

November 26, 2014

Company Name: TEIJIN LIMITED

President and CEO: Jun Suzuki

Stock Listing: Tokyo Stock Exchange, First Section

(Code No.: 3401)

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Announcement Regarding Issuance of Zero Coupon Convertible Bonds due 2018 and 2021

TEIJIN LIMITED (the “Company”) hereby announces as follows an outline of the issuance of the Zero Coupon Convertible Bonds due 2018 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) and the Zero Coupon Convertible Bonds due 2021 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) (collectively, the “Bonds with Stock Acquisition Rights”) in the aggregate principal amount of 40 billion yen, which issuance was resolved at the meeting of the Board of Directors dated November 26, 2014.

Background and purpose of issuance of Bonds with Stock Acquisition Rights

The Company published its “Revised Medium-Term Management Plan” on November 5, 2014. The Company announced in the plan that it would (1) implement restructuring initiatives to facilitate business expansion driven by composite materials and also (2) promote transformation and growth strategies aimed at building a new business model that integrates key capabilities from diverse businesses with the goal of fostering highly profitable new businesses, in order to “evolve toward a ‘solutions-oriented business model’ that is more than simply an extension of the Company’s traditional business model.”

The Company anticipates business opportunities in each field of “environment and energy conservation,” “safety, security and disaster mitigation,” and “demographic change and increased health consciousness” for its medium-term transformation and growth strategies. The Company established “offering high-performance materials that realize new value for customers,” “expanding the scope of the Company’s monitoring services,” “broadening the Company’s home healthcare services model and creating new markets,” and “commercializing biocompatible medical materials” as the Company’s four growth concepts. In order to carry out the transformation and growth strategies, the Company will make investments (including investments in M&A activities) of approximately 100 billion yen and provide funds equivalent to 4 to 5 percent of the Company’s revenue for development and research, on a continual basis until the fiscal year 2016, in core strategic businesses and new businesses. The Company determined to issue the Bonds with Stock Acquisition Rights in order to meet these capital needs.

The Company will fully realize the effect of these measures around 2020 and contribute to enhancement of “quality of life” by providing, as a solutions-oriented business, the value that society needs.

Note: This announcement is intended as general information regarding the issuance of convertible bonds by the Company. This announcement does not constitute an offer of, or the solicitation of an offer to buy or subscribe for the Bonds or the shares of common stock of the Company in any jurisdiction in which such offer or solicitation is unlawful. In particular, the Bonds and the shares of common stock of the Company issuable upon exercise of, or upon acquisition by the Company of, the Stock Acquisition Rights (together, the “Securities”) have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S of the Securities Act (“Regulation S”)). The Securities may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. No public offering of the Securities will be made in the United States.

Use of proceeds

The Company will allocate the net proceeds from the issuance of the Bonds with Stock Acquisition Rights for investments in core strategic businesses with a view to achieving the management targets above, as follows:

- (i) approximately ¥10 billion by the end of October 2015, for the construction of facilities such as a manufacturing facility in respect of new meta-aramid fibers and a tire cord manufacturing facility in Ayutthaya Province, Thailand and the Technology Integrated Pharmaceuticals Center to be newly built at the Iwakuni Plant aimed at developing innovative pharmaceutical products by integrating Group's the material and health care technologies;
- (ii) approximately ¥15 billion by the end of March 2016, for funding R&D expenditure relating to the Group's core strategic businesses, such as advanced fibers and composites including carbon fibers, and medical materials; and
- (iii) approximately ¥15 billion for funding in respect of the acquisition by the Company of an additional 6.7 million shares of KYORIN Holdings, Inc. in June 2014.

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