

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

## Announcement on the Difference between the Forecast and Actual Results for the First Half of Fiscal 2012 and Revision to Earnings Forecast for Fiscal 2012

TOKYO, October 30, 2012 – Kobe Steel, Ltd. announces a difference between its consolidated forecast for the first half of fiscal 2012 released on September 28, 2012 and the actual results for the same period announced today.

In addition, Kobe Steel, Ltd. has revised its consolidated forecast for fiscal 2012 from the previous forecast made on September 28, 2012 due to recent trends in its business performance.

### Difference between the consolidated forecast and the actual results for the first half of fiscal 2012 (April 1, 2012 – September 30, 2012)

	Net sales	Operating income (loss)	Ordinary income (loss)	Net income (loss)	Net income (loss) per share
Previous forecast (A)	870,000	(5,000)	(25,000)	(50,000)	(16.66 yen)
Actual results (B)	858,552	5,554	(11,009)	(38,199)	(12.72 yen)
Change (B-A)	(11,447)	10,554	13,990	11,800	
% change	(1.3%)	---	---	---	
FY2011 results for same period	960,071	51,979	38,526	17,358	5.78 yen

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

### Revision to fiscal 2012 consolidated forecast (April 1, 2012 – March 31, 2013)

	Net sales	Operating income	Ordinary income (loss)	Net income (loss)	Net income (loss) per share
Previous forecast (A)	1,750,000	15,000	(25,000)	(60,000)	(19.99 yen)
Current forecast (B)	1,710,000	15,000	(25,000)	(60,000)	(19.99 yen)
Change (B-A)	(40,000)	0	0	0	
% change	(2.3%)	0.0%	---	---	
FY2011 results for same period	1,864,691	60,555	33,780	(14,248)	(4.74 yen)

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

### Reason for the Difference and the Revision

In comparison to the previous forecast, consolidated sales in the first half of fiscal 2012 decreased more than anticipated due to lower sales volume of steel and aluminum rolled products. Profits increased as overall cost reductions were greater than anticipated and agreement could not be reached on some of the sales prices of steel products, which were anticipated to decrease.

Looking at the earnings forecast for the entire fiscal year, sales were revised downward due to lower first-half sales. As for profits, although efforts are being made to continue reducing overall costs, steel sales prices which had not been decided by the end of the first half of fiscal 2012 are anticipated to be settled in the third quarter (October-December) onward. In addition, the demand environment in China is becoming increasingly unclear. As a result, profits are anticipated to remain unchanged from the previous forecast in September.

**First half fiscal 2012 nonconsolidated results (April 1, 2012 – September 30, 2012)**

	Net sales	Ordinary income (loss)	Net income (loss)	Net income (loss) per share
FY2011 results (A)	552,205	8,700	8,953	2.97 yen
FY2012 results (B)	478,314	(26,253)	(39,528)	(13.15 yen)
Change (B-A)	(73,891)	(34,953)	(48,482)	
% change	(13.4%)	---	---	

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

**Fiscal 2012 nonconsolidated forecast (April 1, 2012 – March 31, 2013)**

	Net sales	Ordinary income (loss)	Net income (loss)	Net income (loss) per share
FY2011 results (A)	1,078,684	(19,798)	(30,245)	(10.06 yen)
Current forecast (B)	940,000	(29,000)	(39,000)	(12.97 yen)
Change (B-A)	(138,684)	(9,201)	(8,754)	
% change	(12.9%)	---	---	

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

**Reason for the Difference**

In comparison to the actual results for the first half of fiscal 2011, sales and profits in the first half of fiscal 2012 decreased, as the sales price and sales volume of steel products and sales volume of aluminum rolled products decreased.

As a result, Kobe Steel anticipates that sales and profits for fiscal 2012 will decrease compared with fiscal 2011. However, the changes of ordinary loss and net loss are anticipated small due to the increase of dividends from affiliated companies.

**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.

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