

Kobe Steel's Consolidated Financial Results for Third Quarter of Fiscal 2011 (April 1 – December 31, 2011)

February 1, 2012

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 6, 2012
 Dividend payments begin: ---
 Supplemental information available: Yes
 Briefing for analysts: Yes (in Japanese only)

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

1. Consolidated Financial Results for Nine Months Ended December 31, 2011

(1) Consolidated operating results

(In millions of yen)	FY2011 9 Months Ended Dec. 31, 2011	% change*	FY2010 9 Months Ended Dec. 31, 2010	% change*
Net sales	1,409,556	4.0%	1,355,790	12.4%
Operating income	69,125	(31.3%)	100,578	---
Ordinary income	50,160	(36.4%)	78,892	---
Net income	12,598	(73.3%)	47,223	---
Net income per share	4.19 yen		15.72 yen	
Diluted net income per share	---		---	

Comprehensive income in FY2011 3Q: 6,040 million yen FY2010 3Q: 46,513 million yen

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

(2) Consolidated financial position

(In millions of yen)	FY2011 9 Months Ended Dec. 31, 2011	FY2010 Ended Mar. 31, 2011
Total assets	2,199,537	2,231,532
Net assets	591,970	597,367
Net worth ratio	24.5%	24.6%

Shareholders' equity at December 31, 2011: 538,204 million yen FY2010: 548,631 million yen

2. Dividends

Period	Dividends per share in yen				
	1Q	2Q	3Q	4Q	Full year
FY2010	---	1.50	---	1.50	3.00
FY2011	---	1.00	---	---	---
FY2011 Forecast	---	---	---	---	---

Revision to dividend forecast in 3Q FY2011: No

The dividend for the end of fiscal 2011 is undetermined.

3. Consolidated Forecast for Fiscal 2011 (April 1, 2011 - March 31, 2012)

(In millions of yen)	FY2011	% change*
Net sales	1,870,000	0.6%
Operating income	50,000	(59.9%)
Ordinary income	25,000	(71.9%)
Net income (loss)	(10,000)	---
Net income (loss) per share	(3.33) yen	

* Indicates percentage of change from the previous fiscal year.

Revision to consolidated forecast in 3Q FY2011: Yes

4. Other

- (1) Change in number of material subsidiaries in fiscal year: No
 (Changes in specified subsidiaries due to changes in scope of consolidation)

(2) Adoption of specific accounting procedures for preparing the quarterly consolidated financial statements: No

(3) Changes in accounting policies, estimates and restatement on the preparation of quarterly consolidated financial statements

- Changes in accounting policies due to revised accounting standards: No
- Other changes: No
- Changes in accounting estimates: No
- Restatement: No

(4) Number of issued shares

	FY 2011 3Q	FY2010
Common stock (number of issued shares)	3,115,061,100	3,115,061,100
Treasury stock (number of shares)	114,119,349	114,026,072
Average number of shares in 9-months period	3,000,957,404	3,002,332,785*

*3Q FY2010

Note:

The portions of this material referring 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.

Qualitative Information on Consolidated Operating Results

Japan's economy was flat in the third quarter of fiscal 2011 (October-December 2011). Although the Great East Japan Earthquake on March 11, 2011 led to a sharp drop in production levels in the first quarter (April-June period), the effects of the quake had faded by the second quarter (July-September period). However, the third quarter was weighed down by the deceleration of the overseas economy brought about in part by the flooding in Thailand and by the high yen. Although overseas markets, mainly emerging countries, continued to gradually grow, the financial turmoil in Europe and monetary tightening in China have blunted the pace of economic growth.

In this economic environment, the Kobe Steel Group saw a decrease in sales volume, compared with the same April-December period last year, for steel products, aluminum rolled products, and copper sheet and strip due to the Great East Japan Earthquake and flooding in Thailand. Unit sales of hydraulic excavators in China enjoyed strong demand after the Lunar New Year last year, but since April demand had decreased due to monetary tightening in that country. Unit sales of excavators in the first nine months of 2011 (January-September period) were similar to the same period in the previous year.

