



Notice of Convocation

The 145th Ordinary General Meeting of Shareholders

Teijin Limited

Disclaimer: *Please note that the following is a translation of the original Japanese documents prepared for the convenience of our non-Japanese shareholders with voting rights. Although this translation is intended to be complete and accurate, the Japanese original shall take precedence in the case of any discrepancies between this translation and the original. Certain information regarding voting procedures that is not applicable for shareholders resident outside Japan has been omitted or modified as applicable. In addition, these materials will not facilitate your status as a registered shareholder authorized to attend the Ordinary General Meeting of Shareholders. Every shareholder attending the Ordinary General Meeting of Shareholders is required to present the Voting Card, which is sent to the registered shareholder together with the original Notice of Convocation in Japanese, to the receptionist at the meeting.*

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Dear Shareholder,

**Notice of Convocation of
the 145th Ordinary General Meeting of Shareholders**

You are cordially invited to attend the 145th Ordinary General Meeting of Shareholders of Teijin Limited (“the Company”) to be held as set forth below.

If you do not expect to attend the meeting, you may vote on the proposals for voting using the following method. Please refer to the following “Reference Documents for the General Meeting of Shareholders,” and exercise your voting rights by 5 p.m., Tuesday, June 21, 2011.(Japan Time)

[In case of voting by Mail]

Please indicate your approval or disapproval of the proposals on the enclosed Document for the Exercise of Voting Rights, and mail the document so that it arrives by the above deadline.

[In case of voting by Internet etc.]

Please access to the web-site to exercising voting rights (<http://www.evotep.jp/>) through personal computer or cellular phone with the log-in ID and temporary password indicated in the **enclosed Document for the Exercise of Voting Rights**, and input your approval or disapproval of the proposals according to the instructions on the window. You are kindly requested to read **the Guidance to exercise the voting rights by Internet etc.** before commencing the process of voting. In case of personal computer, you may access to the **web-site to exercise voting rights** from the Company’s web-site.

Sincerely,

Shigeo Ohyagi
President and Representative Director
Teijin Limited
6-7, Minami-Hommachi 1-chome,
Chuo-ku, Osaka 541-8587,
Japan

Details

1. Date and Time of the Meeting:

Wednesday, June 22, 2011, at 10 a.m.(Japan Time)
(The door opens at 9 a.m.)

2. Place:

The Westin Osaka, 2nd Floor, Rose Room, 1-20, Oyodonaka 1-chome, Kita-ku, Osaka , Japan

3. Purposes

Reports:

The Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements and the Report by the Accounting Auditor and the Board of Corporate Auditors of the results of audit on the Consolidated Financial Statements, for the 145th Fiscal Year (April 1, 2010 to March 31, 2011)

Proposals for voting:

Proposal 1: Election of Ten (10) Directors

Proposal 2: Election of Two (2) Corporate Auditors

Proposal 3: Presentation of Retirement Benefits to a Retiring Director and a Retiring Corporate Auditor, and Payment of the Retirement Benefits Accrued with the Abolishment of the Retiring Directors and Corporate Auditors' Retirement Benefits Payment System

4. Decision on Convocation

- (1) If you do not indicate either approval or disapproval on the Document for the Exercise of Voting Rights, we shall treat such “no answer” as your “approval” on the proposal.
- (2) In the event of an overlap in the exercise of voting rights via the Document for the Exercise of Voting Rights and the Internet voting system, the exercise of voting rights via the Internet voting system shall prevail.
- (3) If you vote more than once using the same method, your last vote shall prevail.

5. Attachments to Notice of Convocation and Reference Documents for the General Meeting of Shareholders

- (1) The Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, Audit Reports, and Reference Documents for the General Meeting of Shareholders attached to this Convocation Notice are located in Pages 5 through 48.
However, according to the relevant laws and regulations and Article 14 of the Company's Articles of Incorporation, the following items are posted on the Company's website and not included in the attached Document:
 - 1) Notes to Consolidated Financial Statements
 - 2) Notes to Non-Consolidated Financial Statements
- (2) If any revision should be required to the Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, or Reference Documents for the General Meeting of Shareholders, such revision will be posted on the Company's website. (<http://www.teijin.co.jp/english/>)

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- **If you attend the General Meeting, please submit the attached Document for the Exercise of Voting Rights to the reception of the meeting.**

Reference Documents for the General Meeting of Shareholders

Proposals and Reference

Proposal 1: Election of Ten (10) Directors

The terms of office of ten (10) Directors—Toru Nagashima, Shigeo Ohyagi, Takayuki Katayama, Junji Morita, Norio Kamei, Toshiaki Yatabe, Yoshio Fukuda, Katsunari Suzuki, Kunio Suzuki and Hajime Sawabe—will expire at the conclusion of this General Meeting of Shareholders.

Shareholders are therefore requested to elect the following ten (10) Directors (of whom eight (8) are up for reelection).

The candidates for Director are as follows.

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
1	Toru Nagashima (January 2, 1943)	Apr. 1965 Joined Teijin Limited Jun. 1999 Corporate Officer; General Manager, Functional Fibers Business Group Apr.2000 CESH0 (Chief Environment, Safety & Health Officer) Jun. 2000 Director Apr.2001 CMO (Chief Marketing Officer); General Manager, Corporate Strategy & Planning Office Jun. 2001 Managing Director Nov. 2001 President & Representative Director; COO (Chief Operating Officer) Jun. 2002 CEO (Chief Executive Officer) Jun. 2008 Chairman of the Board (Incumbent) <Significant Concurrent Positions> Outside Director, Sojitz Corp Chairman, The Japan Overseas Enterprises Association Vice Chairman, Japan Association of Corporate Executives (Keizai Doyukai)	136,000 Shares
2	Shigeo Ohyagi (May 17, 1947)	Mar. 1971 Joined Teijin Limited Jun. 1999 Corporate Officer; Manager of Tokyo Branch, Medical & Pharmaceutical Business Division Jun. 2001 Executive Officer; Deputy General Manager ,Pharmaceuticals Marketing Division Apr. 2002 General Manager, Medical & Pharmaceutical Business Division Jun. 2002 Senior Executive Officer Apr. 2003 General Manager, Medical & Pharmaceutical Business Group Oct. 2003 President & Representative Director, Teijin Pharma Limited Apr. 2005 CIO (Chief Information Officer), Teijin Limited Jun. 2005 Managing Director Jun. 2006 Senior Managing Director Apr. 2007 CSO (Chief Strategy Officer) Jun. 2008 President Representative Director (Incumbent), CEO (Chief Executive Officer) (Incumbent) Jun. 2010 President , Teijin Limited (Incumbent),	111,000 Shares

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
3	Junji Morita (September 18, 1947)	<p>Apr. 1970 Joined Teijin Limited</p> <p>Jun. 2000 Corporate Officer, Teijin Limited; President & Director, P.T. Teijin Indonesia Fiber Corporation Tbk</p> <p>Jun. 2003 Executive Officer, Teijin Limited; Senior Managing Director, N.I. Teijin Shoji Co., Ltd.</p> <p>Apr. 2004 General Manager, Trading and Retail Business Group; Teijin Limited; President & Representative Director, N.I. Teijin Shoji Co., Ltd.</p> <p>Jun. 2005 Senior Executive Officer, Teijin Limited</p> <p>Apr. 2009 CMO (Chief Marketing Officer) (Incumbent); CIO; Supervisor of BRICs business (Incumbent)</p> <p>Jun. 2009 Managing Director, Teijin Limited</p> <p>Apr. 2010 Supervisor of Mobility Business Project & Electronics & Energy Business Project (Incumbent)</p> <p>Jun. 2010 Senior Executive Officer (Incumbent) , Representative Director, Teijin Limited(Incumbent)</p>	32,000 Shares
4	Norio Kamei (June 13, 1948)	<p>Apr. 1972 Joined Teijin Limited</p> <p>Jul. 2001 Corporate Officer, Teijin Limited; Executive Vice -President, Teijin Akra S.A. de C.V.</p> <p>Jun. 2005 Executive Officer, Teijin Limited; General Manager, Industrial Fibers Business Group; President & Representative Director, Teijin Techno Products Limited</p> <p>Jun. 2007 Senior Executive Officer, Teijin Limited</p> <p>Apr. 2009 General Manager, Polyester Fibers Business Group, Teijin Limited ; President & Representative Director, Teijin Fibers Limited</p> <p>Jun. 2009 Managing Director, Teijin Limited</p> <p>Nov. 2009 President CEO & Representative Director , Teijin Fibers Limited</p> <p>Jun. 2010 Senior Executive Officer (Incumbent) , Director, Teijin Limited (Incumbent)</p> <p>Apr. 2011 General Manager, Carbon Fibers and Composites Business Group (Incumbent) President & Representative Director, Toho Tenax Co., Ltd. (Incumbent)</p>	29,030 Shares

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
5*	Osamu Nishikawa (April 14, 1950)	<p>Apr. 1975 Joined Teijin Limited</p> <p>Jun. 2004 Corporate Officer, Teijin Limited, Director, Teijin Pharma Limited</p> <p>Jun. 2006 Executive Officer, Teijin Limited</p> <p>Jun. 2007 Senior Managing Director & Representative Director, Teijin Pharma Limited</p> <p>Apr. 2008 General Manager, Medical & Pharmaceutical Business Group, Teijin Limited</p> <p>Jun. 2008 President and Representative Director, Teijin Pharma Limited</p> <p>Jun. 2008 Senior Executive Officer, Teijin Limited (Incumbent)</p> <p>Apr. 2010 CIO, Teijin Limited (Incumbent)</p> <p>Apr. 2011 CSRO, Teijin Limited (Incumbent)</p> <p>Supervisor of Legal Office and Business Auditing Office (Incumbent)</p>	13,000 Shares
6	Toshiaki Yatabe (March 20, 1950)	<p>Apr. 1974 Joined Teijin Limited</p> <p>Jun. 2005 Corporate Officer, Teijin Limited, General Manager, Electronics Materials Development Department</p> <p>Jul. 2005 Deputy CMO (Electronics) (Supervisor of Electronics business field)</p> <p>Apr. 2006 General Manager, New Business Development Group</p> <p>Jun. 2006 Corporate Officer, Teijin Limited</p> <p>Jun. 2007 Executive Officer, Teijin Limited (Incumbent)</p> <p>Apr. 2008 Deputy General Manager (Research), New Business Development Group Deputy CTO (R&D)</p> <p>Apr. 2010 CTO (Incumbent)</p> <p>Jun. 2010 Director, Teijin Limited (Incumbent)</p>	16,000 Shares
7	Yoshio Fukuda (March 1, 1953)	<p>Apr. 1976 Joined Teijin Limited</p> <p>Jun. 2006 Corporate Officer, Teijin Limited (Incumbent); Director & General Manager, Raw Materials & Polymers Business Division, Teijin Fibers Limited</p> <p>May. 2007 President & Director, P.T. Teijin Indonesia Fiber Corporation Tbk</p> <p>Apr. 2010 General Manager, Corporate Strategy Division, Teijin Limited (Incumbent)</p> <p>Jun. 2010 Director, Teijin Limited (Incumbent)</p>	32,000 Shares

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
8	Kunio Suzuki (August 27, 1939)	<p>Apr. 1962 Joined Osaka Shosen Kaisha (currently Mitsui O.S.K. Lines, Ltd.)</p> <p>Jun. 1991 Director</p> <p>Jun. 1994 Managing Director</p> <p>Jun. 1995 Executive Director</p> <p> Senior Managing Director</p> <p>Jun. 1998 Executive Director</p> <p> Executive Vice President</p> <p>Jun. 2000 Representative Director</p> <p> President</p> <p> President Executive Officer</p> <p>Jun. 2004 Representative Director</p> <p> Chairman of the Board</p> <p> Chairman Executive Officer</p> <p>Jun. 2005 Representative Director ,</p> <p> Chairman of the Board</p> <p> Chairman Executive Officer</p> <p>Jun. 2007 Director, Teijin Limited (Incumbent);</p> <p> Member of the Advisory Board, Teijin Limited (Incumbent)</p> <p>Jun. 2009 Counselor, Mitsui O.S.K. Lines, Limited (Incumbent)</p> <p><Significant Concurrent Positions></p> <p>Counselor, Mitsui O.S.K. Lines, Limited</p>	30,000 Shares
9	Hajime Sawabe (January 9, 1942)	<p>Apr. 1964 Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation)</p> <p>Jun. 1996 Director</p> <p>Jun. 1998 President & Representative Director</p> <p>Jun. 2006 Chairman & Representative Director (Incumbent)</p> <p>Jun. 2008 Director, Teijin Limited (Incumbent);</p> <p> Member of the Advisory Board, Teijin Limited (Incumbent)</p> <p><Significant Concurrent Positions ></p> <p>Chairman & Representative Director , TDK Corporation</p> <p>Outside Director, Asahi Glass Co.,Ltd.</p> <p>Outside Director, Nomura Securities Co.,Ltd</p> <p>Outside Director, Nomura Holdings Inc.</p> <p>Outside Auditor, Nikkei Inc.</p>	9,000 Shares

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
10*	Yutaka Imura (October 16,1946)	<p>Apr.1969 Joined Ministry of Foreign Affairs, Japan (MFA)</p> <p>Aug.1999 Director, General, Economic Cooperation Bureau, MFA</p> <p>Feb. 2001 Deputy Vice-Minister, MFA</p> <p>Sep. 2001 Assistant Vice-Minister, MFA</p> <p>Jul. 2002 Ambassador of Japan in Indonesia</p> <p>Nov.2002 Ambassador of Japan in Indonesia and the Democratic Republic of Timor-Leste (East Timor)</p> <p>Apr. 2006 Ambassador of Japan in France and The Principality of Andorra (Andorra)</p> <p>May.2007 Ambassador of Japan in France, Andorra and the Principality of Monaco</p> <p>Jul. 2009 Retired from MFA</p> <p>Jul. 2009 Special Envoy of the Government of Japan for the Middle East and Europe (Incumbent)</p> <p><Significant Concurrent Positions> Special Envoy of the Government of Japan for the Middle East and Europe Guest Professor, Graduate School of Public Policy (GraSPP), The University of Tokyo</p>	0 Share

Notes: 1.The candidates marked with * are candidates for new Directors.

