

May 25, 2009

For immediate release

Company name: Toyobo Co., Ltd.  
(Code: 3101, First Section of Tokyo Stock Exchange  
and Osaka Securities Exchange, respectively)  
Representative: Ryuzo Sakamoto, President  
Contact: Ikuo Takeuchi, Manager of IR Group  
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Company name: Miyuki Holdings Co., Ltd.  
(Code: 3216, First Section of Tokyo Stock Exchange,  
Osaka Securities Exchange and Nagoya Stock  
Exchange, respectively)  
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### **Notice on Conversion of Miyuki Holdings into a Wholly Owned Subsidiary Via a Share Exchange**

Toyobo Co., Ltd. (Toyobo) and Miyuki Holdings Co., Ltd. (Miyuki Holdings) concluded a Basic Agreement on May 7, 2009, whereby Toyobo will acquire all the remaining common shares of Miyuki Holdings via a share exchange, making Miyuki Holdings into a wholly owned Toyobo subsidiary effective September 1, 2009. At Board of Directors meetings of both companies held today (May 25, 2009), the two companies passed resolutions approving the share exchange based on that Basic Agreement, and concluded a share exchange contract.

As a result of the share exchange Toyobo will become Miyuki Holdings' sole parent company with 100% ownership, and the shares of Miyuki Holdings (which will become a wholly-owned Toyobo subsidiary) will be delisted on August 26, 2009 (with August 25, 2009 as the last day of trading).

#### **1. Purpose of Making Miyuki Holdings into a Wholly Owned Subsidiary Via a Share Exchange**

##### **(1) Purpose of the Share Exchange**

Toyobo and Miyuki Holdings have been strengthening their relationship based on a close alliance for over 60 years. Toyobo made Miyuki Holdings into a Toyobo subsidiary in a takeover bid in 2004, and has subsequently focused on developing businesses integrating both companies' strengths and pursuing synergy.

The environment surrounding both companies, however, is becoming even more severe with the global slowdown sparked by the U.S. financial crisis, and reinforcing the business foundation of the entire Toyobo Group has become an urgent issue.

Under these conditions, as a result of repeated judicious discussions, Toyobo and Miyuki Holdings arrived at the conclusion that having Toyobo make Miyuki Holdings into a wholly owned subsidiary would be effective in more closely linking the

management resources of both companies. For example, in its textiles business, Miyuki Holdings can further promote the development of competitive products that meet the demand for new materials and other market needs through joint works with Toyobo, which supplies raw materials for men's fabrics and underwear and has abundant information and technology capabilities. In its electronics-related businesses as well, Miyuki Holdings can accelerate joint development with the Toyobo Group's diagnostic systems business and expand sales in cooperation with the Group's trading company.

We also judged that making Miyuki Holdings into a wholly owned subsidiary would maximize the synergy between the two companies by facilitating swift management decision-making and agile business operations, and thus increase the enterprise value of Miyuki Holdings and the entire Toyobo Group. These are the reasons why the two companies are implementing this share exchange.

## (2) Delisting of Miyuki Holdings

With this share exchange, Toyobo will become the sole parent company of Miyuki Holdings and Miyuki Holdings will become Toyobo's wholly owned subsidiary effective September 1, 2009.

Consequently, the common shares of Miyuki Holdings are scheduled to be delisted on August 26, 2009 (with August 25, 2009 as the last day of trading), following the proscribed procedures, in accordance with the regulations governing the listing of securities and the securities delisting standards of Tokyo Stock Exchange Group Inc. (Tokyo Stock Exchange), Osaka Securities Exchange Co., Ltd. (Osaka Securities Exchange) and Nagoya Stock Exchange Inc. (Nagoya Stock Exchange). After the delisting, the common shares of Miyuki Holdings will no longer be traded on the Tokyo Stock Exchange, Osaka Securities Exchange or Nagoya Stock Exchange.

## (3) Reasons for Delisting and Alternatives

This share exchange is for the purposes stated in (1) above. The purpose, therefore, is not specifically to delist Miyuki Holdings. Even after the delisting of Miyuki Holdings common shares, the Toyobo common shares allotted to Miyuki Holdings shareholders under this share exchange are listed on the Tokyo Stock Exchange and the Osaka Securities Exchange and can still be traded on both markets after this share exchange, and thus shareholders receiving at least 1,000 Toyobo common shares, which is the trading unit, will be provided with ongoing liquidity under this share exchange.

Miyuki Holdings shareholders receiving allotments of less than 1,000 Toyobo common shares under this share exchange, which is the trading unit for Toyobo common shares, cannot sell those odd-lot shares on either of the above-listed stock markets. Those shareholders will have the option of using the odd-lot shares increase system or the odd-lot shares sales system. Refer to 2. (2) (Note 3) for details.

