

Kobe Steel's Consolidated Financial Results Summary for Third Quarter Fiscal 2009 (April 1, 2009 – December 31, 2009)

February 3, 2010

Company name: Kobe Steel, Ltd.
 Code number: 5406
 Stock exchanges where shares are listed: Tokyo, Osaka and Nagoya, Japan
 Website: www.kobelco.com
 President & CEO: Hiroshi Sato
 Filing of quarterly report: February 9, 2010
 Start of dividend payments: ---
 Media contact: Publicity Group tel. +81-(0)3-5739-6010

(Sums of less than 1 million yen have been omitted.)

1. Consolidated Financial Results for Nine Months Ended December 31, 2009

(1) Consolidated operating results

(In millions of yen)	FY2009 9 months ended Dec. 31, 2009	% change*	FY2008 9 months ended Dec. 31, 2008	% change*
Net sales	1,206,336	(29.7%)	1,715,376	---
Operating income (loss)	3,421	(97.6%)	141,379	---
Ordinary income (loss)	(23,967)	---	104,468	---
Net income (loss)	(37,913)	---	42,037	---
Net Earnings (loss) per share	(12.62 yen)		14.00 yen	
Diluted net income (loss) per share	---		---	

*Indicates percentage of change from the corresponding period of the previous fiscal year.

(2) Consolidated financial position

(In millions of yen)	FY2009 9 months ended Dec. 31, 2009	FY2008 Ended Mar. 31, 2009
Total assets	2,200,605	2,295,489
Net assets	503,993	513,460
Net worth ratio	21.2%	20.9%
Net assets per share	155.32 yen	159.58 yen
Shareholders' equity at December 31, 2009:	466,344 million yen	FY2008: 479,141 million yen

2. Dividends

Period	Dividends per share in yen				
	1Q	2Q	3Q	4Q	Full year
FY2008	---	3.50	---	0.0	3.50
FY2009	---	0.00	---		
FY2009 forecast				1.50	1.50

Revision to dividend forecast in 3Q FY2009: Yes

3. Consolidated Forecast for Fiscal 2009 (April 1, 2009 - March 31, 2010)

(In millions of yen)	FY2009	% change*
Net sales	1,675,000	(23.1%)
Operating income (loss)	35,000	(70.1%)
Ordinary income (loss)	(5,000)	---
Net income (loss)	(22,000)	---
Net income (loss) per share	(7.32 yen)	

*Indicates percentage of change from the corresponding period of the previous fiscal year.

Revision to consolidated forecast in 3Q FY2009: Yes

4. Other

(1) Changes in number of material subsidiaries in fiscal year:
(Changes in specified subsidiaries accompanying changes in scope of consolidation): No

(2) Adoption of simplified or specific accounting procedures for preparing the quarterly consolidated financial statements: Yes

(3) Changes in accounting principles, procedures, presentation, etc. on the preparation of quarterly consolidated financial statements

- Changes due to revised accounting standards: Yes

- Other changes: No

(4) Number of issued shares

	FY 2009 3Q	FY2008
Common stock (number of issued shares)	3,115,061,100	3,115,061,100
Treasury stock (number of shares)	112,640,756	112,599,413
Average number of shares in 9-month period	3,002,470,115	3,002,488,298*

*In 3Q FY2008

Non-consolidated forecast for fiscal 2009 (April 1, 2008 - March 31, 2010)

(In millions of yen)	FY2009	% change*
Net sales	995,000	(26.8%)
Operating income (loss)	(8,000)	---
Ordinary income (loss)	(24,000)	---
Net income (loss)	(22,000)	---
Net income (loss) per share	(7.31 yen)	

*Indicates percentage of change from the corresponding period of the previous fiscal year.

Revision to non-consolidated forecast in 3Q FY2009: Yes

1. Qualitative Information on Consolidated Operating Results

Japan's economy in the nine months ended December 2009 picked up on the back of stimulus measures implemented in Japan and overseas, as well as progress in inventory adjustments. Overseas markets also improved. China's economy has recovered, and the United States and Europe have picked up since summer.

However, the world economy as a whole remains weak in comparison to the same period last year and continues to be sluggish.

