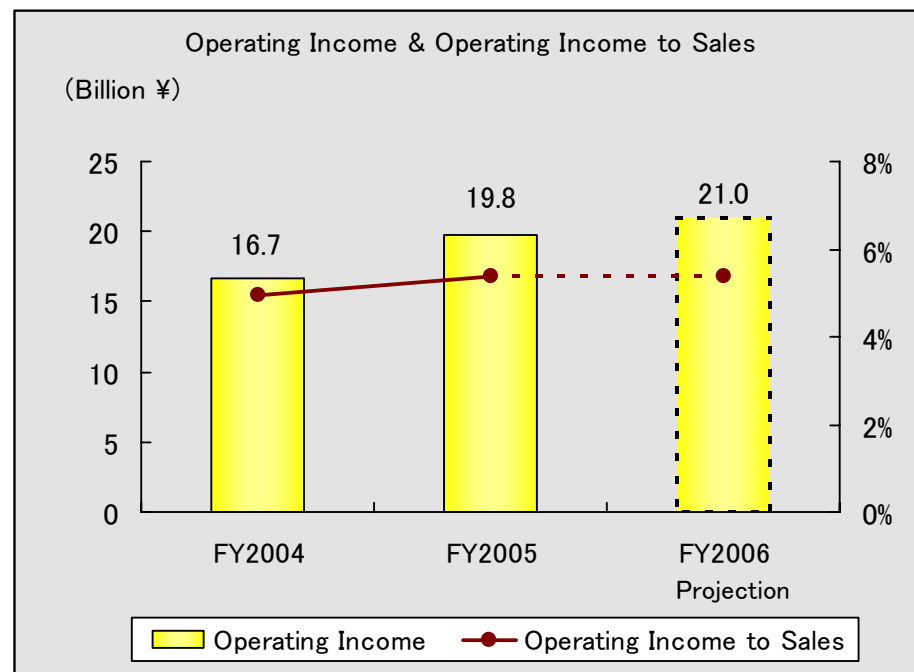
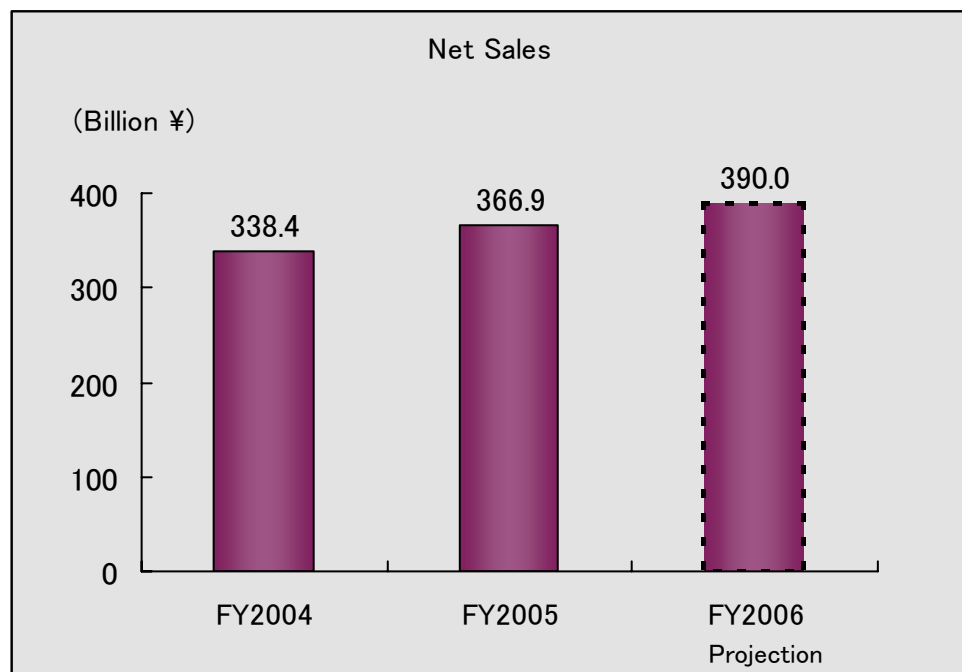
Business results for FY2005

- * Large decrease in orders received
 - ...by means of strengthening of selective order-taking
 - ...due to adverse impact of suspension of designation in bidding
- * Decrease in sales of large-scale projects for overseas
- * Adverse impact of provision for losses on some domestic projects for environmental plant business

Outlook for FY2006

- * Reduction of business scale by means of strengthening of selective order-taking and restructuring reforms
- * Return to profitability due to
 - ...reduction of unprofitable projects
 - ...effects of restructuring reforms

Consumer Products & Machinery



Sales by Region for Consumer Products

(Thousands of Unit / Billion ¥)

Region	FY2004		FY2005	
	Unit	Amount	Unit	Amount
Domestic	36	19.0	26	17.1
North America	217 (101)	138.1	240 (120)	159.5
Europe	79	67.5	88	68.0
Others	209	34.8	174	33.4
Total	541	259.4	528	278.0

Note

- Sales units consist of Motorcycle, All-Terrain Vehicles (ATV), Utility Vehicles (MULE), Personal Water Craft (Jet Ski) and parts for these products.
- Domestic sales include OEM supply.
- () represents Motorcycle sales unit.

