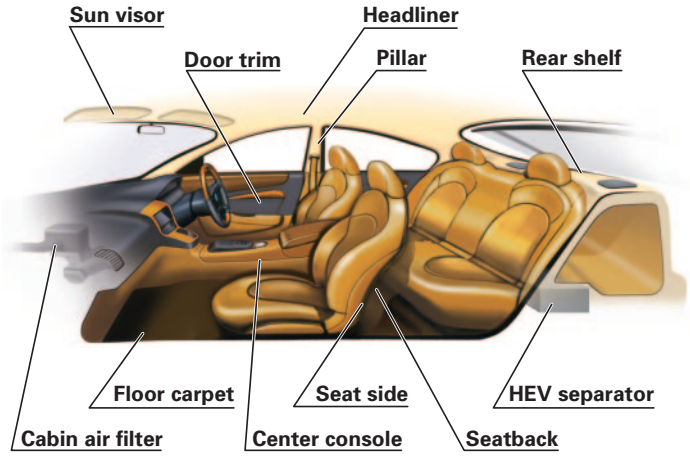
The Expanding Automotive Products Business: Today

At present, automobile-related products generate more than 40% of the Japan Vilene Group's consolidated net sales. They are also the biggest source of growth within the Group. With the exception of apparel materials, four of our five business segments are related to the automotive industry in some way. The automotive industry has a broad base and represents a highly promising market for the future.

A Strategic Business

Under the "Value" medium-term management plan, we have grouped our businesses into four categories to facilitate the efficient allocation of resources. They are: businesses with strategic significance; businesses with stable earnings; businesses undergoing structural change, and newly developing businesses. In addition to being the fastest-growing fields at the present time, businesses with strategic significance are also those we intend to expand. Floor mats and headliners for cars and separators for hybrid car batteries come under this category. We have earmarked such products as nanofibers as newly developing businesses and anticipate their use in liquid filtration, battery separators and more.



Car Floor Mat Business

Sales of car floor mats account for 70% of sales in the automotive materials segment. Today, the Japan Vilene Group has manufacturing and sales operations in three regions worldwide. In North America, there is VIAM Manufacturing Inc. in California and VIAM (TN) Ltd. Partnership in Tennessee. In China, we have Tianjin VIAM Automotive Products Co., Ltd., in Tianjin. In Japan, we have Japan VIAM Co., Ltd., in Shiga Prefecture. VIAM Manufacturing already holds more than a 20% share of the car floor mat market in North America and is expanding sales, primarily to Japanese automakers with local operations. Meanwhile, VIAM (TN) Ltd. Partnership continues to expand its production capacity, with the aim of increasing its market share to 30% by 2008.


Japan VIAM Co., Ltd.


Tianjin VIAM Automotive Products Co., Ltd.


VIAM (TN) Ltd. Partnership

Headliners and Interior Materials

Today, automotive headliners and interior materials are manufactured and sold by four companies in the Japan Vilene Group: Japan Vilene in Shiga, Japan; Freudenberg Vitech Ltd. Partnership (KY) in Kentucky, United States; Freudenberg & Vilene Nonwovens (Suzhou) Co., Ltd. in Suzhou, China; and Korea Vilene Co., Ltd. in Seoul, South Korea. To meet the environmental standards of automobile manufacturers, these companies use recycled PET fiber materials made by Oyama Chemical Co., Ltd., and Korea Vilene Co., Ltd. We plan to develop products with added functions and promote and expand their supply in North America, China, and Southeast Asia.

Freudenberg Vitech Ltd. Partnership

Freudenberg & Vilene Nonwovens (Suzhou) Co., Ltd.

Korea Vilene Co., Ltd.

Battery Separators for Hybrid Vehicles

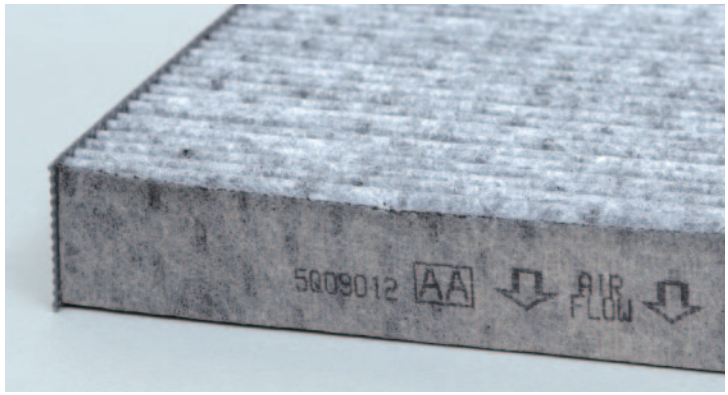
The Japan Vilene Group currently boasts a big share of the market for separators used in nickel-hydrogen batteries for hybrid vehicles. To guarantee our competitive edge in the growing hybrid vehicle market, we place great importance on our ongoing research and development work on separators made from other highly functional nonwovens.

Photo provided by Panasonic EV Energy Co.,Ltd

Air Filters

The manufacture and sale of engine intake air filters and cabin air filters for automotive applications is undertaken by Japan Vilene in Shiga, Japan, and Freudenberg & Vilene Filter (Changchun) Co., Ltd., in Changchun, China.

In Japan, the market for an anti-allergenic deodorizing filter developed by Japan Vilene continues to expand. This three-layered filter uses a nonwoven impregnated with an agent that suppresses the movement of pollen allergens. It also removes the smell of exhaust fumes and odors generated inside the cabin. We are currently developing cabin air filters with deodorizing and yellow dust removal functions for markets in China and other Asian countries.



Freudenberg & Vilene Filter (Changchun) Co., Ltd.