

March 16, 2018

Company Name: Toyobo Co., Ltd.
Representative: Seiji Narahara,
Director and President
(Code: 3101 First Section, Tokyo Stock
Exchange)
Contact: Yasutaka Sugimoto,
General Manager, Law Dept.
(Tel: 06-6348-4208)

**RE: Toyobo Reaches Settlement with United States Department of Justice in Zylon®
Fiber Bullet Resistant Vests Damages Lawsuit**

With respect to the two actions for damages filed with the United States District Court for the District of Columbia by the United States Department of Justice (the “Plaintiff”), Toyobo Co., Ltd. (“Toyobo”) hereby announce that today (March 15, Eastern Time), it entered into an agreement to settle these cases in exchange for Toyobo's payment of USD 66,000,000 to the Plaintiff. The details are as follows:

DESCRIPTION

1. The Background of this Lawsuit from Its Filing up to Settlement

The Plaintiff, who purchased, as well as awarded funds for the purchase of, the bullet resistant vests using Toyobo's Zylon® fibers, filed two actions for damages against Toyobo and Toyobo's U.S. subsidiary, Toyobo America, Inc. (present company's name; Toyobo U.S.A. Inc.) (“Toyobo America”) with the United States District Court for the District of Columbia in June 2005 (the “First Action”) and in June 2007 (the “Second Action”) respectively. The First Action was originally filed by Mr. Aaron J. Westrick as Qui Tam action and taken over by the United States.

The Plaintiff alleged that Toyobo knew the strength of Zylon fibers sold to the bullet resistant vest makers would degrade quickly under certain environment, and nevertheless Toyobo did not disclose such fact or made misleading disclosures, resulting in the United States' payment for the defective bullet resistant vests.

Throughout the proceedings of these lawsuits, Toyobo denied the Plaintiff's allegations and argued that Toyobo was not at fault. Indeed, every Zylon vest at issue passed the

National Institute of Justice's performance standards for ballistic vests. However, having taken into consideration the cost to continue with these actions, the uncertainty of the jury verdict, and the potential of further delays because of any appeals of any verdict, and after the consultation with its lawyers, Toyobo determined that it would be appropriate to enter into this settlement agreement. Thus, today, Toyobo and Toyobo America entered into a settlement agreement with the Plaintiff. In the settlement agreement, Toyobo and Toyobo America deny each and every allegation of the Plaintiff and do not admit any legal liability.

2. Details of the Settlement

- (1) Toyobo will pay the Plaintiff a settlement of USD 66,000,000.
- (2) The Plaintiff will release any other claims in these cases (the First Action and the Second Action) against Toyobo and Toyobo America.
- (3) A stipulation of dismissal with prejudice will be filed in both cases immediately after Toyobo's payment of the settlement amount.

3. Impact on Business Performance

Toyobo is currently investigating the impact this may have on the current business year's business performance. If it becomes necessary to amend the business performance forecast, Toyobo will make an announcement at the appropriate time.

4. Other Lawsuits

There is no other lawsuit pending against Toyobo or Toyobo America in relation to the above-mentioned bullet resistant vests.

END.