

## Announcement on compliance matter of a subsidiary

January 22, 2014

Kobe Steel, Ltd.'s subsidiary, Shinko Bolt, Ltd., discovered that a portion of its steel bolts for use in construction was manufactured without meeting the manufacturing conditions required under the Building Standards Act administered by Japan's Ministry of Land, Infrastructure, Transport and Tourism (MILT).

Although the bolts did not meet the specifications of the MILT, investigations and testing conducted by Shinko Bolt determined that the bolts under question met the mechanical property standards for strength and yield strength that normal construction bolts should have. The lack of approval did not affect the safety of the bolts or the structures incorporating them.

In consultation with the MILT, Shinko Bolt will make its utmost effort to resolve this issue as promptly as possible. The company deeply regrets causing considerable trouble to and inconveniencing numerous related parties.

Kobe Steel intends to review and restructure its compliance system in order to establish a system whereby subsidiaries can better manage their operations and adhere to laws and regulations, as well as a system whereby Kobe Steel can more thoroughly manage the subsidiaries.

### Outline of Shinko Bolt

1. Name: Shinko Bolt, Ltd.
2. Head Office: 17, Futamatashinmachi, Ichikawa, Chiba, Japan  
Factory: (Same as above)
3. President & CEO: Kan Kudo
4. No. of Employees: Approximately 50
5. Shareholder: Kobe Steel, Ltd. (100%)
6. Sales: Approximately 4 billion yen (FY 2012)
7. Business: Manufacture and sale of construction bolts