

News Release

Company: Toyoda Boshoku Corporation
Representative: Junichi Yoshikawa, President
(Code: 3116, First Sections of TSE and NSE)

Company: Araco Corporation
Representative: Masanao Motonami, President

Company: Takanichi Co., Ltd.
Representative: Naoki Noda, President

Announcement of Conclusion of Merger Agreement

The three companies Toyoda Boshoku Corporation (president: Junichi Yoshikawa), Araco Corporation (president: Masanao Motonami), and Takanichi Co., Ltd. (president: Naoki Noda) have been engaged in deliberations and preparations for a merger based on a basic merger agreement concluded on October 3, 2003, and they hereby announce the conclusion of a merger agreement following the adoption of resolutions at meetings of their respective boards of directors held today.

1. Merger objectives

The tri-company merger will create a company involved in all aspects of car interiors by integrating the seating systems and interior systems operations previously pursued independently by Toyoda Boshoku, Araco's interior division, and Takanichi. The new company will be able to develop and propose car interiors from a comprehensive perspective. Furthermore, concentrating the expertise of the three companies and effectively using their combined resources will help the new company strengthen its development capabilities, accelerate its overseas expansion, and quickly develop into a global interior systems supplier capable of providing new technologies and new products to the world.

The new company's goal is to be a world-class automotive interior system supplier and filter manufacturer. The company will take the following measures to achieve that goal:

(1) Comfortable car interiors

- Having the greatest competitive potential
- Enjoying the trust of automotive manufacturers for every aspect of the car interior, from original concept and development to design and production
- Ensuring quality, cost performance and on-time delivery
- Fully satisfying user expectations of comfort, quiet and attractiveness
- Supplying products designed for safety and environmental protection on-time
- Developing unique technologies and products

(2) World-class automotive filters

- Being a strong system manufacturer, able to plan and design total air induction systems
- Developing next-generation technologies for air-conditioning and lubrication systems
- Satisfying the needs of society (environmental protection, energy conservation, health maintenance)

(3) Global supply system

- Creating development and production systems that can meet customer needs anytime, anywhere

The new company will inherit the traditions of Toyoda Boshoku, which is a member of the Toyota Group, and it will be named Toyota Boshoku Corporation in anticipation of a new era of growth as a renewed company together with Toyota Motor.

2. Merger outline

(1) Merger schedule

Merger agreement approval by boards of directors	May 10, 2004
Merger agreement signing	May 10, 2004
Merger agreement approval by general shareholders meetings	June 24, 2004
Merger date	October 1, 2004
Merger registration	October 1, 2004

(2) Merger format

Araco's interior division, after being separated from its automobile division, Takanichi, and Toyoda Boshoku will merge on an equal basis. Listed company Toyoda Boshoku will be the surviving company.

(3) Merger ratios

Company	Toyoda Boshoku	Araco	Takanichi
Merger ratio	1	2.85	21.5

1) Share allocation ratios

2.85 Toyoda Boshoku shares will be allocated for one Araco share, and 21.5 Toyoda Boshoku shares will be allocated for one Takanichi share.

2) Basis for calculating merger ratios

These merger ratios were decided based on consultation among the merging companies with reference to a requested calculation performed by Nomura Securities Co., Ltd. as an independent organization.

3) Number of new shares to be issued as a result of the merger

Common stock: 120,491,400 shares

4) Merger subsidy

On the day prior to the merger date, a merger subsidy of ¥25 per Araco share shall be paid to Araco shareholders, and a merger subsidy of ¥90 per Takanichi share shall be paid to Takanichi shareholders.