2.Kunio Suzuki, Hajime Sawabe and Yutaka Imura are candidates for Outside Directors. The Company requires the candidates for Outside Director to satisfy all the requirements of Independent Director stipulated by the Company. These three (3) candidates satisfy all such requirements. Since they also satisfy the requirements of independency as stipulated by Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd., they were registered by the Company as "Independent Director / Auditor".

The requirements of "Independent Director" are disclosed on the Company's Web site (<http://www.teijin.co.jp/english/about/governance/requirements.html>).

3. The reasons why Kunio Suzuki and Hajime Sawabe are nominated as the candidates for Outside Director are that they are expected to provide advice on the Company's business operations based on the their abundant business experience and high level insight, as counselor of a public company for Kunio Suzuki and as a chairman and representative director of a public company for Hajime Sawabe. The reason Yutaka Imura is nominated as a candidate for outside director and judged appropriate to fulfill the duties of Outside Director is that, with his ample wisdom and expertise at the Ministry of Foreign Affairs, his insight and advice is expected beneficial to the business of the Company in terms of a global viewpoint.

4. The Company has entered into liability limitation agreements with Kunio Suzuki and Hajime Sawabe, being incumbent Outside Directors, which limit the liabilities of each Outside Director to ¥20 million or the minimum amount stipulated in Article 425, Paragraph 1, of the Companies Act, whichever is higher, in accordance with the provisions of Article 427 of the Companies Act and the Company's Articles of Incorporation. The Company has intention that the Company continues such agreements if the reelection of these candidates is approved.

In case the election of Yutaka Imura is approved, the Company intends to enter into the same liability limitation agreement with him.

5. The chart below indicates the dates of the first appointment of the Outside Director for each candidate and the tenures in position as Outside Director before the closing of this General Meeting of Shareholders.

Name	Date of First Appointment	Tenure in Position
Kunio Suzuki	June 20, 2007	4 years
Hajime Sawabe	June 20, 2008	3 years

Proposal 2: Election of Two (2) Corporate Auditors

The terms of office of two (2) Corporate Auditors— Hiroshi Furukawa, Toshiharu Moriya —will expire at the conclusion of this General Meeting of Shareholders.

Shareholders are therefore requested to elect the following two (2) Corporate Auditors (of whom one(1) is up for reelection).

The Board of Corporate Auditors has already approved this proposal.

The candidates for Corporate Auditor are as follows.

No.	Candidate's Name (Date of Birth)	Personal History, Positions and Significant Concurrent Positions	Number of Company's Shares Owned
1*	Atsuo Amano (November 6, 1951)	<p>Apr. 1974 Jun. 1998</p> <p>Apr. 2003 Apr. 2006</p> <p>Jun. 2007 Nov. 2009</p> <p>Jun. 2010 Apr. 2011</p> <p>Joined Teijin Limited General Manager, Pharmaceuticals Marketing & Planning Division General Manager, CSO Staff Office General Manager, Polyester Fibers Business Group, Planning & Control Office; Director, Teijin Fibers Limited Corporate Officer, Teijin Limited Responsible for Polyester Fibers Business Group, Industrial Textile and Materials & Retail Division, Business Strategy and Planning & Control; Director, Teijin Fibers Limited Managing Director, Teijin Fibers Limited Assistant to Statutory Auditor (Incumbent)</p>	16,000 shares
2	Toshiharu Moriya (March 1, 1944)	<p>Feb. 1970 Oct. 1972 Nov. 1975</p> <p>May 1984 Sep. 1995</p> <p>Apr. 2000</p> <p>Apr. 2005</p> <p>Jun. 2006</p> <p>Jun. 2006 Jun. 2006 Jun. 2007 Apr. 2010 Apr. 2011</p> <p>Joined Hiroshi Ozawa Accounting Office Registered as Certified Public Accountant Joined Dai-ichi Audit Corporation (currently Ernst & Young ShinNihon LLC) Representative Partner, Century Audit Corporation Vice-Chairman of Public Accounting Committee and Chairman of Specialty Division, The Japanese Institute of Certified Public Accountants Lecturer, Asia University and Graduate School of Asia University Lecturer, Toyo Gakuen University (Incumbent) Auditor, Tokyo Metropolitan University (Incumbent) Professor, Graduate School of Accounting, Hosei University (Incumbent) Outside Auditor, NIFTY Corp. (Incumbent) Outside Auditor, Fujitsu Frontech Limited (Incumbent) Corporate Auditor, Teijin Limited (Incumbent) Auditor, Kanagawa Dental College (Incumbent) Lecturer, Graduate Schools of Professional Accountancy of Meiji University (Incumbent)</p>	42,000 shares

Notes:

- The candidate marked with * is a candidate for a new Corporate Auditor.
- Toshiharu Moriya is a candidate for Outside Corporate Auditor. The Company requires the candidate for Outside Corporate Auditor to satisfy all the requirements of Independent Corporate Auditor stipulated by the Company. This candidate satisfies all such requirements. Since he also satisfies the requirements of independency as stipulated by Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd., he was registered by the Company as "Independent Director / Auditor".
The requirements of "Independent Auditor" are disclosed on the Company's Web site (<http://www.teijin.co.jp/english/about/governance/requirements.html>).
- The reasons why Toshiharu Moriya is nominated as a candidate for Outside Corporate Auditor and judged appropriate to fulfill the duties of Outside Corporate Auditor is that , with his abundant knowledge and experience as a Certified Public Accountant, his advice is expected the contributions to maintain and improve the Company's compliance.
- The Company has entered into a liability limitation agreements with Toshiharu Moriya, being incumbent Outside Corporate Auditor, which limits his liabilities to ¥20 million or the minimum amount stipulated in Article 425, Paragraph 1, of the Companies Act, whichever is higher, in accordance with the provisions of Article 427 of the Companies Act and the Company's Articles of Incorporation. The Company has intention that the Company continues such agreement if the reelection of this candidate is approved.

5. The chart below indicates the dates of the first appointment of the Outside Corporate Auditor for the candidate and the tenures in position as Outside Corporate Auditor before the closing of this General Meeting of Shareholders.

Name	Date of First Appointment	Tenure in Position
Toshiharu Moriya	June 20, 2007	4 years

Proposal 3: Presentation of Retirement Benefits to a Retiring Director and a Retiring Corporate Auditor, and Payment of the Retirement Benefits Accrued with the Abolishment of the Retiring Directors and Corporate Auditors' Retirement Benefits Payment System

The terms of office of Director Takayuki Katayama and Corporate Auditor Hiroshi Furukawa expire at the close of this General Meeting of Shareholders. In recognition of their service to the Company, the presentation of retirement benefits to Mr. Katayama and Mr. Furukawa is proposed within a reasonable amount pursuant to the Retirement Benefits Rules of the Company. The standard retirement benefit amounts are ¥122 million for a Retiring Director and ¥47 million for a Retiring Corporate Auditor. We also propose that the determination of the specific amounts, timing, method and others of payments be delegated to deliberation by the Board of Directors for Mr. Katayama and by Corporate Auditors with regard to Mr. Furukawa.

Below is Mr. Katayama's history as Director of the Company and Mr. Furukawa's history as Corporate Auditor of the Company, to whom the Company proposes to present retirement benefits.

Name	History as Director and Corporate Auditor
Takayuki Katayama	Jun. 2004 Senior Managing Director & Representative Director, Teijin Limited
	Jun. 2006 Executive Vice-President & Representative Director
	Jun. 2010 Executive Vice-President & Representative Director (Incumbent)
Hiroshi Furukawa	Jun. 2007 Full-Time Corporate Auditor, Teijin Limited (Incumbent)

The Company reviewed the Directors and Corporate Auditors' remuneration system and resolved to abolish the retirement benefits payment system for retiring Directors and Corporate Auditors at the close of this Ordinary General Meeting of Shareholders. The resolution on this matter was made at the meeting of the Board of Directors held on February 25, 2011, concerning the Directors, and through deliberation among the Corporate Auditors on March 2, 2011, with regard to the Corporate Auditors. Accordingly, the Company proposes to pay the accrued retirement benefits associated with the abolishment of the system to six (6) Directors (other than Outside Directors), who will be reelected in case Proposal 1 is approved as is, and one (1) incumbent Corporate Auditor (other than Outside Corporate Auditors) to compensate for their service during their term of office until the close of this Ordinary General Meeting of Shareholders within a certain range in accordance with Retirement Benefits Rules of the Company. The total standard amounts are ¥469 million for the six (6) Directors and ¥35 million for the Corporate Auditor, and the payments are to be made when each Director or Corporate Auditor retires. We also propose that the determination of the specific amounts, method and others of payments be delegated to deliberation by the Board of Directors concerning the Directors and by Corporate Auditors with regard to the Corporate Auditors.

Below is the history of each Director of the Company and the Corporate Auditor of the Company, to whom the Company proposes to pay the accrued retirement benefits associated with the abolishment of the system.

Name	History as Director and Corporate Auditor
Toru Nagashima	Jun. 2000 Director, Teijin Limited
	Jun. 2001 Managing Director
	Nov. 2001 President & Representative Director
	Jun. 2008 Chairman of the Board (Incumbent)
Shigeo Ohyagi	Jun. 2005 Managing Director, Teijin Limited
	Jun. 2006 Senior Managing Director
	Nov. 2008 President & Representative Director
	Jun. 2010 President & Representative Director (Incumbent)
Junji Morita	Jun. 2009 Managing Director, Teijin Limited
	Jun. 2010 Senior Executive Officer, Representative Director (Incumbent)
Norio Kamei	Jun. 2009 Managing Director, Teijin Limited
	Jun. 2010 Senior Executive Officer, Director (Incumbent)
Toshiaki Yatabe	Jun. 2010 Executive Officer, Director, Teijin Limited (Incumbent)
Yoshio Fukuda	Jun. 2010 Corporate Officer, Director, Teijin Limited (Incumbent)
Kihachiro Sano	Jun. 2008 Full-Time Corporate Auditor, Teijin Limited (Incumbent)

Attached Reports

Reports on Operations for the 145th Fiscal Year

1. Current Status of the Teijin Group

(1) Progress and Results of Operations

1) Progress and Results of Operating Activities

① Sales and Income

In fiscal 2010*—the fiscal year ended March 31, 2011—economic conditions were generally favorable worldwide. The People's Republic of China (PRC) and key Association of Southeast Asian Nations (ASEAN) countries continued to enjoy brisk domestic demand-led growth. In the United States, the underlying tone remained encouraging, while in Europe conditions overall remained stable, although the impact of the financial crisis became an issue in certain countries. The Japanese economy was firm, despite the rising value of the yen, buttressed by exports and the implementation of economic stimulus measures.

Against this background, consolidated net sales in the period under review totaled ¥815.7 billion, up 6.5% from fiscal 2009. Operating income soared 3.6 times, to ¥48.6 billion, while ordinary income advanced ¥48.3 billion, to ¥50.3 billion. Net income amounted to ¥25.2 billion, compared with a net loss of ¥35.7 billion in the previous fiscal year, yielding net income per share of ¥25.59, measured against net loss per share of ¥36.26 in fiscal 2009.

The increase in net sales occurred despite the negative impact of such factors as our withdrawal from loss-making businesses, which pushed down polyester fibers sales, and reflected rising sales in other materials businesses, bolstered by a recovery in demand. Our materials businesses accounted for 52% of net sales for the period. Sales in overseas markets represented 37% of the total. Strengthened demand and the benefits of restructuring measures were the principal factors behind the increase in operating income, underscoring a substantial gain in our materials businesses, particularly those accounted for in the Films and Plastics segment. The High-Performance Fibers and Polyester Fibers segments, which finished in the red in fiscal 2009, improved markedly and returned to profitability in the period under review. The upturn in operating income, together with significantly better results at unconsolidated subsidiaries and affiliates accounted for by the equity method, contributed to the noteworthy increase in ordinary income. Our return to profitability at the net income level—a principal target for the period—was chiefly attributable to a sharp decrease in extraordinary losses as we largely completed restructuring efforts. Owing to other urgent measures, notably those aimed at securing a positive free cash flow by restraining capital investment and shrinking working capital, net cash provided by operating and investing activities during the period amounted to ¥49.4 billion. Combined free cash flow for fiscal 2009 and fiscal 2010 thus totaled ¥96.4 billion, signifying a solid improvement in our financial condition.

* The fiscal years of Teijin Limited and its domestic subsidiaries and affiliates end mainly on March 31, while the fiscal years of its overseas subsidiaries and affiliates end mainly on December 31. Accordingly, fiscal year financial information primarily includes the accounts for the year ended March 31 of Teijin Limited and its domestic subsidiaries and affiliates, plus the accounts for the year ended December 31 of its overseas subsidiaries and affiliates.

②Analysis of Assets, Liabilities and Net Assets

Total assets as of March 31, 2011, amounted to ¥761.5 billion, down ¥61.5 billion from the end of fiscal 2009. This result was attributable largely to declines in the yen value of the foreign-currency-denominated assets, freeze on major capital investment and advance of depreciation and amortization.

Total liabilities as of March 31, 2011, amounted to ¥453.8 billion, down ¥74.0 billion from the end of fiscal 2009. This reflected the use of cash generated as a result of cutdown operating activities, freeze on major capital investment to pay down interest-bearing debt and other measures, as well as declines in the yen value of foreign-currency-denominated liabilities as a consequence of the rise in the value of yen.

Total net assets were ¥307.7 billion, an increase of ¥12.4 billion. This occurred resulted from net income of ¥25.2 billion for the period under review, despite of increase in the deduction for “foreign currency translation adjustments”.

