

DATA FILE 2000

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, the Company 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. The Company also engaged in the shipping business through the company known as Kawasaki Kisen Kaisha, Ltd. (the "K" Line), which later became an independent company. In 1939, the Company adopted its present name, Kawasaki Heavy Industries, Ltd.

In 1950, the Company'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 the Company, forming an integrated heavy industry enterprise.

The Company established a subsidiary in the United States to sell its motorcycles in 1969. In 1975, through its local subsidiary, the Company 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, the Company 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, the Company established a local subsidiary to acquire a hydraulic machinery manufacturing business in Plymouth, U.K., its first production facility in Europe.

The Company has been seeking to expand its activities in Asia. The Company has joint ventures in Malaysia, Thailand, Indonesia and the Philippines to manufacture motorcycles. In China, KHI established four joint ventures to manufacture prime movers (1995), ships (1995), steel structures (1997) and motorcycle engines (1997).

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FINANCIAL HIGHLIGHTS

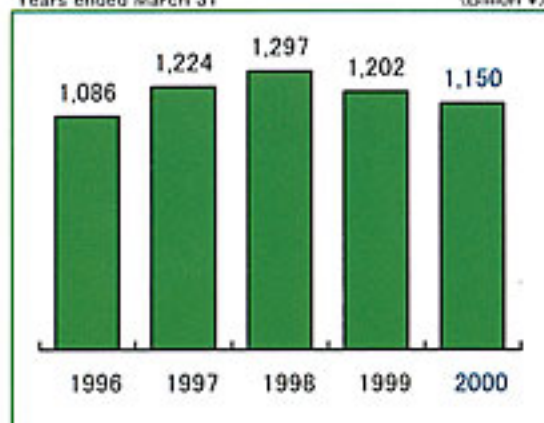
Kawasaki Heavy Industries, Ltd. and consolidated subsidiaries

Years ended March 31

	Millions of yen				
	2000	1999	1998	1997	1996
For the year:					
Net sales	¥1,149,698	¥1,202,189	¥1,297,212	¥1,224,259	¥1,086,244
Net income (loss)	(18,632)	(6,132)	18,556	22,572	16,462
Net income (loss) per share (yen)	(13.4)	(4.4)	13.3	16.4	12.2
Return on average shareholders' equity (%)	(9.9%)	(3.0%)	9.1%	12.5%	10.4%
Cash dividends per share (yen)	—	6.0	6.0	7.0	5.5
At year end:					
Total assets	1,206,806	1,204,857	1,222,906	1,303,168	1,252,371
Working capital	188,403	161,712	162,084	150,759	127,644
Current ratio (%)	127.3%	122.4%	121.7%	117.8%	115.5%
Total shareholders' equity	174,955	199,637	209,040	197,161	162,984

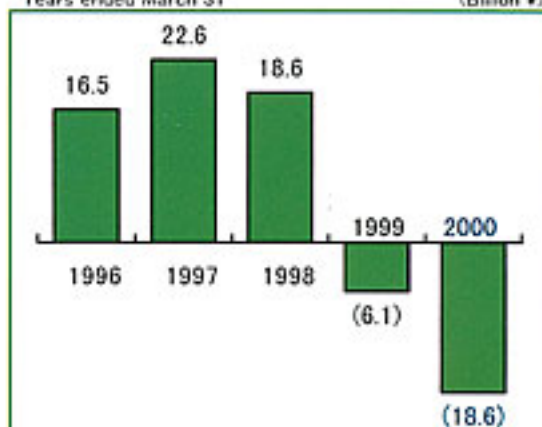
Net Sales

Years ended March 31 (Billion ¥)



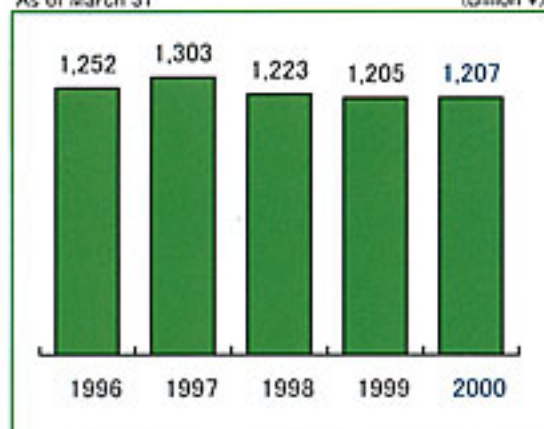
Net Income

Years ended March 31 (Billion ¥)



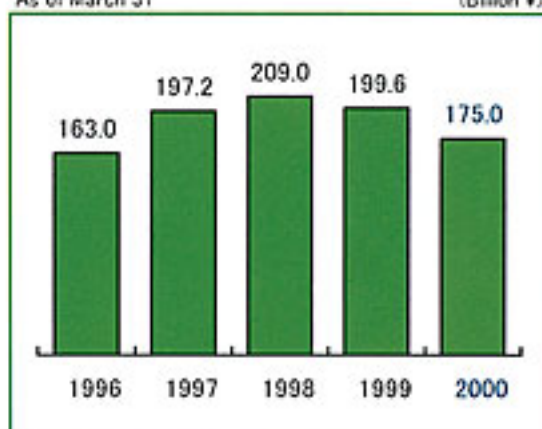
Total Assets

As of March 31 (Billion ¥)



Total Shareholders' Equity

As of March 31 (Billion ¥)

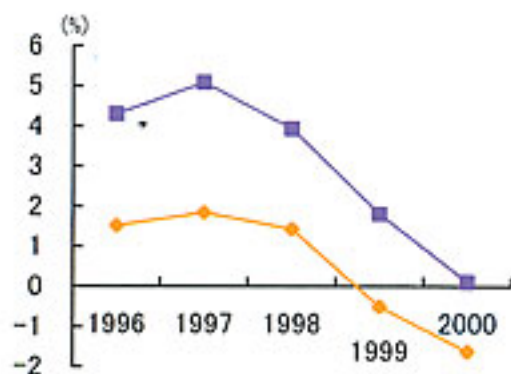


Note: Concerning the recognition of revenue, figures for 1997 and before in this material are based on the completed-contract method, while figures for 1998 and after are on the percentage-of-completion method. More information on page 4 and 22.

KEY INDICATORS (CONSOLIDATED BASIS)

Ratio of Operating Income to Sales Return on Sales

Years ended March 31



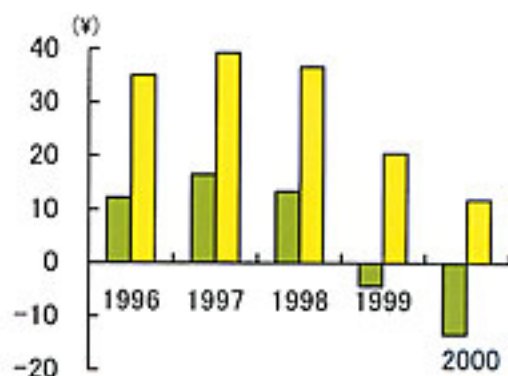
	1996	1997	1998	1999	2000
Operating Income to Sales - ■ -	4.30	5.08	3.94	1.80	0.11
ROS - ◆ -	1.52	1.84	1.43	(0.51)	(1.62)

Operating Income to Sales: Operating Income/Net Sales.

ROS: Net Income/Net Sales.

Earnings per Share Cash Flow per Share

Years ended March 31



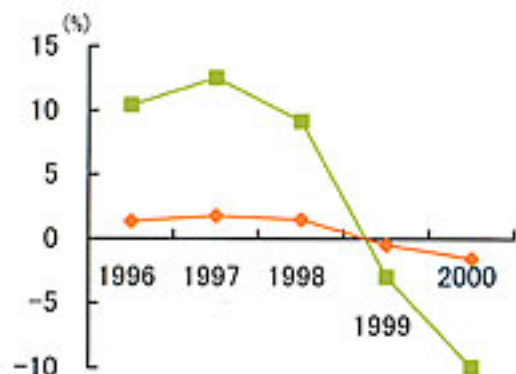
	1996	1997	1998	1999	2000
EPS ■	12.2	16.4	13.3	(4.4)	(13.4)
CFPS ■	35.0	39.3	36.7	20.5	11.8

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



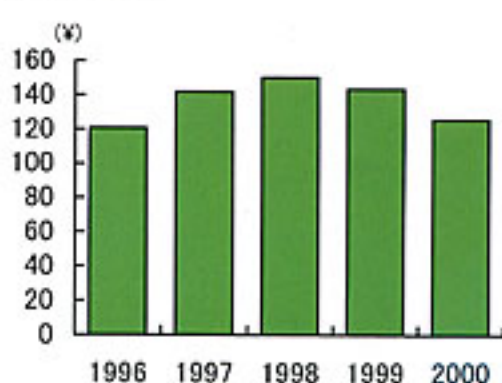
	1996	1997	1998	1999	2000
ROE ■	10.42	12.53	9.14	(3.00)	(9.95)
ROA ◆	1.35	1.77	1.47	(0.51)	(1.55)

ROE: Net Income/Average Shareholders' Equity.

ROA: Net Income/Average Total Assets.

Book Value per Share

As of March 31

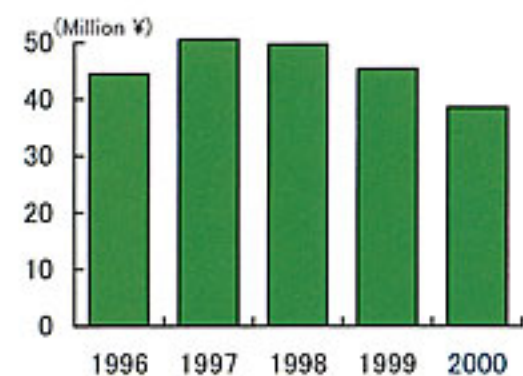


	1996	1997	1998	1999	2000
Book Value per Share	120.73	141.93	150.32	143.56	125.81

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

Net Sales per Employee

Years ended March 31

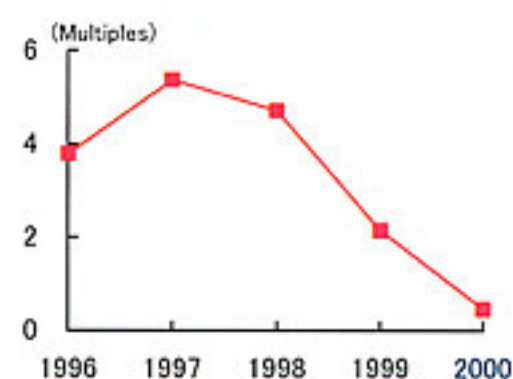


1996	1997	1998	1999	2000
44.52	50.57	49.70	45.39	38.62

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

Interest Coverage

Years ended March 31

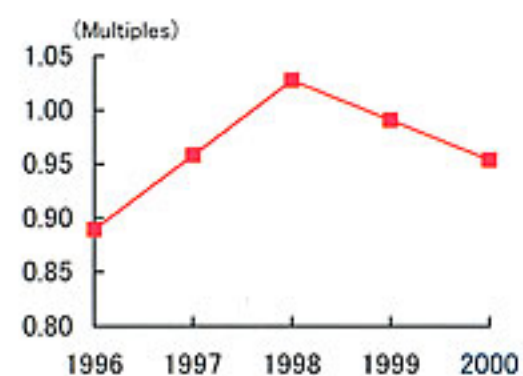


1996	1997	1998	1999	2000
3.79	5.38	4.72	2.15	0.47

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

Asset Turnover

Years ended March 31

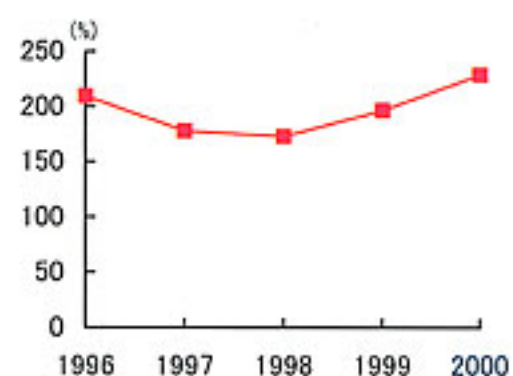


1996	1997	1998	1999	2000
0.89	0.96	1.03	0.99	0.95

Asset Turnover: Net Sales/Average Total Assets.