As a result, the Kobe Steel Group's consolidated net sales in April-December period increased 53.7 billion yen to 1,409.5 billion yen in comparison to the same period last year owing to sales from large orders in the Machinery Business and Natural Resources and Engineering Business, as well as higher sales prices of steel products. However, the lower sales volume of steel products and aluminum rolled products, as well as higher raw material prices mainly for steel decreased operating income by 31.4 billion yen in comparison to the same period in the previous year to 69.1 billion yen. Ordinary income decreased by 28.7 billion yen in comparison to the same period in the previous year to 50.1 billion yen. Net income was also affected by these factors and a loss on the write-down of investments in securities in the third quarter. As a result, net income decreased 34.6 billion yen compared with the same period in the previous year to 12.5 billion yen.

Conditions in the business segments for the nine-month April-December period are as follows:

Iron & Steel Business

The sales volume of steel products (in terms of tons sold) decreased in the first nine months of fiscal 2011, in comparison to the same period in the previous year. Steel demand in Japan decreased in the first quarter of fiscal 2011 due to the Great East Japan Earthquake. Demand was also affected by the sluggish overseas market and high yen. Through negotiations with its customers, Kobe Steel was

able to raise prices of steel products, in comparison to the same period last year, to reflect higher raw material prices.

Sales of steel castings and forgings decreased in comparison to the same period in the previous year due to lower sales prices to the shipbuilding industry. On the other hand, sales of titanium products rose in comparison to the same period in the previous year owing to rising demand in infrastructure projects from emerging countries.

As a result, segment sales in the first nine months of fiscal 2011 increased 3.2% in comparison to the same period in the previous year to 642.3 billion yen. Ordinary income declined 18.3 billion yen, in comparison to the same period in the previous year, to 3.6 billion yen due to lower sales volume and higher raw material prices.

Welding Business

The sales volume of welding consumables increased over the same period last year owing to strong demand from South Korea, Europe, the United States and Russia. Sales of welding robot systems also increased in comparison to the same period last year owing to high demand from the construction machinery sector in China. As a result, segment sales increased 8.4% in comparison to the same period in the previous year to 62.9 billion yen. Ordinary income decreased 0.9 billion yen in comparison to the same period in the previous year to 2.5 billion yen due to the high yen.

Aluminum & Copper Business

The sales volume of aluminum rolled products and sales of aluminum castings and forgings decreased in the first nine months of fiscal 2011 in comparison to the same period in the previous year. Due to the Great East Japan Earthquake and flooding in Thailand, demand from the automotive industry and for LCD and semiconductor fabrication equipment was sluggish.

The sales volume of copper rolled products decreased in comparison to the same period last year. Although demand for copper tube for air conditioners was strong, demand decreased for copper sheet and strip for semiconductors.

Due to the above conditions, segment sales in the April-December period decreased 2.1% in comparison to the same period in the previous year to 224.7 billion yen. Ordinary income decreased 5.4 billion yen in comparison to the same period in the previous year to 7.9 billion yen.

Machinery Business

Demand was strong mainly for compressors used in the oil refining and petrochemical industries. As a result, orders in the April-December period were 98.5 billion yen, similar to the same period in the previous year, and the backlog of orders was 155.1 billion yen for the nine-month period ended at the end of December.

Segment sales in the nine-month period increased 8.2% in comparison to the same period in the previous year to 112.9 billion yen. But ordinary income decreased 2.5 billion yen in comparison to the same period in the previous year to 8.8 billion yen.

Natural Resources & Engineering Business

Orders in the first nine months of the fiscal year were 23.6 billion yen. This was 62.2% lower than the same period in the previous year, which saw an order for a large-scale direct reduction plant. The backlog of orders was 75.2 billion yen for the nine-month period ended at the end of December.

Segment sales for the April-December period increased 43.0% in comparison to the same period in the previous year to 43.2 billion yen due to the posting of sales from the large-scale direct reduction plant. Ordinary income increased 0.6 billion yen in comparison to the same period in the previous year to 3.4 billion yen.

Kobelco Eco-Solutions

Orders in the April-December period increased 30.6% in comparison to the same period in the previous year to 65.7 billion yen, owing to large orders in the waste treatment business. The backlog of orders was 52.1 billion yen for the nine-month period ended at the end of December.