In this economic environment, the Kobe Steel Group's sales volume of steel products in the Iron & Steel segment and sales volume in the Aluminum & Copper segment were on a recovery trend from the second quarter of fiscal 2009 (July-September period). However, sales volume for the nine months ended December 2009 did not reach the level as the same period last year in which demand had been firm as a whole. As a result, consolidated net sales for the first nine months of fiscal 2009 went down 509.0 billion yen, compared with the same period last year, to 1,206.3 billion yen. Despite overall cost reductions implemented by the Profit Improvement Committee, established at the end of 2008, operating income went down 137.9 billion yen, compared with the same period last year, to 3.4 billion yen. Ordinary income went down 128.4, compared with the same period last year, to ordinary loss of 23.9 billion yen. Net income fell 79.9 billion yen to net loss of 37.9 billion yen.

Conditions in each business segment are as follows:

Iron & Steel

Demand for steel products from domestic automakers and electrical machinery manufacturers began recovering in the second quarter of fiscal 2009, as well as demand overseas, mainly in China. However, overall demand in the first nine months of the year remained low in comparison to the firm level in the same period last year. As a result, shipments of steel products declined in comparison to the same period last year. Sales prices, led by lower raw material prices, also went down, compared with the same period last year.

Sales of steel castings and forgings decreased in the third quarter (October to December period), compared with the same period last year, due to weak demand from the shipbuilding industry. Demand for welding consumables and titanium mill products also slumped.

As a result, segment sales decreased 36.9%, in comparison to the same period last year, to 521.3 billion yen. Although Kobe Steel worked to improve its profits by reducing fixed costs, operating income went down 141.7 billion yen to operating loss of 45.3 billion yen.

Wholesale Power Supply

Segment sales went up 12.4%, compared with the same period last year, to 61.5 billion yen as the higher cost of coal was passed on to higher unit electricity prices. Operating income increased 2.2 billion yen, compared with the same period last year, to 14.8 billion yen due to lower depreciation costs.

Aluminum & Copper

The sales volume of aluminum can stock declined in the third quarter due to the cold summer. However, sales were firm for environment friendly cars with their need for lightweight material, leading to a recovery in sales volume for this market since the second quarter. In addition, signs of recovery in demand for LCD and semiconductor fabrication equipment were seen, led by inventory adjustments. However, the overall sales volume of aluminum rolled products went down compared with the same period last year.

The sales volume of copper rolled products picked up after the second quarter due to progress in inventory adjustments. However, in the first nine months of the fiscal year, sales volume went down in comparison to the same period last year.

Aluminum castings and forgings – mainly for automobiles and LCD and semiconductor fabrication equipment – showed signs of recovery, but sales were lower than the same period last year.

In addition to these conditions, due to lower ingot prices, which led to lower product sales prices, segment sales in the first nine months decreased 39.8%, compared with the same period last year, to 188.1 billion yen. Operating income increased 12.0 billion yen, in comparison to the same period last year, to 3.8 billion yen owing to cost reductions and lower depreciation cost.

Machinery

Due to sluggish capital investments in the automotive, oil refining and petrochemical fields, orders for products related to these fields went down. On the other hand, such areas as metalworking machinery and direct reduction plants began showing signs of recovery.

However, looking at the first nine months, domestic orders decreased 5.8%, compared with the same period last year, to 90.6 billion yen. Overseas orders declined 59.2%, compared with the same period last year, to 37.1 billion yen. As a result, overall orders decreased 31.8%, compared with the same period last year, to 127.7 billion yen, and the backlog of orders at the end of December 2009 was 265.0 billion yen.

Segment sales for the first nine months decreased 10.4% to 208.8 billion yen, in comparison to the same period last year, which saw revenue boosted from a pellet plant order. Operating income increased 2.0 billion yen, compared with the same period last year, to 21.8 billion yen owing to cost reductions.

Construction Machinery

Unit sales of hydraulic excavators in China increased considerably, especially in the inland area, after the Lunar New Year in January 2009 compared with the same period last year. However, unit sales in the sluggish Japanese, U.S. and European markets went down further in comparison to the same period last year.

Unit sales of cranes in North America decreased in comparison to the same period last year due to inventory adjustments by customers. Japan and the Middle East also saw considerably lower unit sales in comparison to the same period last year.

