

Management Outlook and Strategic Review of *Growth Action* – 2010 Mid-term Initiative

June 4, 2009
Shiro Hiruta, President
Asahi Kasei Corporation

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– Disclaimer –

The forecasts and estimates shown in this document are dependent on a variety of assumptions and economic conditions. Plans and figures depicting the future do not imply a guarantee of actual outcomes.

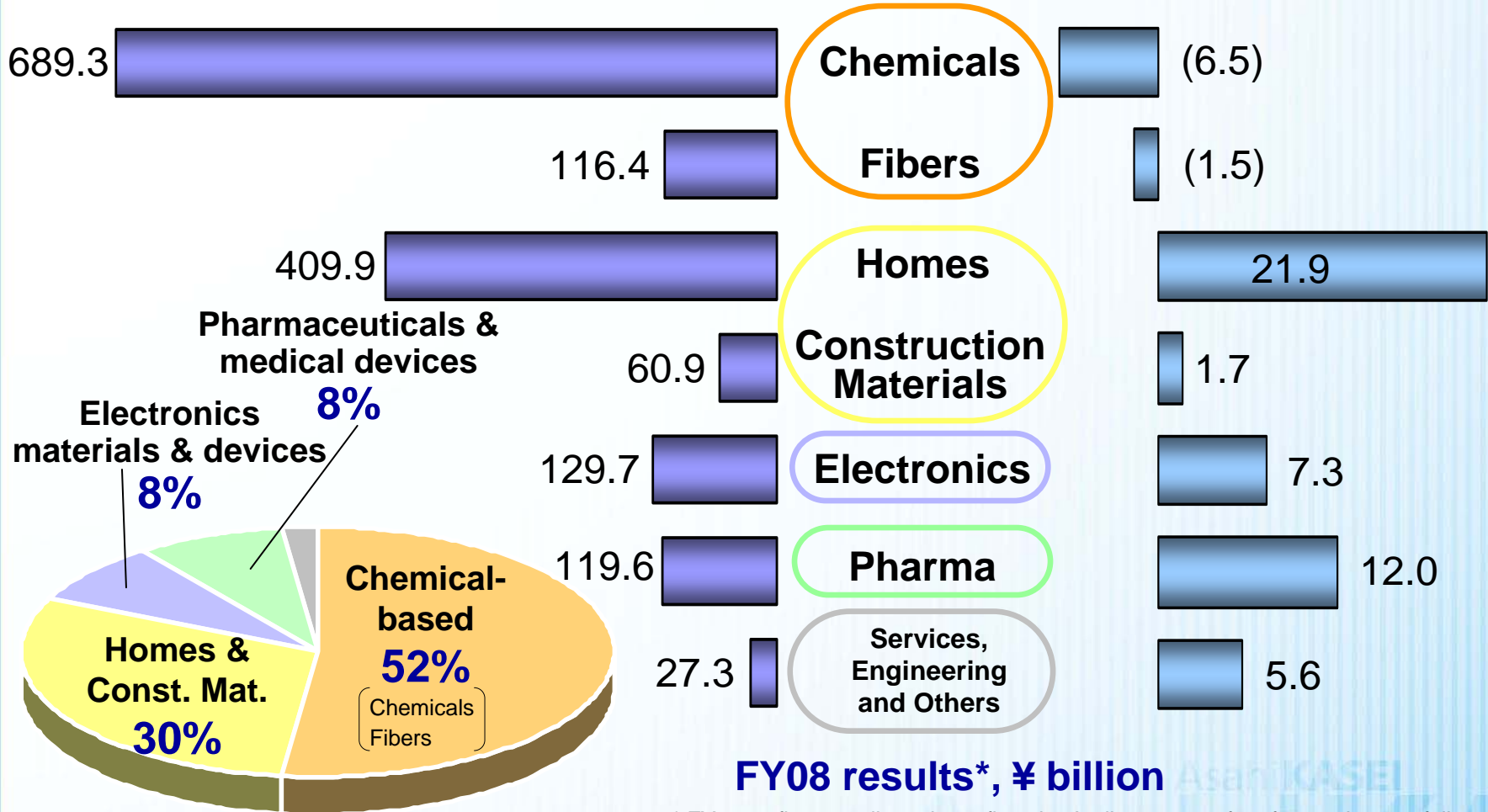
1. Overview of Asahi Kasei

A diversified chemical company with housing and electronic devices