Segment sales in the first nine months of the fiscal year increased 6.7% in comparison to the same period in the previous year to 48.6 billion yen. Ordinary income increased 1.1 billion yen in comparison to the same period in the previous year to 3.3 billion yen due to strong after-sales services and cost reductions.

Kobelco Construction Machinery

Unit sales of construction equipment in China, a major market, enjoyed strong demand after the Lunar New Year in 2011, but had slumped since April due to monetary tightening. As a result, demand in the first nine months of 2011 (January-September period) was similar to the same period in the previous year. Demand was strong in Southeast Asia, and unit sales in Japan increased over the same period in the previous year owing to a rise in demand for machines for use in restoration work after the Great East Japan Earthquake.

However, due to the high yen, segment sales in the first nine months of the fiscal year were flat at 241.7 billion yen, in comparison to the same period last year. Ordinary income decreased 2.1 billion yen in comparison to the same period last year to 20.2 billion yen.

Kobelco Cranes

Unit sales of cranes increased over the same period last year. In addition to an increase in demand in overseas markets, mainly North America, Southeast Asia and the Middle East, domestic demand also increased owing to restoration work following the Great East Japan Earthquake.

Due to the above conditions, segment sales in the first nine months of fiscal 2011 increased 13.3% in comparison to the same period in the previous year to 34.6 billion yen. Ordinary income increased 0.8 billion yen in comparison to the same period in the previous year to 18 million yen.

Other Businesses

At Kobelco Research Institute, Inc., demand for target material was sluggish. However, at Shinko Real Estate Co., Ltd., property sales and the leasing business were at similar levels as the same period in the previous year. As a result, segment sales increased 2.3% in comparison to the same period in the previous year to 46.8 billion yen. Ordinary income increased 0.2 billion yen in comparison to the same period in the previous year to 4.0 billion yen.

Qualitative Information on Consolidated Earnings Forecast

In comparison to the previous forecast on October 31, 2011, the Kobe Steel Group anticipates an increasingly severe business environment with a slowdown in the world economy and the high yen taking root. Kobe Steel anticipates that the sales volume and prices of steel products in the Iron & Steel Business will be lower than projected in the previous forecast. In the Aluminum & Copper Business, Kobe Steel anticipates that the sales volume of aluminum rolled products and copper rolled products will also be lower than projected in the previous forecast.

In addition to these conditions, Kobe Steel incurred an extraordinary loss on the write-down of investments in securities in the third quarter. As a result, Kobe Steel projects a downward revision of its earnings forecast for the full fiscal 2011.

Dividends for Fiscal 2011

Kobe Steel's policy is to distribute dividends on a continuous and stable basis. Dividends are decided taking into account the Company's financial condition, trends in its business performance, future capital needs, and other issues from a comprehensive standpoint. On this basis, Kobe Steel decided to pay a dividend of 1 yen per share for the first half of fiscal 2011. However, with regard to the dividend at the end of the fiscal year in March 2012, as many uncertainties need to be taken into consideration, the amount of the dividend cannot be determined at this time.

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CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

(In millions of yen)

Assets	FY2011	FY2010
	9 Months Ended	Year Ended
	Ended Dec. 31, 2011	Ended Mar. 31, 2011
Current assets		
Cash and time deposits	110,463	145,875
Notes and accounts receivable	304,101	302,846
Merchandise and finished goods	159,128	131,138
Work in progress	133,749	127,512
Raw materials and supplies	133,572	122,694
Other	161,417	167,261
Allowance for doubtful accounts	(442)	(571)
Total current assets	<u>1,002,011</u>	<u>996,757</u>
Tangible fixed assets		
Buildings and structures	283,754	279,519
Machinery and equipment	381,949	363,284
Land	205,624	204,948
Other	33,230	85,586
Total tangible fixed assets	<u>904,559</u>	<u>933,339</u>
Intangible fixed assets	20,227	22,231
Investments and other assets		
Investments in securities	165,105	190,255
Other	110,097	92,077
Allowance for doubtful accounts	(2,464)	(3,129)
Total investments and other assets	<u>272,738</u>	<u>279,203</u>
Total fixed assets, investments and other assets	<u>1,197,526</u>	<u>1,234,775</u>
Total assets	<u>2,199,537</u>	<u>2,231,532</u>
Current liabilities		
Notes and accounts payable	471,838	478,675
Short-term borrowings	206,590	170,657
Bonds due within one year	18,976	35,836
Income and enterprise taxes payable	5,201	9,059
Other reserves	26,671	39,377
Other	139,865	154,773
Total current liabilities	<u>869,142</u>	<u>888,379</u>
Long-term liabilities		
Bonds and notes	187,172	177,349
Long-term borrowings	416,455	441,099
Employees' severance and retirement benefits	53,833	29,345
Other reserves	2,294	2,497
Other	78,668	95,494
Total long-term liabilities	<u>738,423</u>	<u>745,785</u>
Total liabilities	<u>1,607,566</u>	<u>1,634,165</u>

