

Financial Results for FY2013 (for the year ended March 31, 2014)

April 25, 2014

Kawasaki Heavy Industries, Ltd.

 **Kawasaki**
Powering your potential

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Summary of Financial Results

(Billion Yen)

	FY2012	FY2013		Change	
	Actual	Forecast [※] in January	Actual	vs. FY2012	vs. Forecast in January
Orders Received	1,369.5	1,450.0	1,455.4	+ 85.8	+ 5.4
Net Sales	1,288.8	1,400.0	1,385.4	+ 96.6	- 14.6
Operating Income	42.0	63.0	72.3	+ 30.2	+ 9.3
Recurring Profit	39.3	53.0	60.6	+ 21.2	+ 7.6
Net Income	30.8	34.0	38.6	+ 7.7	+ 4.6
Before-tax ROIC	6.1%	7.4%	8.1%	+ 2.0%	+ 0.7%

vs. FY2012

< Orders Received >

Increased as a whole due to increase in orders received in Motorcycle & Engine, Precision Machinery and Ship & Offshore Structure segments, despite decrease in some other segments

< Net Sales >

Increased as a whole due to increase in Motorcycle & Engine and Aerospace segments, despite decrease in Plant & Infrastructure and Ship & Offshore Structure segments

< Profits >

Increased significantly due to increased profits in Motorcycle & Engine, Aerospace and Rolling Stock segments

Weighted-average exchange rates

Yen / US\$	82.86
Yen / EUR	107.76

99.63
134.56

(For Reference)
FX Exposure on profit in FY2013 (Billion)

US\$	EUR
2.19	0.25

※Assumed exchange rates for forecast in January : 100Yen = US\$ 135Yen = EUR

Financial Results by Segment

(Billion Yen)

	Orders Received			Net Sales			Operating Income		
	FY2012	FY2013	Change	FY2012	FY2013	Change	FY2012	FY2013	Change
Ship & Offshore Structure	105.7	117.8	+ 12.1	90.3	80.8	- 9.4	4.1	- 2.0	- 6.1
Rolling Stock	124.4	133.0	+ 8.6	129.9	147.9	+ 17.9	2.2	7.5	+ 5.3
Aerospace	283.4	286.3	+ 2.8	239.1	280.7	+ 41.5	14.8	26.2	+ 11.4
Gas Turbine & Machinery	255.5	222.0	- 33.5	207.0	189.2	- 17.7	7.0	10.4	+ 3.4
Plant & Infrastructure	113.6	103.9	- 9.6	115.8	103.8	- 11.9	9.7	6.3	- 3.4
Motorcycle & Engine	251.8	322.2	+ 70.3	251.8	322.2	+ 70.3	2.3	16.1	+ 13.7
Precision Machinery	109.7	127.2	+ 17.5	130.4	123.2	- 7.1	8.4	10.4	+ 1.9
Others	125.1	142.6	+ 17.4	124.2	137.2	+ 13.0	1.2	4.4	+ 3.2
Eliminations and corporate※	-	-	-	-	-	-	- 8.0	- 7.2	+ 0.8
Total	1,369.5	1,455.4	+ 85.8	1,288.8	1,385.4	+ 96.6	42.0	72.3	+ 30.2

※ "Eliminations and corporate" includes some expenses incurred at Head Office which were not allocated to each industry segment for internal reporting

Summary of Income Statement

	(Billion Yen)		
【 Operating Income 】	+ 30.2 (FY2012 42.0 → FY2013 72.3)		
Net sales	+	96.6	(1,288.8 → 1,385.4)
(Excluding the effect of change in FIA accounting methodology※)	(+)	134.1	(1,288.8 → 1,422.9)
Cost of sales	+	54.8	(1,085.4 → 1,140.2)
(Excluding the effect of change in FIA accounting methodology※)	(+)	92.3	(1,085.4 → 1,177.7)
Selling, general & administrative expenses	+	11.4	(161.3 → 172.8)
- Salaries and benefits	+	3.5	(43.0 → 46.6)
- R&D expenses	-	1.3	(41.7 → 40.3)

※ Please see page 25 of Financial Results for FY2013 (Consolidated) concerning change in FIA accounting methodology

【Non-operating Income/Expenses】	- 9.0 (FY2012 - 2.7 → FY2013 - 11.7)		
Net Interest expense (incl. dividend income)	-	0.1	(- 2.5 → - 2.6)
Equity in income of unconsolidated subsidiaries and affiliates	-	1.5	(8.5 → 7.0)
Gain and loss on foreign exchange	-	4.8	(- 9.9 → - 14.7)
Others	-	2.4	(1.1 → - 1.3)

【Extraordinary Income/Losses】	- 6.1 (FY2012 6.8 → FY2013 0.7)		
Gain on setting retirement benefits trust	+	3.3	(0 → 3.3)
Gain on transfer of benefit obligation relating to employees' pension fund	-	8.6	(8.6 → 0)
Loss on impairment of fixed assets	-	0.1	(- 0.3 → - 0.4) ^{※1}
Loss on natural disaster	-	2.1	(0 → - 2.1) ^{※2}
Provision for environmental measures	+	1.4	(- 1.4 → 0)

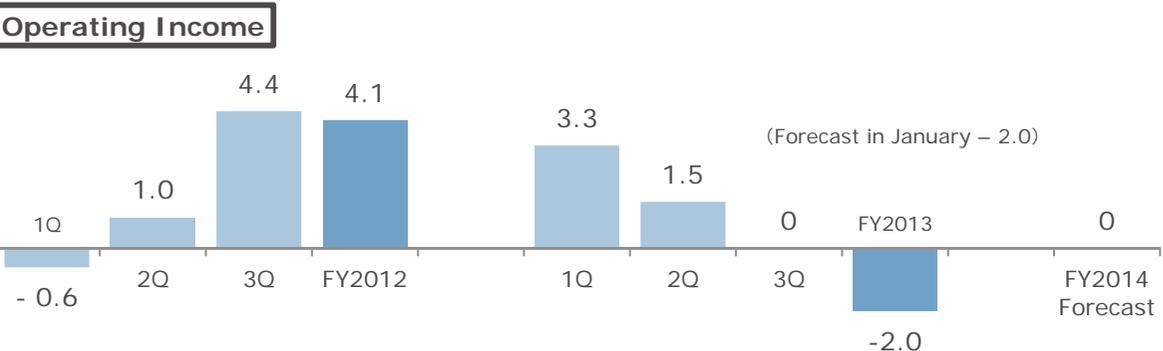
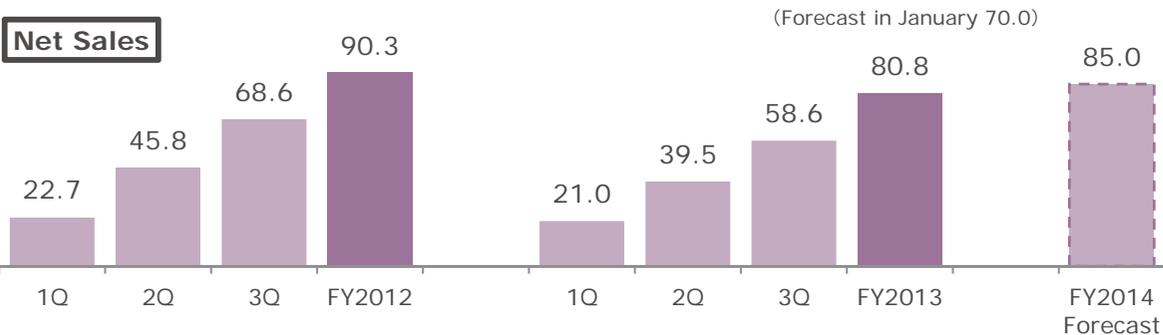
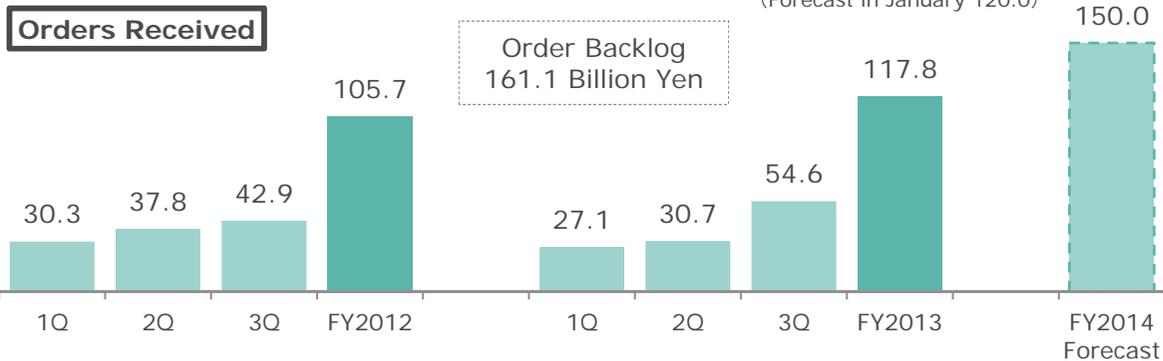
※1 Loss on impairment of idle assets whose book values were written down to the recoverable amounts

