

These documents have been translated from Japanese originals for reference purposes only. In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.

(Securities Code 7012)
June 6, 2011

Dear Shareholders

Satoshi Hasegawa
President
Kawasaki Heavy Industries, Ltd.
1-1 Higashikawasaki-cho 3chome,
Chuo-ku, Kobe
(Registered Office)
1-3 Higashikawasaki-cho 1chome,
Chuo-ku, Kobe

**NOTICE OF
THE 188TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 188th Ordinary General Meeting of Shareholders of Kawasaki Heavy Industries, Ltd. (“the Company” or “KHI”). The meeting will be held for the purposes as described below.

If you are unable to attend on the day of the meeting we kindly ask you to review the “Reference Documents for the General Meeting of Shareholders” (described hereinafter), and exercise your voting right in writing or electronically (via the Internet, etc.) by 5:00 p.m. on June 27, 2011.

Exercise of Voting Rights in Writing

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it so that it is delivered by the above-mentioned exercise date.

Exercise of Voting Rights via the Internet

Please exercise your voting right by logging on to the Internet website (<http://www.web54.net>) and entering the voting right exercise code and password stated on the enclosed Voting Rights Exercise Form, and follow the online instructions to submit your vote.

- 1. Date and Time:** **Tuesday, June 28, 2011 at 10:00 a.m. (Door opens at 9 a.m.)**

- 2. Place:** **Kokusai Hall at The Kobe International House, located at
1-6, Gokoudori 8-chome, Chuo-ku, Kobe**

3. Meeting Agenda:

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 188th Fiscal Year (April 1, 2010 - March 31, 2011) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
2. Non-Consolidated Financial Statements for the Company's 188th Fiscal Year (April 1, 2010 - March 31, 2011)

Proposal No. 1: Appropriation of Retained Earnings

Proposal No. 2: Election of Eleven Directors

(Please refer to the "Reference Documents for the General Meeting of Shareholders" hereinafter for information on each of the proposals.)

4. Other decisions regarding the General Meeting of Shareholders:

- (1) When voting rights have been exercised twice in writing or electronically, the latter vote received shall be deemed valid, however when votes are received on the same day, the voting right exercised electronically shall be deemed valid.

Shareholders who intend to diversely exercise voting rights are requested to give written notification to that effect, and the reason(s) thereof, no later than three (3) days prior to the day of the General Meeting of Shareholders.

- (2) Because the "Notes to the Consolidated Financial Statements" and "Notes to the Non-consolidated Financial Statements" among the documents to be submitted when sending the Notice are posted on our Website (<http://www.khi.co.jp/ir/>) according to laws and the Article 16 of the Articles of Incorporation, they are not included in the Appendix regarding matters to be reported. In addition, the "Notes to the Consolidated Financial Statements" and "Notes to the Non-consolidated Financial Statements" have been combined with the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the auditing process, in order for the preparation of the results of audits by the Accounting Auditor and the Board of Corporate Auditors.

Notes:

1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk at the venue on the day of the meeting. Please note that persons other than shareholders who are able to exercise voting rights, including representatives and their companions who are not shareholders, are not permitted to enter the venue.
2. Any updates to the Appendix and the Reference Documents for the General Meeting of Shareholders, will be posted on the Company's Website at the following URL: (<http://www.khi.co.jp/english/ir/>).

Information Concerning Characters Used in Shareholders' Names and Addresses

Due to the conversion to an electronic system for stock transfers, characters in shareholders' names and addresses may contain some *kanji* characters which are not designated in Japan Securities Depository Center, Inc.'s (JASDEC) transfer system, and in such cases some or all of the characters may be converted to characters or *katakana* syllabary designated by JASDEC, and recorded in the shareholders register.

For this reason we would like to inform you that in the notices we send to shareholders there may be cases where names and/or addresses contain characters which are replaced with characters designated by JASDEC.

If shareholders wish to make any enquiries regarding the characters registered for their names and/or addresses they should contact the securities firm etc. where their account is held (in the case of special accounts, please contact The Chuo Mitsui Trust and Banking Company, Ltd., which is the regulatory agency for special accounts).

(Appendix)

Business Report

(April 1, 2010 - March 31, 2011)

1. Overview of the Company Group

(1) Business Progress and Results

(i) General Conditions

During the current consolidated fiscal year Japanese economy had been at a standstill. The surrounding operating environment remained harsh due to the trend of a strong yen and increasing material prices. There is also now greater uncertainty about the future of the Japanese economy due to the Great East Japan Earthquake, which occurred on March 11.

With respect to the global economy, although robust growth in emerging countries slowed somewhat, the economy was on a track for a gradual recovery overall. However, the fact that the future of the US economy remains uncertain and concerns regarding the financial system in some European countries were not dispelled posed some risks.

Amid this operating environment, the operations of KHI Group's business segments showed strong performance compared to the previous fiscal year. Orders in all the business segments, except the Gas Turbine & Machinery segment and the Plant & Infrastructure segment, increased with the Rolling Stock segment and the Aerospace segment receiving large orders, resulting in overall orders received amounting to ¥1,270.6 billion, 27% higher than the previous fiscal year.

Net sales were ¥1,226.9 billion, 5% higher than the previous fiscal year, although some segments reported decreased revenues. This is attributable to increased revenues of the Precision Machinery segment, the Motorcycle & Engine segment, the Gas Turbine & Machinery segment and the Aerospace segment.

In terms of profit, although some segments reported decreased profit, improvement in performance of the Motorcycle & Engine segment and increased profits of the Precision Machinery segment contributed greatly to overall profit, resulting in operating income of ¥42.6 billion, which was significantly higher than the previous fiscal year in which a loss was posted, and recurring profit was ¥49.1 billion, 244% higher than the previous fiscal year.

Although an extraordinary loss of ¥10.5 billion was posted for items including loss on impairment of fixed assets of the Motorcycle & Engine segment, current net income was ¥25.9 billion, which was significantly higher than the previous fiscal year in which a loss was posted.

(ii) Operating conditions by business segment

The **Ship & Offshore Structure segment** orders received were ¥78.9 billion, which was significantly higher than the previous fiscal year in which only one order for a new vessel was received, due to orders for one submarine and eleven bulk carriers.

Net sales were ¥118.4 billion, which was significantly lower than the previous fiscal year in which sales of large carriers were recorded.

Operating loss was ¥1.0 billion, which was ¥2.5 billion lower than the previous fiscal year, due to an increase in the provision for losses on construction contracts.

The **Rolling Stock segment** performed well with overseas orders including subway cars from Washington Metropolitan Area Transit Authority, resulting in a total of ¥187.1 billion, which was significantly higher than the previous fiscal year.

Net sales were ¥131.1 billion, which was lower than the previous fiscal year, due to decreased sales of rolling stock to overseas markets.

Operating income declined ¥0.5 billion from the previous fiscal year to ¥8.1 billion, due to factors such as lower sales of rolling stock to overseas markets.

The **Aerospace segment** orders received were ¥206.7 billion, which was significantly higher than the previous fiscal year, due to an increase in orders received from The Boeing Company for component parts for the B777 and B787 aircraft.

Net sales were ¥196.8 billion, an increase from the previous fiscal year, due in part to an increase in sales to Japan's Ministry of Defense (MOD) and to The Boeing Company for component parts for the B787 aircraft.

Despite an increase in net sales, operating income declined ¥0.7 billion from the previous fiscal year

to ¥3.0 billion, due to factors such as the strong Yen.

The **Gas Turbine & Machinery segment** orders received were ¥187.5 billion, which was lower than the previous fiscal year in which large orders for components for aircraft engines and gas compressor facilities were received.

Net sales were ¥202.6 billion, which was higher than the previous fiscal year, due to an increase in sales of such items as gas compressor facilities and diesel power generation facilities.

Operating income increased ¥0.6 billion from the previous fiscal year to ¥9.5 billion, due in part to increased sales.

The **Plant & Infrastructure segment** orders received were ¥119.9 billion, which was lower than the previous fiscal year in which orders for large-scale plants were received from overseas customers.

Net sales were ¥89.0 billion, which was lower than the previous fiscal year, despite sales of various plants to domestic and overseas customers.

Despite a decline in net sales, operating income increased ¥0.3 billion from the previous fiscal year to ¥8.2 billion, due in part to improved revenues as a result of steady progress with existing orders.

Net sales of the **Motorcycle & Engine segment** were ¥234.4 billion, which was higher than the previous fiscal year, due in part to increased sales to emerging countries.

Operating loss was ¥4.9 billion. Despite the effects of the strong yen, it showed a significant improvement of ¥22.0 billion from the previous fiscal year, due to increased net sales, as well as improved marginal profit ratio and effects of measures to cut fixed expenses.

Orders received by the **Precision Machinery segment**, predominantly for hydraulic machinery from the construction machinery industry, increased significantly from the previous fiscal year to ¥148.9 billion.

Net sales were significantly higher than the previous fiscal year at ¥140.3 billion, due in part to an increase in sales of hydraulic machinery to the construction machinery industry, as well as various clean robots for semiconductor production equipment.

Operating income increased ¥18.9 billion from the previous fiscal year to ¥22.3 billion, due in part to increased net sales and improved revenues as a result of strong operating performance.

In the **Others segment** net sales were higher than the previous fiscal year at ¥114.0 billion.

