

January 29, 2015

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Notice of Court Ruling in Connection with Lawsuit (Appeal Court)

In connection with the lawsuit brought before the Tokyo High Court by Fuji Heavy Industries Ltd. (FHI) concerning claims of initial investment fees related to the AH-64D combat helicopter for the Japan Ministry of Defense as previously announced in the “Notice Regarding Filing of Appeal” dated March 13, 2014, this is to give notice as follows concerning an appeal court ruling delivered today.

1. Ruling court and date of the ruling

- (1) Court: Tokyo High Court
- (2) Date: January 29, 2015

2. Background up to the court ruling

With respect to the initial investment fees incurred by FHI in connection with the production of the AH-64D combat helicopter commissioned by the Japan Ministry of Defense (The initial investment fees are comprised of costs expensed mainly at the initial stage of manufacture such as the expensed cost of the design for the manufacture of specific defense equipment, the cost of dedicated jigs, and the cost of technical cooperation, all of which arise in fixed amounts unrelated to the number of aircraft manufactured. Specifically, the fees include amounts expensed by FHI for the conversion to the specifications of Japan.), during the period from fiscal year 2002 until fiscal year 2007, at the request of the Japan Ministry of Defense, payment was made in the same way as for other defense equipment in installment amounts each fiscal year proportionate (percentage based) to the number of aircraft procured.

However, beginning in fiscal year 2008, the Japan Ministry of Defense has refused to incur any part of the balance of the initial investment fees of manufacture of the AH-64D combat helicopter, and the remaining balance of the initial investment fees has not been paid up to the present. As FHI has not been able to obtain payment from the Japan Ministry of Defense despite continuous requests to pay the balance of the initial investment fees, on January 15, 2010, FHI brought before the Tokyo District Court this lawsuit against the Government of Japan claiming payment of ¥35,124 million in outstanding initial investment fees, etc.

The claim of FHI that is at issue in the appeal referred to above was in the first instance denied in a ruling by the Tokyo District Court on February 28, 2014. Subsequently, on March 13, 2014, FHI filed an appeal against the decision to the Tokyo High Court.

3. Summary of the ruling

- (1) The appellee (the Government of Japan) shall pay ¥35,123,941,336 as well as money accruing therefrom at an annual interest rate of 5 % during a period starting from August 7, 2008 up to a date when the payment will be completed.
- (2) Litigation expenses of the first instance and the second instance shall be borne by the appellee.
- (3) The Paragraph (1) in this ruling can be provisionally executed from the date 14 days after the service of this ruling to the appellee.

4. Further outlook

The above ruling upholds in almost all respects the claims of FHI.

Notably, any effects of the ruling on the business results of FHI are currently indeterminate. Prompt notice will be given should any further matters for disclosure arise.

End.