



January 23,2012

The New Medium-Term Management Plan, “Grow Globally II”

Kureha has formulated “Grow Globally II,” its new four-year medium-term management plan for fiscal 2012 through fiscal 2015 (April 2012 to March 2016). Details of the plan are as follows.

1. Formulation of the New Medium-Term Management Plan

In the current “Grow Globally” medium-term management plan for fiscal 2008 to fiscal 2012, Kureha set the goals of “Expand earnings through global expansion of existing businesses” and “Steadily cultivate and expand new businesses.” Our aim was to achieve significant increases in revenue and earnings.

As a result of the impact from the global recession, the continual rise of the yen and other factors that arose after the plan’s formulation, our results gradually diverged from the plan’s initial targets. There was absolutely no change, however, in the direction of the businesses that were positioned as growth drivers.

The earthquake disaster in March and April 2011 had a considerable impact on business operations, in particular at the Iwaki Factory in Fukushima Prefecture. However, all of our plants had resumed operations by the end of July. In an effort to support in the recovery of Fukushima Prefecture and the city of Iwaki, which are intertwined with Kureha’s history, we established the Iwaki Factory as the mother plant and an adjacent research center as an R&D facility, working together with the community to pursue manufacturing that is of value to society.

We have now regained the footing to allow us to establish the type of organization outlined in the “Grow Globally” plan, and will conduct our business operations based on the new “Grow Globally II” medium-term plan through fiscal 2015, including quantitative targets.

2. Management Objectives and Quantitative Targets

Management Objectives

In existing and new businesses with a competitive advantage, Kureha will continue and accelerate global development and, while recovering its investments, seek to increase revenue and earnings. At the same time, we will develop and retain the human resources that are the foundation of global expansion and technical capabilities. While responding flexibly to changes in the economic and social environment, we will manage our business

with consideration to the global environment, and strive to enhance corporate value.

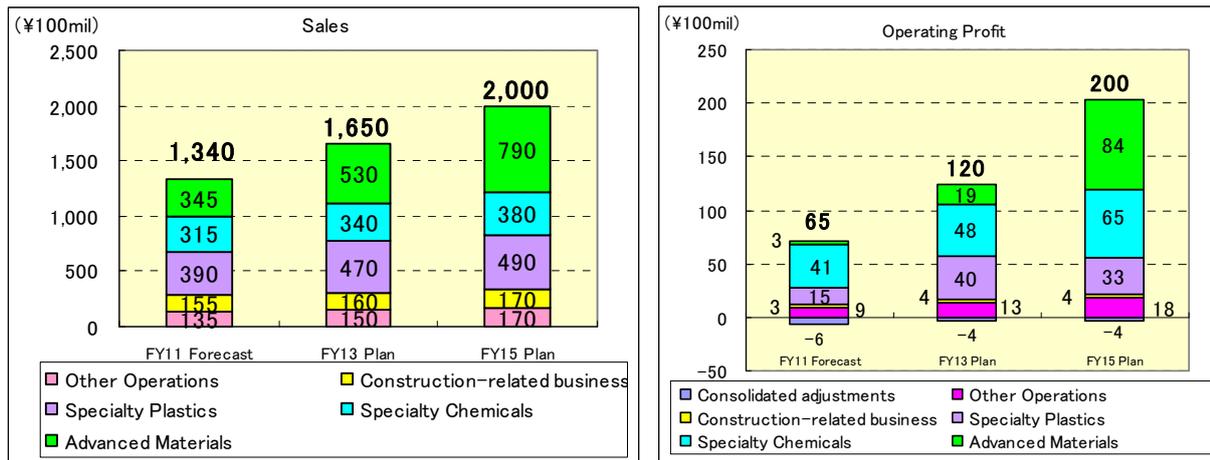
Quantitative Targets

Sales, Operating Income and Operating Margin

FY2013 Plan: Sales ¥165bn, operating income ¥12bn, operating margin over 7%

FY2015 Plan: Sales ¥200bn, operating income ¥20bn, operating margin 10%

Sales and Operating Income by Segment



Preconditions for Quantitative Targets

- (1) Change in depreciation method: From fiscal 2012 the accounting method for depreciation will be changed from the declining-balance method to the straight-line method.
- (2) Exchange rates: 80 JPY/USD; 100 JPY/EUR

Principal Management Benchmarks

- (1) Foreign Sales Ratio: FY2015 33% (FY2010 20%)
- (2) Capital Expenditure Program: ¥90.0 billion over FY2012 – FY2015
- (3) Depreciation Cost: FY2013 target ¥11.0 billion, FY2015 target ¥14.0 billion

Principal Capital Expenditures (FY2012 – FY2015)

Advanced Materials: Production plants for lithium-ion battery (LiB) Anode (negative electrode) materials, vinylidene fluoride resin, and carbon fiber

Specialty Chemicals: Production plants for therapeutic agent for chronic renal failure

