

Filing of a Lawsuit by Tokai Rika Subsidiaries

The TRAM, Inc. (TRAM) and TRMI, Inc. (TRMI) subsidiaries of TOKAI RIKA CO., LTD. (Head Office: Oguchi-cho, Niwa-gun, Aichi, Japan. Kenji Miura, President) (Tokai Rika) have filed a lawsuit (the Lawsuit) in the United States against American Furukawa, Inc. (AFI), a subsidiary of Furukawa Electric Co., Ltd. (Furukawa). Information on the Lawsuit is provided below.

1. Court, litigants, and date of filing

Court: a state court in Michigan, U.S.

Plaintiffs: TRAM and TRMI

Defendant: AFI

Date: June 13, 2017 (local time)

2. Cause and background of the Lawsuit

Tokai Rika, as well as its foreign subsidiaries and affiliates (collectively called the Tokai Rika Group) purchases products manufactured or sold by Furukawa as well as its foreign subsidiaries and affiliates (collectively called the Furukawa Group), and sells and delivers those products to customers. Due to failures in those products purchased and sold in the past, a recall was conducted first for some models in the North American market, and later extended to other models. The Tokai Rika Group has held discussions on how to share the recall liabilities with the Furukawa Group, the manufacturer and seller of those products in question, but was unable to reach an agreement.

Therefore, the TRAM and TRMI U.S. subsidiaries of Tokai Rika filed the Lawsuit against AFI, a U.S. subsidiary of Furukawa, in North America where the first recalls were conducted. We also plan to gradually take legal action in Japan as well as in non-U.S. regions outside Japan.

3. Impact on Tokai Rika business results

The estimated loss from the Tokai Rika Group's share of the liabilities for the recall of the product that gave rise to the Lawsuit has been calculated for the term ending March 2017, and we anticipate that the Lawsuit will have a negligible impact on our business results for the term ending March 2018 and later. We shall promptly disclose any matters requiring disclosure as they arise.