

February 2, 2016
Company name: Kobe Steel, Ltd.
Representative: Hiroya Kawasaki
President, CEO and
Representative Director
Stock exchange code number: 5406

Announcement on the Posting of Extraordinary loss

TOKYO, February 2, 2016 – Kobe Steel, Ltd. posted a loss on business of subsidiaries and associates as an extraordinary loss in its consolidated financial statements for the first nine months of fiscal 2015 (April 1, 2015–December 31, 2015). In addition, Kobe Steel will post extraordinary losses related to investments and loans for Kobe Steel's subsidiaries and associated companies in its nonconsolidated financial statements for fiscal 2015.

1. Details of loss on business of subsidiaries and associates

(1) Reason for loss

Due to a rapid deterioration in business conditions in the construction machinery business field in China, Kobe Steel posted a loss on the write-down of investment securities, provision of loans, and provision of guarantee as loss on business of subsidiaries and associates for Kobe Steel's associated company, Sichuan Chengdu Chenggong Construction Machinery Co., Ltd., that runs a wheel loader business.

(2) Amount of loss (Consolidated)

Kobe Steel posted 30.3 billion yen in loss in the first nine months of fiscal 2015. Accordingly, Kobe Steel transferred 4.0 billion yen posted for loss on the write-down of investment securities in the first half of fiscal 2015 to loss on business of subsidiaries and associates.

As a result, the amount of loss on business of subsidiaries and associates is 37.5 billion yen, which includes the 3.2 billion yen posted in the first half of fiscal 2015.

(Nonconsolidated)

Along with this matter, Kobe Steel will post 20.0 billion yen for losses related to investments and loans for Kobe Steel's subsidiaries and associated companies as extraordinary losses in its nonconsolidated financial statements for fiscal 2015, ending March 31, 2016. As this extraordinary loss will be eliminated for intra-company transactions, Kobe Steel expects there will be no effect on its consolidated statements.

2. Future outlook

For more information about the consolidated forecast for fiscal 2015 included this loss, please refer to "Announcement on Revision to Earnings Forecast and Dividend Forecast for Fiscal 2015, ending March 31, 2016" dated February 2, 2016.

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