Specialty Plastics: Production plants for PVDC (Polyvinylidene chloride) resin, and NEW Krewrap (household wrap) films

3. Growth Drivers in Core Businesses



Advanced Materials

- i. Advanced Polymers: Establish global supply structure for KPS (PPS), and expand business for PVDF for backsheets
- ii. Battery Materials: Expand the business for Anode (negative electrode) materials and PVDF for binders for both vehicle and stationary batteries
- iii. Carbon Fiber: Expand the business for insulating materials for silicon production equipment for photovoltaic cells
- iv. PGA: Expand the business for materials for excavating oil and shale gas, and develop new applications

Specialty Chemicals

- i. Chemicals: Expand the business for *Kremezin* (therapeutic agent for chronic renal failure) through development of markets in U.S. and Europe
- ii. Agrochemicals: Expand the business for *Metconazole* agricultural fungicide

Specialty Plastics

- i. Strengthen the brand position for *NEW Krewrap* household wrap, and increase earnings capability
- ii. Bolster the cost competitiveness of commercial-use wrapping/casing films, and expand sales in Asia

Other

- i. Expand the industrial waste processing business of Kureha Ecology Management Co., Ltd.

END

The New Mid-Term Management Plan

“Grow Globally- II”

January 23, 2012

Iwaki Factory hit by the Great East Japan Earthquake

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(1)

Volunteer activities in Iwaki city

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I . Review of Current Mid-Term Management Plan

Concept

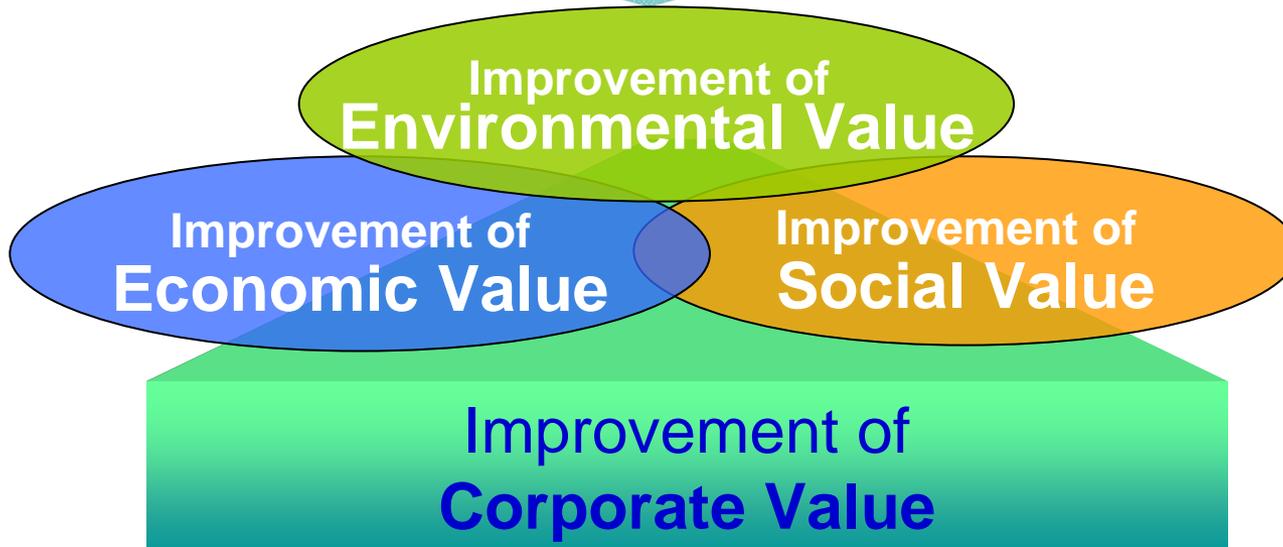
Progress Update

Concept of Grow Globally

“Global growth”

“Sustained results in new business areas”