Debt to Equity Ratio

Years ended March 31



1996	1997	1998	1999	2000
209	178	173	196	229

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

SALES AND OPERATING INCOME BY SEGMENT

Years ended March 31

(Billion ¥)



External Sales

(Million ¥)

	1998	1999	2000
Transportation Equipment	213,418	184,040	164,942
Aerospace	255,328	228,618	219,447
Industrial Equipment	485,353	436,030	417,865
Consumer Products	259,107	270,021	277,176
Other	84,006	83,480	70,268
Total	1,297,212	1,202,189	1,149,698

Operating Income

(Million ¥)

	1998	1999	2000
Transportation Equipment	(5,908)	(15,096)	(9,735)
Aerospace	20,539	18,378	10,795
Industrial Equipment	17,603	686	(11,276)
Consumer Products	16,774	15,636	9,541
Other	2,001	2,157	1,659
Eliminations and corporate	70	(95)	267
Net Operating Income	51,079	21,666	1,251

Ratio of Operating Income to Sales

	1998	1999	2000
Transportation Equipment	(2.8%)	(8.2%)	(5.9%)
Aerospace	8.0%	8.0%	4.9%
Industrial Equipment	3.6%	0.2%	(2.7%)
Consumer Products	6.5%	5.8%	3.4%
Other	2.4%	2.6%	2.4%
Total	3.9%	1.8%	0.1%

Notes:

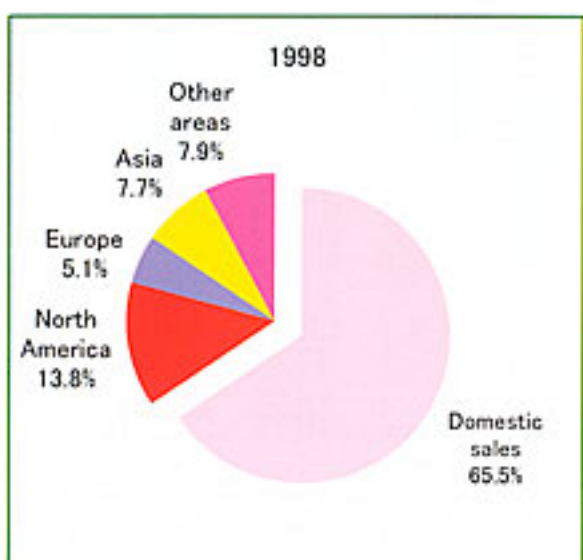
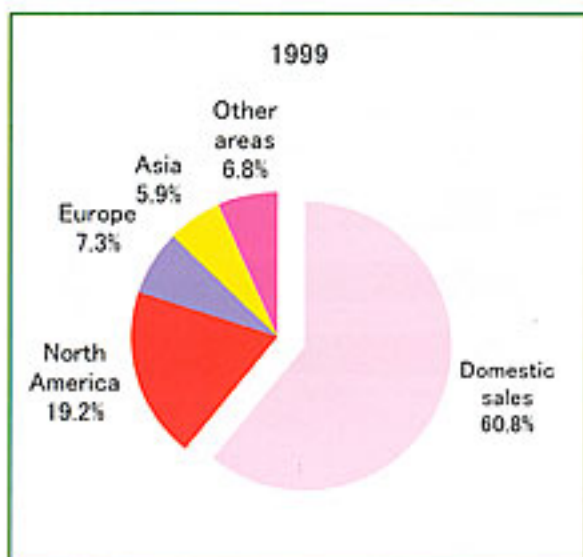
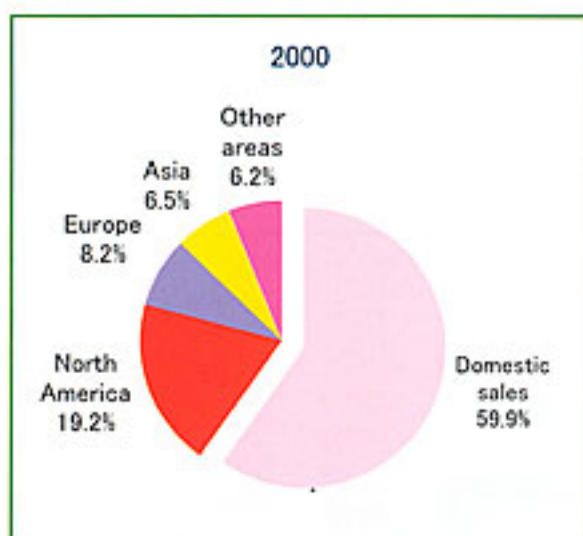
1. Net effects of the percentage-of-completion method in 1998 are as follows:

	Millions of yen	
	Sales	Operating income
Transportation Equipment	¥54,037	¥10,087
Industrial Equipment	¥25,553	¥5,116
Total	¥79,590	¥15,203

2. Consumer products, which were included in the Transportation Equipment segment, are separated from the Transportation Equipment segment and classified as the Consumer Products segment for the year ended March 31, 2000. Previously reported data for 1998 and 1999 have been restated accordingly.

OVERSEAS SALES

Years ended March 31



2000		
	Million ¥	% against net sales
North America	221,272	19.2%
Europe	93,984	8.2%
Asia	75,058	6.5%
Other Areas	71,191	6.2%
Total Overseas Sales	461,505	40.1%
Domestic Sales	688,193	59.9%
Net Sales	1,149,698	100.0%

1999		
	Million ¥	% against net sales
North America	231,159	19.2%
Europe	87,683	7.3%
Asia	70,845	5.9%
Other Areas	81,453	6.8%
Total Overseas Sales	471,140	39.2%
Domestic Sales	731,049	60.8%
Net Sales	1,202,189	100.0%

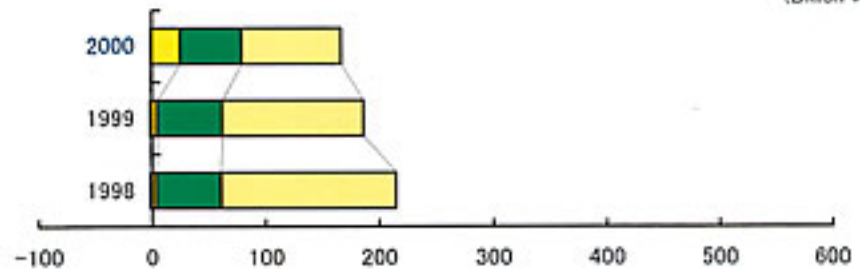
1998		
	Million ¥	% against net sales
North America	179,235	13.8%
Europe	66,806	5.1%
Asia	99,413	7.7%
Other Areas	102,599	7.9%
Total Overseas Sales	448,053	34.5%
Domestic Sales	849,159	65.5%
Net Sales	1,297,212	100.0%

SEGMENT SALES ANALYSIS

Transportation Equipment

Years ended March 31

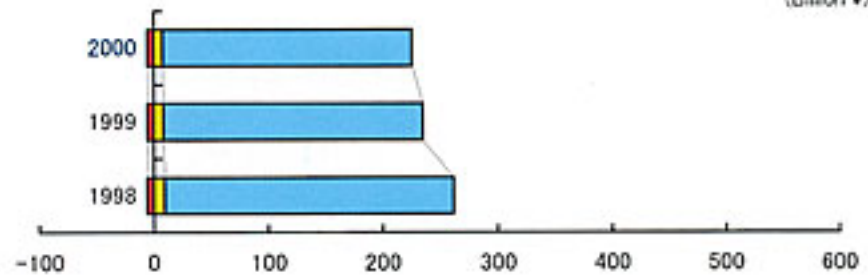
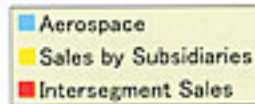
(Billion ¥)



Aerospace

Years ended March 31

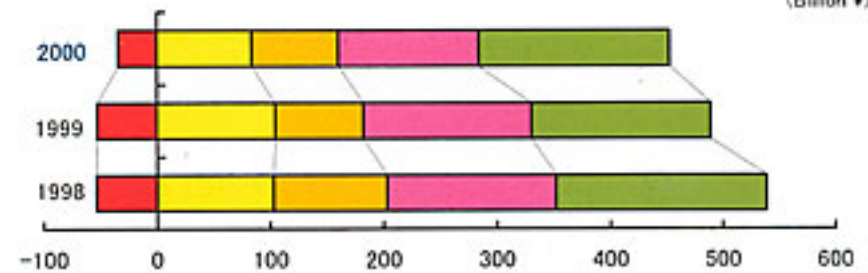
(Billion ¥)



Industrial Equipment

Years ended March 31

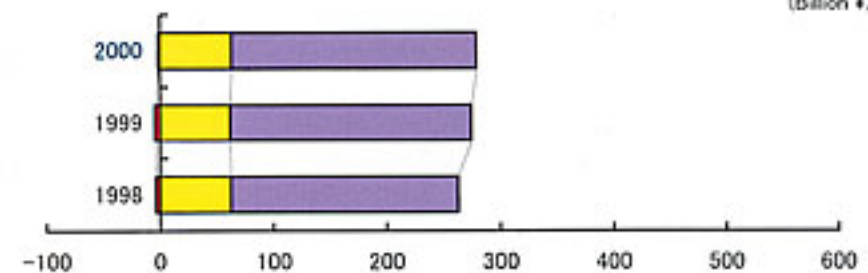
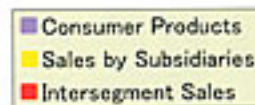
(Billion ¥)



Consumer Products

Years ended March 31

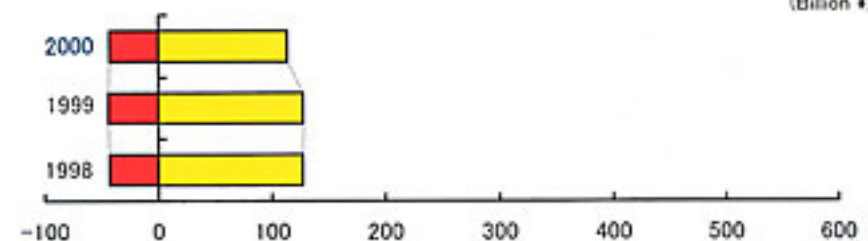
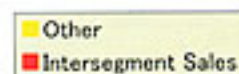
(Billion ¥)



Other

Years ended March 31

(Billion ¥)



Transportation Equipment		(Million ¥)		
	1998	1999	2000	
Ships a)	154,476	124,896	88,030	
Rolling Stock	57,130	57,248	54,247	
Sales by Subsidiaries b)	3,452	4,222	24,522	
Total sales	215,058	186,366	166,799	
Intersegment sales	(1,640)	(2,326)	(1,857)	
External sales	213,418	184,040	164,942	

Aerospace		(Million ¥)		
	1998	1999	2000	
Aerospace	252,259	226,827	217,868	
Sales by Subsidiaries	9,242	7,943	7,560	
Total sales	261,501	234,770	225,428	
Intersegment sales	(6,173)	(6,152)	(5,981)	
External sales	255,328	228,618	219,447	

Industrial Equipment		(Million ¥)		
	1998	1999	2000	
Plant Engineering	187,101	158,795	168,596	
Machinery & Steel Structures	148,694	147,996	123,590	
Others	100,126	78,136	76,487	
Sales by Subsidiaries	103,040	104,281	83,789	
Total sales	538,961	489,208	452,462	
Intersegment sales	(53,608)	(53,178)	(34,597)	
External sales	485,353	436,030	417,865	

Consumer Products		(Million ¥)		
	1998	1999	2000	
Consumer Products c)	200,393	213,079	215,953	
Sales by Subsidiaries	62,539	61,689	63,209	
Total sales	262,932	274,768	279,162	
Intersegment sales	(3,825)	(4,747)	(1,986)	
External sales	259,107	270,021	277,176	

Note: Industrial robots were transferred from the Industrial Equipment segment to the Consumer Products segment during 2000.

Other		(Million ¥)		
	1998	1999	2000	
Total sales	127,347	127,618	113,767	
Intersegment sales	(43,341)	(44,138)	(43,499)	
External sales	84,006	83,480	70,268	

Notes: a) Sales by product group within each segment, i.e. Ships, Rolling Stock, Aerospace, etc. are on a non-consolidated basis.

b) Sales by subsidiaries: total subsidiaries sales minus internal sales within the segment.

c) Non-consolidated sales of consumer products and industrial robots.

TRANSPORTATION EQUIPMENT -SHIPS-

KHI has been known as a front-runner in gas carrier design and construction since it built the first LNG carrier in Japan in 1981, utilizing ultra-low temperature storage technology licensed from Moss Rosenberg Verfts A.S. of Norway. In 1989, the Company delivered its first Jetfoil, an advanced type of hydrofoil capable of smooth highspeed cruising, manufactured under license from The Boeing Company. In 1994, the Company delivered its first Jet Piercer, a new high-speed wave-piercing catamaran car ferry developed in conjunction with Advanced Multi-Hull Designs Pty, Ltd. of Australia. KHI is one of only two suppliers of submarines to the Japan Defense Agency (JDA). The Company continues to bolster its position as a premier international shipbuilder by focusing on higher value-added ships such as LNG carriers as well as faster ships.

