

New Mid Term Growth Plan

January 25, 2005

KUREHA CHEMICAL INDUSTRY CO., LTD.

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Profile of the Kureha Chemical Group

Overview of Kureha Chemical Industry Co., Ltd.

- Established: June 21, 1944
- Paid-in Capital: 12.46 billion yen (Sep '04)
- Operations: Manufacture and sale of advanced materials, specialty chemicals, and specialty plastics. Also engaged in related businesses
- Sales: 135 billion yen (consolidated), 83.6 billion yen (non-consolidated) (Mar '04)
- Total Assets: 170.9 billion yen (consolidated), 135.8 billion yen (non-consolidated) (Sep '04)
- Number of Employees: 3,880 (consolidated), 1,415 (non-consolidated) (Sep '04)
- Head Office: 1-9-11, Nihonbashi Horidome-cho, Chuo-ku, Tokyo 103-8552, Japan

Overview of Affiliate Companies (Kureha has 35 Consolidated Subsidiaries)

- Advanced Materials: Five consolidated subsidiaries -- Kreha Corporation of America, Kureha Chemicals GmbH, Kureha KPS, Inc., Kureha Chemicals Shanghai Co., Ltd., Resinous Kasei Co., Ltd.
- Specialty Chemicals: No consolidated subsidiaries
- Specialty Plastics: 10 consolidated subsidiaries -- Krehalon Industrie B.V. and five other subsidiaries engaged in the packaging products business in Europe, Kureha Plastics Co., Ltd., Kureha Gosen Co., Ltd., Kakogawa Plastics Co., Ltd., Sanko Plastics Co., Ltd.
- Other Operations: 20 consolidated subsidiaries -- Kureha Techno Eng Co., Ltd., Kureha Environmental Engineering Co., Ltd., Kureha Special Laboratory Co., Ltd., Nishiki Trading Co., Ltd., Kureha Transport Co., Ltd., Kureha Construction Co., Ltd., and 14 other companies

I. Corporate Vision

I-1. Results of Former Mid Term Growth Plan and Goals of New Plan

**Results of Former Plan
(April 01-current)**

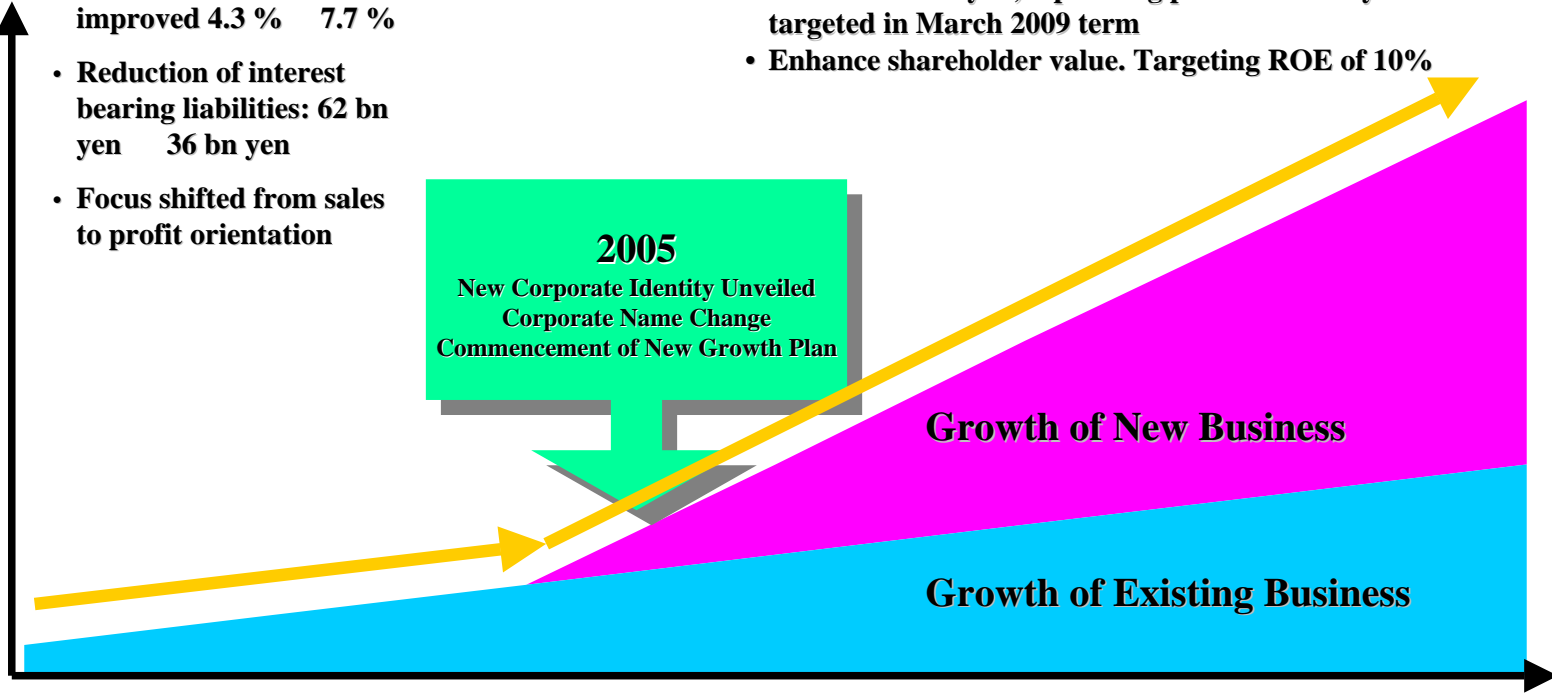
Corporate Value

- Operating profit margins improved 4.3 % 7.7 %
- Reduction of interest bearing liabilities: 62 bn yen 36 bn yen
- Focus shifted from sales to profit orientation

**Goals of New Plan
(April 05-March 09 Term)**

- Expand business areas with profit growth
- Sales of 180 bn yen; Operating profit of 20 bn yen targeted in March 2009 term
- Enhance shareholder value. Targeting ROE of 10%

2005
New Corporate Identity Unveiled
Corporate Name Change
Commencement of New Growth Plan



The Future

I-2. New Corporate Identity

1944 Kureha Chemical Industry Co., Ltd. established

2004 60 year anniversary

To mark the celebration of its 60th anniversary, Kureha unveiled a new corporate identity that is in line with its strategy of pursuing sustained growth into the 21st century. For the purpose of clarifying its new direction, and communicating both internally and externally, it created a new Corporate Identity Committee:

New Corporate Identity Committee

Key elements of Kureha's new corporate identity:

Mission

Corporate Philosophy

Employee Code of Conduct

I-3. New Corporate Identity (continued)

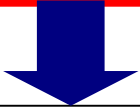
Mission

- The pursuit of excellence



Corporate Philosophy

- We treasure people and the natural environment
- We constantly evolve through innovation
- We contribute to society by developing beneficial products



Employee Code of Conduct

We always act as global corporate citizens, recognizing our corporate social responsibilities.

