

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

## Announcement on Revision to Earnings Forecast and Interim Dividend Forecast for Fiscal 2014, ending March 31, 2015

TOKYO, July 31, 2014 – Kobe Steel, Ltd. has revised its consolidated forecast for fiscal 2014 from the previous forecast made on April 25, 2014, due to recent trends in its business performance. In addition, at the Board of Directors meeting held today, Kobe Steel reached a decision on a policy to pay an interim dividend for fiscal 2014.

### Revision to Earnings Forecast

#### Revision to fiscal 2014 1st half consolidated forecast (April 1, 2014 – September 30, 2014)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	950,000	40,000	25,000	20,000	5.50 yen
Current forecast (B)	940,000	50,000	35,000	30,000	8.25 yen
Change (B-A)	(10,000)	10,000	10,000	10,000	
% change	(1.1%)	25.0%	40.0%	50.0%	
FY2013 results for same period	889,328	54,472	43,147	44,171	14.71 yen

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

#### Revision to fiscal 2014 consolidated forecast (April 1, 2014 – March 31, 2015)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	1,950,000	105,000	80,000	50,000	13.76 yen
Current forecast (B)	1,930,000	105,000	80,000	55,000	15.13 yen
Change (B-A)	(20,000)	—	—	5,000	
% change	(1.0%)	—	—	10.0%	
FY2013 results	1,824,698	114,548	85,044	70,191	22.62 yen

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

### Reason for the Revision

In comparison to the previous forecast on April 25, 2014, in light of the downward trend in steel raw material prices, Kobe Steel has made certain assumptions on the prices of steel products and other uncertain factors. As a result, it forecasts a downward revision in consolidated sales in the first half of fiscal 2014 and for the full fiscal year.

Looking at profits, in the Welding Business, public investments are rising and demand from the shipbuilding industry is on a recovery trend. In addition, in the Aluminum & Copper Business, efforts to expand sales of aluminum can stock are progressing. In the Iron & Steel Business inventory valuation is anticipated to worsen toward the end of the fiscal year. In light of these conditions, Kobe Steel anticipates an upward revision in operating income, ordinary income and net income in the first half of fiscal 2014. Operating income and ordinary income for the full fiscal year remains unchanged from the previous forecast. Owing to anticipated improvement in tax expenses, net income for the full fiscal 2014 is revised upward.

## Revision to Dividend Forecast

Date of record	Dividend per share		
	End of second quarter (September 30, 2014)	End of fiscal year (March 31, 2015)	Full fiscal year
Previous Forecast (announced Apr. 25, 2014)	---	---	---
Current Forecast	2.00 yen	---	---
FY2014 Results	---		
FY2013 Results	0.00 yen	4.00 yen	4.00 yen

### Reason for the Revision

Kobe Steel's basis policy is to provide continuous and stable dividends to its shareholders. Dividends are decided taking into account the Company's financial condition, business performance, future capital needs and other factors from a comprehensive standpoint. With these factors in mind, Kobe Steel has decided on a policy to pay an interim dividend of 2 yen per share for the first half of fiscal 2014.

**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.

**Investor Relations:**

Tel +81 (0)3 5739-6045  
Fax +81 (0)3 5739-5973  
Tokyo, Japan

**Media Contact:**

Tel +81 (0)3 5739-6010  
Fax +81 (0)3 5739-5971  
Tokyo, Japan