Implementation



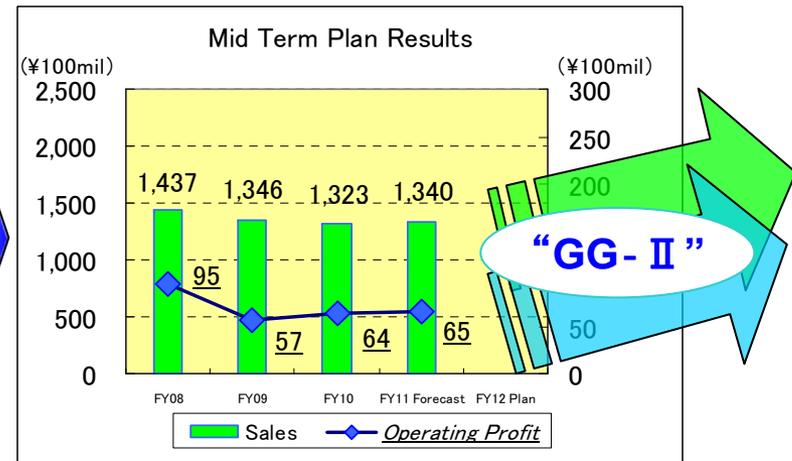
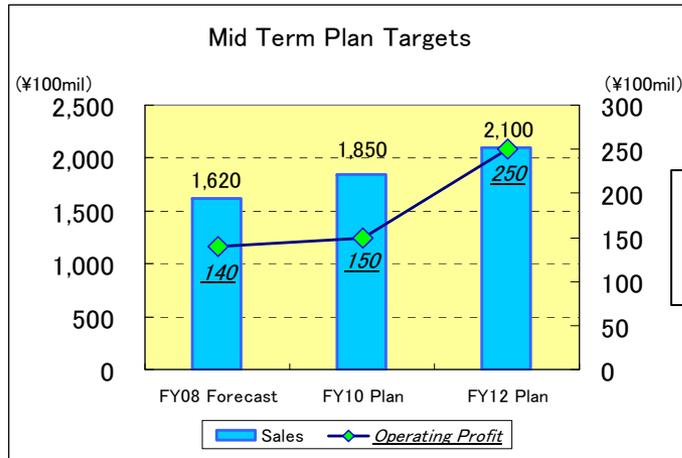
Always act as a global corporate citizen, recognizing corporate social responsibilities and focusing on environment and needs of daily life

Review of the Current “Grow Globally” Mid-Term Plan (2)

Comparison with Initial Targets

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From “Spreading Seed” to “Cultivating” then to “Harvesting”

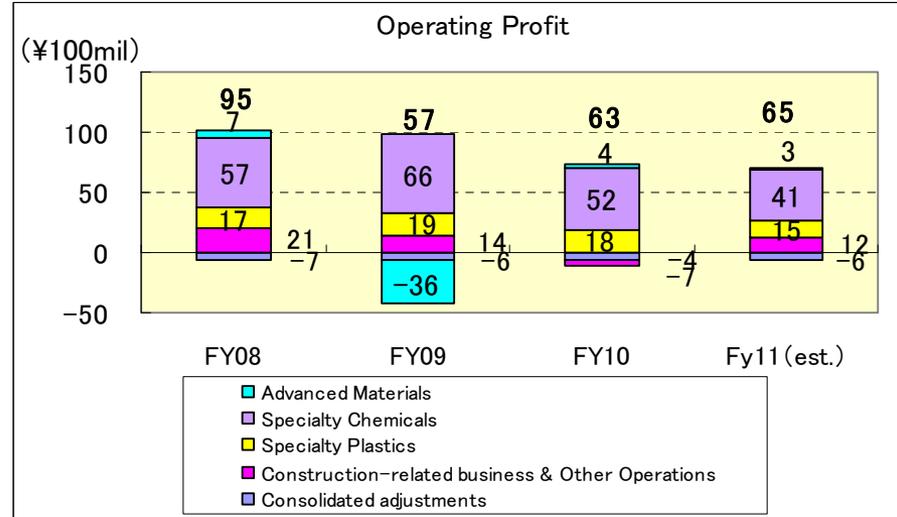
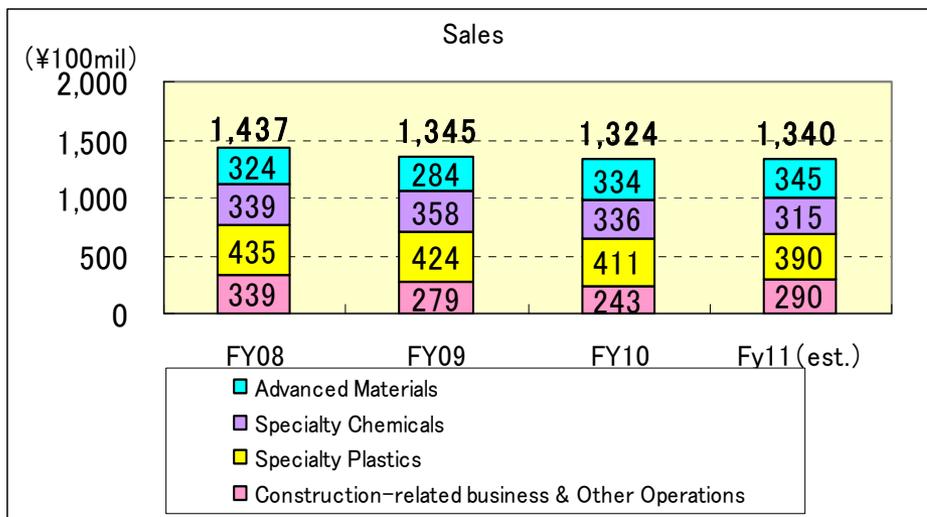


