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To whom it may concern

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Notice Regarding Extraordinary Losses Arising from Restructuring Initiatives (Including Withdrawal from a Business) and Other Measures and the Revision of Consolidated Operating Results Forecasts for Fiscal 2014

Teijin Limited announced today that it's Board of Directors had passed a resolution to recognize extraordinary losses in the six months ended September 30, 2014, attributable to the implementation of restructuring initiatives in several businesses. Concurrently, Teijin announced that, as a consequence of these extraordinary losses, its consolidated operating results for the six months ended September 30, 2014, had diverged from its initial forecasts, published on May 9, 2014, and that it has revised its consolidated operating results forecasts for fiscal 2014, ending March 31, 2015.

1. Accelerating the implementation of restructuring initiatives

Since fiscal 2013, Teijin has been taking steps to realign its global production configuration. In a forward-looking effort to strengthen its competitive edge, the Company has also resolved to implement a variety of decisive restructuring initiatives with the aim of rebuilding its business structure in a manner that is conducive to sustainable growth. Of particular note, the Company will:

- **Shift its focus to high-value-added products in the Electronics Materials and Performance Polymer Products segment**
  Withdraw from the business of a subsidiary in Singapore (Plastics)
- **Reinforce the competitiveness of its high-performance fibers business**
  Expand production base in Thailand and realign production bases in Japan
- **Dramatically revamp its raw materials and polymerization business**
  Cease production at dimethyl terephthalate (DMT) plant
  Realign polymerization facilities

Through these and other initiatives, Teijin is working to reduce fixed costs and shift its focus to high-value-added products and businesses. Teijin estimates that the annual combined positive impact of such efforts, when fully realized, will be ¥17.5 billion.

2. Extraordinary losses

(Billions of yen)

	Total as of September 30, 2014		
	Impairment loss	Business structure improvement expenses	Total extraordinary losses
Losses in Electronics Materials and Performance Polymer Products segment	¥19.3	¥ 9.7	¥29.0
Losses in raw materials and polymerization business	4.0	1.1	5.1
Losses in the healthcare business	4.2	—	4.2
Other losses	3.0	0.3	3.3
Total	¥30.5	¥11.1	¥41.6

Factors behind extraordinary losses

Loss in the Electronics Materials and Performance Polymer Products segment

The profitability of Teijin's polycarbonate resin business has worsened, reflecting a persistently adverse supply–demand balance and an inability to pass price increases for raw materials on by raising sales prices. In response, the Company is working to rebuild its competitive advantage by scaling back commoditized products and shifting its focus to high-value-added products and businesses. Teijin has also resolved to withdraw from the business of its polycarbonate resin subsidiary in Singapore, which lacks competitiveness in terms of energy costs and the operations of which are centered on commoditized products, at the end of December 2015. Going forward, Teijin's global production configuration for polycarbonate resin will center on its highly competitive subsidiary in the PRC and its Matsuyama Plant in Japan, which is especially suited to the development of high-performance products. As a result, Teijin recorded an impairment loss on the facilities and other fixed assets of the Singapore subsidiary, as well as incurred business structure improvement expenses, arising primarily from a reversal of foreign currency translation adjustments.

The profitability of Teijin's polyester film business has also deteriorated, owing to intensified competition attributable to the emergence of manufacturers from elsewhere in Asia. In light of current market conditions, after assessing value using cash flow-based analysis, the Company resolved to apply impairment accounting to equipment and other tangible fixed assets of its Gifu Plant.

Loss in the raw materials and polymerization business

Having revamped its integrated polyester materials production business model, which encompasses all stages, from raw materials through to finished products, from the perspective of cost competitiveness, Teijin resolved to discontinue production of DMT, a raw material used in polyester, the cost competitiveness of which it feels is unlikely to recover. At the same time, Teijin reorganized its polymerization facilities in Matsuyama. As a consequence of these moves, Teijin applied impairment accounting to related equipment and other tangible fixed assets.