Segment operating results(sales and operating income)of the Teijin Group are as follows.
(Billions of yen / %)

		144 th Fiscal Year FY2009	145 th Fiscal Year FY2010 (Current period)	Change	Percentage change
Net sales	High-Performance Fibers	89.9	103.4	13.4	15.0
	Polyester Fibers	122.1	103.5	-18.6	-15.2
	Films and Plastics	177.8	217.1	39.3	22.1
	Pharmaceuticals and Home Health Care	131.7	136.4	4.7	3.6
	Trading and Retail	205.3	216.9	11.6	5.7
	Sub-Total	726.8	777.3	50.5	6.9
	Others	39.0	38.3	-0.7	-1.8
	Total	765.8	815.7	49.8	6.5
Operating income	High-Performance Fibers	(7.7)	4.4	12.2	—
	Polyester Fibers	(5.4)	3.0	8.4	—
	Films and Plastics	8.9	23.4	14.5	163.1
	Pharmaceuticals and Home Health Care	24.3	22.9	-1.4	-5.8
	Trading and Retail	3.4	4.7	1.3	37.9
	Sub-Total	23.6	58.5	35.0	148.4
	Others	2.6	3.1	0.5	19.4
	Elimination and corporate	(12.7)	(13.1)	-0.4	—
Total	13.4	48.6	35.1	261.4	

Note: In April 2010, the Synthetic Fibers segment was divided into the High-Performance Fibers segment and Polyester Fibers segment and the name of the “IT and New Products, etc.,” segment was changed to the “Others” segment.

Business Segment Results for fiscal 2010 were as follows:

■High-Performance Fibers

Sales in the High-Performance Fibers segment amounted to ¥103.4 billion. Operating income was ¥4.4 billion.

Aramid Fibers

Demand recovered for key applications.

Demand for *Twaron*[®] and *Technora*[®] para-aramid fibers remained robust, driven primarily by demand for use in automotive-related materials. Results for *Twaron*[®] were further propelled by sound markets for use in protective clothing and materials, as well as in fiber optic cables. As a consequence, in mid-September 2010, we resumed production on those lines at our plant in Emmen, in the Netherlands, that had been temporarily shut down. Shored up by a recovery in the steel, asphalt and electrical machinery industries, demand for *Teijinconex*[®] meta-aramid fibers rallied for related applications. In this environment, we pushed ahead with efforts to cultivate new applications, promoting the adoption of *Twaron*[®] in new tire cords and *Teijinconex*[®] in next-generation protective clothing for firefighters, which is considerably lighter than conventional options.

With the aim of broadening the scope of the high-performance fibers business, in November 2010 we announced our decision to commercialize high-performance polyethylene products, which have a wide range of potential applications, including reinforced plastics; protective, bullet-resistant and stab-proof clothing and materials; ropes; and nets. Commercial production is slated to begin in the second half of 2011.

Carbon Fibers

Demand showed a recovery trend.

Demand for *Tenax*[®] carbon fibers stayed on an upswing for aircraft, sports and leisure equipment and general industrial applications. This promoted us to increase facility-operating rates.

In the aircraft category, the market was solid, particularly for use in existing aircraft models. In sports and leisure equipment, demand in the PRC surpassed by a sizeable margin the peak recorded prior to the most recent global economic crisis. In the area of carbon fibers for general industrial applications, demand in areas where recovery had lagged—including reinforcement materials used in civil engineering and materials for industrial rollers—improved. The market for carbon fibers for use in wind turbines, pressure vessels and compounds picked up.

In this environment, we focused on fortifying relations with customers, signing supply agreements directly with aircraft manufacturers, establishing dedicated production facilities for materials used in Toyota Motor Corporation's Lexus LFA and concluding supply agreements with a manufacturer of pressure vessels. We also made steady progress in restoring sales prices for carbon fibers for use in both sports and leisure equipment and general industrial applications. Operating rates at our newest facility in Germany, which commenced production in September 2010, remained favorable. As part of our ongoing effort to reinforce our carbon fibers business overseas, we increased the number of personnel at our Shanghai office and established a new office in Singapore, thereby strengthening our footing in Asia.

In line with our aim of expanding our composite materials business, a key long-term growth strategy for the Group as a whole, we reorganized related operations, integrating the Teijin Composites Innovation Center—formerly part of the New Business Development Group—into the Carbon Fibers Business Group to create the Carbon Fibers and Composites Business

Group, which was established on April 1, 2011.

■ Polyester Fibers

The Polyester Fibers segment, which includes the polyester fibers and the polyester raw materials and polymerization businesses, generated sales of ¥103.5 billion. The segment returned to profitability with operating income of ¥3.0 billion.

The positive impact of structural reforms—including efforts to decisively reorganize loss-making businesses—and measures aimed at reducing fixed costs, both ongoing since 2009, together with improved demand, particularly for automotive applications, supported a distinct improvement at the operating level for the polyester fibers component of this segment. As a consequence, the segment returned to profitability.

In Japan, core polyester fibers subsidiary Teijin Fibers Limited continued to see firm sales overall for use in industrial materials, while the market for textiles for use in apparel showed signs of improvement. In the area of polyester fibers for industrial materials, Teijin Fibers took steps to expand sales of polyester cushion materials with a unique three-dimensional structure, and of *TEPYRUS*[®], a leading brand of short-cut polyester fibers specially engineered for wet-laid nonwoven fabrics, which enjoys a solid reputation in the industry worldwide. In polyester fibers for apparel, the company developed *ECOPURE*[®], an innovative pH-balanced polyester material that does not irritate human skin, which it will advance as its principal material for sportswear for spring–summer 2012. Also in 2012, Teijin Fibers plans to commence full-scale sales of a new line of environment-friendly plant-based polyethylene terephthalate (PET) products under the brand name *PLANTPET*[™].

Our polyester fibers subsidiary in Thailand also reported an improvement in operating results, attributable to an upswing in sales for industrial applications, particularly for automobiles, and to progress in the shift of production to the company from Teijin Fibers in Japan as part of our ongoing program of structural reforms.

■ Films and Plastics

Sales in the Films and Plastics segment totaled ¥217.1 billion, while operating income was ¥23.4 billion.

Plastics

Demand for polycarbonate resin was solid.

Driven by enhanced domestic demand for mainstay *Panlite*[®] polycarbonate resin in the PRC and elsewhere in Asia for applications in electrical, electronics and office automation (OA) equipment and automobiles, operating rates at our production facilities in the PRC and Singapore remained high. In response to persistently high prices for principal raw materials, we implemented sales price adjustments, having secured the understanding of customers in advance. Product development efforts yielded a new flame-resistant light-diffusion grade of *Panlite*[®], which helped us secure a substantial share of the global market for polycarbonate resin for LED lighting applications.

In the area of processed polycarbonate resin products, we proceeded with efforts to market newly developed varieties of *Panlite*[®] *Sheet*, including one that delivers outstanding surface hardness and another with enhanced flame-resistant properties. Sales of *PURE-ACE*[®] WR polycarbonate retardation film expanded steadily for use in antireflective film for organic light emitting diodes (OLEDs) for mobile phones. Our polycarbonate retardation film for 3D glasses also continued to enjoy a significant market share. *ELECLEAR*[®] transparent electroconductive film—currently marketed for use as the base film for touch screens used in smartphones, among others—struggled, owing to the shift in demand from resistive to

capacitive touch screens. However, having completed the development of technologies necessary to produce *ELECLEAR*[®] for capacitive touch screens, we pressed ahead with commercialization efforts.

Films

Demand for PET film in Asia recovered. In Europe and the United States, structural reforms neared completion.

We currently have polyester films joint ventures in six countries with E.I. du Pont de Nemours and Company (DuPont) of the United States. Demand for PET film rallied during the period, beginning in Asia, returning to the prerecession level in the first half and continuing to climb thereafter. As a consequence, aggregate operating results of the joint ventures were the highest ever since the companies' establishment in 2000.

In Japan, demand for PET film remained steady for use as flat panel display (FPD) reflective film, a principal application for this film, while demand for use in solar cell back sheets was significantly higher than in fiscal 2009. Production lines at our polyester films joint ventures in Indonesia and the PRC continued to operate at full capacity. Of note, our joint venture in the PRC reported record-high operating results.

In Europe and the United States, we neared completion of crucial structural reforms, which have included ceasing production at our Circleville plant, in the United States, in February 2009; suspending production on one line at our plant in Luxembourg in June 2009; and phasing out production at the Florence plant, also in the United States, which concluded in February 2011. Thanks to the recovery in demand led by manufacturers of solar cells, which began in mid-2009, and the positive impact of structural reforms, operating results at joint ventures in both regions set new records.

■ **Pharmaceuticals and Home Health Care**

Sales in the Pharmaceuticals and Home Health Care segment amounted to ¥136.4 billion. Operating income totaled ¥22.9 billion.

Pharmaceuticals

We received approval to manufacture and market TMX-67, a new treatment for gout and hyperuricemia, in Japan. We also expanded marketing of TMX-67 in Europe and North America.

In the area of medicines for treating bone and joint disease, sales were firm for *Synvisc Dispo*[™] 2ml, an intra-articular injection-form drug for treating pain associated with osteoarthritis of the knee launched in Japan in December 2010. Among osteoporosis treatments, shipments of *Bonalon*^{®*} and *Onealfa*[®], an active vitamin D₃ preparation, were strong. In the area of treatments for cardiovascular and metabolic disease, in January 2011 we received approval to manufacture and market TMX-67—for treating hyperuricemia in patients with gout—in Japan, under the name *FEBURIC*[®]. Developed by Teijin, TMX-67 is the first novel drug in this field for 40 years. We are persevering with expanding the geographical scale of marketing efforts for TMX-67 in North America, where it is sold under the name *ULORIC*[®], and in Europe, where it is known as *ADENURIC*[®]. TMX-67 continues to see firm sales in both regions. In the area of treatments for respiratory disease, we received supplemental authorization to market inhaled steroid *Alvesco*[®] for treating bronchial asthma in children, a new indication. Sales of *Alvesco*[®] began this spring.

In R&D, in May 2010 we commenced phase I clinical trials for GTH-42J, a new jelly version of osteoporosis treatment *Bonalon*[®]. In February 2011, we filed for approval of GTH-42V, a new injection form of *Bonalon*[®], with Japan's Ministry of Health, Labour and Welfare.

Note: * *Bonalon*[®] is the registered trademark of Merck & Co., Inc., Whitehouse Station, NJ, U.S.A.

Home Health Care

Rental volume was encouraging for both home oxygen therapy (HOT) equipment and continuous positive airway pressure (CPAP) ventilators.

In Japan, rental volume for mainstay HOT equipment remained firm. We continued to capitalize on new products *Hi-Sanso*[™] 7R, an energy-efficient oxygen concentrator, and *TOMS*[®]-M, a remote monitoring system for HOT equipment that uses the country's mobile phone network—both of which were launched in July 2010—to strengthen our share of the domestic HOT equipment market. Rentals of other equipment, including CPAP ventilators, noninvasive positive pressure ventilators (the *NIP NASAL*[®] series and *AutoSet*[™] CS), and *SAFHS*[®] (Sonic Accelerated Fracture Healing System) also rose gradually.

Overseas, we currently provide home health care services in the United States, Spain and the Republic of Korea. During the period under review, rental volume expanded steadily in all three markets.

■Trading and Retail

The Trading and Retail segment yielded sales of ¥216.9 billion, while operating income was ¥4.7 billion. In textiles and apparel, we expanded our mainstay OEM business. The market for industrial textiles remained robust.

Textiles and Apparel

In our mainstay OEM business, we reported increases in sales and income, reflecting efforts to expand sales of casual and everyday apparel, suits and jackets, among others, to key customers.

Industrial Textiles and Materials

Sales of products for automotive applications—including rubber reinforcements, airbag materials and vehicle interior materials—strengthened significantly, owing to the positive impact of domestic economic stimulus measures and flourishing export demand. Demand for use in general-purpose products, including filters and nonwoven materials, recovered. In film- and resin-related products, demand for use in liquid crystal display (LCD) televisions and mobile phone handsets rose dramatically, supporting robust sales of film, sheet and resin products.

■Others

This segment achieved sales of ¥38.3 billion and operating income of ¥3.1 billion. Despite the impact of constraints on IT spending, sales to customers in the IT business sector were firm. This, together with decisive efforts to cut costs, contributed to increases in sales and operating income.

2) Great East Japan Earthquake

In the wake of the Great East Japan Earthquake of March 11, 2011, Teijin DuPont Films Japan Limited's Utsunomiya Factory, located in Tochigi Prefecture, and Ibaraki Factory, in Ibaraki Prefecture, were forced to suspend operations. The Ibaraki Factory resumed production on March 25, while the Utsunomiya Factory began a gradual resumption of production from the end of April. In the home health care field, we are providing wide-ranging support to patients in the Tohoku and Northern Kanto regions, the areas hardest hit by the earthquake and tsunami, and in areas of the Kanto region affected by scheduled rolling blackouts and restrictions on the use of electric power. This includes mobilizing personnel and

dispatching portable oxygen cylinders from other offices across the country. As a consequence of valuation losses on inventories attributable to the earthquake, in the period under review we reported an extraordinary loss of ¥2.9 billion for earthquake-related expenses.

3) Progress and Results of Non-Operating Activities

The progress and results of non-operating activities conducted by the Teijin Group (“the Group”) during the fiscal year under review were as follows.

Focusing on such fields as corporate governance and corporate social responsibility (CSR), the Group took various measures to enhance stakeholders’ trust in the Group.

The Group took the following measures to cope with the Great East Japan Earthquake on March 11, 2011, which brought devastating damage mainly to the Tohoku area.

Immediately after the earthquake, the Group used the Emergency Call (EMC) safety confirmation system provided by Infocom Corporation to check the safety of its employees and their families. In the Tohoku area, where the damage was particularly serious, the safety of more than 80% of employees was confirmed within six hours. To address the health and safety issue relative to nuclear radiation, the Group established and has been managing a system to monitor and report work hours and radiation levels at certain designated areas based on the worksite administrative guidelines for radioactive substances in the diffused area.