- Immediately after the formulation of the Grow Globally plan, the global economy went into a sharp downturn as a result of the collapse of Lehman Brothers, and recovery has taken time. The Great East Japan Earthquake also had an impact.
- Exchange rates changed significantly from initial assumptions, with the JPY/USD rate of ¥105/\$ moving to the ¥70 range, and the JPY/EUR rate of ¥155/€ to the ¥100 range.
- Total capital expenditure of ¥65.3 billion and R&D spending of ¥23.8 billion over fiscal 2008 to fiscal 2011 was progressively made to prepare for the future.
- Steady progress was made in the new Battery Materials business, and the focus of the PGA business shifted from carbonated soft drink bottles to new applications (such as shale gas and oil extraction).
- Controlling companies were set up in the United States and China, and a production facility for Krehalon (PVDC) films established in Vietnam, as part of a focus on bolstering future competitiveness and securing expansion capability.

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Review of the Current “Grow Globally” Mid-Term Plan (3) Results

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Advanced Materials:

We expanded the PVDF business, focusing on binders. We also made capital investments for carbon fibers, but demand fluctuations affected performance. Our U.S. joint venture company for PPS expanded production capacity. In addition, our U.S. plant for PGA was completed, though full-scale operations have yet to begin.

Specialty Chemicals:

We expanded the business in Japan for our therapeutic agent for kidney disease. In addition, the sales volume for agricultural fungicides increased, although the decline in the Euro had a considerable impact on results.

Specialty Plastics:

We focused on enhancing profitability for Krehalon (commercial-use wrapping/casing) films. We also continually renewed NEW Krewrap (household wrap) to enhance brand value.

Construction / Other:

The industrial waste processing business established its Kanagawa Factory.

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Ⅱ . Outline of New Mid-Term Management Plan 'Grow Globally- Ⅱ '

Managerial Goal

Financial Targets

Growth Drivers

New “Grow Globally II” Mid-Term Plan

Management Objectives

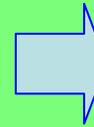
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The original growth scenario from “Grow Globally” is unchanged, but quantitative targets need to be revised.

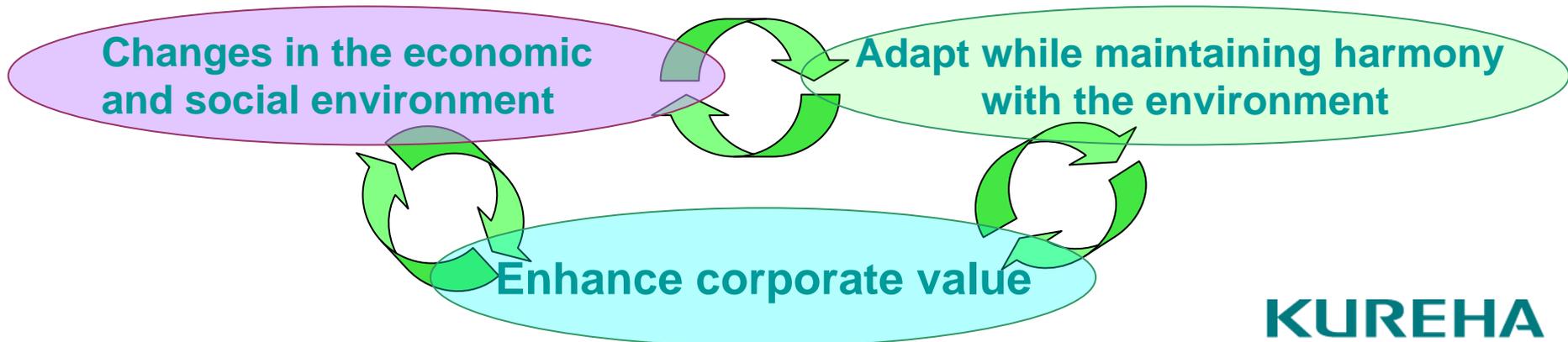


- The basic concept for “Grow Globally II” is unchanged from the previous plan.
- Quantitative targets have been set for fiscal 2012 through fiscal 2015 (April 2012 – March 2016)

“Achieve global growth”
“Steadily produce results in new businesses”