In relation to our clients: Customer satisfaction is our prime priority

In relation to our work: We will always pursue progress and innovation. We will maintain a global perspective as we respond to change

In relation to our colleagues: Mutual respect and teamwork will always be fundamental to sound employee relationships

Corporate Philosophy

Corporate Conscience

We treasure people and the natural environment

Corporate Purpose

We constantly evolve through innovation

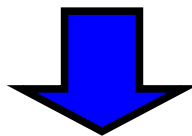
Corporate Commitment

**We contribute to society by developing
beneficial products**

I-4. New Company Name

**Reflecting the new corporate identity,
our company name will change from:**

KUREHA CHEMICAL INDUSTRY CO., LTD .



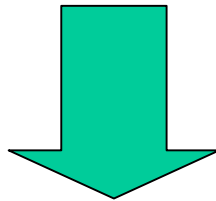
KUREHA CORPORATION

(as of October, 2005)

**A modification of Kureha's Articles of Incorporation to be
proposed at the June 2005 Annual Shareholders' Meeting**

“KUREHA CORPORATION”

- ❖ The new company name illustrates our commitment to pursuing sustained growth by expanding beyond the chemical industry
- ❖ The new name is also easy to understand and to read



Building a New Corporate Brand

II. Outline of New Mid Term Growth Plan

II-1. Results of Former Mid Term Plan (April 01 - current)

Quantitative Results

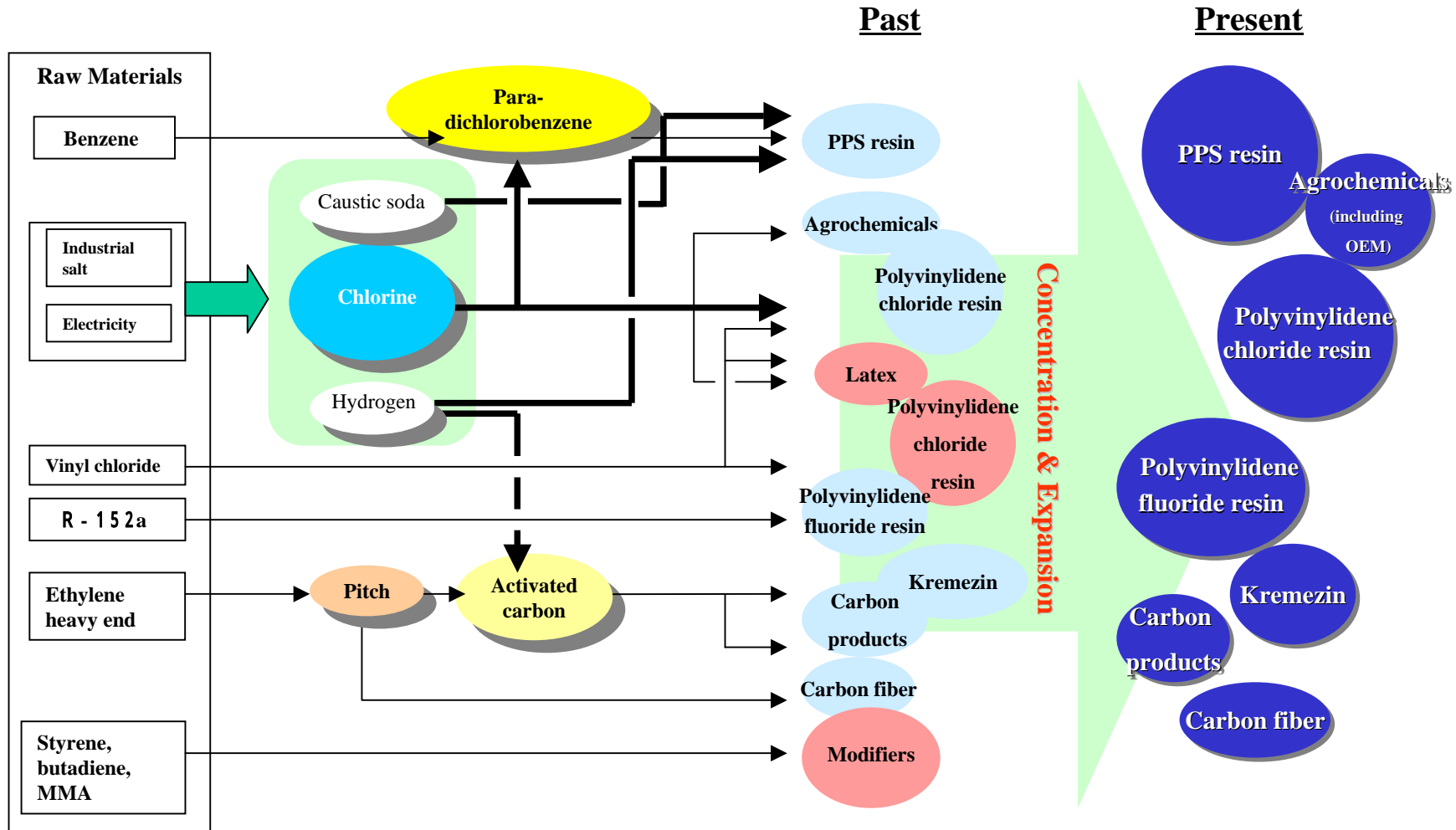
- ✓ Improved operating profit margin (4.3% → 7.7%)
- ✓ Increased operating profit (6.3 bn yen → 10.5 bn yen)
- ✓ Strengthened balance sheet by reduction of interest bearing liabilities (62 bn yen → 36 bn yen)
- ✓ Improved return on equity (ROE) (2% → 5%)