As a result, segment sales decreased 28.6%, compared with the same period last year, to 191.8 billion yen. Operating income decreased 9.3 billion yen, compared with the same period last year, to 4.6 billion yen.

Real Estate

Segment sales increased 53.8%, in comparison to the same period last year, to 37.0 billion yen owing to the steady handing over of large properties. Operating income increased 1.2 billion yen, in comparison to the previous year, to 3.0 billion yen.

Electronic Materials & Other Businesses

Demand for the testing and analysis business continued to be sluggish mainly in the transport aircraft and electronic industries. As a result, segment sales decreased 29.1%, compared with the same period last year, to 29.4 billion yen. Operating income went down 4.3 billion yen, in comparison to the same period last year, to operating loss of 1.4 billion yen.

2. Qualitative Information on Consolidated Financial Position

While investment in securities increased, accounts receivable and inventories went down. As a result, total assets at the end of the third quarter of fiscal 2009 decreased 94.8 billion yen, in comparison to the end of fiscal 2008, to 2,200.6 billion yen. Net assets decreased 9.4 billion yen, compared with the end of fiscal 2008, to 503.9 billion yen, as net unrealized holding gains on securities increased, while retained earnings decreased. As a result, the net worth ratio at the end of the third quarter of fiscal 2009 was 21.2%, an increase of 0.3 points from the end of fiscal 2008, ended March 2009.

At the end of the third quarter of fiscal 2009, outside debt, which includes IPP project financing, increased 1.1 billion yen, compared with the end of fiscal 2008, to 955.9 billion yen.

3. Qualitative Information on Consolidated Forecast

Looking at the environment surrounding the Kobe Steel Group, in comparison to the previous forecast made on October 29, 2009, recovery of demand for products and services is anticipated to continue being supported by economic stimulus measures in Japan and overseas. The sales volumes of steel products for the automotive and electrical machinery industries; aluminum sheet and plate; and copper rolled products are forecast to increase. Under these circumstances, Kobe Steel has revised both its consolidated and non-consolidated earnings forecast from the previous forecast.

CONSOLIDATED FINANCIAL STATEMENTS

(1) Quarterly Consolidated Balance Sheets

(In millions of yen)

ASSETS	FY2009 9 months ended Dec. 31, 2009	FY2008 Year ended Mar. 31, 2009
Current assets		
Cash and cash equivalents	158,707	188,322
Notes and accounts receivable	248,103	283,784
Merchandise and finished goods	133,537	161,998
Work in progress	154,921	163,150
Raw materials and supplies	104,870	137,195
Other	137,571	106,853
Allowance for doubtful accounts	(560)	(671)
Total current assets	<u>937,149</u>	<u>1,040,632</u>
Tangible fixed assets		
Buildings and structures	285,759	282,594
Machinery and equipment	402,467	421,853
Land	206,365	198,385
Other	71,021	67,704
Total tangible fixed assets	<u>965,613</u>	<u>970,537</u>
Intangible fixed assets	20,366	20,472
Investments and other assets		
Investments in securities	186,247	165,858
Other	95,348	101,684
Allowance for doubtful accounts	(4,119)	(3,696)
Total investments and other assets	<u>277,475</u>	<u>263,846</u>
Total fixed assets, investments and other assets	<u>1,263,455</u>	<u>1,254,856</u>
Total assets	<u>2,200,605</u>	<u>2,295,489</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable	385,985	479,644
Short-term borrowings	162,099	157,249
Commercial paper	---	55,000
Bonds due within one year	19,693	49,958
Income and enterprise taxes payable	3,790	5,158
Other reserves	23,430	38,349
Other	178,612	189,274
Total current liabilities	<u>773,611</u>	<u>974,634</u>
Long-term liabilities		
Bonds and notes	213,186	199,822
Long-term borrowings	560,077	491,557
Employees' severance and retirement benefits	37,294	38,144
Other reserves	3,662	4,201
Other	108,780	73,669
Total long-term liabilities	<u>923,000</u>	<u>807,394</u>
Total liabilities	<u>1,696,611</u>	<u>1,782,028</u>