Principal Products: ○Liquefied natural gas (LNG) carriers ○Liquefied petroleum gas (LPG) carriers
 ○Container ships ○Very large crude-oil carriers (VLCCs) and other types of tankers ○Bulk carriers
 ○Jetfoils ○Jet Piercers ○Submarines ○Maritime application equipment

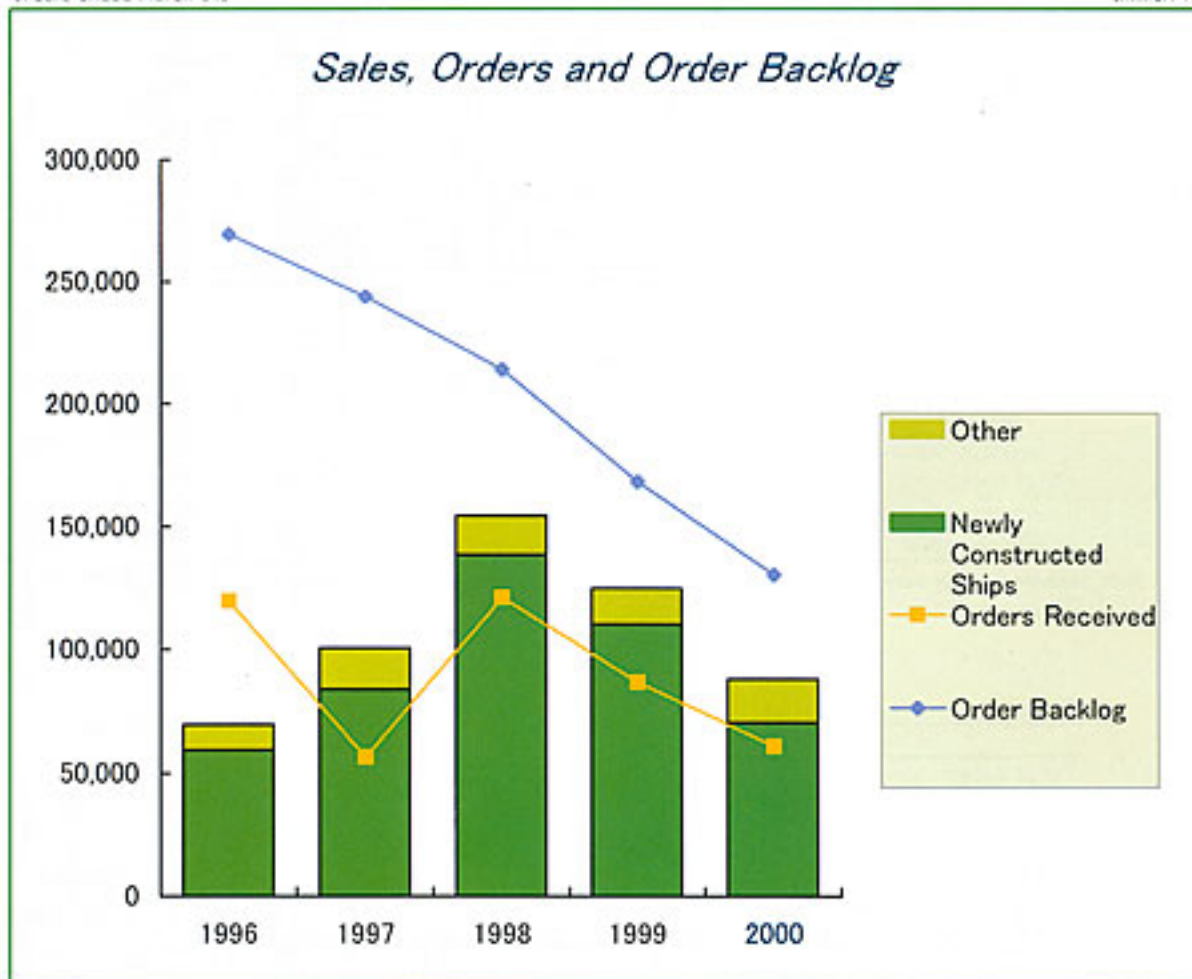
(Years ended March 31) -Parent Only-

(Million ¥)

	1996	1997	1998	1999	2000
Sales	69,501	100,620	154,476	124,896	88,030
Newly Constructed Ships	59,194	83,703	138,444	110,027	70,238
Exports	60,039	48,971	59,443	60,248	52,411
Orders Received	119,310	56,263	120,882	86,484	60,576
Order Backlog	269,069	243,498	213,637	168,007	130,138

(Years ended March 31)

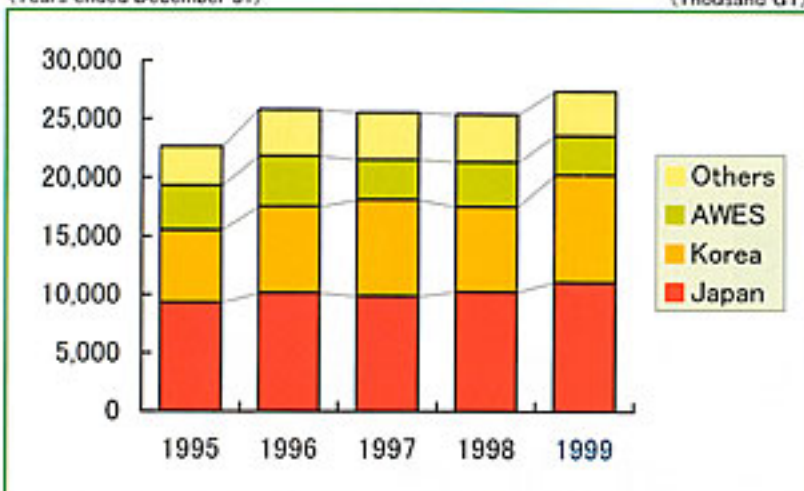
(Million ¥)



Newly Constructed Ships World Market Volume

(Years ended December 31)

(Thousand GT)



	1995	1996	1997	1998	1999
Japan	9,311	10,149	9,883	10,242	11,070
Korea	6,218	7,380	8,226	7,250	9,159
AWES a)	3,781	4,308	3,385	3,814	3,367
Others	3,309	3,980	4,026	4,090	3,798
World Market Volume	22,619	25,817	25,520	25,396	27,394

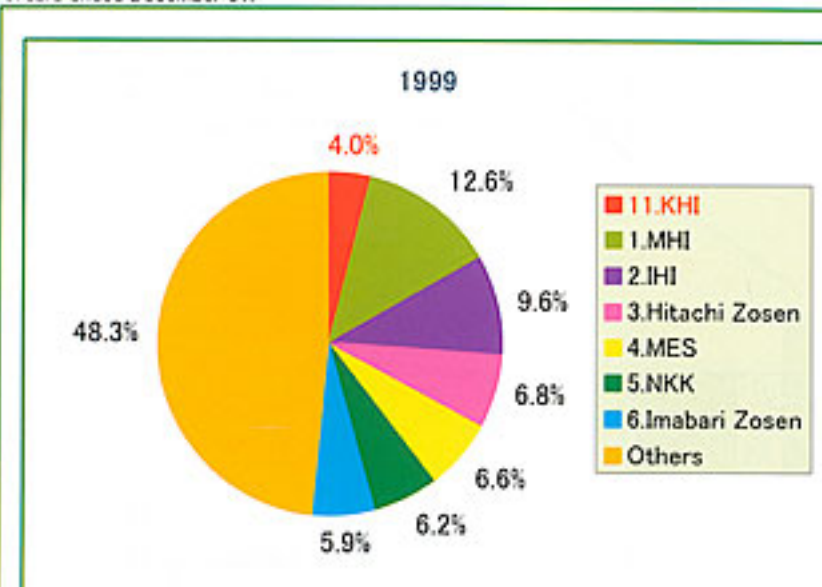
Notes: 1. Figures are on a ships volume completed (tonnage) basis for vessels of 100GT and above.

2. a) The Association of West European Shipbuilders.

Source: Lloyd's World Fleet Statistics 1999.

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

c) Ishikawajima-Harima Heavy Industries.

Source: KP Data

	1995 (%)
1. MHI a)	13.3
2. Hitachi Zosen	10.4
3. Imabari Zosen	6.6
4. MES b)	6.0
5. IHI c)	6.0
6. KHI	5.8

	1996 (%)
1. MHI	12.3
2. IHI	6.8
3. Hitachi Zosen	6.5
4. MES	6.1
5. Imabari Zosen	6.0
11. KHI	4.1

	1997 (%)
1. MHI	14.2
2. IHI	6.6
2. NKK	6.6
4. KHI	6.6
5. Imabari Zosen	6.5

	1998 (%)
1. MHI	9.1
2. MES	7.5
3. Hitachi Zosen	7.3
4. IHI	6.8
5. Imabari Zosen	6.2
10. KHI	4.4

TRANSPORTATION EQUIPMENT -ROLLING STOCK-

KHI entered into the rolling stock related field in 1906 and has advanced its standing in the markets both at home and abroad. The Company is the leading manufacturer of rolling stock in Japan and the largest supplier to the Japan Railways (JR) Group. KHI's aerodynamic technology accumulated through its Aerospace Group has been successfully applied to new types of Shinkansen with higher-speed. KHI also ranks among world's leaders in this sector. In the United States, the Company is enhancing production at its subsidiary, Kawasaki Rail Car, Inc. in Yonkers, New York. In order to respond to future demand worldwide, KHI aims to upgrade its capability as a system integrator for traffic control systems.

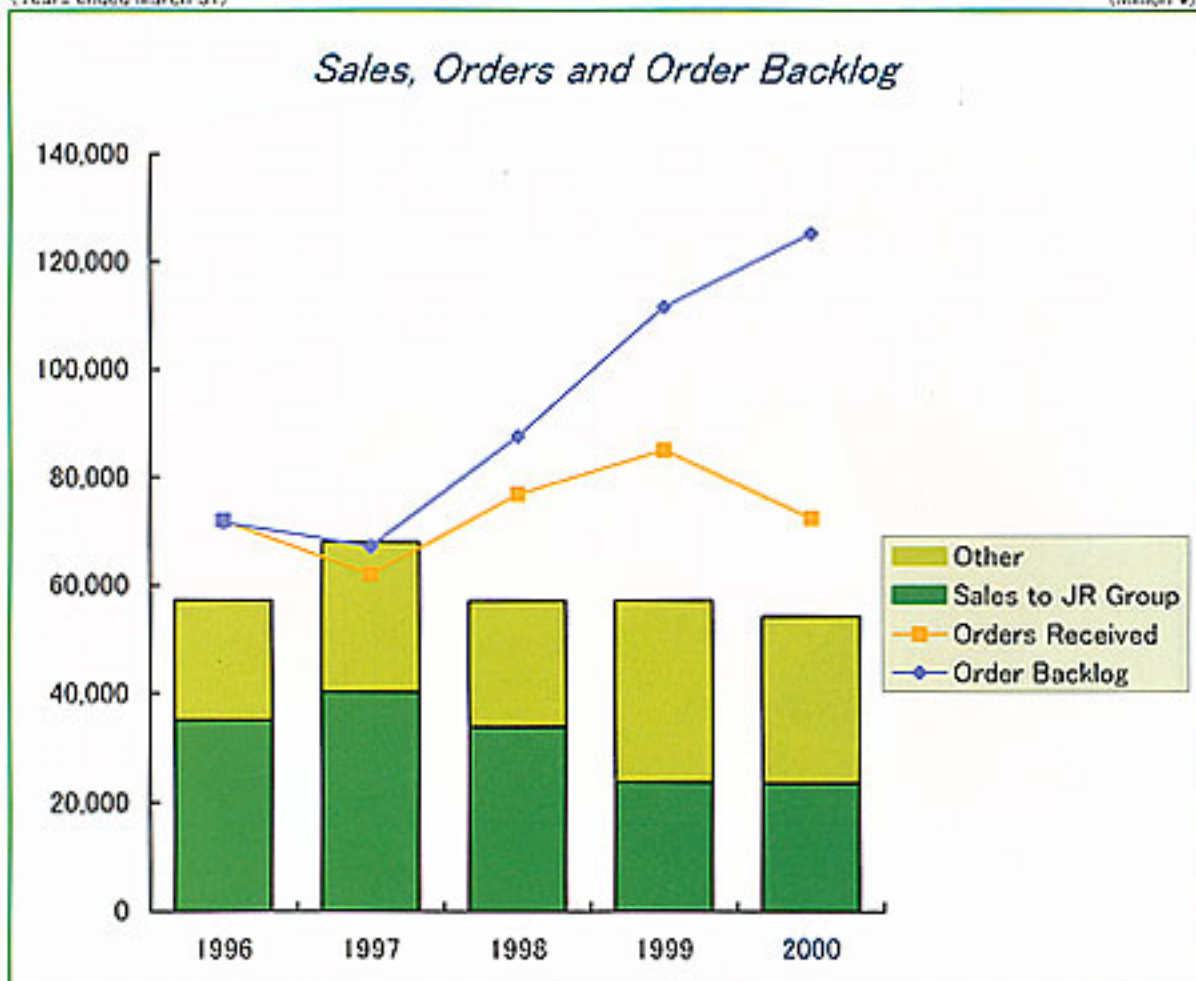
Principal Products: ○Electric cars for Shinkansen bullet trains, express trains and commuter trains
 ○Electric and diesel locomotives ○Passenger coaches ○Integrated transit systems ○Monorail cars
 ○Platform screen doors

(Years ended March 31) -Parent Only-

	1996	1997	1998	1999	2000
Sales	57,282	68,048	57,130	57,248	54,247
Sales to JR Group	35,148	40,304	33,932	23,857	23,700
Exports	266	1,270	6,667	15,851	7,040
Orders Received	72,010	61,996	76,958	85,057	72,542
Order Backlog	71,607	67,196	87,537	111,546	125,174

