

February 19, 2009

Toyobo Reaches Settlement with German State Governments in U.S. Zylon® Fiber Bulletproof Vests Damages Lawsuit

Toyobo Co., Ltd. (Toyobo) has reached a settlement with the German states of Bavaria and North Rhine-Westphalia (hereafter, "Plaintiffs") in the damages lawsuit that was pending before the United States Court of Appeals for the Sixth Circuit, as follows.

1. Developments from the Filing to the Settlement

As explained in the August 25, 2006 "Notice on Receipt of Service of Lawsuit," in June 2006 the Plaintiffs filed a lawsuit in the United States District Court, Western District of Michigan Southern Division, against the former managers of the U.S. bulletproof vest manufacturer Second Chance Body Armor Inc. (Second Chance), and against Toyobo and Toyobo America Inc. (Toyobo America). The Plaintiffs purchased the bulletproof vests that were the subject of the lawsuit from U.S. bulletproof vest manufacturer Second Chance via its German subsidiary. The vests contained Toyobo's Zylon® fiber.

Second Chance filed for bankruptcy under the U.S. Bankruptcy Code in October 2004.

As explained in the April 20, 2007 "Notice of Dismissal of Lawsuit," the court dismissed the lawsuit applying the legal principle of *Forum Non Conveniens** in the claims against Toyobo and ruling that it did not have jurisdiction to hear the suit against Toyobo America. The Plaintiffs were dissatisfied with this ruling, and filed an appeal with the United States Court of Appeals for the Sixth Circuit. Toyobo has now reached a settlement with the Plaintiffs over that appeal.

**Forum Non Conveniens* is the discretionary power whereby a court can elect not to take jurisdiction over a suit that has been brought before it, and dismiss the suit based on the judgment that the court is not the appropriate venue to hear the proceedings.

2. Contents of the Settlement

- (1) Toyobo will pay \$900,000 to the Plaintiffs in settlement.
- (2) Plaintiffs agree to waive all other claims against Toyobo and Toyobo America regarding this issue, and not to file any separate claims for damages regarding this issue in any jurisdiction worldwide.

3. Impact on Earnings

The impact on current-term performance will be minimal, and requires no revisions to Toyobo's consolidated earnings forecast.

4. Other Lawsuits

Toyobo is presently the defendant in multiple suits in the U.S. regarding the above-stated bulletproof vests, including suits with Second Chance and with the U.S. government.

For more information, contact:
Toyobo Public Relations Group
pr_g@toyobo.jp