Also, in cases when fractions of less than one share emerge from this share exchange, Toyobo intends to give cash compensation in accordance with the amount of said fractions under the provisions of Article 234 paragraphs 1 and 2 of the Companies Act. Refer to 2. (2) (Note 4) for details.

## (4) Measures to Guarantee Fairness

Because Toyobo already owns 38.65% of the common shares outstanding of Miyuki Holdings at the time of this share exchange, to secure fairness Toyobo and Miyuki Holdings both separately asked independent third-party accounting organs to

calculate share exchange ratios, and the two companies have decided to implement this share exchange at a share exchange ratio that they have agreed upon following examinations and negotiations with reference to those calculation results.

The share exchange ratio calculation results presented by the independent third-party accounting organs did not include any statements of opinion regarding the fairness of the share exchange ratio used for this share exchange.

(5) Measures to Prevent Conflict of Interest

Miyuki Holdings Auditors Seiji Narahara and Morito Morita are Toyobo employees, so from the perspective of preventing any conflict of interest they did not express their opinions during the above-mentioned Board of Directors deliberations.

**2. Outline of the Share Exchange**

(1) Share Exchange Schedule

Basic agreement concluded on share exchange (both companies)	May 7, 2009
Board of Directors meetings approved exchange (both companies)	May 25, 2009
Share exchange contract concluded (both companies)	May 25, 2009
General shareholders' meeting to approve share exchange (Miyuki Holdings)	June 23, 2009 (tentative)
Delisting of Miyuki Holdings shares	August 26, 2009 (tentative)
Exchange of shares (effective date)	Sept. 1, 2009 (tentative)

Note: At Toyobo this share exchange is scheduled to be implemented under simplified share exchange procedures, without general shareholders' meeting approval, based on the provisions of Article 796-3 of the Companies Act.

(2) Share Exchange

Company name	Toyobo Co., Ltd. (Sole parent company)	Miyuki Holdings Co., Ltd. (Wholly owned subsidiary)
Share exchange ratio	Common shares	Common shares
	1	2.00
Number of new shares issued in this share exchange	Common shares: 44,541,214 shares (planned)	

Notes:

1. Allotment Ratio

Under the share exchange contract, two (2.0) Toyobo common shares will be allotted for each (1.0) Miyuki Holdings common share. Toyobo will not be issued shares under this share exchange for the common shares of Miyuki Holdings (14,029,393 shares) it already owns.

2. Number of Shares Allotted in this Share Exchange

The number of shares allotted in this share exchanged is calculated based on the total number of Miyuki Holdings common shares outstanding and the number of Miyuki Holdings common shares owned by Toyobo as of May 25, 2009. This number may be revised because of the retirement of Miyuki

Holdings treasury stock, etc.

3. Treatment of Odd-lot Shares

Miyuki Holdings shareholders who come to own odd-lot shares of Toyobo from this share exchange will have rights to Toyobo dividends in proportion to the number of shares they own for record dates after this share exchange, but odd-lot shares cannot be sold on the stock markets. Shareholders who come to own odd-lot shares of Toyobo will have the option of using the following systems for Toyobo shares.

(a) Odd-lot shares increase service

System whereby shareholders may ask Toyobo to sell them Toyobo shares to increase the Toyobo odd-lot shares they own to full trading units.

(b) Odd-lot shares sales system

System whereby shareholders may ask Toyobo to directly purchase their odd-lot shares, based on the provisions of Article 192-1 of the Companies Act.

4. Treatment of Fractions of Shares

Under the provisions of Article 234 paragraphs 1 and 2 of the Companies Act, when shareholders receive fractions of less than one Toyobo share from this share exchange, Toyobo will sell the number of Toyobo shares equivalent to the total sum of those fractions (discarding any fractions in that total), and deliver the proceeds from that sale to said shareholders in proportion to the fractions they own.

(3) Basis for Calculating the Share Exchange Ratio

1. Calculation Basis

To secure fairness and appropriateness in the share exchange ratio for this share exchange, Toyobo and Miyuki Holdings both separately asked independent third-party accounting organs to calculate the share exchange ratio. Toyobo retained the services of Mizuho Securities Co., Ltd. (Mizuho Securities) and Miyuki Holdings retained the services of Nomura Securities Co., Ltd. (Nomura Securities)

Mizuho Securities conducted calculations on Toyobo and Miyuki Holdings using the market stock price method and the discounted cash flow method ("DCF method"). In applying the market stock price method with May 22, 2009 as the valuation base date, average share prices were calculated using the closing prices on the Tokyo Stock Exchange for the period from April 28, 2009 (which is the day after revised performance forecasts were announced by both companies for the fiscal year ended March 2009) to the valuation base date, and for the period from May 7, 2009 (which is the day on which Basic Agreement on this share exchange was announced) to the valuation base date. The share exchange ratio ranges found using each valuation method with the value of one Toyobo share set at 1.0 were as follows.