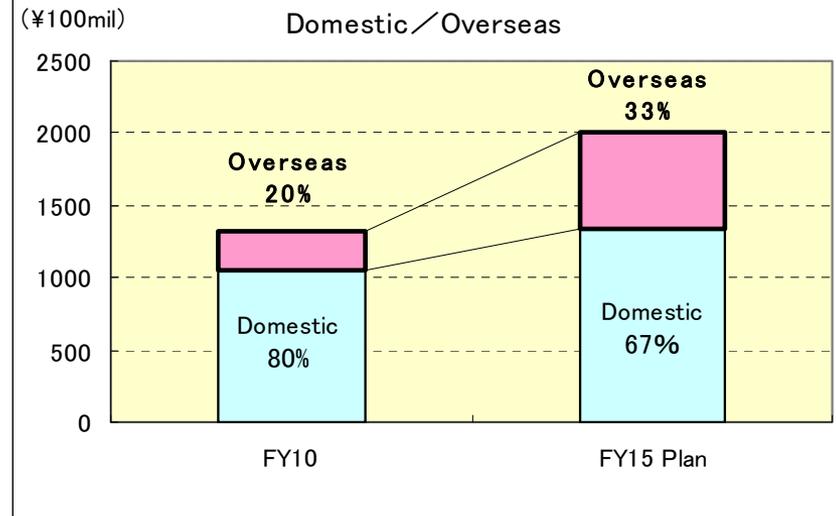
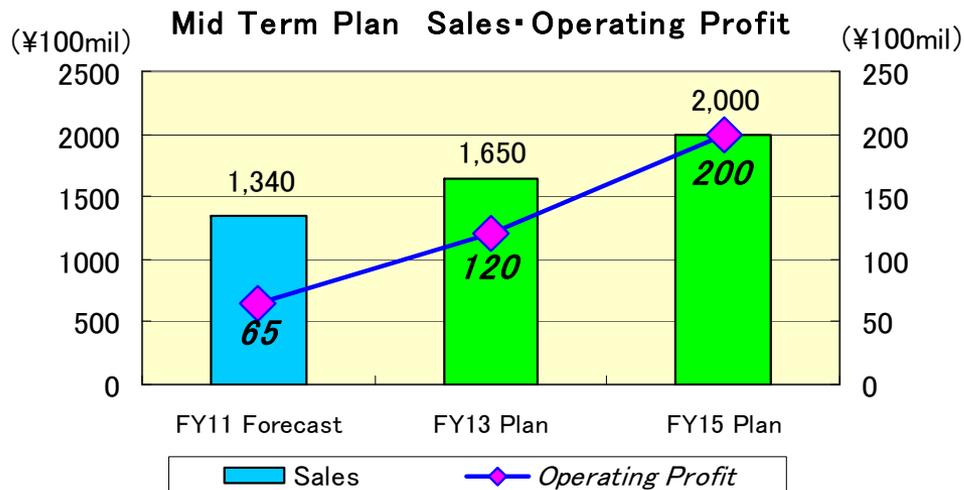
“Recover investment and increase revenue and earnings”



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Financial Targets

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- Capex: 90 billion yen between FY2012~FY2015 (cumulative)
- Depreciation: 11 billion yen in 2013, 14 billion yen in FY2015
- Shareholder returns: Aim to provide stable and continuous dividend

Based on: exchange rate 80JPY/\$, 100JPY/€

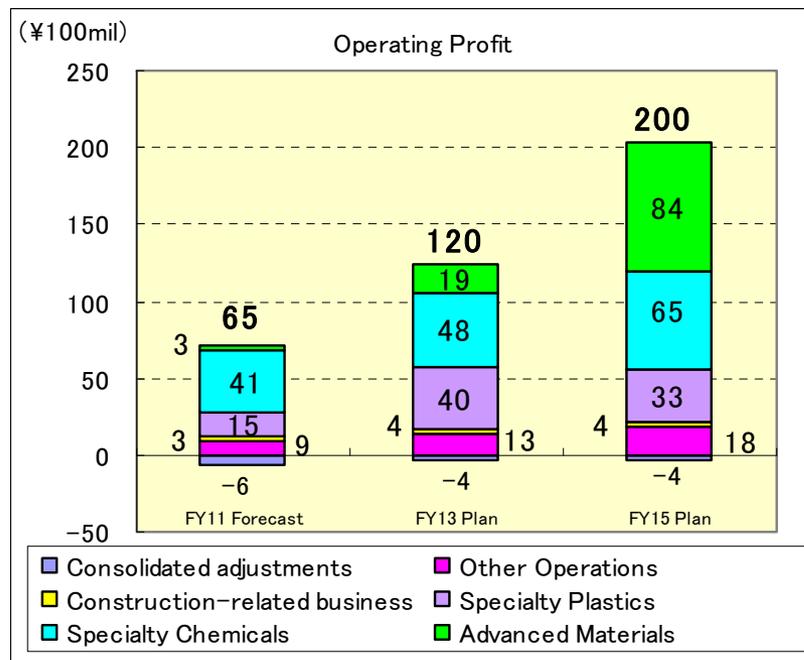
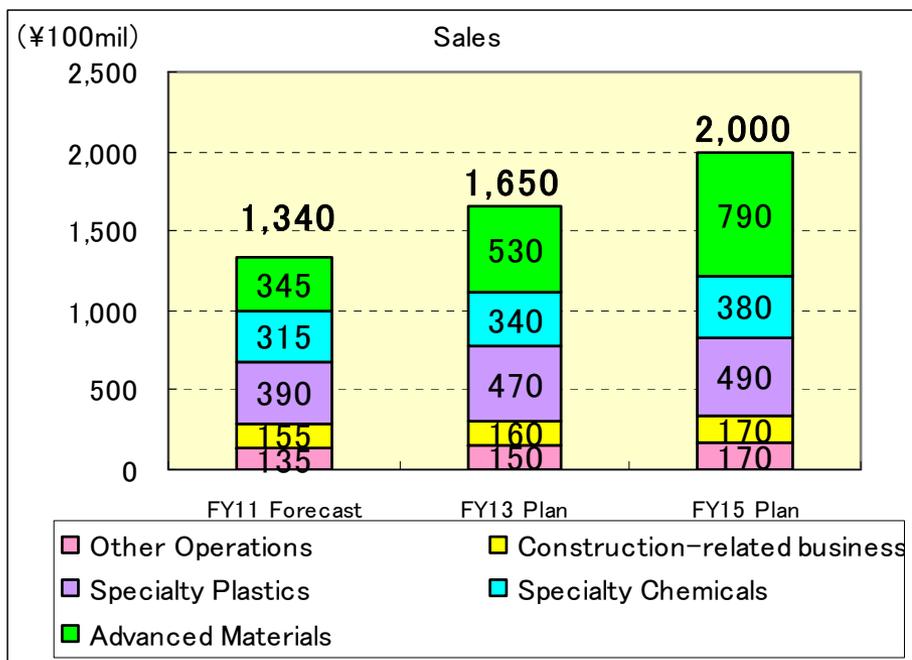
It will change depreciation method from fixed-rate depreciation to straight-line depreciation in 2012