※2 Due to loss on fixed assets and inventories of some consolidated subsidiaries caused by heavy snow

Ship & Offshore Structure

Main Products: LNG carriers, LPG carriers, Offshore structures, VLCCs, Bulk carriers, Submarines

(Billion Yen / In accumulated amount)



FY2013 (vs. FY2012)

Orders Received: Increased due to orders received for 9 ships including liquefied gas carriers (LNG, LPG) and an offshore service vessel

Net Sales: Decreased due to decrease in amount of shipbuilding of bulk carriers, despite increase in amount of shipbuilding of liquefied gas carriers

Operating Income: Deteriorated to an operating loss due to provision for loss and increase in cost of steel materials

FY2014 Forecast (vs. FY2013)

Orders Received: Expected to increase with orders for liquefied gas carriers and carriers for government and municipal offices

Net Sales: Slight increase is expected with increase in amount of shipbuilding of large carriers, despite decrease in amount of shipbuilding of bulk carriers

Operating Income: Expected to improve with increase in revenue and decrease in costs

<Units of Orders Received and Sales of New Building Ships> (unit)

	Orders Received		Sales	
	FY2012	FY2013	FY2012	FY2013
LNG carriers	2	2	2(2)	3(2)
Small-sized LNG carriers			1(1)	1(0)
LPG carriers	1	2	2(1)	2(1)
Offshore service vessel		1		
Bulk carriers	2	4	21(5)	7(2)
Submarines	1		1(1)	2(2)
Total	6	9	27(10)	15(7)

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

	FY2012	FY2013	FY2014	FY2015 [※]
Before-tax ROIC	17.3%	3.4%	0.2%	10.0%

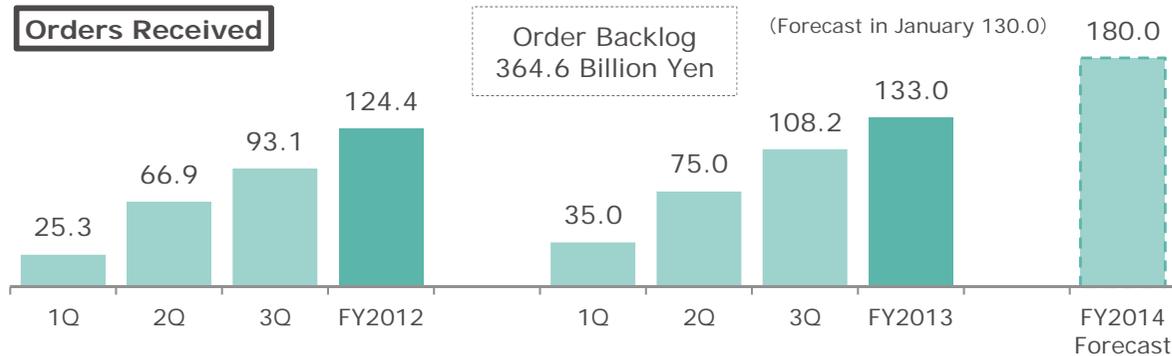
※ Figures of FY2015 (target) is as of April 25, 2013, with assumed exchange rate of 95Yen = US\$

Rolling Stock

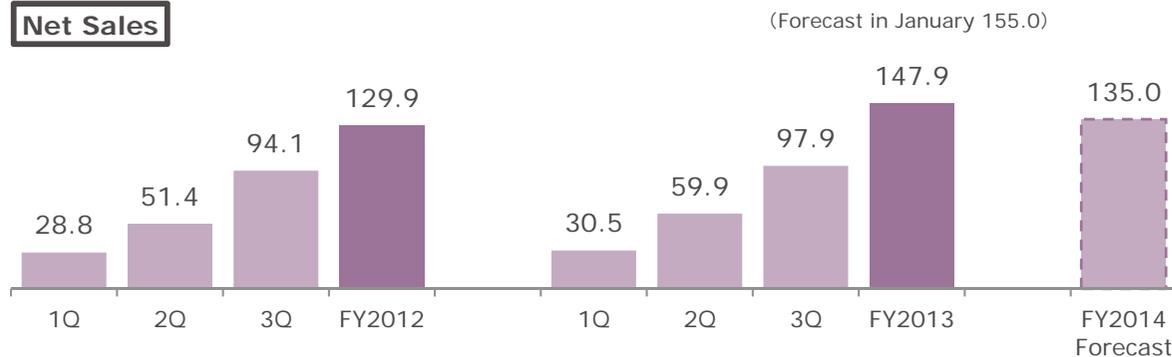
Main Products : Electric train cars (incl. Shinkansen), Electric and diesel locomotives, Passenger coaches, Gigacell® (High-Capacity, Full Sealed Ni-MH Battery)

(Billion Yen / In accumulated amount)

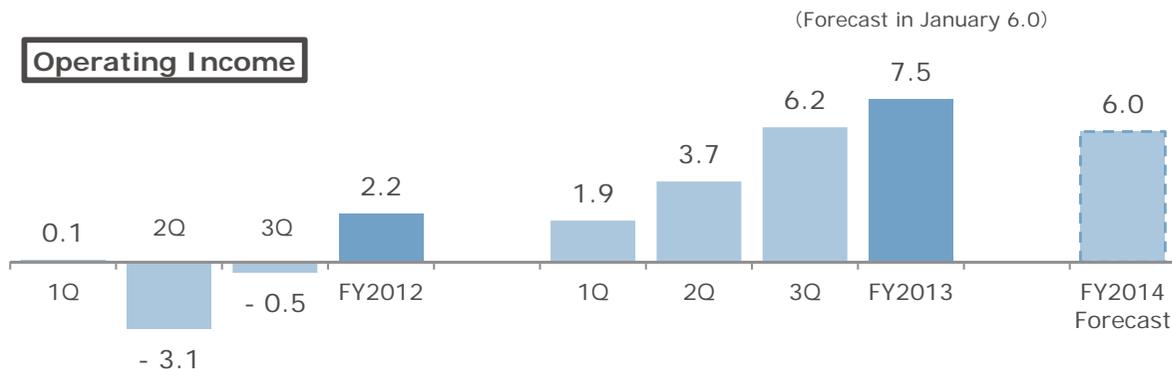
Orders Received



Net Sales



Operating Income



FY2013 (vs. FY2012)

Orders Received: Increased due to orders received for commuter train cars for the Long Island Rail Road and Metro-North Railroad, subway cars for the Washington Metropolitan Area Transit Authority, and the Sapporo City Transportation Bureau