Loss in the healthcare business

Reflecting a steady, sharp decline in medical treatment fees in the United States, a consequence of healthcare system reform, profitability at subsidiary Braden Partners L.P., a U.S. provider of home healthcare services, has deteriorated. In light of this and other changes in the operating environment, and having concluded, using cash flow-based analysis, that goodwill in Braden Partners, acquired in 2008, is likely to remain at a lower value than initially expected, Teijin applied impairment accounting to a portion of the remaining unamortized goodwill, resulting in an impairment loss in the Healthcare segment of approximately ¥4.2 billion.

Other losses

To reinforce the competitiveness of its high-performance fibers business, Teijin is accelerating efforts to shift its focus to promising markets in the Association of Southeast Asian Nations (ASEAN) region and at the same time realigning its domestic polyester fibers production configuration. Having resolved to centralize production of polyester fibers in Thailand and at its Matsuyama Plant in Japan, Teijin will shift production thereof from its Tokuyama, Iwakuni and Mihara facilities and will close the Tokuyama Plant. Additionally, with the aim of reorganizing related R&D functions, Teijin will integrate the functions of its Osaka Research Center into the Matsuyama Plant and shut down the Osaka facility. Impairment losses on a number of related facilities will thus constitute the bulk of the “other” extraordinary losses.

3. Difference between actual consolidated operating results and forecasts for the six months ended September 30, 2014

(Millions of yen/%)

	Net sales	Operating income	Ordinary income	Net income (loss)	Net income (loss) per share (yen)
Previous forecast (A)	¥375,000	¥ 8,000	¥ 7,000	¥ 2,500	¥ 2.54
Actual result (B)	377,399	12,127	14,042	(22,346)	(22.74)
Change (B–A)	2,399	4,127	7,042	–24,846	– 25.28
Percentage change (%)	0.6%	51.6%	100.6%	—	—
(For reference) Results for the six months ended September 30, 2013	381,807	5,187	4,101	4,574	4.65

Reasons for difference

Owing primarily to robust operating results in the Advanced Fibers and Composites segment, which continues to outperform expectations, as well as to the effectiveness of additional efforts to reduce costs and a delay in incurrence of certain expenses, consolidated operating income in the six months ended September 30, 2014, exceeded Teijin’s previous forecast. Ordinary income was also higher than the Company’s previous forecast, as yen depreciation bolstered foreign exchange gains. However, as a consequence mainly of the extraordinary losses outlined in section 2 above, Teijin reported a net loss, finishing considerably short of its previous forecast.

4. Revised consolidated operating results forecasts for fiscal 2014

(Millions of yen/%)

	Net sales	Operating income	Ordinary income	Net income (loss)	Net income (loss) per share (yen)
Previous forecast (A)	¥780,000	¥25,000	¥22,500	¥ 10,000	¥ 10.17
Revised forecast (B)	780,000	25,000	23,500	(20,000)	(20.35)
Change (B–A)	—	—	1,000	–30,000	(30.53)
Percentage change (%)	—	—	4.4%	—	—
(For reference) Results for fiscal 2013	784,424	18,078	19,887	8,356	8.50

Reasons for revision

Despite an essentially solid performance in the first half of fiscal 2014, market conditions and other factors continue to warrant concern. In light of risks associated with the currnet environment, while Teijin has left its forecasts for consolidated net sales and operating income unchanged from its previous forecasts, released May 9, 2014, it has revised its forecast for ordinary income to ¥23.5 billion, from ¥22.5 billion, to reflect the positive impact of foreign exchange gains, and now expects to report a net loss of ¥20.0 billion, substantially below its previous forecast, which was for net income of ¥10.0 billion, owing to extraordinary losses arising from restructuring initiatives. These forecasts assume exchange rates of ¥104 to US$1.00 and ¥138 to €1.00 and an average Dubai crude oil price of US$105 per barrel.

Disclaimer Regarding Forward-Looking Statements

Any statements in this document, other than those of historical fact, are forward-looking statements about the future performance of Teijin and its Group companies, which are based on management's assumptions and beliefs in light of information currently available and involve risks and uncertainties. Actual results may differ materially from these forecasts.