

Our Growth Strategy

The Kobe Steel Group's Medium- to Long-Term Business Vision:

KOBELCO VISION "G"

Integrating its diverse knowledge and technologies that cover materials such as iron and steel, welding and aluminum and copper, as well as machinery such as industrial machinery, engineering, and construction machinery

Maintains a global market presence

Has a stable profit structure and a strong financial foundation

Prosper together with shareholders, business partners, employees and society

With these three points representing our image for the Kobe Steel Group, we seek to create new value and global growth.

Medium- to Long-Term Business Environment

- Overall decline of demand in Japan against a backdrop of declining birthrates and an aging population
- Overseas demand growth, mainly in emerging countries
- Demand structure rapidly changing toward a low-carbon society (operational constraints on domestic manufacturers, increase in hybrid and electric vehicles, etc.)

Leveraging its unique diversity, the Kobe Steel Group is aggressively expanding its business across the world.

In April 2010, the Kobe Steel Group began 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 helps us navigate a course over the next five to ten years. Indeed, it is the main map for the medium to long term.

Five Basic Policies of KOBELCO VISION "G"

1. Thorough pursuit of high-end "Only One" products
2. Further improvement of manufacturing strengths
3. Growth and business expansion
4. Demonstrating the comprehensive capabilities of the Group
5. Contributions to society

Initiatives for FY2010–2012

Measures taken to assure stable profits and strengthen business development in growth markets

| Business segments | Major investments | Year of startup |
|--------------------------------|---|-----------------|
| Iron & Steel | Built hot-metal treatment plant and installed steel plate heat treatment furnace and high-efficiency in-house power generation equipment | FY2012 |
| Iron & Steel | Constructed production facilities in the U.S. for high-strength steel sheet used in automobiles | FY2013 |
| Aluminum & Copper | Built production base for aluminum castings and forgings in China (Established Japan-U.S.-China supply network) | FY2012 |
| Machinery | Invested in nonstandard compressor manufacturer in China | FY2011 |
| Kobelco Construction Machinery | Established the Global Engineering Center (GEC) to optimize development, production and procurement for the entire Kobelco Construction Machinery Group | FY2012 |

Performance from fiscal 2010 through fiscal 2012

Ordinary income (billions of yen) and D/E ratio (times)

