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Cash Dividend for the Second Half of Fiscal Year Ending March 31, 2003

Kawasaki Heavy Industries, Ltd. (KHI), is scheduled to resume payment of cash dividends for the second half of fiscal year ending March 31, 2003, as follows.

KHI regrets that it has not paid cash dividends since suspending such payments for the interim and latter six-month periods of fiscal year ended March 31, 2000. However, as a result of the implementation of management policies to enhance profitability in all aspects of its activities, the Company returned to profitability in the previous period and expects to attain its target of reporting a profit of the parent company for the current period.

Although KHI continues to confront a challenging operating environment, the Company believes it is establishing a stable earnings base. Provided there are no major changes in operating conditions, KHI plans to propose the resumption of cash dividend payments at the Regular General Meeting of Shareholders in the latter part of June 2003, to respond to the continuing support of shareholders.

In view of the improvement in profitability, KHI is currently considering paying a dividend of ¥2 per common share for the second half of fiscal year ending March 31, 2003. An announcement will be made in April or later regarding KHI's decision on the proposed dividend.