Operating income/loss improved significantly from the previous fiscal year in which a loss was posted, resulting in an income of ¥2.5 billion.

(Orders Received, Net Sales and Operating Income/Loss by Segment)

Unit: 100 million yen

Segment	Orders Received		Net Sales		Operating Income/Loss	
	Amount	Year-on-Year Change	Amount	Year-on-Year Change	Amount	Year-on-Year Change
Ship & Offshore Structure segment	789	628	1,184	(334)	(10)	(25)
Rolling Stock segment	1,871	1,208	1,311	(189)	81	(5)
Aerospace segment	2,067	353	1,968	79	30	(7)
Gas Turbine & Machinery segment	1,875	(386)	2,026	113	95	6
Plant & Infrastructure segment	1,199	(156)	890	(185)	82	3
Motorcycle & Engine segment	2,344	313	2,344	313	(49)	220
Precision Machinery segment	1,489	640	1,403	576	223	189
Others	1,068	92	1,140	161	25	36
Eliminations and corporate	-	-	-	-	(53)	22
Total	12,706	2,693	12,269	534	426	439

(Notes) 1. Net sales recorded are for sales to external customers.

2. The net sales figure for Motorcycle & Engine segment is also used as the figure for orders received.

3. From the first quarter of the 188th fiscal year, the name of “Consumer Products & Machinery segment” was changed to the “Motorcycle & Engine segment,” while the name of the “Hydraulic Machinery segment” was changed to the “Precision Machinery segment.” Also, from the third quarter of the 188th fiscal year, the name of “Shipbuilding segment” was changed to the “Ship & Offshore Structure segment.”
4. From the 188th fiscal year, the robot division was reclassified from the “Motorcycle & Engine segment” to the “Precision Machinery segment,” while the crushing machine division was reclassified from the “Rolling Stock segment” to the “Plant & Infrastructure segment.”
5. From the 188th fiscal year, we adopted the “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” and its associated “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information”. Accordingly, the cost burden of each business division regarding the Head Office Department was changed. Previously, the difference between the initial estimate of cost burden and the actual burden was reallocated to each business division, but from the 188th fiscal year, such difference is recorded in the “Eliminations and corporate.”
6. The year-on-year change figures are calculated using the figures of the previous fiscal year recalculated based on the above-mentioned notes 4 and 5.

(2) Capital Investments, etc.

In the current consolidated fiscal year (ended March 31, 2011) KHI Group’s total amount of capital investment was ¥55.3 billion, predominantly for renewal of aging equipment and facilities for streamlining production, which also includes necessary facilities to handle new machine types and products.

Main capital investments completed and/or acquired during the current consolidated fiscal year, and main capital investments under construction as at the end of the current consolidated fiscal year are listed below.

- (i) Main capital investments completed and/or acquired during the consolidated fiscal year under review
 - Aircraft production facilities (Aerospace segment)
 - Gas Turbines production facilities (Gas Turbine & Machinery segment)
 - Hydraulic machinery production facilities (Precision Machinery segment)
- (ii) Main capital investments under construction as at the end of the consolidated fiscal year under review
 - Rolling stock production management systems (Rolling Stock segment)
 - Aircraft production facilities (Aerospace segment)
 - Kobe Works General Office (company-wide)

(3) Financing

Funds of ¥24.0 billion from long-term loans and ¥20.0 billion from domestic unsecured straight bonds and other funds from various sources were raised in the current consolidated fiscal year. The funds were allocated to such items as long-term loan repayments, capital investments and working capital.

(4) Assignment of businesses, absorption-type splits and incorporation-type corporate splits

Not applicable.

(5) Transfer of business from other companies

Not applicable.

(6) Succession of rights and obligations pertaining to the business of another juridical person, etc. due to absorption-type merger or absorption-type company split

We merged Kawasaki Shipbuilding Corporation, Kawasaki Precision Machinery Ltd. and Kawasaki Plant Systems, Ltd. which are wholly-owned subsidiaries of our company as of October 1, 2010.

(7) Acquisition or disposal of another company’s stocks or other holdings, or share options, etc.

Not applicable.

(8) Issues to be addressed

In order for KHI Group to achieve sustained growth into the future, it has become important to

secure a level of performance in FY2011 (the interim year of “MTBP2010”(from FY2010 to FY2012)) that exceeds that of FY2010 and ensure achievement of the objectives of MTBP2010 for FY2012. Although the impact of the strong Yen on the Motorcycle & Engine segment was larger than expected in FY2010, we succeeded in achieving a level of performance that exceeded the initial target, due to securing profitability as a result of large-scale projects and growth of the hydraulic machinery business for China. We will continue to work on the thorough reimplementation of “employing prudent risk management” and “emphasizing quality over quantity”, satisfy demand from emerging countries and enhance measures to respond to exchange fluctuations to reinforce our revenue base.

To strengthen our financial and business position, we will focus on enhancing financial strength, improving the efficiency of capital use and cutting fixed expenses. Moreover, taking the opportunity of the consolidation of four Group companies on October 1, 2010, we will strengthen system proposals as well as system orders on a group-wide basis by sharing and using intellectual properties such as technology and human resources accumulated in each business division across the entire Group.

The Great East Japan Earthquake, which occurred on March 11, 2011 caused unprecedented damage in Japan. Based on experience of the recovery from the Great Hanshin-Awaji Earthquake, the KHI Group will cooperate fully with restoration and recovery from the damage of the Earthquake by actively providing our technologies and products in the area of energy and environment.

The initiatives to be undertaken by each business segment are as follows.

- (i) Ship & Offshore Structures: Maintain competitiveness of the business in China, and reform the structure of the domestic segments as the engineering and leading technology development center
- (ii) Rolling Stock: Enhance competitiveness in domestic and overseas markets through low-cost rolling stock, reinforce our project management to handle overseas projects in the North America and Asian markets, overseas high-speed rolling stock, and overseas system projects, etc.
- (iii) Aerospace: Move ahead with major projects, including moving into the mass production of the next maritime patrol aircraft, next transport aircraft, and component parts for the Boeing 787
- (iv) Gas Turbine & Machinery: Promote development of new models of jet engines for commercial aircraft, strengthen the energy and environment business areas through promoting development of new products and models, including industrial gas turbines and high-efficiency gas engines, and increase competitiveness by improving productivity
- (v) Plant & Infrastructure: Bolster research and development in order to expand in the fields of energy and the environment, and accelerate efforts to commercialize new products and new business concepts
- (vi) Motorcycle & Engine: Enhance cost competitiveness through optimal production and optimal procurement on a global basis, expand sales channels and develop new markets in emerging countries we already enter (Southeast Asia and Brazil, etc.) and develop leading technologies to respond to environmental requirements
- (vii) Precision Machinery: Accurately respond to strong demand for hydraulic equipment for construction machinery in China and emerging markets and strengthen system-handling capabilities for industrial robots
- (viii) Others: Improve development and sales capabilities with respect to the construction machinery division by deepening our alliance with Hitachi Construction Machinery Co., Ltd. and enhance profitability by lowering break-even points

Needless to say, compliance is a fundamental premise in carrying out business activities such as those above. KHI Group strives to ensure that employees are made thoroughly aware of the provisions of the various laws and regulations which apply to them, by implementing such measures as establishing internal regulations concerning corporate ethics, carrying out staff training for each position level, distribution of compliance guidebooks, and setting up CSR committees in each organization. Furthermore, we have continued to take thoroughgoing organizational compliance initiatives by setting up a department which presides over internal controls, compliance, and CSR promotion, and creating units in charge of compliance within each business unit, while also striving to create a corporate culture that places the highest priority at all times on information disclosure and transparency.

KHI Group aims to increase profitability across all businesses in this way, and along with enhancing corporate value through thorough compliance, it aims to establish the Kawasaki brand as one that can be highly trusted.

(9) Trends in Assets and Income
(i) Company Group Assets and Income

Unit: 100 million yen

Item	The 185th fiscal year	The 186th fiscal year	The 187th fiscal year	The 188th fiscal year (under review)
Orders received	16,107	15,405	10,012	12,706
Net sales	15,010	13,385	11,734	12,269
Recurring profit	639	387	142	491
Net income (loss)	351	117	(108)	259
Net income (loss) per share (yen)	¥21.08	¥7.02	(¥6.51)	¥15.55
Total assets	13,787	13,997	13,524	13,542
Net assets	3,190	2,952	2,830	2,974

(ii) Company Assets and Income

Unit: 100 million yen

Item	The 185th fiscal year	The 186th fiscal year	The 187th fiscal year	The 188th fiscal year (under review)
Orders received	8,913	10,545	5,786	8,160
Net sales	8,899	7,714	6,441	8,174
Recurring profit	317	26	86	328
Net income (loss)	208	(61)	(54)	333
Net income (loss) per share (yen)	¥12.49	(¥3.66)	(¥3.24)	¥19.97
Total assets	9,229	9,779	9,764	11,160
Net assets	2,553	2,307	2,207	2,468

(10) Major Parent Companies and Subsidiaries**(i) Parent Companies**

Not applicable.