Net Assets

	FY2011 9 Months Ended Ended Dec. 31, 2011	FY2010 Year Ended Ended Mar. 31, 2011
Stockholders' equity		
Common stock	233,313	233,313
Capital surplus	83,125	83,125
Retained earnings	307,414	302,376
Treasury stock, at cost	(51,629)	(51,627)
Total stockholders' equity	<u>572,223</u>	<u>567,186</u>
Accumulated other comprehensive income		
Unrealized gains on securities, net of taxes	10,544	19,742
Deferred gains or losses on hedging derivatives, net of taxes	(1,199)	584
Land revaluation differences, net of taxes	(4,149)	(4,756)
Foreign currency translation adjustments	(39,214)	(34,127)
Total other comprehensive income	<u>(34,019)</u>	<u>(18,555)</u>
Minority interests	53,766	48,736
Total net assets	<u>591,970</u>	<u>597,367</u>
Total liabilities and net assets	<u>2,199,537</u>	<u>2,231,532</u>

(2) Consolidated Statements of Income for 9 Months Ended December 31, 2011

(In millions of yen)

	FY2011 9 Months Ended Dec. 31, 2011	FY2010 9 Months Ended Dec. 31, 2010
Net sales	1,409,556	1,355,790
Cost of sales	1,216,278	1,136,717
Gross profit	193,277	219,073
Selling, general and administrative expenses	124,151	118,494
Operating income	69,125	100,578
Non-operating income		
Interest income	2,924	1,995
Dividend income	3,025	2,233
Seconded employees' salaries, net of reimbursement	4,435	4,955
Equity in income of unconsolidated subsidiaries and affiliates	4,555	2,927
Other	13,186	11,605
Total non-operating income	28,128	23,707
Non-operating expenses		
Interest expense	14,651	15,459
Salaries for seconded employees	11,508	12,674
Other	20,932	17,259
Total non-operating expenses	47,093	45,393
Ordinary income	50,160	78,892
Extraordinary Income		
Gain on sale of securities	---	2,203
Total extraordinary Income	---	2,203
Extraordinary loss		
Loss on write-down of investments in securities	13,873	---
Loss on adjustment for changes of accounting standard for asset retirement obligations	---	2,380
Total extraordinary loss	13,783	2,380
Income before income taxes	36,287	78,715
Income taxes		
Current	11,485	10,839
Deferred	1,088	7,623
Total income taxes	12,574	18,462
Income before minority interests	23,712	60,253
Minority interests in income of subsidiaries	11,114	13,029
Net income	12,598	47,223

(3) Consolidated Statements of Comprehensive Income

(in millions of yen)

	FY2011	FY2010
	9 Months Ended	9 Months Ended
	Dec. 31, 2011	Dec. 31, 2010
Income before minority interests	23,712	60,253
Other comprehensive income		
Unrealized gains or losses on securities, net of taxes	(8,910)	(5,551)
Unrealized gains or losses on hedging derivatives, net of taxes	(2,544)	545
Land revaluation differences, net of taxes	651	49
Foreign currency translation adjustments	(7,017)	(8,216)
Share of other comprehensive income related to affiliates	148	(567)
Total other comprehensive income	(17,672)	(13,739)
Comprehensive Income	6,040	46,513
Breakdown of total comprehensive income attributed to:		
Equity holders of the parent	(2,865)	35,439
Minority interests	8,905	11,073