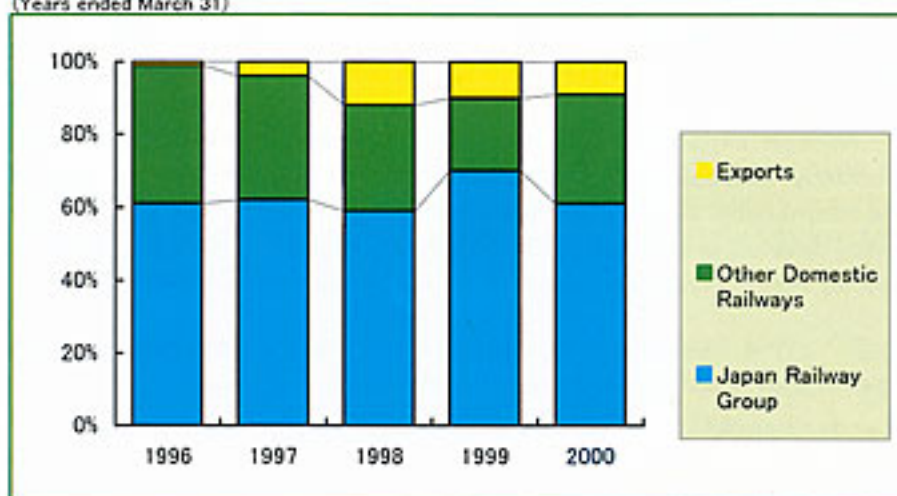
(Years ended March 31)

(Million ¥)



Japanese Rolling Stock Production by Demand Sector

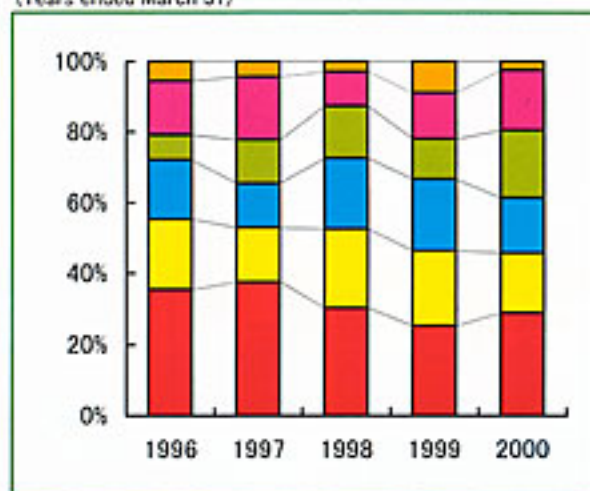
(Years ended March 31)



	1996	1997	1998	1999	2000
Japan Railway Group	61%	62%	59%	70%	61%
Other Domestic Railways	38%	34%	29%	20%	30%
Exports	1%	4%	12%	10%	9%
Total	100%	100%	100%	100%	100%

Major Rolling Stock Suppliers to the Japan Railway Group

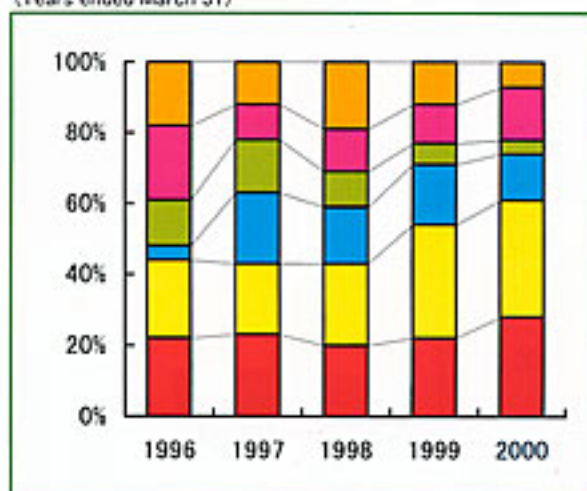
(Years ended March 31)



	1996	1997	1998	1999	2000
KHI	35.4%	37.6%	30.3%	25.3%	29.0%
Nippon Sharyo	19.9%	15.4%	22.3%	21.1%	16.8%
Hitachi	16.8%	12.5%	20.0%	20.2%	15.6%
Kinki Sharyo	7.1%	12.3%	14.8%	11.5%	19.1%
Tokyu Car	15.3%	17.9%	9.7%	13.1%	17.1%
Others	5.5%	4.3%	2.9%	8.8%	2.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Major Rolling Stock Suppliers to Domestic Railways except JR Group

(Years ended March 31)



	1996	1997	1998	1999	2000
KHI	22%	23%	20%	22%	28%
Nippon Sharyo	22%	20%	23%	32%	33%
Hitachi	4%	20%	16%	17%	13%
Kinki Sharyo	13%	15%	10%	6%	4%
Tokyu Car	21%	10%	12%	11%	15%
Others	18%	12%	19%	12%	7%
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

KHI plays a prominent role in Japanese aircraft industry in both the defense-related and the commercial sectors. For Japan Defense Agency (JDA) business, the Company has been the prime contractor of the T-4 intermediate jet trainers, the CH-47J and the OH-1 helicopters. For the commercial markets, KHI is a member of joint development and production programs for the Boeing 777 and 767 passenger airplanes. It has also jointly developed the BK117 twin-engine helicopter with MBB (currently Eurocopter Deutschland). In the jet engine field, the Company has been involved in the international development and production project for the V2500 turbo-fan engines. KHI is also jointly developing and manufacturing aircraft engines with leading worlds suppliers such as Rolls-Royce for RB211/Trent series and Pratt & Whitney for the PW4000 series.

Principal Products: ○T-4 intermediate jet trainers ○CH-47, OH-1 and BK117 helicopters

○Component parts for B777 and B767 passenger airplanes

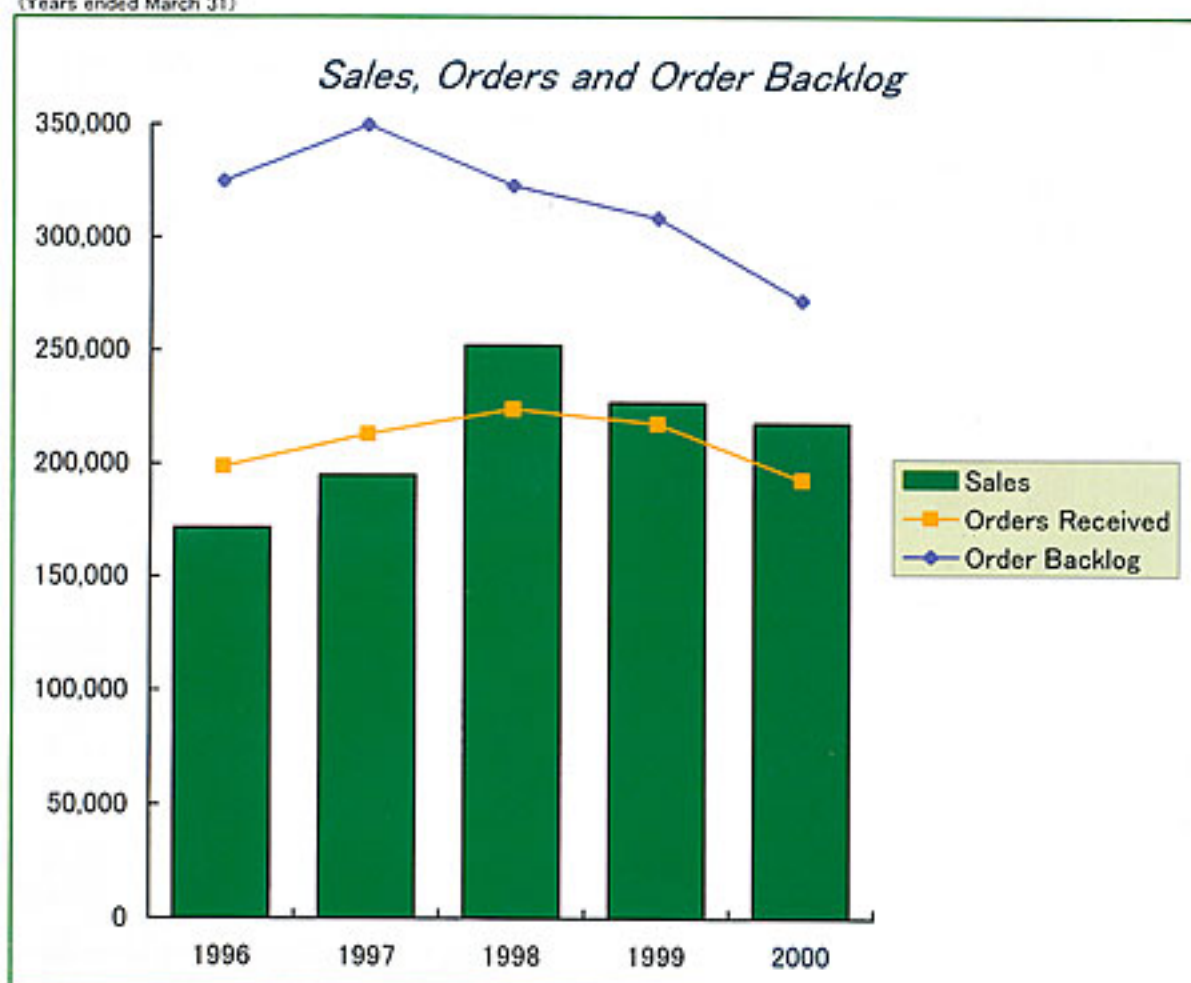
○Missiles ○Electronic equipment ○Space equipment ○Jet and gas-turbine engines

(Years ended March 31)-Parent Only-

(Million ¥)

	1996	1997	1998	1999	2000
Sales	171,765	194,936	252,259	226,827	217,868
Exports	23,380	43,390	63,177	81,113	60,982
Orders Received	198,484	212,843	223,931	217,416	192,582
Order Backlog	324,943	349,745	322,962	308,611	272,012

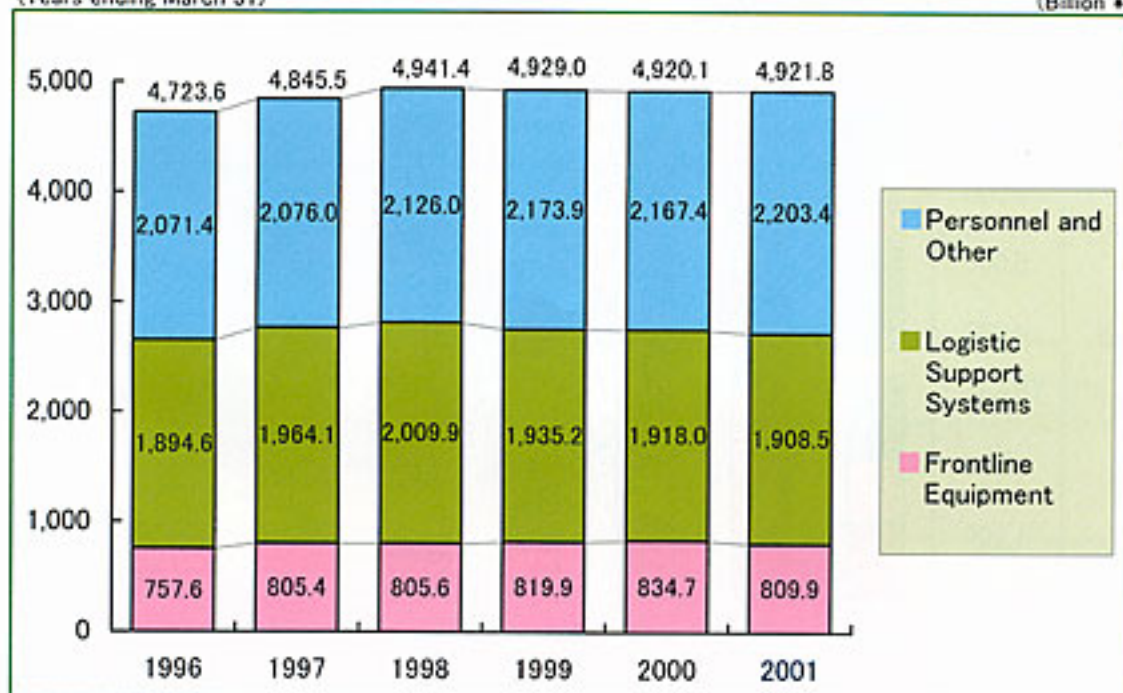
(Years ended March 31)



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)

1995			1996			1997		
	Billion ¥	% Share		Billion ¥	% Share		Billion ¥	% Share
1. MHI a)	279.0	20.6	1. MHI	229.0	17.2	1. MHI	329.9	24.3
2. KHI	148.2	10.9	2. KHI	156.9	11.7	2. Mitsubishi Electric	131.8	9.7
3. Mitsubishi Electric	95.9	7.1	3. Mitsubishi Electric	108.5	8.1	3. KHI	99.2	7.3
4. NEC	53.1	3.9	4. NEC	72.9	5.5	4. IHI	71.5	5.3
5. IHI b)	52.7	3.9	5. IHI	56.3	4.2	5. NEC	57.1	4.2

1998			1999			2000		
	Billion ¥	% Share		Billion ¥	% Share		Billion ¥	% Share
1. MHI	271.9	20.6	1. MHI	332.4	26.7	1. MHI	279.7	22.1
2. KHI	146.8	11.1	2. Mitsubishi Electric	103.1	8.3	2. KHI	132.2	10.5
3. Mitsubishi Electric	128.7	9.7	3. KHI	87.3	7.0	3. Mitsubishi Electric	112.1	8.9
4. NEC	74.6	5.6	4. IHI	64.4	5.2	4. Toshiba	53.8	4.3
5. IHI	66.2	5.0	5. NEC	44.6	3.6	5. IHI	53.6	4.2

Notes: a) Mitsubishi Heavy Industries.

