

KAWASAKI STEEL CORPORATION
NON-CONSOLIDATED BALANCE
SHEETS
MARCH 31, 2000 AND 1999

<u>ASSETS</u>	Millions of yen		Thousands of U.S. dollars (Note 1)
	2000	1999	2000
Current assets:			
Cash and time deposits	¥ 8,196	¥ 15,806	\$ 77,215
Short-term investments	2,060	156,737	19,408
Notes and accounts receivable:			
Trade	53,635	56,895	505,284
Associates	78,969	116,277	743,947
Other	6,150	10,709	57,943
Allowance for doubtful accounts	(200)	(400)	1,884
	<u>138,554</u>	<u>183,481</u>	<u>1,309,058</u>
Inventories	185,488	205,537	1,747,419
Deferred income taxes (Note 5)	11,544	—	108,752
Other current assets	4,335	7,589	40,840
Total current assets	<u>350,180</u>	<u>569,152</u>	<u>3,302,692</u>
Property, plant and equipment :			
Land	87,680	88,577	826,004
Building and structures	635,605	636,058	5,987,807
Machinery and equipment	2,314,518	2,305,181	21,804,227
Construction in progress	19,593	16,140	184,580
	<u>3,057,397</u>	<u>3,045,956</u>	<u>28,802,618</u>
Accumulated depreciation	(2,359,609)	(2,292,672)	22,229,014
	<u>697,788</u>	<u>753,286</u>	<u>6,573,604</u>
Investments and other assets:			
Investments in and advances to associates	214,067	221,698	2,016,653
Investments in securities	161,402	43,905	1,520,511
Deferred income taxes (Note 5)	41,958	51,452	395,275
Other	54,801	57,360	516,269
Less allowance for doubtful accounts	(6,805)	(15,061)	64,115
	<u>465,424</u>	<u>359,355</u>	<u>4,384,593</u>
	<u>¥ 1,513,393</u>	<u>¥ 1,681,793</u>	<u>\$ 14,257,121</u>

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	2000	1999	2000
Current liabilities:			
Short-term bank loans	¥ 2,100	¥ 7,440	\$ 19,783
Current portion of long-term debt	136,274	176,531	1,283,796
Notes and accounts payable:			
Trade	41,007	49,744	386,315
Associates	58,066	66,315	547,020
Other	2,296	3,449	21,639
Accrued income taxes (Note 5)	61	59	575
Accrued expenses			
Allowance for loss on guarantees	111	2,674	1,046
Other current liabilities	92,299	96,927	869,519
Total current liabilities	<u>332,217</u>	<u>403,144</u>	<u>3,129,699</u>
Long-term debt	635,959	735,675	5,991,141
Accrued severance indemnities	44,475	47,419	418,984
Other liabilities	38,096	39,452	358,895
Total liabilities	<u>1,050,748</u>	<u>1,225,691</u>	<u>9,898,719</u>
Contingencies (Note 3)			
Shareholders' equity :			
Common stock, par value, ¥ 50per share			
Authorized 6,000,000,000 shares			
Issued			
2000- 3,251,556,286 shares	239,644	—	2,257,603
1999- 3,251,555,362 shares	—	239,644	
Additional paid-in capital	119,611	119,611	1,126,817
Legal reserve	40,209	39,721	378,803
Retained earnings	63,178	57,125	595,180
	<u>462,644</u>	<u>456,102</u>	<u>4,358,403</u>
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	<u>¥ 1,513,393</u>	<u>¥ 2,084,937</u>	<u>\$ 14,257,121</u>

KAWASAKI STEEL CORPORATION
NON-CONSOLIDATED STATEMENTS OF
INCOME
YEARS ENDED MARCH 31, 2000 AND
1999

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2000	1999	2000
Net sales	¥ 765,924	¥ 836,240	\$ 7,215,490
Cost of sales	658,383	725,606	6,202,387
Gross profit	<u>107,540</u>	<u>110,633</u>	<u>1,013,104</u>
Selling, general and administrative expenses	78,086	86,842	735,626
Operating income	<u>29,454</u>	<u>23,791</u>	<u>277,477</u>
Non-operating income (expenses):			
Interest and dividend income	3,804	4,741	35,847
Interest expenses	(16,420)	(21,215)	154,693
Other, net	104	(459)	983
Ordinary profit	<u>16,943</u>	<u>6,857</u>	<u>159,614</u>
Special profit(loss):(Note 6)	(8,438)	(111,948)	(79,495)
Income(loss) before income taxes	8,504	(105,091)	80,119
Income taxes (Note 5):			
Current	61	59	575
Deferred	1,902	(42,884)	17,923
	<u>1,963</u>	<u>(42,825)</u>	<u>18,498</u>
Net income (loss)	<u>¥ 6,541</u>	<u>¥ (62,265)</u>	<u>\$ 61,621</u>
	Yen		U.S. dollars (Note 1)
	2000	1999	2000
Net income (loss) per share:	¥ 2.01	¥ (19.14)	\$ 0.019
Cash dividends per share	1.50	1.50	0.014

The accompanying notes are an integral part of these statements.

KAWASAKI STEEL CORPORATION
NON-CONSOLIDATED STATEMENTS OF
SHAREHOLDERS' EQUITY
YEARS ENDED MARCH 31, 2000 AND 1999

	Number of shares issued (thousands)	Millions of yen			
		Common stock	Additional paid-in capital	Legal reserve	Retained earnings
Balance at April 1, 1998	3,251,555	¥ 239,644	¥ 119,611	¥ 39,234	¥ 112,235
Adjustment for past years tax effect					12,520
Net income for the year					(62,265)
Cash dividends					(4,877)
Bonuses to directors and corporate auditors					
Transfer to legal reserve				487	(487)
Conversion of convertible debentures to common stock	0				
Balance at March 31, 1999	3,251,555	239,644	119,611	39,721	57,125
Prior years' tax effect					
Net income for the year					6,541
Cash dividends					
Bonuses to directors and corporate auditors					
Transfer to legal reserve				488	(488)
Conversion of convertible debentures to common stock	1				
Balance at March 31, 2000	3,251,556	239,644	119,611	40,209	63,178

	Thousands of U.S. dollars (Note 1)			
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock
Balance at March 31, 1999	\$ 2,257,603	\$ 1,126,817	\$ 374,205	\$ 538,154
Prior years' tax effect			0	0
Net income for the year			0	61,621
Cash dividends			0	0
Bonuses to directors and corporate auditors			0	0
Conversion of convertible debentures to common stock	0	0	4,597	(4,597)
Balance at March 31, 2000	\$ 2,257,603	\$ 1,126,817	\$ 378,803	\$ 595,180

The accompanying notes are an integral part of these statements.