(4) Notes on premise of a going concern:

None

(5) Notes in the case of a significant change in shareholders' equity:

None

Supplemental Information for First Nine Months of Fiscal 2011

(April 1 – December 31, 2011)

Consolidated Operating Results for First Nine Months of Fiscal 2011

(In billions of yen)

	FY2011 9 Months Ended Dec. 31, 2011	FY2010 9 Months Ended Dec. 31, 2010	% change
Net sales	1,409.5	1,355.7	4.0%
Operating income	69.1	100.5	(31.3%)
Ordinary income	50.1	78.8	(36.4%)
Extraordinary Income (loss)	* (13.8)	(0.1)	---
Net income	12.5	47.2	(73.3%)

* Loss on write-down of investments in securities 13.8

FY2011 Consolidated Forecast

(In billions of yen)

	Current Forecast FY2011	Previous Forecast (Oct. 31) FY2011	FY2010 Full Year
Net sales	1,870.0	1,950.0	1,858.5
Operating income	50.0	75.0	124.5
Ordinary income	25.0	50.0	89.0
Extraordinary income (loss)	* (13.8)	---	(0.2)
Net income (loss)	(10.0)	20.0	52.9

* Loss on write-down of investments in securities 13.8

Dividend for the end of fiscal 2011: Undetermined (Dividend for first-half of fiscal 2011: 1.0 yen)

(1) Consolidated Sales & Ordinary Income by Segment

(In billions of yen)

		FY2011		FY2010		Previous Forecast (Oct. 31) FY2011
		9 Month Results	Full Year Forecast	9 Month Results	Full Year	
Iron & Steel	Sales	642.3	850.0	622.7	840.3	880.0
	Ordinary Income (loss)	3.6	(19.0)	22.0	23.7	0.0
Welding	Sales	62.9	86.0	58.0	77.7	87.0
	Ordinary Income	2.5	3.5	3.4	4.6	4.0
Aluminum & Copper	Sales	224.7	285.0	229.4	304.0	315.0
	Ordinary Income	7.9	5.0	13.4	14.7	10.0
Machinery	Sales	112.9	162.0	104.4	154.5	162.0
	Ordinary Income	8.8	8.0	11.4	14.5	8.0
Natural Resources & Engineering	Sales	43.2	59.0	30.2	64.2	63.0
	Ordinary Income	3.4	0.5	2.8	3.0	0.0
Kobelco Eco-Solutions	Sales	48.6	71.5	45.6	69.6	71.5
	Ordinary Income	3.3	3.6	2.1	3.1	3.6
Kobelco Construction Machinery	Sales	241.7	305.0	241.3	313.1	315.0
	Ordinary Income	20.2	22.0	22.3	26.3	23.0
Kobelco Cranes	Sales	34.6	48.0	30.5	40.9	52.0
	Ordinary Income (loss)	0.0	0.0	(0.7)	(1.3)	0.5
Other Businesses	Sales	46.8	69.0	45.8	65.5	70.0
	Ordinary Income	4.0	6.0	3.7	6.4	7.0
Adjustment	Sales	(48.6)	(65.5)	(52.4)	(71.6)	(65.5)
	Ordinary Income (loss)	(3.9)	(4.6)	(1.7)	(6.1)	(6.1)
Total	Sales	1,409.5	1,870.0	1,355.7	1,858.5	1,950.0
	Ordinary Income	50.1	25.0	78.8	89.0	50.0

(2) Production and Sales of Steel Products (Nonconsolidated)

Production and Sales Volume (Nonconsolidated, in millions of metric tons)

	FY2011		FY2010	
	9 Months	Full Year Forecast	9 Months	Full Year
Crude steel	5.40	Approx. 7.20	5.70	7.60
Sales volume	4.54	Approx. 6.05	4.76	6.38
Export ratio (value basis)	27.1%	26%	26.9%	27.1%

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

	FY2011		FY2010	
	9 Months	Full Year Forecast	9 Months	Full Year
Domestic & Export average	90,100	Approx. 89,000	83,600	83,200