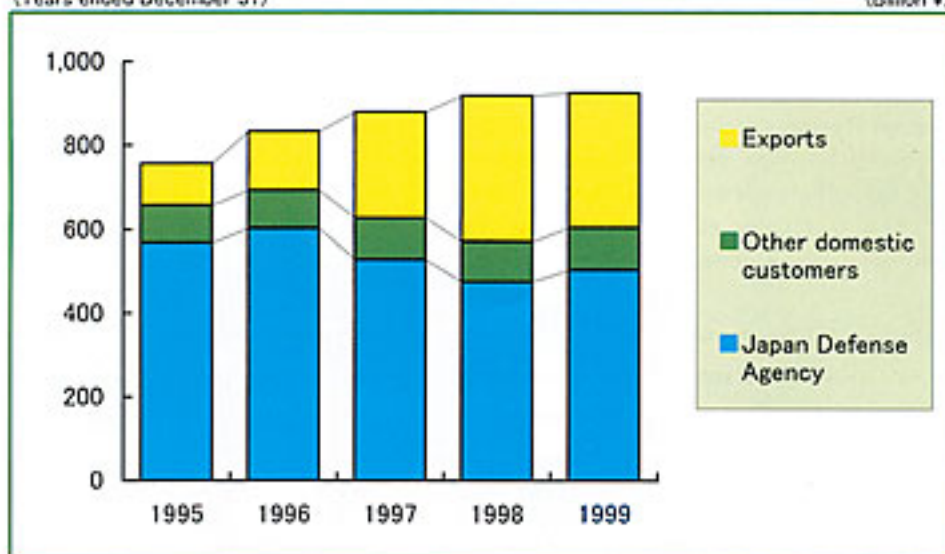
b) Ishikawajima-Harima Heavy Industries.

Source: Japan Defense Agency.

Japanese Aircraft Production by Demand Sector

(Years ended December 31)

(Billion ¥)

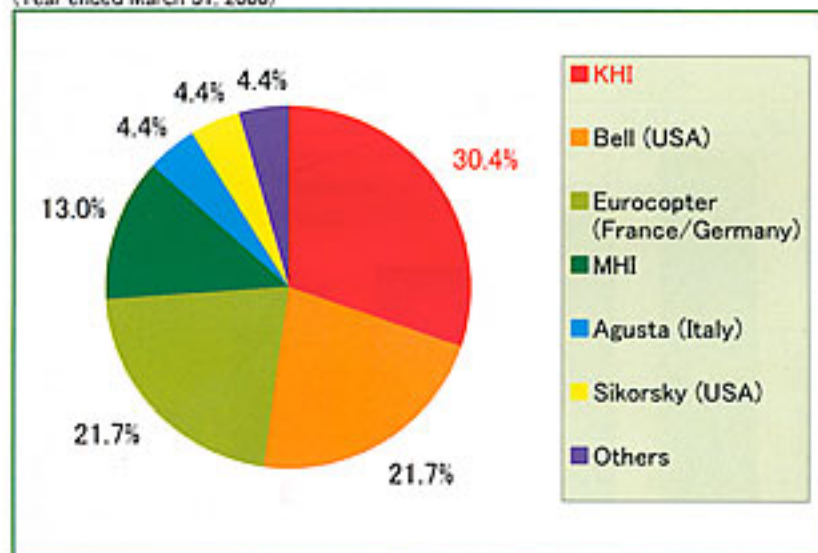


	1995	1996	1997	1998	1999
Japan Defense Agency	568,642	602,772	528,322	475,477	503,458
Other domestic customers	88,557	89,773	99,067	96,434	101,007
Exports	99,266	141,144	252,223	346,455	320,749
Total	756,465	833,689	879,612	918,366	925,214

Source: Ministry of International Trade and Industry, "Machinery Statistics Year Book".

Helicopters Domestic Share for Civilian Use

(Year ended March 31, 2000)



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

Source: Civil Aviation Bureau, Ministry of Transport.

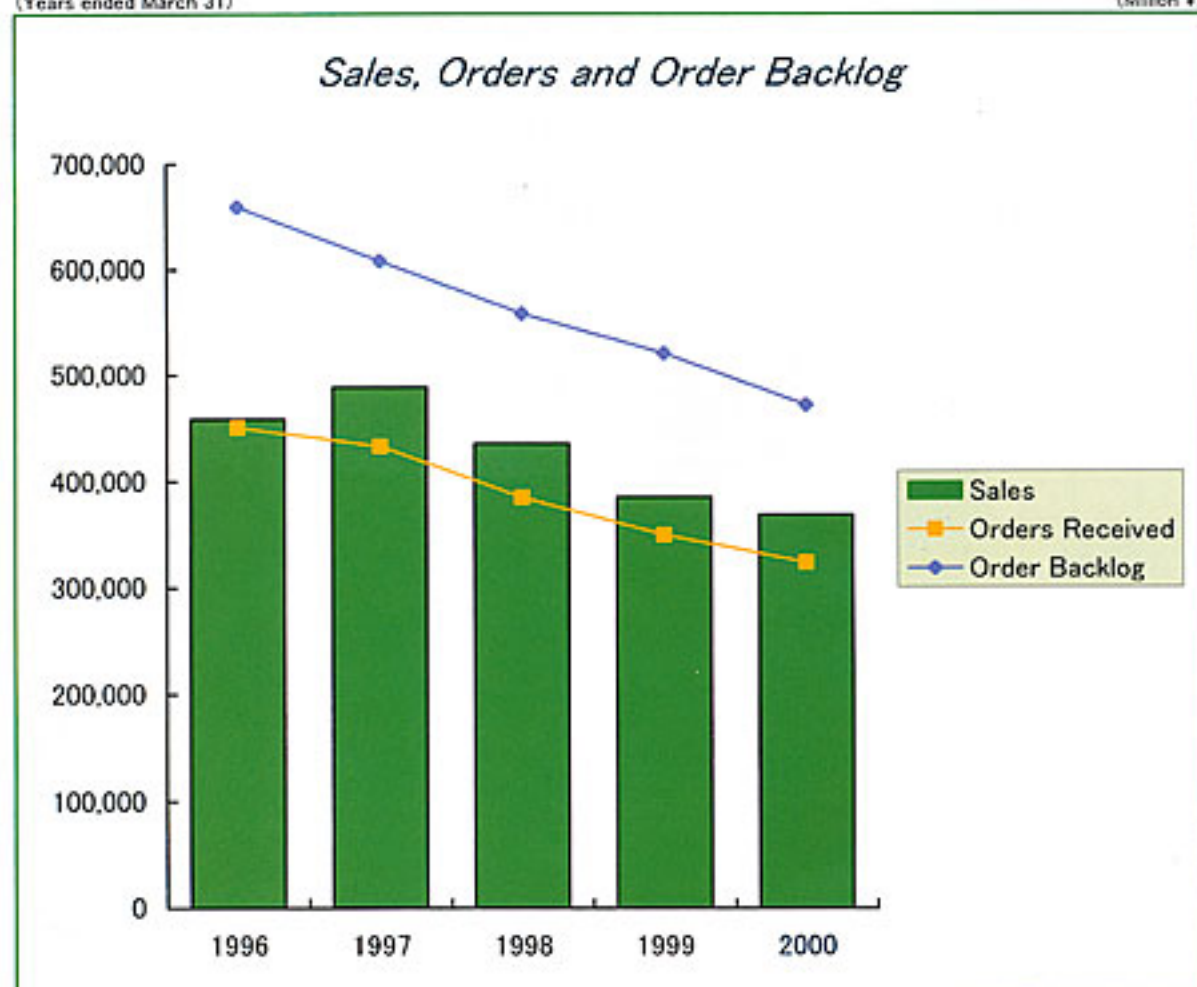
INDUSTRIAL EQUIPMENT

KHI is one of the leading suppliers of municipal refuse incineration plants in Japan. In 2000, it has developed fluidized bed gasyfied melting incineration systems, which will greatly reduce the volume of burnt ash and its accompanying emissions, while yielding clean power. In the power plant business, the Company is focusing on Combined Cycle Power Plants (CCPPs) manufactured in corporation with ABB Alstom Power. As a supplier of industrial plants and a large variety of steel structures, KHI has been involved in large-scale projects and social infrastructure projects both in Japan and overseas. KHI manufactures various industrial hydraulic equipment, ranked as one of world leaders in this field. The Company also maintains a predominant share in the market for small- and medium-sized gas turbine generators in Japan.

Principal Products: ○ Steel-making, cement, chemical and other industrial plants ○ Power plants ○ Municipal refuse incineration plants ○ Aero-derived gas turbine engines for naval vessels ○ Bridges ○ LNG and LPG tanks ○ Crushing machinery ○ Industrial hydraulic equipment ○ Wheel loaders ○ Small- and medium-sized gas turbine generators

(Years ended March 31)-Parent Only-					(Million ¥)
	1996	1997	1998	1999	2000
Sales	458,610	488,775	435,921	384,927	368,673
Exports	64,893	105,087	89,113	68,234	86,292
Orders Received	450,716	433,317	385,114	349,617	323,665
Order Backlog	659,187	608,178	558,004	520,613	471,856

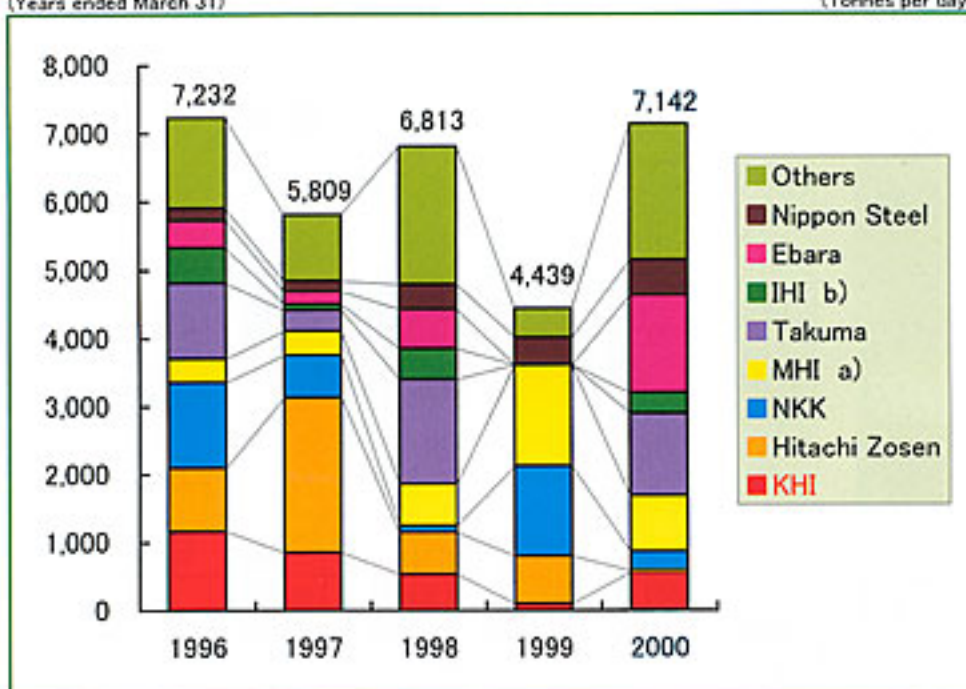
(Years ended March 31) (Million ¥)



Refuse Incineration Plants Domestic Market Volume

(Years ended March 31)

(Tonnes per day)



	1996	1997	1998	1999	2000
KHI	1,165	847	528	100	559
Hitachi Zosen	929	2,283	619	700	22
NKK	1,260	626	96	1,320	280
MHI a)	350	353	617	1,490	825
Takuma	1,111	305	1,538	0	1,210
IHI b)	517	91	450	0	300
Ebara	396	186	579	0	1,436
Nippon Steel	180	150	362	400	521
Others	1,324	968	2,024	429	1,989
Total Market Volume	7,232	5,809	6,813	4,439	7,142

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

2. a) Mitsubishi Heavy Industries. b) Ishikawajima-Harima Heavy Industries.

Source: Kankyo Sangyo Shinbunsha.