(ii) Major Subsidiaries

Company name	Capital	The Company's percentage of equity participation	Main business
Kawasaki Trading Co., Ltd.	¥ 600 million	70%	Sale of various industrial machinery, petroleum, steel, air conditioning equipment, etc.
NIPPI Corporation	¥ 6,048 million	100%	Manufacture, maintenance, and modification of aircraft; manufacture of rocket components, aerospace equipment, targeting systems, nondestructive testing systems, and industrial fans
KCM Corporation	¥ 4,825 million	Note 2	Design, manufacture, sale, repair, etc. of construction machinery
Kawasaki Thermal Engineering Co., Ltd.	¥ 1,460 million	83%	Manufacture, sales, installation and after-sales service for boilers, air-conditioning equipment and absorption-style heat pumps, etc.
Kawasaki Machine Systems, Ltd.	¥ 796 million	100%	Sale and repair of gas turbine generators, industrial robots, and other industrial machinery
EarthTechnica Co., Ltd.	¥ 1,200 million	100%	Design, execution and supervision of engineering, construction, installation of machinery and appliances; design, manufacture, and sale of crushers, grinders, sorters, and other equipment
KCMJ Corporation	¥ 300 million	Note 3	Sale and repair of construction machinery, hydraulic machinery, and other industrial machinery
Kawasaki Motors Corporation Japan	¥ 100 million	100%	Sole distributor of motorcycles and personal water craft in Japan
Kawasaki Motors Corp., U.S.A.	U.S.\$ 165 million	100%	Sales of motorcycles, 4-wheel buggies, personal water craft , general purpose gasoline engines in the U.S.
Kawasaki Motors Manufacturing Corp., U.S.A.	U.S.\$ 120 million	100%	Manufacture of motorcycles, 4-wheel buggies, personal water craft , general purpose gasoline engines, rolling stock, and industrial robots in the U.S.
Kawasaki Rail Car, Inc.	U.S.\$60 million	Note 4	Manufacture and after-sales service for rolling stock and related products, various engineering services
Kawasaki Motors Europe N.V.	€64 million	100%	Sole distributorship of motorcycles, 4-wheel buggies, personal water craft , general purpose gasoline engines in Europe
Kawasaki Motors Enterprise (Thailand) Co., Ltd.	1,900 million baht	100%	Manufacture and sale of motorcycles in Thailand
P.T. Kawasaki Motor Indonesia	U.S.\$ 40 million	83%	Manufacture and sale of motorcycles in Indonesia
Kawasaki Motors (Phils.) Corporation	101 million peso	50%	Manufacture and sale of motoreycles in the Philippines
Flutek, Ltd.	1,310 million won	50%	Assembly and after-sales services for hydraulic equipment in Korea

(Notes) 1. Starting from the current consolidated fiscal year, the following changes were made in relation to companies classified as major subsidiaries: Flutek, Ltd. was added; Kawasaki Shipbuilding Corporation, Kawasaki Precision Machinery Ltd., Kawasaki Plant Systems, Ltd., which were merged by the Company, Kawasaki

Life Corporation and Canadian Kawasaki Motors Inc. were excluded.

2. KCM Corporation implemented allocation of new shares to Hitachi Construction Machinery Co., Ltd. as of June 30, 2010 with the capital participation by Hitachi Construction Machinery Co., Ltd. Accordingly, Kawasaki Heavy Industries, Ltd. holds 66% of KCM Corporation's shares, while Hitachi Construction Machinery Co., Ltd. holds the remaining 34%.
3. KCMJ Corporation is a wholly-owned subsidiary of KCM Corporation.
4. Kawasaki Rail Car, Inc. is a wholly-owned subsidiary of Kawasaki Motors Manufacturing Corp., U.S.A.

(iii) Progress of Business Combinations

There are 96 consolidated subsidiaries, including 16 companies which are cited in (ii) above as major subsidiaries, and there are 14 companies which are accounted for using the equity method.

(iv) Results of Business Combinations

As stated above in "Business Progress and Results", for the current consolidated fiscal year net sales increased ¥53.4 billion (5%) compared to the previous fiscal year, to ¥1,226.9 billion, and consolidated current net income was ¥25.9 billion.

(11) Company Group's Main Business and Number of Employees

Segment	Main Business	Number of Employees
Ship & Offshore Structure segment	Manufacture and sale of ships, etc.	2,773
Rolling Stock segment	Manufacture and sale of rolling stock, and snow removal machinery, etc.	3,158
Aerospace segment	Manufacture and sale of aircraft, etc.	5,344
Gas Turbine & Machinery segment	Manufacture and sale of jet engines, general purpose gas turbines, prime movers, etc.	3,500
Plant & Infrastructure segment	Manufacture and sale of industrial machinery, boilers, environmental equipment, steel structures, etc.	2,931
Motorcycle & Engine segment	Manufacture and sale of motorcycles, four-wheel buggies (ATVs), multi-purpose four-wheel vehicles, personal watercraft ("jet skis"), general purpose gasoline engines, etc.	8,819
Precision Machinery segment	Manufacture and sale of hydraulic machinery and industrial robots, etc.	2,147
Other	Manufacture and sale of construction machinery, Administration of commercial and welfare facilities, etc.	3,094
Company-wide common areas	(Head Office Administration Department, Research & Development Department, etc.)	940
Total	-	32,706 [Japan 24,511] Overseas 8,195

(Note) This company has 14,617 employees (average age: 42.0 years; average years of service: 17.1 years)

(12) Company Group's Principal Offices and Plants**(i) The Company**

		Name and location
Principal offices	Head office	Kobe Head Office, Tokyo Head Office 2 Head Offices
	Branches	Sapporo Office, Nagoya Office, Osaka Office, Fukuoka Office 4 Offices
Plants, etc.		Gifu Works (Kakamigahara), Nagoya Works 1 (Yatomi, Aichi), Nagoya Works 2 (Ama-gun, Aichi), Kobe Works, Hyogo Works, Seishin Works, Nishi Kobe Works (Kobe), Akashi Works (Akashi), Kakogawa Works (Kakogawa), Harima Works (Kako-gun, Hyogo), Sakaide Works (Sakaide, Kagawa), Tokyo Office (Koto-ku, Tokyo), Technical Institute (Akashi) 13 Works (including a Technical Institute)

(ii) Material Subsidiaries**i) Domestic**

Company name	Location of principal offices	Location of plants
Kawasaki Trading Co., Ltd.	Kobe, Chiyoda-ku, Tokyo	-
NIPPI Corporation	Yokohama	Yokohama, Yamato
KCM Corporation	Kako-gun, Hyogo	Kako-gun, Hyogo
Kawasaki Thermal Engineering Co., Ltd.	Kusatsu, Osaka, Koto-ku, Tokyo	Kusatsu
Kawasaki Machine Systems, Ltd.	Osaka	-
EarthTechnica Co., Ltd.	Chiyoda-ku, Tokyo	Yachiyo
KCMJ Corporation	Kakogawa	-
Kawasaki Motors Corporation Japan	Akashi	-

ii) Overseas

Company name	Location
Kawasaki Motors Corp., U.S.A.	U.S.
Kawasaki Motors Manufacturing Corp., U.S.A.	U.S.
Kawasaki Rail Car, Inc.	U.S.
Kawasaki Motors Europe N.V.	The Netherlands
Kawasaki Motors Enterprise (Thailand) Co., Ltd.	Thailand
P.T. Kawasaki Motor Indonesia	Indonesia
Kawasaki Motors (Phils.) Corporation	Philippines
Flutek, Ltd.	Korea

(13) Principal lenders

(Unit: 100 million yen)

Lenders	Balance of Loans		
	Long term	Short term	Total
Mizuho Corporate Bank, Ltd.	109	437	547
Sumitomo Mitsui Banking Corporation	195	168	363
The Sumitomo Trust and Banking Co., Ltd.	170	63	233
Development Bank of Japan Inc.	161	1	163
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	0	110	110

(14) Other important issues concerning the current situation of corporate groups

Important law suits cases etc

The Japan Fair Trade Commission issued on June 27, 2006 a cease and desist order against our company on the grounds that there was illegal conduct (bid rigging) in violation of the Antimonopoly Act in relation to the construction of refuse incineration plants ordered by municipal governments etc. We have, however, lodged an appeal with the Tokyo High Court to seek for the cancellation of the decision. In that appeal, the Tokyo High Court ruled against our company (i.e. not agreeing to cancel the decision). We therefore appealed to the Supreme Court on October 9, 2008, however, on October 6, 2009, the appeal was declined, which confirms our company lost the suit.

The Japan Fair Trade Commission issued a surcharge payment order on March 23, 2007 for the amount of ¥5,165 million against our company. We have appealed the decision to the Japan Fair Trade Commission and demanded a trial. However, since the same payment order for the amount of ¥5,165 million was issued in the decision made on November 10, 2010, we decided not to challenge the decision. We paid the surcharge in full on January 11, 2011, which closed this case.

Meanwhile, in relation to this matter, law suits have been filed against our company individually or severally with other companies as follows as of the end of March 2011, in order to seek damages from us on the grounds that we caused damage to the ordering parties due to bid rigging. Lawsuits settled during FY2010 are also included.