3. Outline of companies involved in merger (Consolidated)

(As of March 31, 2004)

(1) Company name	Toyoda Boshoku	Araco	Takanichi
(2) Business	Manufacture and sale of automotive components Automotive Interior components: Headliners, carpets, interior trim, etc. Filters: Air filters, oil filters, cabin air filters, etc.	Manufacture and sale of automotive body and components Automobile Division: Toyota Land Cruiser, etc. Automotive Interior Division: Seats, door trim, etc.	Manufacture and sale of seats and others automotive interior components Seats, door trim, etc.
(3) Established	May 15, 1950	July 24, 1947	December 27, 1960
(4) Headquarters	1-1 Toyoda-cho, Kariya-shi, Aichi, Japan	25 Kamifujike, Yoshiwara-cho, Toyota-shi, Aichi, Japan	1-1 Maehata, Oshima-cho, Toyota-shi, Aichi, Japan
(5) Representative	Junichi Yoshikawa	Masanao Motonami	Naoki Noda
(6) Capital	¥4,933 million	¥3,188 million	¥1,801 million
(7) Total number of issued shares	67,174,000 shares	27,884,000 shares	1,908,000 shares
(8) Shareholder's equity	¥29,655 million	¥61,305 million	¥21,668 million
(9) Total assets	¥62,720 million	¥169,123 million	¥51,409 million
(10) Fiscal year end	March 31	March 31	March 31
(11) Number of employees	2,118	5,054	1,796
(12) Major clients	Denso Corporation Toyota Motor Corporation Toyota Tsusho Corporation	Toyota Motor Corporation Toyota Auto Body Co., Ltd. Toyota Tsusho Corporation	Toyota Motor Corporation Kanto Auto Works, Ltd. Central Motor Co., Ltd
(13) Major shareholders and their holding ratio	Towa Real Estate Co., Ltd. 27.31% Toyota Motor Corporation 15.56% Japan Trustee Services Bank Ltd. 6.03% Denso Corporation 5.94% Toyota Tsusho Corporation 5.28%	Toyota Motor Corporation 75.03% Toyota Auto Body Co., Ltd. 6.31% Araco Employee Stock Ownership Association 2.88% Toyota Tsusho Corporation 1.74%	Toyota Motor Corporation 79.93% NHK Spring Co., Ltd. 20.05% Takanichi Employee Stock Ownership Association 0.02%
(14) Main banks	UFJ Bank Limited Sumitomo Mitsui Banking Corporation	UFJ Bank Limited Sumitomo Mitsui Banking Corporation	UFJ Bank Limited Sumitomo Mitsui Banking Corporation Bank of Tokyo-Mitsubishi, Ltd.
(15) Relationship among the companies	Capital structure:	N.A.	
	Human resources:	N.A.	
	Business:	Toyoda Boshoku subcontracts development, design and manufacturing of door trim to Araco and Takanichi.	

Note: Araco's figures include figures for the automobile division, which is to be spun off.

(16) Results

Results from three previous fiscal years (Non-consolidated)

(¥ million)

	Toyoda Boshoku			Araco			Takanichi		
FY ended:	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2002	March 31, 2003	March 31, 2004
Net Sales	83,763	93,313	104,901	347,522	408,384	427,590	89,605	100,305	117,848
Operating Income	3,774	4,153	4,865	6,231	8,737	8,088	801	2,891	4,034
Ordinary Income	3,812	4,268	4,959	7,276	9,728	8,841	1,167	3,439	4,520
Net Income	2,258	2,844	2,865	4,651	12,220	6,265	652	1,751	2,687
Net Income per Share (¥)	33	41	41	166	434	221	341	882	1,371
Dividend per Share (¥)	7.00	8.00	9.00	41	64	67	70	80	420
Shareholders' equity per Share (¥)	372	400	443	1,660	2,044	2,198	10,014	10,628	11,319

Note: Araco's figures include figures for the automobile division, which is to be spun off.

Results from three previous fiscal years (Consolidated)

(¥ million)

	Toyoda Boshoku			Araco	Takanichi
FY ended:	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2004	March 31, 2004
Net Sales	91,864	107,321	118,553	526,814	161,822
Operating Income	4,337	5,034	5,331	16,227	5,644
Ordinary Income	4,372	5,006	5,314	16,096	5,871
Net Income	2,507	3,002	2,839	6,596	3,392
Net Income per Share (¥)	37	43	40	231	1,740
Shareholders' equity per Share (¥)	378	403	439	2,706	10,020

Note: Araco's figures include figures for the automobile division, which is to be spun off.

