

News Release

February 3, 2009

Company name: Kobe Steel, Ltd.
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Code number: 5406

Announcement on Revision to Earnings Forecast

TOKYO, February 3, 2009 – Kobe Steel, Ltd. announces that on the basis of recent trends in its operating results, it has revised its outlook from the previous forecast announced on October 30, 2008.

Revision to fiscal 2008 consolidated forecast (April 1, 2008 – March 31, 2009)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
Previous forecast (A)	2,420,000	200,000	160,000	80,000	26.64 yen
Current forecast (B)	2,200,000	119,000	71,000	13,000	4.32 yen
Change (B-A)	(220,000)	(81,000)	(89,000)	(67,000)	---
% change	(9.1%)	(40.5%)	(55.6%)	(83.8%)	---
FY2007 results	2,132,405	202,398	157,918	88,923	29.62 yen

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

Revision to fiscal 2008 nonconsolidated forecast (April 1, 2008 – March 31, 2009)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
Previous forecast (A)	1,540,000	120,000	100,000	55,000	18.29 yen
Current forecast (B)	1,395,000	64,000	44,000	11,000	3.65 yen
Change (B-A)	(145,000)	(56,000)	(56,000)	(44,000)	---
% change	(9.4%)	(46.7%)	(56.0%)	(80.0%)	---
FY2007 results	1,283,638	109,926	86,245	42,959	14.28 yen

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

Reason for the Revision

Due to the worldwide economic slump, the business environment for the Kobe Steel Group is anticipated to become increasingly severe in the fourth quarter (January – March 2009). Kobe Steel today revises its forecast for fiscal 2008 from the previous forecast made on October 30, 2008 when it announced its half-year operating results.

Sales volume (amount of tonnage sold) in the Iron & Steel segment and Aluminum & Copper segment and unit sales of hydraulic excavators in the Construction Machinery segment are expected to decrease. As a result, consolidated net sales are anticipated to decrease 220.0 billion yen to about 2,200.0 billion yen.

Consolidated operating income will be affected by lower sales volume and unit sales. In addition, in the Aluminum & Copper segment, loss on inventory valuation due to a fall in ingot prices is expected to widen. As a result, operating income is forecast to decrease 81.0 billion yen to about 119.0 billion yen, and ordinary income anticipated to go down 89.0 billion yen to about 71.0 billion yen.

Net income is expected to go down 67.0 billion yen to about 13.0 billion yen, on the basis of additional extraordinary loss on the write-down of investments in securities in the third quarter.

On a nonconsolidated basis, net sales are anticipated to decline 145.0 billion yen to about 1,395.0 billion yen. Operating income is projected to decrease 56.0 billion yen to about 64.0 billion yen, and ordinary income is expected to go down 56.0 billion yen to about 44.0 billion yen.

Net income for fiscal 2008 is forecast to go down 44.0 billion yen to about 11.0 billion yen, on the basis of additional extraordinary loss on the write-down of investments in securities in the third quarter.

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