



KOBELCO CONSTRUCTION MACHINERY CO., LTD.

Osaki Bright Core Bldg.

5-15, Kitashinagawa 5-chome, Shinagawa-ku, TOKYO, 141-8626 JAPAN

Re: Financial Times Article About Kobe Steel's Improper Conduct

Dear Our Valued Customers,

In relation to the improper conduct (or falsification of inspection data, as reported) concerning a portion of the aluminum and copper products manufactured by Kobe Steel, Ltd., the Financial Times article dated October 8 by Mr. Robin Harding used and carried a picture of our excavators, implying that our construction machinery products might also have similar problems.

As many of you may know, Kobelco Construction Machinery, Ltd. ("KCM") is a wholly-owned subsidiary of Kobe Steel, and constitutes one of its eight business units. In 1999, Kobe Steel reorganized its construction machinery business and established KCM, and since then KCM has been separately operated from Kobe Steel, in which the aluminum and copper business is included.

We have already confirmed, and please rest assured that no aluminum or copper products regarding the improper conduct by Kobe Steel has been incorporated into our construction machinery products, including excavators and cranes. We have also confirmed, after the same self-inspections and emergency quality audits by Kobe Steel, which discovered the improper conduct this time, that there has been no quality or safety problem in our products.

We will continue to devote ourselves to the maintenance of high quality and safety of our products in order for us to be selected by you. We remain always,

Sincerely Yours,

Kobelco Construction Machinery, Ltd.

Kazuhide NARAKI

President & CEO