To support the afflicted areas, the Group donated ¥100 million for relief and recovery; contributed blankets, masks and other support goods; and supported NPO activities.

To address the shortage of electricity in the Tokyo metropolitan area since the disaster, the Group has reduced its use of electricity by turning off or dimming lights during the daytime and turning off air conditioners at the Tokyo Head Office. We also decided to extend the COOL BIZ period, which has been conducted since 2001, to further reduce the use of electricity.

To address recent diversifying risks, the Group formulated a Business Continuity Plan (BCP)* in 2006. In addition, we conducted a simulation exercise to temporarily move the headquarters functions assuming future rolling blackouts in the Tokyo area and put a work-from-home initiative in place.

We will continue to support the restoration of the afflicted areas, while continuing to review and improve our BCP to further reinforce risk management.

Note:

* Business Continuity Plan (BCP): An action plan by which a company can protect itself from loss of corporate value in emergencies such as accidents and disasters, by not interrupting its business activities or by quickly restoring the activities, if interrupted.

(2) Changes in Assets and Profit and Loss

Fiscal Year	142 nd Fiscal Year FY2007	143 rd Fiscal Year FY2008	144 th Fiscal Year FY2009	145 th Fiscal Year FY2010 (Current period)
Items				
Net sales (Millions of yen)	1,036,623	943,409	765,840	815,655
Operating income (Millions of yen)	65,161	17,966	13,435	48,560
Ordinary income (Millions of yen)	46,302	(2,680)	2,085	50,345
Net income (Millions of yen)	12,612	(42,963)	(35,683)	25,182
Net earnings per share (Yen)	13.16	(43.65)	(36.26)	25.59
Total assets (Millions of yen)	1,015,990	874,157	823,071	761,534
Net assets (Millions of yen)	411,249	329,985	295,282	307,698

(3) Capital Investments

Capital investments by the Teijin Group in fiscal 2010 totaled ¥29.2 billion, mainly for maintenance and renewal.

(4) Financing

For short-term financing, we made efforts to reduce financing costs through direct financing markets. We also strove to reduce interest-bearing debt, resulting in a decrease in interest-bearing debt in long- and short-term loans of ¥52.9 billion from the end of the previous fiscal year to ¥267.4 billion.

(5) Tasks Ahead

1) Groupwide Challenges

To date, the Teijin Group has implemented a variety of urgent measures and structural reforms in response to the economic crisis that overshadowed fiscal years 2008 and 2009. Having essentially completed these efforts, in fiscal 2010 we achieved a return to profitability at the net income level, thereby largely fulfilling our principal objective, which was to create an operating structure that would ensure we were profitable, even with facility operating rates at 70%.

Fiscal 2011 has begun on a distressing note, owing to the Great East Japan Earthquake and to political unrest in the Middle East and North Africa, while the outlook remains clouded by uncertainties. Nonetheless, having designated this as the year for repositioning the Teijin Group on a growth trajectory, we will focus on manifesting the full benefits of structural reforms, as well as on strengthening our sales capabilities and R&D platform. We will also emphasize efficient risk management. We will respond swiftly and effectively to the devastation caused by the earthquake and tsunami and do our utmost to achieve the prompt restoration of normal operations. Additionally, we will continue to place a high priority on maintaining and raising financial soundness. At the same time, we will actively foster promising plan and projects that support future growth.

Our overriding objective is to achieve sustainable growth by providing sophisticated solutions in two core technological areas—green chemistry and health care—and in overlapping domains. Green chemistry encompasses high-performance materials and green energy, while health care covers pharmaceuticals and home health care. To this end, we will work, through technology-driven innovation, to provide solutions in promising markets, which we have grouped into four key fields: automobiles and aircraft, information and electronics, environment and energy and health care.

Existing businesses

In our materials businesses, we will focus on high-performance fibers—primarily aramid fibers and carbon fibers—that help reduce the weight and energy requirements and enhance the safety and security of finished products, as well as which contribute to environmental protection. Among our services businesses, we will concentrate on health care, where we will continue to respond to the aging of society and the increasing prevalence of lifestyle-related disease by emphasizing solutions in three therapeutic areas—bone and joint, metabolism and circulatory organ and respiratory organ.

On another front, we will work to establish an optimal global production configuration, including capabilities in promising new markets, including BRIC countries Brazil, Russia, India and the PRC, and the creation of additional value through the expansion of midstream and downstream businesses and the addition of new materials to our portfolio.

New businesses

New business development efforts will center on reinforcing R&D with the aim of promptly commercializing achievements in five key areas—bioplastics, high-performance electronics materials, highly thermoconductive materials, water treatment and regenerative medicine. In the area of bioplastics, we will nurture markets for plant-based bioplastics that is exceptionally resistant to heat. In high-performance electronics materials, we will emphasize thermoresistant separators for lithium-ion batteries, responding to demands for enhanced battery safety, and silicon inks for semiconductors, for use in printable electronics, which are electronics components produced using printing processes. In highly thermoconductive materials, we are stepping up the development of materials for use in LED lamp housings. In the area of water treatment, our aim is to provide comprehensive wastewater treatment solutions. In regenerative medicine, our focus is on development of drugs for the treatment of stroke patients and rehabilitation robot devices.

In a bid to accelerate our global expansion, in early fiscal 2011 we introduced **Global Leadership Excellence Standard for (early) Newly Assigned Managers (EaGLES)**—a leadership training program developed primarily for employees newly appointed to management-level positions—at Group companies in Japan and overseas. Through this program, we will endeavor to promote greater awareness of our philosophy and values, as well as foster common leadership skills, across the global Teijin Group.

2) Challenges in Individual Business Segments

High-Performance Fibers

In our aramid fibers business, we will strive to expand sales for applications in such promising areas as fiber optic cables and protective clothing, while at the same time reinforcing the structure of our business, enhancing productivity and reducing costs. We will also push ahead with efforts to cultivate markets for high-performance polyethylene products, the commercialization of which was announced in 2010.

In our carbon fibers business, we will expand sales of products for use in aircraft and compounds, the principal markets for our carbon fibers. At the same time, we will work to cultivate new applications and enhance the efficiency of our production configuration with the aim of ensuring stable profitability. Additionally, by capitalizing on the unique characteristics of carbon fibers, we will focus on expanding applications for composite materials, including thermoplastic carbon fiber–reinforced plastic (CFRP), particularly in the automotive industry.

Polyester Fibers

We will continue to promote the establishment of the best possible production configuration for our polyester fibers business with the aim of enhancing competitiveness in terms of both cost and quality, thereby positioning us to expand sales of products for use in industrial materials and ensure the profitability of products for apparel. We will also actively promote environment-friendly solutions and new business models—including *ECO CIRCLE*[™], a closed-loop system for collecting and recycling polyester products, and *PLANTPET*[™], a line of plant-based PET fibers.

Films and Plastics

In our plastics business, we will respond to persistently high prices for core raw materials by implementing sales price adjustments and working to expand sales of high-value-added products, while for processed plastics, efforts will focus on expanding sales in promising areas, including film for use as antireflective film for OLEDs (organic electronics) and transparent film for touch screens. In films business, we will endeavor to further expand our films business by proceeding with the shift of operations to promising Asian markets and expanding our production capacity to accommodate soaring demand for use in FPDs (flat-panel displays) and solar cell back sheets.

Pharmaceuticals and Home Health Care

In pharmaceuticals business, having gained regulatory approval in Japan in January 2011, we plan to begin sales of TMX-67, our innovative treatment for hyperuricemia in patients with gout, in the domestic market this the first quarter of fiscal 2011 under the name *FEBURIC*[®]. TMX-67 is already available in North America and Europe. In addition to seeking to rapidly expand sales of the drug in Japan, we will work to launch the drug in other markets. We will also strive to expand sales of *Synvisc Dispo*[™] 2ml, an intra-articular injection-form drug for treating pain associated with osteoarthritis of the knee. In home health care business, we will step up efforts to expand our overseas operations.

Trading and Retail

In response to increasingly diverse market needs and the escalating globalization of user industries, we will reinforce our operating foundation by strengthening collaboration with the polyester fibers and high-performance fibers businesses, as well as by cultivating new markets in Asia.

Others

In the IT business, we will take decisive steps to develop solutions that respond to the needs of customers, particularly those in the Internet business and health care fields.

(6) Primary Businesses

The Teijin Group conducts various businesses including the manufacture and sale of the products below, operating in the High-Performance Fibers, Polyester Fibers, Films and Plastics, Pharmaceuticals and Home Health Care, Trading and Retail, and Others segments.

Business Segments	Business Fields	Principal Products and Businesses
High-Performance Fibers	Aramid Fibers	Para-aramid fibers, Meta-aramid fibers, Artificial leather
	Carbon Fibers	Carbon fibers, Flame-resistant fibers
Polyester Fibers		PET · PEN fibers, Polyester raw materials
Films and Plastics	Plastics	Polycarbonate resin · sheet · film, Transparent conductive film, PET · PEN · PBN resin, Flame-retardant agents
	Films	PET · PEN film
Pharmaceuticals and Home Health Care	Pharmaceuticals	Agent for Osteoporosis, Agent for Severe Infection, Expectorant, Inhaled Corticosteroid Agent for Adult Asthma, Agent for Hyperlipidemia Treatment for Hyperuricemia, Agent for treating pain associated with osteoarthritis of the knee
	Home Health Care	Oxygen Concentrator for Home Oxygen Therapy(HOT), Continuous Positive Airway Pressure Unit (CPAP), Ultrasound Bone Fracture Treatment Devices
Trading and Retail	Textiles and Apparel	Fiber materials, Apparel products, General merchandise
	Industrial Textiles and Materials	Industrial and vehicle materials, Living and interior goods, Resin · Films, Packing and construction materials

Others	IT Solutions	The planning, development and consultation of information systems for cell-phone operators, general consumers, medical-related organizations and companies, government and municipal offices, educational research institutions or the like.
	IT Services	The supply of contents for cell phones, Management of e-commerce site operation and the supply of a variety of services of the planning, management of information system

- Notes :1.In April 2010, the Synthetic Fibers segment was divided into the High-Performance Fibers and Polyester Fibers segments and the name of the “IT and New Products etc.,” segment was changed to the “Others” segment.
- 2.The Polyester Fibers segment includes the polyester fibers and the polyester raw materials and polymerization businesses.
3. PET(Polyethylene terephthalate)
4. PEN(Polyethylene naphthalate)
5. PBN(Polybutylene naphthalate)

(7) Primary Business Places

(As of March 31, 2011)

Business Segments	Function	Location
The Company	Headquarters	Osaka, Tokyo
	Manufacturing bases	Ehime
	Operation bases	Tokyo
	Research bases	Tokyo, Ehime, Yamaguchi, Shizuoka
High-Performance Fibers	Manufacturing bases	Ehime, Yamaguchi, Shizuoka, Gifu
		U.S.A., Germany, the Netherlands
	Operation bases	Tokyo, Osaka
		U.S.A., Germany, the Netherlands, China
	Research bases	Osaka, Shizuoka
		U.S.A., Germany, the Netherlands
Polyester Fibers	Manufacturing bases	Ehime, Yamaguchi
		Thailand, China
	Operation bases	Tokyo, Osaka
		Thailand, China
	Research bases	Ehime, Osaka
		Thailand
Films and Plastics	Manufacturing bases	Gifu, Tochigi, Ibaraki, Ehime, Hiroshima
		China, Singapore, Indonesia
	Operation bases	Tokyo, Osaka, Aichi
		U.S.A., the Netherlands, China, South Korea, Taiwan, Singapore, Malaysia, Indonesia
	Research bases	Gifu, Ehime, Chiba
		China
Pharmaceuticals and Home Health Care	Manufacturing bases	Yamaguchi
	Operation bases	12 branches throughout Japan
		U.S.A
	Research bases	Tokyo, Yamaguchi
		U.S.A., U.K.

Trading and Retail	Manufacturing bases	China, Thailand, Vietnam
	Operation bases	Tokyo, Osaka, Aichi
		U.S.A., Germany, China, Thailand
Others	Manufacturing bases	Tokyo
	Operation bases	Tokyo, Osaka, Kanagawa, Fukuoka, Ehime, Yamaguchi
	Research bases	Tokyo, Osaka

Note: The Company is a holding company that serves as the headquarters and the research base and is also doing the polyester raw materials and polymerization businesses which is categorized in the Polyester Fibers segment. The manufacture, sales and research and development for each business segment are conducted at the Company's subsidiaries and so on.

(8) Employees

Business segments	144 th Fiscal Year FY2009 (As of March 31, 2010)	145 th Fiscal Year FY2010 (As of March 31, 2011) (Current Fiscal Year)	Change in the number of employees
High-Performance Fibers	3,122	3,180	58
Polyester Fibers	5,947	4,458	-1,489
Films and Plastics	2,395	2,443	48
Pharmaceuticals and Home Health Care	3,951	4,206	255
Trading and Retail	1,189	1,098	-91
Others	2,174	2,157	-17
Total	18,778	17,542	-1,236

- Notes: 1. The number of employees stated above represents the numbers of employees in each business segment.
2. Associated with the division of the Synthetic Fibers segment into the High-Performance Fibers segment and Polyester Fibers segment, the number of employees for the 144th fiscal year (the previous fiscal year) is reported according to the new business segmentation.
3. A decrease in the number of employees in the Polyester Fibers segment compared with the end of the previous fiscal year is mainly attributable to the sale of all the shares held by the Company in P.T. Teijin Indonesia Fiber Tbk and Teijin Monofilament Germany GmbH.
4. The number of employees stated above does not include temporary employees (2,300 employees for the 144th fiscal year and 2,372 employees for the 145th fiscal year).

