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Production cut of titanium sponge and action programs for improving profitability

This is to announce that the Company decided to cut production of titanium sponge and to implement action programs for improving profitability.

1. Production cut of titanium sponge

(1) Background

Demand of titanium is drastically decreased for use in general industries due to global recession and also for use in aerospace industry which is particularly affected by delay of Boeing's 787 programs.

(2) Production schedule

(a) Production cut at Chigasaki plant

Chigasaki plant has been running at 1,000t/month(85% of the capacity) since January this year. Further production cut to 750t/month(60% of the capacity) from April 1st, 2009 is planned.

(b) Deferral of new sponge plant

The start-up of operation at new sponge plant(Wakamatsu, Kitakyushu-city) is deferred to April of 2010, 4 months behind the original plan scheduled December 2009.

2. Action programs for improving profitability

(1) Background

Our business circumstances are getting considerably severe due to sharp decline of the sales volume and price of titanium products.

(2) Action programs

(a) Further reduction by 10-20% of remuneration for directors and executive officers from April 2009 (currently 5-10%)

- (b) Wage for managerial class reduced by 3 - 4% from April 2009
- (c) Application for subsidies for employment adjustment by work sharing program
- (d) Reduction of production cost and cut of expenditures throughout the divisions

(3) Expected improvement

The improvement of about 2 billion yen is expected for the next fiscal year by implementing such action programs as above together with the reduction of profit-linked bonus for executives and employees.

3. Forecast for the next fiscal year

Although under the process of evaluation, we forecast the financial results for the next fiscal year with operating loss of about 1 billion yen after implementing the above programs. The updated financial forecast is informed publicly at the same time when the financial results of fiscal year ending March 31, 2009 is released on April 30, 2009.