Net assets	FY2009	FY2008
	9 months ended	Year ended
	Dec. 31, 2009	Mar. 31, 2009
Stockholders' equity		
Common stock	233,313	233,313
Capital surplus	83,125	83,125
Retained earnings	214,592	252,504
Treasury stock, at cost	(51,376)	(51,426)
Total stockholders' equity	<u>479,654</u>	<u>517,516</u>
Valuation and translation adjustments		
Unrealized gains on securities, net of taxes	18,201	448
Unrealized gains on hedging derivatives, net of taxes	781	(6,266)
Land revaluation differences, net of taxes	(4,866)	(4,836)
Foreign currency translation adjustments	(27,426)	(27,719)
Total valuation and translation adjustments	<u>(13,310)</u>	<u>(38,374)</u>
Minority interests	37,649	34,318
Total net assets	<u>503,993</u>	<u>513,460</u>
Total liabilities and net assets	<u>2,200,605</u>	<u>2,295,489</u>

(2) Consolidated Statements of Income for

(In millions of yen)

	FY2009 9 months ended Dec. 31, 2009	FY2008 9 months ended Dec. 31, 2008
Net sales	1,206,336	1,715,376
Cost of sales	1,093,003	1,441,698
Gross profit	<u>113,333</u>	<u>273,678</u>
Selling, general and administrative expenses	109,912	132,299
Operating income	<u>3,421</u>	<u>141,379</u>
Non-operating income		
Interest income	1,771	1,747
Dividend income	2,169	3,528
Seconded employees' salaries net of reimbursement	5,300	6,465
Equity method investment gain	218	8,845
Other	11,557	10,824
Total non-operating income	<u>21,016</u>	<u>31,411</u>
Non-operating expenses		
Interest expense	16,291	14,667
Salaries of seconded employees	13,918	17,534
Other	18,195	36,120
Total non-operating expenses	<u>48,405</u>	<u>68,322</u>
Ordinary income (loss)	<u>(23,967)</u>	<u>104,468</u>
Extraordinary loss		
Impairment loss	2,796	---
Loss from write-down of investments in securities	---	15,795
Total extraordinary loss	<u>2,796</u>	<u>15,795</u>
Income (loss) before income taxes	<u>(26,764)</u>	<u>88,672</u>
Income taxes		
Current	5,238	42,000
Deferred	4,327	2,617
Total income taxes	<u>9,565</u>	<u>44,617</u>
Minority interests in income of subsidiaries	1,583	2,017
Net income (loss)	<u>(37,913)</u>	<u>42,037</u>

(3) Notes on premise of a going concern: None

(4) Segment Information: April 1 – December 31, 2009

(In millions of yen)

1. By industry segment (In millions of yen)

	FY2009	FY2008
	9 months ended	9 months ended
	Dec. 31, 2009	Dec. 31, 2008
Sales to outside customers:		
Iron & Steel	509,841	806,195
Wholesale Power Supply	61,558	54,786
Aluminum & Copper	187,402	311,851
Machinery	206,220	229,093
Construction Machinery	191,790	268,421
Real Estate	31,545	18,295
Electronic Materials & Other Businesses	17,978	26,732
Consolidated net sales	<u>1,206,336</u>	<u>1,715,376</u>
Intersegment sales:		
Iron & Steel	11,556	20,452
Wholesale Power Supply	---	---
Aluminum & Copper	794	1,007
Machinery	2,627	4,073
Construction Machinery	56	188
Real Estate	5,481	5,781
Electronic Materials & Other Businesses	11,441	14,769
Total	<u>31,958</u>	<u>46,271</u>
Total sales:		
Iron & Steel	521,398	826,648
Wholesale Power Supply	61,558	54,786
Aluminum & Copper	188,196	312,858
Machinery	208,847	233,167
Construction Machinery	191,847	268,609
Real Estate	37,026	24,076
Electronic Materials & Other Businesses	29,420	41,501
Eliminations	<u>(31,958)</u>	<u>(46,271)</u>
Consolidated net sales	<u>1,206,336</u>	<u>1,715,376</u>
Operating income:		
Iron & Steel	(45,391)	96,391
Wholesale Power Supply	14,841	12,618
Aluminum & Copper	3,870	(8,219)
Machinery	21,824	19,747
Construction Machinery	4,663	13,998
Real Estate	3,073	1,821
Electronic Materials & Other Businesses	(1,488)	2,823
Eliminations	<u>2,028</u>	<u>2,198</u>
Consolidated operating income (loss)	<u>3,421</u>	<u>141,379</u>

