

May 23, 2011

Company name: Kobe Steel, Ltd.  
President & CEO: Hiroshi Sato  
Stock exchange code no.: 5406  
Stock exchanges where shares are listed: Tokyo, Osaka and Nagoya, Japan

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## **Notification on the Transfer of an Affiliate Company**

### ***Kobe Steel transfers Comsigua shares to CVG***

TOKYO, May 23, 2011 – Kobe Steel, Ltd. announces that it has reached agreement to transfer all of its shares held in Complejo Siderúrgico de Guayana, C.A. (or Comsigua) to Corporación Venezolana de Guayana (or CVG) and has signed a share transfer agreement.

#### **1. Reason for Transfer of Shares**

Comsigua is a Venezuelan equity-valued affiliate company of Kobe Steel that produces and markets hot briquetted iron, a form of direct reduced iron. On May 21, 2009, Venezuela's President Hugo Chavez announced that Comsigua would be nationalized. On July 14, 2009, the Venezuelan government issued a presidential decree for the nationalization of Comsigua. Since that time, Kobe Steel and the other Japanese shareholders of Comsigua had been conducting negotiations with the Venezuelan government on transferring the shares to the Venezuelan government. The Japanese shareholders of Comsigua, including Kobe Steel, and the Venezuelan government subsequently reached agreement on the conditions for transferring the shares. On May 20, 2011 (May 21, Japan Time), Kobe Steel and the Venezuelan government reached agreement for Kobe Steel to transfer all of its shares held in Comsigua to CVG and signed a share transfer agreement.

#### **2. Transfer of Shares**

Kobe Steel has agreed to transfer all of its 10,616,821 shares held in Comsigua to CVG.

#### **3. Profile of Comsigua**

1. Company name	Complejo Siderúrgico de Guayana, C.A.	
2. Location	Parque Industrial C.V.G. Minorca, Sector Punta Cuchillo, Matanzas, Puerto Ordaz, Estado Bolivar, Venezuela	
3. Representative	Ramon Iglesia, President	
4. Business	Production and marketing of hot briquetted iron	
5. Capital	US\$115 million	
6. Established	July 1989	
7. Major shareholders & their equity shares	Kobe Steel, Ltd. 21.29% CVG Ferrominera Orinoco, C.A. 19.05% Marubeni Corporation 16.89% Mitsui & Co., Ltd. 16.89% Sojitz Corporation 15.47% Trading e Marketing Sociedade Unipessoal Lda. 7.58% Shinsho Corporation 2.84%	
8. Relationship with Kobe Steel	Equity	Kobe Steel has a 21.29% share in Comsigua.
	Personnel	Kobe Steel has appointed four people as directors of Comsigua (of which two are part-time directors).
	Business relation	Kobe Steel has a service agreement with Comsigua.

9. Operating results & financial status (in U.S. dollars)			
	2008	2009	2010
Net assets	140,332,511	135,026,671	127,125,898
Total assets	189,249,530	401,181,834	386,112,249
Net assets per share	2.81	2.71	2.55
Net sales	142,730,214	112,708,773	71,838,553
Operating income (loss)	(28,676,487)	(6,155,097)	10,331,587
Ordinary income (loss)	(38,152,008)	(5,305,840)	(7,899,746)
Net income (loss)	(6,953,342)	(5,305,840)	(7,899,746)
Net income (loss) per share	(0.14)	(0.11)	(0.16)
Dividend per share	---	---	---

#### 4. Profile of CVG

1. Company name	Corporación Venezolana de Guayana
2. Location	Avenida Guayana con Carrera Cuchivero, Edificio Sede CVG, Altavista, Puerto Ordaz, Estado Bolivar, Venezuela
3. Representative	José Salamat Khan Fernández, President
4. Business	Development of Guayana, Venezuela
5. Established	December 29, 1960
6. Major shareholder	Venezuelan government 100%

#### 5. Number of shares to be transferred

1. No. of shares before transfer	10,616,821 shares (equity share 21.29%)
2. No. of shares to be transferred	10,616,821 shares (equity share 21.29%)
3. No. of shares after transfer	0 shares

#### 6. Schedule

1. Date of signing of share transfer agreement	May 20, 2011
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#### 7. Effect on Kobe Steel

The transference of Comsigua's shares will have an immaterial effect on Kobe Steel's consolidated and nonconsolidated operating results.

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#### Media Contact

Gary Tsuchida  
Publicity Group  
Kobe Steel, Ltd.  
Tokyo, Japan  
Tel: +81-3-5739-6010  
E-mail: aapress@kobelco.com