Net Sales: Increased due to sales increase in overseas markets including Singapore and North America

Operating Income: Increased due to cost reduction and the effect of the depreciation of the yen

FY2014 Forecast (vs. FY2013)

Orders Received: Expected to increase with orders for train cars in overseas markets

Net Sales: Expected to decrease with sales decrease in domestic and overseas markets, mainly Asia

Operating Income: Expected to decrease due to sales decrease

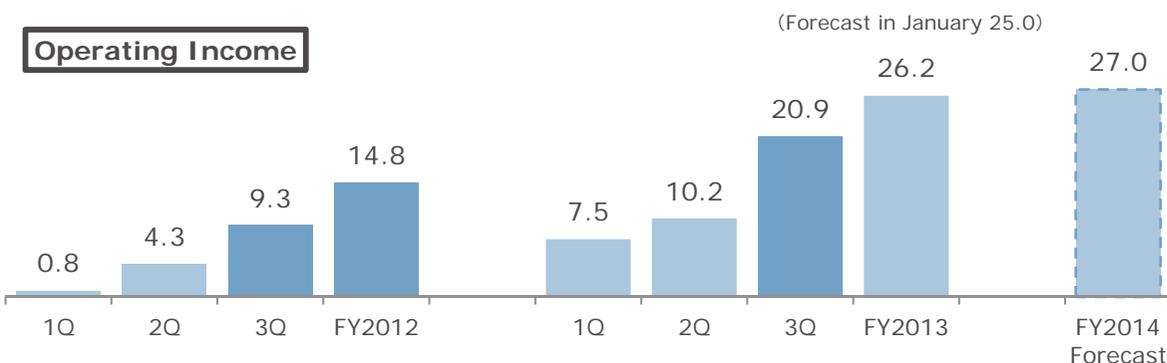
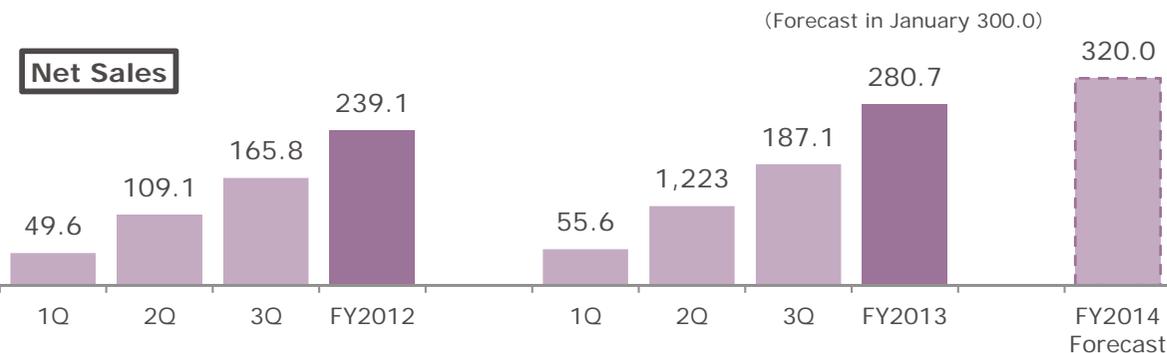
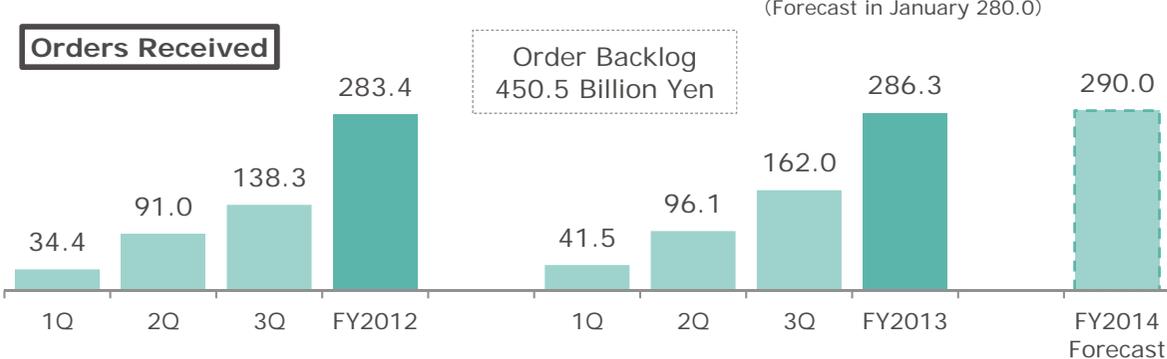
	FY2012	FY2013	FY2014	FY2015*
Before-tax ROIC	4.6%	10.2%	7.9%	15.3%

* Figures of FY2015 (target) is as of April 25, 2013, with assumed exchange rate of 95Yen = US\$

Aerospace

Main Products : Aircrafts for Japan Ministry of Defense, Component parts for commercial aircrafts, Commercial helicopters, Missiles, Space equipment

(Billion Yen / In accumulated amount)



FY2013 (vs. FY2012)

Orders Received: Increased due to increase in orders received for component parts for Boeing 787

Net Sales: Increased due to sales increase for component parts for Boeing 777 and 787, and the Japan Ministry of Defense (MOD)

Operating Income: Increased significantly due to increase in sales and the effect of the depreciation of the yen

FY2014 Forecast (vs. FY2013)

Orders Received: Expected to remain at the same level as the previous fiscal year with orders for component parts for Boeing 777 and 787

Net Sales: Expected to increase with increase in sales for component parts for Boeing 787, and the Japan Ministry of Defense (MOD)

Operating Income: Expected to increase due to sales increase

< Sales units of component parts for commercial aircrafts > (units)

	FY2012	FY2013
Boeing 777	89	99
Boeing 767	25	11
Boeing 787	54	86
Embraer170/175	21	53
Embraer190/195	73	41

