

## Consolidated Financial Highlights

Kobe Steel, Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2007 and 2006

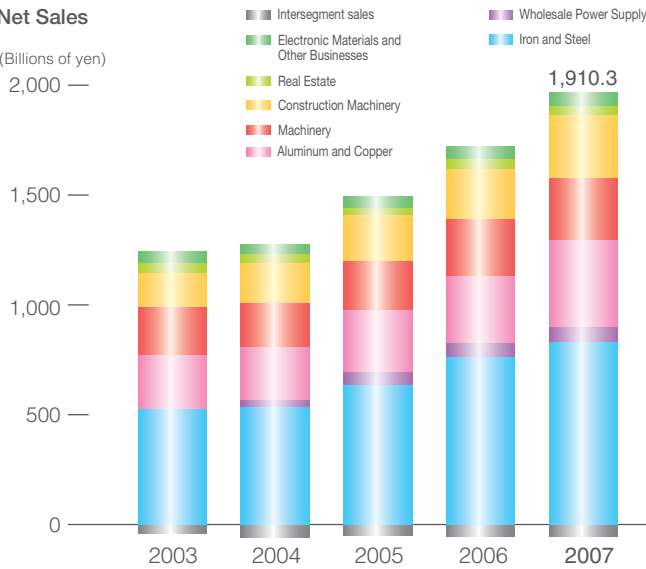
	Millions of yen		Percent change	Thousands of
	2007	2006	2007/2006	U.S. dollars (Note 1) 2007
<b>For the year:</b>				
Net sales	<b>¥1,910,296</b>	¥1,667,313	14.6%	<b>\$16,182,092</b>
Iron and Steel	<b>830,696</b>	758,368	9.5	<b>7,036,815</b>
Wholesale Power Supply	<b>66,858</b>	65,209	2.5	<b>566,353</b>
Aluminum and Copper	<b>397,310</b>	304,945	30.3	<b>3,365,608</b>
Machinery	<b>280,947</b>	259,278	8.4	<b>2,379,898</b>
Construction Machinery	<b>285,383</b>	227,027	25.7	<b>2,417,476</b>
Real Estate	<b>41,362</b>	47,245	(12.5)	<b>350,377</b>
Electronic Materials and Other Businesses	<b>63,579</b>	61,128	4.0	<b>538,577</b>
Total sales	<b>1,966,135</b>	1,723,200	14.1	<b>16,655,104</b>
Intersegment sales	<b>(55,839)</b>	(55,887)	(0.1)	<b>(473,012)</b>
Operating income	<b>208,624</b>	220,395	(5.3)	<b>1,767,251</b>
Iron and Steel	<b>94,589</b>	130,906	(27.7)	<b>801,262</b>
Wholesale Power Supply	<b>18,021</b>	19,530	(7.7)	<b>152,656</b>
Aluminum and Copper	<b>34,671</b>	23,362	48.4	<b>293,698</b>
Machinery	<b>22,132</b>	10,382	113.2	<b>187,480</b>
Construction Machinery	<b>14,803</b>	8,828	67.7	<b>125,396</b>
Real Estate	<b>5,314</b>	5,127	3.6	<b>45,015</b>
Electronic Materials and Other Businesses	<b>14,304</b>	17,465	(18.1)	<b>121,169</b>
Eliminations	<b>4,790</b>	4,795	(0.1)	<b>40,575</b>
Income before income taxes	<b>175,375</b>	152,693	14.9	<b>1,485,599</b>
Net income	<b>109,669</b>	84,559	29.7	<b>929,005</b>
Capital investment	<b>133,649</b>	92,319	44.8	<b>1,132,141</b>
Depreciation and amortization	<b>86,687</b>	79,507	9.0	<b>734,324</b>
Research and development	<b>24,893</b>	24,121	3.2	<b>210,869</b>
<b>At year end:</b>				
Total assets	<b>2,241,570</b>	2,074,242	8.1	<b>18,988,310</b>
Net assets (Note 2)	<b>636,432</b>	530,000	20.1	<b>5,391,207</b>
Interest-bearing debt	<b>621,227</b>	589,101	5.5	<b>5,262,406</b>
Interest-bearing debt including IPP project financing	<b>742,276</b>	720,909	3.0	<b>6,287,810</b>
		Yen	Percent change	U.S. dollars (Note 1)
	2007	2006	2007/2006	2007
<b>Per share data:</b>				
Net income	<b>¥35.37</b>	¥27.94	26.6%	<b>\$0.30</b>
Net assets	<b>194.46</b>	170.65	14.0	<b>1.65</b>
Cash dividends	<b>7.00</b>	6.00	16.7	<b>0.06</b>

Notes 1. For convenience only, U.S. dollar amounts in this report have been translated from Japanese yen at the rate of ¥118.05 to US\$1.00, the rate of exchange prevailing on March 31, 2007.

2. Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No. 5 issued by the Accounting Standards Board of Japan on December 9, 2005), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005).