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

Comparison of FY2011 9 Months and FY2010 9 Months

	FY2011 9 Months Results	FY2010 9 Months Results	Amount of Decrease
Ordinary Income	50.1	78.8	(28.7)

Factors Increasing Profits		Factors Decreasing Profits	
Production & shipments	36.5	Raw material prices	(57.5)
Overall cost reductions	0.5	Effect of steel inventory valuation*	(11.5)
Consolidated subsidiaries & affiliates	0.5		
Other	2.8		
Total	40.3	Total	(69.0)

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

Comparison of FY2011 Forecast and FY2010 Results

	FY2011 Forecast	FY2010	Amount of Decrease
Ordinary Income	25.0	89.0	(64.0)

Factors Increasing Profits		Factors Decreasing Profits	
Production & shipments	37.0	Raw material prices	(73.0)
		Overall cost	(0.1)
		Effect of steel inventory valuation*	(18.0)
		Consolidated subsidiaries & affiliates	(6.0)
		Other	(3.0)
Total	37.0	Total	(101.0)

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

Comparison of Current Forecast and Previous Forecast for FY2011

	Current Forecast	Previous Forecast	Amount of Decrease
Ordinary Income	25.0	50.0	(25.0)

Factors Increasing Profits		Factors Decreasing Profits	
Raw material prices	7.0	Production & shipments	(22.0)
Other	8.0	Overall cost	(3.5)
		Effect of steel inventory valuation*	(9.5)
		Consolidated subsidiaries & affiliates	(5.0)
Total	15.0	Total	(40.0)

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

(4) Outside Debt & D/E Ratio (Consolidated, in billions of yen)

(As of the end of each period, unless otherwise indicated)

	FY2011 Forecast (Mar. 31 2012)	FY2010 (Mar. 31 2011)
Outside debt ¹	770.0	769.8
D/E ratio (times) ²	1.4	1.4

1. Excludes debt from IPP project financing.

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

(5) Capital Investment (Consolidated, in billions of yen)

	FY2011 Forecast	FY2010
Capital investment	95.0	91.3
Depreciation	120.0	114.8

FOR REFERENCE

Fiscal 2011 Quarterly Information by Segment (Consolidated, in billions of yen)

