

August 28,2006

Dear Sirs

Issuance of New Shares via the Third-Party Allocation

In accordance with the resolution of the board of directors held on August 28,2006,Toho Tenax Co.,Ltd.(“Toho”) announced that Toho has decided to increase its capital via a third-party allocation which will all be acquired by Teijin Ltd.(“Teijin”). This capital increase is scheduled to take place on September 12,2006,assuming validity in compliance with the stipulations of the Securities and Exchange Law.

Details of which are as follows:

1. Conditions of the Issuance

(1)	Number of shares	14,178,000 shares (common stock)
(2)	Price	695yen per share
(3)	Total amount payable	9,853,710,000yen
(4)	Number of shares currently held by Teijin	78,335,634shares (55.2% of total shares March 31,2006)
(5)	Number of shares Teijin will hold after acquisition	92,513,634shares (59.3% of total shares September 12,2006)

2. Purpose of the increase

Toho’s basic management policy is shifting from infrastructure building strategy to growth strategy. Allocating preferentially its resources to the carbon fiber business, Toho targets scale-up of the business and profitability. The carbon fiber business is also Teijin Group’s growth SBU business. Toho intends to enhance its financial strength with capital adequacy. From this time Toho will respond appropriately to growing demand in the carbon fiber business.