

August 31, 2018

Fujikura Ltd.

**Notice and Apologies regarding Cases of Impropriety  
Related to the Quality Control of a Portion of Our Products**

With respect to a portion of the products manufactured by Fujikura Ltd. and its group companies (collectively, the “Group”), we have discovered that there exist some cases of impropriety related to the quality control (the “Cases”)

In response to this situation, we have requested outside attorneys to conduct an investigation in order to ascertain the facts and determine the causes of the Cases. While outside attorneys are currently conducting interviews with relevant persons and other investigations, we hereby announce the facts already identified to date and our future measures as stated below.

We sincerely apologize for the significant inconvenience and concern caused to our customers and many other stakeholders.

**Description**

1. Outline of the Case

In order to confirm the quality management system across the Group, we began internal inspections and checks on the overall quality control of all products in October 2017. The results were reported in December 2017 and we recognized the possibility that there were 10 cases of impropriety within the Power & Telecommunication Systems Company and other divisions. Since all of these cases were related to individual agreements with particular customers, we contacted to the relevant customers and consulted with them on measures for the time being and corrective measures.

Subsequently, in this year, three new cases of impropriety, which related to individual agreements with particular customers, were reported. Accordingly, we again conducted inspections and checks across the Group in June 2018 with respect to whether there were any other similar cases, and, as a result of such inspection, 57 cases (excluding the above three cases) were reported in July 2018.

Based on these results, we considered it necessary to retain outside attorneys in order to conduct a thorough investigation from the viewpoint of objectivity and fairness and requested an investigation in August 2018. Specifically, the request includes conducting interviews with relevant persons, fact-finding, and analysis of the causes with respect to the cases of impropriety already reported to date, as well as development of guidelines for

the internal inspections and checks on quality control to be conducted on an ongoing basis in the future.

While the investigation is still ongoing, it was largely found as fact through the investigation to date that there exist cases of impropriety, such as cases in which values different from the actual measurement values were recorded in the test and inspection documents submitted to customers, quality inspections were not performed as agreed upon with the customer, or partial changes were made to the manufacturing method that had not been approved by the customer. In addition, among these cases of impropriety, 4 cases of procedural inadequacies related to the JIS-marked products with respect to the changing the quality control system in the JIS certification maintenance audit and some cases of impropriety related to the products for use in general were found. As a result, we have determined to announce the facts already identified to date.

#### Details of the Cases (Identified to Date)

Types and Number of Types of Affected Products:	73 types of products, including wires, parts, and components for power transmission and distribution; cables for industrial; cables and components for communication; and etc.										
Types and Number of Cases of Impropriety:	<table> <tr> <td>Non-performance or insufficient frequency of some inspection items:</td> <td>31 cases</td> </tr> <tr> <td>Discrepancies with specifications or quality control process charts:</td> <td>12 cases</td> </tr> <tr> <td>Recording of results different from the actual results in the test and inspection documents:</td> <td>17 cases</td> </tr> <tr> <td>Failure to submit prior application for change of manufacturing method:</td> <td>10 cases</td> </tr> <tr> <td>Total:</td> <td>70 cases</td> </tr> </table>	Non-performance or insufficient frequency of some inspection items:	31 cases	Discrepancies with specifications or quality control process charts:	12 cases	Recording of results different from the actual results in the test and inspection documents:	17 cases	Failure to submit prior application for change of manufacturing method:	10 cases	Total:	70 cases
Non-performance or insufficient frequency of some inspection items:	31 cases										
Discrepancies with specifications or quality control process charts:	12 cases										
Recording of results different from the actual results in the test and inspection documents:	17 cases										
Failure to submit prior application for change of manufacturing method:	10 cases										
Total:	70 cases										
Number of Relevant sites:	10 locations (4 locations of our company and 6 subsidiaries )										
Period covered (time of the oldest case):	Since 1987										
Affected customers:	66 companies (excluding the products for use in general, which are still under investigation)										

## 2. Impact on the Customers

In our investigation conducted thus far, no safety issues have been identified for the products involved in the Cases (the “Products”).

With respect to the particular customers involved in the Cases, we have explained to them the facts known to us so far, including the details of the investigations, and have already consulted with them on measures for the time being and corrective measures to be taken. Since 7 types of products for use in general are included in the Products, there are some cases in which we have not been able to complete identification of the end-users. We are actively providing explanations to the customers through our sales channels and we plan to complete the provision of explanations to all customers of the products for use in general by mid-September.

With respect to the Products already delivered, we have taken measures such as recalling, replacing, or repairing based on consultations with the customers and also taken measures such as provision of data and related information necessary for continuous usage of the Products. As for the products to be delivered, we are continuing with delivery following request from the customers and implementing the necessary measures. However, in the cases where it will take time to implement the measures, we have consulted with the customers and have implemented measures such as stopping shipments. We will continue to provide the customers and relevant authorities with careful and prompt reports and explanations regarding the impact of the Cases.

## 3. Future Measures

Currently, investigations are underway to clarify the whole truth. Based on the facts revealed as a result of the investigations, we will formulate thorough measures to prevent recurrence and take corrective measures. Further, upon completion of the investigation, we will take appropriate measures, including reporting to customers.

## 4. Impact on Financial Results

The impact of the Cases on the consolidated financial results of the Group for the fiscal year ending March 31, 2019, is unknown due to ongoing investigations. Accordingly, the consolidated financial forecasts announced on July 31, 2018, have not been revised at this time. If revision becomes necessary in the future, we will announce such revision in a timely manner.

[Contact information in case of inquiries]

Yoshimura, General Affairs & Public Relations Division, Fujikura Ltd.

Tel: 03-5606-1110 Fax: 03-5606-1501