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New Titanium Sponge Production Plant to be Built

On November 8th 2006, we announced a basic plan for increasing our production capacity of titanium sponge through the construction of a new plant. Since then, the Company has been engaged in the consideration and practical evaluation of facility and equipment plans, investment amounts and other matters. At the board meeting held today, the Company formally resolved to implement construction of a new plant in accordance with the details given below.

Outline of New Titanium Sponge Plant

Production capacity (see Note)	12,000 tons/year increase *1 We plan to increase the annual production capacity at our Chigasaki Plant from 15,000 tons currently to 16,000 tons (in fiscal 2007) by installing additional furnaces (reduction furnace; vacuum distillation furnace) and taking other measures to improve production efficiency. The new plant, combined with the Chigasaki Plant, will give the Company a total production capacity of 28,000 tons/year. *2 In the longer term, we envisage doubling the new plant's capacity to 24,000 tons/year.
Construction & operation schedule	Start of construction: November 2007 Completion of construction: August 2009 Start of operation: December 2009
Outline of processes and equipment	<ul style="list-style-type: none"> • The Kroll Process will be adopted to produce metallic titanium, and all facilities will be large-scale, efficient, and designed to be energy-saving and environment-friendly. • The titanium sponge produced will be mainly shipped to our new electronic beam (EB) plant, now under construction in Yahata-Higashi-ku, Kita-Kyushu City, to be used as raw materials for ingots. • The titanium sponge will be made into commercial pure ingots and then supplied to mill-product makers, mainly for industrial and consumer-product application.
Production plans	Production volume will be initially at 6,000 tons per year, rising to 9,000 t/year in 2010 and full-capacity operation at 12,000 t/year in 2011.
Planned work force	Approx. 200 (at full-capacity operation)
Capital expenditure	¥39.6 billion The majority of the investment will be covered by the Company's own funds, with the balance consisting of long-term bank loans.
Location	Wakamatsu-ku, Kita-Kyushu City (the land to be lent by the Yawata Works of Nippon Steel Corporation.)

Note: The volume of the Company's production capacity of titanium sponge is expressed based on the production of the standard product. The actual production volume, taking into account production of high-purity titanium sponge, would be lower than this figure.