

Kobe Steel Unveils Medium- to Long-Term Business Vision, KOBELCO VISION "G"

Creating New Value, Aiming for Global Growth with the Group's Combined Strengths



Hiroshi Sato, President, CEO and Representative Director

Fiscal 2009 Overview

In fiscal 2009, ended March 31, 2010, the Kobe Steel Group applied its energies to making the preparations necessary to overcome post-Lehman Shock difficulties. To this end, we put on hold the formulation of the originally scheduled medium-term business plan as we moved forward with business operations, placing emphasis on improvements to short-term earnings. As a result, although initial projections had called for a substantial consolidated ordinary loss of ¥30.0 billion, we were able to finish the fiscal year with ordinary income* of ¥10.3 billion. We also secured ¥6.3 billion in net income, an improvement from the net loss of ¥31.4 billion in fiscal 2008.

Main Points of the Medium- to Long-Term Business Vision

In April 2010, the Kobe Steel Group unveiled its Medium- to Long-Term Business Vision, KOBELCO VISION "G," in which the "G" represents "Global," "Group" and "Growth." Differing from conventional medium-term business plans that focus on numerical targets, the new Vision will help us navigate a course over the next five to ten years. Indeed, it will be the main map for the medium to long term.

Over this time frame, projections call for a structure in which Japan experiences an overall decline in demand against the backdrop of a falling birthrate and an aging population, as well as a shift by the manufacturing industry to overseas locations. On the other hand, overseas demand is expected to grow, primarily in emerging markets. Moreover, it is believed that such factors as the deepening global problem of greenhouse gas emissions will spur rapid change to a demand

structure geared toward a low-carbon society and will impose operational constraints on manufacturers in Japan, as well as growth in nuclear power generation and the increasing spread of hybrid and electric vehicles. Based on this awareness of the business environment, we had the following image of the Group in mind when we formulated this Vision.

By integrating its knowledge and technologies that cover diverse business areas for materials such as iron and steel, welding and aluminum and copper, as well as for machinery that includes industrial machinery, ironmaking processes, engineering and construction machinery, Kobe Steel aims to be a corporate group that:

- Has a presence in the global market
- Maintains a stable profit structure and a strong financial foundation
- Prospers together with its shareholders, business partners, employees and society

To realize this image of the Group, Kobe Steel adheres to the following basic policies, while creating new value and aiming for global growth.

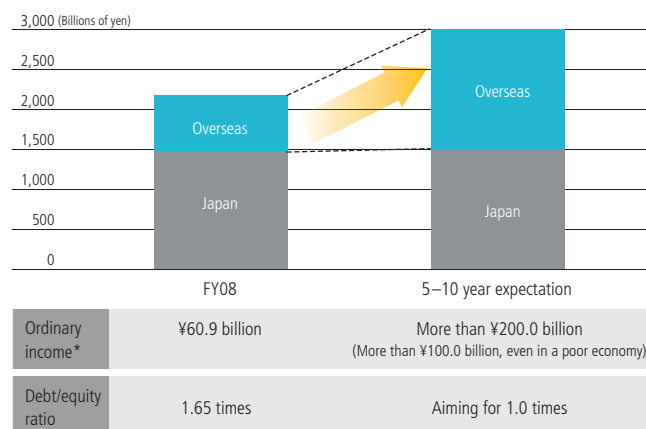
Basic Policy of the Medium- to Long-Term Business Vision

1. Thorough pursuit of high-end "Only One" products, technologies and services
2. Further improve manufacturing strengths
3. Growth and business expansion
4. Demonstrating the comprehensive capabilities of the Group
5. Make contributions to society

Performance Image

Under this Vision, Kobe Steel looks ahead five to ten years to see performance levels at approximately ¥3 trillion for consolidated net sales and over ¥200 billion for ordinary income. Even in a deteriorating economy, I would like to see ordinary income at a minimum level of ¥100 billion. Moving forward, while honing our competitive capabilities in Japan, it is important to find opportunities for growth by gaining a foothold in growing overseas markets. I believe that these markets, where growth is anticipated, will become the main drivers of increased sales. Indeed, Kobe Steel envisages that its overseas ratio, at over 30% in fiscal 2008, will rise to approximately 50% of total sales. I would like to aim for a debt/equity ratio to once again reach 1.0 times.

Consolidated Net Sales (Image)



In Conclusion

Kobe Steel, established in 1905, turns 105 years old this year. To come this far we have moved with the times and weathered many storms. While we may be a completely different company a century from now, I hope that the Group will persist with its corporate philosophy, composed of trust, Group harmony and innovative change, while steadily maintaining growth. Making full use of the diversity and originality of our businesses, I anticipate that Kobe Steel will develop capabilities unmatched by other companies and grow in a way that meets all of your expectations. To this end, I would like to ask for your continued support.

July 2010

Hiroshi Sato

President, CEO and Representative Director

* Although not shown on U.S. GAAP consolidated financial statements or in International Financial Reporting Standards, ordinary income is commonly used in Japan as an indication of profits on statements of operations.