

Business Segment Classification Changes

From fiscal 2010, in line with the application of the *Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information* (ASBJ Statement No. 17, dated March 27, 2009), Kobe Steel has changed its consolidated business segments from classifications based on product similarities and other items to those based on a "management approach." * The principal changes made were as follows.

The first change involved the formation of a new Iron and Steel Business unit. Created by combining the Wholesale Power Supply segment with Iron and Steel, this segment now excludes Welding, which became a single autonomous unit.

The next change affected the Machinery segment, which was divided into three separate units: the Machinery Business, with a primary focus on industrial machinery; Natural Resources and Engineering Business, with its focus on ironmaking plants and nuclear power plants; and Kobelco Eco-Solutions.

Furthermore, the Construction Machinery segment was split into two units, namely, Kobelco Construction Machinery and Kobelco Cranes, while Real Estate and Electronic Materials and Other Businesses were combined into an "Other Businesses" unit.

Previously, Kobe Steel disclosed operating income (loss) by segment. From fiscal 2010, however, this will change to disclosure as ordinary income (loss) by segment in conformity with internal management.

*Classifications that conduct internal results management or decision making are now required to disclose results.

