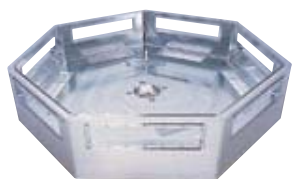


Aluminum and Copper Business



MAIN PRODUCTS AND SERVICES

- Aluminum can stock
- Aluminum sheet for heat exchangers
- Automotive aluminum sheet
- Aluminum extrusions
- Aluminum disk material for HDDs
- Aluminum foil
- Copper sheet and strip for semiconductors
- Copper sheet and strip for terminals
- Leadframes
- Condenser tubes
- Copper tube for air conditioners
- Aluminum-alloy and magnesium-alloy castings and forgings
- Fabricated aluminum products



Aluminum vacuum chamber for semiconductor and LCD production equipment

The Aluminum and Copper Business is working to strengthen and expand its distinctive “Only One” products, positioning as key fields the automotive and IT industries. As Japan’s top-class maker of aluminum and copper products, Kobe Steel is reinforcing its overseas development based on its long-cultivated technologies and reliability.

Outlook for Fiscal 2010 and Key Initiatives

The business environment in fiscal 2010 is expected to experience strong demand for aluminum stock for beverage cans. Likewise, demand for aluminum rolled products, copper rolled products and aluminum castings and forgings is envisaged to surpass that of fiscal 2009, primarily in the automotive, LCD, and semiconductor manufacturing equipment fields.

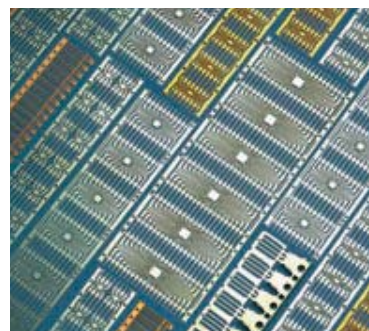
Under these conditions, Kobe Steel has combined the CCI50 (Cost & Cash Innovation 50) program initiated in fiscal 2009 to improve profitability and cash flow together with global development and the strengthening of Only One products. This combination, known as “CCI&GO” activities, represents the Company’s aim to build a rock-solid revenue base.

Medium- to Long-Term Business Vision and Key Policies

Kobe Steel intends to work through the CCI&GO activities that commenced in fiscal 2010 to expand its overseas business—including the establishment of new locations and leveraging alliances—and to fortify and expand Only One products.

One example of overseas business expansion was the decision to produce and market aluminum forgings for automobile suspensions in China. This development builds a three-point production structure with bases in Japan, the United States and China. It will help Kobe Steel address the needs of China’s automobile industry and its soaring growth.

Only One products until now have been predominantly geared toward the automobile and IT industries. Moving forward, Kobe Steel aims to continue to expand sales and raise profitability through such Only One products as aluminum sheet for automobiles, aluminum forgings for automobile suspensions, disk material for HDDs, and copper sheet and strip for semiconductor use.



Leadframes for electronic applications

Aluminum forgings for automobile suspensions



Automotive bumper material

Topics

Aluminum Forgings Business Arrives in China

Kobe Steel has recently concluded an agreement with Mitsui & Co., Ltd. and Toyota Tsusho Corporation to establish a China-based joint-venture company that will produce and market aluminum forgings for automobile suspensions. The joint venture was established in Suzhou, Jiangsu Province, and plans are to commence operations in August 2012.

The three companies previously established Kobe Aluminum Automotive Products, LLC (KAAP) in the U.S. state of Kentucky. Since 2005, KAAP has been meeting the demand needs of automobile makers in North America. Anticipating growing demand in China, Kobe Steel came to the conclusion that a production base within that country was essential.



Kobe Steel decided to establish the new company in Suzhou New District, Suzhou, Jiangsu Province to address anticipated growth in the Chinese market.

Machinery Business

MAIN PRODUCTS AND SERVICES

- Equipment for energy and chemical fields
- Equipment for nuclear power plants
- Tire and rubber machinery
- Plastics processing machinery
- Ultrahigh pressure equipment
- Physical vapor deposition systems
- Metalworking machinery
- Compressors
- Refrigeration compressors
- Heat pumps
- Spent fuel casks



The Machinery Business offers a broad product range, including industrial machinery, compressors, and equipment for the energy and nuclear power fields. Kobe Steel is actively working to meet global demand in environmental, energy, automobile and other growth markets, and together with its efforts to generate original products and technologies, the Company endeavors to boost its manufacturing capabilities and to build an optimal production structure.

Outlook for Fiscal 2010 and Key Initiatives

The order environment is taking small steps toward recovery, and work is picking up, primarily in overseas markets, in areas that include tire machinery, plastics processing machinery, steel production machinery, rotating machinery, heavy-wall pressure vessels and LNG vaporizers. Given this situation, we will work to increase order volume. However, a recovery in profits will take more time, due to the impact of exchange rate fluctuation and escalating competition.