

July 29, 2010

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

## Revision to Earnings Forecast and Interim Dividend Forecast

### Earnings Forecast

TOKYO, July 29, 2010 – Kobe Steel, Ltd. announces its consolidated and non-consolidated earnings forecast for fiscal 2010.

#### First half fiscal 2010 consolidated forecast (April 1, 2010 – September 30, 2010)

|                      | Net sales | Operating income (loss) | Ordinary income (loss) | Net income (loss) | Earnings per share |
|----------------------|-----------|-------------------------|------------------------|-------------------|--------------------|
| FY2009 results (A)   | 788,178   | (24,644)                | (44,242)               | (45,314)          | (15.09 yen)        |
| Current forecast (B) | 940,000   | 55,000                  | 40,000                 | 25,000            | 8.32 yen           |
| Change (B-A)         | 151,822   | 79,644                  | 84,242                 | 70,314            |                    |
| % change             | 19.3      | ---                     | ---                    | ---               |                    |

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

#### Fiscal 2010 consolidated forecast (April 1, 2010 – March 31, 2011)

|                      | Net sales | Operating income | Ordinary income | Net income | Earnings per share |
|----------------------|-----------|------------------|-----------------|------------|--------------------|
| FY2009 results (A)   | 1,671,021 | 46,015           | 10,258          | 6,304      | 2.09 yen           |
| Current forecast (B) | 1,940,000 | 105,000          | 75,000          | 45,000     | 14.98 yen          |
| Change (B-A)         | 268,978   | 58,984           | 64,741          | 38,695     |                    |
| % change             | 16.1      | 128.2            | 631.1           | 613.7      |                    |

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

#### First half fiscal 2010 non-consolidated forecast (April 1, 2010 – September 30, 2010)

|                      | Net sales | Operating income (loss) | Ordinary income (loss) | Net income (loss) | Earnings per share |
|----------------------|-----------|-------------------------|------------------------|-------------------|--------------------|
| FY2009 results       | 458,901   | (40,421)                | (47,951)               | (36,192)          | (12.03 yen)        |
| Current forecast (B) | 550,000   | 20,000                  | 10,000                 | 15,000            | 4.98 yen           |
| Change (B-A)         | 91,098    | 60,421                  | 57,951                 | 51,192            |                    |
| % change             | 19.9      | ---                     | ---                    | ---               |                    |

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

#### Fiscal 2010 non-consolidated forecast (April 1, 2010 – March 31, 2011)

|                      | Net sales | Operating income | Ordinary income (loss) | Net income | Earnings per share |
|----------------------|-----------|------------------|------------------------|------------|--------------------|
| FY2009 results       | 990,917   | 1,124            | (12,809)               | 2,800      | 0.93 yen           |
| Current forecast (B) | 1,150,000 | 40,000           | 20,000                 | 25,000     | 8.31 yen           |
| Change (B-A)         | 159,082   | 38,875           | 32,809                 | 22,199     |                    |
| % change             | 16.1      | ---              | ---                    | 792.7      |                    |

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

### Summary of Earnings Forecast

The world economy in fiscal 2010 is seen to continue on a recovery trend driven by emerging countries centered on China. However, in advanced countries the declining effect of economic

measures and the growing influence of the economic crisis in Europe are issues of concern. As a result, the economy on the whole is anticipated to continue to recover gradually.

Against this background, each business segment anticipates that brisk sales will continue, supported by fields of anticipated growth and overseas demand mainly from emerging countries. Based on consideration certain assumptions – including the prices of major steel raw materials, steel sales prices and other uncertain factors – Kobe Steel forecasts that fiscal 2010 consolidated sales and profits will be higher in comparison to the same period last year.

For more quantitative information, please refer to "Kobe Steel's Consolidated Financial Results Summary for First Quarter Fiscal 2010 (April 1 – June 30, 2010)" dated July 29, 2010.

## Revision of Interim Dividend Forecast

Kobe Steel, Ltd., at its Board of Directors meeting held today, July 29, 2010, decided on a policy to pay an interim dividend for fiscal 2010.

### 1. Revision of dividend Forecast

| Date of record                                 | Dividend per share                           |  |                  |
|--|--|--|------------------|
|  | End of second quarter<br>(September 30,2010) | End of fiscal year<br>(March 31, 2011) | Full fiscal year |
| Previous forecast<br>(announced Apr. 28, 2010) | ---  | ---                                    | ---              |
| Current forecast                               | 1.50 yen                                     | ---                                    | ---              |
| FY2010 results                                 | ---  | ---                                    | ---              |
| FY2009 results                                 | 0.00 yen                                     | 1.50 yen                               | 1.50 yen         |

### 2. Reasons for the Revision

Kobe Steel's basic policy for dividend payments is continuous and stable distribution. Dividends are decided upon taking into account the Company's financial condition, trends in its business performance, future capital needs, and other issues.

On this basis, Kobe Steel passed a resolution for a dividend of 1.5 yen per share for the first half of fiscal 2010.

However, as for the dividend at the end of fiscal 2010, there are many uncertainties in factors that need to be taken into consideration and the amount of the dividend cannot be determined at this time.

#### 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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