

## **Update on safety verification status concerning improper conduct in the Kobe Steel Group**

We once again deeply apologize for the considerable trouble we have caused to our customers, suppliers, shareholders and many others concerning the improper conduct in Kobe Steel, Ltd. and its group companies (collectively, the “Kobe Steel Group”). Regarding the verification status of the safety of customers’ products that have used our nonconforming products, Kobe Steel reports on the progress it has made at this time (as of March 23).

### **Verification status of safety of customers’ products that have used nonconforming products (as of March 23)**

#### **(1) Customers’ responses at present**

For customers to whom nonconforming products — which were found through the self-inspections conducted by the Kobe Steel Group and through the investigations by the Independent Investigation Committee (the “IIC”) covering the past one year — were shipped and for products other than those delivered directly to customers, Kobe Steel at this time has not confirmed cases that would require the immediate suspension of use or immediate recall of the products.

#### **(2) Current progress of safety verification**

Owing to the enormous amount of cooperation from its customers, the Kobe Steel Group is earnestly proceeding with safety verification. At this time as outlined in Table 1, the safety has been confirmed at 520 companies out of the 525 companies to whom nonconforming products were delivered as announced on October 26, 2017, and 141 companies out of an additional 163 companies identified since the establishment of the IIC on October 26, 2018 as announced on March 6, 2018.

The Kobe Steel Group will continue to wholeheartedly devote itself to cooperating with its customers in order to complete the safety verifications at an early time.

From now on, updates on the safety verifications will be posted on our website when progress is made.

**Table 1**

Major category	Company name	Material	Main purpose	Announced on October 26, 2017		As of March 23, 2018	
				No. of customers	Safety verification	Since the IIC's establishment (October 26, 2017)	
						No. of customers	Safety verification
Aluminum & Copper	Kobe Steel, Ltd. Aluminum & Copper Business	Aluminum sheets	Can stock Cars	57	52	7	<u>7</u>
		Aluminum cast & forged parts	Aircraft Rolling stock	67	67	4	2
		Aluminum extrusions	Cars Rolling stock	34	34	-	-
		Copper sheets	Semiconductors Terminals	38	38	2	2
	Kobelco & Materials Copper Tube, Ltd.	Copper tubes	Air conditioning	23	23	88	87
	Shinko Metal Products Co., Ltd.	Copper alloy tubes, Molds	Electrical machinery, Steelmaking equipment	176	176	29	<u>10</u>
	Domestic subsidiary: 1 Overseas subsidiaries: 3 <sup>*2</sup>	Copper tubes Copper strips Aluminum wires	Air conditioning Terminals	36	36	-	-
	Shinko Moka Sogo Service Ltd.	Aluminum plate	Prototype materials	-	-	1	<u>1</u>
Other	Kobelco Research Institute, Inc.	Sputtering target materials Prototype alloys Corrosion analysis	FPD Optical disks Prototype alloys Corrosion analysis	70	70	14	<u>14</u>
	Kobe Steel, Ltd. Iron & Steel Business Steel Powder Division	Steel powder	Sintered parts	1	1	-	-
	Domestic subsidiaries, etc.: 2 Overseas subsidiaries, etc.: 2 <sup>*3</sup>	Steel wire Stainless steel wire Heat treatment	Bearings Springs	22	22	-	-
	Shinko Kohan Kako, Ltd.	Heavy plate processing	Heavy plate processed products	1	1	-	-
	Koshuha All Metal Service Co., Ltd.	Heat treatment	Heat treatment	-	-	1	1
	Kobe Steel, Ltd. Machinery Business	Machinery	Industrial machinery Standard compressors	-	-	10	10
	Shinko Engineering Co., Ltd.	Machinery	Industrial machinery	-	-	3	3
	Kobelco Eco-Solutions Co., Ltd.	Water analysis	Water analysis	-	-	4	4
	<b>Total</b>				<b>525<sup>*1</sup></b>	<b>520</b>	<b>163<sup>*1</sup></b>
Previous report (March 6, 2018)				<b>525<sup>*1</sup></b>	<b>520</b>	<b>163<sup>*1</sup></b>	<b>129</b>

Changes in the number of companies reported on March 6 are underlined.

\*1 The 525 customers announced on October 26, 2017 and the 163 customers affected by the Misconduct detected after the establishment of the Independent Investigation Committee are cumulative numbers.

\*2 Shinko Aluminum Wire Co., Ltd., Kobelco & Materials Copper Tube (M) Sdn. Bhd., Kobelco & Materials Copper Tube (Thailand) Co., Ltd., and Suzhou Kobe Copper Technology Co., Ltd.

\*3 Nippon Koshuha Steel Co., Ltd., Shinko Wire Stainless Company, Ltd., Jiangyin Sugita Fasten Spring Wire Co., Ltd., and Kobelco Spring Wire (Foshan) Co., Ltd.