

NEWS RELEASE

Kobe Steel, Ltd.
Tokyo Stock Exchange No. 5406

KOBE STEEL'S EARNINGS FORECAST FOR FISCAL 2002

TOKYO (September 6, 2002) – Kobe Steel, Ltd. forecasts consolidated net sales of 570 billion yen for the half-year period ending September 30, 2002, up slightly from 560 billion yen in the previous forecast.

Pretax ordinary income (also known as pretax recurring profit) is anticipated to be 8 billion yen, an increase from the previous estimate of 2 billion yen. Aftertax net income is expected to rise to 4 billion yen, in comparison to the previous forecast of 1 billion yen.

Although domestic personal spending and private-sector capital investment remain sluggish, improved overseas business conditions are supporting automobile and IT-related exports.

At Kobe Steel, steel shipments have increased over the previous estimate, as exports to Asia have risen considerably and domestic demand from the auto industry has remained strong. Export prices have increased due to a rapid return in overseas demand. In Japan, improvement in the supply and demand balance has also bolstered market prices.

In Kobe Steel's Aluminum & Copper segment, shipments of aluminum plate and copper strip have been rising due to higher IT-related demand. Other business segments are also expected to generally perform well.

Consolidated Forecast for Fiscal 2002

| | Current Estimates | | Previous Estimates | | Fiscal 2001 |
|--------------------------|-------------------|-----------|--------------------|-----------|-------------|
| | 1st half | full year | 1st half | full year | |
| Net Sales | 570 | 1,180 | 560 | 1,170 | 1,198 |
| Ordinary income * (loss) | 8 | 21 | 2 | 15 | (13.5) |
| Net income (loss) | 4 | 6 | 1 | 5 | (28.5) |

Notes: Figures are in billions of yen.

* Also known as pretax recurring profit (loss).

Figures in parentheses denote losses.

NON-CONSOLIDATED FORECAST FOR FISCAL 2002

Non-consolidated sales in the first-half of fiscal 2002 are anticipated to reach 390 billion yen, versus the previous 380 billion yen estimate, owing to higher steel shipments. Higher profits in the Iron & Steel segment and the Aluminum & Copper segment are anticipated to contribute to pretax ordinary income (also known as pretax

recurring profit) of 7 billion yen, an increase from the previous 2 billion yen estimate. Aftertax net income is forecast to reach 4 billion yen, in comparison to the previous estimate of 1 billion yen.

For the full fiscal year ending March 2003, non-consolidated sales are anticipated to reach 800 billion yen, up slightly from the previous 790 billion yen estimate, as second-half sales are expected to be similar to that of the previous estimate. Ordinary income is forecast at 15 billion yen, versus 10 billion yen in the previous estimate, and net income is estimated to be 4 billion yen, in comparison to 3 billion yen in the previous estimate.

Non-consolidated Forecast for Fiscal 2002

| | Current Estimates | | Previous Estimates | | Fiscal 2001 |
|--------------------------|-------------------|-----------|--------------------|-----------|-------------|
| | 1st half | full year | 1st half | full year | |
| Net Sales | 390 | 800 | 380 | 790 | 793.9 |
| Ordinary income * (loss) | 7 | 15 | 2 | 10 | (4) |
| Net income (loss) | 4 | 4 | 1 | 3 | (20.9) |

Notes: Figures are in billions of yen.

* Also known as pretax recurring profit (loss).

Figures in parentheses denote losses.

INTERIM DIVIDENDS

As Kobe Steel had undisposed deficits in fiscal 2001, ended March 2002, the Company regrets that it must forgo interim dividend payments, in accordance with Japan's Commercial Code.

Media Contact:

Gary Tsuchida
 Communication Center
 Kobe Steel, Ltd.
 9-12 Kita-Shinagawa 5-chome
 Shinagawa-ku, Tokyo 141-8688
 Japan
 Tel +81-3-5739-6010
 Fax +81-3-5739-5971
 Web site: www.kobelco.co.jp/indexe.htm
 E-mail: www-admin@kobelco.co.jp

Investor relations:

Corporate Planning Dept.
 Tel +81-3-5739-6043