

Press Release

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Realignment of Akebono Brake's North American Manufacturing Operations

Akebono Brake Industry Co., Ltd., aiming to position itself as a leading low-cost, tier-two brake supplier on a global basis, is striving to reinforce operations through the concentration and more effective application of corporate resources. In response to drastic changes in the North American business environment, US production facilities were realigned in 2006, while the headquarters operations of Akebono's North American holding company were relocated from Michigan to Kentucky. In 2007, cooperation with the ITOCHU Group was strengthened as it acquired an interest in said North American holding company. Now, as a further measure, Akebono's three production plants in the US, all of which are in Kentucky, will be consolidated into two facilities as outlined below.

In detail, production at Akebono Brake, Springfield Plant (officially registered as Amtec Brake LLC), including the manufacture of disc brake pads for the aftermarket and rebuilt caliper products developed from an ecological perspective, will be transferred this autumn to Akebono Brake, Glasgow Plant (officially registered as Amak Brake LLC). Following the transfer, Akebono Brake, Springfield Plant will be closed by year-end, leaving two remaining North American production facilities in Akebono Brake, Elizabethtown Plant (officially registered as Ambrake Corporation) and the aforementioned Akebono Brake, Glasgow Plant.

As a result of the above rationalization, fixed costs are expected to fall by more than 2.5 million US dollars per year, while brake pads for the aftermarket in particular will be rendered more cost-competitive, leading to increased earnings and overall business expansion. To handle the newly transferred business, investment of 7 million US dollars is planned for Akebono Brake, Glasgow Plant. Though the facilities and land at Akebono Brake, Springfield Plant will be appropriately disposed of, the transfer of production is expected to incur an extraordinary loss of 4-4.5 million US dollars for the fiscal year ending March 31, 2009. Impact on results for the fiscal year ending March 31, 2008 is expected to be negligible.

Moreover, all of the approximately 180 associates currently working at Akebono Brake, Springfield Plant will be given the option of reassignment to either of the two remaining facilities in Kentucky.

With the increasing severity of conditions in the North American automotive industry, it is absolutely essential that the Akebono Group thoroughly reduces costs and expands its business base in order to ensure survival amidst ever intensifying competition. Based on Akebono's 20 years of successful operations in North America, further advances will be secured through continued efforts to enhance production efficiencies at the two Kentucky facilities, as the entire Akebono Group boldly and aggressively takes on fresh challenges.