

Report of Extraordinary Impairment Loss and Notice Regarding Revision to Year-End  
Dividend Forecast for the Fiscal Year Ending March 31, 2012

Kawasaki Heavy Industries, Ltd.(KHI) today has announced recognition of extraordinary impairment loss and revision of the dividend forecast for performance published on January 31, 2012 for the fiscal year ending March 31, 2012.

1. Report of Extraordinary Impairment Loss

In the consolidated and unconsolidated results of operations for the fiscal year ended March 31, 2012, KHI has recorded an extraordinary impairment loss of approximately ¥13,400 million.

KHI recognized an impairment loss in Ship & Offshore Structure segment in consideration of recoverability of the related domestic fixed assets. This loss mainly resulted from falling shipbuilding prices due to the depressed shipping market, strong yen, and the steel price difference between domestic and international markets.

As for the performance outlook for this fiscal year, it is expected that operating income and recurring profit forecast is going to be achieved. Detailed financial result is going to be disclosed on earnings announcement day in April.

2. Revision of the year-end dividend forecast for the fiscal year ending March 31, 2012.

	End of Second Quarter	Year End	Annual
Previous forecast announced on January 31, 2012	—	¥4.00	¥4.00
Revised forecast announced today	—	¥5.00	¥5.00
Current year actual	¥0.00	—	—
Previous year actual (for the fiscal year ended March 31, 2011)	¥0.00	¥3.00	¥3.00

KHI's 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.

KHI expected to pay cash dividend ¥4.00 per share for the year ending March 31, 2012 in the previously announced forecast. After taking into consideration the current operating environment, KHI has decided to publish the above revisions to the year-end dividend forecast.