

# Business-related Topics

## ZEON's activities in FY2007

### Theme 1 Kawasaki Plant

In July 2007, ZEON installed an advanced industrial waste treatment facility at its Kawasaki Plant. The plant, located in the Keihin Industrial Complex close to Tokyo, has long been involved in environmental safety measures to become an earth-friendly urban plant. While providing the capacity for treating nearly the same volume of industrial waste as conventional facilities, the dry distillation type incinerator at the new industrial waste treatment facility, by gasifying and burning waste industrial waste, can reduce the concentration of hazardous substances by 90% and cut gas emission volumes by 40% overall.



Kawasaki Plant

### Theme 2 Monodzukuri Nippon Grand Award

In August 2007, ZEON was awarded the Minister of Economy, Trade and Industry's Prize in the Products and Technologies Development Category at the 2nd Monodzukuri Nippon Grand Award, established as part of the system of commendations from the Prime Minister. ZEON's award-winning technology was based on the development of optical films for LCDs utilizing the sheet extrusion process. It won high acclaim for its



IEEE CPMT Young Award

contribution to the monodzukuri (manufacturing) culture that supports Japanese industry.

ZEON embraced the challenge of developing a product that had long been considered unachievable, succeeded in developing an innovative production method, and in 2002 released "ZEONORFILM®." Later, ZEON also succeeded in developing the world's first wide biaxial stretched optical films, and released these films under the brand "new ZEONORFILM®" in 2004. These innovations not only improved the quality of LCD televisions and reduced manufacturing costs, but also significantly reduced the environmental impact.

### Theme 3 Himi Plant

In September 2007, ZEON's wholly owned subsidiary Optes Co., Ltd. completed construction of the new Himi Plant at the Toyama Plant. This addition strengthens ZEON's production structure for responding to the rapidly growing demand for new ZEONOR FILM® (stretched film) along with the growing size of LCD TVs. ZEON decided to proceed with the second and third investment phases to raise production capacity at the Himi Plant, aiming to start in FY2008. At the existing Takaoka Plant, capital investment to boost production capacity for optical film rolls to 40 million m<sup>2</sup> and capacity for the new ZEONORFILM® to 30 million m<sup>2</sup> is complete. With the addition of the Himi Plant, ZEON plans to raise annual production capacity to 75 million m<sup>2</sup>. Going forward, ZEON will invest capital in stages, with the aim of increasing the annual production of all types of optical film for large-size LCD televisions to 100 million m<sup>2</sup> in the future.



Himi Plant

### Theme 4 Color Toner Operations

ZEON has fully entered the business of producing color toner for high-resolution photocopiers, which has high growth potential. Most toners are produced by the companies that manufacture the copy machines, so ZEON is one of only a handful of independent toner manufacturers. In 2007, ZEON began production



Laser printer using polymerized toner

of its yellow polymerized toner at a pilot plant. In January 2008, ZEON invested approximately ¥3 billion to build a 500-ton capacity plant at its Tokuyama Plant, and began full production. With the production of blue and red toner scheduled to commence in 2009, ZEON will begin construction of new plants.

### Theme 5 NBR European Commission

In January 2008, ZEON Corporation and its European subsidiaries, ZEON Europe GmbH and ZEON Chemicals Europe Ltd., received notification of a decision from the European Commission regarding an allegation of infringement of the competition law in the acrylonitrile butadiene rubber (NBR) market in Europe. Reviewing the decision in light of various factors, ZEON decided that it would not appeal, as the company is committed to compliance with laws and regulations as an important objective underpinning its management. Going forward, ZEON will endeavor to strengthen its compliance structures and to prevent such incidents from happening again.

### Theme 6 Integrated Production Center

In April 2008, construction of the Integrated Production Center (IPC) at the Mizushima Plant was completed and the facility began operations. In order to bolster on-site manufacturing, ZEON has been introducing Daicel's innovative production approach at the manufacturing worksite. The IPC serves as an integrated manufacturing base, through which ZEON will evolve its personnel and organization as well as production and information systems, reform its corporate culture, and develop human resources in a framework of continuous, self-directed quality improvement at the workplace. Through the IPC, ZEON hopes to achieve the following: 1) reformed corporate culture, 2) stable and safe production, 3) transformation of skills and know-how into visible technologies and handing down of expertise, 4) human resource development, 5) improved productivity, and 6) reduced manufacturing costs. In order to integrate the IPC with all our practical manufacturing functions, the IPC building can withstand earthquakes of magnitude 7 and above, and features countermeasures against tsunami and ground liquefaction.



Integrated Production Center