Qualitative Issues

- ✓ Shift to profit-orientation by launching products based on market demand
- ✓ Change mindset of engineers so that they concentrate on developing products with greater business prospects, that meet marketability benchmarks

II-2. Former Mid Term Plan ~ Specialty Products

Nishiki Plant Product Groups



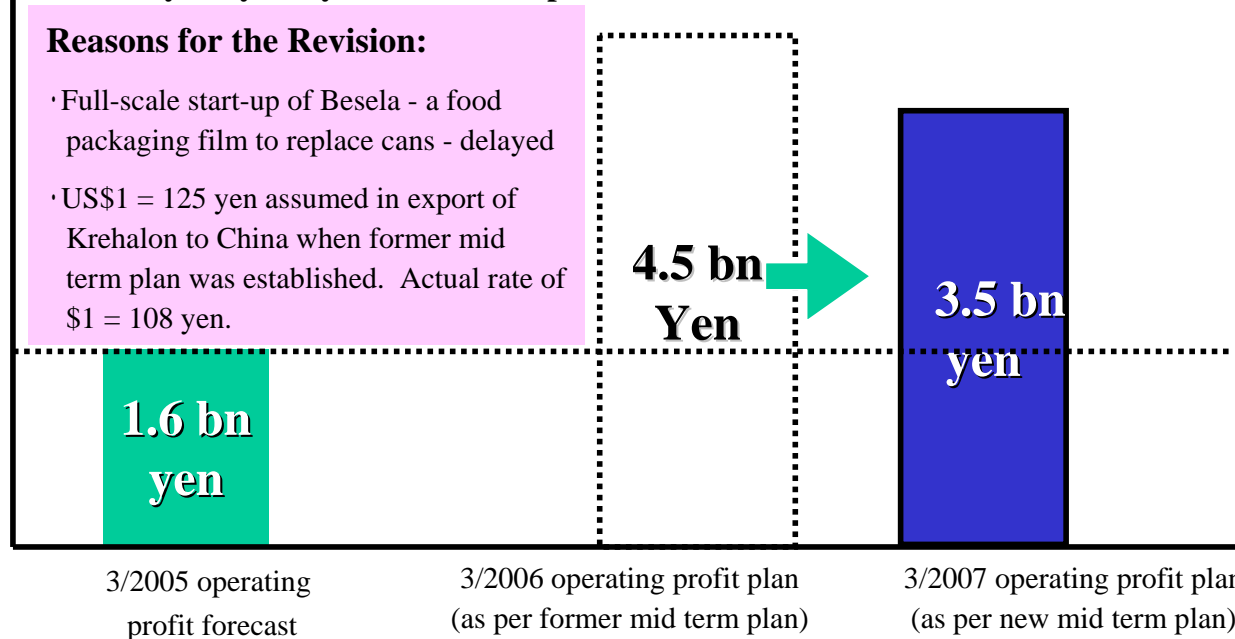
II-3. Former Mid Term Plan ~ Specialty Plastics Business

Under New Mid Term Growth Plan, Former 3/2006 Total Operating Profit Plan of Y14 bn Becomes Forecast for 3/2007

Former operating profit plan for plastics business of Y4.5 bn in 3/2006 term reduced to Y3.5 bn and delayed by one year under new plan

Reasons for the Revision:

- Full-scale start-up of Besela - a food packaging film to replace cans - delayed
- US\$1 = 125 yen assumed in export of Krehalon to China when former mid term plan was established. Actual rate of \$1 = 108 yen.



Initiatives in Plastics Products Business:

Besela

Compliance with food sanitation standards in Europe and the USA.

Completed development of cost competitive products

Krehalon for China

Currently developing low cost strategies resilient to currency fluctuations

Commence operations of Nantong factory in China in October, 2005

II-4. New Mid Term Plan ~ Basic Summary

Period	Four years from 3/2006 term to 3/2009 term
Targets (for year to 3/2009)	Sales: 180 bn yen Operating profit: 20 bn yen ROE: 10%
Policies	<p>Business & Development:</p> <ul style="list-style-type: none"> Overseas market development; focus on high value-added products; consolidation and withdrawal from less profitable products; strategic alliances; early establishment of new businesses; M&A <p>Production & Technology:</p> <ul style="list-style-type: none"> Establish world class production sites; promote environmentally friendly activities <p>Personnel:</p> <ul style="list-style-type: none"> Secure required personnel (overseas, production technology, etc.); utilize outsourcing; establish performance based remuneration system <p>Financial Affairs:</p> <ul style="list-style-type: none"> Unwind cross shareholdings in group companies; improve efficiency of capital utilization and diversify capital raising <p>Logistics:</p> <ul style="list-style-type: none"> Optimize distribution

II-5. Comparison of Former and New Mid Term Plans

- Continue process of selecting and concentrating on key growth businesses
- Continue to promote fundamental concepts of former mid term plan
- Expand ‘marketability benchmarks’ concept applied to product development, under the former mid term plan, to all areas of the business

Former Mid Term Plan

- **Internal reforms achieved**
- **Increased production capacity and improved cost competitiveness of Nishiki factory**
- **Developed specialty products businesses**
- **Established strengths in areas where substantial market demand exists**
- **Boosted research and development**



New Mid Term Plan

- **Increase sales by expanding profitable businesses**
- **Establish manufacturing system capable of competing on global basis**
- **Expand global business**
- **Accelerate capex**

II-6. Current Mid Term Plan – Operating Profit Forecasts and Key Success Factors by Business Segment