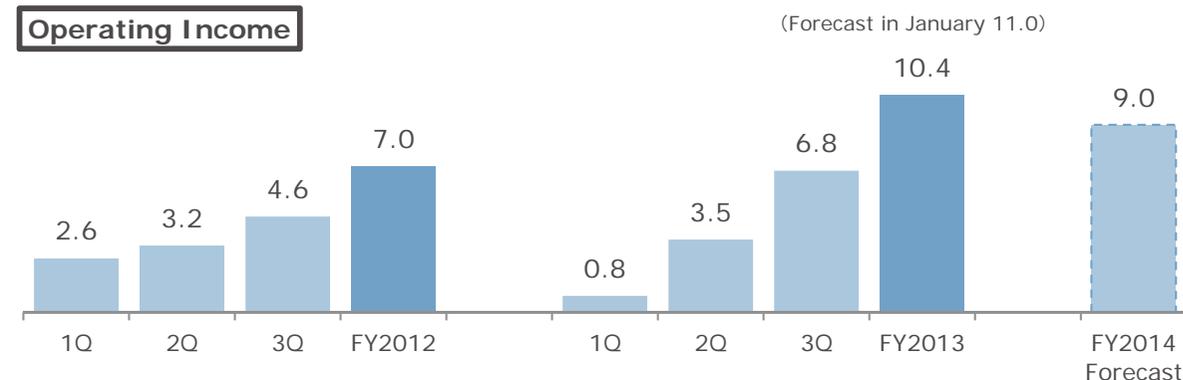
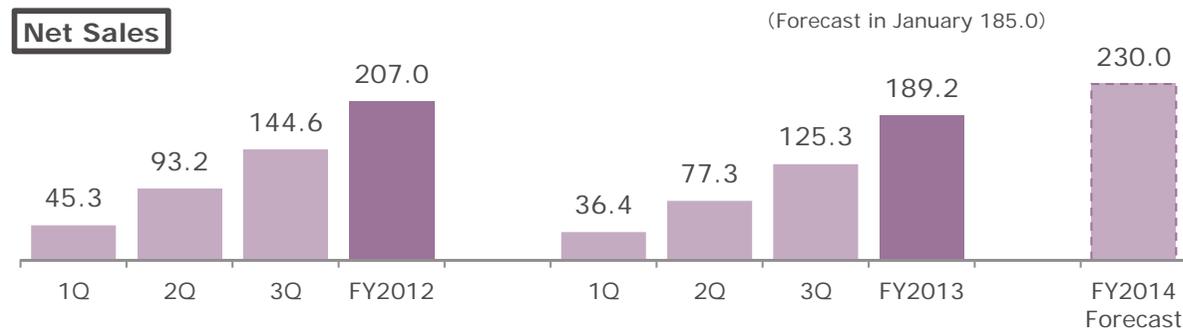
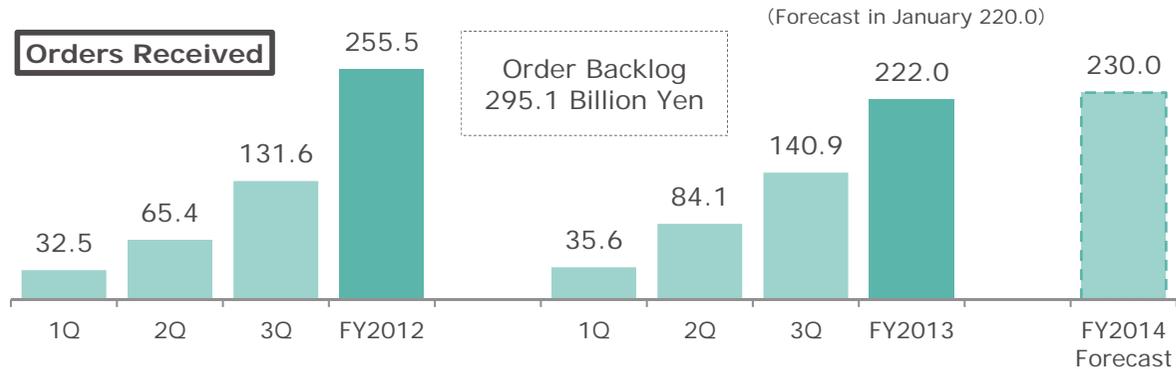
	FY2012	FY2013	FY2014	FY2015*
Before-tax ROIC	15.9%	19.6%	17.7%	12.7%

* Figures of FY2015 (target) is as of April 25, 2013, with assumed exchange rate of 95Yen = US\$

Gas Turbine & Machinery

Main Products : Jet engines, Gas turbine co-generation system, Gas engines, Diesel engines, Gas turbines & steam turbines for marine & land, Marine propulsion system, Aero-dynamic machinery

(Billion Yen / In accumulated amount)



FY2013 (vs. FY2012)

Orders Received: Increased due to increase in orders received for gas engines, and when excluding the decrease due to a change in accounting methodology, component parts of commercial aircraft jet engines

Net Sales: Increased due to increase in sales for gas engines, and when effects of above mentioned change in accounting methodology are excluded, component parts of commercial aircraft jet engines, despite sales decrease in marine diesel engines and marine gas turbines

Operating Income: Increased due to factual sales increase

FY2014 Forecast (vs. FY2013)

Orders Received: Expected to increase with orders for Marine propulsion systems and others

Net Sales: Expected to increase with increase in sales of component parts of commercial aircraft jet engines, marine gas turbines and marine diesel engines

Operating Income: Expected to decrease due to allocation of non-recurring cost for new commercial aircraft jet engines projects

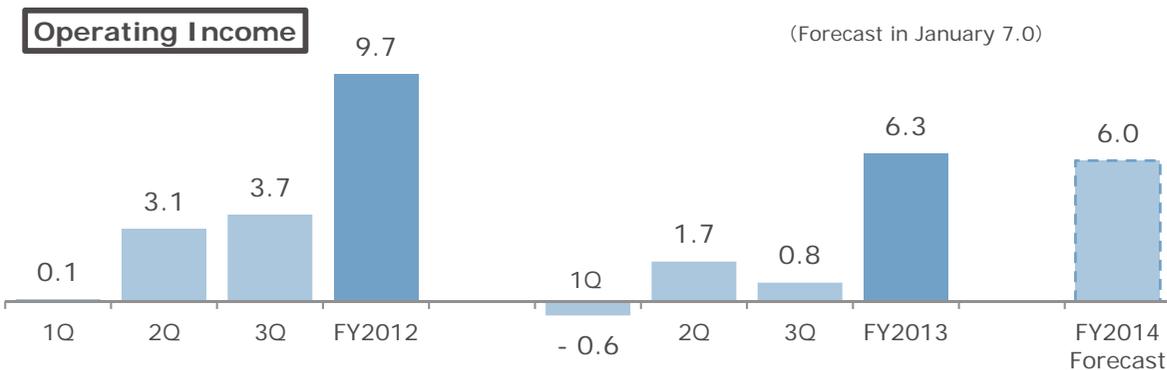
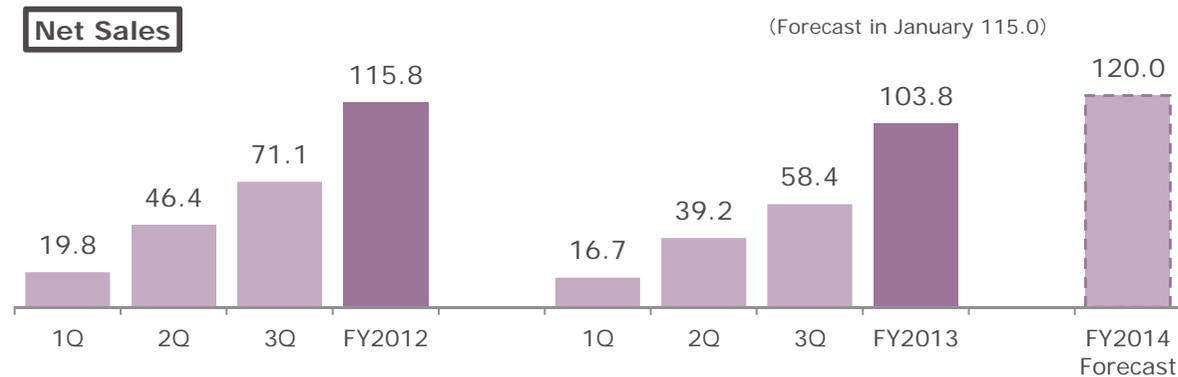
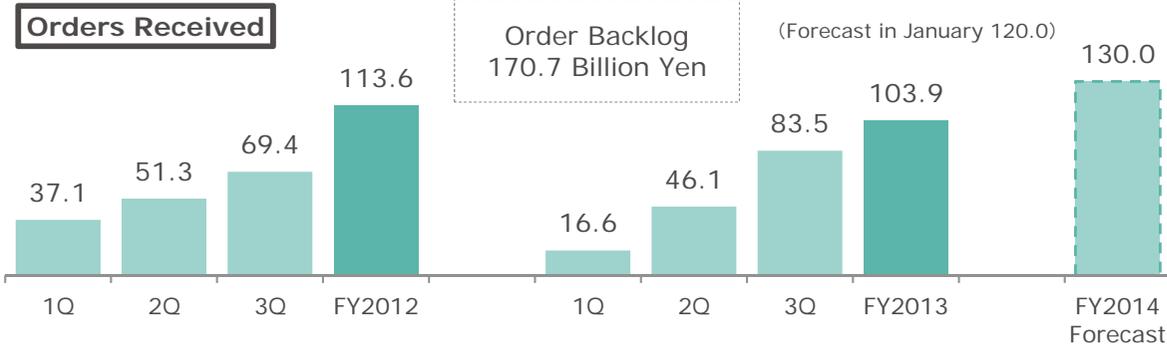
	FY2012	FY2013	FY2014	FY2015*
Before-tax ROIC	5.3%	4.6%	5.1%	7.5%

