

## **Plea Agreement with the United States Department of Justice Concerning Certain Automotive Components**

TOKAI RIKA CO., LTD. (head office: Oguchi-cho, Niwa-gun, Aichi, Japan) (“TOKAI RIKA”) concluded a plea agreement with the United States Department of Justice (“DoJ”) on October 30, 2012 (U.S. Eastern Daylight Time), agreeing to pay a fine of US\$ 17.7 million (approximately 1.4 billion yen) based on charges that it violated antitrust laws in connection with sales of certain automotive components ( Heater Control Panel\* ) to one of its customers.

Since February 2010, when the DoJ conducted an onsite investigation at the office of TRAM, Inc. (“TRAM”), TOKAI RIKA’s North American subsidiary, both TOKAI RIKA and TRAM have cooperated fully with the investigation by the DoJ on automotive components manufacturers including TOKAI RIKA. At this point, upon overall consideration of applicable laws, relevant facts and other factors, TOKAI RIKA decided to enter into the plea agreement described above. TOKAI RIKA and TRAM will continue to cooperate with the DoJ in its investigation after the execution of the plea agreement.

The fine will have no material effect on TOKAI RIKA's financial forecast for the fiscal year ending March 31, 2013. The payment was recorded as an extraordinary loss in the second quarter of the fiscal year ending March 2013.

It is one of TOKAI RIKA's fundamental policies to comply with all applicable antitrust laws. Since learning of the investigation in February 2010, TOKAI RIKA has taken this matter seriously, and has incorporated various measures, including implementing even more stringent compliance rules and even more enhanced compliance training to further ensure that its employees comply with all applicable antitrust laws, from the viewpoint of preventing repetition of similar violation in the future.

In addition, to emphasize the seriousness of these matters, TOKAI RIKA's Chairman of the Board, President and other board members and corporate officers will voluntarily return 10 percent of their compensation for a from three to one– month period starting in November 2012.

TOKAI RIKA is committed to further enhancing its stringent system of ensuring compliance with applicable laws and regulations, taking necessary measures to prevent repetition of similar violation in the future, and recovering trust in its business.

\*notes:

Heater Control Panels are operational panels incorporating buttons and switches, which control cabin air conditioning.