

Company name: Kobe Steel, Ltd.
 President & CEO: Hiroshi Sato
 Stock exchange code number: 5406

Revision to Earnings Forecast and Interim Dividend Forecast

Revision to Earnings Forecast

TOKYO, July 28, 2011 – Kobe Steel, Ltd. announces its consolidated and nonconsolidated earnings forecast for fiscal 2011.

First half fiscal 2011 consolidated forecast (April 1, 2011 – September 30, 2011)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
FY2010 results (A)	922,055	69,843	49,326	29,452	9.80 yen
Current forecast (B)	980,000	35,000	25,000	10,000	3.33 yen
Change (B-A)	57,944	(34,843)	(24,326)	(19,452)	
% change	6.3	(49.9)	(49.3)	(66.0)	

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

Fiscal 2011 consolidated forecast (April 1, 2011 – March 31, 2012)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
FY2010 results (A)	1,858,574	124,550	89,082	52,939	17.63 yen
Current forecast (B)	1,990,000	75,000	50,000	20,000	6.66 yen
Change (B-A)	131,425	(49,550)	(39,082)	(32,939)	
% change	7.1	(39.8)	(43.9)	(62.2)	

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

First half fiscal 2011 nonconsolidated forecast (April 1, 2011 – September 30, 2011)

	Net sales	Ordinary income	Net income	Earnings per share
FY2010 results	537,026	15,490	17,454	5.80 yen
Current forecast (B)	560,000	0	0	0.00 yen
Change (B-A)	22,973	(15,490)	(17,454)	
% change	4.3	---	---	

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

Fiscal 2011 nonconsolidated forecast (April 1, 2011 – March 31, 2012)

	Net sales	Ordinary income (loss)	Net income	Earnings per share
FY2010 results	1,090,108	28,127	30,345	10.09 yen
Current forecast (B)	1,170,000	(10,000)	0	0.00 yen
Change (B-A)	79,891	(38,127)	(30,345)	
% change	7.3	---	---	

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Summary of Earnings Forecast

The world economy in fiscal 2011, ending March 2012, is anticipated to gradually improve. Although the economy on the whole is improving, further monetary tightening in China, rising crude oil prices and other factors are eroding the purchasing power of developed countries, an issue of concern. In Japan, the economy is anticipated to turn toward recovery from the second quarter (July-September period) onward. Although there is continued concern on the stability of the electric power supply, the effect of the Great East Japan Earthquake is generally anticipated to lessen.

Except for sales of hydraulic excavators in China having dipped since April, overseas demand in each of the Kobe Steel Group's business segments is seen on the whole to remain strong. In Japan, automobile sales, which dropped sharply after the earthquake, are anticipated to return to normal from the second quarter. Kobe Steel has made assumptions on uncertain factors including prices for steel raw materials and sales prices for steel products. Consequently, for fiscal year 2011, Kobe Steel anticipates achieving consolidated sales of approximately 1,990 billion yen, ordinary income of approximately 50.0 billion yen, and net income of approximately 20.0 billion yen.

For more quantitative information, please refer to "Kobe Steel's Consolidated Financial Results Summary for First Quarter Fiscal 2011 (April 1 – June 30, 2011)" dated July 28, 2011.

Revision to Interim Dividend Forecast

Kobe Steel, Ltd., at its Board of Directors meeting held today, July 28, 2011, decided on a policy to pay an interim dividend for fiscal 2011.

1. Revision of dividend Forecast

Date of record	Dividend per share		
	End of second quarter (September 30, 2011)	End of fiscal year (March 31, 2012)	Full fiscal year
Previous forecast (announced Apr. 27, 2011)	---	---	---
Current forecast	1.00 yen	---	---
FY2011 results	---	---	---
FY2010 results	1.50 yen	1.50 yen	3.00 yen

2. Reasons for the Revision

Kobe Steel's basic policy for dividend payments is continuous and stable distribution. Dividends are decided upon taking into account the Company's financial condition, trends in its business performance, future capital needs, and other issues.

On this basis, Kobe Steel passed a resolution for a dividend of 1 yen per share for the first half of fiscal 2011.

However, as for the dividend at the end of fiscal 2011, there are many uncertainties in factors that need to be taken into consideration and the amount of the dividend cannot be determined at this time.

Note:

This earnings forecast is based on currently available information as of today. Actual business results may differ considerably due to various changeable conditions in the future.

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