* Figures of FY2015 (target) is as of April 25, 2013, with assumed exchange rate of 95Yen = US\$

Plant & Infrastructure

Main Products: Industrial plants (cement, fertilizer and others), Power plants, LNG tanks, Municipal refuse incineration plants, Tunnel boring machines, Crushing machines

(Billion Yen / In accumulated amount)



FY2013 (vs. FY2012)

Orders Received: Decreased despite orders received for LNG tanks for the expansion of the Taichung LNG terminal of CPC Corporation, Taiwan

Net Sales: Decreased due to decrease in sales for material handling systems and a large-scale overseas project, despite sales increase from environmental equipment projects

Operating Income: Decreased due to decrease in sales and a lower profit margin

FY2014 Forecast (vs. FY2013)

Orders Received: Expected to increase with increase in orders for environmental equipment projects

Net Sales: Expected to increase with increase in sales for overseas LNG storage tanks, and other overseas projects

Operating Income: Expected to remain at the same level as the previous fiscal year due to decline in profit margin resulting from severe competition

	FY2012	FY2013	FY2014	FY2015*
Before-tax ROIC	21.2%	14.9%	13.5%	15.0%

* Figures of FY2015 (target) is as of April 25, 2013, with assumed exchange rate of 95Yen = US\$

Motorcycle & Engine

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

FY2013 (vs. FY2012)

Net Sales: Increased due to sales increase of motorcycles in the United States and emerging markets, mainly Indonesia and Thailand

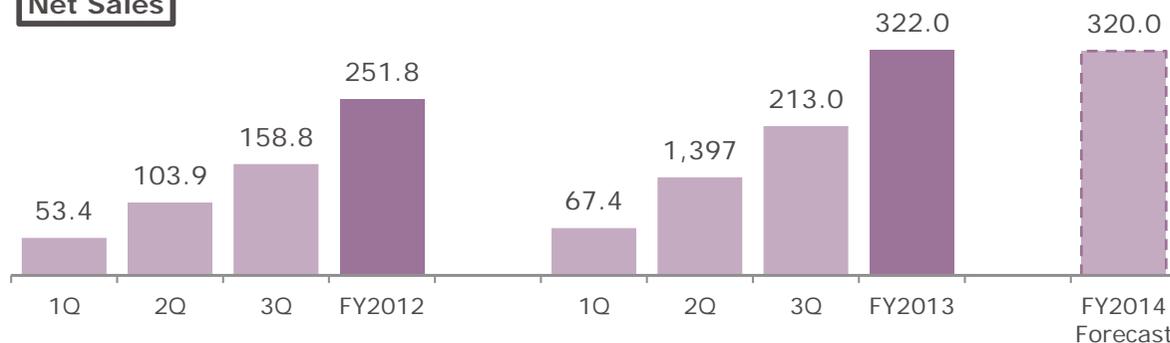
Operating Income: Significantly increased due to sales increase, improvement in profitability and other factors

FY2014 Forecast (vs. FY2013)

Net Sales & Operating Income: Expected to remain at the same level as the previous fiscal year due to there being no significant change in respective markets

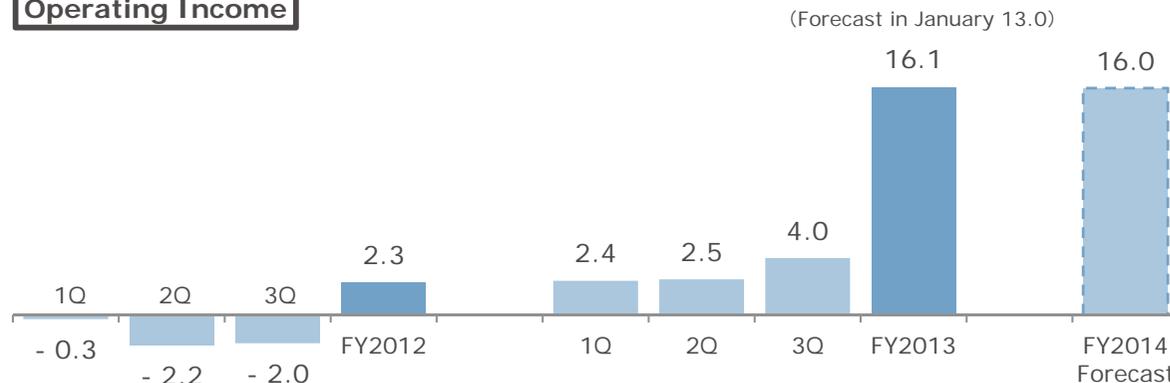
(Billion Yen / In accumulated amount)

Net Sales



(Forecast in January 310.0)

Operating Income



(Forecast in January 13.0)

<Wholesales by Geographic Area for Consumer Products> (Thousands of units / Billion Yen)

	FY2012		FY2013		FY2014 Forecast	
	Unit	Amount	Unit	Amount	Unit	Amount
Domestic	14	12.1	19	14.8	16	12.9
North America (incl. Canada)	118 (74)	79.7	121(70)	100.7	119(70)	96.2
Europe	55	38.5	53	45.8	56	47.3
Emerging Countries & Others	357	86.2	397	116.9	472	120.8
Total	544	216.5	590	278.2	663	277.2

Note: 1) Sales units and amount include the following products.

Units: Motorcycles, All-Terrain Vehicles(ATVs), Utility Vehicles and Personal Watercraft(Jet Ski®)

Amount: The products mentioned above and parts for those products.

2) Figures in the parenthesis () represent motorcycle sales units.