(9) Primary Subsidiaries

(As of March 31, 2011)

Business segments	Subsidiary (Location of the Head Office)	Capital	Investment ratio (%)	Principal business
High-Performance Fibers	Teijin Techno Products Limited (Osaka)	¥5,000 million	100.00	Production and sales of aramid fibers
	Toho Tenax Co., Ltd. (Tokyo)	¥500million	99.75	Production and sales of carbon fibers, flame-resistant fibers and acrylic short fibers, etc.
	Toho Tenax Europe GmbH (Germany)	0.025 million euro	※100.00	Production and sales of carbon fibers
	Toho Tenax America, Inc. (U.S.A.)	US\$12.5 Million	※100.00	Production and sales of carbon fibers

	Teijin Aramid B.V. (the Netherlands)	0.02 million euro	※100.00	Production and sales of para-aramid fibers
Polyester Fibers	Teijin Fibers Limited (Osaka)	¥12,025 million	100.00	Production and sales of polyester fibers
	TS Aromatics Limited (Tokyo)	¥100 million	※50.10	Sales of PET raw materials and by-product materials
	Teijin (Thailand) Limited (Thailand)	800 million baht	※100.00	Production and sales of polyester fibers
	Teijin Polyester (Thailand) Limited (Thailand)	548 million baht	66.87	Production and sales of polyester fibers
	Nantong Teijin Co., Ltd. (China)	¥4,000 million	100.00	Production and sales of polyester textile goods
Films and Plastics	Teijin DuPont Films Japan Limited (Tokyo)	¥10,010 million	※ 50.10	Production and sales of polyester films
	Teijin Chemicals Limited (Tokyo)	¥2,149 million	100.00	Production and sales of synthetic resins, etc.
	Teijin Polycarbonate Singapore Pte Ltd. (Singapore)	US\$75 million	※100.00	Production and sales of polycarbonate resins
	Teijin Polycarbonate China Ltd. (China)	702 million RMB	※100.00	Production and sales of polycarbonate resins
	Teijin Chemicals Plastic Compounds Shanghai Ltd. (China)	143 million RMB	※100.00	Coloration, processing and sales of polycarbonate resins
Pharmaceutical and Home Health Care	Teijin Pharma Limited (Tokyo)	¥10,000 million	100.00	Production and sales of medicinal drugs and medical equipments
	Teijin Home Health Care Ltd (Tokyo)	¥100 million	※100.00	Home health care services provider
	Braden Partners L.P. (U.S.A.)	US\$134 million	※ 100.00	Home health care services provider
Trading and Retail	N.I. Teijin Shoji Co., Ltd. (Osaka)	¥2,000 million	100.00	Sales of textiles and others
Others	Infocom Corporation (Tokyo)	¥1,590 million	55.14	Development and sales, etc., of computer software
	Teijin Engineering Ltd. (Osaka)	¥475 million	100.00	Engineering services, design and sales of plants and equipments
	Teijin Logistics Co., Ltd. (Osaka)	¥80 million	100.00	Transportation and custody of goods

Notes: 1. The Company has 76 consolidated companies including the aforementioned 22 primary subsidiaries and 69 equity method affiliates.

2. ※ indicates the investment ratio including investment by subsidiaries.

3. Toho Tenax Co., Ltd. reduced capital without compensation in February 2011 to repay a retained loss.

4. The Company made N. I. Teijin Shoji Co., Ltd. its wholly owned subsidiary through stock exchange (kabushiki-kokan) in April 2010.

5. The Company sold its entire stake in P.T. Teijin Indonesia Fiber Tbk in April 2010.

6. The Company sold its entire stake in Teijin Monofilament Germany GmbH in June 2010.

(10) Primary Lenders and Amount of Borrowings

(as of March 31, 2011)

Primary Lenders	Balance of borrowings
	Millions of yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd. *	41,865
Japan Finance Corporation (Japan Bank for International Cooperation)	24,852
Development Bank of Japan Inc.	20,428
Mizuho Corporate Bank, Ltd. *	13,029
Meiji Yasuda Life Insurance Company	4,000

Notes: 1. * indicate that the balance of borrowings includes loans from overseas affiliate banks.

2. In addition to loans indicated in the above chart, the Company borrows ¥73,916million under syndicated loans.

2. Matters Regarding the Shares of the Company (as of March 31, 2011)

- | | |
|--|----------------------|
| (1) Issuable shares | 3,000,000,000 shares |
| (2) Issued shares | 984,758,665 shares |
| (3) Number of shareholders | 120,366 |
| (4) Top 10 shareholders of the Company | |

Shareholders		Investment in the Company	
		Number of shares held	Shareholding ratio (%)
1	Japan Trustee Service Bank, Ltd.(Trust account)	66,086,000	6.71
2	The Master Trust Bank of Japan, Ltd. (Trust account)	62,010,000	6.29
3	Nippon Life Insurance Company	44,033,509	4.47
4	National Mutual Insurance Federation of Agricultural Cooperatives	24,675,000	2.50
5	Japan Trustee Service Bank, Ltd.(Trust account 9)	22,329,000	2.26
6	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,694,935	2.10
7	State Street Bank and Trust Company 505223	19,259,030	1.95
8	The Employee Stock Ownership Association of Teijin	17,439,931	1.77
9	SSBT OD05 Omnibus Account -Treaty Clients	17,411,200	1.76
10	State Street Bank and Trust Company 505104	13,966,353	1.41

Note: When the shareholding ratio is calculated treasury stocks (457,729 shares) are excluded from the issued shares.

(5) Other important matters related to shares

The Company made N. I. Teijin Shoji Co., Ltd. its wholly owned subsidiary through stock exchange (kabushiki-kokan) in April 1,2010.

For the purpose of this stock exchange, the Company purchased 2,000,000 shares from the stock market in March 2010.

This brought the Company's total holding of treasury stock to 2,050,000 shares, which were allotted and delivered to a shareholder of N.I. Teijin Shoji Co., Ltd. on April 1, 2010.

3. Stock Option

(1) Status of Stock Option as of the last day of the Fiscal 2010

Time of Issue (Issue Date)	5 th (July 10, 2006)	6 th (July 5, 2007)	7 th (July 7, 2008)	8 th (July 9, 2009)	9 th (July 9, 2010)
Number of Issued Stock Option (unit)	146	207	328	420	349
Class and Number of Shares (Common Stock) to be acquired by the Stock Option	146,000	207,000	328,000	420,000	349,000
Issue Price of Stock Option (per share)	¥663	¥610	¥307	¥253	¥261
Exercise Price of Stock Option (per share)	¥1	¥1	¥1	¥1	¥1
Exercisable Period	July 10, 2006 ~July 9, 2026	July 5, 2007 ~July 4, 2027	July 7, 2008 ~July 6, 2028	July 9, 2009 ~July 8, 2029	July 9, 2010 ~July 8, 2030

Of the above, total number of unexercised Stock Option held by directors of the Company (breakdown by each issue of the Stock Option)

(As of March 31, 2011)

Issue	No. of Units	No. of Directors Holding the unexercised Stock Option
The 5th Issue of the Stock Option	29	7
The 6th Issue of the Stock Option	40	7
The 7th Issue of the Stock Option	70	7
The 8th Issue of the Stock Option	91	7
The 9th Issue of the Stock Option	80	7

Note: No Stock Option is granted to any Outside Directors and Corporate Auditors.

(2) Stock Option distributed during the Fiscal 2010

The Stock Option distributed during the Fiscal 2010 are those in the 9th Issue of Stock Option noted in the above paragraph (1).

Stock Option distributed to employees of the Company in the 9th Issue of Stock Option.

No. of Unites	No. of Recipients
269	48

4. Directors and Corporate Auditors

(1) Directors and Corporate Auditors

(As of March 31, 2011)

Post	Name	Duty, State of significant positions concurrently Held at other companies
Chairman, Director	Toru Nagashima	Outside Director, Sojitz Corp. Chairman, The Japan Overseas Enterprises Association Vice Chairman, Japan Association of Corporate Executives (Keizai Doyukai)
President, Representative Director	Shigeo Ohyagi	CEO (Chief Executive Officer)
Executive Vice President, Representative Director	Takayuki Katayama	CFO (Chief Financial Officer) Chairman, Teijin DuPont Films
Senior Executive Officer, Representative Director	Junji Morita	CMO(Chief Marketing Officer) Supervisor of BRICs business Supervisor of Mobility Business Project Supervisor of Electronics & Energy Business Project
Senior Executive Officer, Director	Norio Kamei	General Manager, Polyester Fibers Business Group President & Representative Director CEO, Teijin Fibers Ltd.
*Executive, Officer, Director	Toshiaki Yatabe	CTO(Chief Technology Officer) Supervisor of Iwakuni & Matsuyama factory Supervisor of Safety Control
* Corporate Officer, Director	Yoshio Fukuda	General Manager, Corporate Strategy Division
Director	Katsunari Suzuki	Director, Japan-Brazil Central Association
Director	Kunio Suzuki	Counselor, Mitsui O.S.K.Lines, Ltd
Director	Hajime Sawabe	Chairman of the Board, Representative Director of TDK Corporation Outside Director, Asahi Glass Co.,Ltd. Outside Director, Nomura Securities Co.,Ltd Outside Director, Nomura Holdings Inc. Outside Auditor, Nikkei Inc.
Full-time Corporate Auditor	Hiroshi Furukawa	
Full-time Corporate Auditor	Kihachiro Sano	
Corporate Auditor	Ryozo Hayashi	Professor, Graduate School of Public Policy, University of Tokyo Outside Auditor, ITOCHU Corp.
Corporate Auditor	Toshiharu Moriya	Professor, Graduate School of Accounting, Hosei University Outside Auditor, NIFTY Corp. Outside Auditor, Fujitsu Frontech Ltd. Auditor, Tokyo Metropolitan University Auditor, Kanagawa Dental College
Corporate Auditor	Noriko Hayashi	Representative, Hayashi Legal Office, Lawyer

Notes:

1. The director and the corporate auditor marked with* were newly elected at the 144th Annual General Meeting of Shareholders held on June 23,2010.
- 2.Three (3) directors, Katsunari Suzuki, Kunio Suzuki and Hajime Sawabe are outside directors. The Company requires the candidates for outside director to satisfy the requirements of “independent director” stipulated by the Company.
These three outside directors, throughout the fiscal 2010, satisfied all such requirements and maintained the independency. Since they also satisfy the requirements of independency as stipulated by Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd., they were registered by the Company as “independent director / Auditor”.
The requirements of “Independent Director” are disclosed on the Company’s Web site (<http://www.teijin.co.jp/english/about/governance/requirements.html>).
3. There are no any important interests between the Company and any of the companies at which the abovementioned outside directors hold positions.
- 4.Three (3) Corporate Auditors, Ryozo Hayashi, Toshiharu Moriya and Noriko Hayashi are outside corporate auditors. The Company requires the candidate for outside corporate auditor to satisfy the requirements of “Independent Corporate Auditor”.
These three outside corporate auditors throughout the fiscal 2010 satisfied all said requirements and maintained the independency. they also satisfy the requirements of independency as stipulated by Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd., they were registered by the Company as “Independent Director / Auditor ”.
The requirements of “Independent Corporate Auditor” are disclosed on the Company’s Web site (<http://www.teijin.co.jp/english/about/governance/requirements.html>).
5. There are no any important interests between the Company and any of the companies at which the abovementioned corporate auditors hold positions.
- 6.A Full-Time Corporate Auditor, Hiroshi Furukawa, has ample knowledge of finance and accounting with more than 30 years experience since entering the Company. Corporate Auditor Toshiharu Moriya is a Certified Public Accountant and has ample knowledge of finance and accounting.
- 7.The following Directors retired as of June 23, 2010
Director Takashi Yamagishi
Director Naoto Takano

8.Changes in posts and duties of Directors during the fiscal 2010 are as follows.

Name	New Post	Former Post	Date of Change
Shigeo Ohyagi	President, Representative Director CEO	President Representative Director CEO	June 23, 2010
Takayuki Katayama	Executive Vice-President, Representative Director CFO Chairman, Teijin DuPont Films	Executive Vice-President Representative Director CFO Chairman, Teijin DuPont Films	June 23, 2010
Junji Morita	Senior Executive Officer, Representative Director CMO Supervisor of BRICs Business Supervisor of Mobility Business Project Supervisor of Electronics & Energy Business Project	Managing Director CMO Supervisor of BRICs Business Supervisor of Mobility Business Project Supervisor of Electronics & Energy Business Project	June 23, 2010

Norio Kamei	Senior Executive Officer, Director General Manager, Polyester Fibers Business Group President & Representative Director CEO, Teijin Fibers Ltd.	Managing Director, General Manager, Polyester Fibers Business Group President & Representative Director CEO, Teijin Fibers Ltd.	June 23, 2010
Toshiaki Yatabe	Executive Officer, Director CTO Supervisor of Iwakuni & Matsuyama factory Supervisor of Safety Control	Executive Officer Deputy General Manager (Research), New Business Development Group; Deputy CTO (R&D)	June 23, 2010
Yoshio Fukuda	Corporate Officer, Director General Manager, Corporate Strategy Division	Corporate Officer General Manager, Corporate Strategy Division	June 23, 2010

9. Changes in posts and duties of Directors following the fiscal 2010 are as follows.

The posts as Directors are not shown on the following chart, as there were no changes.