Business results for FY2005

* Increase in sales and profit of consumer products such as motorcycles for U.S. and European market and industrial robots

Outlook for FY2006

* Increase in sales and profit of Motorcycles for U.S. market and industrial robots

R&D/Capital Expenditures/Number of Employees

(Billion ¥ / Persons)

	FY2004 Actual	FY2005 Actual	FY2006 Projection
R&D	27.8	28.2	32.0
Capital Expenditures	29.6	41.7	43.0
Depreciation and Amortization	31.5	30.5	31.0
Domestic	23,070	22,663	22,800
Overseas	5,612	6,259	6,600
Number of Employees	28,682	28,922	29,400

Outlook for FY2006 by Segment

(Billion ¥)

	Net Sales		Operating Income	
	FY2005 Actual	FY2006 Projection	FY2005 Actual	FY2006 Projection
Shipbuilding	109.6	115.0	-1.7	-2.0
Rolling Stock	168.3	175.0	8.8	10.0
Aerospace	218.5	270.0	9.7	10.0
Gas Turbines & Machinery	161.4	175.0	6.8	7.5
Plant & Infrastructure Engineering	164.5	125.0	-8.4	1.0
Consumer Products & Machinery	366.9	390.0	19.8	21.0
Others	133.0	140.0	6.7	6.5
Total	1,322.4	1,390.0	41.7	54.0

Planned Exchange Rates
US\$ = ¥ 110 / EUR = ¥ 130

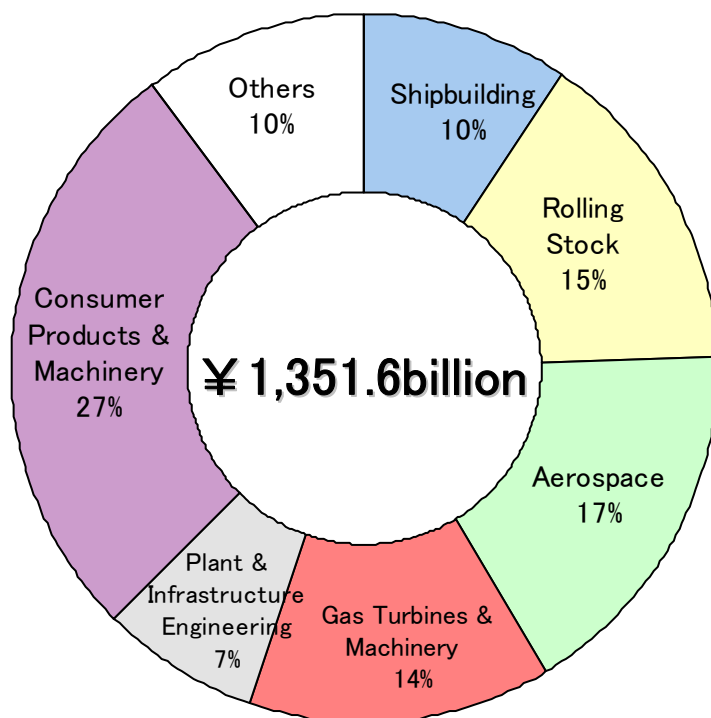
Outlook of Orders Received for FY2006

(Billion ¥)

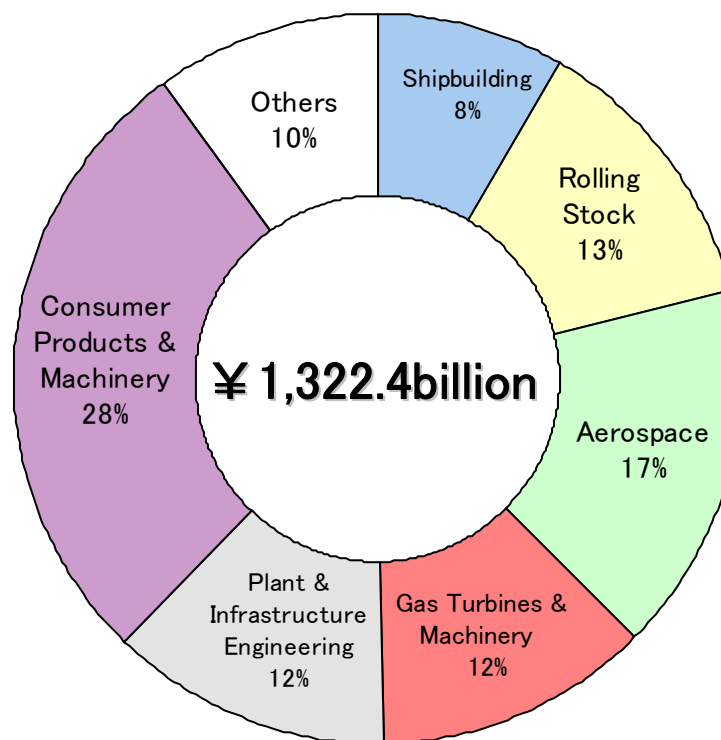
	Orders Received		
	FY2004 Actual	FY2005 Actual	FY2006 Projection
Shipbuilding	155.8	128.3	120.0
Rolling Stock	178.3	203.1	180.0
Aerospace	214.7	229.2	230.0
Gas Turbines & Machinery	162.6	188.0	190.0
Plant & Infrastructure Engineering	126.4	97.3	100.0
Consumer Products & Machinery	338.4	366.9	390.0
Others	125.3	138.5	140.0
Total	1,301.8	1,351.6	1,350.0

Orders Received & Net Sales (FY2005)

Orders Received



Net Sales



Kawasaki, let the good times roll !

Cautionary Statement

The performance outlook and the forecasts stated in this material were prepared by Kawasaki Heavy Industries, Ltd. (hereinafter, KHI) based on the circumstances at the release point, and include potential risks and uncertain factors that relate to economic conditions, foreign currency exchange rates, tax rules, regulations and other factors. Accordingly, please note that the actual operating results, financial position, and business deployment of KHI may sometimes differ considerably from the descriptions in the present projections.