(5) Notes in the case of a significant change in shareholders' equity: None

SUPPLEMENTAL INFORMATION

1. Consolidated Operating Results for 9-month period (In billions of yen)

	FY2009 9 months ended Dec. 31, 2009	FY2008 9 months ended Dec. 31, 2008	% change
Net sales	1,206.3	1,715.3	(29.7%)
Operating income (loss)	3.4	141.3	(97.6%)
Ordinary income (loss)	(23.9)	104.4	---
Extraordinary income (loss)	(2.7)*	(15.7)	---
Net income (loss)	(37.9)	42.0	---

* Impairment loss

Quarterly Consolidated Operating Results (In billions of yen)

	FY2009		
	First Quarter	Second Quarter	Third Quarter
Net sales	377.8	410.2	418.1
Operating income (loss)	(13.5)	(11.0)	28.0
Ordinary income (loss)	(22.9)	(21.3)	20.2
Extraordinary income (loss)	---	---	(2.7)*
Net income (loss)	(33.2)	(12.0)	7.4

* Impairment loss

2. Fiscal 2009 Forecast (year ending March 2010)

Consolidated forecast (In billions of yen)

	FY2009 forecast		FY2008 results
	Previous forecast (Oct. 29, 2009)	Current forecast	
Net sales	1,635.0	1,675.0	2,177.2
Operating income (loss)	20.0	35.0	116.9
Ordinary income (loss)	(20.0)	(5.0)	60.8
Extraordinary income (loss)	---	4.0*	(33.0)
Net income (loss)	(35.0)	(22.0)	(31.4)

* Compensation for transfer (7 billion yen) and impairment loss (3 billion yen)

Non-consolidated forecast (In billions of yen)

	FY2009 forecast		FY2008 results
	Previous forecast (Oct. 29, 2009)	Current forecast	
Net sales	965.0	995.0	1,359.3
Operating income (loss)	(20.0)	(8.0)	60.3
Ordinary income (loss)	(40.0)	(24.0)	34.4
Extraordinary income (loss)	---	(3.0)*	(36.3)
Net income (loss)	(35.0)	(22.0)	(29.3)

* Impairment loss

3. FY2009 Forecast by Segment (Consolidated, in billions of yen)

		FY2009			FY2008	
		Previous FY2009 forecast	FY2009 9-month results	Current FY2009 forecast	9-month results	FY2008 results
Iron & Steel	Sales	710.0	521.3	720.0	826.6	1,022.4
	Operating income (loss)	(37.0)	(45.3)	(30.0)	96.3	77.7
Wholesale Power Supply	Sales	82.0	61.5	82.0	54.7	80.7
	Operating income	20.0	14.8	20.0	12.6	17.2
Aluminum & Copper	Sales	250.0	188.1	260.0	312.8	379.3
	Operating income (loss)	(1.0)	3.8	4.0	(8.2)	(26.8)
Machinery	Sales	305.0	208.8	310.0	233.1	331.0
	Operating income	25.0	21.8	26.0	19.7	29.5
Construction Machinery	Sale	245.0	191.8	260.0	268.6	333.0
	Operating income	8.0	4.6	9.0	13.9	11.2
Real Estate	Sales	47.0	37.0	47.0	24.0	37.1
	Operating income	2.0	3.0	2.0	1.8	1.8
Electronic Materials & Other Businesses	Sales	46.0	29.4	44.0	41.5	55.1
	Operating income (loss)	2.0	(1.4)	0.0	2.8	3.1
Eliminations	Sales	(50.0)	(31.9)	(48.0)	(46.2)	(61.4)
	Operating income	1.0	2.0	4.0	2.1	2.9
Total	Sales	1,635.0	1,206.3	1,675.0	1,715.3	2,177.2
	Operating income	20.0	3.4	35.0	141.3	116.9