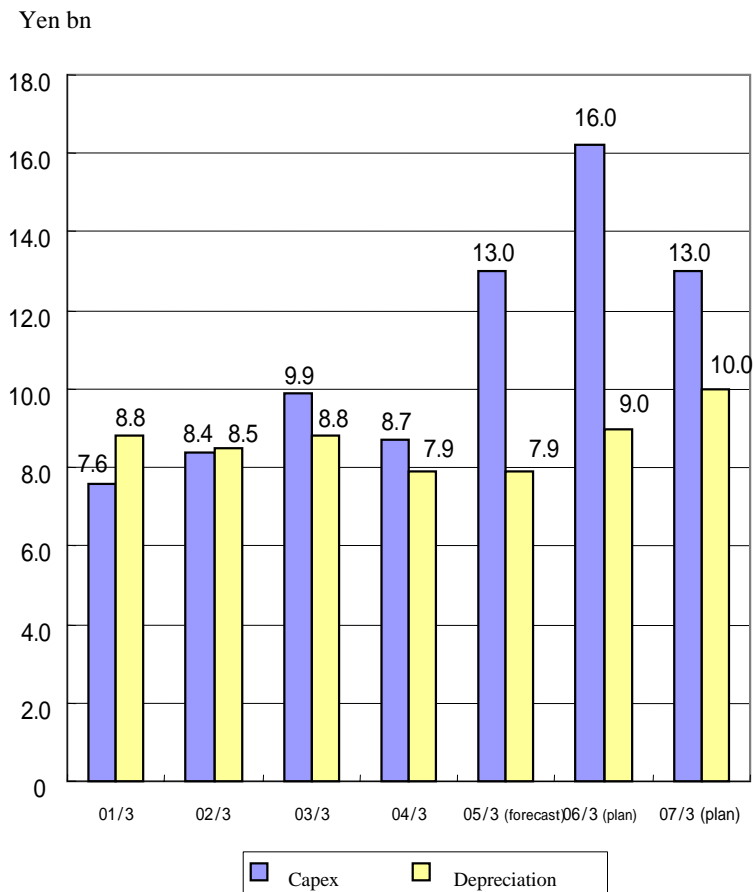
	3/2005 (Yen bn)	3/2007 (Yen bn)	Key Success Factors	3/2009 (Yen bn)	Key Success Factors
Advanced Materials	3.6	4.0	Steadily expand PPS resin, polyvinylidene fluoride resin, Krefine, and other businesses	7.0	Global expansion of PPS resin business and promote contribution from Solar Control Material and other new products
Specialty Chemicals	3.5	4.0	Continue to expand market for Krestin, and promote Kremezin (generic products and price revisions are negative factors)	4.5	Increase number of countries registered for agrochemical distribution. Expand overseas market for Kremezin. Domestic market to grow when Kremezin becomes a standard treatment
Specialty Plastics	1.6	3.5	Increase profitability of key products such as Besela, ML, home products, etc.	5.5	Firmly establish Besela and Krehalon businesses overseas and expand household products business
Other Operations	1.9	2.5	Environment-related businesses to drive profit growth	3.0	Double profits from environment-related businesses
Total	10.5	14.0		20.0	

II-7. Theme (1) of New Mid Term Plan ~ Globalisation

	Target Markets	Production	Others
Advanced Materials	<ul style="list-style-type: none"> • Continue to promote globalization of PPS resin business • Aim for Krefine to be used by the world's top IT companies 	<ul style="list-style-type: none"> • Future production of Krefine to be outsourced with the aim of optimising production locations 	
Specialty Chemicals	<ul style="list-style-type: none"> • Kremezin to be developed in Korea, followed by China, USA and Europe • Expand worldwide registrations of Metconazole and Ipconazole • For anti-HIV agent, consider partnerships with major foreign manufacturers. Consider licensing or the sale of technology 	<ul style="list-style-type: none"> • Metconazole to be produced in India at low cost 	
Specialty Plastics	<ul style="list-style-type: none"> • Besela now complies with sanitation standards in USA (as of January 2004) and Europe (March 2004) • Accelerate sales of fishing line, Seaguar, in the US by restructuring sales system • PGA to be used by soft drink manufacturers throughout the world • Expand ML film business from Europe to worldwide as a new wrapping system 	<ul style="list-style-type: none"> • Factory for Krehalon in China is currently under construction under a joint venture with a local sausage manufacturer. To commence operation from October 2005 • Mass production plant for PGA is scheduled to be constructed once marketing period is completed 	<ul style="list-style-type: none"> • In home products, a business alliance has been created with US's Newell Rubbermaid Inc. Acquired exclusive distributorship in Japan for "Kureha-Rubbermaid-Container" brand storage containers

II-8. Theme (2) of New Mid Term Plan ~ Aggressive Investment

Trends in Capex and Depreciation



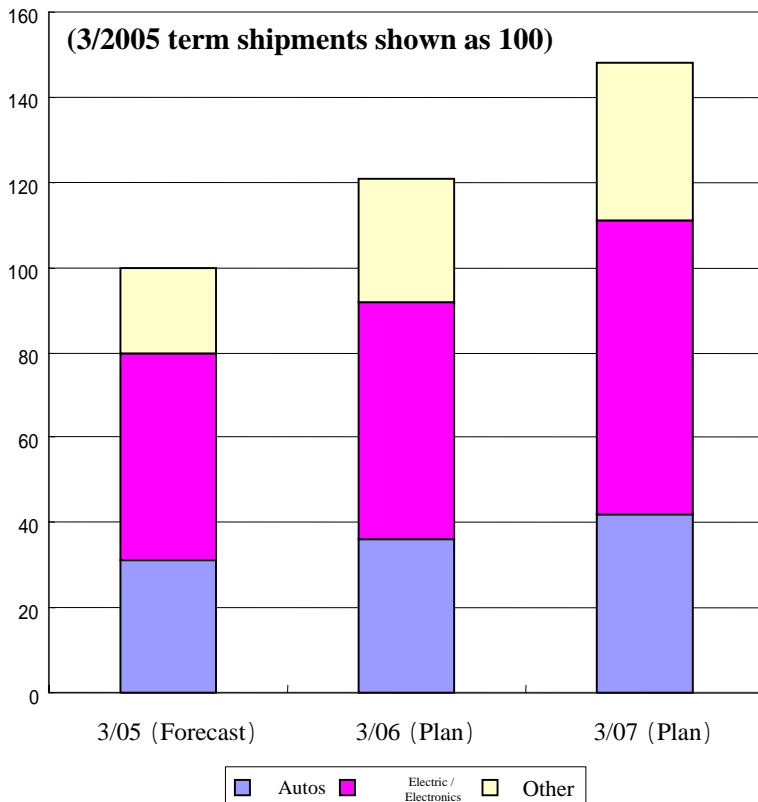
Business Expansion and Upgrading of Facilities

- ✓ Increase production capacity of advanced materials in which Kureha has competitive strength, such as PPS resin, polyvinylidene fluoride resins, etc. Annual capex of approximately 2-3 billion yen
- ✓ Spend approximately 2 billion yen per year to update Nishiki factory generator. Reduce running costs by optimizing spending on utilities using new power plant and the purchase of electricity at cheaper night rates
- ✓ Capex related to new products (R&D) to exceed 1 billion yen per year
- ✓ Capital expenditure related to ML film of 0.5 billion yen per year