Municipalities, etc.	Status of the law suits
Atami City	The Supreme Court ruled in favor of our company and others on April 13, 2009 (i.e. declined the appeal of citizens seeking damages of ¥1,357 million against seven companies including our company), which confirmed that our company won the suit. However, an action for damages of ¥512 million has been brought against five companies including our company by Atami City at Tokyo High Court on August 19, 2010. The case is currently under dispute.
Amagasaki City (Civil lawsuits)	Osaka High Court ruled in favor of our company and others on November 30, 2007 (i.e. declined the demand by citizens for the payment of ¥848 million against the six companies including our company). The citizens' group appealed to the Supreme Court. The Supreme Court reversed the High Court decision and sent the case back to Osaka High Court on April 28, 2009. Osaka High Court ruled against our company and others on July 23, 2010 (i.e. ordered the six companies including our company to pay ¥336 million). Although the six companies did not appeal to the Supreme Court, the citizen's group did so. The case is currently under dispute.
Ichinomiya City	Nagoya High Court ruled against our company and others (i.e. ordered the payment of ¥1,215 million against five companies including our company) on August 27, 2010. Since JFE Engineering Corporation, the party that received the order, agreed to pay, the case is now closed.
Sado City	An action for damages of ¥621 million has been brought against our company at Niigata District Court on May 26, 2009. The case is currently under dispute.
Greater Chichibu Municipal Association	An action for damages of ¥952 million has been brought against five companies including our company at Tokyo District Court on June 18, 2009. The case is currently under dispute.
Tama River Health Association	An action for damages of ¥3,105 million has been brought against our company at Tokyo High Court on June 24, 2010. The case is currently under dispute.
Yachiyo City	A settlement was reached on March 8, 2011 with our company agreeing to pay a settlement in the amount of ¥519 million to Yachiyo City based on advice to settle issued by Tokyo High Court. The case is now closed.

2. Status of Shares (as of March 31, 2011)

- (1) **Total number of shares authorized to be issued** 3,360,000,000 shares
- (2) **Total number of shares issued** 1,670,646,460 shares
(including 100,288 shares of treasury stock)
- (3) **Number of shareholders** 147,498 persons
- (4) **Major shareholders (top 10)**

Shareholder name	Shareholders' investment in the company	
	Number of shares held	Shareholding ratio
	thousand shares	%
Japan Trustee Services Bank, Ltd. (Trust Account)	108,235	6.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	92,260	5.5
Mizuho Bank, Ltd.	57,443	3.4
JFE Steel Corporation	56,174	3.3
Nippon Life Insurance Company	54,016	3.2
Tokio Marine & Nichido Fire Insurance Co., Ltd.	35,785	2.1
Kawasaki Heavy Industries, Ltd. Kyoueikai	33,490	2.0
Kawasaki Heavy Industries, Ltd. Employees Shareholder Association	30,828	1.8
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	27,579	1.6
Sumitomo Mitsui Banking Corporation	26,828	1.6

(Note) The shareholding ratio is calculated after subtracting treasury stock (100,288 shares).

3. Company Share Options

- (1) **Share options held by company officers at the end of the fiscal year under review**
Not applicable.
- (2) **Share options delivered to employees, etc. during the fiscal year under review**
Not applicable.
- (3) **Other important matters concerning share options, etc.**
Share options already issued and currently existing

Type	Euro Yen convertible bonds due 2011 with stock acquisition rights
Number of share options	3,445
Type and number of underlying shares	Common stock: 14,958,749 shares
Share option issue price	Free of cost
Balance of bonds with stock acquisition rights	¥ 3,445,000 thousand

(Note) The number of underlying shares is the balance of bonds with stock acquisition rights divided by the conversion price of ¥230.3.

In addition to the above, we have also issued convertible bonds pursuant to the previous provisions of the Commercial Code.

Type	No. 9 unsecured convertible bond
Balance of convertible bonds	¥ 7,038,000 thousand
Type of shares issued upon conversion	Common stock
Number of shares issued upon conversion	11,769,230 shares
Conversion price	¥ 598

(Note) The number of shares issued upon conversion is the balance of convertible bonds divided by the conversion price.

4. Company Officers

(1) Directors and Corporate Auditors

Position	Name	Areas of Responsibility within the Company and other significant concurrent positions
* Chairman of the Board	Tadaharu Ohashi	Chairman, The Kobe Chamber of Commerce and Industry Vice Chairman, Kansai Economic Federation
* President	Satoshi Hasegawa	
* Senior Executive Vice President	Shuji Mihara	Assistant to the President, in charge of the Head Office administrative departments, in charge of Procurement Division and the Motorcycle & Engine Company
* Senior Executive Vice President	Masashi Segawa	Assistant to the President, General Manager, Corporate Technology Division, in charge of technology and marketing, Infrastructure Strategy Office
* Senior Vice President	Mitsutoshi Takao	General Manager, Corporate Planning Division, in charge of Finance & Accounting Division
* Senior Vice President	Yuichi Asano	President, Gas Turbine & Machinery Company
* Senior Vice President	Nobumitsu Kambayashi	President, Ship & Offshore Structure Company, Chairman, Nantong COSCO KHI Ship Engineering Co., Ltd.
* Senior Vice President	Kyohei Matsuoka	President, Rolling Stock Company
* Senior Vice President	Hiroshi Takata	President, Motorcycle & Engine Company
○* Senior Vice President	Shigeru Murayama	President, Aerospace Company
○* Senior Vice President	Toshikazu Hayashi	President, Plant & Infrastructure Company
○* Senior Vice President	Makoto Sonoda	President, Precision Machinery Company
Corporate Auditor	Nobuyuki Okazaki	(Standing)
Corporate Auditor	Tatsuyoshi Ogushi	(Standing)
Corporate Auditor	Kenzo Doi	Attorney, Outside Corporate Auditor of World Co., Ltd. and The Koizumi Jute Mills Ltd.
Corporate Auditor	Michio Oka	

- (Notes)
- * means a Representative Director.
 - Corporate Auditors Kenzo Doi and Michio Oka are both Outside Corporate Auditors.
 - Corporate Auditor Michio Oka is an Independent Officer.
 - means new Directors appointed at the 187th ordinary general meeting of shareholders held on June 25, 2010.
 - Chikashi Motoyama, Director, has resigned during the relevant business year with the conclusion of the 187th ordinary general meeting of shareholders.
 - As of April 1, 2011, the positions of Director has changed: Shuji Mihara, formerly Senior Vice President (Representative Director) has become Director.
 - Nobuyuki Okazaki, Corporate Auditor, who has many years of experience with administration and accounting operations at our company and its subsidiaries, has substantial knowledge about finance and accounting matters.

8. Executive Officers as of April 1, 2011 are as follows.

Position	Name	Areas of Responsibility within the Company
President	Satoshi Hasegawa	
Senior Executive Vice President	Masashi Segawa	Assistant to the President, in charge of technology, marketing and procurement, in charge of Infrastructure Strategy Office
Senior Vice President	Mitsutoshi Takao	In charge of the Head Office administrative departments
Senior Vice President	Yuichi Asano	President, Gas Turbine & Machinery Company
Senior Vice President	Nobumitsu Kambayashi	President, Ship & Offshore Structure Company
Senior Vice President	Kyohei Matsuoka	President, Rolling Stock Company
Senior Vice President	Hiroshi Takata	President, Motorcycle & Engine Company
Senior Vice President	Shigeru Murayama	President, Aerospace Company
Senior Vice President	Toshikazu Hayashi	President, Plant & Infrastructure Company
Senior Vice President	Makoto Sonoda	President, Precision Machinery Company
Managing Executive Officer	Minoru Makimura	General Manager, Corporate Technology Division and Senior Manager, Technical Institute
Managing Executive Officer	Masahiko Hirohata	General Manager, Corporate Planning Division and Senior Manager, Infrastructure Strategy Office
Managing Executive Officer	Yoshinori Kanehana	Vice President, Rolling Stock Company
Executive Officer	Seiji Yamashita	General Manager, CSR Division
Executive Officer	Takeshi Sugawara	Deputy General Manager, Corporate Technology Division (in charge of Manufacturing Improvement)
Executive Officer	Tamaki Miyatake	General Manager, Planning Division, Motorcycle & Engine Company
Executive Officer	Shuichi Yamanaka	General Manager, Planning & Control Division, Rolling Stock Company
Executive Officer	Shinsuke Tanaka	Deputy General Manager, Corporate Planning Division. (In charge of special matters)
Executive Officer	Masatoshi Yamaguchi	General Manager, Robot Division, Precision Machinery Company
Executive Officer	Naomi Sera	Vice President, Aerospace Company
Executive Officer	Joji Iki	General Manager, Machinery Division, Gas Turbine & Machinery Company
Executive Officer	Yoshizumi Hashimoto	General Manager, Personnel & Labor Administration Division, in charge of Kobe Works Office, Akashi Works Office and Harima Works Office
Executive Officer	Yukio Hayano	General Manager, Planning & Control Division, Aerospace Company
Executive Officer	Masahiro Ibi	General Manager, Gas Turbine Division, Gas Turbine & Machinery Company
Executive Officer	Takafumi Shibahara	General Manager, General Administration Division