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New “Grow Globally II” Mid-Term Plan

Quantitative Targets by Segment

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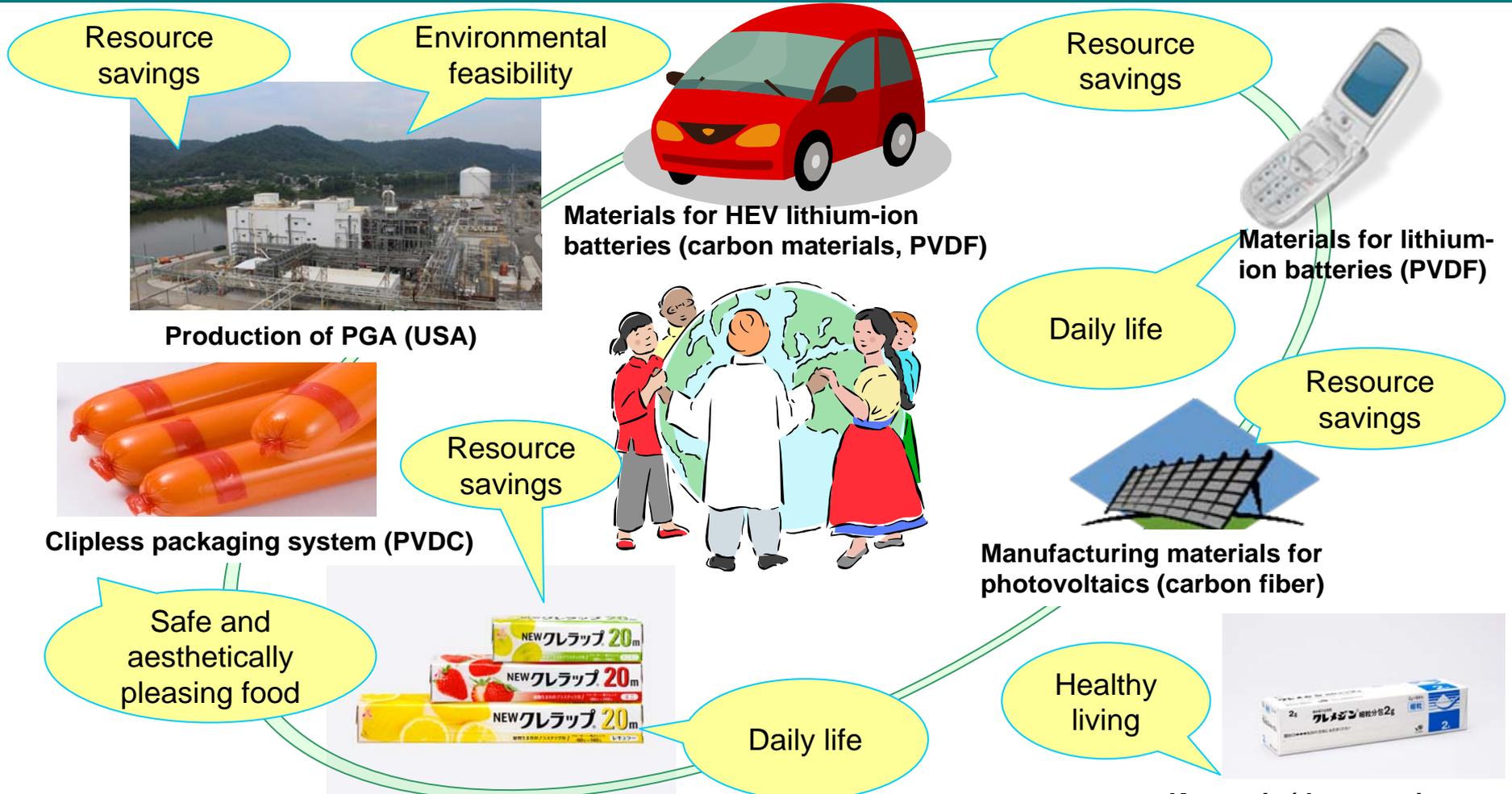
Main Products and Applications to Increase Revenue and Earnings