AsahiKASEI

Sales: 1,553.1

Operating Profit: 35.0

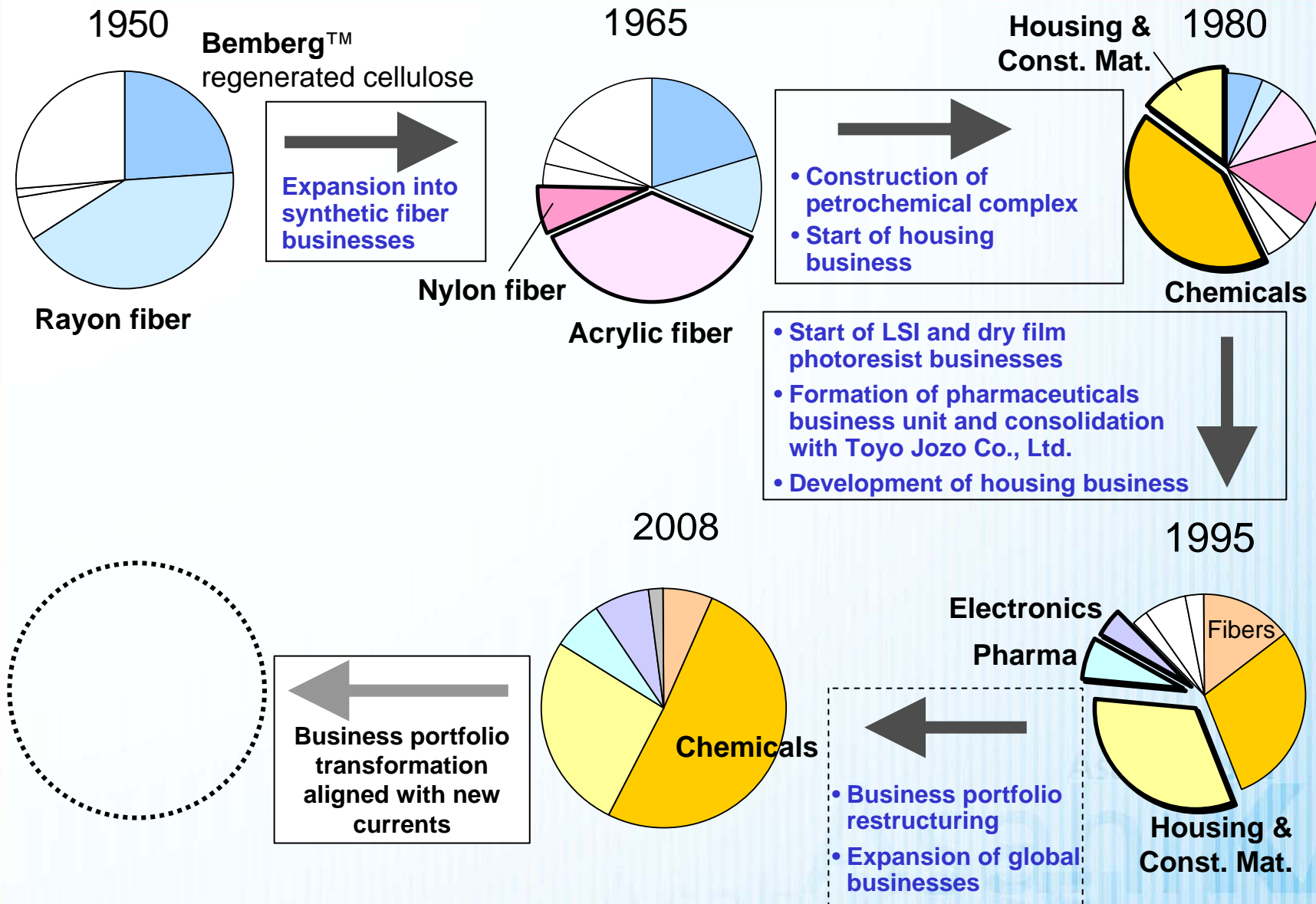


Share of sales by business sector

FY08 results*, ¥ billion

* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows;
 - Transfer of R&D for electronics materials such as Marketing Center for FPC/FPD Materials from corporate expenses, and Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins, and other related operations from Chemicals to Electronics.
 - Transfer of Leona™ filament operations from Chemicals to Fibers.

