

June 11, 2019

Kobe Steel, Ltd.  
Nippon Koshuha Steel Co., Ltd.  
Shinko Wire Company, Ltd.

## **Settlement of Civil Complaint Filed Against Kobe Steel and Other Kobe Steel Group Companies**

As announced in the “Civil Complaint Filed Against Kobe Steel, Ltd. and A Few Other Kobe Group Companies” dated December 8, 2017, civil complaints have been filed against Kobe Steel, Ltd., Shinko Metal Products Co., Ltd. (90% of its equity held by Kobe Steel), Shinko Aluminum Wire Co., Ltd. (98.75% of its equity held by Kobe Steel), Kobelco & Materials Copper Tube, Co., Ltd. (55% of its equity held by Kobe Steel), and Nippon Koshuha Steel Co., Ltd. (51.6% of its equity held by Kobe Steel), all of which are the subsidiaries of Kobe Steel, and Shinko Wire Stainless Company, Ltd., (wholly owned subsidiary of Shinko Wire Company, Ltd., 42.7% of its equity held by Kobe Steel) (hereinafter referred to collectively as the “Kobe Steel Group”) on November 21, 2017 in the Supreme Court of British Columbia, and on November 22, 2017 in the Ontario Superior Court of Justice (hereinafter referred to collectively as the “Lawsuits”). On June 7, 2019 (local time), an agreement on the basic principles of settlement was reached with the plaintiffs regarding the Lawsuits.

### **History from the Commencement of Lawsuit to the Settlement**

The plaintiffs brought these Lawsuits, alleging that they are purchasers of vehicles that contain metal products produced for automobiles by the Kobe Steel Group (hereinafter referred to as “Products”) and were overcharged for those vehicles and suffered economic harm because the Products, which the Kobe Steel Group supplied to automotive manufacturers and automobile parts manufacturers did not satisfy the applicable standards specified by its customers. The plaintiffs proposed to advance claims on behalf of a class of all persons in Canada except Quebec who purchased or leased a new or used vehicle manufactured by certain automotive manufactures between 2002 and 2018.

After the complaints were filed, the Kobe Steel Group vigorously defended the Lawsuits. As of December 3, 2018 (local time), the plaintiffs filed a Notice of Discontinuance with the Supreme Court of British Columbia with respect to the lawsuit against Shinko Metal Products Co., Ltd. and Kobelco & Materials Copper Tube, Co., Ltd. and, therefore, the lawsuits in the Supreme Court of British Columbia against the two subsidiaries ended at that time.

On June 7, 2019 (local time), Kobe Steel reached an agreement on the basic principles of settlement with the plaintiffs and executed minutes of settlement between the parties, after due consideration of various factors, including the cost of defending the Lawsuits. This is not an admission of any liability by Kobe Steel Group for damages or otherwise. After the execution of the minutes of settlement, Kobe Steel assessed the legal effects of the minutes of settlement, and

let the group companies confirm the contents of the minutes. To date, the foregoing assessment and confirmation have been completed, which enable us to announce the settlement.

The parties to the Lawsuits will need to draft and execute a formal settlement agreement and further, obtain approval of the settlement by the Supreme Court of British Columbia and, subject to its approval of the settlement, dismiss the lawsuit in the Ontario Superior Court of Justice.

### **Overview of the Named Plaintiffs**

1. Three individuals who are residents of British Columbia
  - a. Ryan Kett is a resident of Vancouver, British Columbia;
  - b. Erik Oun is a resident of Pitt Meadows, British Columbia; and
  - c. Jim Wong is a resident of British Columbia.
2. One individual who is a resident of Ontario
  - a. Nancy Curran is a resident of Pelham, Ontario

### **Terms and Conditions of the Settlement**

The settlement of the Lawsuits is subject to the approval of the Supreme Court of British Columbia. If it is approved, then in exchange for the dismissal with prejudice and release of all the pending claims of settlement class members against the Kobe Steel Group in the Lawsuits, Kobe Steel will pay the sum of C\$1,950,000 (approximately 159 million Japanese yen) as the settlement amount. The settlement amount includes all administration costs and the plaintiffs' counsel's legal fees and expenses. The plaintiffs propose to distribute the remainder of the settlement amount to the Law Foundation of British Columbia in lieu of a distribution to class members. The settlement class will be all persons in Canada, including the plaintiffs, who (1) purchased or leased a new or used vehicle manufactured by certain automotive manufactures, or (2) purchased parts or replacement parts containing automotive metal manufactured by the Defendants, between 2002 and 2018.

### **Impact on Business Performance**

We believe the effect that the end of the Lawsuits will have on the business performance of the Kobe Steel Group is insignificant.

End