

August 3, 2007

To all parties concerned:

Company Name	Fujitec Co., Ltd.
Representative	Takakazu Uchiyama President & Chief Executive Officer
Code No.	6406
Listed on	TSE 1, OSE 1
Inquiry	Yoshio Kitagawa (TEL 0749-30-7111) Executive Operating Officer, General Manager, Finance HQ

Report on Causes of insufficient strength of elevator steel members
used for elevators, etc and measures to prevent a recurrence

The issue of insufficient strength of some members of Fujitec elevators and escalators due to the use of inappropriate steel products revealed on June 28 this year. We would like to extend our sincere apology to the users and owners of Fujitec elevators as well as those who are related to facilities where Fujitec elevators are installed for having caused much concern and inconvenience.

Building Guidance Division, the Housing Bureau, the Ministry of Land, Infrastructure and Transport reprimanded us severely for this problem on July 12 and instructed us to report the causes of the problem and preventive measures by the end of July. We accordingly reported the causes and preventive measures at 1 p.m. on July 31.

Prior to reporting, in order to ensure the objectivity of our intra-company investigation, we set up a "Third-party investigative committee" (Chairperson: Mr. Terumichi Saeki, Member: Mr. Ichiro Sakai, Member: Mr. Tatsuo Ikeda. All the chairperson and members are lawyers.) and asked the committee to track down the causes. We then formulated the preventive measures based on the findings of the investigation.

We would like to report a summary of the report to the Ministry and a progress of reinforcement works for the 560 elevators confirmed as having insufficient strength.

Summary of the Report to The Ministry of Land, Infrastructure and Transport (July 31, 2007)

1. Causes

Regarding the management system of order placement and acceptance of SS400 steel products at Fujitec, in-house and investigative committees carried out an investigation. As a result, the following points were identified as causes.

(1) JFE Shoji Trade Corporation (A supplier from September 2002 to July 2006,” JFE Shoji”) and/or JFE Shoji Kenzai Hanbai Corporation (A supplier from July 2006 to June 2007, “JFE Kenpan”) delivered to us wrong steel products that were different from our specifications. This seems to be caused by one of the following.

- There was a problem in the product management system of JFE Shoji and/or JFE Kenpan
- It was hard for JFE Shoji and/or JFE Kenpan to procure SS400 stably

(2) The Company overlooked the wrong delivery above for a long time due to the following problems. We recognize that we have to cope with the problems from now on.

- Our employee in charge of quality control accepted a Mill Sheet (Inspection Certificate) blindly relying on the credit of JFE Shoji and JFE Kenpan and processed them in a businesslike way.
- We failed to notice the discrepancy between an order and a delivered product due to a malfunction of our information management system despite the possibility of an early detection.

It is unforgivable for us, as a supplier of elevators requiring top priority on “Safety and Security,” not to have performed an effective quality control and information management system. Therefore, we are committed to making company-wide efforts to prevent a recurrence of a similar problem.

2 . Preventive measures

As a result of the investigation, the probable causes are our perfunctory way of doing daily routine practice and insufficiency in the process of accepting steel products. We are going to take the following measures in the recognition that both doing operation with a sense of urgency and reviewing business process is essential.

(1) Review of business process

- (a) Stricter enforcement of internal compliance and reaffirmation of code of conduct
 - Regularization of recording and swift communication of customer information such as inquiry, reference and request
 - Improvement of communications between persons in charge and managers
- (b) Improvement of ordering process
 - Reinforcement of check of operations by review of assignments of persons in charge and managers

(2) Reinforcement of delivery acceptance and inspection system

- (a) Reinforcement of supplier management
 - Selection of a supplier with a good traceability on July 2
 - Implementation of periodical audits
- (b) Review and reinforcement of delivery acceptance system
 - Prevention of improper delivery by review of internal delivery inspection system
 - Thorough prevention of overlooking delivery of improper products
(Obtainment of Mill Sheets and Cutting Certificates for each delivery)
- (c) Effective utilization of neutral outside institution
 - Inspection by the Industrial Research Center of Shiga Prefecture, a neutral outside institution

(3) Review of education and training system

- (a) Implementation of legal compliance training for all the employees
- (b) Implementation of crisis management training to enhance cooperation between divisions in charge of order placement, delivery acceptance and quality control
- (c) Establishment of business continuity plan for crisis management

Progress of reinforcement works for the 560 elevators confirmed as having insufficient strength

Of 12,727 elevators we produced for a period of time from September 2002 to June 2007, 560 elevators were deemed to have insufficient strength. The progress of reinforcement works for them are as follows (as of August 2).

Number of elevators under operation or put out of service

Number of elevators under operation : 517 units (517/560=92%)
 Number of elevators out of service : 43 units (43/560=8%)

Progress of reinforcement works

Number of elevators in complete reinforcement : 330 units (330/560=59%)

	Under operation	Reinforcement work completed	Out of service	Reinforcement work completed
Bldg. equipment (Building in general, etc.)	326	188	30	11
Railway station bldg.	180	123	7	3
Bldg. Under the Labor Standard Law (Plant, warehouse etc.)	5	0	2	0
Other workpiece (EV for pedestrian bridge etc.)	6	4	4	1
Total	517	315	43	15

* The reason for keeping elevators out of service is client's judgment until reinforcement work is complete or they await an examination by the administrative government agency in spite of completion of reinforcement work.

Others

On July 31, when we submitted a report to the Ministry of Land, Infrastructure and Transport, the Ministry instructed us to fully examine elevators and escalators we shipped from 1993 to September 2002 based on the fact that we started business transaction with JFE Shoji (at that time called Kawatetsu Shoji) from 1993. The results of the examination are as follows:

- (1) With respect to the elevators shipped between January 1993 and December 1999, only small amounts of regular-sized steel sheet product SS400 with 6t (6mm thick) were purchased for the applicable period. The product was used as ancillary materials not as structural materials. Therefore, the elevators have sufficient strength.
- (2) With respect to the elevators and escalators shipped between January 2000 and August 2002, we are in the process of identifying ones with structural materials other than SS400 and calculating the strength of them. At this time, the elevators and escalators are expected to have strength designated by Notification Nos. 1414 and 1418 issued by the Ministry of Construction in 2000.

Summary of report by the third-party investigative committee

Summary of report on the facts and preventive measures is as follows:

1. Purpose of the investigation

To track down the causes and formulate preventive measures.

2. Method and preconditions of the investigation

The subjects of investigation are limited to data disclosed voluntarily by Fujitec, data officially announced or disclosed by JFE Shoji and interview with Fujitec's executives and employees in charge.

3. Facts

The fact is that, although we designated SS400 by our written order, SPHC was delivered mixed with SS400, from September 2002 when we appointed JFE Shoji (at that time, Kawatetsu Shoji) as a sole supplier. The causes we can think of are: (1) Loose product management of JFE Shoji (2) Difficulty for JFE Shoji to procure SS400.

Meanwhile, no evidence supporting JFE Shoji's insistence of the existence of a verbal agreement between persons in charge to deliver SPHC was found.

4. Preventive measures

(1) Problems to be solved

- (a) Overlooking of the existence of delivered products other than designated ones
- (b) Insufficient recording of information
- (c) Accumulation of information

(2) Recommended preventive measures

- (a) Establishment and reinforcement of in-house check system
- (b) Effective use of a neutral outside institution (Third-party inspection institution)
- (c) Establishment of training system

Thank you