

October 28, 2010

Company name: Kobe Steel, Ltd.
President & CEO: Hiroshi Sato
Stock exchange code number: 5406
Stock exchanges where shares are listed: Tokyo, Osaka and Nagoya, Japan

Announcement on the Difference between Forecast and Actual Results of the First Half of Fiscal 2010

TOKYO, October 28, 2010 – Kobe Steel, Ltd. announces a difference between its forecast of the first half of fiscal 2010, released on July 29, 2010, and the actual results of the first half of fiscal 2010 announced today.

Difference between forecast of consolidated first half fiscal 2010 results and actual results (April 1, 2010 – September 30, 2010)

	Net sales	Operating income (loss)	Ordinary income (loss)	Net income (loss)	Earnings (Loss) per share
Previous forecast (A)	940,000	55,000	40,000	25,000	8.32 yen
Actual results (B)	922,055	69,843	49,326	29,452	9.80 yen
Change (B-A)	(17,944)	14,843	9,326	4,452	
% change	(1.9%)	27.0%	23.3%	17.8%	
FY2009 1st half	788,178	(24,644)	(44,242)	(45,314)	(15.09 yen)

Figures are in millions of yen unless otherwise indicated. Sums under 1 million yen have been omitted.

Difference between forecast of nonconsolidated first half fiscal 2010 results and actual results (April 1, 2010 – September 30, 2010)

	Net sales	Operating income (loss)	Ordinary income (loss)	Net income (loss)	Earnings (Loss) per share
Previous forecast (A)	550,000	20,000	10,000	15,000	4.98 yen
Actual results (B)	537,026	29,012	15,490	17,454	5.80 yen
Change (B-A)	(12,973)	9,012	5,490	2,454	
% change	(2.4%)	45.1%	54.9%	16.4%	
FY2009 1st half	458,901	(40,421)	(47,951)	(36,192)	(12.03 yen)

Figures are in millions of yen unless otherwise indicated. Sums under 1 million yen have been omitted.

Reason for the Difference

In comparison to the previous forecast announced on July 29, 2010, the first half of fiscal 2010 achieved higher profits mainly due to further cost reductions in the Machinery Business and higher than anticipated sales volume in the Aluminum & Copper Business to air conditioner manufacturers on account of the intense heat in the summer season.

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