

FOR RELEASE: October 20, 2005

Notice Concerning Revision of the Outlook for Performance
for the First Half of Fiscal Year ending March 31, 2006

Kawasaki Heavy Industries, Ltd.(KHI) today has announced revision of the outlook for performance for the first half of fiscal year ending March 31, 2006 which was published on April 28, 2005 as follows.

1. Revision of the Outlook for Performance for the First Half of Fiscal Year

(1) Consolidated Performance

(Millions of yen)

	Net sales	Net income
Previous forecast announced on April 28, 2005(A)	590,000	1,000
Revised forecast announced today (B)	593,500	5,200
Change (B) – (A)	3,500	4,200
% Change	0.5%	420.0%
Results for the first half of the previous fiscal year (for reference only)	537,715	3,364

(2) Parent Company Performance

(Millions of yen)

	Net sales	Net income
Previous forecast announced on April 28, 2005(A)	360,000	1,000
Revised forecast announced today (B)	361,400	2,600
Change (B) – (A)	1,400	1,600
% Change	0.3%	160.0%
Results for the first half of the previous fiscal year (for reference only)	357,843	(1,606)

2. Reasons for the Revision

There is no large change in the outlook of net sales compared to the previous forecast.

KHI expects increase of net income due to the effects of implementation of measures to enhance profitability such as cost reduction including fixed cost cuts

in addition to the effects of yen depreciation.

The Outlook for performance for fiscal year ending March 31, 2006 which was announced on April 28, 2005 remains unchanged.

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