

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Shareholders and
Board of Directors
of Kawasaki Steel Corporation

We have audited the consolidated balance sheets of Kawasaki Steel Corporation and subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese 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 consolidated financial statements, referred to above present fairly the consolidated financial position of Kawasaki Steel Corporation and subsidiaries as of March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 2(b), Note 2(d) and Note 2(g), effective April 1, 2000, the consolidated financial statements have been prepared in accordance with new accounting standard for Foreign Currencies Transactions, Financial Instruments and Retirement Benefit.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2001 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 consolidated financial statements.

Century Otis Showa & Co.

Osaka, Japan
June 28, 2001

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