

Communication with Shareholders and Investors

Besides returning profits to shareholders that are appropriate for our performance, we are proactively making efforts to disclose information to shareholders and investors through briefings and our website.

Meeting of Shareholders

The highest corporate decision-making body for Kawasaki is the Meeting of Shareholders. We believe that this meeting is an important opportunity for communication between our shareholders and the Kawasaki board members.

In order to enable our shareholders to thoroughly consider the important issues that they will decide on at the Meeting of Shareholders, we send out invitation letters at a date that is earlier than what is required by law. Furthermore, for shareholders who are not able to attend the meeting, we have made it possible for them to exercise their voting rights using the Internet or mobile phones.

At the site of the Meeting of Shareholders, we strive to explain the business conditions of the company, including annual progress and results of our business, using video images so that our shareholders can easily understand. (You can also see the videos used at the Meeting of Shareholders on our website.)

* The 187th Ordinary Meeting of Shareholders regarding the fiscal year ended March 2010 was held on June 25, 2010 in the city of Kobe. Approximately 680 shareholders attended and enthusiastically exchanged opinions.

* At this year's Meeting of Shareholders, we set up panel displays in the lobby to explain our Medium-term Business Plan and Kawasaki Business Vision 2020, which were formulated in April 2010, and we answered questions from many of our shareholders.



Distribution of Dividends

Our basic dividend policy is to pay stable cash dividends that are appropriate to our performance while giving careful attention to increasing retained earnings to strengthen and expand the KHI Group's management base in preparation for our future growth.

For FY2009 (fiscal year ended March 2010), upon consideration of the outlook for our performance, the level of retained earnings, other factors, we paid an annual cash dividend of three yen per share.

Change of Consolidated Net Income (Loss) and Annual Dividends per Share

	FY2005	FY2006	FY2007	FY2008	FY2009
Net income (loss) per share	¥11.20	¥18.94	¥21.08	¥7.02	¥(6.51)
Dividend	¥3.00	¥5.00	¥5.00	¥3.00	¥3.00

IR Efforts (Information Disclosure)

We endeavor to disclose information on our business performance in a fair and prompt manner through constructive approaches to investor relations (IR) around the world.

For institutional investors and analysts, we hold interim and end-of-year financial performance briefings and one-on-one meetings. Corporate representatives visit institutional investors outside Japan to explain recent business performance and other critical information.

In addition, our website has a section entitled "Investor Relations" with pages for shareholders and investors. These pages include information on our business outlook, our recent business performance, our management policies, our historical financial results by business segment, every type of accounting document and presentation materials distributed at interim and end-of-year financial performance briefings.

Moreover, at the end of June and in the beginning of December, we send our shareholders a "BUSINESS REPORT" to report our business conditions and business content in a way that is easy to understand.

For details, see KHI Group "Investor Relations."
<http://www.khi.co.jp/english/ir/index.html>



The Group's website: "Investor Relations"

Relations with Business Partners

In our procurement activities, we believe that it is important to build relationships of mutual trust through fair dealings with our business partners.



Fair Dealings and Building Relationships of Trust

In November 1999, the Group enacted Action Guidelines for Persons Involved in Procurement, and all persons involved in procurement strive to act with self-awareness and good faith as well as maintaining fair and sincere relationships with business partners as they carry out their duties.

These Guidelines are prominently displayed in every Division, and have become a "compass" for daily procurement operations.



Action Guidelines for Persons Involved in Procurement

Promotion of CSR Procurement

We adopt a socially responsible stance in the Basic Procurement Contracts that we enter into with our business partners. These contracts stipulate that both parties acknowledge the importance of corporate social responsibility and independently and proactively engage in business and social programs based on environment and sustainable development of society.

<Green Procurement>

Our business divisions practice whatever form of "Green procurement" is appropriate for their particular characteristics, with the aim of encouraging production of products with a low environmental load.

For example, the Green Procurement Guidelines for our Motorcycle and Engine Company are applicable to business partners both in Japan and overseas, and that Company has asked business partners to institute



Green Procurement Guidelines

environmental management systems and has joined forces with business partners to understand and manage the environmental loads of their products, including parts and raw materials.

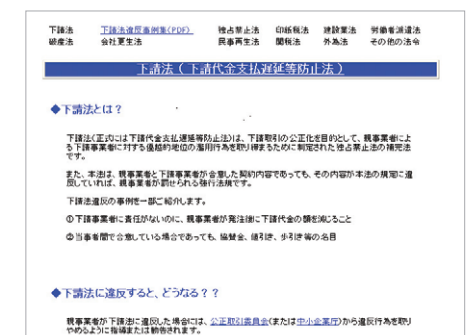
Stressing the Importance of Compliance

In order to ensure compliance with the Subcontracting Act (The Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors) and the Construction Industry Law, we conduct mass training sessions for all the Procurement Divisions in the Group once or twice a year, with about 40 participants each time.

Furthermore, we are continuing our active efforts in connection with the Subcontracting Act as follows:

- Holding training sessions for design departments and other departments at each plant.
- Creating and distributing "Collected Examples of Violations of the Subcontracting Act," which provides cautionary case studies for each operation.
- A summary and explanation of the Subcontracting Act is displayed on the Company's internal website to inform the entire company.

In the matter of preventing relationships with anti-social forces, the previously mentioned Action Guidelines for Persons Involved in Procurement and Basic Procurement Contracts contain requirements for both the KHI Group and its business partners to refrain from any and all dealings with anti-social forces.



Internal website: Subcontracting Act, top screen