Results of Araco's automotive interior division

(¥ million)

	Non-consolidated	Consolidated
FY ended:	March 31, 2004	March 31, 2004
Net Sales	256,722	355,679
Operating Income	4,232	12,406
Ordinary Income	5,161	12,438
Net Income	3,915	4,271

4. Post-merger conditions

(1) Name: Toyota Boshoku Corporation

(2) Businesses:

- Development of automotive interior systems; manufacture and sales of automotive interior products (seats, door trims, molded headliners, floor carpets, silencers, seat fabric, etc.)
- Manufacture and sales of automotive filters and engine-related products (air filters, oil filters, cabin air filters, intake manifolds, etc.)
- Manufacture and sales of other automotive components (airbag base fabric, seat belt webbing, bumpers, etc.)
- Production and sales of fabric goods (blended yarn, uniforms, etc.)

(3) Location: Headquarters 1-1 Toyoda-cho, Kariya-shi, Aichi, Japan

(4) Executive officers: Junichi Yoshikawa, Chairman
Masanao Motonami, President
Shuhei Toyoda, Executive Vice President

(5) Capital: 8.4 billion yen (including a 3,467 million yen capital increase resulting from the merger to capital of 4,933 million yen as of March 31, 2004)

(6) Total assets 210,674 million yen (147,954 million yen)
(Combined assets at the end of March 2004)
Note: Figure in parentheses indicates the estimated increase resulting from the merger.

(7) Number of employees: 6,725

(8) Fiscal year: Ends March 31

(9) Impact on earnings

Earnings forecasts from FY3/05 are provided below.

○ Post-merger earnings forecasts

(¥ million)		
FY ending:	March 31, 2005	March 31, 2006
Net sales	287,000 (173,000)	458,000 (344,000)
Operating Income	9,000 (4,000)	14,000 (9,000)
Ordinary Income	10,000 (5,000)	16,000 (11,000)
Net Income	5,000 (2,000)	10,000 (7,000)
Dividend per Share (¥)	10	Yet to be determined

Note: Figures in parentheses represent the estimated impact of the merger.

○ Post-merger consolidated earnings forecasts

(¥ million)		
FY ending:	March 31, 2005	March 31, 2006
Net sales	404,000 (269,000)	715,000 (575,000)
Operating Income	17,000 (11,000)	34,000 (27,000)
Ordinary Income	18,000 (12,000)	35,000 (28,000)
Net Income	7,500 (4,500)	15,000 (11,500)

Note: Figures in parentheses represent the estimated impact of the merger.

5. Executives at newly merged company

(1) Introduction of executive officer system

The new company will introduce an executive officer system with the aim of enhancing key management decision-making and supervisory functions, as well as business execution functions.

(2) Directors, auditors, and executive officers

The following directors, auditors, and executive officers are to assume office on October 1, 2004. (Current positions are as of May 10, 2004.)

(The term of office for directors and executive officers is to be one year or less in order to respond to changes in the business environment.):

1) Directors (16)

Positions	Name	Current positions
Chairman	Junichi Yoshikawa	President, Toyoda Boshoku Corporation
President	Masanao Motonami	President, Araco Corporation
Executive Vice President	Shuhei Toyota	Director (with Senior Managing Director status), Toyota Motor Corporation
Senior Managing Director	Hidehiko Wada	Senior Managing Director, Takanichi Co., Ltd.
Senior Managing Director	Shozo Ishikawa	Senior Managing Director, Araco Corporation
Senior Managing Director	Masayuki Hattori	Senior Managing Director, Toyoda Boshoku Corporation
Senior Managing Director	Yoshihiko Doi	Senior Managing Director, Toyoda Boshoku Corporation
Managing Director	Tadaaki Sawasaki	Managing Director, Toyoda Boshoku Corporation
Managing Director	Kiyoshi Imaizumi	Managing Director, Araco Corporation
Managing Director	Noriyuki Yokouchi	Senior Managing Director, Takanichi Co., Ltd.
Managing Director	Mitsuyuki Noguchi	Managing Director, Araco Corporation
Managing Director	Terutsune Moto	Managing Director, Araco Corporation
Managing Director	Norikazu Fujikawa	Managing Director, Takanichi Co., Ltd.
Managing Director	Hiroyoshi Ono	Director, Araco Corporation
Managing Director	Ritsuo Torii	Director, Araco Corporation
Director	Akihiko Saito	Director, Toyoda Boshoku Corporation Executive Vice President, Toyota Motor Corporation