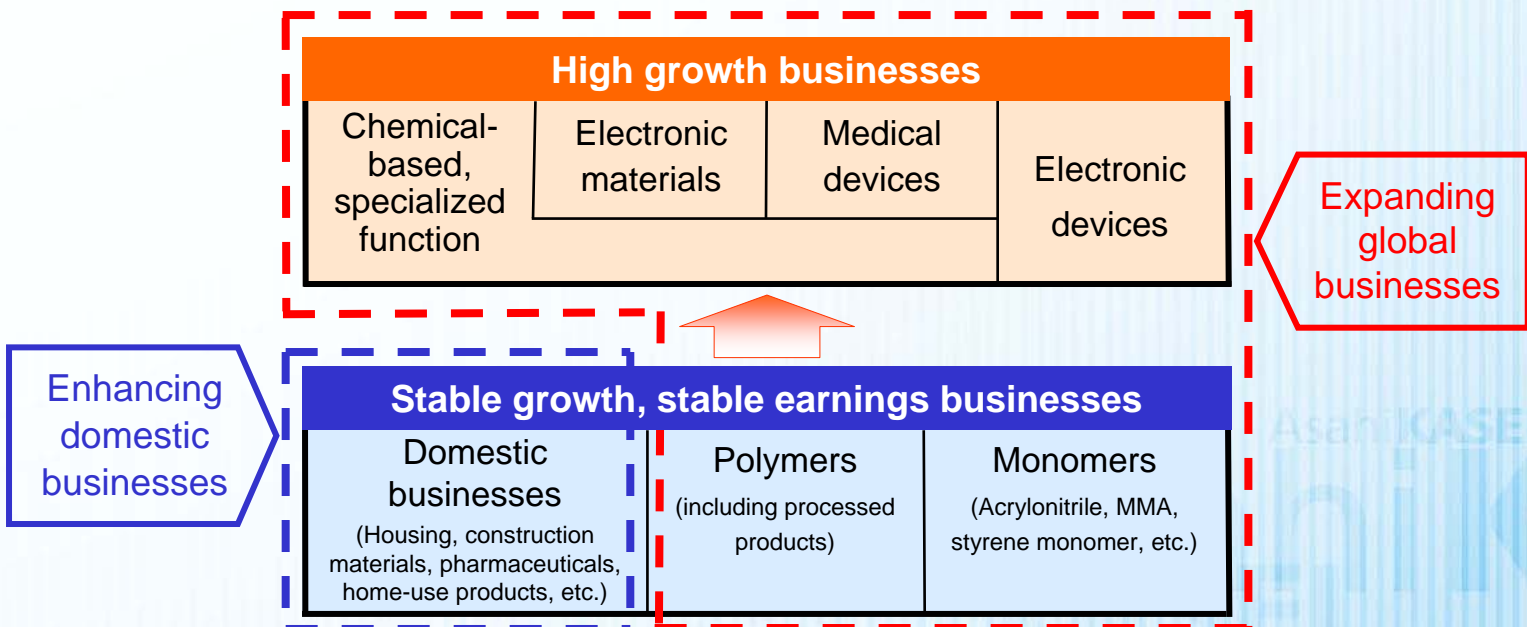
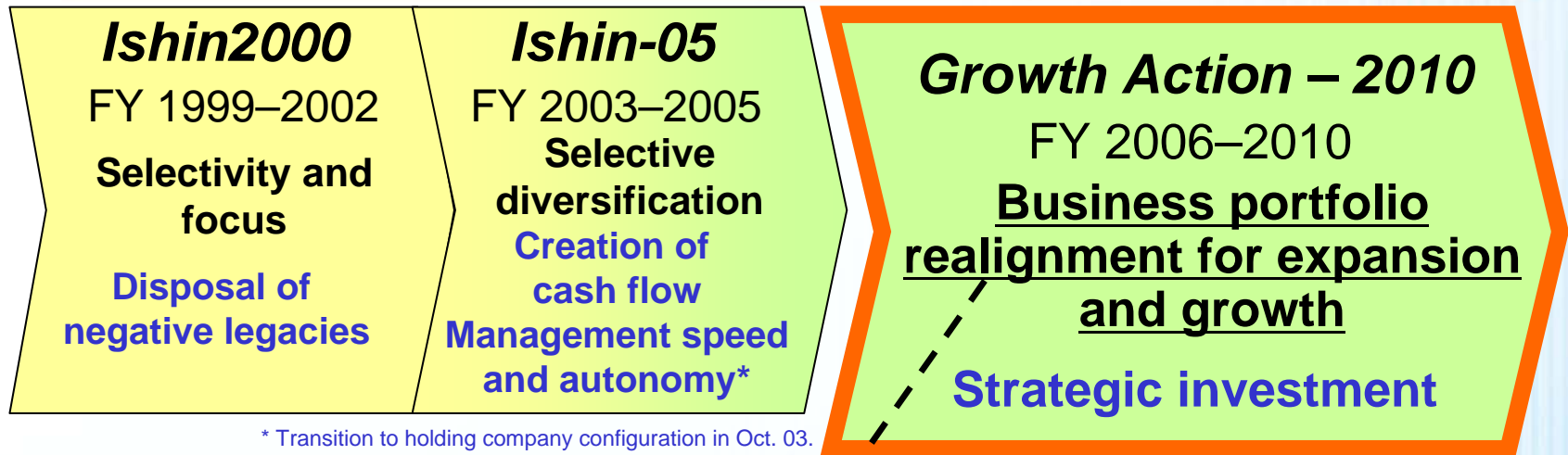
History of business portfolio transformation, change of sales composition



2. Growth Action – 2010 mid-term business plan

Shifting to growth

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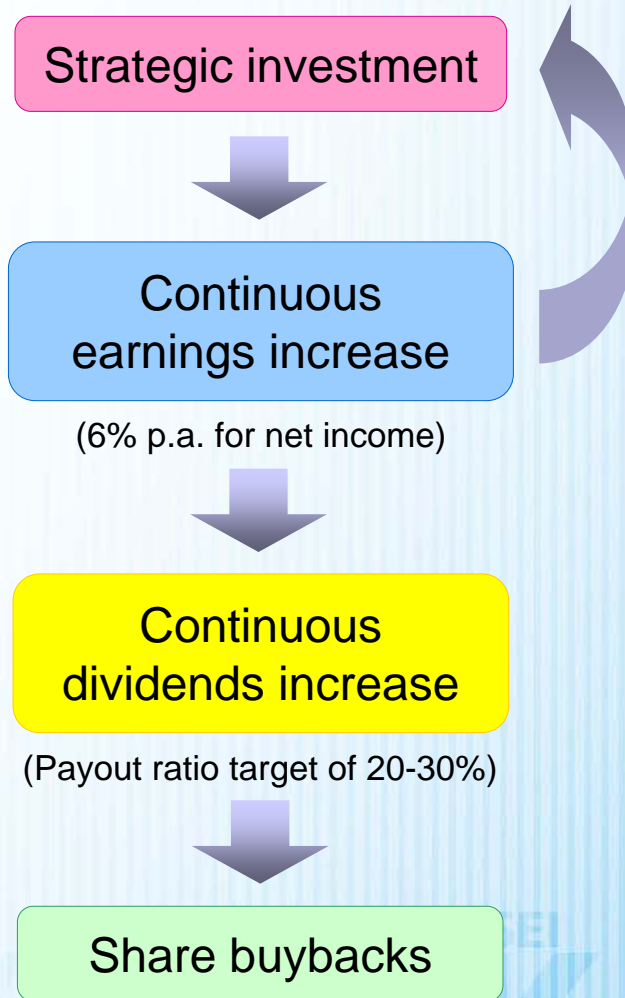
Strategic investment for continuous profit growth and dividends increase

