

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.

In the mainstay product area of large-capacity compressors, Kobe Steel aims to expand business by addressing environmental and energy applications in Central and South America, and the United States. In this latter market, a third plant is under construction at Kobelco EDTI Compressors, inc. (KEC), which will enhance production capabilities.

Medium- to Long-Term Business Vision and Key Policies

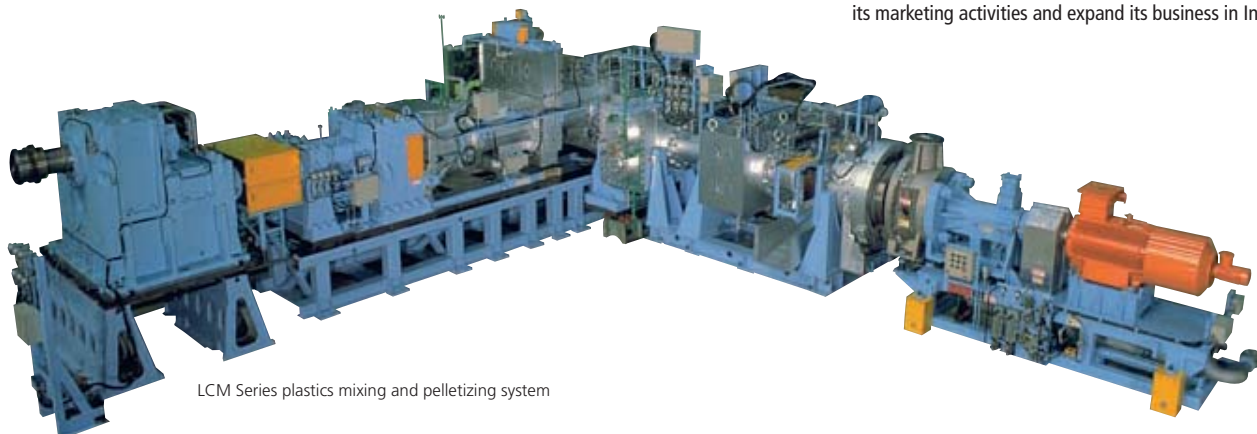
In the Machinery Business, Kobe Steel will continue its drive to generate world-class proprietary products and technologies, boost its *monozukuri*, or manufacturing capabilities—encompassing quality, cost, delivery time and procurement—and establish an optimal production and operational structure that addresses globalization.

Kobe Steel will focus on overseas markets where it already maintains a presence and aims to raise its profile in resource-rich and emerging markets that demonstrate potential for future growth. In tandem with this, it will launch products in the energy and environmental fields (CO₂ emission reduction) where growth in demand is anticipated, and accelerate product development that targets new applications.

To fortify *monozukuri*, manufacturing capabilities that are in the world's top class, the Company will move forward on raising the level of its materials and processing technologies as well as on enhancing distribution at all plants to ensure high productivity. Furthermore, to address globalization and maximize profits, Kobe Steel will work to expand overseas bases and strengthen the functions of domestic plants to optimize its business structure.



Batch-type BB mixer



LCM Series plastics mixing and pelletizing system

Topics

Large-Capacity Compressor Test Facility Goes into Action

In February 2010, Japan's biggest large-capacity compressor test facility*¹ went into operation at the Rotating Machinery Plant*² at Kobe Steel's Takasago Works in Takasago, Hyogo Prefecture. The new facility has boosted Kobe Steel's ability to test large-capacity gas compressors with variable-speed motors rated at up to 20,000 kilowatts. The start-up of the test facility will enable Kobe Steel to develop and expand its compressor business in global markets, including the United States, Europe, China and the Middle East.

*¹ Large-capacity centrifugal compressor test facility to confirm the mechanical stability and design performance of compressors.

*² Rotating machinery: Another name for large-capacity, non-standard compressors



Large-capacity compressor undergoing testing

Kobe Steel Establishes Base in India to Market Steel Production Machinery

In June 2009, Kobe Steel established Kobelco Machinery India Private Limited and began marketing steel production machinery in Kolkata, West Bengal, India.

India's steel production has risen dramatically in recent years, and numerous steel production plants are now under construction or are being planned. Kobelco Machinery India will mainly market its steel bar rolling mills and wire rod mills in India. The Kobe Steel Group will work to decisively develop its marketing activities and expand its business in India.