Executive Officer	Nobuyoshi Kobayashi	General Manager, Production Center, Plant & Infrastructure Company in charge of Industrial Facilities & Tunneling Equipment Engineering Division
Executive Officer	Minoru Akioka	General Manager, Finance & Accounting Division
Executive Officer	Yukinobu Kouno	Deputy General Manager, Corporate Technology Division and General Manager, System Technology Development Center
Executive Officer	Masafumi Nakagawa	General Manager, Marketing & Sales Division, Motorcycle & Engine Company
Executive Officer	Mitsuo Kadoya	General Manager, Project Division Ship & Offshore Structure Company
Executive Officer	Hiroshi Hidaka	In charge of planning and overseas business, Precision Machinery Company
Executive Officer	Hideki Sasaki	In charge of Tokyo Office, Plant & Infrastructure Company
Executive Officer	Atsuhiko Yamanaka	General Manager, Procurement Division
Executive Officer	Eiji Inoue	Vice President, Plant & Infrastructure Company
Executive Officer	Akio Murakami	General Manager, Planning & Control Division, Ship & Offshore Structure Company
Executive Officer	Kaoru Kawabe	General Manager, Kobe Shipyard, Ship & Offshore Structure Company
Executive Officer	Kazuo Hida	In charge of matters specially assigned by the Company President, Precision Machinery Company (seconded to Kawasaki Precision Machinery (U.K.) Ltd.)
Executive Officer	Makoto Ogawara	General Manager, Engineering Division, Rolling Stock Company

(2) Compensation to Directors and Corporate Auditors

Directors 13 persons	¥ 575,224 thousand
Corporate Auditors 4 persons	¥ 84,840 thousand (of which ¥ 16,440 thousand to two Outside Corporate Auditors)

(Notes) The maximum amount of remuneration for the Directors is ¥60 million per month (as resolved at the 178th ordinary general meeting of shareholders held on June 28, 2001). The maximum amount of remuneration for the Corporate Auditors is ¥8 million (which was resolved at the 170th ordinary general meeting of shareholders held on June 29, 1993).

(3) Outside Officers

(i) Concurrent Director positions at other companies and the relationship between our company and said companies

Not applicable.

(ii) Concurrent positions held as Outside Officer at other companies and the relationship between our company and said companies

Corporate Auditor, Kenzo Doi concurrently holds a position as an Outside Corporate Auditor at World Co., Ltd. and The Koizumi Jute Mills Ltd. Our company does not have any dealings or other special relationship with these companies.

(iii) Relationships between the company or specific related business operators and Directors and employees, etc.

Not applicable.

(iv) Main activities during the business year

Attendance and comments at Board of Directors meetings and Board of Corporate Auditors meetings

Kenzo Doi, Corporate Auditor, attended all of the 13 Board of Directors meetings, and all of the 17 Board of Corporate Auditors meetings held during the business year, and mainly made comments based on his expert standpoint as an attorney.

Michio Oka, Corporate Auditor, attended all of the 13 Board of Directors meetings, and all of the 17 Board of Corporate Auditors meetings held during the business year, and mainly made comments based on his experience as a company manager.

(v) Overview of provisions in contracts for limitation of liability

The company has concluded contracts for limitation of liability with Corporate Auditors Kenzo Doi and Michio Oka, pursuant to the provisions of Article 427 Paragraph 1 of the Companies Act. The liability under said contract shall be limited to either an amount of ¥ 10 million, or an amount specified by law, whichever is higher.

5. Accounting Auditors

(1) **Accounting Auditor's Name**
KPMG AZSA LLC

(2) **Accounting Auditors' Compensation, etc., for the fiscal year under review**

(i) **Accounting Auditors' Compensation, etc., for the fiscal year under review**

¥ 162,160 thousand

(ii) **Cash and Other Profits Payable by the Company or its Subsidiaries to Accounting Auditors**

¥ 223,660 thousand

(Note) Under the audit agreement between the Company and its Accounting Auditors, compensation for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not separated, and otherwise cannot be separated. Consequently, the above amounts reflect total compensation.

(3) **Details of Non-audit Services**

Operations such as procedures relating to the confirmation of balances of certain accounts issued to customers when orders are received for overseas projects, etc.

(4) **Policy Regarding Determination of Termination or Nonrenewal of Appointment of Accounting Auditors**

Where the Accounting Auditor violates or contravenes laws such as the Companies Act and Certified Public Accountant Act, and where it is determined acts have been committed which go against public order and morality, the Board of Corporate Auditors shall consider whether to terminate or not renew the Accounting Auditors based on those facts, and make a decision in accordance with the Board of Corporate Auditors Regulations. Where the Board of Corporate Auditors determines that it is appropriate to terminate or not renew the appointment of Accounting Auditors, it will request the Board of Directors to terminate the Accounting Auditors' appointment, or put forward a proposal at the General Meeting of Shareholders to not renew the appointment of the Accounting Auditors, and the Board of Directors shall discuss the matter.

6. System to ensure that Directors' execution of duties complies with laws and the Articles of Incorporation and other systems to ensure proper execution of business

A resolution was made with respect to the company's internal control systems, pursuant to the Companies Act, at the Board of Directors Meeting of May 24, 2006 regarding confirmation of the basic policies and status of established internal control systems, and henceforth whenever there are organizational changes or changes to internal regulations, resolutions are made again at Board of Directors Meetings. The overview thereof is as follows.

I. Basic policy for developing a system for internal controls

KHI Group develops and maintains systems for internal controls to establish systems to ensure formation of proper organizational structures, development of company rules and regulations, dissemination of information and proper execution of operations; since KHI's management philosophy, which is indicated in our Group Mission (missions and roles which must be carried out) **"Kawasaki, work as one for the good of the planet"**, "Kawasaki Value", the "Group Management Principles" and "Group Code of Conduct"; is embodied in each and every officer and employee of our Group. KHI strives to improve its internal controls by constantly reviewing them, and in doing so improves the efficiency and lawfulness of company systems which contribute to the Group's sound and sustained growth.

II. Development of internal control systems

KHI has established the following internal control systems and is streamlining, maintaining, and improving them. Going forward, KHI will review them as necessary, taking into account such factors as changes in the company's operating environment.

1. Internal control systems concerning Directors and employees

(1) Systems to ensure that Directors' and employees' execution of duties are compliant with laws and the Articles of Incorporation

- 1) We established KHI Corporate Ethics Regulations, and are thoroughgoing in ensuring compliance with laws and the Articles of Incorporation and other KHI regulations and policies, and bind KHI's directors and employees to: put ethics regulations into practice as corporate citizens, respect individuals and individual rights and prohibit discrimination, promote protection of the environment, comply with laws and social rules, and use proper accounting practices and ensure reliability of financial reports (hereinafter, "Fundamental Principles of Corporate Ethics).
- 2) According to the Internal Controls Management Regulations, we appropriately manage the system to promote measures, with the President as the chief executive of internal controls and General Manager of each division as the manager in charge of internal controls, and deliberate and make decisions on policies and measures at Management Meeting, which are designed to streamline, maintain, and improve internal control systems, in order to ensure the appropriateness of business operations by achieving objectives such as effective and efficient business operations, reliable financial reporting, compliance with laws, and safeguarding of assets. Based on the roles and responsibilities given to Executive Officers, officers, and employees, we manage internal control systems in a unified way.
- 3) According to the Company-wide CSR Committee Regulations and the CSR Committee Regulations for Business Divisions, we deliberate and make decisions on policies and measures, under the governance of the President, for the Company-wide CSR Committee and the CSR Committee for Business Divisions (consisting of officers and employees) to comply with the Fundamental Principles of Corporate Ethics stipulated in KHI's Corporate Ethics Regulations, and to take thoroughgoing compliance initiatives for the KHI Group. We continue to improve understanding and awareness of compliance and also monitor operational status through ongoing education and training activities for various types of legal compliance.
- 4) According to the Compliance Reporting and Consultation System Regulations, we work to enhance compliance systems by managing the internal whistleblower system to report information regarding compliance breaches in cases where it is difficult to correct compliance breaches through ladders or concerned divisions.
- 5) Executive Officers who are delegated by Representative Directors to execute business operations are appointed at Board of Directors Meetings, and while Executive Officers are delegated to execute business operations, a Director who does not concurrently serve as an Executive Officer