(¥ billion)

Investment from FY 2003 to FY 2005	70 to 80/year
Strategic investment for FY 2006 to FY 2010	400
Total for FY 2006 to FY 2010	800

Breakdown

Organic	220
M&A	150
Resources for dividends	30



Targets in FY 2010

(¥ billion)

	FY 2005	FY 2007	FY 2008	FY 2010 target*
Net sales	1,498.6	1,696.8	1,553.1	1,800
Operating profit	108.7	127.7	35.0	150
Net profit	59.7	69.9	4.7	80
Dividends	¥10	¥13	¥10	—
Payout ratio	23.6%	26.0%	295.0%	—
ROE	10.8%	10.7%	0.7%	≥10%
ROA	4.5%	4.8%	0.3%	≥5%

Targets in FY 2010

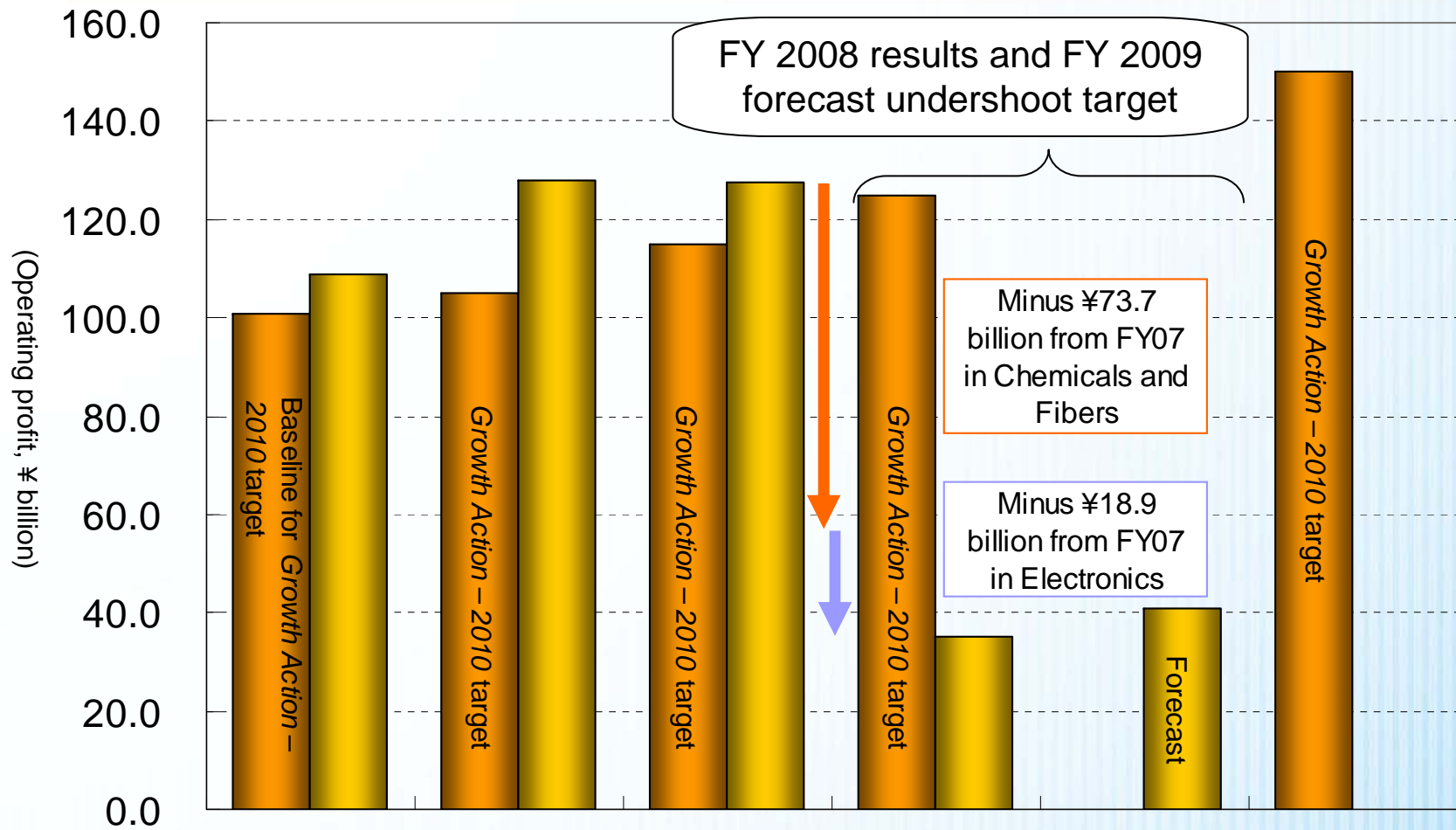
* Formulated in March 2006. Not including effect of planned M&A.

- Global business share of total sales: 60%
- Growth of sales share of global No.1 & No.2 businesses.