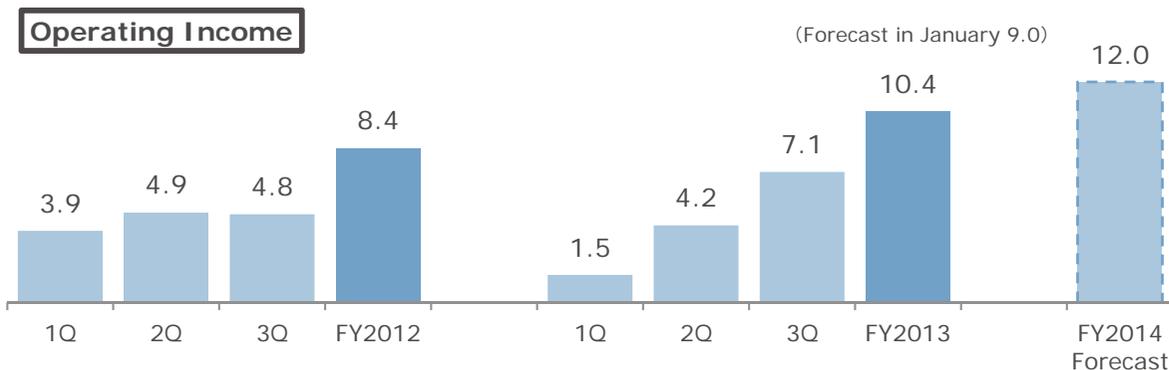
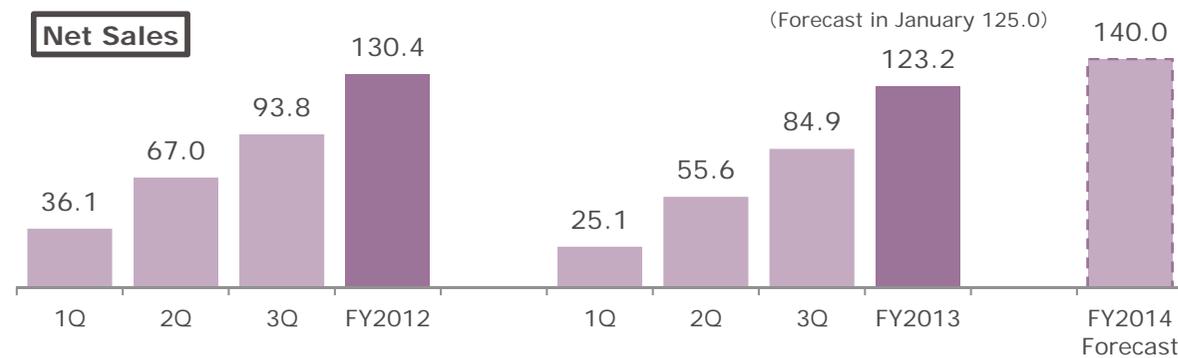
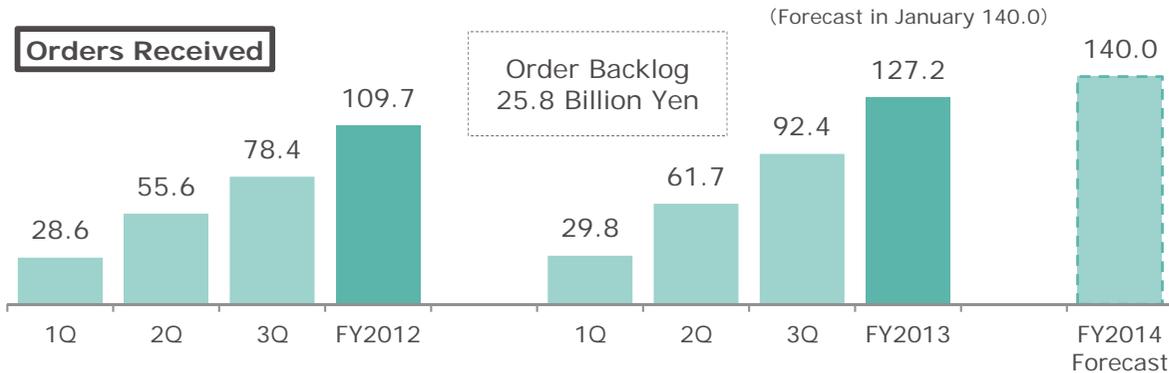
	FY2012	FY2013	FY2014	FY2015*
Before-tax ROIC	3.4%	1.4%	9.2%	14.3%

* Figures of FY2015 (target) is as of April 25, 2013, with assumed exchange rate of 95Yen = US\$

Precision Machinery

Main Products: Hydraulic components (pumps, motors & valves), Hydraulic systems for industrial use, Hydraulic marine machinery, Precision Machinery / Electric-powered devices, Industrial Robots

(Billion Yen / In accumulated amount)



FY2013 (vs. FY2012)

Orders Received: Increased due to increase in orders received for industrial robots for automotive industries and clean robots for semiconductor production equipment

Net Sales: Decreased due to sales decrease of hydraulic components for construction machinery, despite increase in sales for industrial robots for automotive industries and clean robots for semiconductor production equipment

Operating Income: Increased due to increase in sales for industrial robots for automotive industries and clean robots for semiconductor production equipment, and the effect of the depreciation of the yen

FY2014 Forecast (vs. FY2013)

Orders Received: Expected to increase with increase in orders for hydraulic components for construction machinery in emerging countries, mainly China

Net Sales: Expected to increase with recovery of demand for hydraulic components for construction machinery in emerging countries, mainly China, and increase in demand for clean robots for semiconductor production equipment

Operating Income: Expected to increase due to sales increase

	FY2012	FY2013	FY2014	FY2015*
Before-tax ROIC	14.0%	17.5%	16.8%	26.3%

* Figures of FY2015 (target) is as of April 25, 2013, with assumed exchange rate of 95Yen = US\$

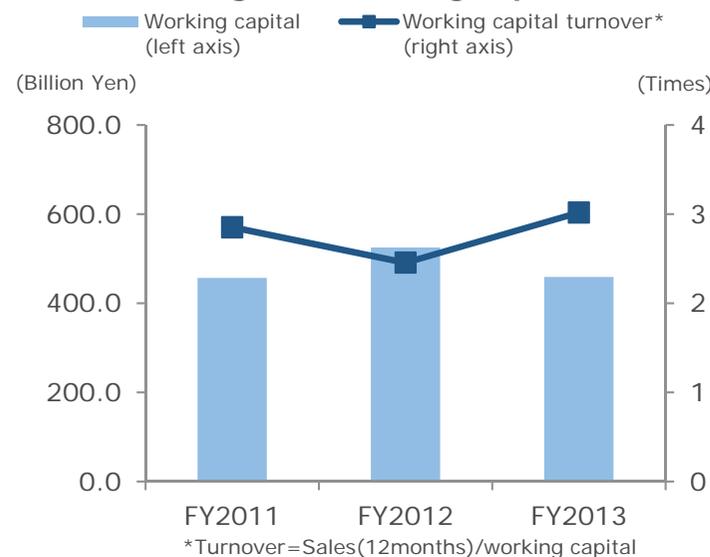
Summary of Balance Sheet

(Billion Yen)

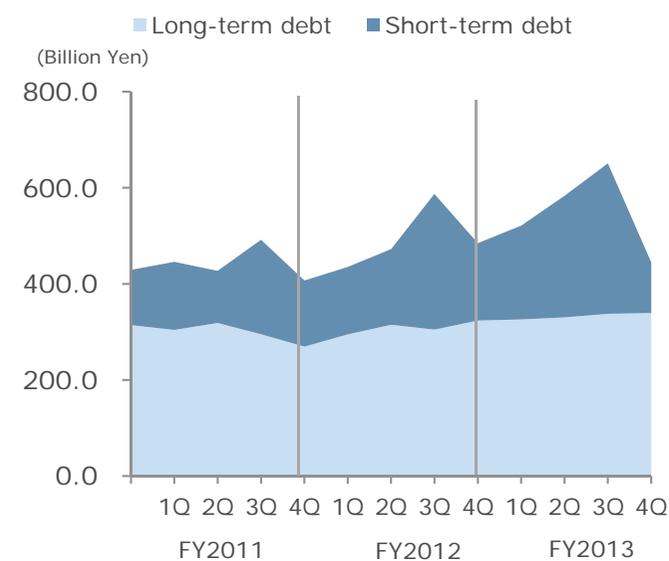
	End of Mar. 2013	End of Mar. 2014	Change
Cash on hand and in banks	38.5	47.9	+ 9.4
Trade receivables	432.6	415.6	- 16.9
Inventories	460.1	458.0	-2.0
Total fixed assets	325.2	401.1	+ 75.9
Other assets	209.7	231.6	+ 21.8
Total assets	1,466.2	1,554.4	+ 88.1
Trade payables	281.0	306.0	+ 24.9
Interest-bearing debt	484.6	444.6	- 40.0
Advances from customers	108.2	137.5	+ 29.3
Other liabilities	242.4	289.4	+ 46.9
Total liabilities	1,116.4	1,177.7	+ 61.3
Total shareholders' equity	357.3	376.2	+ 18.9
Other net assets	- 7.4	0.4	+ 7.8
Total net assets	349.8	376.6	+ 26.8
Total liabilities and net assets	1,466.2	1,554.4	+ 88.1

Ratio of shareholders' equity to total assets	23.0%	23.3%
Net Debt Equity Ratio	131.9%	109.3%

