

**Hearing Testimony for Mr. Takahiro Aimoto
Group Leader, Thin Steel Sales Group, Thin Steel Sheet & Building Material Dept.,
Toyo Kohan**

Good afternoon. My name is Takahiro Aimoto. I am the Group Leader of the Thin Steel Sales Group at Toyo Kohan, which is responsible for our worldwide sales of nickel-plated steel. I am joined today by my colleagues Motoko Yamashita and Naoko Kawaguchi. We appreciate the opportunity to appear at this hearing.

I would like to address the claim by Thomas that Toyo Kohan “targeted” the double-A battery can business at Duracell with aggressive low prices. There are two important reasons why this claim is not correct. First, I have reviewed the details of our RFQ response to Duracell in December 2011, when Toyo Kohan was given additional double-A can business in the United States. We did not make any special offer to win this business. In preparing our response to Duracell’s RFQ, we used the same pricing formula for every Duracell specification and every region. Other than reflecting changes in our price for raw material inputs, we did not make any price adjustments in responding to this RFQ. We did nothing to specifically target the double-A can business in the United States.

Second, negotiations for nickel-plated steel are not just about price. Nickel-plated steel is important for our customers’ manufacturing efficiency, for battery performance, and even for consumer safety in using batteries. In our experience, our customers are very concerned about quality, product consistency, and reliability of supply. We also try to partner with our customers to propose creative ideas to improve efficiency and reduce costs. Our customers typically rate us highly on technical collaboration and quality, but we often get feedback that our prices are not very competitive.

Our shipments to the United States are **not** likely to increase anytime soon. We understand that Duracell’s nickel-plated steel allocations are already set through the middle of

next year. We have no history of supplying any nickel-plated steel to Energizer, and are not engaged in any qualification testing.

The main opportunities for our nickel-plated steel business for the future are in Asia. Our data indicate that the overall market for battery steel in Asia is large and is growing quickly. Our customer Panasonic is expanding its capacity in Japan to produce rechargeable lithium-ion batteries, which use our nickel-plated steel. Other customers are also building new capacity to produce batteries in China and Asia. We also expect that more of these batteries will be produced using diffusion-annealed nickel plated steel, both for better performance and for environmental considerations in Asia. We already have a joint venture in China called Toyo Leeds producing nickel-plated steel, and we are well-positioned to compete for business in Asia. We know the market and we know the customers.

Thank you for your attention. We will be pleased to respond to any questions.