

March 17, 2014

Company: Kobe Steel, Ltd.
(Code number: 5406,
The Tokyo Stock Exchange and the
Nagoya Stock Exchange)
Representative: Hiroya Kawasaki, President, CEO
and Representative Director
Contact: Yukinobu Yasuda,
General Manager, Secretariat &
Publicity
Tel: +81-3-5739-6010

**Notice Regarding Determination of Number of New Shares to be Issued
as a Result of Capital Increase by Way of Third-Party Allotment**

Kobe Steel, Ltd. (the "Company") hereby announces that, relating to the issuance of its new shares by way of third-party allotment, which was resolved at the meeting of its board of directors held on February 4, 2014 (at which meeting the issuance of its new shares by way of public offering, disposition of treasury shares by way of public offering, and secondary offering of shares (secondary offering by way of over-allotment) were also resolved) it has been notified that the third-party allottee will subscribe to all of the shares to be issued by way of third-party allotment, as set forth below.

(1) Number of shares to be issued	57,750,000 shares of common stock of the Company (Number of shares scheduled to be issued: 57,750,000 shares)
(2) Total amount to be paid	¥7,639,170,000 (¥132.28 per share)
(3) Amount of stated capital to be increased	¥3,819,585,000 (¥66.14 per share)
(4) Amount of capital reserves to be increased	¥3,819,585,000 (¥66.14 per share)
(5) Subscription period (subscription date)	March 18, 2014 (Tue.)
(6) Payment date	March 19, 2014 (Wed.)

Note: This press release is not an offer to sell, or solicitation of an offer to buy, securities in the United States. The securities referred to in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be sold or offered in the United States absent registration or an applicable exemption from such registration requirement. The securities referred to in this press release will not be publicly offered or sold in the United States.

Reference

1. The capital increase by way of third-party allotment (the "Third-Party Allotment") described above was resolved at the meeting of the board of directors held on February 4, 2014, at the same time as the issuance of new shares by way of public offering, disposition of treasury shares by way of public offering, and secondary offering of shares (secondary offering by way of over-allotment) were resolved.

For more details of the Third-Party Allotment, please refer to the "Notice Regarding Issuance of New Shares and Disposition of Treasury Shares, and Secondary Offering of Shares" announced on February 4, 2014, and the "Notice Regarding Determination of Issue Price, Disposition Price, Selling Price, etc." announced on February 19, 2014.

2. Change in the total number of issued shares as a result of the Third-Party Allotment

Total number of issued shares at present:	3,585,892,100 shares	(As of March 17, 2014)
Increase in number of shares as a result of the Third-Party Allotment:	57,750,000 shares	
Total number of issued shares after the Third-Party Allotment:	3,643,642,100 shares	

3. Use of proceeds

With respect to the net approximate total amount of 83,105,100,000 yen, consisting of the net approximate total amount of 7,606,170,000 yen from the Third-Party Allotment and the net approximate total amount of 75,498,930,000 yen from the Japanese Public Offering and the International Offering resolved on the same date as that of the Third-Party Allotment, by the end of March 2017, 13,200,000,000 yen is scheduled to be applied to capital expenditures and investments for the automotive areas in the Iron & Steel business and the Aluminum & Copper business, and the remaining amount is scheduled to be applied to capital expenditures with regard to "Strengthening the Profitability of the Iron & Steel Business" and "Reforming the Structure of the Steel Business."

For information regarding the main capital expenditure program of our Group, please refer to the "Notice Regarding Issuance of New Shares and Disposition of Treasury Shares, and Secondary Offering of Shares" announced on February 4, 2014.

End.

Note: This press release is not an offer to sell, or solicitation of an offer to buy, securities in the United States. The securities referred to in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be sold or offered in the United States absent registration or an applicable exemption from such registration requirement. The securities referred to in this press release will not be publicly offered or sold in the United States.