<u>Valuation Method</u>	<u>Share Exchange Valuation Range</u>
Market stock price method	1.60 ~ 1.67
DCF method	1.75 ~ 2.15

Mizuho Securities calculated the share exchange ratio on the assumptions that the information it received from both companies and publicly available data used for the calculations are accurate and complete, that there is no information that has not been disclosed to Mizuho Securities that would have a significant impact on the share exchange ratio calculations, and other assumptions. Mizuho Securities has not conducted independent assessments or audits of both companies' respective individual assets and liabilities. In addition, the calculated share exchange ratios assume that the financial forecasts of both companies referred to in making the calculations are rationally prepared best-effort forecasts and judgments as of the date the forecasts were made. The calculations reflect the corporate data and economic conditions information available as of May 22, 2009. The share exchange ratio calculations presented by Mizuho Securities did not include any statement of opinion regarding the fairness of the share exchange ratio used for this share exchange.

Meanwhile, Nomura Securities also conducted calculations on Toyobo and Miyuki Holdings using the market stock price method (for the period until the closing price on May 22, 2009, which is the valuation basis date, and for the average values of the closing prices each trading day from May 7 until the valuation basis date) and the DCF method. The share exchange ratio ranges found using each valuation method with the value of one Toyobo share set at 1.0 were as follows.

<u>Valuation Method</u>	<u>Share Exchange Valuation Range</u>
Market stock price method	1.60 ~ 1.70
DCF method	1.02 ~ 2.45

Nomura Securities calculated the share exchange ratio using information it received from both companies and publicly available data as they are, in principle, on the assumptions that these materials and information used for the calculations are all accurate and complete, and did not independently verify their accuracy or completeness, that there is no information that has not been disclosed to Nomura Securities that would have a significant impact on the share exchange ratio calculations, and other assumptions. Nomura Securities has not conducted independent assessments, audits or appraisals, including analyses and valuations of individual assets and liabilities, of the respective assets and liabilities (including contingent liabilities) of the companies or their affiliates, nor has it requested third-party organs to conduct such appraisals or assessments. In addition, the calculated share exchange ratios assume that the financial forecasts of both companies referred to in making the calculations are best-effort forecasts and judgments rationally prepared by each company's management as of the date the forecasts were made. The Nomura Securities share exchange ratio calculations reflect the corporate data and economic conditions information available as of May 22, 2009. The share exchange ratio calculations presented by Nomura Securities did not include any statement of opinion regarding the fairness of the share exchange ratio used for this share exchange.

The Toyobo and Miyuki Holdings profit plans adopted for the DCF method evaluations conducted by both Mizuho Securities and Nomura Securities to calculate the share exchange ratios include fiscal years with projections of large

profit increases. These appear because business performance improvements can be expected from sales increases and cost reductions in each business.

## 2. Development of the Valuation

Toyobo and Miyuki Holdings have decided that the share exchange ratio presented in 2. (2) above is appropriate for both companies, and contributes to the interests of both companies' shareholders. Following examinations and negotiations based on the calculation results presented in 1. above, both companies adopted resolutions approving the share exchange based on this share exchange ratio at Board of Directors meetings held May 25, 2009, and both companies concluded the share exchange contract on that date. In cases when significant changes occur to the various conditions that are assumptions for the calculations, the share exchange ratio may be changed through consultations between the two companies.

## 3. Relationships with the Accounting Organs Retained to Conduct the Calculations

Mizuho Securities and Nomura Securities are both independent of Toyobo and Miyuki Holdings, and are not considered related parties to either Toyobo or Miyuki Holdings.

### (4) Treatment of Subscription Rights and Warrant Bonds issued by Wholly Owned Subsidiaries in the Share Exchange

Miyuki Holdings has not issued any subscription rights or warrant bonds.