- as well as an Independent Officer established by the Tokyo Stock Exchange are appointed to enhance the supervisory and monitoring functions of the Board of Directors for overall management.
- 6) According to the Internal Controls Regulations, we ensure the appropriateness of business operations through business audits conducted by the Auditing Department.
 - 7) Based on our basic policy on internal controls over financial reporting, we establish internal controls over financial reporting and appropriately carry out evaluation and assessment thereof to ensure the reliability of financial reporting.
- (2) Systems for storage and management of information related to Directors' execution of duties
- 1) Information pertaining to Directors' execution of duties (meeting minutes, decision making records and appurtenant materials, account books, account invoices and other information) shall be appropriately stored and managed in accordance with Document Handling Regulations and other related policies and regulations. The information shall be made accessible at any time to Directors, Corporate Auditors and employees nominated thereby.
 - 2) With respect to protection of confidential information, we have established a Policies for Handling Corporate Secrets, and with respect to personal information we have established Regulations for Protecting Personal Informations to ensure appropriate handling is thoroughly observed, and we ensure enforcement thereof through such measures as inspections and business audits, which are carried out according to methods stipulated in the regulations.
- (3) Systems for management of risk of loss
- 1) According to the Risk Management Regulations, we grasp the assumed risk in detail using a unit of measurement common to the entire Group, with the President as the chief executive of risk management and General Manager of each division as manager in charge of risk management, and appropriately manage the risk management system, which is designed to avoid or minimize risk or losses caused by such risk.
 - 2) With respect to risks pertaining to business strategies, risk analysis and consideration of countermeasures shall be conducted in advance by the concerned divisions in accordance with the Regulations of Board of Directors, the Management Meeting Regulations and the Approval Regulations, and deliberations and decision making regarding those risks shall be carried out at Board of Directors Meetings or Management Meetings in accordance with those regulations. We also implement appropriate risk management for major projects that have a significant impact on business operations, in accordance with the Major Project Risk Management Regulations particularly.
 - 3) As a measure to be taken when risk becomes evident, according to the Crisis Management Regulations, we articulate codes of conduct in event of emergencies, and also appoint persons in charge of crisis management at each place of business to appropriately manage the system, which is designed to minimize losses.
- (4) Systems to ensure efficient execution of Directors' duties
- 1) Based on KHI Group's role and objectives as articulated in the Kawasaki Group Mission Statement, we share final goals for the future by setting forth a long-term vision for each business division in the medium-term business plan.
 - 2) To attain the goals set forth in the Kawasaki Group Mission Statement and the long-term vision ("Kawasaki Business Vision 2020"), we have formulated a medium-term business plan and a short-term business plan, and have determined goals at an organization level based on these plans. We have also established performance goals for each officer and employee, and work on activities that articulate goals to be achieved. Furthermore, by conducting regular reviews of these respective plans and goals, we aim to secure a system that enables more appropriate and efficient execution of business operations.
 - 3) We have stipulated matters such as division of roles and authority for executing business operations and lines of responsibility and chains of command, etc., in the Regulations for Managing Segregation of Business Operations and the Approval Regulations, etc., in order to clarify the authority and limits of discretion of officers and employees. According to the Executive Officers Regulations, Executive Officers are appointed based on a resolution passed at Board of Directors meetings, and we clarify the "Systems for Execution of Business Operations." As a result of appropriately managing these systems, we aim to efficiently execute business operations in each business and function area.

- 4) We have established Management Meetings, which act as a deliberative organ to support the Board of Directors meetings' resolutions and the President's decision making, to ensure efficient execution of duties by Board Members through discussions at management meetings. Furthermore, we hold Group Business Operations Meetings for all Executive Officers to ensure familiarity with, and a common understanding of management strategies and plans.
 - 5) According to the company system, each business division makes decisions on its own under delegated authority and responsibility, and executes flexible business operations that adapt to changes in the environment.
2. Internal controls systems in the company group
- Systems to ensure proper business execution within the company group which is composed of the company and subsidiaries
 - 1) With respect to the management at each company within our Group, while respecting the autonomy thereof, we ensure the appropriateness of business operations as a whole by KHI and each company within our Group sharing the basic philosophy and vision indicated in the Kawasaki Group Mission Statement and the Medium-Term Business Plan, etc.
 - 2) According to the Internal Controls Management Regulations, we govern internal controls of our subsidiaries and affiliates from the perspective of the parent company and appropriately manage the system to ensure the appropriateness of business operations by achieving objectives such as the effectiveness and efficiency of business operations, reliability of financial reporting, compliance with laws and safeguarding of assets as a whole group.
 - 3) We implement controls as shareholders of subsidiaries and affiliates through the execution of voting rights at the General Meeting of Shareholders, and also implement controls over important decisions, etc., concerning the operation of subsidiaries and affiliates through the Subsidiaries and Affiliates Regulations and the Approval Regulations. Specifically, we carry out management supervision and monitoring by dispatching non-full-time Directors and non-full-time Corporate Auditors to subsidiaries, and also through the establishment of the Subsidiaries & Affiliates Control Department which presides over subsidiaries, and clarification of the roles of each company, we secure appropriate Group business management systems. Furthermore, according to the Internal Regulations for Non-Full-Time Officers of Subsidiaries and Affiliates, we also carry out education and training for non-full-time officers dispatched from KHI.
 - 4) The Auditing Department, which presides over Group internal audits, ensures the appropriateness of operations and prevents unfair transactions between Group companies through business audits and internal controls over financial reporting at KHI and subsidiaries.
 - 5) According to the Company-wide CSR Committee Regulations, we deliberate strategies and policies and measures concerning the Fundamental Principles of Corporate Ethics and compliance as the entire KHI Group, and secure systems to check operational status.
3. Internal controls systems for ensuring appropriate audits by Corporate Auditors
- (1) Systems for employees in cases where the Corporate Auditor requests appointment of employees to assist with the Corporate Auditor's duties
 - We allocate the required staff (to the Corporate Auditor) according to the Corporate Auditors' requests.
 - (2) Systems to ensure employees who assist with the Corporate Auditors duties are independent from Directors.
 - The person employed to assist with the duties of the Corporate Auditor (assistant of the Corporate Auditor) shall follow the Corporate Auditor's directions and orders, and the consent of the Corporate Auditor is required in relation to the hiring or firing of the staff.
 - (3) Systems for Directors and employees to report to the Board of Corporate Auditors and other systems for reports to the Board of Corporate Auditors.
 - 1) Corporate Auditors attend Board of Directors meetings, Management Meetings and company-wide meetings, including Group Business Operations Meetings, Company-wide CSR Committees and Company-wide Risk Management Committees; at these meetings, Directors and employees provide reports concerning important matters about company management and business operations, including matters regarding compliance, risk management and internal controls, and the status of execution of duties. Furthermore, Directors shall immediately report to

- the Board of Corporate Auditors when discovering that there is a risk of the company suffering significant damages.
- 2) Employees shall, in accordance with the Approval Regulations, report to the Corporate Auditor regarding the execution of business operations by circulation of internal memos.
 - 3) The Auditing Department and Accounting Auditors from time to time report to, and exchange information with Corporate Auditors regarding the status of audits on each place of business and Group companies.
- (4) Other systems to ensure the effective conduct of audits by the Board of Corporate Auditors
- 1) Directors and Corporate Auditors regularly hold meetings to ensure mutual understanding, and the Corporate Auditor also attends important meetings such as Board of Directors meetings and management meetings, and directly expresses his/her opinion regarding Directors' execution of duties.
 - 2) Directors promote collaboration between Corporate Auditors and the Auditing Department, and cooperate to establish systems which enable greater effectiveness in the conduct of audits.
 - 3) Matters concerning the election of Corporate Auditors and their remuneration etc. are determined in accordance with laws and the Articles of Incorporation, by obtaining the consent of Corporate Auditors, or approval of the Board of Corporate Auditors.
4. Basic stance on expulsion of anti-social forces and countermeasures

Because our Group resolutely refuses to comply with any unreasonable demands from anti-social forces, and works to cut off all relations with anti-social forces, we distribute the "Compliance Guidebook" to all employees. Paragraph 1 of the Guidebook prohibits "giving favors to anti-social forces," and lists specific examples of prohibited acts. We work to ensure that employees are thoroughly familiar with the matters contained in the Compliance Guidebook by conducting training, etc., and do not merely distribute the guidebook.

Furthermore, with respect to internal systems, we have established a department in headquarters which is responsible for overseeing handling of expulsion of anti-social forces, established close cooperation with external specialized organizations such as the police force, and in collaboration with concerned departments we systematically handle unreasonable requests from anti-social forces.

(Note) Amounts in this Business Report are rounded down to the nearest unit.

Consolidated Balance Sheet

(As of March 31, 2011)

(Unit: million yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	951,719	Current liabilities	703,726
Cash on hand and in banks	47,233	Trade payables	319,271
Trade receivables	401,753	Short-term borrowings	143,972
Merchandise and finished products	50,528	Current bonds payable	20,000
Work in process	285,977	Current convertible bonds	7,038
Raw materials and supplies	88,817	Current portion of bonds with stock acquisition rights	3,445
Deferred tax assets	35,887	Current portion of lease obligations	242
Other current assets	44,351	Income taxes payable	5,988
Allowance for doubtful receivables	(2,829)	Deferred tax liabilities	765
Fixed assets	402,558	Advances from customers	80,815
Net property, plant and equipment	275,780	Accrued bonuses	15,692
Buildings and structures	113,186	Provision for product warranties	7,288
Machinery and equipment	74,156	Provision for losses on construction contracts	33,068
Land	64,107	Provision for business structure improvement	1,077
Leased assets	283	Asset retirement obligations	499
Construction in progress	12,651	Provision for environmental measures	10
Other	11,394	Other current liabilities	64,550
Intangible assets	19,249	Long-term liabilities	353,117
Investments and other assets	107,529	Bonds payable	50,000
Investments in securities	24,641	Long-term debt	203,801
Long-term loans	458	Lease obligations	645
Deferred tax assets	47,193	Deferred tax liabilities	3,990
Other investments and other assets	36,221	Provision for losses on damages suit	5,868
Allowance for doubtful receivables	(986)	Provision for environmental measures	3,333
		Employees' retirement and severance benefits	80,556
		Asset retirement obligations	440
		Other	4,480
		Total liabilities	1,056,844
		(Net assets)	
		Shareholders' equity	317,176
		Common stock	104,340
		Capital surplus	54,251
		Retained earnings	158,615
		Treasury stock	(30)
		Accumulated other comprehensive income	(28,119)
		Net unrealized gains on securities	3,876
		Gains (losses) on hedging items	(990)
		Foreign currency translation adjustments	(31,006)
		Minority interests	8,376
		Total net assets	297,433
Total assets	1,354,278	Total liabilities and net assets	1,354,278

Consolidated Statement of Income

(April 1, 2010 - March 31, 2011)