2) Auditors (6)

Auditor (fulltime)	Yutaka Ueda	Senior Managing Director, Toyoda Boshoku Corporation
Auditor (fulltime)	Minoru Ikeda	Auditor (fulltime), Takanichi Co., Ltd.
Auditor (fulltime)	Kuniyuki Kitayama	Auditor (fulltime), Araco Corporation
Auditor	Katsuaki Watanabe	Auditor, Toyoda Boshoku Corporation Executive Vice President, Toyota Motor Corporation
Auditor	Tadashi Ishikawa	Auditor, Toyoda Boshoku Corporation President, Toyota Industries Corporation
Auditor	Hiromu Okabe	Vice Chairman, Denso Corporation

3) Managing Executive Officers and Executive Officers (25)

Managing Executive Officer	Hideki Murase	Managing Director, Toyoda Boshoku Corporation
Managing Executive Officer	Yasushi Nakagawa	Managing Director, Takanichi Co., Ltd.
Managing Executive Officer	Kunishiko Terasaka	Managing Director, Takanichi Co., Ltd.
Managing Executive Officer	Koichi Sawa	Director, Araco Corporation
Managing Executive Officer	Tadashi Naito	Director, Araco Corporation
Managing Executive Officer	Kenji Kawabata	Director, Takanichi Co., Ltd.
Managing Executive Officer	Tsuyoshi Kuriyamoto	Director, Toyoda Boshoku Corporation
Executive officer	Shozo Oshima	Associate Director, Araco Corporation
Executive officer	Hideo Kawakubo	Associate Director, Araco Corporation
Executive officer	Hidemi Itatani	Director, Takanichi Co., Ltd.
Executive officer	Noriyuki Shimada	Associate Director, Araco Corporation
Executive officer	Toshimitsu Watanabe	Director, Toyoda Boshoku Corporation
Executive officer	Ikuo Sengoku	Director, Toyoda Boshoku Corporation
Executive officer	Yoshio Taguchi	Director, Toyoda Boshoku Corporation
Executive officer	Toru Nakabayashi	Director, Takanichi Co., Ltd.
Executive officer	Kazutami Shibata	Associate Director, Araco Corporation
Executive officer	Nobuyuki Kobayashi	Director, Toyoda Boshoku Corporation
Executive officer	Akira Furusawa	Associate Director, Araco Corporation
Executive officer	Koichi Terasaka	Associate Director, Araco Corporation
Executive officer	Yasunobu Hara	General Manager, Toyota Motor Corporation
Executive officer	Masafumi Suzuki	Director, Toyoda Boshoku Corporation
Executive officer	Hiroshi Ueda	Director, Toyoda Boshoku Corporation
Executive officer	Katashi Sakai	Manager, Araco Corporation
Executive officer	Toshiyuki Tsutaki	Director, Takanichi Co., Ltd.
Executive officer	Takumi Shimizu	Manager, Takanichi Co., Ltd.

4) Overseas Officers (with Managing Executive Officer and Executive Officer status) (8)

President (with Managing Executive Officer status), TMI	Kazuo Ando	Director, Araco Corporation
President (with Managing Executive Officer status), TBDN	Keiichi Suzuki	Director, Toyoda Boshoku Corporation
President (with Managing Executive Officer status), Shin San Shing Co., Ltd.	Masahiko Adachi	Associate Director, Araco Corporation
President (with Executive Officer status), STB	Koji Iida	Director, Toyoda Boshoku Corporation
President (with Executive Officer status), TISA	Masaki Katsuragi	Director, Takanichi Co., Ltd.

President (with Executive Officer status), TID	Kunihiko Kiyohara	Director, Takanichi Co., Ltd.
President (with Executive Officer status), Tianjin Kahou	Fumitaka Ito	Associate Director, Araco Corporation
Vice President (with Executive Officer status), TMI	Toru Miyata	Manager, Araco Corporation

Note: Toyoda Boshoku vice president Hiroyuki Nakamura will resign as director on September 30, 2004 as a result of the implementation of the foregoing organization.