Advanced Materials: PPS (automotive parts); PVDF (LiB binders, backsheets), Anode (negative electrode) materials (vehicle and stationary LiBs); carbon fiber (insulating materials for silicon mass production equipment for photovoltaic cells); PGA (shale gas and oil extraction)

Specialty Chemicals: Therapeutic agent for kidney disease (growth in Japan, We expect sales to begin in the fiscal year 2013.); agricultural fungicides

Specialty Plastics: Enhance cost competitiveness for Krehalon (commercial-use wrapping/casing) films and accelerate business expansion in Asia

Growth Drivers



Solutions that are beneficial to the global environment and people's daily lives

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Growth Drivers

Advanced Materials (1)

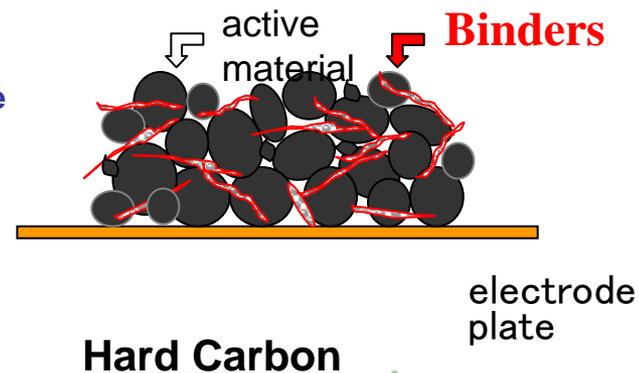
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➤ Polyvinylidene Fluoride (PVDF)

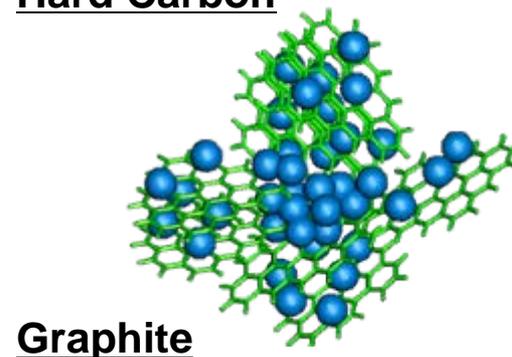
- In addition to their conventional use in industrial application, demand for lithium-ion batteries (LiBs) is rising rapidly for use as vehicle and stationary power sources.
- We are rapidly developing applications for photovoltaic cell backsheets and hollow fibers.
- The Iwaki Factory's plant is currently operating at full capacity of 4,000 tonnes per annum.
- In 2014 we will build a plant in Changshu, China with capacity for 5,000 tonnes per annum, and are considering further expansion in capacity.

➤ Anode (Negative Electrode) Materials for Large LiBs (Hard Carbon)

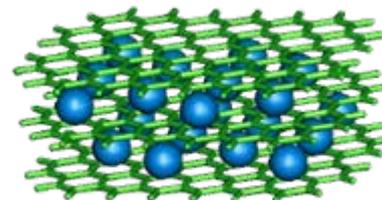
- Hard carbon has superior input-output characteristics and durability.
- In addition to petroleum-derived hard carbon, we are working to commercialize a plant-derived version together with Kuraray Co., Ltd.
- We are adapting the pace of change and business expansion through alliances with other companies, mainly Kureha Battery Materials Japan (KBMJ).
- The New Materials Research Center (Iwaki) and the Battery Materials Technology Center (Tokyo) provide the materials best suited to market needs.
- We are bolstering our supply structure in Japan and overseas in anticipation of further increases in demand.