		FY2011 Forecast							Total	FY2010						Total
		1st Half			2nd Half			1st Half			2nd Half					
		1Q	2Q	subtotal	3Q	4Q	subtotal	1Q		2Q	subtotal	3Q	4Q	subtotal		
Iron & Steel	Sales	195.6	224.4	420.1	222.2	207.7	429.9	850.0	203.3	210.0	413.4	209.2	217.6	426.9	840.3	
	Ordinary Income (Loss)	3.3	0.1	3.5	0.1	(22.6)	(22.5)	(19.0)	13.8	(4.6)	9.1	12.8	1.7	14.5	23.7	
Welding	Sales	21.6	20.5	42.2	20.6	23.2	43.8	86.0	18.4	18.6	37.1	20.9	19.7	40.6	77.7	
	Ordinary Income	1.3	0.8	2.1	0.3	1.1	1.4	3.5	1.1	1.0	2.1	1.2	1.1	2.4	4.6	
Aluminum & Copper	Sales	79.3	76.0	155.3	69.3	60.4	129.7	285.0	78.2	76.7	155.0	74.4	74.5	149.0	304.0	
	Ordinary Income (Loss)	5.3	1.6	7.0	0.9	(2.9)	(2.0)	5.0	6.2	3.4	9.7	3.6	1.3	5.0	14.7	
Machinery	Sales	41.1	38.9	80.1	32.7	49.2	81.9	162.0	33.9	37.7	71.6	32.7	50.1	82.8	154.5	
	Ordinary Income (Loss)	3.3	2.3	5.6	3.2	(0.8)	2.4	8.0	4.9	3.6	8.5	2.8	3.0	5.9	14.5	
Natural Resources & Engineering	Sales	12.4	17.8	30.2	12.9	15.9	28.8	59.0	13.2	7.8	21.1	9.0	34.0	43.1	64.2	
	Ordinary Income (Loss)	(0.6)	1.2	0.6	2.8	(2.9)	(0.1)	0.5	2.3	(0.8)	1.4	1.3	0.2	1.5	3.0	
Kobelco Eco-Solutions	Sales	12.4	17.4	29.8	18.8	22.9	41.7	71.5	13.9	16.1	30.0	15.5	23.9	39.5	69.6	
	Ordinary Income	0.4	1.0	1.4	1.8	0.4	2.2	3.6	1.0	0.0	1.1	0.9	0.9	1.9	3.1	
Kobelco Construction Machinery	Sales	97.7	82.4	180.1	61.6	63.3	124.9	305.0	85.6	89.9	175.6	65.7	71.7	137.5	313.1	
	Ordinary Income	11.1	7.4	18.5	1.6	1.9	3.5	22.0	9.8	8.9	18.8	3.5	3.9	7.4	26.3	
Kobelco Cranes	Sales	11.8	11.1	22.9	11.6	13.5	25.1	48.0	11.2	12.0	23.3	7.1	10.4	17.6	40.9	
	Ordinary Income (Loss)	(0.4)	0.5	0.1	(0.0)	(0.1)	(0.1)	0.0	(0.3)	0.4	0.1	(0.9)	(0.5)	(1.5)	(1.3)	
Other Businesses	Sales	14.7	16.4	31.1	15.7	22.2	37.9	69.0	14.6	15.5	30.2	15.6	19.7	35.3	65.5	
	Ordinary Income	1.2	1.4	2.6	1.3	2.1	3.4	6.0	0.9	1.1	2.0	1.6	2.7	4.4	6.4	
Adjustment	Sales	(15.5)	(16.6)	(32.2)	(16.3)	(17.0)	(33.3)	(65.5)	(15.2)	(20.3)	(35.5)	(16.8)	(19.2)	(36.1)	(71.6)	
	Ordinary Income (Loss)	(1.1)	(2.0)	(3.1)	(0.7)	(0.8)	(1.5)	(4.6)	(2.0)	(2.0)	(4.1)	2.3	(4.4)	(2.0)	(6.1)	
Total	Sales	471.4	488.6	960.0	449.4	460.6	910.0	1,870.0	457.4	464.6	922.0	433.7	502.7	936.5	1,858.5	
	Ordinary Income (Loss)	23.9	14.5	38.5	11.6	(25.1)	(13.5)	25.0	38.0	11.2	49.3	29.5	10.1	39.7	89.0	
Net Income (loss)		9.8	7.5	17.3	(4.7)	(22.6)	(27.3)	(10.0)	20.0	9.4	29.4	17.7	5.7	23.4	52.9	

Quarterly Production and Sales of Steel Products (Nonconsolidated)

Production & Sales Volume (Nonconsolidated, in millions of metric tons)

FY2010	1st Half			2nd Half			Full Year
	1Q	2Q	Subtotal	3Q	4Q	Subtotal	
Crude steel	1.98	1.74	3.72	1.98	1.90	3.88	7.60
Sales volume	1.65	1.56	3.21	1.55	1.62	3.17	6.38
Export ratio (value basis)	28.5%	27.8%	28.2%	24.5%	27.9%	26.2%	27.1%

FY2011	1st Half			2nd Half			Full Year
	1Q	2Q	Subtotal	3Q	4Q	Subtotal	
Crude steel	1.75	1.88	3.63	1.77	Approx. 1.80	Approx. 3.55	Approx. 7.20
Sales volume	1.44	1.54	2.98	1.56	Approx. 1.50	Approx. 3.05	Approx. 6.05
Export ratio (value basis)	31.9%	26.9%	29.2%	23.3%	23%	23%	26%

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

FY2010	1st Half			2nd Half			Full Year
	1Q	2Q	Subtotal	3Q	4Q	Subtotal	
Domestic & Export ave.	76,800	86,100	81,300	88,100	82,200	85,100	83,200

FY2011	1st Half			2nd Half			Full Year
	1Q	2Q	Subtotal	3Q	4Q	Subtotal	
Domestic & Export ave.	85,200	91,800	88,600	92,900	Approx. 84,000	Approx. 89,000	Approx. 89,000

Note:

The portions of this material referring 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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