

*April 16, 2019*

**Notice of the Filing of Civil Actions against  
Our Korean Consolidated Subsidiary**

As announced in the press release titled "Notice of Prosecution of Our Korean Subsidiary and its Affiliates" on February 14, 2019, we were indicted by the South Korean prosecutor's authority (the Pyeongtaek Branch of the Suwon District Court) on February 8, 2019 and are currently in the process of preparing the trial procedure. In connection with this case, TOKAI CARBON KOREA Co., Ltd. filed a civil lawsuit (hereinafter referred to as the "lawsuit") against Ferrotec Advanced Materials Korea Corporation (our consolidated subsidiary in South Korea; hereinafter referred to as the "FTAK") and three former employees of the company, and received service of the complaint on March 26, 2019. Details are as follows.

1. The court where the lawsuit was filed and the date

- (1) Date the lawsuit was filed: February 27, 2019 (date of service of the complaint: March 26, 2019)
- (2) Court in which the lawsuit was filed: Seoul Central District Court

2. Outline of the person who filed the lawsuit (plaintiff)

(1)	Name	TOKAI CARBON KOREA Co., Ltd.
(2)	Location	71, Anseong-si, Gyeonggi-do, Korea
(3)	Job title/Name of Representative	Park Yong-sung

3. Content of litigation and amount of claims

- (1) Content of lawsuit : Prohibition of Infringement of Trade Secrets and Lawsuits for Claims for Damages
- (2) Content of request : Claim of 100 million won (9.9 million yen). prohibition and destruction of the use of money trade secrets at a rate of 15% per annum from the date of service of the complaint

\*1 Korean won = 0.099 yen

4. Causes of the lawsuit and the circumstances of the filing of the lawsuit

The plaintiffs allege that FTAK and its two employees and one former employee were suspected of having stolen the drawings of CVD (chemical vapor deposition) facility for the manufacture of silicon carbide rings<sup>(Note)</sup> obtained through staff working for the plaintiffs' cooperative manufacturers to create the facilities. Therefore, the plaintiffs demand that FTAK and its three former employees are prohibited from infringing trade secrets and seeking compensation for damages

## 5. Future outlook

We will review the claims of the plaintiffs and assert our legitimacy.

We believe that this lawsuit will have a minor impact on our results of operations.

However, we will promptly announce any matters that should be disclosed in the future.

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(Note) High-purity silicon carbide (SiC) produced by the CVD (chemical vapor deposition) process is superior in strength, heat resistance, plasma resistance, and chemical resistance, and is used primarily as a component of etching process equipment in semiconductor processes due to its superior characteristics.