

**Financial Results for Second Quarter FY 2009
(for the year ending March 31, 2010)**

November 2, 2009

Kawasaki Heavy Industries, Ltd

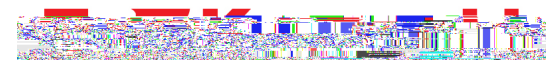


Table of Contents

I. Consolidated Results for Second Quarter FY2009

Summary of Financial Results	1
Details of Change in Profit	2
Details of Change in Profit	3
Financial Results by Segment	4
Shipbuilding	5
Rolling Stock	6
Aerospace	7
Gas Turbines & Machinery	8
Energy & Environmental Engineering	9
Consumer Products & Machinery	10
Hydraulic Machinery	11
Others	12
Financial Condition and Cash Flows	13

. Forecast for FY2009

Consolidated Operating Performance	14
Forecast by Segment	15
R&D/CAPEX/Number of Employees	16

. Operating Policy for FY2009

Company Policy	17
Measures in Individual Businesses	18

Summary of Financial Results

Recurring Profit

Net income

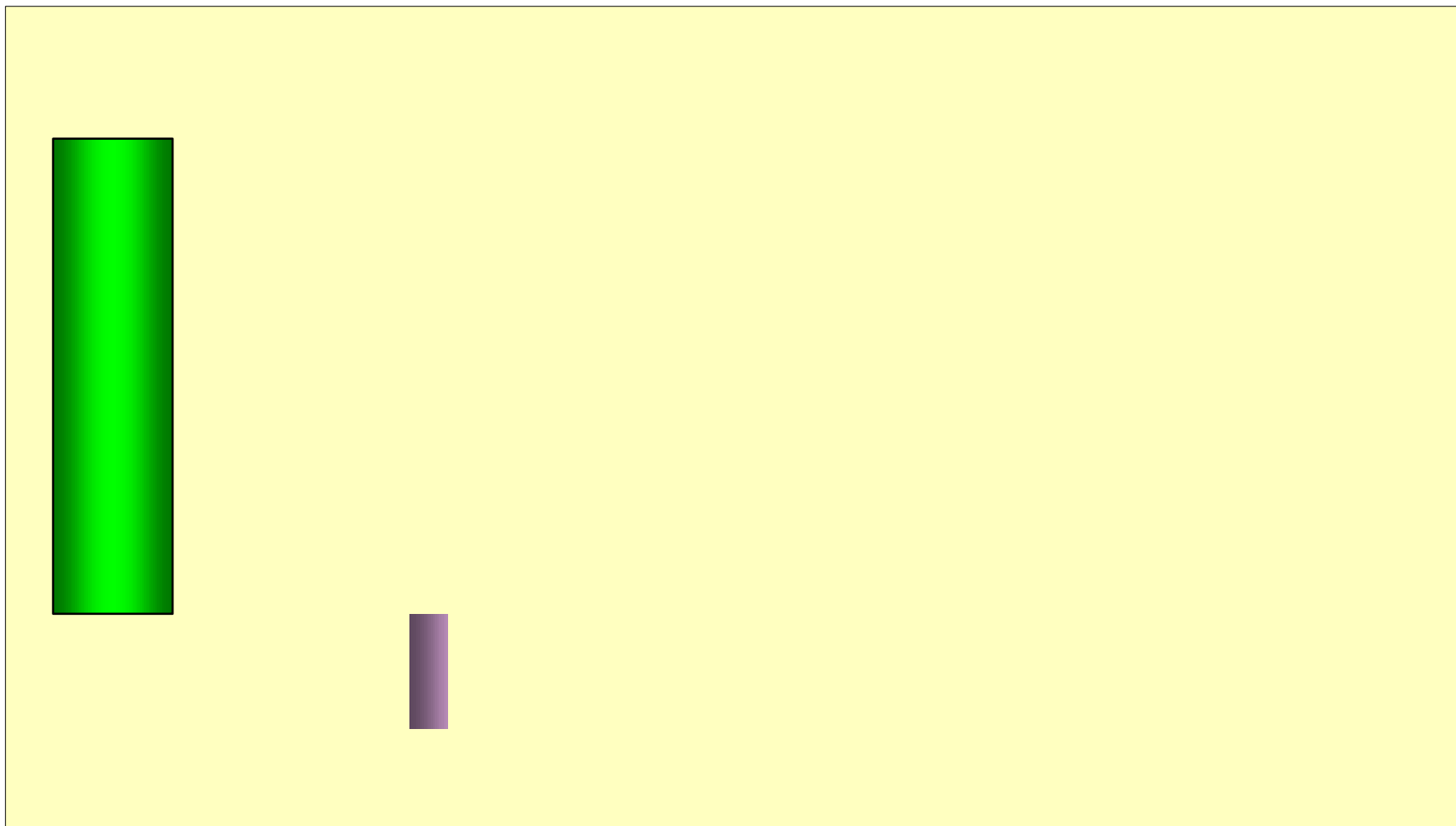
¥/US\$

¥/EUR

Details of Change in Profit

- FY2009 1H vs. FY2008 1H -

- 30.5 billion yen (FY2008 1H 24.3 billion yen FY2009 1H - 6.1 billion yen)