### 3. Outline of the Companies Involved in the Share Exchange (As of March 31, 2009)

(1) Company name	Toyobo Co., Ltd.	Miyuki Holdings Co., Ltd.
(2) Business	Manufacture, processing and sales of synthetic resins and moldings, chemical products, bioproducts, pharmaceuticals, and related products. Design, production, sales and export/import of electronic devices, physics and chemical devices, medical devices and related devices. Manufacture, processing and sales of textiles. Design, production and sales of plants and devices. Sales of technologies and information	Real estate business and management of group companies by holding equity
(3) Incorporated	June 26, 1914	November 27, 1918
(4) Head office address	2-8, Dojimahama 2-chome, Kita-ku, Osaka	390, Ichibagicho, Nishi-ku, Nagoya
(5) Representative	Ryuzo Sakamoto, President	Shigeaki Kogamo, President
(6) Capital	¥43,341,203,166	¥1,815,000,000
(7) Number of shares outstanding	Common 699,027,598 shares	Common 36,300,000 shares
(8) Representative	¥133,967 million (Consolidated)	¥16,728 million (Consolidated)
(9) Capital	¥443,816 million (Consolidated)	¥22,726 million (Consolidated)
(10) Fiscal year-end	March 31	March 31

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(11)	Number of employees (As of March 31, 2009)	11,181 (Consolidated)	1,086 (Consolidated)		
(12)	Major customers	Toyobo Specialties Trading Co., Ltd., Itochu Corporation, Japan Exlan Co., Ltd., Sumitomo Chemical Company, Mizushima Aroma Co., Ltd.	Toyobo Co., Ltd., Takaoka & Co; Ltd., Department Stores throughout Japan, Nipro Corporation, Urban Renaissance Agency		
(13)	Major shareholders and equity ownership (As of March 31, 2009)	Japan Trustee Services Bank, Ltd. Japan Trustee Services Bank, Ltd. (Trust Account 4G)	4.41%	Toyobo Co., Ltd.	38.65%
		Japan Trustee Services Bank, Ltd. (Trust Account)	4.26%	Toyobo Real Estate Co., Ltd.	3.03%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	3.38%	Japan Trustee Services Bank, Ltd. (Trust Account)	2.35%
		Nippon Life Insurance Company	2.95%	Takisada-Nagoya Co., Ltd.	2.29%
		Mizuho Corporate Bank, Ltd.	1.92%	Japan Trustee Services Bank, Ltd. (Trust Account 4G)	2.14%
(14)	Main banks	Mizuho Corporate Bank, Ltd.	Mizuho Bank, Ltd.		
(15)	Relationships Between Parties	Capital	Toyobo owns 38.65% of the common shares outstanding of Miyuki Holdings as of May 25, 2009.		
		Personnel	Two Toyobo employees hold concurrent positions as corporate auditors at Miyuki Holdings.		
		Trading	Toyobo sells materials to the Miyuki Holdings subsidiaries Miyuki Keori Co., Ltd. and Angle-Miyuki Co., Ltd.		
		Concerned	Toyobo is the parent company of Miyuki Holdings		

#### 4. Consolidated Performance

	Toyobo Co., Ltd. (Sole parent company)			Miyuki Holdings Co., Ltd. (Wholly owned subsidiary)		
	Years ended March 31			Years ended March 31		
	2007	2008	2009	2007	2008	2009
Net Sales (Millions of yen)	426,666	431,417	367,271	16,299	16,203	15,360
Operating Income (Millions of yen)	30,435	27,075	11,229	423	276	(480)
Ordinary Income (Millions of yen)	25,342	21,049	2,059	627	431	(334)
Net Income (Millions of yen)	13,472	4,698	(12,505)	707	(1,414)	(1,779)
Net Income per Share (Yen)	19.32	6.73	(17.92)	20.12	(40.26)	(50.47)
Dividends per share (Yen)	5.00	5.00	3.50	8.00	8.00	8.00
Net Assets per Share (Yen)	191.28	185.79	140.79	647.79	570.23	472.56

## 5. Status of the Sole Parent Company after the Share Exchange

(1) Company name	Toyobo Co., Ltd.
(2) Business	Manufacture, processing and sales of synthetic resins and moldings, chemical products, bioproducts, pharmaceuticals, and related products. Design, production, sales and export/import of electronic devices, physics and chemical devices, medical devices and related devices. Manufacture, processing and sales of textiles. Design, production and sales of plants and devices. Sales of technologies and information
(3) Head office address	2-8, Dojimahama 2-chome, Kita-ku, Osaka
(4) Representative	Ryuzo Sakamoto, President
(5) Capital	¥43,341,203,166-
(6) Net assets	Not confirmed at the present time
(7) Total assets	Not confirmed at the present time
(8) Fiscal year-end	March 31

### (9) Summary of Accounting Procedures

This share exchange is expected to fall under the category of transactions with minority shareholders of an entity under common control. The impact of this share exchange on goodwill has not yet been determined, and notice will be given when that determination is made.

### (10) Future Outlook

As Miyuki Holdings is already a Toyobo consolidated subsidiary, the impact of this share exchange on consolidated and non-consolidated business performance is expected to be negligible.