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Capacity Expansion of Carbon Fiber “TENAX®”

Toho Tenax Co., Ltd.

Toho Tenax Co., Ltd. (Head Office: Bunkyo-ku, Tokyo, President: Yoshikuni Utsunomiya), which is engaged in the business of carbon fibers within the Teijin Group, has decided to add a new carbon fiber production line at Toho Tenax Europe GmbH (located at Wuppertal, Germany. Hereinafter referred to as “TTE”), a wholly owned subsidiary of Toho Tenax Co., Ltd., with a target operation start-up date of August 2009.

Carbon fiber is a highly functional, strong, and flexible fiber with a diverse range of applications in aerospace and other industries in general, as well as in the sport and leisure industries, and is one of the Teijin Group’s core materials.

Demand for this product is expected to grow at a rate of about 15% between 2005 and 2010 as applications for civil aircraft and industries increase. Demand in 2010 is anticipated to exceed 40,000 tons.

With this announced increase in production capacity and capacity from lines that are currently under construction, the Teijin Group’s carbon fiber production capacity is scheduled to reach 13,500 tons per year.

Please see below for details.

1. History

- (1) October 2006: A new line was started up at TTE (1,500 tons per year), bringing the company’s annual production to 3,400 tons.

- (2) We are currently building a 2,700-ton-per-year line at Toho Tenax's Mishima Plant with a scheduled start-up date of April 2008.
- (3) Meanwhile, we expect global carbon fiber demand to grow even further. The decision to undertake this new expansion was made to accommodate the demand growth, particularly in the European market. This expansion will allow us to deal with the growth in demand in industrial and civilian aircraft applications.

2. Overview of facilities

- (1) Location: Oberbruch Plant
- (2) Description: Carbon fiber manufacturing facility and auxiliary facilities.
- (3) Capacity: 1,700 tons per year
- (4) Capital investment: €51 million
- (5) Construction start date: October 2007
- (6) Start-up date: Planned for August 2009

3. Production readiness after expansion

<Teijin Group's carbon fiber production capacity> (Unit: tons per year)

	Current	2008 After start-up of Mishima Plant	2009 After start-up of German line
Japan	3,700	6,400	6,400
Germany	3,400	3,400	5,100
USA	2,000	2,000	2,000
Total	9,100	11,800	13,500

End of announcement

[Reference] Overview of Toho Tenax Europe GmbH

- (1) Founded: 1993
- (2) Head office: Wuppertal, Germany
- (3) CEO: Eckhard Scholten
- (4) Business descriptions: Manufacture and sales of carbon fiber "TENAX®"

<p>Please direct inquiries on this matter to: Kaoru Fujii, General Affairs, Toho Tenax Co., Ltd. (phone: +81-3-5842-3613)</p>