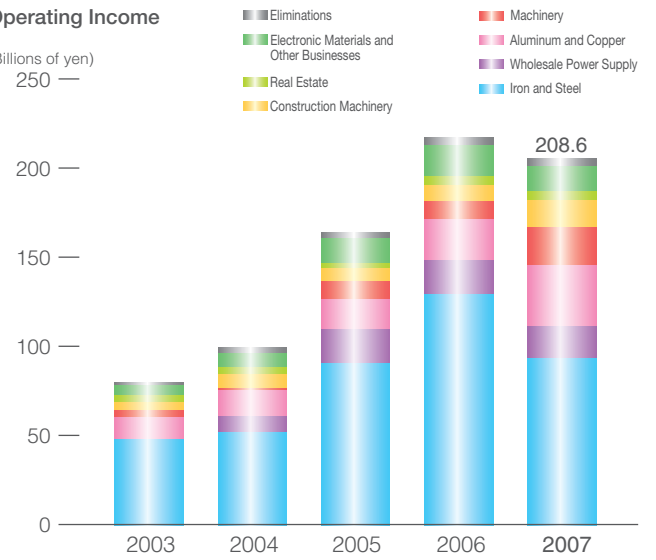
### Net Sales

(Billions of yen)  
2,000 —



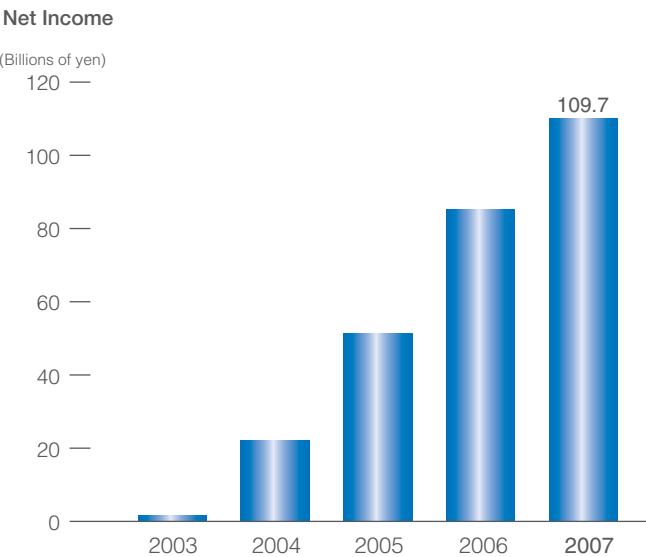
### Operating Income

(Billions of yen)  
250 —



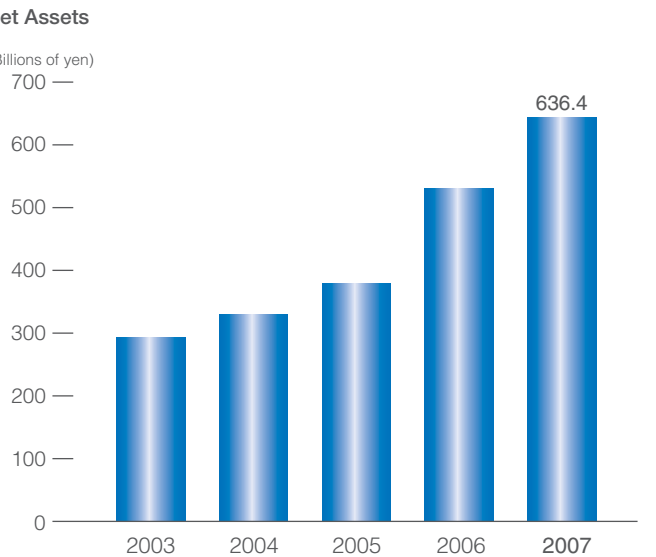
### Net Income

(Billions of yen)  
120 —



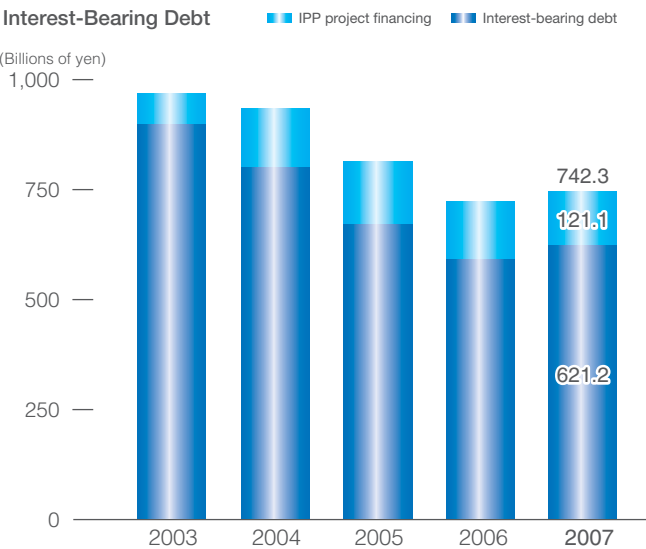
### Net Assets

(Billions of yen)  
700 —



### Interest-Bearing Debt

(Billions of yen)  
1,000 —



### Net Income per Share

(Yen)  
40 —

