FOR RELEASE: April 21, 2010

Notice Concerning Revision of the Outlook for Performance and Report of Extraordinary Items for the Fiscal Year Ended March 31, 2010

Kawasaki Heavy Industries, Ltd.(KHI) today has announced revision of the outlook for performance published on January 29, 2010 and recognition of extraordinary items for the fiscal year ending March 31, 2010 as follows.

1. Revision of the Outlook for Performance for the fiscal year ended March 31, 2010 (Consolidated)

	Net sales (Mill. yen)	Operating income (Mill. yen)	Recurring Profit (Mill. yen)	Net income (Mill. yen)	Earnings per share (Yen)
Previous forecast announced on Jan. 29, 2010 (A)	1,180,000	5,000	10,000	3,000	1.79
Revised forecast announced today (B)	1,173,400	(1,300)	14,200	(10,800)	(6.47)
Change (B-A)	(6,600)	(6,300)	4,200	(13,800)	N/A
% Change	(0.5%)	N/A	42.0%	N/A	N/A
Results for the previous fiscal year (for reference only)	1,338,597	28,713	38,718	11,727	7.02

2. Reasons for the Revision

There is no significant change for net sales from the previously announced forecast.

The forecast for operating income is expected to decrease from the previously announced forecast because of severe competition in a long dull US market in Consumer Products & Machinery segment, change of delivery date and decrease of profitability in some products.

The forecast for recurring profit is expected to increase from the previously announced forecast because of yen depreciation comparing to the expected foreign exchange rate used for the forecast announced in January 29, 2010 (KHI expected as ¥90=1US$ then.), increase of equity in income of nonconsolidated subsidiaries and affiliates and presentation of some expenses as extraordinary losses.

Net income is expected to decrease from the previously announced forecast because of recognition of business structure improvement expenses and loss on impairment of fixed assets reported as extraordinary losses and because of establishment of valuation allowance for deferred tax assets.

3. Report of extraordinary items

Our Consumer Products & Machinery segment has been going forward with inventory adjustment to adjust the unexpected shrinking market. However, because the competition in the US market is getting severer in accordance with long-term downturn in US economy, KHI expects to accelerate the inventory adjustment and reduce the distribution inventory to the adequate level. And so KHI's board of directors resolved today that KHI establishes the allowance of 6,326 million yen for business structure improvement expenses which is estimated to need to liquidate the excess inventory and recognizes the loss presented as an extraordinary loss.

And expenses of 1,321 million yen on early retirement of employees mainly in the US subsidiaries to reduce fixed costs are also included in the business structure improvement expenses presented as an extraordinary loss.

Furthermore, some consolidated subsidiaries suffering from downturn in business recognize the loss of 3,132 million yen on impairment of fixed assets as an extraordinary loss.

The total amount of losses from extraordinary items is expected to be 19,651 million yen including the losses already recognized during nine months ended December 31, 2009 and other losses recognized during three months ended March 31, 2010.

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