(Unit: million yen)

Description	Amount	
Net sales		1,226,949
Cost of sales		1,037,078
Gross profit		189,870
Selling, general and administrative expenses		147,242
Operating income		42,628
Non-operating income		19,330
Interest income	1,779	
Dividend income	527	
Equity in income of non-consolidated subsidiaries and affiliates	9,205	
Foreign exchange gains, net	1,491	
Other, net	6,327	
Non-operating expenses		12,822
Interest expense	4,677	
Loss on valuations of securities	1,577	
Other, net	6,567	
Recurring profit		49,136
Extraordinary losses		10,540
Impairment loss	9,923	
Provision of allowance for doubtful accounts for subsidiaries and affiliates	325	
Effects of adopting accounting for asset retirement obligations	291	
Income before income taxes		38,595
Income taxes-current		14,341
Income taxes-deferred		(3,503)
Income before minority interests		27,758
Minority interests in income		1,792
Net income		25,965

Consolidated Statement of Changes in Net Assets

(April 1, 2010 - March 31, 2011)

(Unit: million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2010	104,328	54,275	137,689	(552)	295,741
Changes of items during the period					
Conversion of convertible-type bonds with stock acquisition rights	11	(24)	(16)	535	506
Cash dividends			(5,003)		(5,003)
Net income for the year			25,965		25,965
Treasury stock purchased				(15)	(15)
Treasury stock disposed		(0)		1	1
Other			(19)		(19)
Net changes of items other than shareholders' equity					
Total changes of items during the period	11	(24)	20,926	521	21,435
Balance at March 31, 2011	104,340	54,251	158,615	(30)	317,176

	Accumulated other comprehensive income				Minority interests	Total net assets
	Net unrealized gains on securities	Gains (losses) on hedging items	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at March 31, 2010	5,305	(162)	(23,803)	(18,659)	5,972	283,053
Changes of items during the period						
Conversion of convertible-type bonds with stock acquisition rights						506
Cash dividends						(5,003)
Net income for the year						25,965
Treasury stock purchased						(15)
Treasury stock disposed						1
Other						(19)
Net changes of items other than shareholders' equity	(1,429)	(828)	(7,202)	(9,460)	2,404	(7,055)
Total changes of items during the period	(1,429)	(828)	(7,202)	(9,460)	2,404	14,380
Balance at March 31, 2011	3,876	(990)	(31,006)	(28,119)	8,376	297,433

Non-consolidated Balance Sheet

(As of March 31, 2011)

(Unit: million yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	737,948	Current liabilities	559,604
Cash on hand and in banks	29,970	Notes payable-trade	28,181
Notes receivable-trade	5,460	Accounts payable-trade	251,141
Accounts receivable-trade	317,841	Short-term borrowings	74,972
Raw materials and supplies	65,076	Current portion of long-term debt	29,017
Work in process	230,601	Current bonds payable	20,000
Advance payments	17,949	Current convertible bonds	7,038
Prepaid expenses	370	Current portion of bonds with stock acquisition rights	3,445
Deferred tax assets	29,360	Notes payable-facilities	874
Short-term loans	16,042	Lease obligations	9
Accounts receivable-other	19,410	Accumulated impairment loss on leased assets	420
Accrued income	75	Accounts payable-other	16,782
Other current assets	6,398	Accrued expenses	23,757
Allowance for doubtful receivables	(611)	Income taxes payable	618
		Advances from customers	54,054
Fixed assets	378,127	Deposits received	2,118
Net property, plant and equipment	183,132	Unearned revenue	10
Buildings	59,216	Accrued bonuses	10,164
Structures	15,054	Provision for product warranties	5,152
Docks and building berths	1,621	Provision for losses on construction contracts	26,618
Machinery and equipment	52,525	Provision for business structure improvement	1,077
Vessels	6	Provision for environmental measures	499
Aircraft	75	Asset retirement obligations	10
Vehicles	689	Other current liabilities	3,640
Tools, Furniture and fixtures	7,336	Noncurrent liabilities	309,582
Land	37,629	Bonds payable	50,000
Leased assets	155	Long-term debt	203,591
Construction in progress	8,821	Lease obligations	13
		Accumulated impairment loss on leased assets	1,060
Intangible assets	15,639	Long-term accounts payable-other	27
Software	9,527	Provision for losses on damages suit	5,868
License production and licensee's execution right	598	Provision for environmental measures	2,993
Other intangible assets	5,514	Employees' retirement and severance benefits	45,163
		Asset retirement obligations	422
Investments and other assets	179,354	Other long-term liabilities	442
Investments in securities	22,750	Total liabilities	869,187
Stock of affiliates	87,764	Net assets	
Investments in capital of affiliates	17,006	Shareholders' equity	244,595
Long-term loans	6,721	Common stock	104,340
Deferred tax assets	38,582	Capital surplus	52,067
Other investments and other assets	7,204	Legal capital surplus	52,067
Allowance for doubtful receivables	(675)	Other capital surplus	0
		Retained earnings	88,217
		Other retained earnings	88,217
		Provision for special depreciation	942
		Provision for advanced depreciation of fixed assets	6,959
		Retained earnings brought forward	80,316
		Treasury stock	(30)
		Valuation and translation adjustments	2,293
		Net unrealized gains on securities	3,219
		Gains (losses) on hedging items	(925)
		Total net assets	246,888
Total assets	1,116,076	Total liabilities and net assets	1,116,076

Non-consolidated Statement of Income

(April 1, 2010 - March 31, 2011)

(Unit: million yen)

Description	Amount	
Net sales		817,455
Cost of sales		742,870
Gross profit		74,585
Selling, general and administrative expenses		72,853
Operating income		1,731
Non-operating income		40,915
Interest income	859	
Dividend income	34,374	
Foreign exchange gains	2,172	
Other	3,509	
Non-operating expenses		9,809
Interest expense	3,355	
Interest on bonds	907	
Loss on valuation of securities	1,551	
Other	3,994	
Recurring profit		32,837
Extraordinary income		8,116
Gain on extinguishment of tie-in shares	8,116	
Extraordinary losses		10,116
Impairment losses	9,923	
Effect of adoption of the accounting for asset retirement obligations	192	
Income before income taxes		30,837
Income taxes-current	1,201	
Income taxes-deferred	(3,704)	
		(2,503)
Net income		33,341

Non-consolidated Statement of Changes in Net Assets

(April 1, 2010 - March 31, 2011)

(Unit: million yen)

	Shareholders' equity							Treasury stock	Total shareholders' equity
	Common stock	Capital surplus		Retained earnings					
		Legal capital surplus	Other capital surplus	Other retained earnings					
				Reserve for special depreciation	Reserve for advanced depreciation of fixed assets	Retained earnings brought forward			
Balance at March 31, 2010	104,328	52,058	33	715	7,044	52,136	(552)	215,764	
Changes of items during the period									
Conversion of convertible bonds with stock acquisition rights	11	9	(33)			(16)	535	506	
Cash dividends						(5,003)		(5,003)	
Net income for the year						33,341		33,341	
Treasury stock purchased							(15)	(15)	
Treasury stock disposed			(0)				1	1	
Provision for special depreciation				389		(389)		-	
Reversal of provision for special depreciation				(162)		162		-	
Provision for advanced depreciation of fixed assets					66	(66)		-	
Reversal of provision for advanced depreciation of fixed assets					(150)	150		-	
Net changes of items other than shareholders' equity									
Total changes of items during the period	11	9	(33)	226	(84)	28,179	521	28,830	
Balance at March 31, 2011	104,340	52,067	0	942	6,959	80,316	(30)	244,595	

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on securities	Gains (losses) on hedging items	Total valuation and translation adjustments	
Balance at March 31, 2010	4,775	180	4,955	220,720
Changes of items during the period				
Conversion of convertible bonds with stock acquisition rights				506
Cash dividends				(5,003)
Net income for the year				33,341
Treasury stock purchased				(15)
Treasury stock disposed				1
Provision for special depreciation				-
Reversal of provision for special depreciation				-
Provision for advanced depreciation of fixed assets				-
Reversal of provision for advanced depreciation of fixed assets				-
Net changes of items other than shareholders' equity	(1,555)	(1,106)	(2,662)	(2,662)
Total changes of items during the period	(1,555)	(1,106)	(2,662)	26,168
Balance at March 31, 2011	3,219	(925)	2,293	246,888

Audit Report

(English Translation)

Regarding the performance of duties by the Directors for the 188th fiscal year from April 1, 2010 to March 31, 2011, the Board of Corporate Auditors hereby submits its audit report, which has been prepared upon careful consideration based on the audit report prepared by each Corporate Auditor.

1. Summary of Auditing Methods by the Corporate Auditors and Board of Corporate Auditors

The Board of Corporate Auditors established auditing policies, allocation of duties, and other relevant matters, and received reports from each Corporate Auditor regarding his audits and results thereof, as well as received reports from the Directors, other relevant personnel, and the Accounting Auditor regarding performance of their duties, and sought explanations as necessary.

Each Corporate Auditor complied with the auditing standards of the Corporate Auditors established by the Board of Corporate Auditors, followed the auditing policies, allocation of duties, and other relevant matters, communicated with the Directors, internal control development division, Auditing Department (internal audit dept.) and other employees, and any other relevant personnel, and made efforts to prepare the environment for information collection and audit, as well as participated in meetings of the Board of Directors and other important meetings, received reports from the Directors, Executive Officers, employees, and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal business offices.