Hard Carbon



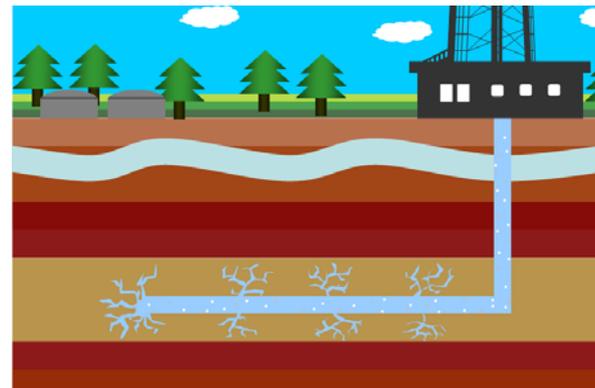
Graphite



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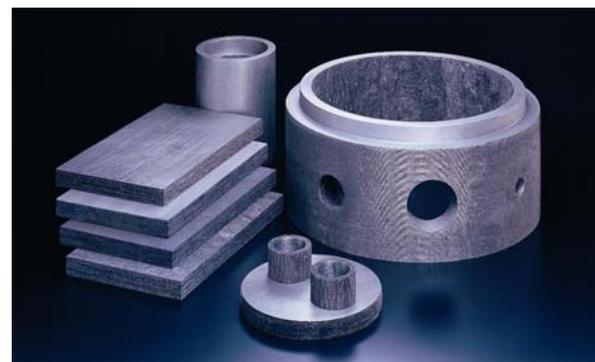
➤ **PGA (Polyglycolic Acid Resin)**

- We are currently developing a variety of applications that take advantage of PGA's biodegradability, hydrolyzability, high strength and barrier properties.
- As a material for use when excavating shale gas and oil, PGA is highly rated for its high strength, and for degrading quickly at low temperature.
- Our U.S. plant will begin operating in 2012. We expect to achieve profitability in fiscal 2015.
- We have also begun the development process for future capacity expansion.



➤ **Pitch-Derived Carbon Fiber**

- This fiber is used as insulating material for equipment to produce silicon wafers and photovoltaic cells. The market is currently in an adjustment phase, but we expect demand for use in photovoltaic cell applications to expand over the medium to long term.
- With the Iwaki Factory as our main plant, we will closely monitor demand trends and expand production capacity, including at production facilities in such areas as China and the U.S.
- We are currently progressively expanding the business for composite material applications for automotive parts.



➤ Therapeutic Agent for Chronic Kidney Disease - *Kremezin*

- This drug improves uremic symptoms and is effective in delaying the start of dialysis.
- It eases the burden on the patient, as well as helping curb medical costs.
- Considering the increase in patients suffering kidney disease, and the greater emphasis on preventing further degradation, we expect the number of prescribed patients in Japan to increase.
- Mitsubishi Tanabe Pharma Corporation is currently conducting Phase III clinical trials in the U.S. and Europe. We expect sales to begin in the fiscal year 2013.
- We are currently expanding facilities at the Iwaki Factory in line with business development in the U.S. and Europe.



➤ Agricultural Fungicide - *Metconazole*

- This product is a foliage application agent for wheat, rapeseed, soybean, corn, grass plot and other crops.
- Along with stable growth in Europe, we anticipate market expansion in North and South America.
- We are currently supplying customers by transferring technology and outsourcing production to other companies.
- The Agrochemicals Research Center (Iwaki) is currently developing new agents.



Growth Drivers

Specialty Plastics / Other

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➤ Global Business Development and Enhanced Competitiveness for the Commercial-Use Wrapping/Casing Film, *Krehalon*

- The framework for film processing is now in place at Kureha Vietnam, enhancing competitiveness, including the cost structure.
- We are working to expand the market for retort pouch sausages, including through alliances with food product manufacturers in Asia.
- We are expanding our market share for multilayered films through global expansion of the business from the Europe and Vietnam facilities.



➤ Enhanced Brand Appeal for NEW Krewrap (Household wrap)

- We continue to improve *NEW Krewrap* to make it easier for customers to use, and to enhance safety. Improving products leads to greater customer satisfaction and brand appeal.
- We are raising the profile of the *Kichinto-San* series brand, and expanding our lineup of products for the kitchen.



➤ Expansion of the Industrial Waste Processing Business at Kureha Ecology Management

- We are expanding contracts for difficult-to-process waste, and continue to process material properly and thoroughly.
- We are pursuing the business for processing trace amounts of PCBs.



KUREHA

Kureha's Ongoing Pursuit of Manufacturing that Offers Value to Society

KUREHA CORPORATION

Creating materials is a type of “agricultural-style” manufacturing. The road from spreading seeds, to cultivating and harvesting is long. We refine our materials in line with changes in the market, in an attempt to ensure they excel.

- **Our Research and Development Division is located adjacent to the Production Division, helping to support “Designed by Japan / Made in Japan” manufacturing. We have already begun searching for the seeds of next-generation technologies.**
- **The Iwaki Factory serves as “the Mother Factory”, leading production facilities around the world.**
- **Our center for R&D and production is Japan. We are working to help restore and act in harmony with our home region of Fukushima, while pursuing global expansion.**
- **We do not send our core technologies abroad, and will continue to nurture them in Japan.**

KUREHA

Contribute to the global environment
and people's daily lives

“Grow Globally”

- 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