

Press Release

July 2, 2007

Akebono Brake Realigns Japan Production Network

TOKYO – Akebono Brake Industry Co., Ltd. (“Akebono”) announced a decision to realign its manufacturing operations in Japan, mainly in the Eastern region, as part of its efforts to achieve its Global-30 mid-term management plan.

1. Reason for realignment

Akebono faces an increasingly challenging business environment in Japan due to lower automotive production, as Japanese automotive manufacturers shift production abroad to keep pace with globalization. To succeed in the current business environment of fierce global competition, Akebono must strengthen and reinforce coordination among its Japanese, US, European and Asian businesses, and build a foundation to expand sales worldwide. The Akebono Group will act as one to dramatically reduce costs and comprehensively strengthen global cost competitiveness. As a first step to accelerate this globalization, Akebono will effectively utilize and concentrate its managerial resources by realigning its Japan manufacturing operations, which play a central and leading role in the Group. The realignment is expected to build a sound business foundation that can lower prices, expand global sales, and withstand cost competition.

2. Manufacturing network realignment

The production realignment will be done as follows.

Manufacturing company	Products for transfer	Main transfer recipient(s)
Akebono Brake Miharu Manufacturing Co., Ltd.	Disc brakes and other brake products (All production items to be transferred)	Akebono Brake Fukushima Manufacturing Co., Ltd. Akebono Brake Iwatsuki Manufacturing Co., Ltd. Akebono Brake Yamagata Manufacturing Co., Ltd.
Akebono Brake Iwaki Co., Ltd.	Rebuilt brakes and other brake products (All production items to be transferred)	Akebono Brake Fukushima Manufacturing Co., Ltd.
Akebono Brake Hanyu Manufacturing Co., Ltd.	Disc brake pads (excluding low volume items)	Akebono Brake Yamagata Manufacturing Co., Ltd. Akebono Brake Fukushima Manufacturing Co., Ltd.

A capital investment of approximately 4.5 billion yen is planned for a 2 year period from fiscal 2007 to the end of March 2009 to expand the Akebono Brake Fukushima Manufacturing Co., Ltd. plant and facilitate other aspects of the realignment. Under the new framework, Akebono will strengthen the competitiveness of its Japan business, which is expected to face intensified competition, and optimize managerial resources by recalibrating production capacity and equipment.

3. Impact on financial results

The realignment is expected to take 2 years to implement and therefore a slight effect on the results for fiscal 2007 is expected.

4. Employees

Currently a new casting foundry is under construction in Tatebayashi City, Gunma Prefecture. The foundry is expected to begin operations in April 2008. Akebono will proceed to discuss employment conditions with the labor union, with a view to creating and securing employment.

5. Outline of affected manufacturing subsidiaries (as of March 31, 2007)

	Akebono Brake Yamagata Manufacturing Co., Ltd.	Akebono Brake Fukushima Manufacturing Co., Ltd.	Akebono Brake Miharu Manufacturing Co., Ltd.
Location	Sakae City Yamagata Prefecture	Koori Town Fukushima Prefecture	Miharu Town Fukushima Prefecture
Ownership	100%	100%	100%
Net sales	11,567 million yen	7,916 million yen	9,233 million yen
President & Representative Director	Kenichi Gunji	Kazumi Saito	Yoshiaki Maeda
Employees	315	341	297
Business area	Production of disc brake pads	Production of brake linings and friction material for industrial machinery and rolling stock	Production of disc brakes and brake components

	Akebono Brake Iwaki Co., Ltd.	Akebono Brake Hanyu Manufacturing Co., Ltd.	Akebono Brake Iwatsuki Manufacturing Co., Ltd.
Location	Yabuki Town Fukushima Prefecture	Hanyu City Saitama Prefecture	Iwatsuki Ward Saitama City Saitama Prefecture
Ownership	100%	100%	100%
Net sales	1,546 million yen	4,187 million yen	27,093 million yen
President & Representative Director	Hideo Muto	Kiyoshi Kondo	Mitsuo Sato
Employees	92	186	630
Business area	Production of rebuilt brakes	Production of disc brake pads	Production of disc brakes and drum brakes

About Akebono Brake Industry Co., Ltd.

Akebono Brake Industry, Co., Ltd. (TSE: 7238), founded in 1929, is a world leader in advanced brake and friction material development and production. Akebono's portfolio includes brake products for automobiles, motorbikes, rolling stock, industrial machinery, and sensor products. For automotive OEM disc brake pads, Akebono has the top share in Japan at approximately 40% and a global market

share of approximately 20%. The Akebono Group operates R&D centers in Japan, the United States and France, and has wholly owned or affiliated manufacturing facilities in Japan, the United States, France, China, Thailand and Indonesia. Akebono recorded net sales of 173.2 billion yen in the fiscal year ended March 31, 2007, and employs nearly 7,000 people worldwide on a consolidated basis.

#