3. Business performance and operating profit increases/decreases

Good performance in FY 2007, FY 2008 results and FY 2009 forecast diminished

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	FY 2005	2006	2007	2008	2009	2010
Operating profit	108.7	127.8	127.7	35.0	41	
Net profit	59.7	68.6	69.9	4.7	15	
D/E ratio	0.40	0.34	0.32	0.52	0.5	

Operating profit increases/decreases by segment, FY 2008 vs. FY 2007

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(¥ billion)

	Operating profit		Increase (decrease) due to:				Net increase (decrease)
	FY 2007	FY 2008	Sales volume	Sales prices	of which, due to foreign exchange	Operating costs and others	
Chemicals	65.2	(0.4)	(19.5)	(7.2)	(17.9)	(38.9)	(65.6)
Homes	21.4	21.9	3.3	2.6	–	(5.4)	0.5
Pharma	12.7	12.0	8.8	(7.4)	(2.6)	(2.0)	(0.6)
Fibers	7.2	(0.9)	(3.1)	(1.6)	(2.9)	(3.4)	(8.1)
Electronics Materials & Devices	22.2	3.3	(5.1)	(9.5)	(3.5)	(4.3)	(18.9)
Construction Materials	2.8	1.7	0.7	1.3	–	(3.1)	(1.1)
Services, Engineering and Others	5.2	5.6	0.4	0.0	0.0	0.1	0.5
Corporate expenses and eliminations	(9.0)	(8.3)	–	–	–	0.7	0.7
Consolidated	127.7	35.0	(14.5)	(21.9)	(26.9)	(56.3)	(92.7)

Note: Original segments not reclassified.

See next slide.

Operating costs and others increases/decreases by segment, FY 2008 vs. FY 2007

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(¥ billion)

	Operating costs and others	Factors		
		Higher feedstock and fuel costs	Inventory valuation loss by lower-of-cost-or-market method	Inventory valuation loss by gross average method, higher unit costs due to lower operation rates, licensing income, etc.
Chemicals	(38.9)	(7.8)	(9.3)	(21.8)
Homes	(5.4)	(2.5)	(2.5)	(0.4)
Pharma	(2.0)	0.0	(0.9)	(1.1)
Fibers	(3.4)	(1.6)	(0.2)	(1.6)
Electronics Materials & Devices	(4.3)	(0.6)	(0.1)	(3.6)
Construction Materials	(3.1)	(2.7)	0.0	(0.4)
Services, Engineering and Others	0.1	0.0	0.0	0.1
Corporate expenses and eliminations	0.7	0.0	0.0	0.7
Consolidated	(56.3)	(15.1)	(12.9)	(28.1)

Effect of transient factor in FY 2008

Factors behind deviation from plan

– Recognition of challenges –

1. Large decrease of sales and profit in Chemicals and Electronics

✓ Chemicals

- High ratio of volume products in cyclical markets

✓ Electronics

- Many products in cyclical markets
- Delay in start-up of new businesses

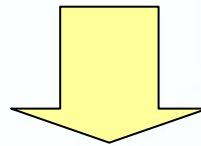
2. Gradual decrease of sales and profit in Homes and Construction Materials

Delay in portfolio realignment to overcome shrinking markets

3. Deterioration of financial strength

Lower profitability and excessive cash-out for working capital and strategic investment

- Dramatic change in management climate.
- Large decrease in sales and profits in FY 2008 and FY 2009 forecast.



1. Review of targets for FY 2010 based on results in H2 2008.
2. Decreased capital expenditure until FY 2010, mainly by postponing investments for capacity expansion in general-use/commodity businesses.

Responding to challenges

Basic concept of
Growth Action – 2010

High-growth businesses
→ Electronic devices & materials, medical devices, specialty chemicals

Business portfolio realignment for expansion and growth

Expanding global businesses	Reinforcement & growth
	New business creation
Enhancing domestic businesses	Higher added value
	Development of services

Actions

- Expansion of electronics businesses from perspective of energy and resource conservation
- Expansion and globalization of pharmaceutical and medical device businesses to meet emerging needs
- Further enhancement of high-value added businesses
- Acceleration of portfolio realignment through R&D, M&A

Additional actions

- Streamlining of general-use/commodity businesses
- Priority on profitability and investment efficiency



Capex for FY 2009 and FY 2010

Financial strength

- Maintaining D/E ratio of ≤ 0.5 to secure financing ability; capital expenditure of ¥670 billion by FY 2010 (¥130 billion decrease).
- Curtailment of working capital with sales decrease.
- Review of investments for expansion with change in management climate.

(Decision adopted, ¥ billion)

	Original plan (a)	Results by FY08	Revised plan (b)	Decrease from original plan (b-a)
Maintenance	200	125.0	195	(5)
Expansion	360	198.8	240	(120)
R&D	40	22.4	40	0
M&A	150	39.8	150	0
Sub-total	550	261.0	430	(120)
Renewing petrochemical complex	20	12.0	15	(5)
Dividend, restructuring, etc.	30	17.0	30	0
Total	800	415.0	670	(130)

FY09–FY10

¥70 billion

¥169 billion

¥255 billion

Actions by segment (1)