Refuse Incineration Plants Domestic Share

(Years ended March 31)

	1996	1997	1998	1999	2000
KHI	16.1%	14.6%	7.7%	2.3%	7.8%
Hitachi Zosen	12.8%	39.3%	9.1%	15.8%	0.3%
NKK	17.4%	10.8%	1.4%	29.7%	3.9%
MHI	4.8%	6.1%	9.1%	33.6%	11.6%
Takuma	15.4%	5.3%	22.6%	0.0%	16.9%
IHI	7.1%	1.6%	6.6%	0.0%	4.2%
Ebara	5.5%	3.2%	8.5%	0.0%	20.1%
Nippon Steel	2.5%	2.6%	5.3%	9.0%	7.3%
Others	18.4%	16.5%	29.7%	9.6%	27.9%

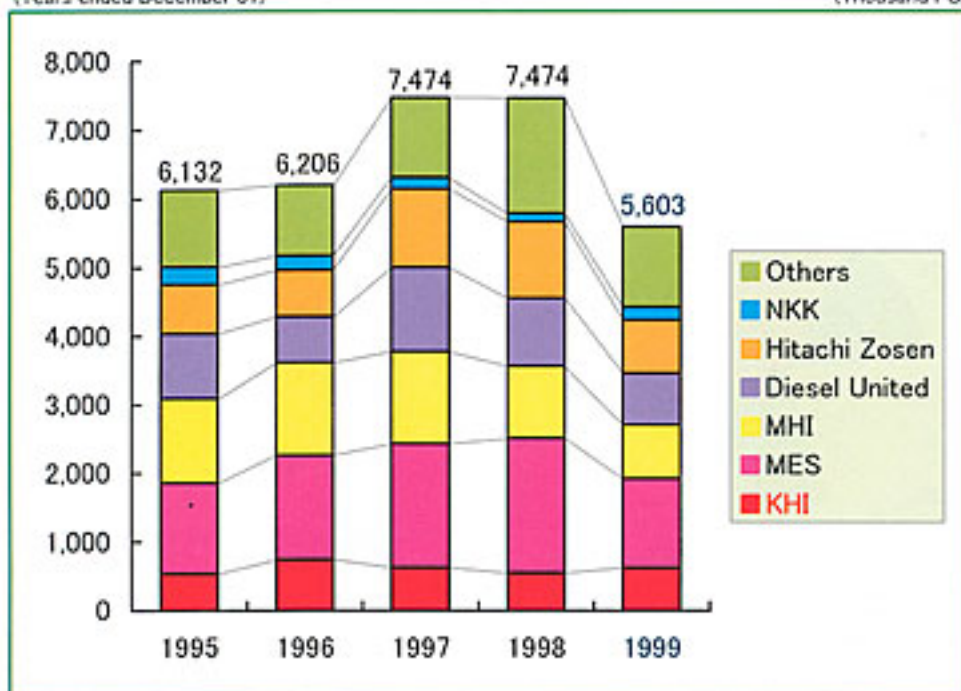
Note: Figures are calculated on the basis of tonnes of processing capacity per day for ordered units.

Source: Kankyo Sangyo Shinbunsha.

Diesel Engines Domestic Production

(Years ended December 31)

(Thousand PS)



	1995	1996	1997	1998	1999
KHI	539	748	629	552	627
MES a)	1,319	1,519	1,803	1,964	1,294
MHI	1,235	1,349	1,346	1,050	784
Diesel United	945	672	1,225	997	756
Hitachi Zosen	717	678	1,148	1,111	776
NKK	260	212	160	122	194
Others	1,117	1,028	1,163	1,678	1,172
Total	6,132	6,206	7,474	7,474	5,603

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

2. a) Mitsui Engineering & Shipbuilding.

Source: KP Data.

Diesel Engines Domestic Share

(Years ended December 31)

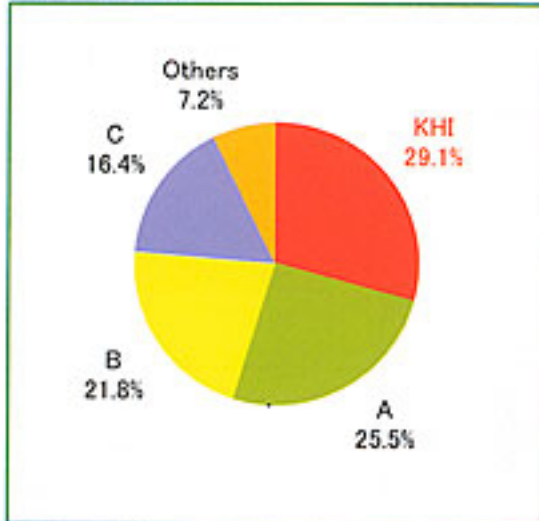
	1995	1996	1997	1998	1999
KHI	8.8%	12.1%	8.4%	7.4%	11.2%
MES	21.5%	24.5%	24.1%	26.3%	23.1%
MHI	20.1%	21.7%	18.0%	14.0%	14.0%
Diesel United	15.4%	10.8%	16.4%	13.3%	13.5%
Hitachi Zosen	11.7%	10.9%	15.4%	14.9%	13.8%
NKK	4.2%	3.4%	2.1%	1.6%	3.5%
Others	18.3%	16.6%	15.6%	22.5%	20.9%

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

Source: KP Data.

Shield Machines and Tunnel Boring Machines – Large-Diameter Model Domestic Share (1991–1999 Total)

(Years ended March 31)

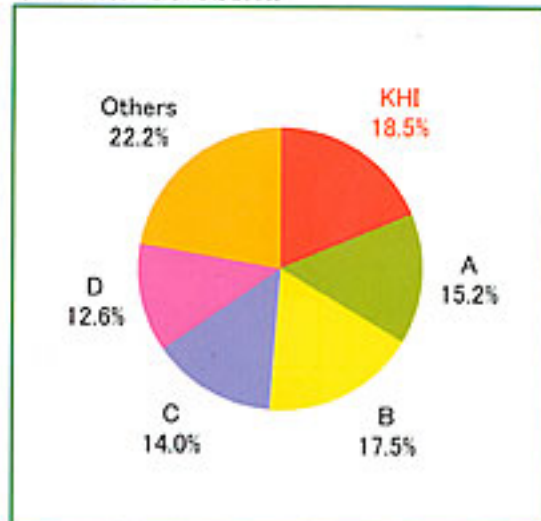


Notes: 1. Segments A, B and C represent the shares of the three other major companies in this market.
2. Figures are shown on a sales amount basis.

Source: Company's estimates.

Shield Machines and Tunnel Boring Machines Domestic Share

(Year ended March 31, 2000)

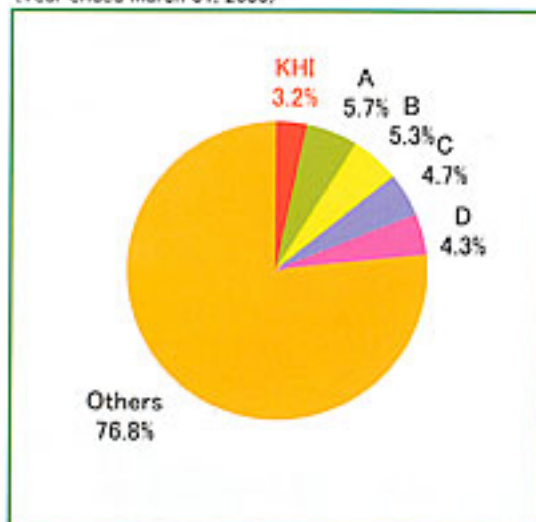


Notes: 1. Segments A, B, C and D represent the shares of the four other major companies in this market.
2. Figures are shown on a sales amount basis.

Source: Company's estimates.

Steel Bridges Domestic Share

(Year ended March 31, 2000)



Notes: 1. Figures are shown on the basis of steel volume to be used for the contracts.
2. Segments A, B, C and D represent the shares of the four other major companies in this market.

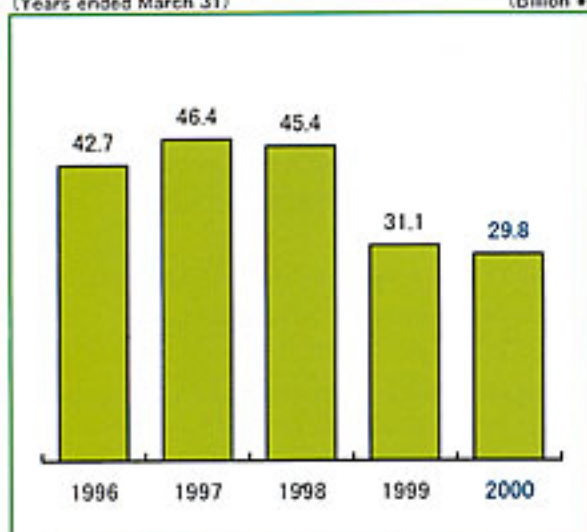
Source: Company's estimates.

Hydraulic Equipment Sales

-Parent Only-

(Years ended March 31)

(Billion ¥)

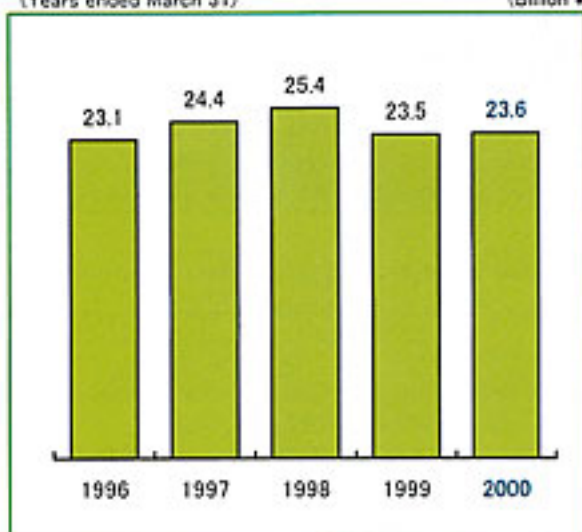


Gas Turbine Generator Sales

-Parent Only-

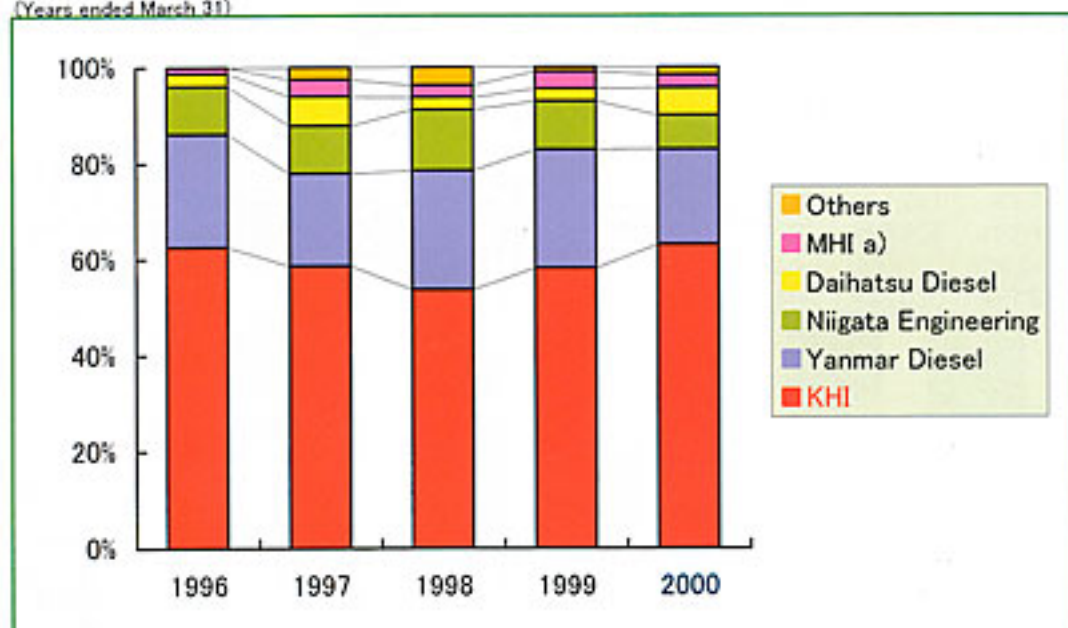
(Years ended March 31)

(Billion ¥)



Gas Turbine Generators Domestic Share

(Years ended March 31)



	1996	1997	1998	1999	2000
KHI	62.6%	58.7%	53.7%	58.2%	63.1%
Yanmar Diesel	23.5%	19.2%	24.8%	24.6%	19.8%
Niigata Engineering	9.9%	9.9%	12.6%	10.1%	7.0%
Daihatsu Diesel	2.7%	6.1%	2.6%	2.6%	5.8%
MHI a)	1.3%	3.5%	2.5%	3.6%	2.7%
Others	0.0%	2.6%	3.8%	0.9%	1.6%
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".

CONSUMER PRODUCTS

Kawasaki brand motorcycles are the main products in this segment. The Company specializes in medium- and large-sized motorcycles and they are mainly exported to Europe and North America. Other consumer products such as Jet Ski® personal watercraft, originally developed by the Company, All-terrain vehicles (ATVs) and utility vehicles (U/Vs) are produced by its subsidiary, Kawasaki Motors Manufacturing Corp., U.S.A. in Lincoln, Nebraska. In Asia, KHI has joint ventures to produce motorcycles in Malaysia, Indonesia, Thailand and the Philippines. During fiscal 2000, to extract greater synergy in manufacturing and sales from Consumer Products' net work, industrial robots were transferred to this segment from the Industrial Equipment segment.

