

May 12, 2006

Dear Sirs,

Issuance of New Shares via the Third-Party Allocation

In accordance with the resolution of the board of directors held on May 12, 2006, Toyo Engineering Corporation("Toyo") announced that Toyo has decided to increase its capital via a third-party allocation which will all be acquired by Mitsui & Co., Ltd.("Mitsui"). This capital increase is scheduled to take place on May 31, 2006, assuming validity in compliance with the stipulations of the Securities and Exchange Law. Details of which are as follows;

1 Conditions of the Issuance

(1)	Number of shares	17,100,000 shares (common stock)
(2)	Price	605 yen per share
(3)	Total amount payable	10,345,500,000 yen
(4)	Number of shares currently held by Mitsui	26,670,000 shares(15.37% of total voting rights as of March 31, 2006)
(5)	Number of shares Mitsui will hold after acquisition	43,770,000 shares (22.97% of total voting rights as of May 31, 2006)

2. Purpose of the increase

Toyo intends to utilize the capital gained from this third-party allocation as funds for working capital against large-scale projects and new investments in line with mid-term corporate strategic plan from fiscal year 2006 to 2008, as well as to enhance its financial strength. Toyo also intends to reinforce the relationship with Mitsui for increasing orders and developing its sales activities. Mitsui is currently the second largest shareholder in Toyo and will become the largest shareholder in Toyo as a result of the acquisition.

For inquires on this matter, please contact:

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