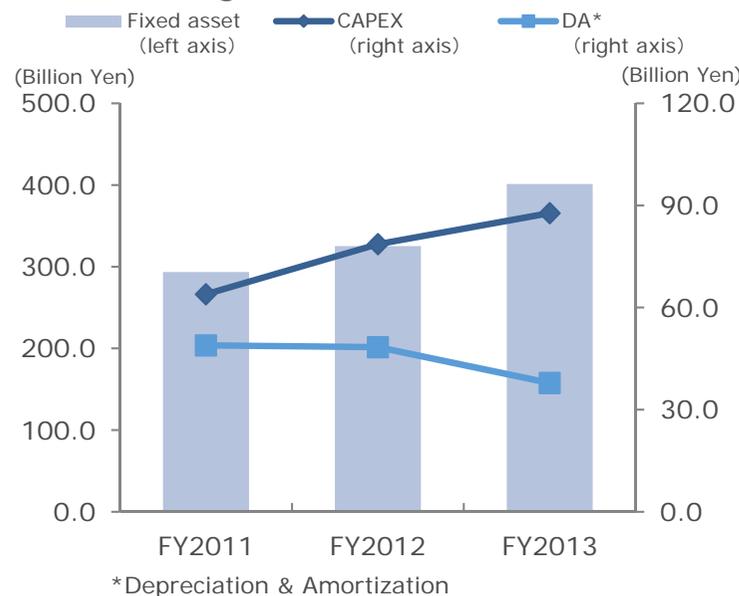
【Changes in working capital】



【Changes in interest-bearing debt】



【Changes in CAPEX and others】



【Overview of consolidated B/S】

On March 31, 2014, total assets increased from March 31, 2013, due to capital investments that added to property, plant and equipment, partially offset by a reduction in accounts trade receivable and inventory.

Liabilities on March 31, 2014, increased due mainly to recognition of previously unrecognized retirement and severance benefit liabilities, partially offset by a reduction in interest-bearing debt.

Net assets increased mainly due to net income and foreign currency translation adjustments with depreciation of the yen, partially offset by dividend payments and recognition of the previously unrecognized retirement and severance benefit liabilities.

Summary of Cash Flows

(Billion Yen)

	FY2012	FY2013	Change
Cash flows from operating activities	28.1	151.7	+ 123.6
Cash flows from investing activities	- 81.1	- 77.5	+ 3.6
Free Cash Flows	- 53.0	74.1	+ 127.2
Cash flows from financing activities	57.6	- 62.5	- 120.1

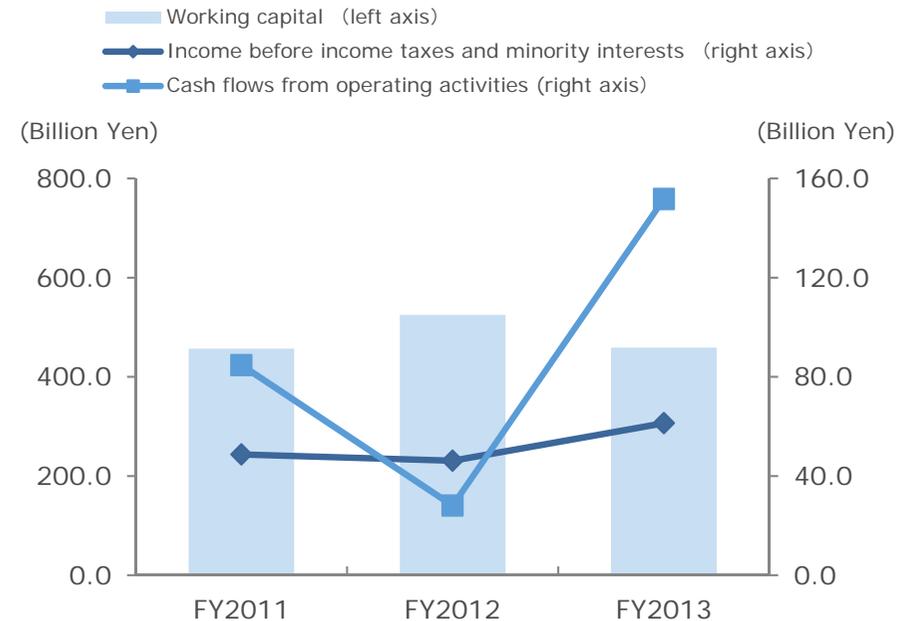
【Overview of consolidated cash flows】

Net cash provided by operating activities increased from the previous year due to depreciation and amortization, increase in advances from customers, increase in trade payable, and decrease in trade receivable, partially offset by cash paid for income tax.

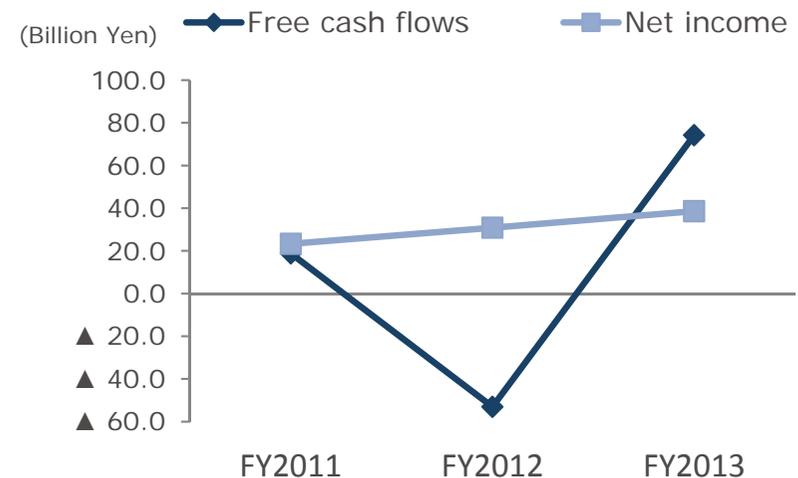
Net cash used for investing activities, such as capital investments that added to property, plant and equipment, decreased from the previous year.

Given the above mentioned changes in cash flows, free cash flows increased from the previous year.

【Changes in cash flows from operating activities and others】



【Changes in free cash flows and net income】



Consolidated Operating Performance

(Billion Yen)

	FY2013 Actual	FY2014 Forecast	Change
Orders Received	1,455.4	1,580.0	+ 124.6
Net Sales	1,385.4	1,490.0	+ 104.6
Operating Income	72.3	73.0	+ 0.7
Recurring Profit	60.6	66.0	+ 5.4
Net Income	38.6	41.0	+ 2.4
Before-tax ROIC	8.1%	8.6%	+ 0.5%

vs. FY2013

< Orders Received >

Expected to increase as a whole due to increase in Ship & Offshore Structure and Rolling Stock segments

< Net Sales >

Expected to increase as a whole due to increase in Aerospace and Gas Turbine & Machinery segments

< Profits >

Expected to increase with our continued profit improvement measures such as reducing fixed costs and other expenses, improving productivity and also through improvement of capital efficiency by ROIC management

Exchange Rates (actual & assumed)

Yen / US\$	99.63	100
Yen / EUR	134.56	135

Note : Assumed rates are applied to the outstanding foreign exchange exposure as of April 25, 2014

(For Reference)

Impact on profit by FX fluctuation of 1 Yen

(Billion Yen)

	Operating Income	Recurring Profit
US\$	2.22	2.33
EUR	0.21	0.20

Forecast by Segment

(Billion Yen)

	Orders Received			Net Sales			Operating Income		
	FY2013 Actual	FY2014 Forecast	FY2015 Target ^{※1}	FY2013 Actual	FY2014 Forecast	FY2015 Target ^{※1}	FY2013 Actual	FY2014 Forecast	FY2015 Target ^{※1}
Ship & Offshore Structure	117.8	150.0		80.8	85.0	135.0	- 2.0	0	6.0
Rolling Stock	133.0	180.0		147.9	135.0	180.0	7.5	6.0	13.0
Aerospace	286.3	290.0		280.7	320.0	270.0	26.2	27.0	20.0
Gas Turbine & Machinery	222.0	230.0		189.2	230.0	250.0	10.4	9.0	13.0
Plant & Infrastructure	103.9	130.0		103.8	120.0	140.0	6.3	6.0	8.0
Motorcycle & Engine	322.2	320.0		322.2	320.0	300.0	16.1	16.0	15.0
Precision Machinery	127.2	140.0		123.2	140.0	190.0	10.4	12.0	22.0
Others	142.6	140.0		137.2	140.0	135.0	4.4	4.0	
Eliminations and corporate ^{※2}	-	-		-	-	-	- 7.2	-7.0	- 7.0
Total	1,455.4	1,580.0		1,385.4	1,490.0	1,600.0	72.3	73.0	90.0