4. Kobe Steel's Production of Crude Steel and Sales Volume (Non-consolidated)

(In millions of metric tons unless otherwise indicated)

	FY2009		FY2008 results	
	9 months	Full-year forecast	9 months	Full-year results
Crude steel	4.69	About 6.60	6.01	7.23
Sales volume	3.98	About 5.65	5.15	6.17
Export ratio (value basis)	23.2%	24.1%	21.7%	21.4%

5. Sales Prices of Steel Products (In yen per metric ton)

	FY2009		FY2008 results	
	9 months	Full-year forecast	9 months	Full-year results
Domestic & overseas average	77,500	76,100	99,600	99,500

6. Factors Affecting Ordinary Income (Consolidated, in billions of yen)

Comparison of FY2009 9 months and FY2008 9 months

	FY2009 9 months	FY2008 9 months	Amount of decrease
Ordinary income (loss)	(23.9)	104.4	(128.4)

Factors Increasing Profits		Factors Decreasing Profits	
Raw material prices	40.5	Production & shipments	(131.5)
Overall cost reduction	34.0	Steel inventory valuation*	(63.5)
Aluminum & copper inventory valuation*	8.5	Consolidated subsidiaries & affiliates	(30.3)
Other	13.9		
Total	96.9	Total	(225.3)

* Effect of inventory valuation includes effect from the average method and effect from the lower-of-cost-or-market method.

Comparison of Previous Forecast and Current Forecast for FY2009

	Current forecast	Previous forecast	Amount of increase
Ordinary income (loss)	(5.0)	(20.0)	15.0

Factors Increasing Profits		Factors Decreasing Profits	
Production & shipments	8.0	Steel inventory valuation*	(2.0)
Overall cost reduction	1.5		
Aluminum & copper inventory valuation*	1.5		
Consolidated subsidiaries & affiliates	4.0		
Other	2.0		
Total	17.0	Total	(2.0)

* Effect of inventory valuation includes effect from the average method and effect from the lower-of-cost-or-market method.

Comparison of FY2009 forecast and FY2008 results

	FY2009 forecast	FY2008 results	Amount of decrease
Ordinary income (loss)	(5.0)	60.8	(65.8)

Factors Increasing Profits		Factors Decreasing Profits	
Raw material prices	72.0	Production & shipments	(145.5)
Overall cost reduction	48.5	Steel inventory valuation*	(43.0)
Aluminum & copper inventory valuation*	17.0	Consolidated subsidiaries & affiliates	(19.0)
Other	4.2		
Total	141.7	Total	(207.5)

* Effect of inventory valuation includes effect from the average method and effect from the lower-of-cost-or-market method.

Debt & D/E ratio

(In billions of yen, unless otherwise indicated)

	FY2009 forecast	FY2008
Consolidated debt *	About 830.0	855.9
D/E ratio (times) **	1.7	1.7
Non-consolidated debt	720.0	727.4

* Excludes debt from IPP project financing.

** D/E ratio: Debt (excluding IPP project financing)/stockholders' equity

(For Reference)**FY2009 Quarterly Forecast by Segment** (Consolidated, in billions of yen)

