

July 1, 2010

PUBLIC NOTICE OF MERGER (Translation)

Dear Shareholders and Creditors,

Kobe Steel, Ltd. would hereby like to give public notice on the merger of its wholly-owned subsidiary SHINKO TASETO CO., LTD. (Headquarters: 100-1, Miyamae, Fujisawa, Kanagawa, Japan) as below. The merger was resolved at meeting of Kobe Steel's Board of Directors convened on April 28, 2010. Kobe Steel, Ltd., as a surviving company, will absorb SHINKO TASETO CO., LTD., which will be dissolved upon the merger. Kobe Steel, Ltd. will succeed to the rights and obligations of SHINKO TASETO CO., LTD. on October 1, 2010 ("Effective Date").

The merger will be conducted through simplified procedures under Article 796.3 of the Companies Act of Japan under which resolution of the shareholders' meeting of Kobe Steel, Ltd. will not be required. Kobe Steel, Ltd. will neither issue new shares nor increase its capital as it owns all shares in SHINKO TASETO CO., LTD.

[Notices]

1. In case that a creditor has an objection to the merger, please express such objection to Kobe Steel, Ltd. during the period from July 2, 2010 to August 1, 2010.
2. Under Article 796.4 of the Companies Act of Japan, in case that a shareholder has an objection to the merger, please express such objection to Kobe Steel, Ltd. during the period from July 1, 2010 to July 14, 2010.
3. In case that a shareholder who has an objection to the merger demands that Kobe Steel, Ltd. should purchase its shares at a fair price under Article 797.1 of the Companies Act of Japan, please express such demand and indicate the number of the shares subject to such demand of purchase to Kobe Steel, Ltd. in writing during the period from September 11, 2010 to September 30, 2010.
4. The latest balance sheets of Kobe Steel, Ltd. and SHINKO TASETO CO., LTD. are disclosed as below:

(Kobe Steel, Ltd.)

Please see the securities report that Kobe Steel, Ltd. submitted under the Financial

Instruments and Exchange Act.

(SHINKO TASETO CO., LTD.)

Please see the page 139 of the Official Gazette dated June 18, 2010 (extra edition No.128).