Principal Products: ○ Motorcycles ○ All-terrain vehicles (ATVs) and utility vehicles (U/Vs) ○ Jet Ski® personal watercraft ○ General-purpose gasoline engines ○ Brush cutters ○ Transmissions ○ Industrial robots

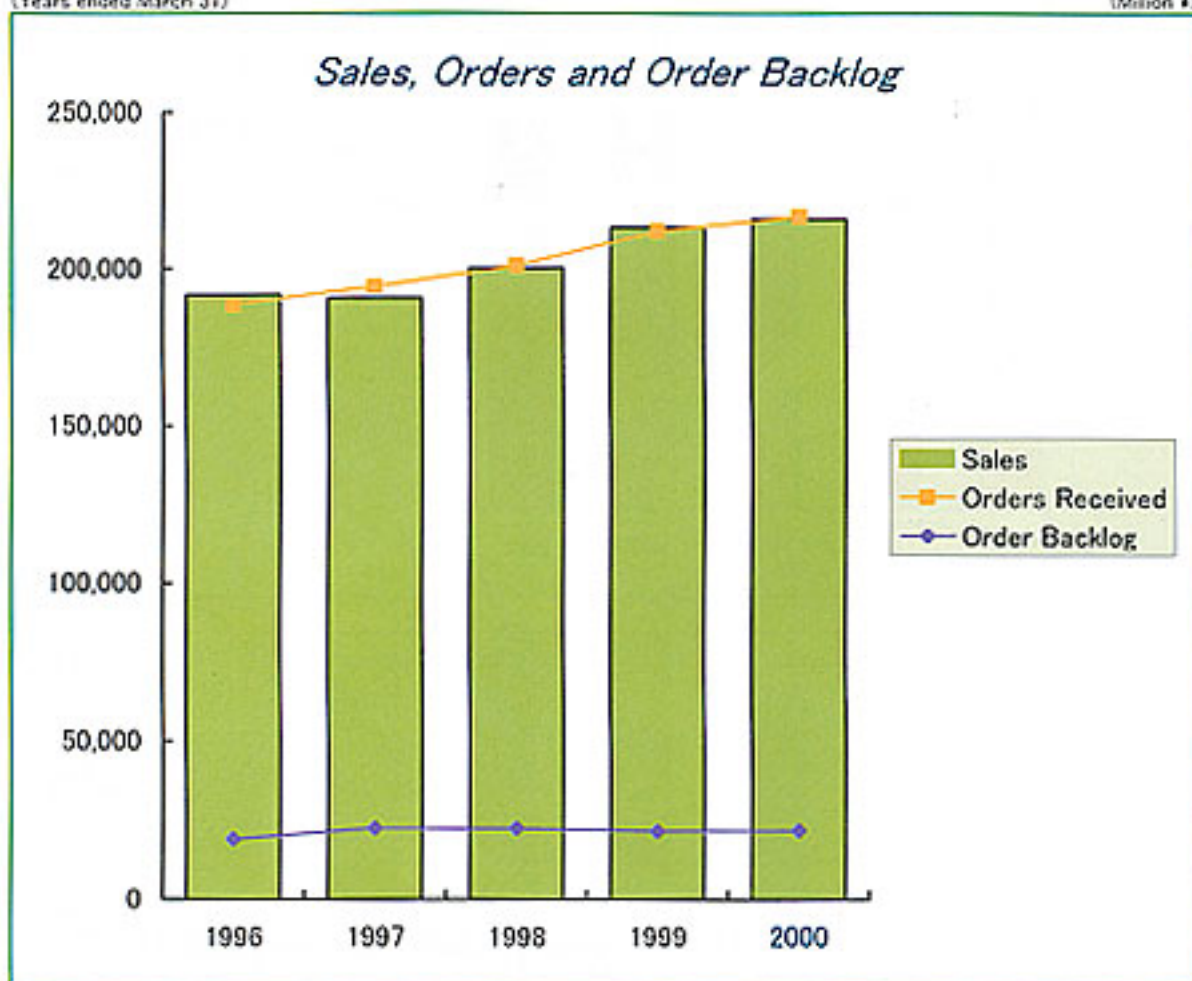
Note: Sales, exports, orders received and order backlog of industrial robots on a parent only basis are included in the table and the chart shown on this page.

(Years ended March 31)-Parent Only-

	1996	1997	1998	1999	2000
Sales	191,814	190,655	200,393	213,079	215,953
Exports	144,457	146,996	160,170	178,637	180,784
Orders Received	188,383	194,058	200,810	211,738	216,469
Order Backlog	18,771	22,233	22,268	21,362	21,641

(Years ended March 31)

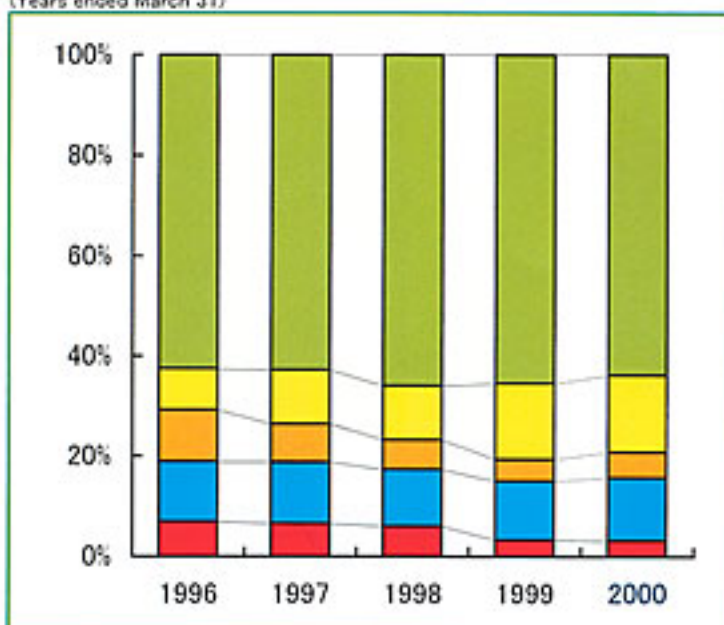
(Million ¥)



Composites of Consumer Product Sales

-Parent Only-

(Years ended March 31)



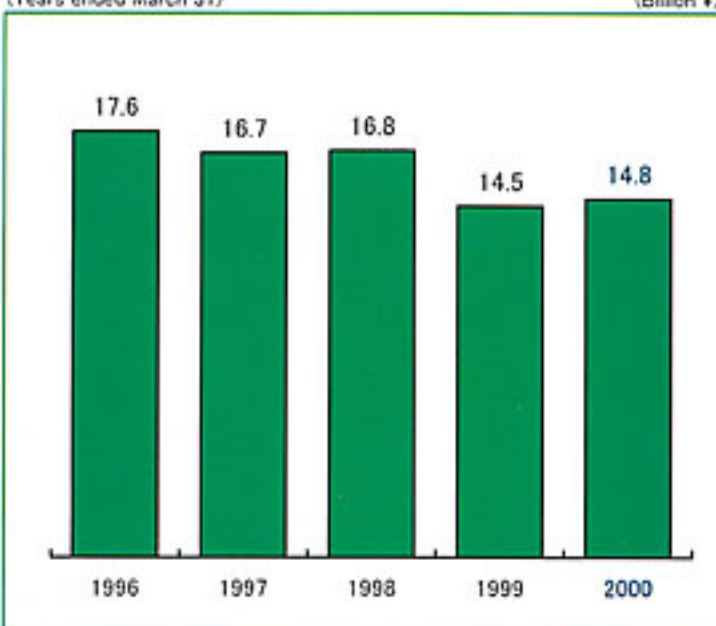
	1996	1997	1998	1999	2000
Motorcycles	62.5%	62.8%	66.0%	65.5%	63.8%
ATVs, U/Vs	8.3%	10.8%	10.8%	15.1%	15.4%
Personal Watercraft	10.3%	7.6%	5.9%	4.4%	5.1%
Gasoline Engines	11.9%	12.2%	11.2%	11.7%	12.5%
Automobile Transmissions	7.0%	6.6%	6.1%	3.3%	3.2%

Industrial Robot Sales

-Parent Only-

(Years ended March 31)

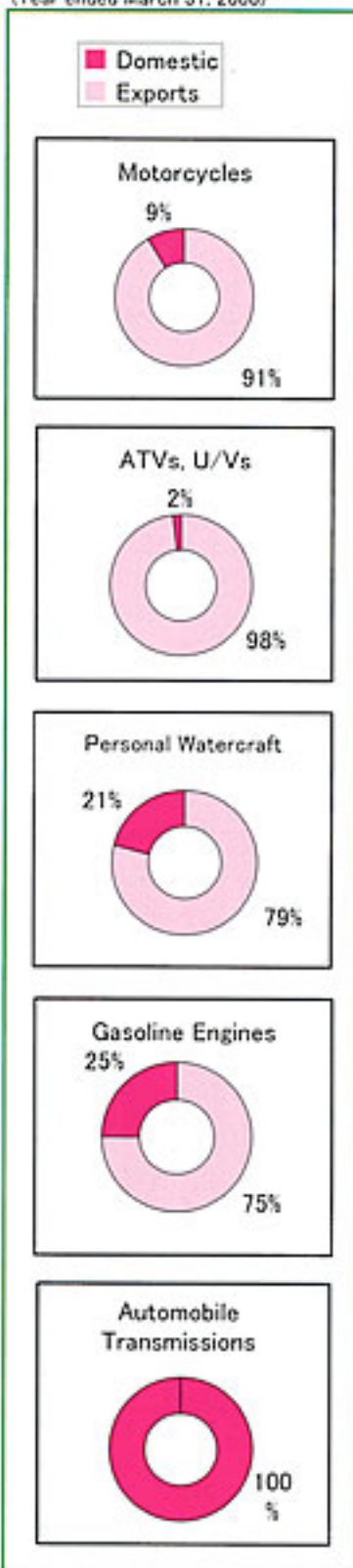
(Billion ¥)



Domestic/Export Sales by Product

-Parent Only-

(Year ended March 31, 2000)

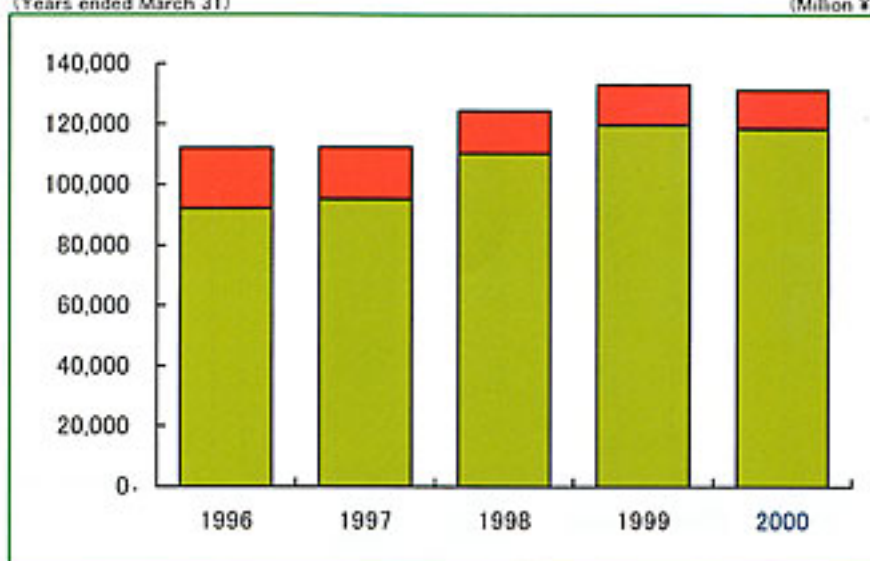


Motorcycle Sales

-Parent Only-

(Years ended March 31)

(Million ¥)

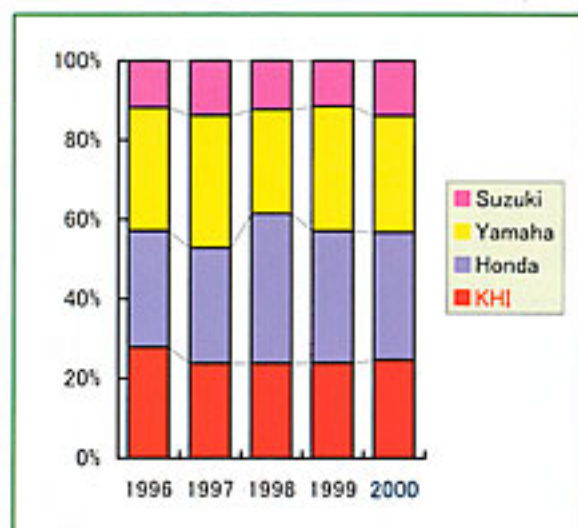


(Million ¥)

	1996	1997	1998	1999	2000
Domestic Sales	20,021	17,106	14,141	13,488	12,874
Export Sales	92,122	95,227	110,262	119,629	118,464
Total Motorcycle Sales	112,143	112,333	124,403	133,117	131,338

Note: Including sales of spare parts.

