

FOR IMMEDIATE RELEASE

Otsuka Chemical to Establish New U.S. “Terracess” Titanate Factory in Georgia

Osaka, Japan and Griffin, GA, May 12, 2014 – Otsuka Chemical Co., Ltd. today announced the establishment, in February 2014, of a new company in Griffin, Georgia in the United States for the purpose of manufacturing and selling Terracess (fiber-free potassium titanate).

Terracess has been growing in demand as a material employed in automotive brake pads, and the United States was selected as the company’s third production site for the product, following Japan and China, due to the country’s robust market for new automobiles and the presence of numerous brake pad development facilities. The factory will support an annual production capacity of 2,000 metric tons, with commercial production targeted for launch in November 2015.

Overview

1. Company name:	Otsuka Chemical America, Inc.
2. Location:	Griffin, Georgia, U.S.A.
3. Dimensions:	34 acres (13.75ha)
4. Products produced:	Terracess (fiber-free potassium titanate)
5. Date established:	February 6, 2014
6. Launch of operations:	November 2015 (planned)
7. Ownership:	100% Otsuka Chemical Co., Ltd.
8. No. of employees:	Approx. 30
9. Production capacity:	2,000 MT/year

About Terracess

Terracess is a titanate material that has been developed in a flaky (platelet) microparticle form. The material is currently used in applications such as micro-reinforcement and friction.

For over thirty years, Otsuka Chemical has researched and developed technology for controlling the shape of this titanate material, and the company has successfully produced a wide variety of different shapes and compositions. By employing Terracess, customers can minimize brake squeal and variability in wear among pads, thereby enabling long-term stable brake performance.

Otsuka Chemical named this fiber-free potassium titanate Terracess, a brand name that expresses the company’s desire to work with customers throughout the world (“terra,” which is Latin for “earth”) to achieve success (“cess”).

Product History

1979: After becoming the first in Japan to establish a commercial-scale plant for potassium

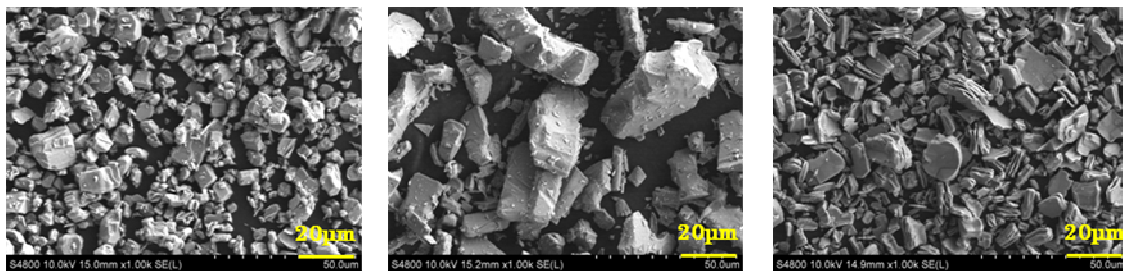
titanate whisker material under the brand name Tismo, Otsuka Chemical launched industrial production of Tismo as a material for reinforcement and sliding. The material is employed for providing heat resistance in coatings, enhancing resin strength, and improving the friction and wear characteristics of automotive brake pads.

2000: In addition to Tismo, Otsuka Chemical developed and began production and sales of Terracess in Japan.

2004: Otsuka Chemical established Zhangjiagang Otsuka Chemical Co., Ltd. in Zhangjiagang, China, where it began production of Terracess for the first time outside Japan.

2014: Otsuka Chemical established a new Terracess plant in Georgia.

Scanning Electron Microscope Imagery of Otsuka Chemical's Terracess



(Source: Otsuka Chemical Co., Ltd.)

Market Trends

In 2013, global automobile sales surpassed 80 million vehicles, and sales are expected to increase going forward. By 2018, unit sales are projected to exceed 100 million vehicles worldwide, with brake pad production anticipated to grow accordingly. In addition, recent legislation restricting the use of copper in brake pads has gained traction in the United States. As a result, titanate is expected to grow in popularity as an alternative to copper.

Through its production facilities in Japan, China and the U.S., Otsuka Chemical aims to ensure a stable supply of Terracess, while at the same time contributing to customers worldwide through its dedication to high product quality.

Supporting Comments

Hiroyoshi Tosa, Chief Executive Officer and Chief Financial Officer, Otsuka Chemical America, Inc.

“As a leading manufacturer of titanate friction material for the automotive industry, we are thrilled to announce the establishment of our new production facility in Georgia. We look forward to contributing to the local community while working to support our customers across the world through Otsuka Chemical’s environmentally-friendly products.”

Georgia Governor Nathan Deal

“I’m thrilled that this state-of-the-art chemical company has chosen Georgia to establish its North American headquarters. We have a longstanding, mutually beneficial relationship with Japan, and our top-ranked business climate will continue to carry global companies such as Otsuka Chemical toward success.”

Chris Carr, Commissioner, Georgia Department of Economic Development

“Otsuka Chemical could have chosen anywhere in the world to locate its newest business, but it chose Georgia. The company is already benefitting from our high-caliber labor pool and top-notch university research. I have no doubt that our booming manufacturing environment will help this company’s newest operations grow.”

Company Profile

Otsuka Chemical Co., Ltd.

Established:	August 29, 1950
Capital:	5 billion yen
President:	Takeharu Harashima, President and Representative Director
Head Office:	3-2-27, Ote-Dori, Chuo-Ku, Osaka, 540-0021 Japan
Employees:	550 (as of March 31, 2014)
Business Description:	Manufacture and sale of chemical products