



October 14, 2017

To: All ATF Customers

Re: Kobe Steel, Ltd. Improper Conduct Does Not Affect ATF, Inc. Customers

As you may be aware, on October 8th 2017 Kobe Steel, Ltd. announced that it had discovered improper conduct in their aluminum and copper products business where inspection certificate data had been improperly rewritten allowing out of specification products to be shipped as in specification.

Since this announcement, even though this did not initially involve any steel products, ATF has monitored this situation very closely along with our supply chain partner O&k American who processes Kobe Steel, Ltd. steel wire rods into finished cold heading quality steel wire for fastener manufacturing. ATF does not purchase any other Kobe Steel, Ltd. products from other supply chain partners.

On October 13, 2017, Kobe Steel, Ltd. announced that it had found similar cases of improper conduct relating to the certification of their products that extended beyond their aluminum and copper products. You may read the press releases from Kobe Steel, Ltd. at the links provided below.

<http://www.kobelco.co.jp/english/>

<http://www.kobelco.co.jp/english/releases/files/20171011e.pdf>

<http://www.kobelco.co.jp/english/releases/files/20171013e.pdf>

On October 14, 2017, ATF received communication from O&k American that Kobe Steel Ltd. had guaranteed that there are no quality issues in the wire rods supplied to O&k American, therefore ATF is not impacted by the improper conduct reported by Kobe Steel, Ltd. Page two of this letter contains an image of that communication between Kobe Steel, Ltd. and O&k American.

We appreciate your patience and consideration throughout this event. Should you have any further questions or concerns, please contact your ATF sales representative.

Thank you for your business.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason Schaible".

Jason Schaible
Director of Materials
ATF, Inc.



October 14, 2017

Iron & Steel Business
Kobe Steel, Ltd.

Dear O&k AMERICAN CORP.

Results of Emergency Inspection in the Iron & Steel Business

Kobe Steel has recently discovered that in its Aluminum & Copper Business, a portion of the products did not comply with the product specifications that were agreed upon with customers. Data in the inspection certificates had been improperly rewritten and the products were shipped as having met the specifications concerned. We deeply apologize for the enormous amount of trouble this incident has caused you.

1. Steel products provided to your company

We hereby guarantee there are no quality issues in the Wire Rod we produce and provide to your company.

2. Results of emergency self-inspection in the Iron & Steel Business

After the problems were discovered in Aluminum & Copper Business, the Iron & Steel Business urgently proceeded to confirm whether the inspection certificates of shipped products matched the inspection results of the actual products for recent certain period. At present, the emergency self-inspection has been completed in Kakogawa, Kobe and Takasago Works.

In the products which are subject to the inspection (sheet, wire rod, bar, plate, powder, casting & forging, titanium and pig iron), we have not found any improper conducts or any problems which may cause the quality issues in customers other than a suspicious case found in one grade of steel powder supplied to one customer (*1).

*1 As the result of further investigation, it proved to be an improper data rewriting and our news release was posted on October 11, 2017.

At present the self-inspection is still ongoing in the group companies including overseas (*2). Any improper conducts or any problems which may cause the quality issues in customers have not been found to date.

*2 Our news release was posted on October 13, 2017 with respect to the cases which have already been settled with customers. The problems occurred in the secondary process of the group companies who purchase wire rods from Kobe Steel, not the quality problem of wire rod.

3. Audit of emergency self-inspection

While the self-inspection in the Iron & Steel Business has been almost completed, the audit by an outside law firm will be conducted.