

January 10, 2017

**Acquisition of a U.S. carbon fiber plant from Germany's SGL**

Mitsubishi Rayon Co., Ltd.

Mitsubishi Rayon Co., Ltd. (Headquarters: Chiyoda-ku, Tokyo; President: Hitoshi Ochi; hereinafter "MRC") decided to acquire SGL Carbon Fibers LLC (Headquarters: Evanston, Wyoming, the U.S.; hereinafter "SCF"), the carbon fiber production base of the German SGL Group, in order to expand its carbon fibers business in the North American market. MRC's 100% subsidiary Mitsubishi Rayon Carbon Fiber and Composites (Headquarters: Irvine, California, the U.S.; hereinafter "MRCFAC") plans to acquire all the shares of the said fiber production company from its present parent company SGL Technologies North America, incorporating it into MRCFAC, by the beginning of April, 2017.

MRC has developed "high-performance large tow," a unique carbon fiber that supports high productivity in the molding of large components whilst exhibiting the physical and quality properties equivalent to regular-tow carbon fibers. It has been cultivating applications in fields such as the aircraft industry and compressed gas tanks since the launch of operation in its Otake Production Center in July 2011.

Given the increasing demand for large tow especially for application in wind turbine blades, MRC has been strengthening its business operation in this area having founded a joint venture manufacturing and distributing carbon fiber composite laminates for window turbine blades in October last year. Furthermore, inquiries for various intermediary materials using high-performance large tow in light-weighted materials for automobiles is increasing. As a result, the utilization rate of MRC's production facilities has remained high.

MRC decided to acquire SCF to increase its carbon fiber capacity in order to meet the growing demand for large tow. This addition will increase MRC's carbon fiber production capacity by 1,000 tons. Combined with the expansion of capacity of regular-tow carbon fiber at MRCFAC's plant in Sacramento in the U.S., commercial operation of which will commence shortly, and the expansion of production capacity at MRC's Otake Production Center scheduled in 2017, MRC's carbon fiber production capacity will increase from 10,100 tons per year to 14,300 tons within 2017.

Additionally, MRC will consider to add further carbon fiber and intermediate material production facilities on the current premises of SCF based on the requirements and growth of the carbon fiber market.

In Mitsubishi Chemical Holdings Group's medium-term management plan APTSIS 20, MRC has set its sales target to achieve 100 billion yen by 2020 in its carbon fiber and composite material business. It will leverage the characteristics of high-performance large tow and plans thereby to capture the growth of the automotive and other industries through collaboration with its intermediary and molding material (CFRP) development and manufacturing bases in Europe, North America, Japan and the rest of Asia.

<Outline of SCF>

Name of company:

SGL Carbon Fibers LLC

Business:

Production of carbon fibers

Location:

Evanston, Wyoming, the U.S.

For further information, please contact:  
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