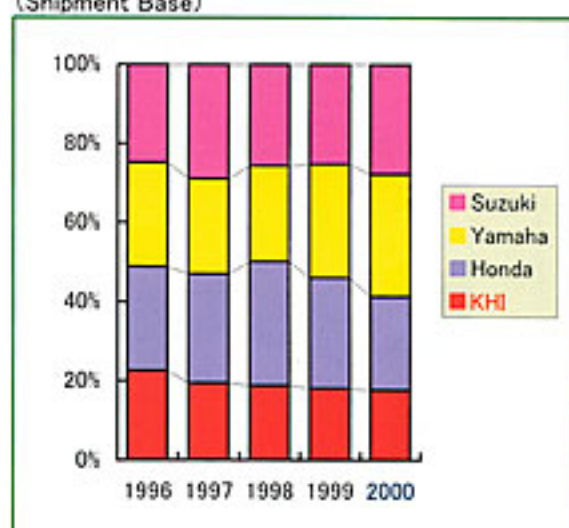
Motorcycle Sales Domestic Share



(Years ended March 31)

	1996	1997	1998	1999	2000
KHI	27.8%	23.8%	23.8%	23.9%	24.6%
Honda Motor	29.3%	29.0%	37.6%	33.1%	32.1%
Yamaha Motor	31.0%	33.4%	26.2%	31.4%	29.4%
Suzuki Motor	11.9%	13.8%	12.4%	11.6%	13.9%

Motorcycle Sales Export Share (Shipment Base)



(Years ended March 31)

	1996	1997	1998	1999	2000
KHI	22.5%	19.4%	18.7%	18.0%	17.5%
Honda Motor	26.3%	27.6%	31.4%	28.0%	23.7%
Yamaha Motor	26.3%	24.0%	24.1%	28.6%	30.9%
Suzuki Motor	24.9%	29.0%	25.8%	25.4%	27.9%

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					
	2000	1999	1998	1997	1996	1995
Current assets:						
Cash on hand and in banks	¥85,782	¥55,306	¥76,265	¥96,617	¥100,134	¥91,532
Marketable securities	46,021	47,785	48,834	49,939	46,814	45,504
Receivables	413,920	416,596	420,562	402,711	355,707	323,392
Allowance for doubtful receivables	(3,375)	(3,041)	(2,959)	(3,794)	(3,649)	(3,412)
	410,545	413,555	417,603	398,917	352,058	319,980
Inventories	316,529	347,765	351,236	440,970	444,378	437,776
Deferred tax assets	4,216	5,507	-	-	-	-
Other current assets	16,345	14,481	14,493	11,691	9,233	8,747
Total current assets	879,438	884,399	908,431	998,134	952,617	903,539
Investments and long-term loans	47,259	51,006	54,548	56,379	51,115	45,386
Property, plant and equipment	744,630	723,349	704,184	665,523	648,232	623,927
Accumulated depreciation	(499,352)	(478,483)	(461,749)	(432,327)	(416,617)	(396,754)
Net property, plant and equipment	245,278	244,866	242,435	233,196	231,615	227,173
Intangible and other assets						
Deferred tax assets	9,315	2,956	-	-	-	-
Intangible and other assets	7,676	6,989	5,699	5,429	5,405	5,595
	16,991	9,945	5,699	5,429	5,405	5,595
Foreign currency translation adjustments	17,840	14,641	11,793	10,030	11,619	9,971
Total assets	¥1,206,806	¥1,204,857	¥1,222,906	¥1,303,168	¥1,252,371	¥1,191,664

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen					
	2000	1999	1998	1997	1996	1995
Current liabilities:						
Short-term borrowings and current portion of long-term debt	¥222,302	¥238,265	¥239,252	¥250,080	¥236,636	¥242,469
Trade payables	310,557	321,830	327,176	364,641	344,641	297,970
Advances from customers	86,012	81,409	97,703	145,768	167,512	184,833
Accrued income taxes	2,441	3,424	19,904	24,334	18,335	7,026
Accrued expenses	19,549	21,375	41,721	41,461	39,364	40,136
Provision for product warranty	1,648	1,386	-	-	-	-
Deferred tax liabilities	515	5,162	-	-	-	-
Other current liabilities	48,011	49,836	20,591	21,091	18,485	24,647
Total current liabilities	691,035	722,687	746,347	847,375	824,973	797,081
Long-term liabilities:						
Long-term debt, less current portion	264,048	208,763	198,135	197,130	204,801	184,535
Retirement and severance benefits	58,332	54,024	52,182	50,514	48,640	46,637
Deferred tax liabilities	2,705	2,573	-	-	-	-
Other	9,313	10,894	11,466	6,411	6,733	6,675
Total long-term liabilities	334,398	276,254	261,783	254,055	260,183	237,847
Minority interests	6,418	6,279	5,736	4,577	4,231	3,745
Shareholders' equity:						
Common stock of ¥50 par value:						
Authorized—3,360,000,000 shares						
Issued—1,390,595,964 shares in 2000, 1999 and 1998	81,427	81,427	81,427	81,088	71,108	71,108
Capital surplus	24,682	24,682	24,682	24,345	14,375	14,375
Retained earnings	68,846	93,528	102,931	91,728	77,502	67,508
Treasury stock, at cost	-	-	-	-	(1)	-
Total shareholders' equity	174,955	199,637	209,040	197,161	162,984	152,991
Total liabilities and shareholders' equity	¥1,206,806	¥1,204,857	¥1,222,906	¥1,303,168	¥1,252,371	¥1,191,664

CONDENSED STATEMENTS OF INCOME

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

	Millions of yen					
	2000	1999	1998	1997	1996	1995
Net sales	¥1,149,898	¥1,202,189	¥1,297,212	¥1,224,259	¥1,086,244	¥1,070,444
Cost of sales	1,008,860	1,045,143	1,114,693	1,041,697	928,126	912,432
Gross profit	140,838	157,046	182,519	182,562	158,118	158,012
Selling, general and administrative expenses	139,587	135,380	131,440	120,351	111,362	110,413
Operating income	1,251	21,666	51,079	62,211	46,756	47,599
Other income (expenses):						
Interest and dividend income	4,274	5,495	5,122	5,424	5,156	6,619
Equity in income (loss) of unconsolidated subsidiaries and affiliates	(654)	683	1,236	320	343	599
Interest expense	(11,782)	(12,646)	(11,907)	(12,578)	(13,694)	(17,143)
Other, net	(15,819)	(15,723)	(3,815)	(5,148)	(553)	(16,205)
Income (loss) before income taxes and minority interest	(22,730)	(525)	41,715	50,229	38,008	21,469
Income taxes						
Current	(5,899)	(9,358)	(22,618)	(27,128)	(21,777)	(13,157)
Deferred	9,466	2,943	-	-	-	-
Minority interests in net (income) loss of consolidated subsidiaries	531	808	(541)	(529)	(48)	(124)
Foreign currency translation adjustments	-	-	-	-	279	2,028
Net income (loss)	(¥18,632)	(¥6,132)	¥18,556	¥22,572	¥16,462	¥10,216

	Millions of yen					
	2000	1999	1998	1997	1996	1995
Per share amounts (yen):						
Net income (loss)	(¥13.4)	(¥4.4)	¥13.3	¥16.4	¥12.2	¥7.6
Cash dividends	-	6.0	6.0	7.0	5.5	5.0
Other data:						
Capital expenditures (Million ¥)	37,513	40,428	42,928	35,130	39,319	33,729
Depreciation (Million ¥)	35,081	34,607	32,416	31,245	30,823	30,899
R&D expenses (Million ¥)	19,900	18,500	17,800	17,400	17,300	17,000
Number of employees	29,772	26,486	26,102	24,211	24,401	24,266

Major Changes in Accounting Policy

Revenue recognition

Effective April 1, 1997, the method of accounting for revenue from long-term construction contracts was changed from the completed-contract method to the percentage-of-completion method. The percentage-of-completion method is applied to long-term contracts exceeding ¥5,000 million.

Under the previous completed-contract method, sales of materials and equipment for plant construction projects, contract prices of which exceeded ¥10,000 million, were recognized at the time of shipment.

As a result of this change, net sales, operating income, and income before income taxes and minority interests for 1998 increased ¥79,590 million, ¥15,203 million and ¥15,203 million, respectively, compared with the amounts which would have been recognized if the former method had been applied consistently.

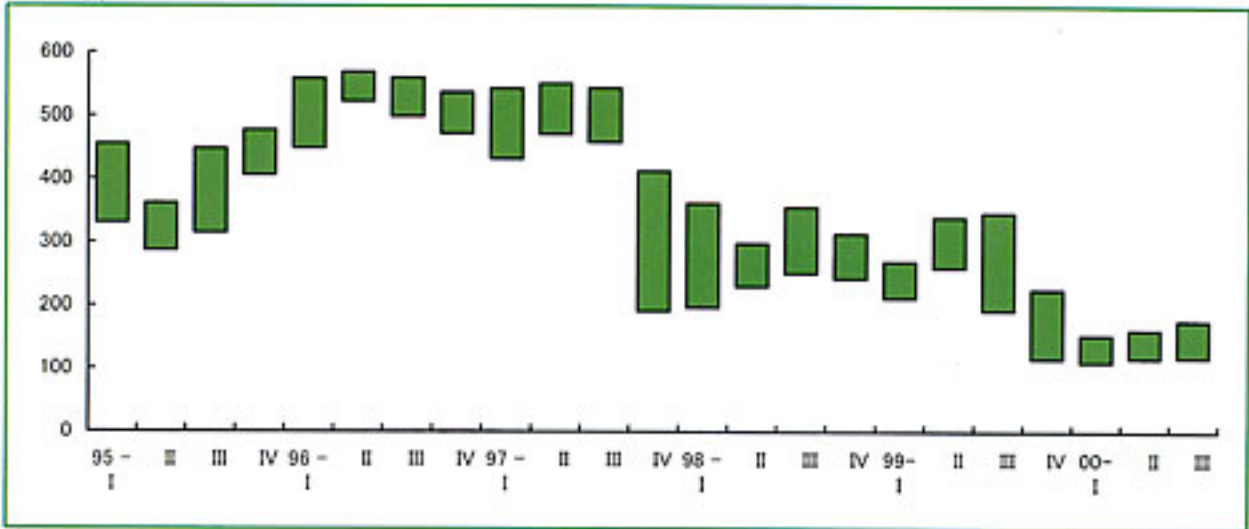
Income taxes

Income taxes were principally provided for based on taxable income for the period, determined in accordance with applicable tax laws, for 1998 and before. Effective April 1, 1998, the Company adopted the new accounting standard, which recognizes tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting.

STOCK INFORMATION

Stock Price Range

(V)

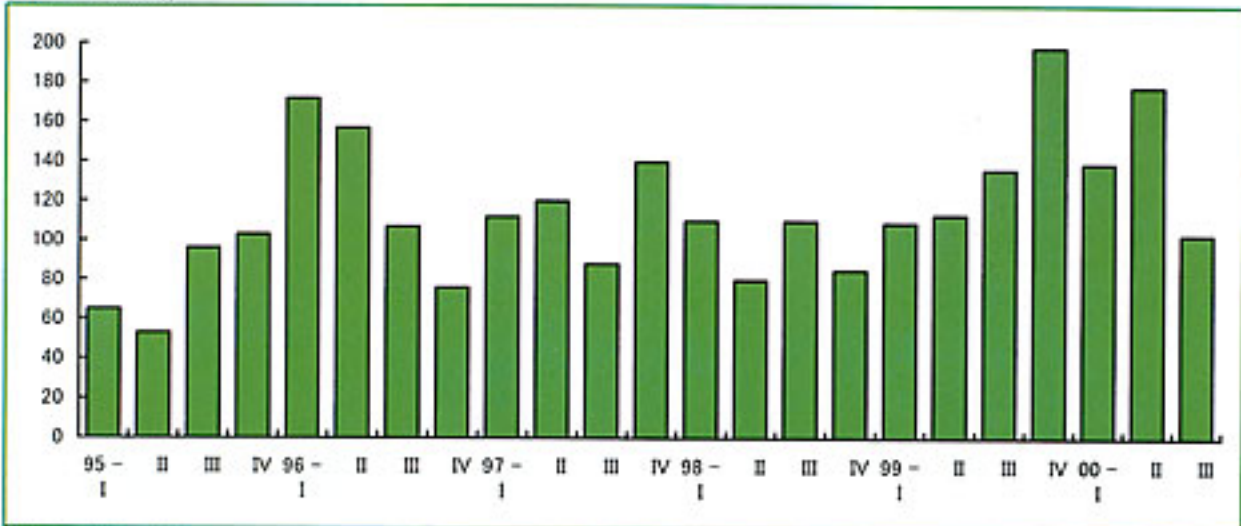


(V)

	1995				1996				1997				1998				1999				2000		
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
High	456	362	448	478	559	569	560	537	543	551	544	413	362	298	356	314	270	340	347	225	153	162	176
Low	330	286	314	406	448	522	498	471	431	470	458	190	196	230	250	242	211	259	191	115	110	118	117

Stock Trading Volume

(Millions of shares)



(Millions of shares)

	1995				1996				1997				1998				1999				2000		
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
	65	53	96	103	172	157	107	76	112	120	88	140	110	80	110	85	109	113	136	198	139	178	103

Paid-in Capital ¥81,426,590,792 Number of Shares Authorized---3,360,000,000 shares Outstanding---1,390,595,964 shares (Dilution-----136,905,000 shares) <p style="text-align: center;">As of March 31, 2000</p>

Paid-in Capital ¥81,426,590,792 Number of Shares Authorized---3,360,000,000 shares Outstanding---1,390,595,964 shares (Dilution-----136,905,000 shares) <p style="text-align: center;">As of September 30, 2000</p>

Stock Listings

Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Sapporo

Transfer Agent

The Chuo Mitsui Trust & Banking Co., Ltd.
 7-1, Kyobashi 1-chome, Chuo-ku, Tokyo 104-0031, 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 10268, U.S.A.

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

CORPORATE DATA

Registered Office

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 Fax: (03)3436-3037

Year of Incorporation

1896

For more information please contact at:

IR Desk

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