III. Current Position and Outlook for Key Businesses

III-1. FORTRON KPS (PPS Resin)

Domestic Shipments of KPS Resin by Application (Forecast)

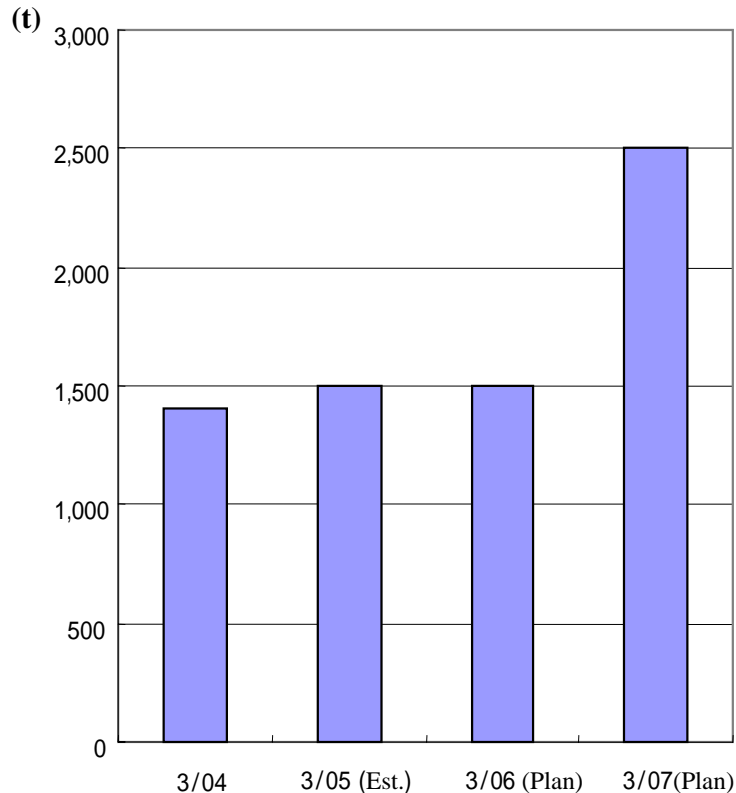


Gradually Expand Production Capacity and Maintain Earnings Growth Momentum

- ✓ Demand growing steadily due to competitive advantages of PPS, not only for use in auto electronic devices, but also in the electronics field
- ✓ **Price of PPS basic raw material, benzene, has skyrocketed, but Kureha is in strong position as it produces its own intermediates, para-dichlobenzene and sodium hydrogen sulfide**
- ✓ Domestic production capacity to be increased from current level of 6,200 t/year to 7,500 t/year in 4/05 term and 10,000 t/year in 4/06
- ✓ Production capacity of Fortron Industries, Kureha's 50% US joint venture, also to be increased from current level of 6,800 t/year to 8,500 t/year by 12/05. Additional capacity will ensure Kureha and Fortron Industries maintain position as the world's top producer of PPS resin
- ✓ Develop markets in Japan and Asia with Polyplastics Co., Ltd.
- ✓ Consider construction of factory in Asia

III-2. PVDF (Polyvinylidene Fluoride) Resin

Production Capacity of PVDF Polymers



With Demand Increasing Steadily, Polymer Production Capacity to be Increased

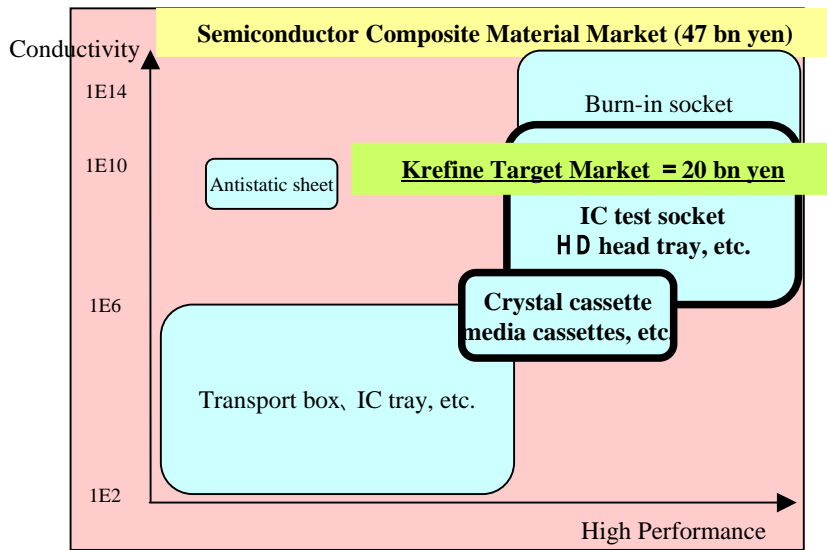
- ✓ Strong growth in existing applications, such as in valves for chemical plants, pipe coatings, etc. New usages also increasing, such as in battery materials (binders for Lithium-ion secondary batteries), filter membranes for water treatment, automotive tube coatings, and other applications. Exports are expected to grow, and sales are estimated to increase at an annual rate of 5 -10% per year
- ✓ Current polymer production capacity of 1,500 t/year to be increased to 2,500 t/year in 4/2006. Monomer production also to be increased as required. Investment to exceed 1 billion yen

Note: Kureha has a global market share of 70% for this application

III-3. Krefine (Electro Static Discharge Compounds)



IC test socket



Production of Molded Goods Contributing to Earnings

✓60 potential customers have been contacted this year, up from 40 companies last year. Currently focusing on 20 key customers (device manufacturers) by presenting them with a range of actual applications of this product. As a result, the number of potential products that use this technology has grown sharply

Krefine to make significant contribution to profits from 3/2006 term

✓Seven injection molding machines have been installed at group subsidiary, Kureha Gosen Co., Ltd. Number of applications has jumped now Kureha has in-house molding capabilities, which previously was causing a bottleneck for this business