Segment	Actions performed	Actions planned
Health Care	<p><i>Devices</i></p> <ul style="list-style-type: none"> • Expansion of artificial kidney business; such as launch of production and marketing in China and alliance with Kawasumi Laboratories, Inc. • Expansion of Planova™ virus removal filter business. • Acquisition of TechniKrom, Inc., a leading supplier of bioprocess equipment. • Development of advanced medical device business; Reveal™ DX insertable cardiac monitor and Evaheart™ ventricular assist system. • Multi-faceted business alliance with NxStage Medical, Inc., home dialysis system company. 	<ul style="list-style-type: none"> • Global development of artificial kidney business. • Development of medical system businesses. • Expansion of therapeutic apheresis device business. • Pursuit of M&A.
	<p><i>Pharmaceuticals</i></p> <ul style="list-style-type: none"> • Approval of two new products, Recomodulin™ recombinant thrombomodulin and Famvir™ anti-herpes agent. • Acquisition of intellectual property rights related to naftopidil, an agent for treatment of benign prostatic hyperplasia. • Withdrawal from coenzyme Q10 business; closure of plant in Shiraoi. 	
Electronics	<ul style="list-style-type: none"> • Acquisition of semiconductor business from Toko Inc. • Expansion of LSI business. • New wafer processing plant for compound semiconductors. • Expansion of Hipore™ Li-ion battery separator. • Expansion of dry film photoresist. 	<ul style="list-style-type: none"> • Further development of electronic compass business. • New development of membrane for hybrid car Li-ion battery. • Reinforcement of R&D. • Expansion of high-function products. • Pursuit of M&A.

Note: Pharma segment renamed Health Care segment beginning in FY09.

Actions by segment (2)

Segment	Actions performed	Actions planned
<p>Chemicals & Fibers</p>	<ul style="list-style-type: none"> • Conclusion of final agreement and start of construction of AN and MMA plants in Thailand through joint venture with PTT. • New plant for Duranate™ HDI-based polyisocyanate in China. • Expansion of ion-exchange membrane production capacity. • Acquisition of spandex plants in Germany and US from Lanxess. • Closure of polyester filament plant and withdrawal from the field of monofilament. 	<ul style="list-style-type: none"> • Size optimization and reinforcement of competitiveness. <ul style="list-style-type: none"> – Improvement of efficiency in petrochemicals business with focus on petrochemical complex. – Linkage with feedstock competitiveness. • Cultivation of water treatment businesses.
<p>Homes & Const. Mat.</p>	<ul style="list-style-type: none"> • Promotion with Hebel Haus™ “street-corner showrooms.” • Expansion of housing-related businesses. • Restructuring of construction materials business; closure of autoclaved aerated concrete plant at Shiraoi. 	<ul style="list-style-type: none"> • Further expansion of housing-related businesses. • Strategic reinforcement for stable growth in unit-home business.

Reinforcement of new business development

Acceleration of portfolio transformation with overall strengthening of the Asahi Kasei Group; holding company configuration retained.

1. Installation of holding company Executive Officers for the four main business sectors
 - ✓ Purview corresponding to the business sectors of chemical/fiber-related, homes & construction materials, electronics, and healthcare. Nominated from among core operating company Presidents.
 - ✓ Advancement of resource allocation to each business sector from the company-wide perspective, including investment, human resources, and R&D.
2. Establishment of group-wide system for new business development to accelerate growth strategy; installation of officers responsible for technology/business development in each key field.
3. Enhancement of coordination between holding company organs New Business Development and Corporate Strategy.

Revision of FY 2010 outlook

Segment	Elements revised
Chemicals & Fibers	<ul style="list-style-type: none">• Lower profit forecast due to global oversupply.• Advancing measures for higher profitability by ROIC, etc.
Homes & Const. Mat.	<ul style="list-style-type: none">• Stable growth through expansion of housing-related businesses as housing market shrinks; securing profit equivalent to FY 08 at minimum.
Electronics	<ul style="list-style-type: none">• Completion of drastic inventory adjustment, recovery of normal level, followed by return of sustainable profit growth with businesses which remain profitable even under market fluctuations.
Health Care	<ul style="list-style-type: none">• Pharmaceuticals: Priority on launch of new drugs and ramping up profitability.• Medical devices: Global expansion, including peripheral businesses.

FY 2010 sales and operating profit outlook **AsahiKASEI**

(¥ billion)

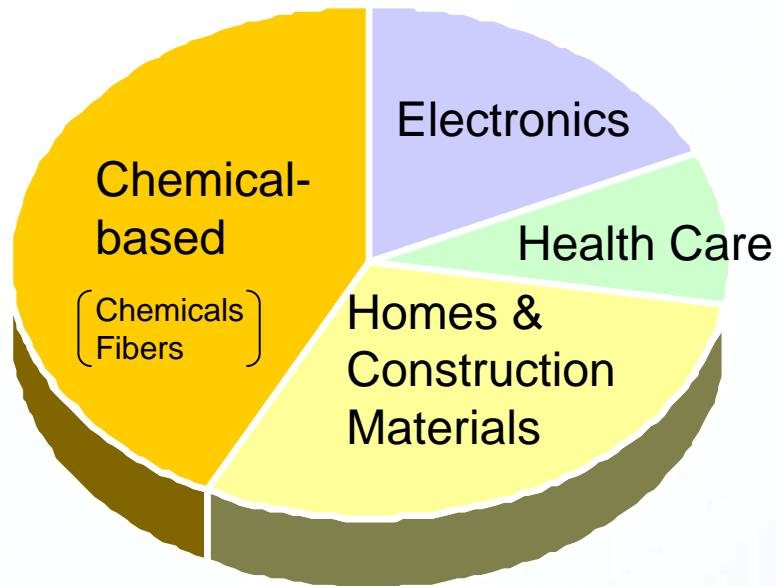
	Sales			Operating profit		
	2008	2009	2010	2008	2009	2010
Chemicals* & Fibers	805.7	605	600 – 650	(8.0)	13.0	16 – 23
Homes & Const. Mat.	470.8	458	450 – 480	23.6	19.5	20 – 23
Electronics*	129.7	145	150 – 200	7.3	8.0	18 – 24
Health Care	119.6	121	130 – 150	12.0	9.0	12 – 16
Others*	27.3	26	20	(0.1)	(8.5)	(6)
Total	1,554.1	1,355	1,350 – 1,500	34.8	41.0	60 – 80

* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows;

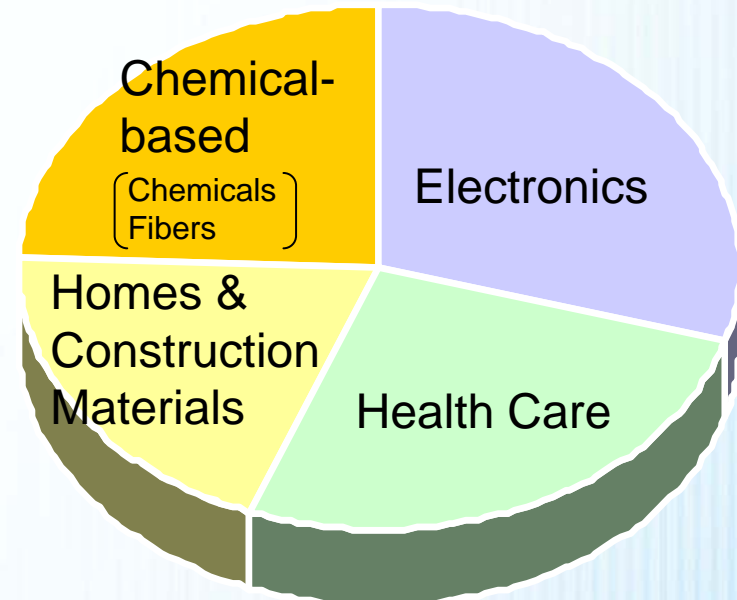
- Transfer of R&D for electronics materials such as Marketing Center for FPC/FPD Materials from corporate expenses, and Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins, and other related operations from Chemicals to Electronics.

Operating profit breakdown in FY 2015

Achieving business portfolio transformation:
4 business sectors of roughly equal profit contribution



FY 2005



Vision for FY 2015

- ✓ Over half of operating profit from Electronics & Health Care.
- ✓ Higher efficiency of invested capital.

Preparing for next phase of growth as a fast & lean enterprise coping effectively with challenges related to resources & the environment.

8. Concept for return to shareholders

Target of one-third for payout ratio

AsahiKASEI



Payout ratio	30.6%	19.9%	23.6%	24.5%	26.0%	295.0%	93.2%
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Aiming for higher ROE and payout ratio over the long term.

Appendix

FY 2009 forecast

AsahiKASEI

(¥ billion)

	FY 2007	FY 2008			FY 2009 forecast			Increase (decrease)
		H1	H2	Total	H1	H2	Total	
Net sales	1,696.8	843.2	709.9	1,553.1	619.0	736.0	1,355.0	(198.1)
Operating profit	127.7	40.1	(5.2)	35.0	5.0	36.0	41.0	6.0
Ordinary profit	120.5	40.7	(8.2)	32.5	4.0	35.0	39.0	6.5
Net income	69.9	23.4	(18.7)	4.7	0.0	15.0	15.0	10.3

Naphtha price (¥/kL, domestic)	61,450	78,350	39,500	58,925	30,000	30,000	30,000	(28,925)
¥/US\$ exchange rate (market average)	114	106	95	101	95	95	95	(6)

	FY 2007	FY 2008	FY 2009
Dividends per share	¥13	¥10	¥10 (planned)
Payout ratio	26.0%	295.0%	93.2%

Sales forecast by segment

AsahiKASEI

(¥ billion)

	FY 2008			FY 2009 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals*	422.1	267.2	689.3	238.0	253.0	491.0	(198.3)
Homes	170.3	239.6	409.9	162.0	236.0	398.0	(11.9)
Health Care	62.8	56.8	119.6	57.0	64.0	121.0	1.4
Fibers*	64.1	52.3	116.4	56.0	58.0	114.0	(2.4)
Electronics*	78.7	51.0	129.7	63.0	82.0	145.0	15.3
Construction Materials	31.3	29.6	60.9	30.0	30.0	60.0	(0.9)
Services, Engineering and Others	13.9	13.4	27.3	13.0	13.0	26.0	(1.3)
Consolidated	843.2	709.9	1,553.1	619.0	736.0	1,355.0	(198.1)

* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows;

- Transfer of Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins, and other related operations from Chemicals to Electronics.
- Transfer of Leona™ filament operations from Chemicals to Fibers.