Details of Change in Profit

- FY2009 1H vs. FY2008 1H-

【Non-operating Income/Expenses】

- 1.4 billion yen (FY2008 1H 6.3 billion yen FY2009 1H 4.9 billion yen)

(¥ Billion)

Net Interest expense (incl. dividend income)	+ 0.1	(- 0.9	- 0.7)
Equity in income of unconsolidated subsidiaries and affiliates	- 0.7	(3.3	2.5)
Gain and loss on foreign exchange	+ 0.2	(3.0	3.2)
Others	- 1.1	(0.9	- 0.1)

【Extraordinary Income/Losses】

- 0.6 billion yen (FY2008 1H - 5.1 billion yen FY2009 1H - 5.7 billion yen)

(¥ Billion)

Provision for losses on damages suit	- 1.8	¹ (- 5.1)	² (- 6.9)
Others	+ 1.2	(0	1.2)

¹ Amount equivalent to fine claimed by Japan Fair Trade Commission in relation to refuse incineration plants

² Estimated loss for the company in case of losing a suit for damages by owner of refuse incineration plants

Financial Results by Segment

Shipbuilding

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





FY2009 1H (vs. FY2008 1H)

Orders Received :

Decrease in large-scale projects (A large-scale LNG tank project was obtained in the same period last year.)

Net Sales :

Decrease in large-scale projects for overseas customers

Overseas large-scale projects for FY2008

Ferronickel plant / Korea

Urea production facility / Pakistan

Cement plant / Vietnam

Operating Income :

Income decreased due to the adverse impact of sales decline

FY2009 Forecast (vs. Forecast in Apr.)

.

Consumer Products & Machinery

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

(Billion ¥ / In accumulated amount)



Others



Financial Condition and Cash Flows

Cash flows f25.2	8.5	- 25.2
Cash flows from investing activities	- 29.5	- 36.4
Free Cash Flows	- 21.0	- 61.6
Cash flows from financing activities	11.8	56.5



Consolidated Operating Performance

(¥ Billion)

	FY2008	FY2009 Forecast		Change		[Orders Received]
		in Apr.	in Nov. (Revised)	vs. FY2008	vs. Forecast in Apr.	
Orders Received	1,540.5	1,180.0	1,080.0	- 460.5	- 100.0	
Net Sales	1,338.5	1,240.0	1,200.0	- 138.5	- 40.0	
Operating Income	28.7	5.0	5.0	- 23.7	0	
Recurring Profit	38.8	10.0	10.0	- 28.7	0	
Net Income	11.7	6.0	3.0	- 8.7	- 3.0	

¥/US\$	101	95	90
¥/EUR	142	125	130

Forecast by Segment

	FY2008	FY2009 Forecast		FY2008	FY2009 Forecast		FY2008	FY2009 Forecast	
		in Apr.	in Nov. (Revised)		in Apr.	in Nov. (Revised)		in Apr.	in Nov. (Revised)
Shipbuilding	71.5	110.0	50.0	126.4	150.0	150.0	- 1.0	3.5	3.5
Rolling Stock	264.6	150.0	140.0	186.4	170.0	165.0	11.3	9.0	9.0
Aerospace	239.1	170.0	160.0	200.4	190.0	180.0	- 4.1	2.5	2.5
Gas Turbines & Machinery	355.5	220.0	220.0	195.1	200.0	200.0	11.0	7.0	7.0
Energy & Environmental Engineering	83.6	80.0	90.0	105.1	95.0	100.0	8.9	4.0	6.0
Consumer Products & Machinery	336.4	260.0	240.0	336.4	260.0	240.0	- 10.1	- 26.0	- 26.0
Hydraulic Machinery	84.1	70.0	70.0	84.9	65.0	65.0	8.3	3.0	3.0
Others	105.5	120.0	110.0	103.5	110.0	100.0	4.2	2.0	0
Total	1,540.5	1,180.0	1,080.0	1,338.5	1,240.0	1,200.0	28.7	5.0	5.0

R&D/CAPEX/Number of Employees

(¥ Billion/ Persons)

FY2008

FY2009 Forecast

in Apr.

in Nov.

Change

Reasons for change

24,400

(24,712)

7,700

(7,914)

32,100

(32,626)



We have positioned FY2009 as a year for taking emergency measures and implemented the following policies aimed at thoroughly and aggressively consolidating our business and financial positions in all aspects of our operations.

1. To implement thoroughgoing risk management measures throughout the Group

In taking orders and in sales activities, we have fully analyzed and considered profitability and carried out thorough cost control

2. To lower our breakeven point

Watching carefully change of market environment, we have given priority to lowering our breakeven point especially in businesses where demand is trending downward by implementing thorough cost reduction initiatives and other measures

3. To strengthen our financial position

Kawasaki, Working as One for the Good of the Planet

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.