		FY2009						
		1st half			2nd half			Total
		1Q	2Q	Total	3Q	4Q	Total	
Iron & Steel	Sales	161.0	172.7	333.8	187.5	198.7	386.2	720.0
	Operating income (loss)	(27.2)	(26.9)	(54.2)	8.8	15.4	24.2	(30.0)
Wholesale Power Supply	Sales	19.7	23.7	43.4	18.0	20.6	38.6	82.0
	Operating income	5.0	4.9	9.9	4.8	5.3	10.1	20.0
Aluminum & Copper	Sales	57.6	63.3	120.9	67.2	71.9	139.1	260.0
	Operating income (loss)	(1.0)	1.3	0.2	3.5	0.3	3.8	4.0
Machinery	Sales	71.8	65.2	137.1	71.6	101.3	172.9	310.0
	Operating income	9.0	4.8	13.9	7.8	4.3	12.1	26.0
Construction Machinery	Sales	59.3	68.9	128.3	63.5	68.2	131.7	260.0
	Operating income (loss)	(0.1)	2.3	2.1	2.5	4.4	6.9	9.0
Real Estate	Sales	10.4	16.5	27.0	10.0	10.0	20.0	47.0
	Operating income (loss)	1.1	1.6	2.8	0.2	(1.0)	(0.8)	2.0
Electronic Materials & Other Businesses	Sales	8.7	10.4	19.1	10.2	14.7	24.9	44.0
	Operating income (loss)	(1.0)	(0.0)	(1.1)	(0.3)	1.4	1.1	0.0
Eliminations	Sales	(11.0)	(10.7)	(21.7)	(10.2)	(16.1)	(26.3)	(48.0)
	Operating income	0.7	0.7	1.4	0.5	2.1	2.6	4.0
Total	Sales	377.8	410.2	788.1	418.1	468.8	886.9	1,675.0
	Operating income (loss)	(13.5)	(11.0)	(24.6)	28.0	31.6	59.6	35.0
Ordinary income (loss)		(22.9)	(21.3)	(44.2)	20.2	19.0	39.2	(5.0)
Net income (loss)		(33.2)	(12.0)	(45.3)	7.4	15.9	23.3	(22.0)

Note: Fiscal 2009 fourth-quarter, second-half, and full-year figures are forecasts.

Comparison of 1st Half results and 2nd Half Forecast for FY2009

	2nd Half forecast	1st Half results	Amount of increase
Ordinary income (loss)	39.2	(44.2)	83.4

Factors Increasing Profits		Factors Decreasing Profits	
Production & shipments	3.0	Other	(4.1)
Raw material prices	30.0		
Steel inventory valuation*	43.0		
Consolidated subsidiaries & affiliates	11.5		
Total	87.5	Total	(4.1)

* Effect of inventory valuation includes effect from the average method and effect from the lower-of-cost-or-market method.

Quarterly Steel Production and Sales Volume (Nonconsolidated)

FY2009 Steel Production and Sales Volume (In millions of metric tons unless otherwise indicated)

	FY2009						FY2009 Total
	1st half			2nd half			
	1Q	2Q	Total	3Q	4Q	Total	
Crude steel	1.25	1.63	2.88	1.81	1.90	3.70	6.60
Sales volume	1.05	1.38	2.43	1.55	1.65	3.20	5.65
Export ratio (value basis)	19.9%	24.3%	22.2%	25.1%	26.3%	25.7%	24.1%

Note: Fiscal 2009 fourth-quarter, second-half, and full-year figures are forecasts.

FY2008 Steel Production and Sales Volume (In millions of metric tons unless otherwise indicated)

	FY2008						FY2008 Total
	1st half			2nd half			
	1Q	2Q	Total	3Q	4Q	Total	
Crude steel	2.07	2.11	4.18	1.83	1.22	3.05	7.23
Sales volume	1.75	1.73	3.48	1.67	1.02	2.69	6.17
Export ratio (value basis)	21.0%	22.3%	21.7%	21.6%	20.1%	21.0%	21.4%

FY2009 Sales Prices of Steel Products (in yen per metric ton)

	FY2009						FY2009 Total
	1st half			2nd half			
	1Q	2Q	Total	3Q	4Q	Total	
Domestic & overseas average	90,500	72,100	80,100	73,500	72,900	73,200	76,100

Note: Fiscal 2009 fourth-quarter, second-half, and full-year figures are forecasts.

FY2008 Sales Prices of Steel Products (in yen per metric ton)

	FY2008						FY2008 Total
	1st half			2nd half			
	1Q	2Q	Total	3Q	4Q	Total	
Domestic & overseas average	86,500	106,300	96,400	106,400	99,100	103,600	99,500

References in this supplemental material to forecasts are 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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Investor Relations:

Tel +81 (0)3 5739-6045
Fax +81 (0)3 5739-5973

Kobe Steel, Ltd.
9-12 Kita-Shinagawa 5-chome
Shinagawa-ku, Tokyo 141-8688
JAPAN

Email aapress@kobelco.com
Website www.kobelco.com

Media Contact:

Gary Tsuchida
Publicity Group
Tel +81 (0)3 5739-6010
Fax +81 (0)3 5739-5971
Email aapress@kobelco.com