※1: Figures of FY2015 (Target) is as of April 25, 2013, with assumed exchange rate of 95Yen = US\$

※2: "Eliminations and corporate" includes some expenses incurred at Head Office which are not allocated to each industry segment for internal reporting

R&D/CAPEX/Number of Employees

(Billion Yen / Persons)

	FY2012 Actual	FY2013 Actual	FY2014 Forecast
R&D Expenses	41.7	40.3	46.0
CAPEX (Construction Base)	78.6	87.7	91.0
Depreciation & Amortization	48.3	37.8	47.0
Domestic	25,222	25,531	26,200
Overseas	8,788	9,089	8,900
Number of Employees	34,010	34,620	35,100

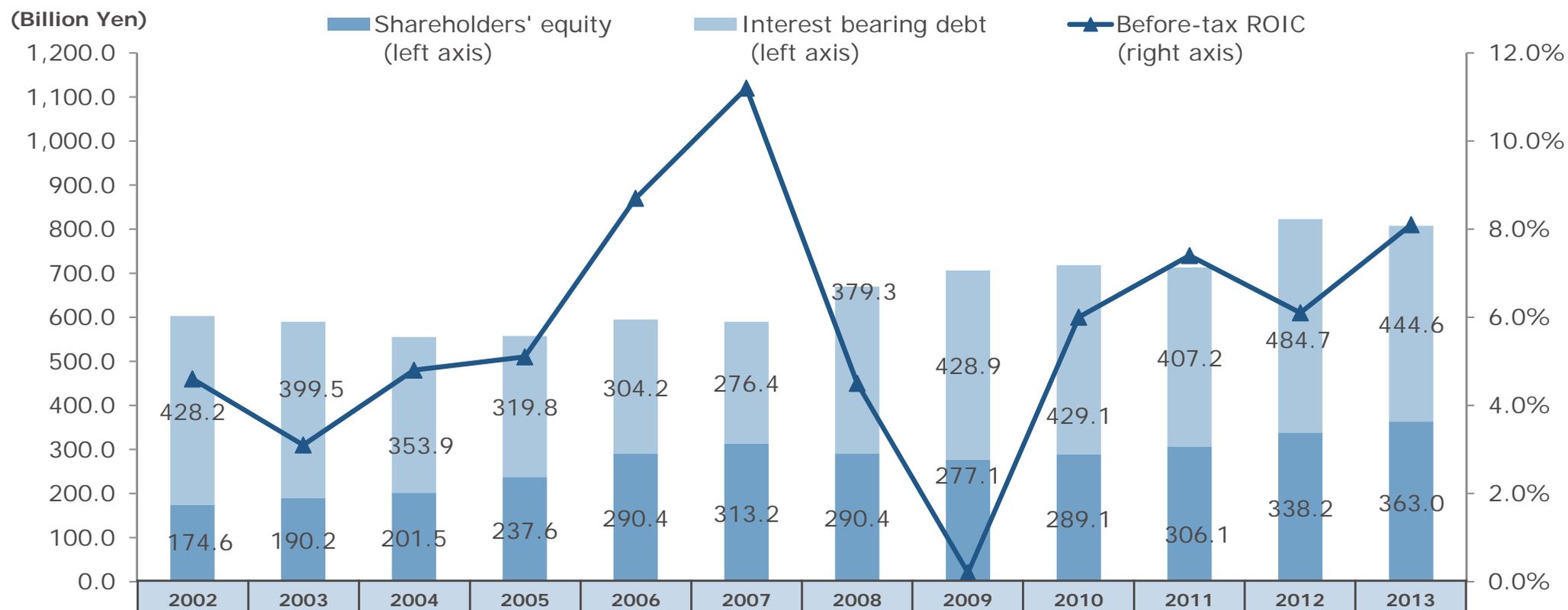
· Capital expenditures represent the total of newly recorded property, plant and equipment and newly recorded intangible assets.
 Depreciation/amortization represents depreciation/amortization expenses for property, plant and equipment and intangible assets.

Before-tax ROIC by Segment

	Before-tax ROIC ((EBIT+ Interest Expense)/ Invested Capital)				Operating Income Margin (Operating Income / Net Sales)				Asset Turnover (Times) (Net Sales / Total Assets)			
	FY2012 Actual	FY2013 Actual	FY2014 Forecast	FY2015 Target [※]	FY2012 Actual	FY2013 Actual	FY2014 Forecast	FY2015 Target [※]	FY2012 Actual	FY2013 Actual	FY2014 Forecast	FY2015 Target [※]
Ship & Offshore Structure	17.3%	3.4%	0.2%	10.0%	4.6%	-2.4%	0.0%	4.4%	0.80	0.62	0.70	
Rolling Stock	4.6%	10.2%	7.9%	15.3%	1.7%	5.1%	4.4%	7.2%	0.79	0.92	1.00	
Aerospace	15.9%	19.6%	17.7%	12.7%	6.1%	9.3%	8.4%	7.4%	0.76	0.80	0.90	
Gas Turbine & Machinery	5.3%	4.6%	5.1%	7.5%	3.3%	5.5%	3.7%	5.2%	0.82	0.67	0.80	
Plant & Infrastructure	21.2%	14.9%	13.5%	15.0%	8.4%	6.0%	5.0%	5.7%	1.00	0.94	1.10	
Motorcycle & Engine	3.4%	1.4%	9.2%	14.3%	0.9%	4.9%	5.0%	5.0%	0.92	1.27	1.40	
Precision Machinery	14.0%	17.5%	16.8%	26.3%	6.4%	8.4%	8.5%	11.6%	1.13	0.98	1.10	
Total	6.1%	8.1%	8.6%	11.0%	3.2%	5.2%	4.9%	5.6%	0.87	0.89	0.90	

※ Figures of FY2015 (Target) is as of April 25, 2013, with assumed exchange rate of 95Yen = US\$

Appendix. Historical Data



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Before-tax ROIC	4.6%	3.1%	4.8%	5.1%	8.7%	11.2%	4.5%	0.2%	6.0%	7.4%	6.1%	8.1%
Invested Capital	602.7	589.6	555.3	557.3	594.6	589.6	669.7	705.9	718.2	713.2	822.8	807.6
Net Sales	1,239.5	1,160.2	1,241.5	1,322.4	1,438.6	1,501.0	1,338.5	1,173.4	1,226.9	1,303.7	1,288.8	1,385.4
Operating Profit	31.3	22.2	24.7	41.7	69.1	76.9	28.7	-1.3	42.6	57.4	42.0	72.3
Recurring Profit	16.2	12.1	21.0	30.8	49.0	63.9	38.7	14.2	49.1	63.6	39.3	60.6
Net Income	13.0	6.3	11.4	16.4	29.7	35.1	11.7	-10.8	25.9	23.3	30.8	38.6

Yen / US\$	120	113	108	112	117	115	101	93	86	79	82	99
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Kawasaki, Working as one for the good of the planet

Figures recorded in the business forecasts are forecasts that reflect the judgment of the Company based on the information available at the time of release and include risks and uncertainties. Accordingly, the Company cautions investors not to make investment decisions solely on the basis of these forecasts.

Actual business results may differ materially from these business forecasts due to various important factors resulting from changes in the external environment and internal environment. Important factors that may affect actual business results include, but are not limited to, economic conditions, the yen exchange rate against the U.S. dollar and other currencies, the tax system, and laws and regulations.