

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
of Kawasaki Steel Corporation

We have audited the non-consolidated balance sheets of Kawasaki Steel Corporation as of March 31, 2000 and 1999, and the related non-consolidated statements of operations and shareholders' equity for the years then ended, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the non-consolidated financial statements, expressed in yen, present fairly the non-consolidated financial position of Kawasaki Steel Corporation at March 31, 2000 and 1999, and the non-consolidated results of its operations for the years then ended, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis except for the change, with which we concur, in the method of accounting for revenues from construction contracts, made in the year ended March 31, 2000, as described in Note 2(i) to the non-consolidated financial statements.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2000 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the non-consolidated financial statements.

Century Ota Shawa & Co.

Osaka, Japan
June 29, 2000

See Note 1 to the non-consolidated financial statements which explains the basis of preparing the non-consolidated financial statements of Kawasaki Steel Corporation under Japanese accounting principles and practices.