

Company Name: Toyobo Co., Ltd.
Representative: Ryuzo Sakamoto, President

Notice of Joint Company Spin-off (Incorporation-type Spin-off)

Toyobo Co., Ltd. ("Toyobo") and its wholly-owned subsidiary Shinko Sangyo Co., Ltd. ("Shinko Sangyo") decided at meetings of their respective board of directors held on December 25, 2007, to spin off Toyobo's development and sales departments in its textiles business, and Shinko Sangyo's businesses in film and functional polymers, industrial materials, life science and textiles, (hereafter, "subject businesses"), to be taken over by Toyobo Specialties Trading Co., Ltd. (a newly incorporated company, hereafter "Toyobo STC"). Details of the business spin off and establishment are as follows.

1. Objectives of the Company Spin-off

The Toyobo Group has prioritized the four measures of 1) Expansion of the specialty businesses; 2) Reform of the textiles business; 3) Improvement in the financial position; and 4) Realization of group-wide management; in order to accelerate reform of its business portfolio. The restructuring of Toyobo and Shinko Sangyo, the largest subsidiary in the Toyobo Group, is one of the specific initiatives of this strategy.

To strengthen and expand Toyobo's specialty businesses (films and functional polymers, industrial materials and life science) that utilize the core technologies of the Toyobo Group, we will establish a global trading company to market these advanced products, and to be at the center of Toyobo's overseas development.

In the textiles business we will integrate the development and sales departments of Toyobo's textiles business with Shinko Sangyo's textile sales department, and enhance the development and sales businesses in which we have narrowed the focus to the functional textiles that enhance the competitiveness of the Toyobo Group, in order to establish a solutions-based specialty business with greater asset efficiency.

2. Overview of the Company Spin-off

1) Schedule for the Spin-off

Date of Spin-off April 1, 2008 (planned)

Registration of Spin-off April 2, 2008 (planned)

Note: The subject spin-off will be conducted without approval at the general meeting of shareholders, as prescribed by Article 805 of the Companies Act. No shares will be issued in accordance with the spin-off.

2) Method of Spin-off

A joint company spun off from with Toyobo and Shinko Sangyo, and Toyobo STC to be established jointly by both companies.

3) Allotment of Shares

Toyobo STC will issue 50,000 shares of common stock as a result of the spin-off, all of which will be allotted to Toyobo either directly, or through distribution of retained earnings from Shinko Sangyo.

4) Funds Delivered Due to Spin-off

No funds will be paid as a result of the subject spin-off.

5) Handling of Toyobo Bonds with Share Warrants

On March 23, 2007, Toyobo issued Euro-denominated convertible corporate bonds with share warrants with a maturity date of 2012 (total face value of ¥20.0 billion). There will be no change in the handling of these corporate bonds with share warrants as a result of the subject spin-off.

6) Summary of the Accounting Treatment

Because this is a joint incorporation-type spin-off, the pooling-of-interests method will be applied.

7) Rights and Obligations Assumed by the New Company

Toyobo STC will assume from Toyobo and Shinko Sangyo as a result of the subject spin-off the assets, liabilities, and all other rights, obligations and contractual standings related to the subject businesses.

3. Outline of the Companies Involved in the Spin-off

Company Name	Toyobo Co., Ltd. (Spinning off Company) (As of September 30, 2007)	Shinko Sangyo Co. Ltd. (Spinning off Company) (As of September 30, 2007)	Toyobo Specialties Trading Co., Ltd. (Incorporating Company) (Expected as of April 1, 2008)
Business Content	Film and functional polymers; Industrial materials; Life science; Textiles	Sales of film and functional polymers, industrial materials, life science products and textiles	Sales of film and functional polymers, industrial materials and life science products; Development and sales of textiles;
Date of Establishment	June 26, 1914	November 11, 1936	April 1, 2008 (planned)
Head Office Location	2-8, Dojima Hama 2-chome, Kita-ku, Osaka	4-27, Kyutaro-machi 2-chome, Chuo-ku, Osaka	2-8, Dojima Hama 2-chome, Kita-ku, Osaka
Representative	Ryuzo Sakamoto, President	Tetsunosuke Nojima, President	Hiroyuki Kagawa, President
Capital	¥43,341 million	¥2,497 million	¥2,500 million
No. of Issued Shares	699,027,000	39,500,000	50,000
Owners' Equity (Non-consolidated)	¥92,563 million	¥5,032 million	¥5,000 million
Total Assets (Non-consolidated)	¥376,174 million	¥44,541 million	¥52,834 million
Fiscal Year-End	March 31	March 31	March 31
No. of Employees (Non-consolidated)	3,272	251	436
Main Trading Partners	Shinko Sangyo Co., Ltd.; ITOCHU Corporation; Marubeni Corporation; others	Toyobo Co., Ltd.; others	Toyobo Co., Ltd.; others
Major Shareholders and Ratio of Voting Rights	Japan Trustee Services Bank (trust account) 3.80% The Master Trust Bank of Japan (trust account) 3.20% Nippon Life Insurance Company 2.95%	Toyobo Co., Ltd. 100.00%	Toyobo Co., Ltd. 100.00% (see note)
Main Banks	Mizuho Corporate Bank Ltd. Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation	Mizuho Corporate Bank Ltd. Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation	Mizuho Corporate Bank Ltd. Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation
Relationships Between Parties	Capital	Shinko Sangyo and Toyobo STC are wholly-owned consolidated subsidiaries of Toyobo (see note).	
	Personal	Six directors and three corporate auditors of Toyobo STC will be dispatched from Toyobo and/or Shinko Sangyo, and jointly hold their positions. A total of 185 employees from Toyobo engaged in the subject businesses will be temporarily transferred to Toyobo STC. A total of 251 employees from Shinko Sangyo engaged in the subject businesses will be transferred to Toyobo STC.	
	Trading	Sales of film and functional polymers, industrial materials, life science and textiles manufactured by Toyobo.	

Note: Shinko Sangyo, on the day Toyobo STC is established, will allocate to Toyobo its shares of Toyobo STC (10% of the shares issued by the company) as a distribution of retained earnings.

4. Content of Business Divisions to Be Spinned Off

1) Content of Businesses to Be Spinned Off

- Toyobo's Textiles Division development and sales departments
- Shinko Sangyo's businesses in film and functional polymers, industrial materials, life science and textiles

2) Business Results of Subject Businesses in the Fiscal Year Ended March 31, 2007

	Toyobo Co., Ltd. (Spinning off Company)			Shinko Sangyo Co., Ltd. (Spinning off Company)		
	Subject Businesses (A)	Company Total (B)	Ratio (A / B) x 100	Subject Businesses (A)	Company Total (B)	Ratio (A / B) x 100
	Millions of Yen	Millions of Yen		Millions of Yen	Millions of Yen	
Net Sales	¥54,580	¥255,467	21.4%	¥76,228	¥90,688	84.1%
Ordinary Income	¥809	¥19,874	4.1%	¥1,402	¥1,537	91.2%

5. Impact on Earnings as a Result of the Spin-off

There will be no impact on Toyobo's consolidated earnings forecast.

The impact on Toyobo's non-consolidated results is expected to be reductions in net sales of approximately ¥42.0 billion, and ordinary income of ¥0.8 billion, compared to prior to the spin-off.

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