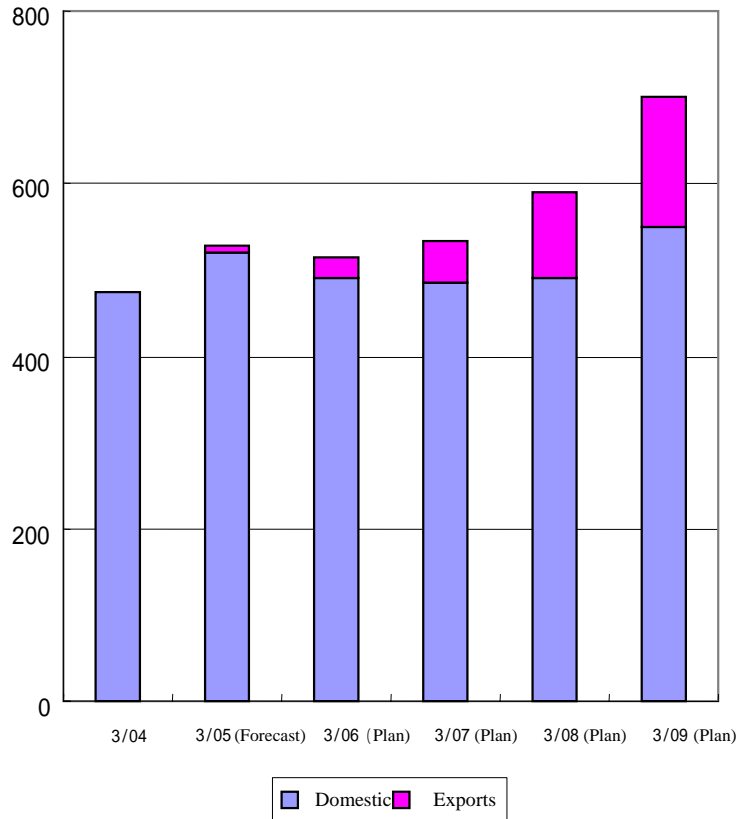
(Estimate of market size revised up from 13 bn yen last year to 20 bn yen this year)

✓Increase the value of this business by extending the value chain, i.e. by manufacturing raw materials through to the final products. In future, Kureha aims to optimize production locations by establishing a global outsourcing system

III-4. Kremezin (Chronic Renal Failure Treatment)

1000 Cases

Sales of Kremezin by Volume



After Leveling Out in 3/2007 term, Sales to Grow Reflecting

Development of Global Markets

- ✓ Generic products introduced by two companies last year
- ✓ Drug price revisions
- ✓ Sales in Korea to commence in February 2005
- ✓ Clinical trials to commence in China in 2005, where there is an estimated 100,000 kidney disease patients in the major coastal cities
- ✓ Domestic market to grow once Kremezin becomes a standard treatment in Japan (targeted for 2008)
- ✓ Sales in the USA scheduled to commence around 2009

III-5. Agrochemicals

Transform Agrochemicals in Global Business by Focusing on Metconazole and Ipconazole

(Both Agricultural Fungicides)

Metconazole: · Aiming to develop markets in North America, Asia and throughout the world, in addition to current markets in Europe and Central and South America

· Current production capacity of 150 t/year in Japan and 150 t/year in India

· Exports account for 50% of agrochemical sales, due to contribution from Metconazole

Ipconazole: · Select partners and commence marketing activities related to foliage applications in Central and South America

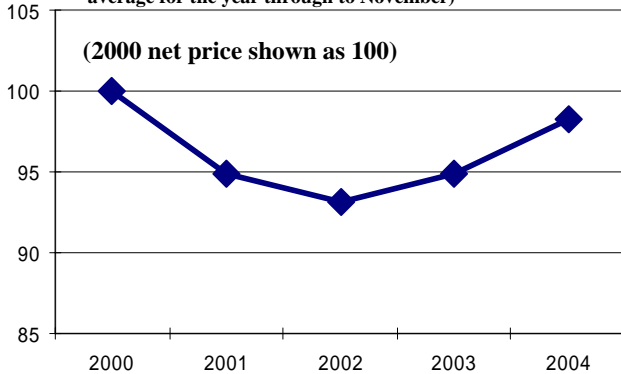
· Examine foliage applications in North America

	Countries Registered Prior to 3/2002 Term	Countries Registered over Last 3 Years	Countries Scheduled to be Registered by 3/2007 Term	Countries Scheduled to be Registered by 3/2009 Term
Metconazole (Fungicide)	31 countries, mainly in Europe and Central/South America (mainly for wheat and oil seed rape)	Korea (mainly for apples), Vietnam (registered in October 2004 for rice)	Japan (wheat, citrus fruits), Taiwan (mangos), Brazil (soybeans)	USA (turf, fruit trees, nuts)
Ipconazole (Seed disinfectant)	Three countries including Japan (for rice, wheat, etc.)	Argentina (wheat), US (cotton, rapeseed)		France (wheat)

III-6. Household Goods and Leisure Products

Trend in Price of Krewrap (Index)

(Note: Graph shows average price of main grade. 2004 point based on average for the year through to November)



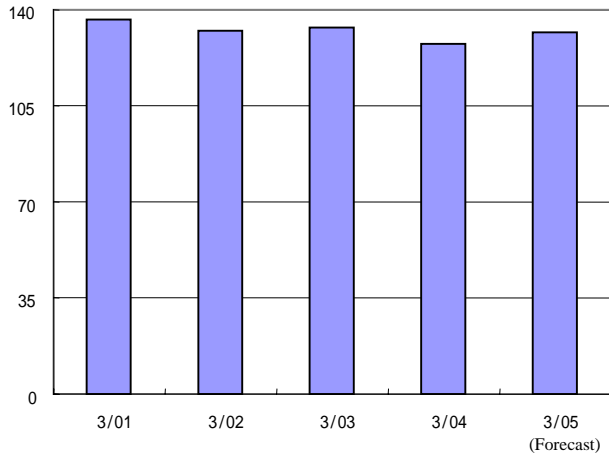
Krewrap Price Strategy Starting to Take Affect. Business

Strengthened Through Alliance with US Company

- ✓ Create value for customers by developing new product lines that appeal to all age groups
- ✓ Increase sales and profitability by conducting proposal-driven sales activities
- ✓ Established alliance with Newell Rubbermaid Inc.
- ✓ Domestic inventory adjustment period for leisure products (fishing line) has ended, and this business is expected to return to profitability from 3/2006 term. Sales expected to improve in the USA due to restructuring of sales system