In addition, regarding the system for ensuring that the performance of duties by the Directors conforms to the related laws and regulations and Articles of Incorporation, and the system prepared based on the contents of the resolutions of the Board of Directors and such resolutions regarding preparation of the system stipulated in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act (internal control system), which system is necessary for ensuring that a joint stock corporation's business is proper, we received reports from the Directors, employees, and other relevant personnel regarding the structure of the system and the status of its operation, and sought explanations as necessary.

Furthermore, with respect to internal controls on financial reporting under the Financial Instruments and Exchange Act, we received reports from the Directors as well as KPMG AZSA LLC regarding the assessment of the internal controls concerned and the status of auditing thereof, and sought explanations as necessary.

With respect to subsidiaries, we communicated and exchanged information with Directors, Corporate Auditors, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.

Based on the above methods, we examined the business report and annexed specifications related to the relevant fiscal year.

Furthermore, we audited whether the Accounting Auditor maintained their independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that "the system for ensuring that duties are performed properly" (matters set forth in each item of Article 131 of the Ordinance for Corporate Accounting) has been prepared in accordance with the Product Quality Management Standards Regarding Audits (issued by the Business Accounting Deliberation Council (BACD) on October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and non-consolidated notes) and their annexed specifications, as well as consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and consolidated notes) related to the relevant fiscal year.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

(i) In our opinion, the business report and the supplementary schedules are in accordance with the related laws and regulations and Articles of Incorporation, and fairly represent the Company's condition.

(ii) We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to performance of duties by the Directors.

(iii) In our opinion, the contents of the resolutions of the Board of Directors related to the internal controls system are fair and reasonable. In addition, we have found no matters on which to remark regarding the information contained in this Business Report and the performance of duties by the Directors related to such internal controls system.

In addition, with respect to internal controls over financial reporting, at the time of preparation of this audit report, we received report from the directors that states that the said controls were effective, and also received report from KPMG AZSA LLC that states that there was no material defect in the said controls.

(2) Results of Audit of Non-consolidated Financial Statements and Supplementary Schedules

In our opinion, the methods and results employed and rendered by KPMG AZSA LLC are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by KPMG AZSA LLC are fair and reasonable.

May 24, 2011

Board of Corporate Auditors, Kawasaki Heavy Industries, Ltd.

Full-Time Corporate Auditor

Nobuyuki Okazaki

Full-Time Corporate Auditor

Tatsuyoshi Ogushi

Outside Corporate Auditor

Kenzo Doi

Outside Corporate Auditor

Michio Oka

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Retained Earnings

The Company's basic policy is to pay stable cash dividends to its shareholders, giving due attention to increased retained earnings to strengthen and expand its business foundations for future growth.

Taking into consideration the earnings forecasts and the level of retained earnings etc., the annual cash dividend will amount to ¥3 per ordinary share for a total of ¥5,011,638,516.

In addition, the Company's year-end dividend distribution is June 29, 2011.

Proposal No. 2 Election of Eleven Directors

As the term of office of all twelve Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders, we propose to elect eleven Directors.

The candidates for Director are as follows:

No.	Name (Date of Birth)	Abridged Personal Records, Positions and Duties [Significant concurrent positions]	Shares of the Company
1	Tadaharu Ohashi (Nov. 9, 1944)	Apr. 1969 Jun. 2003 Apr. 2005 Jun. 2005 Jun. 2009 [Significant concurrent positions] Chairman, The Kobe Chamber of Commerce and Industry Vice Chairman, Kansai Economic Federation	125,000 shares
2	Masashi Segawa (Nov. 22, 1947)	Apr. 1970 Jun. 2005 Apr. 2009 Oct. 2010 Apr. 2011	117,000 shares
3	Satoshi Hasegawa (Aug. 16, 1947)	Apr. 1972 Jun. 2007 Apr. 2009 Jun. 2009	101,000 shares

No.	Name (Date of Birth)	Abridged Personal Records, Positions and Duties [Significant concurrent positions]		Shares of the Company
4	Mitsutoshi Takao (Apr. 1, 1950)	Apr. 1972 Apr. 2005 Jun. 2008 Apr. 2009 Apr. 2010 Apr. 2011	Joined Kawasaki Heavy Industries, Ltd. Executive Officer General Manager, Finance & Accounting Department Senior Vice President General Manager, Finance & Accounting Department Senior Vice President General Manager, Corporate Planning Division Senior Vice President General Manager, Corporate Planning Division In charge of Finance & Accounting Division Senior Vice President In charge of the Head Office administrative departments (current position)	77,000 shares
5	Yuichi Asano (Sep. 13, 1947)	Apr. 1970 Apr. 2005 Nov. 2007 Apr. 2008 Apr. 2009 Jun. 2009	Joined Kawasaki Heavy Industries, Ltd. Executive Officer Vice President, Gas Turbine & Machinery Company Senior Manager, Manufacturing Center, Machinery Division, Gas Turbine & Machinery Company Executive Officer Vice President, Gas Turbine & Machinery Company General Manager, Machinery Division, Gas Turbine & Machinery Company Senior Manager, Manufacturing Center, Machinery Division, Gas Turbine & Machinery Company Executive Officer General Manager, Machinery Division, Gas Turbine & Machinery Company Managing Executive Officer President, Gas Turbine & Machinery Company Senior Vice President President, Gas Turbine & Machinery Company (current position)	35,000 shares
6	Nobumitsu Kambayashi (May 28, 1948)	Apr. 1971 Jun. 2005 Apr. 2008 Jun. 2009 Apr. 2010 Oct. 2010	Joined Kawasaki Heavy Industries, Ltd. Senior Vice President Senior Manager, Marketing & Sales Division, Kawasaki Shipbuilding Corporation Managing Executive Officer General Manager, Corporate Business Development Division, Kawasaki Heavy Industries, Ltd. Senior Vice President, Kawasaki Shipbuilding Corporation Senior Vice President General Manager, Corporate Business Development Division, Kawasaki Heavy Industries, Ltd. Senior Executive Vice President, Kawasaki Shipbuilding Corporation Senior Vice President Kawasaki Heavy Industries, Ltd. President, Kawasaki Shipbuilding Corporation Senior Vice President President, Ship & Offshore Structure Company (current position) [Significant concurrent position] Chairman, Nantong COSCO KHI Ship Engineering Co., Ltd.(note)	34,000 shares

No.	Name (Date of Birth)	Abridged Personal Records, Positions and Duties [Significant concurrent positions]		Shares of the Company
7	Kyohei Matsuoka (Sep. 16, 1949)	Apr. 1973 Apr. 2006 Apr. 2008 Apr. 2009 Jun. 2009	Joined Kawasaki Heavy Industries, Ltd. Executive Officer General Manager, Planning & Control Division, Rolling Stock & Construction Machinery Company Managing Executive Officer Vice President, Rolling Stock Company Managing Executive Officer President, Rolling Stock Company Senior Vice President President, Rolling Stock Company (current position)	60,000 shares
8	Hiroshi Takata (Jan. 5, 1950)	Apr. 1972 Apr. 2006 Apr. 2007 Apr. 2009 Jun. 2009 Apr. 2010	Joined Kawasaki Heavy Industries, Ltd. Senior Manager, Quality Division, Consumer Products & Machinery Company General Manager, Research & Development Division, Consumer Products & Machinery Company Managing Executive Officer President, Consumer Products & Machinery Company Senior Vice President President, Consumer Products & Machinery Company Senior Vice President President, Motorcycle & Engine Company (current position)	37,000 shares
9	Toshikazu Hayashi (Dec. 3, 1946)	Apr. 1969 Apr. 2005 Jun. 2010 Oct. 2010	Joined Kawasaki Heavy Industries, Ltd. President, Kawasaki Plant Systems, Ltd. Director, Kawasaki Heavy Industries, Ltd. President, Kawasaki Plant Systems, Ltd. Senior Vice President President, Plant & Infrastructure Company (current position)	33,000 shares
10	Makoto Sonoda (Dec. 7, 1948)	Apr. 1971 Jun. 2005 Jun. 2007 Jun. 2010 Oct. 2010	Joined Kawasaki Heavy Industries, Ltd. Senior Vice President, Kawasaki Precision Machinery, Limited. President, Kawasaki Precision Machinery, Limited. Director, Kawasaki Heavy Industries, Ltd. President, Kawasaki Precision Machinery, Limited. Senior Vice President President, Precision Machinery Company (current position)	34,000 shares
11	Shigeru Murayama (Feb. 27, 1950)	Apr. 1974 Apr. 2005 Apr. 2008 Apr. 2010 Jun. 2010	Joined Kawasaki Heavy Industries, Ltd. Executive Officer Vice President, Aerospace Company Managing Executive Officer Vice President, Aerospace Company Managing Executive Officer President, Aerospace Company Senior Vice President President, Aerospace Company (current position)	83,000 shares

(note) Nobumitsu Kambayashi is concurrently Chairman of Nantong COSCO KHI Ship Engineering Co., Ltd., and we have transactions with this corporation in the following businesses.

- Guaranteeing borrowings from the bank to Nantong COSCO KHI Ship Engineering Co., Ltd.
- Sales of marine diesel engines, etc.

There is no special conflict of interest between the Company and the other candidates.