Name	New Post	Former Post	Date of Change
Takayuki Katayama	Executive Vice-President Assistant to President Chairman, Teijin DuPont Films	Executive Vice-President CFO Chairman, Teijin DuPont Films	April 1, 2011
Norio Kamei	Senior Executive Officer General Manager, Carbon Fibers and Composites Business Group President & Representative Director, Toho Tenax Co., Ltd.	Senior Executive Officer General Manager, Polyester Fibers Business Group President & Representative Director CEO, Teijin Fibers Ltd.	April 1, 2011

(2) Remuneration for Directors and Corporate Auditors

1) Remuneration for Directors during the fiscal 2010

(millions of yen)

Inside Directors		Outside Directors		Total	
Number of Directors	Amount of Remuneration	Number of Directors	Amount of Remuneration	Number of Directors	Amount of Remuneration
9	202	3	39	12	241

Notes:

1. Inside directors mean the directors other than outside directors.
2. The Company has no director who is also an employee of the company.
3. The maximum annual remuneration for directors is ¥700 million, of which ¥630 million is for annual salary and ¥70 million is for the fair value of compensation-type stock options (as resolved by the 140th Annual General Meeting of Shareholders, held on June 23, 2006).
4. The amounts of above remuneration include ¥20 million as compensation-type stock options granted to inside directors for duties performed during the fiscal 2010.
Stock options were not granted to outside directors.
5. Apart from the amounts of above remuneration, ¥98 million (¥113 million for the previous fiscal year) was reported as "Directors' and corporate auditors' retirement benefits" for the inside directors. Retirement benefits are not paid to the outside directors.
6. The total amount paid to the inside directors, including the remuneration paid by the group companies to the inside directors who concurrently serve as directors of any of the group companies for the fiscal 2010, amounted to ¥217 million (¥240 million for the previous fiscal

year). Retirement benefits are not paid by any of the group companies. No outside directors served as directors or corporate auditors of any of the group companies.

7. In addition to the amounts of above remuneration, retirement benefits of ¥206 million were paid to two inside directors who retired during the fiscal 2010.
8. Other than the above remuneration, in case the proposal “Granting Retirement Benefits Payments to Retiring Directors and Corporate Auditors, and Payment of the Retirement Benefits Accrued with the Abolishment of the Retiring Directors and Corporate Auditors’ Retirement Benefits Payment System” is approved by resolution of the 145th Ordinary General Meeting of Shareholders to be held on June 22, 2011, retirement benefits will be paid to one (1) retiring Director (other than an outside director) , while the Company will make payments to current six (6) Directors (other than outside directors) for the retirement benefits that have been accrued with the abolishment of the system at the time or their retirement. The total standard amounts to be paid in accordance with the Retirement Benefits Rules of the Company are ¥122 million and ¥469 million, respectively.
9. The performance-based remuneration system is applied for Directors other than outside directors. The amount is determined based on the Return on Assets (ROA) on a consolidated basis, the Return on Equity (ROE) on a consolidated basis, improvement of operating income; achievements relative to budgets; and an evaluation of the director’s performance. Outside directors are paid a fixed amount of remuneration.

2) Remuneration for Corporate Auditors during the fiscal 2010

(millions of yen)

Inside Corporate Auditors		Outside Corporate Auditors		Total	
Number of Corporate Auditors	Amount of Remuneration	Number of Corporate Auditors	Amount of Remuneration	Number of Corporate Auditors	Amount of Remuneration
2	31	3	28	5	60

Notes:

1. Inside corporate auditors mean the corporate auditors other than outside corporate auditors.
2. The maximum monthly remuneration for corporate auditors is ¥12 million (as resolved by the 133rd Ordinary General Meeting of Shareholders held on June 25, 1999).
3. Apart from the amounts of above remuneration, ¥23 million (¥23 million for the previous fiscal year) was reported as “Directors’ and corporate auditors’ retirement benefits” for the inside corporate auditors. Retirement benefits are not paid to the outside corporate auditors.
4. The total amount paid to the inside corporate auditors, including the remuneration paid by the group companies to the inside corporate auditors who concurrently serve as corporate auditors of any of the group companies for the fiscal 2010, amounted to ¥47million (¥44 million for the previous fiscal year). Retirement benefits are not paid by any of the group companies. No outside corporate auditors served as corporate auditors of any of the group companies.
5. Other than the above remuneration, in case the proposal “Granting Retirement Benefits Payments to Retiring Directors and Corporate Auditors, and Payment of the Retirement Benefits Accrued with the Abolishment of the Retiring Directors and Corporate Auditors’ Retirement Benefits Payment System” is approved by resolution of the 145th Ordinary General Meeting of Shareholders to be held on June 22, 2011, retirement benefits will be paid to one (1) retiring Corporate Auditor (other than an outside corporate auditor), while the Company will make a payment to the current one (1) Corporate Auditor (other than an outside corporate auditor) for the retirement benefits that accrued with the abolishment of the system at the time of the person’s retirement. The standard amounts to be paid in accordance with the Retirement Benefits Rules of the Company are ¥47 million and ¥35 million, respectively.

(3) Outside Directors and Outside Corporate Auditors

- 1) Significant Concurrent Positions and the relation between the Company and the entities at

which Outside Directors and Outside Corporate Auditors hold such positions.

They are as shown in the above-mentioned 「(1) Directors and Corporate Auditors」 .

2) Main Activities of Outside Directors and Corporate Auditors

Category	Name	Main Activities
Outside Directors	Katsunari Suzuki	Attended 12 of the 12 meetings of the Board of Directors held during the fiscal 2010 and offered valuable comments from his expertise and knowledge cultivated over many years as a diplomat.
	Kunio Suzuki	Attended 12 of the 12 meetings of the Board of Directors held during the fiscal 2010 and offered valuable comments from his extensive management experience and knowledge.
	Hajime Sawabe	Attended 12 of the 12 meetings of the Board of Directors held during the fiscal 2010 and offered valuable comments from his extensive management experience and knowledge.
Outside Corporate Auditors	Ryozo Hayashi	Attended 12 of 12 meetings of the Board of Directors and 8 of 9 meetings of the Board of Corporate Auditors held during the fiscal 2010, and offered valuable comments from his experience at the Ministry of Economy, Trade and Industry, as well as from a professional viewpoint as a university professor.
	Toshiharu Moriya	Attended 11 of 12 meetings of the Board of Directors and 9 of 9 meetings of the Board of Corporate Auditors held during the fiscal 2010 and offered valuable comments from his professional knowledge as a Certified Public Accountant.
	Noriko Hayashi	Attended 12 of 12 meetings of the Board of Directors and 9 of 9 meetings of the Board of Corporate Auditors held during the fiscal 2010 and offered valuable comments from her professional knowledge as lawyer, and offered, in particular, advice and suggestions concerning compliance.

3) Liabilities Limitation Agreements

① Liabilities Limitation Agreement with Outside Directors

The Company has executed a Liabilities Limitation Agreement with each of three (3) outside directors, Katsunari Suzuki, Kunio Suzuki and Hajime Sawabe, which limits the respective liabilities of each outside director to the higher amount of ¥20 million or the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act.

② Liabilities Limitation Agreement with Outside Corporate Auditors

The Company has executed a Liabilities Limitation Agreement with each of three (3) outside corporate auditors, Ryozo Hayashi and Toshiharu Moriya, and Noriko Hayashi which limits the respective liabilities of each corporate auditor

to the higher amount of ¥20 million or the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act.

5. Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

Note: KPMG AZSA & Co. was incorporated as a limited liability audit corporation as of July 1, 2010, and its new company name is KPMG AZSA LLC.

(2) Amount of Remuneration

(Millions of yen)

Details	Amount
1) The amount of remuneration, etc., to be paid by the Company to the accounting auditor	134
2) The total amount of cash or other proprietary interest to be paid by the Company and its subsidiaries to the accounting auditor	345

Notes: 1. The amount described in Item 1) of the above table is the total sum of the remunerations for audits under the Companies Act and the remuneration for the audits under Financial Instruments & Exchange Act in Japan because these are not clearly distinguished from each other in the contract between the Company and the accounting auditor.

2. Of the major subsidiaries of the Company, 10 companies, including Teijin Aramid B.V., undergo auditing by accounting firms other than the accounting auditor.

3. The Company pays remuneration to the accounting auditor for "Support of IFRS introduction" not specified in Article 2, Paragraph 1, of the Certified Public Accountant Act.

(3) Policy for Dismissal or Non-Reappointment of Accounting Auditor

The Company has a policy to dismiss its accounting auditor by the Board of Corporate Auditors based on an unanimous approval of corporate auditors in the event that it is judged that any item of Article 340, Paragraph 1, of the Companies Act is applicable.

Furthermore, the Company has a policy of submitting a proposal regarding dismissal or non-reappointment of the accounting auditor to a shareholders' meeting in the event that it is deemed that a grave obstacle to the Company's audit operation involving the accounting auditor has occurred.

6. Corporate Governance System

(1) Reasons for Choosing the Current Corporate Governance System

The Company has adopted and will adopt from time to time mechanisms for corporate governance which is appropriate for achieving the purposes of the Company. Accordingly, the Company will timely review the mechanisms and such changes may be made in accordance with changes in the social and legal environments.

The current Companies Act requires the Board of Directors to appropriately carry out two functions: execution of business and management oversight and supervision. The governance system deemed appropriate is therefore based on these two core functions, with execution of business led by the Company's inside directors on the one hand, and management oversight and supervision focused on by outside directors and carried out by corporate auditors and the Board of Auditors on the other hand. Furthermore, the Companies Act has moved to reinforce functions of corporate auditors in recent years, and therefore the Company intends to continue to be a company with Board of Corporate Auditors for the time being. At the Company, the strengthening of the management oversight and supervisory functions and similar corporate governance that are the aim of a "company with committees" are effectively achieved via an "Advisory Board", a "Board of Directors and executive officer system that includes independent outside directors," and a

“Board of Auditors system that includes independent outside corporate auditors.”

(2) Overview of Current Corporate Governance

1) Advisory Board (Management Consultative Committee)

The Advisory Board, comprising both Japanese and non-Japanese experts, has been established to provide advice to management in general and to evaluate the top managements, and operates as a consultative body to the Board of Directors. The Advisory Board is made up of five or six outside advisors consisting of three Japanese and two or three non-Japanese advisors as well as the Chairman of the Company and the President & CEO, and the Chairman of the Company chairs the Advisory Board. The Advisory Board also functions as a nominations and remuneration committee, making recommendations regarding the alternation of the CEO and nomination of a successor, deliberating the selection of Chairman, deliberating the system and levels of compensation for Teijin Group directors, and evaluating the performance of the CEO and representative directors.

2) Board of Directors and Corporate Officer System that Includes Independent Outside Directors

To expedite decision making and clarify accountability of execution of business, the Company's Articles of Incorporation set the maximum members of the Board of Directors to 10 directors, and the Company has introduced a corporate officer system that delegates broad authority to corporate officers. Three members of the Board of Directors are independent outside directors. In addition, the Articles of Incorporation sets the term of office for directors at one year. The Board of Directors is chaired by the Chairman of the Company, as a means of separating oversight and supervision from execution of business.

The outside directors also contribute to enhancement of the transparency and accountability of the Board of Directors, with their oversight function with respect to internal directors and by management advice function based on their expertise.

3) Board of Auditors System that Includes Independent Outside Corporate Auditors

① Corporate Audits

The Company's Board of Auditors consists of five members, of whom a majority of three are independent outside auditors. This maintains transparency, and achieves the management oversight and audit function including audit of total risk management. In addition, the Committee of Teijin Group Corporate Auditors, comprising corporate auditors of Group companies, exists to enhance the effectiveness of groupwide oversight and audit of the entire Group, which correspond to group consolidated management and ensure impartial auditing.

The Company and its Group companies have a three-pronged audit system, which includes internal audits in addition to the corporate audits by corporate auditors and the accounting audits by the accounting auditors stipulated by the Companies Act and the Financial Instruments and Exchange Act. These three components work in mutual cooperation to enhance corporate governance.

② Internal Audit System

The Corporate Audit Office, reporting directly to CEO, has been established as an internal audit organization, and carries out groupwide and global audits to evaluate efficiency and validity of internal control functions.

7. Summary of Resolution to Maintain Systems to Ensure Appropriate Business Operations

Resolutions on Basic Policies for establishment of Internal Control Systems

At a board meeting held on July 30, 2010, the Board of Directors made resolution on basic policies for establishment of internal control systems. As a general rule, this resolution is regularly

reviewed and confirmed at a board meeting held in July every year. Below is a summary of these resolutions, the details of which can be viewed at the Company's Web site: (<http://www.teijin.co.jp/english/about/governance/resolution.html>).

(1) Systems for Ensuring the Compliance with Laws, Regulations and the Articles of Incorporation in the Performance of Duties by Directors and Employees

The Company has declared the basic principles of compliance in its Teijin Group "Corporate Governance Guide" (available on the Company's Web site at <http://www.teijin.co.jp/english/about/governance/guide.html>).

To practice these basic principles, the Company shall establish systems and organizational structures that ensure practical operation and observation of the Company's Corporate Philosophy, Corporate Code of Conduct, Corporate Standards of Conduct, Group Ethics Regulations and other related internal regulations.

The Company's representative directors and other executives shall take the initiative and set good examples in observing laws, regulations and the Articles of Incorporation, social rules and ethics, and shall promote compliance education and awareness among the Teijin Group's employees. In order to supervise the entire Teijin Group's compliance, the Company appoints Chief Social Responsibility Officer (CSRO) as the officer in charge of compliance and for supervising CSR Planning Office.

All directors, officers and employees of the Teijin Group shall be required to report to the Teijin entity to which they belong or to Teijin Limited which is the holding company of the Teijin Group, any violations of laws and regulations or other serious information concerning compliance, in accordance with Group Ethics Regulations and others. CSRO shall direct and supervise investigations to confirm such facts and, upon consultation with CEO (President), determine appropriate measures.

The Company shall provide necessary means for directors, officers, employees and business partners to directly report any violation or doubtful activities of non-compliance. In such cases, the Company shall protect the anonymity of the caller and ensure that any repercussions to the caller shall be prevented. Important reports as well as measures taken by the relevant Teijin entity and their results shall be announced as appropriate to, and shall be recognized by, all directors, officers and employees of the Teijin Group.

The Company places Corporate Audit Office directly supervised by CEO, which performs internal auditing of the Teijin Group's execution of business and conducts the evaluation of the internal control system and proposes its improvement.