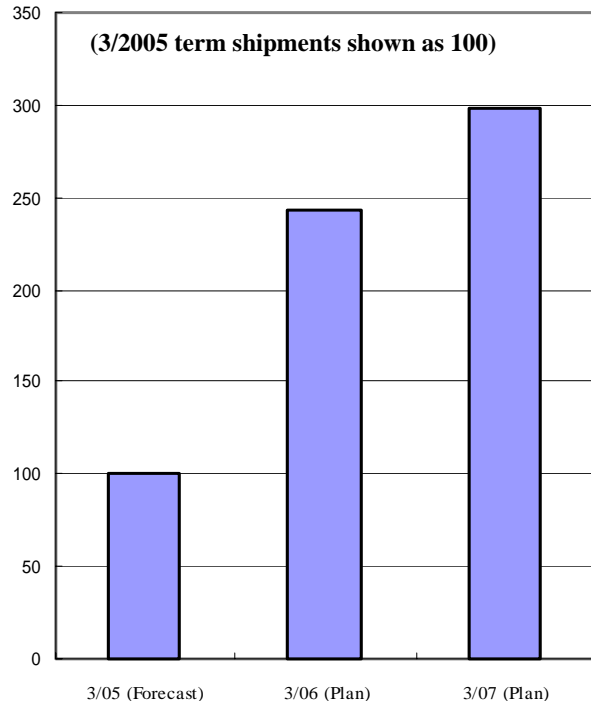
Million
Units

Sales of Krewrap



III-7. Besela (High Barrier Packaging to Replace Cans)

Shipments of Besela (Forecast)



Leverage Compliance with Overseas Sanitation Standards to Expand

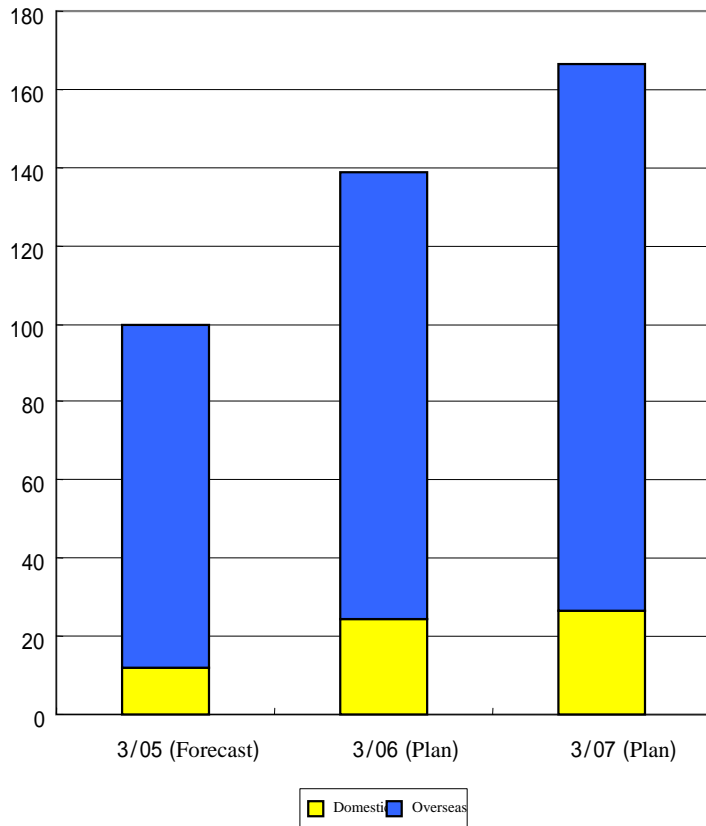
Use of Besela in Converters (used by Printing Companies, etc.)

- ✓ Besela has achieved compliance with food sanitation standards in the USA (Food and Drug Administration: as of 1/2004) and Europe (EU: 3/2004)
- ✓ New ET-R product developed to comply with overseas standards will improve handling of Besela. Targeting further applications in domestic and overseas converters
- ✓ Focus on polyethylene terephthalate (PET)-based Besela, expanding its application from nylon-based and polypropylene-based materials

III-8. ML40 (Multilayer Shrinkable Film for Wrapping Meats & Cheeses)

Shipments of ML40 (Forecast)

(3/2005 term shipments shown as 100)

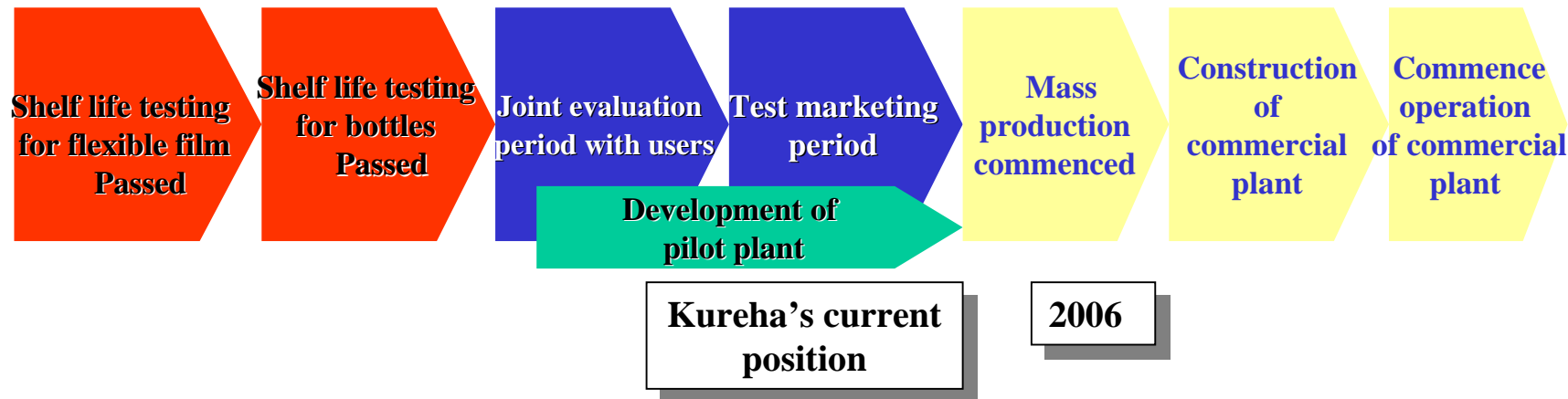


Aggressively Develop New Users Utilizing New Packaging System

- ✓ Kureha has jointly developed and started marketing a new packaging system via an alliance with Multivac, a prominent packaging machinery manufacturer in Germany. The new and unique system, "Formshrink", has several advantages compared with conventional manual packaging systems, including its "shrink-bag" capability, which utilizes shrinkable thermal forming properties
- ✓ "Formshrink" eliminates manual packing operations and it may lead to labor cost savings. It can also save film usage per package
- ✓ "Formshrink" has already been introduced at exhibitions in Europe, USA and Japan, where it received a favorable reception. The new system has received a steady flow of orders, especially in Europe. This business is also being developed in the USA and Oceania regions

