

Kawasaki Heavy Industries, Ltd.

March 30, 2018

Notice Regarding Establishment of Companywide Quality Control Committee

With reference to the crack (structural failure) of the bogie (or truck) frame (hereinafter referred to as the "Failed Bogie Frame") of series N700 Shinkansen train owned by West Japan Railway Company (hereinafter referred as "JR West") occurred at Nagoya Station on 11 December 2017, we, as the manufacturer of the Failed Bogie Frame, hereby express our sincere apology for inconvenience and concern caused to passengers of Tokaido-Sanyo Shinkansen, JR West, Central Japan Railway Company and any other related party.

To investigate the cause of the production defect described in "Series N700 Shinkansen Train Bogie Frames" released on February 28, 2018, and to make companywide efforts to prevent its recurrence, we hereby announce that we will establish the Companywide Quality Control Committee as described below.

Companywide Quality Control Committee (to be established in April)

The committee will be chaired by Professor Takeshi Nakajo from the Faculty of Science and Engineering at Chuo University and consist of 10 people who work as university professors, directors of the Company, and lawyers (including 4 external persons and 2 outside directors). In addition, as a subsidiary organization of the committee, we will set up a survey team consisting of internal and external experts (6 people, including 1 external person).

The Companywide Quality Control Committee will receive findings from the survey team, clarify the problems, and discuss and decide on measures to correct them. The plan is for the committee to first investigate the quality control system of the Rolling Stock Company, and then perform similar investigations on other companies.

The Quality Control Committee of the Rolling Stock Company that was established in March has set up a subcommittee chaired by the company president, and is currently working toward rebuilding the quality control system of the Rolling Stock Company. Based on the results of the Companywide Quality Control Committee's surveys and corrective actions, we will review our activities as necessary.