The Group shall maintain a resolute attitude toward pressure from antisocial forces, including demands for payoffs from specific shareholders or interference by crime syndicates, and shall not allow such interference. CSRO shall be appointed as the person in charge of actions against antisocial forces. CSR Planning Office shall establish action policies and other rules and shall ensure observance of such policies and rules by directors, officers and employees within the Teijin Group.

(2) Systems for the Preservation and Management of Information in Relation with the Directors' Performance of Their Duties

Directors shall appropriately preserve and manage minutes of shareholders' general meetings, minutes of Board of Directors' meetings, and other documents and important information concerning the performance of their duties in accordance with relevant company regulations. Chairman of the Board, who chairs the Board of Directors, is responsible for the supervision and oversight of the preservation and management of such documents and important information. Documents concerning directors' performance of their duties shall be preserved for at least ten (10) years and shall be accessible whenever necessary.

(3) Rules and Systems for Risk Management

The Board of Directors shall operate a total risk management system to deal with any

kind of risks that might threaten sustainable business development.

Total Risk Management (TRM) Committee, shall mainly deal with the business operational risks and strategic risks and shall propose basic policies and annual plans related to TRM to the Board of Directors.

CSRO and CSR Planning Office are in charge of business operation risk, and they shall undertake groupwide efforts for the Teijin Group to enhance the Group's risk management system, identify problems and deal with risks upon occurrence thereof. CEO shall assess strategic risks and present his/her assessment to the Board of Directors as an important element upon which managerial decisions are made.

The Company shall maintain necessary measures to ensure the continuation of businesses when faced with risk events including disasters, the inappropriate performance of duties by directors, officers or employees, and damage to critical IT systems, etc.

(4) Systems for Ensuring that Directors' Duties Are Performed Efficiently

More than one Independent Outside Director who satisfy the requirements for independence stipulated by the Company shall be appointed as members of the Board of Directors in order to intensify the validity of the decisions to be made by the Board of Directors.

The Board of Directors shall ensure that the representative directors and other executives perform their respective duties and make decisions through the organization, and procedures in accordance with the internal regulations, on the items on which the representative directors and other executives have been delegated decision-making powers. These regulations shall be revised as may be necessary to reflect any revision and/or abolition of laws and regulations and/or to increase the efficiency of the representative directors and other executives in executing their duties.

The Board of Directors shall organize the basic structure of Teijin Group, and shall promote efficient management, oversight and supervision of these organizational bodies.

(5) Systems for Ensuring those Proper Business Operations Are Conducted within the Group of Companies, Including Subsidiaries and Parent Companies

The Company shall prepare group regulations that encompass all the rules and standards, in addition to measures to ensure that business activities are conducted in compliance with the relevant laws and regulations and the Articles of Incorporation.

Transactions within the Teijin Group must be conducted in an appropriate manner according to the social norms.

The representative directors and other executives shall provide necessary instructions to ensure that the Teijin Group entities have appropriate internal control systems.

Corporate Audit Office shall operate or supervise internal audits of the Teijin Group's business operations to ensure the efficiency and validity of internal control functions over the entire business of the Teijin Group.

Corporate Auditors shall establish appropriate systems, such as those for close cooperation with the accounting auditors and Corporate Audit Office, to ensure effective and appropriate supervision and auditing of the Group's entire business operations.

To ensure the reliability of its financial reporting, the Company shall establish a groupwide internal control system on the financial reporting covering the operation of the Teijin Group and internal control systems covering individual operational processes, and shall be properly and efficiently operate and assessed such systems.

(6) Provisions Concerning the Employees Assisting the Corporate Auditors in Performing Their Duties

The Company shall appoint two or more employees, in principle, to assist Corporate Auditors in performing their duties.

(7) Provisions Concerning the Independence from Directors of the Individuals Assisting the Corporate Auditors in Performing Their Duties

To secure the independence of the auditor assistants above, all decisions concerning personnel issues affecting the auditor assistants require the prior consent of the full-time Corporate Auditors. The full-time Corporate Auditors shall assess the performance of the auditor assistants.

No auditor assistants can assume any executive post or function in any Teijin Group entity other than the auditor assistant.

(8) Provision for Directors' and Employees' Reporting to Corporate Auditors and Other Forms for Reporting to Corporate Auditors

Representative directors and other executives shall report at the meetings of the Board of Directors and other important meetings the status of the business operations they are in charge.

Representative directors and other executives shall immediately report to Corporate Auditors when they discovered occurrence or threatening of occurrence of the incidents that have significantly eroded public trust of the Company; incidents that have caused significant adverse effects on the performance of the Company; incidents that have caused any significant damage to the internal or external environment, safety and health (ESH); or incidents involving product liability, significant violations of internal regulations, or similar events.

Directors, corporate officers and employees shall promptly and appropriately respond to requests made by the Corporate Auditors on the business operations or inquiries on the conditions of the assets and business operations of the Teijin Group.

(9) Other Provision for Ensuring that the Audits of Corporate Auditors Are Conducted Effectively

To ensure transparency, the majority of Corporate Auditors consists of Independent Outside Auditors that satisfy the requirements for independence that the Company specifies.

The Corporate Auditors shall enter into advisory agreements with outside law firms in order for themselves and Teijin Group entities' Corporate Auditors to form independent opinions. When they consider it necessary in the course of conducting audits, the Corporate Auditors can, at their own discretion, retain outside advisers, including certified public accountants and other consultants.

8. Basic Policy Regarding the Control of the Company

(1) Basic Policy Regarding the Company's Shareholders

(Basic policy regarding those who control the decision of the company's financial and business policy)

The Company believes the existence of its shareholders is based on free transactions in the market and therefore the Company's shareholders should make the final decisions as to whether to accept a proposal of a large-scale acquisition that would result in a transfer of the Company's ownership.

However, it is envisioned that some large-scale acquisition of the Company's shares or such proposals might entail, among others, the following:

- ① The likelihood of causing obvious harm to the corporate value of the Company and the common interests of the shareholders.
- ② The threat of compelling the shareholders to sell their shares.

- ③ Acquisition conditions that are inappropriate or insufficient with a view to the Company's intrinsic value.

The Company believes such a large-scale acquirer of the Company's shares or a person or company who proposes such an action is exceptionally inappropriate to control the decision of the Company's financial and business policies.

(2) Measures to Realize the Basic Policy

The Company has already launched the following measures to improve the corporate value of the Company and the common interests of the shareholders to ensure that investors can continue to invest in the Company over the long term. The Company believes such measures will contribute to the realization of the basic policy described in (1) above.

1) Measures to Reposition Teijin on a Growth Trajectory

The Company announced the Basic Management Policy for the Teijin Group on April 27, 2009, which guided us to resolutely implement short-term structural reform and provides medium- to long-term direction. Under the Basic Management Policy, we have taken urgent measures such as reducing capital investments and inventories; lowering production and head office costs; and implementing structural reforms such as establishing an optimal global production configuration and compressing fixed costs by pursuing thorough efficiency.

As a result, the Group achieved a return to profitability in fiscal 2010. In fiscal 2011, as a year for Repositioning Teijin on a Growth Trajectory, the Group continues efforts to ensure sustainable growth in corporate value as a company that enhances the quality of life of people everywhere through a deep insight into human nature and the application of our creative abilities by steadily implementing each measure described in "Current Status of the Teijin Group (5) Tasks Ahead."

2) Measures to Improve Corporate Value through Strengthening Corporate Governance

As an essential system to achieve steady growth in the corporate value of the Company and the common interests of the shareholders, the Company has strived to strengthen corporate governance. Concretely, it is executed as shown below;

- ① Separated and strengthened the decision-making and business operations and the monitoring/auditing 3 functions
- ② Established an Advisory Board as the Board of Directors' consultative body that includes experts from Japan and overseas to receive advice and recommendations on management of the entire Group, thereby enhancing the effectiveness and transparency of management. The Advisory Board also evaluates the performance of top executives
- ③ Established and disclosed the Corporate Governance Guide as a concrete guideline for corporate governance.

(3) Measures to Prevent Decisions on the Financial and Business Policies of the Company from Being Controlled by Those Deemed Inappropriate in Light of the Basic Policy (Takeover Defense Measures)

The Company established the Countermeasures to Large-Scale Acquisitions of the Company's Shares (Takeover Defense Measures) (hereinafter, "the Plan"), which were approved by shareholders at the 143rd Annual General Meeting of Shareholders held on June 24, 2009.

The summary of the Plan is as follows:

1) Applicable Acquisitions

Applicable acquisitions are those that lead to holdings of 20% or more of the Company's

shares.

2) Procedures for Negotiations with Acquirer

Acquirers are required to submit in advance an acquisition statement and provide a period that allows the Company to collect information and examine the acquisition proposal, present the Company management's plans and alternative proposals to shareholders and negotiate with the acquirer.

3) Allotment of Stock Option with call in the Event That an Acquirer Does Not Comply with Procedures

If an acquirer does not comply with the aforementioned procedures, in accordance with the recommendation of the Independent Committee, the Board of Directors will decide to allot all shareholders registered at that time Stock Option with call, without contribution, at the rate of one Stock Option per one share of stock held.

4) Calling the Stock Option with a Call and Distribution of the Company's Stock

According to the Call Option attached to the stock option, the Company will call the stock option in exchange for the Company's shares from all shareholders other than the acquirer and other non-qualified parties at a rate of one (1) share of the Company's stock per one (1) stock option.

5) Impact on Shareholders Other than the Acquirer and Other Non-qualified Parties

As the Company's shares are evenly delivered to all the shareholders other than the acquirer and other non-qualified parties, the shares held by the shareholders would not be diluted. As the Company's shares are not granted to the acquirer and other non-qualified parties, this would result in dilution of the acquirer's voting rights to a maximum of 50%.

6) Requirements for the Allotment of the Stock Option Without Contribution

The allotment of the stock option without contribution will be implemented in case any acquisition falls under any of the following cases and it is deemed reasonable to implement an allotment of the stock option without contribution:

- ① In case the acquisition does not comply with the procedure set forth in the Plan;
- ② In case the acquisition is likely to cause obvious harm to the corporate value of the Company and/or the common interests of the shareholders in view of the purpose of the acquisition and the post-acquisition management policy in such cases as, for example, the buyout of the Company's shares to demand that the Company purchase said shares at an inflated price;
- ③ In case the acquisition threatens to have the effect of compelling the shareholders to sell their shares;
- ④ In case the acquisition conditions are insufficient or inappropriate with a view to the Company's intrinsic value.

7) Overview of Process Prior to Triggering The Plan

When the acquirer submits the Acquisition Statement, the Independent Committee consisting of five members appointed from among the outside directors and outside corporate auditors may require the Company's Board of Directors to present its opinion regarding the details of the acquisition by the acquirer within a specified period of time (a maximum of 30 days as a general rule). Following this, the Independent Committee will collect and examine information for a maximum period of 60 days as a general rule. The Independent Committee may extend this assessment period for up to 30 days.

Based on its collection and examination of this information, the Independent

Committee will make a recommendation to the Board of Directors for either the implementation or non-implementation of an allotment of the stock option without contribution. The Company's Board of Directors shall respect and adhere to the aforementioned recommendation from the Independent Committee and finally resolve whether implement or non-implement an allotment of the stock option without contribution. However, the Board of Directors shall convene a shareholders' meeting as soon as practicable and raise a proposal on the implementation of the allotment of stock option without contribution as a matter to be resolved thereat, in case the Independent Committee has placed a reserve that prior approval of a shareholders' meeting should be obtained for the recommendation that an allotment of the stock option without contribution should be implemented.

Note: Details of the "Countermeasures to Large-Scale Acquisitions of Teijin Shares (Takeover Defense Measures)" are available on the Company's Internet site (<http://www.teijin.co.jp/english/about/governance/defense.html>).

(4) Explanation as to How the Above Measures Comply with the Basic Policy, Do Not Harm the Common Interests of the Shareholders of the Company and Do Not Pursue the Personal Interests of the Company's Directors and Corporate Auditors

The Plan was designed to incorporate the following perspectives and therefore the Company believes that it should comply with the Basic Policy, be consistent with the corporate value of the Company and the common interests of the shareholders and not pursue the personal interests of the Company's Directors and Corporate Auditors.

1) Respect of Shareholders' Intent

The Plan became effective upon its approval at the 143rd Ordinary General Meeting of Shareholders, held on June 24, 2009, and will remain in effect for three years, until the conclusion of the Ordinary General Meeting of Shareholders pertaining to the business year ending March 2012. Moreover, as the term of office of the Company's directors is one (1) year, the shareholders' intent may be well reflected by way of the election of directors. Furthermore, even before the expiry of the effective period after The Plan is introduced, The Plan shall be abolished immediately in case a proposal that The Plan be abolished is approved at a shareholders' meeting of the Company.

2) Emphasis on the Judgment by Highly Independent Outside Directors and Independent Outside Corporate Auditors

Upon the introduction of the Plan, the Company established the Independent Committee, an organ with the role of substantial and objective decision making for the benefit of shareholders while eliminating the possibility of arbitrary decisions by the Company's Board of Directors with regard to the actual operation of the Plan. The Independent Committee consists of members elected and appointed by the Company's Board of Directors from among those persons of outside director or outside corporate auditor.

3) Setting of Rational and Objective Requirements for Triggering The Plan

The Plan is structured not to be easily triggered unless rational, detailed and objective requirements are satisfied, and moreover, these objective requirements are consistent with the cases set out for determining a person who is deemed inappropriate to control the decisions of the Company's financial and business policies. This idea serves to prevent the Board of Directors from arbitrarily triggering the Plan.

4) Reinforcement and Continuity of Corporate Governance

The Company intends to separate and reinforce three managerial functions (decision making, execution of business and monitoring/auditing) by electing three independent

outside directors on its Board of Directors, which comprises a maximum of 10 directors, and having three independent outside corporate auditors comprising a majority of the number of corporate auditors. The Company has also established an Advisory Board – comprising five or six outside advisers, the Chairman of the Board, and the President & CEO – as a consultative body to the Board of Directors that is charged with deliberating the alternation of President & CEO and nomination of successors, as well as compensation systems for directors and corporate auditors of the Teijin Group. Guidelines on corporate governance of the Company including these measures above are disclosed in the form of the Corporate Governance Guide.