III-9. PGA (Polyglycolic Acid Resin for Carbonated Drinks and Beer Bottles)

Commercialization Process:



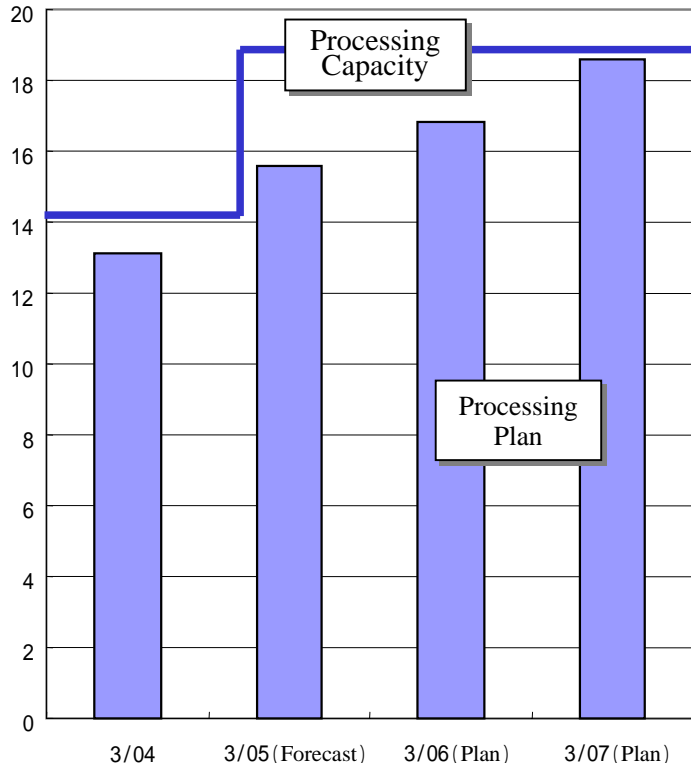
PGA has passed the shelf life testing with major overseas customers and is moving into the joint evaluation period

- ✓ Executed joint evaluation agreements with major overseas customers. **Test marketing scheduled to commence from August of this year**
- ✓ Kureha is targeting a wide range of users, and has commenced efforts to have PGA used by soft drink manufacturers
- ✓ After test marketing is completed, mass production will commence in stages from 2006, and a full-scale plant will be constructed after considering the subsequent growth in demand

-10. Kureha Environmental Engineering Co., Ltd.

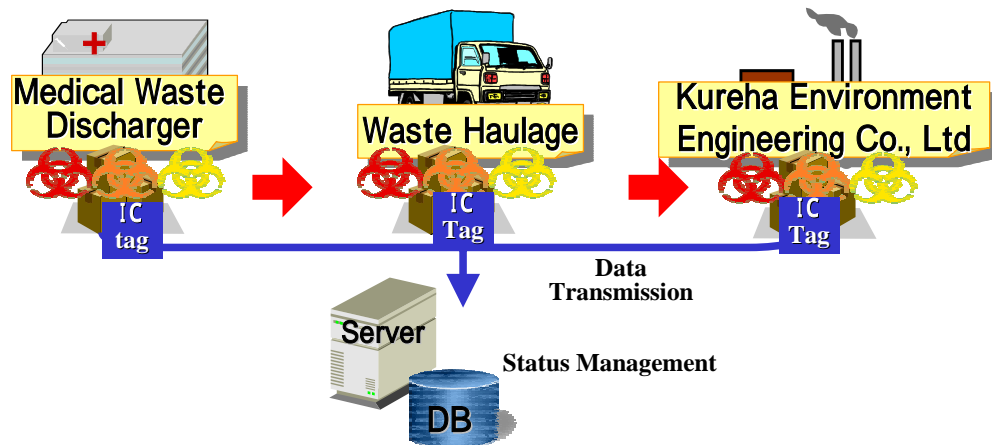
Medical Waste Processing Capacity and Processing Plan

1,000 tonnes



Orders accelerating through development of medical waste tracking system using IC tags

- ✓ Establishing traceable system jointly with IBM Japan by utilizing wireless IC tags to prevent illegal dumping of medical waste
- ✓ Demonstration experiment conducted at Kureha Hospital in Fukushima. Marketing will take place once the results of the experiment are confirmed
- ✓ Tokyo Metropolitan plans to introduce IC tag tracking system
- ✓ To respond to growing demand, increasing processing capacity after 3/2007 term to be considered



III-11. Products Under Development

✓Solar Control Material

Our goal is to introduce these materials into the market during the new mid term plan. We are currently working on development of applications for this technology in cooperation with domestic and overseas glass manufacturers and automobile parts manufacturers. The technology will mainly be used in for building and automotive glass applications.

Pancreatic Cancer Antibody Agent

It is a genomic drug and also is a target-based drug. Phase III clinical trials to commence by mid 2009, and Kureha will file for approval at the same time. The worldwide market is estimated to be worth approximately 100 billion yen

✓Anti HIV Agent

Pre-clinical tests have been completed. A major overseas drug manufacturer is being considered as a partner in clinical trials. At the same time, Kureha is looking into licensing or selling the technology

✓Miscellaneous

Kureha will provide information on other new products which are not yet on the market when they reach the stage of warranting a public announcement

Disclaimer

- These materials are supplied to provide a deeper understanding of our company, and are not intended as a solicitation for investment or other actions
- These materials were prepared by our company based on the information available at this point in time, however actual performance may produce results that differ from the plan, due to a variety of factors
- Please utilize these materials using your own judgment and responsibility