

February 28, 2014

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Notice of Court Ruling in Connection with Lawsuit

In connection with the lawsuit brought before the Tokyo District Court by FHI on January 15, 2010, against the Government of Japan concerning claims of initial investment fees related to the AH-64D combat helicopter for the Japan Ministry of Defense, this is to give notice as follows concerning a court ruling delivered today.

1. Ruling court and date of the ruling

Tokyo District Court
February 28, 2014

2. Substance and background of the lawsuit

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.

3. Summary of the ruling

- (1) All claims by the plaintiff shall be dismissed.
- (2) Litigation expenses shall be borne by the plaintiff.

4. Further outlook

It is highly regrettable that FHI's claims has been rejected. FHI will decide on any further steps to be taken after careful examination of the content of the ruling and after careful consultations with the legal counsel 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.