The above measures are viewed as groundbreaking initiatives for corporate governance among Japanese listed companies. This mechanism should have the effect of strongly breaking the self-protective conduct of the Company's directors and corporate auditors and are expected to prevent the arbitrary application of The Plan.

The Company intends to maintain its corporate governance above during the effective period of This Plan.

9. Policy Regarding the Determination of Dividends from Retained Earnings

The Company's basic policy is to ensure dividends in line with consolidated operating results. Meanwhile, the Company's dividends are distributed with due regard to the soundness of our financial structure and the medium- and long-term continuity of dividends.

The Company continues to fund investments to ensure the competitiveness of the Teijin Group through structural reforms of businesses. For the medium to long term, retained earnings will be applied to proactive investments that are aimed at improving and expanding sales, R&D and production organizations.

Note : In this business report, figures of less than one million yen are truncated, and for figures stated in the unit of one hundred million yen, figures are rounded to the nearest unit.

Consolidated Balance Sheets
(As March 31,2011)

(Million yen)

	FY2009 (As of Mar. 31, 2010)	FY2010 (As of Mar. 31, 2011)
< Assets >		
Current assets		
Cash and time deposits	23,122	28,612
Trade notes and accounts receivable	158,951	156,132
Finished goods	71,583	71,448
Work in process	9,389	9,163
Raw materials and supplies	25,342	24,895
Short-term loans	3,499	8,962
Deferred income taxes	19,782	13,229
Other current assets	23,745	26,564
Allowance for doubtful receivables	(2,671)	(2,113)
Total	332,746	336,894
Fixed assets		
Tangible assets		
Buildings, net	82,652	72,046
Machinery and equipment, net	163,010	121,340
Land	45,635	44,531
Construction in progress	9,258	6,629
Other, net	16,344	15,111
Total	316,901	259,659
Intangible assets		
Goodwill	59,820	51,773
Other	17,613	15,842
Total	77,434	67,615
Investments and other assets		
Investments in securities	58,416	57,020
Long-term loans	4,178	3,900
Prepaid pension expense	16,207	15,993
Deferred income taxes	2,438	4,215
Other assets	16,753	18,204
Allowance for doubtful receivables	(2,004)	(1,969)
Total	95,990	97,365
Total fixed assets	490,325	424,640
Total assets	823,071	761,534

Consolidated Balance Sheets
(As of March 31,2011)

(Million yen)

	FY2009 (As of Mar. 31, 2010)	FY2010 (As of Mar. 31, 2011)
< Liabilities >		
Current liabilities		
Trade notes and accounts payable	84,256	87,283
Bank loans	54,136	44,568
Long-term loans due within one year	10,023	12,983
Commercial paper	51,000	33,000
Bonds due within one year	14,295	5,958
Income taxes payable	5,024	7,459
Deferred income taxes	157	162
Accrued expenses	17,117	19,270
Reserve for business restructuring	18,129	—
Other current liabilities	39,707	34,083
Total	293,848	244,770
Noncurrent liabilities		
Bonds	32,973	30,000
Long-term loans	155,505	138,870
Employees' retirement benefits	18,474	18,153
Directors' and statutory auditors' retirement benefits	1,800	—
Liabilities in accordance with the application of the equity method	18	—
Deferred income taxes	10,577	9,285
Other noncurrent liabilities	14,589	12,756
Total	233,940	209,065
Total liabilities	527,789	453,836
<Net assets>		
Shareholders' equity		
Common stock	70,816	70,816
Capital surplus	101,327	101,373
Retained earnings	112,983	135,385
Treasury stock	(772)	(151)
Total	284,354	307,423
Valuation and translation adjustments		
Net unrealized holding gains on securities	13,025	10,823
Deferred gains on hedges	298	(198)
Foreign currency translation adjustment	(26,373)	(33,812)
Total	(13,049)	(23,186)
Stock acquisition rights	401	439
Minority interests in consolidated subsidiaries	23,575	23,023
Total net assets	295,282	307,698
Total liabilities and net assets	823,071	761,534

Consolidated Statements of Income
(April 1,2010 to March 31,2011)

(Million yen)

	FY2009 (Apr. 2009-Mar. 2010)	FY2010 (Apr. 2010-Mar. 2011)
Net sales	765,840	815,655
Cost of sales	573,938	586,261
Gross profit	191,901	229,394
Selling, general and administrative expenses	178,465	180,834
Operating income	13,435	48,560
Nonoperating revenues		
Interest income	657	458
Dividend income	934	923
Equity in earnings of affiliates	—	6,300
Foreign exchange gains	—	105
Other income	1,099	896
Total	2,690	8,684
Nonoperating expenses		
Interest expense	5,785	4,416
Equity in losses of affiliates	3,389	—
Foreign exchange losses	991	—
Contribution	—	697
Other expenses	3,875	1,785
Total	14,040	6,899
Ordinary income	2,085	50,345
Extraordinary income		
Gain on sales of property, plant and equipment	1,022	1,354
Gain on sales of investment securities	7,229	2,228
Gain on reversal of allowance for doubtful receivable	75	31
Gain on compensation for transfer of property	120	—
Other income	1,022	508
Total	9,470	4,121
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	1,509	584
Write-down of investment securities	1,221	116
Provision for allowance for doubtful receivables	600	913
Special factory operating loss	10,712	—
Loss on impairment	4,386	1,791
Environmental protection cost	408	124
Restructuring costs	20,621	1,049
Additional contribution to reserve to cover losses on disposal of securities with market value held in money trusts	7,198	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	529
Earthquake-related expenses	—	2,861
Other losses	1,492	2,000
Total	48,151	9,972
(Loss) income before income taxes	(36,595)	44,494
Income taxes - current	7,765	11,975
Income taxes - deferred	(9,288)	4,195
Total	(1,523)	16,171
Income before minority interests	—	28,322
Minority interests in income	610	3,140
Net (loss) income	(35,683)	25,182

Consolidated Statement of Changes in Net Assets
(April 1, 2010 to March 31, 2011)

(Million yen)

	FY2009 (Apr. 2009-Mar. 2010)	FY2010 (Apr. 2010-Mar. 2011)
Shareholders' Equity		
Common stock		
Balance at end of previous fiscal year	70,816	70,816
Changes of items during the period		
New issue of stock	—	—
<u>Total</u>	<u>—</u>	<u>—</u>
Balance at end of current fiscal year	70,816	70,816
Capital surplus		
Balance at end of previous fiscal year	101,324	101,327
Changes of items during the period		
Disposal of treasury stock	2	45
<u>Total</u>	<u>2</u>	<u>45</u>
Balance at end of current fiscal year	101,327	101,373
Retained earnings		
Balance at end of previous fiscal year	150,886	112,983
Change owing to application of accounting policies for overseas consolidated subsidiaries	—	1,153
Changes of items during the period		
Cash dividends paid	(1,968)	(3,933)
Net (loss) income	(35,683)	25,182
Others	(250)	(1)
<u>Total</u>	<u>(37,903)</u>	<u>21,247</u>
Balance at end of current fiscal year	112,983	135,385
Treasury stock at cost		
Balance at end of previous fiscal year	(225)	(772)
Changes of items during the period		
Treasury stock purchased	(580)	(41)
Disposal of treasury stock	33	661
<u>Total</u>	<u>(546)</u>	<u>620</u>
Balance at end of current fiscal year	(772)	(151)
Shareholders' Equity Total		
Balance at end of previous fiscal year	322,801	284,354
Change owing to application of accounting policies for overseas consolidated subsidiaries	—	1,153
Changes of items during the period		
Cash dividends paid	(1,968)	(3,933)
Net (loss) income	(35,683)	25,182
Others	(250)	(1)
Treasury stock purchased	(580)	(41)
Disposal of treasury stock	35	707
<u>Total</u>	<u>(38,447)</u>	<u>21,914</u>
Balance at end of current fiscal year	284,354	307,423

Consolidated Statement of Changes in Net Assets
(April 1, 2010 to March 31, 2011)

(Million yen)

	FY2009 (Apr. 2009-Mar. 2010)	FY2010 (Apr. 2010-Mar. 2011)
Valuation and translation adjustments		
Net unrealized holding gains on securities		
Balance at end of previous fiscal year	12,743	13,025
Changes of items during the period		
Net changes of items other than shareholders' equity	281	(2,201)
<u>Total</u>	281	(2,201)
Balance at end of current fiscal year	13,025	10,823
Deferred gains on hedges		
Balance at end of previous fiscal year	(1,320)	298
Changes of items during the period		
Net changes of items other than shareholders' equity	1,619	(497)
<u>Total</u>	1,619	(497)
Balance at end of current fiscal year	298	(198)
Foreign currency translation adjustments		
Balance at end of previous fiscal year	(28,648)	(26,373)
Changes of items during the period		
Net changes of items other than shareholders' equity	2,274	(7,438)
<u>Total</u>	2,274	(7,438)
Balance at end of current fiscal year	(26,373)	(33,812)
Valuation and translation adjustments Total		
Balance at end of previous fiscal year	(17,224)	(13,049)
Changes of items during the period		
Net changes of items other than shareholders' equity	4,175	(10,137)
<u>Total</u>	4,175	(10,137)
Balance at end of current fiscal year	(13,049)	(23,186)
Stock acquisition rights		
Balance at end of previous fiscal year	321	401
Changes of items during the period		
Net changes of items other than shareholders' equity	80	37
<u>Total</u>	80	37
Balance at end of current fiscal year	401	439
Minority interest in consolidated subsidiaries		
Balance at end of previous fiscal year	24,087	23,575
Changes of items during the period		
Net changes of items other than shareholders' equity	(511)	(552)
<u>Total</u>	(511)	(552)
Balance at end of current fiscal year	23,575	23,023
Net assets Total		
Balance at end of previous fiscal year	329,985	295,282
Change owing to application of accounting policies for overseas consolidated subsidiaries	—	1,153
Changes of items during the period		
Cash dividends paid	(1,968)	(3,933)
Net (loss) income	(35,683)	25,182
Others	(250)	(1)
Treasury stock purchased	(580)	(41)
Disposal of treasury stock	35	707
Net changes of items other than shareholders' equity	3,743	(10,652)
<u>Total</u>	(34,703)	11,261
Balance at end of current fiscal year	295,282	307,698

(For Reference)

Consolidated Statements of Comprehensive Income

(April 1, 2010 to March 31, 2011)

(Million yen)

	FY2010 (Apr. 2010-Mar. 2011)
Income Before Minority Interests	28,322
Other Comprehensive Income	
Valuation Difference on Available-for-Sale Securities	(2,208)
Deferred Gains or Losses on Hedges	(486)
Foreign Currency Translation Adjustment	(8,294)
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	770
Total	(10,219)
Comprehensive Income	18,103
Comprehensive Income Attributable to	
Comprehensive Income Attributable to Owners of the Parent	15,044
Comprehensive Income Attributable to Minority Interests	3,058

(For Reference)

Consolidated Statements of Cash Flows

(April 1, 2010 to March 31, 2011)

(Million yen)

	FY2009 (Apr. 2009-Mar. 2010)	FY2010 (Apr. 2010-Mar. 2011)
Cash flows from operating activities		
(Loss) income before income taxes	(36,595)	44,494
Depreciation and amortization of others	61,879	56,410
Loss on impairment	4,386	1,791
(Decrease) increase in provision for retirement benefits	(551)	629
Increase in provision for business structure improvement	18,129	—
(Decrease) increase in allowance for doubtful receivables	(67)	1,082
Interest and dividend income	(1,591)	(1,381)
Interest expense	5,785	4,416
Equity in losses (earnings) of affiliates	3,389	(6,300)
Loss (gain) on sales and disposal of property, plant and equipment	486	(769)
Gain on sales of investment securities	(7,165)	(2,219)
Loss on valuation of investment securities	1,221	116
Decrease (increase) in receivables	(7,234)	(10,937)
Decrease (increase) in inventories	29,631	(6,282)
Increase (decrease) in payables	15,451	8,476
Other, net	6,891	(261)
Subtotal	94,047	89,265
Interest and dividends received	3,773	4,053
Interest paid	(6,155)	(4,481)
Income taxes paid	(4,034)	(11,705)
Additional contribution to reserve for losses on securities held in money trusts	(7,198)	—
Net cash and cash equivalents provided by operating activities	80,432	77,132
Cash flows from investing activities		
Purchase of property, plant and equipment	(34,119)	(25,455)
Proceeds from sales of property, plant and equipment	1,757	1,124
Purchase of investment securities	(1,183)	(4,438)
Proceeds from sales and redemption of investment securities	10,242	3,719
Increase in short-term loans receivable	(2,502)	(810)
Long-term loans advanced	(1,804)	(662)
Collections on long-term loans receivable	260	933
Other, net	(6,087)	(2,155)
Net cash and cash equivalents used in investing activities	(33,436)	(27,745)
Cash flows from financing activities		
Increase (decrease) in short-term bank loans, net	(20,488)	(3,647)
Increase (decrease) in commercial paper	(25,000)	(18,000)
Issue of debentures	15,226	13,021
Redemption of debentures	(28,436)	(22,584)
Proceeds from long-term debt	25,753	6,788
Repayment of long-term debt	(8,473)	(10,516)
Cash dividends paid	(1,968)	(3,933)
Cash dividends paid to minority shareholders	(169)	(2,996)
Other, net	606	(194)
Net cash and cash equivalents provided by financing activities	(42,948)	(42,062)
Effect of exchange rate changes on cash and cash equivalents	80	(1,946)
Net increase in cash and cash equivalents	4,128	5,377
Cash and cash equivalents at beginning of period	18,796	22,964
Increase of cash and cash equivalents due to change in scope of consolidation	39	112
Cash and cash equivalents at end of period	22,964	28,454