Operating profit forecast by segment

AsahiKASEI

(¥ billion)

	FY 2008			FY 2009 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals*	13.1	(19.6)	(6.5)	6.0	9.0	15.0	21.5
Homes	3.0	18.8	21.9	1.0	17.0	18.0	(3.9)
Health Care	10.2	1.9	12.0	3.0	6.0	9.0	(3.0)
Fibers*	1.3	(2.8)	(1.5)	(2.5)	0.5	(2.0)	(0.5)
Electronics*	12.6	(5.4)	7.3	1.0	7.0	8.0	0.7
Construction Materials	0.8	0.8	1.7	0.5	1.0	1.5	(0.2)
Services, Engineering and Others	3.1	2.6	5.6	0.5	0.5	1.0	(4.6)
Corporate Expenses and Eliminations*	(4.0)	(1.6)	(5.5)	(4.5)	(5.0)	(9.5)	(4.0)
Consolidated	40.1	(5.2)	35.0	5.0	36.0	41.0	6.0

* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows;

- Transfer of R&D for electronics materials such as Marketing Center for FPC/FPD Materials from corporate expenses, and Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins, and other related operations from Chemicals to Electronics.
- Transfer of Leona™ filament operations from Chemicals to Fibers.

Targets of urgent actions

Execution of the following actions for accomplishment of financial targets in FY 2009

- ✓ Review of general-use/commodity businesses
 - Acceleration of business portfolio realignment, including restructuring of underperforming businesses.
 - Decisions adopted for:
 1. Closure of polyester filament plant.
 2. Withdrawal from the field of monofilament.
 3. Withdrawal from coenzyme Q10 business.
 4. Closure of autoclaved aerated concrete plant in Shiraoi.
- ✓ Cutting fixed costs by some ¥13.5 billion, including ¥3.6 billion increase of depreciation
- ✓ Reduction of capital expenditure
 - ¥126.7 billion for FY 2008 → ¥90 billion for FY 2009 planned
 - Postponing investments for capacity expansion in general-use/commodity businesses. Prudent investments in high-growth businesses in consideration of market conditions.
- ✓ Holding down inventories

End of Dec. 08	End of Mar. 09	Target at end of Sep. 09	Target at end of Mar. 10
¥324.9 billion	¥273.5 billion	¥250 billion	¥240 billion

- ✓ 10% to 20% curtailment of remuneration of corporate officers

Development of business investment

(¥ billion)

	FY 2006	FY 2007	FY 2008	FY 2009 (planned)
Capital expenditure decision adopted	83.8	145.2	105.0	67.5
Capital expenditure	84.4	82.9	126.7	90.0
Depreciation and amortization	71.6	74.0	79.4	83.0

Purchases of investment securities,
not included in capital expenditure

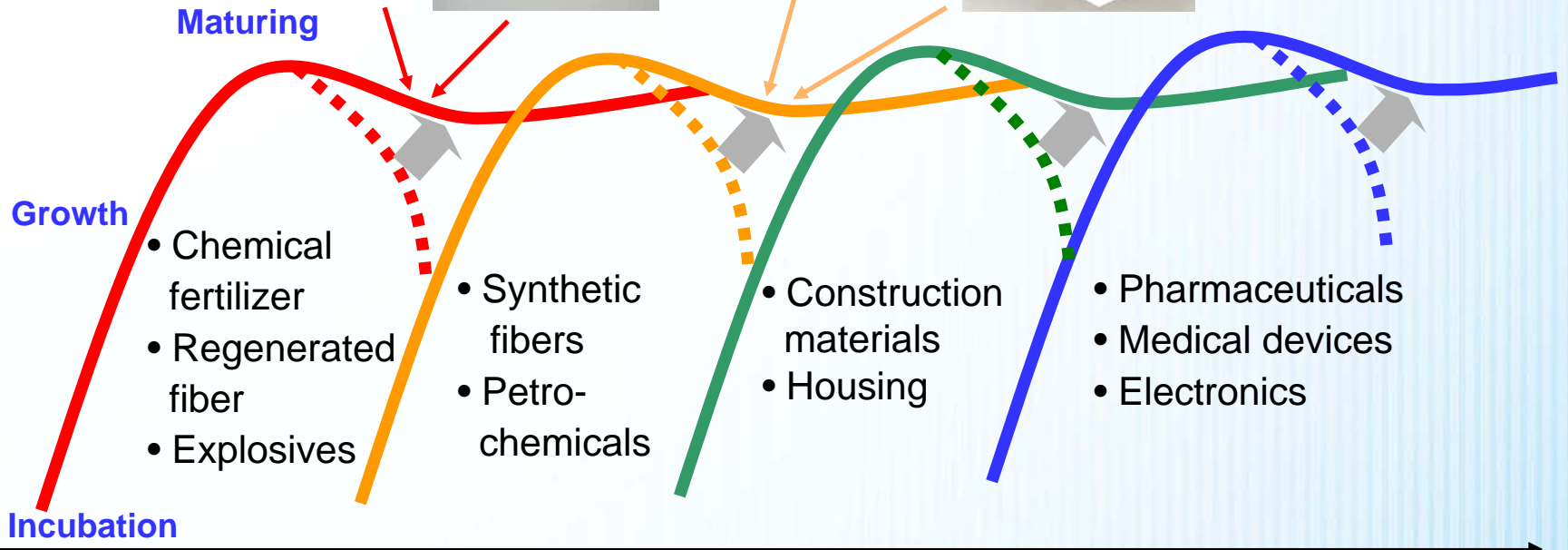
3.0

2.1

17.5

13.0

History of growth by diversification



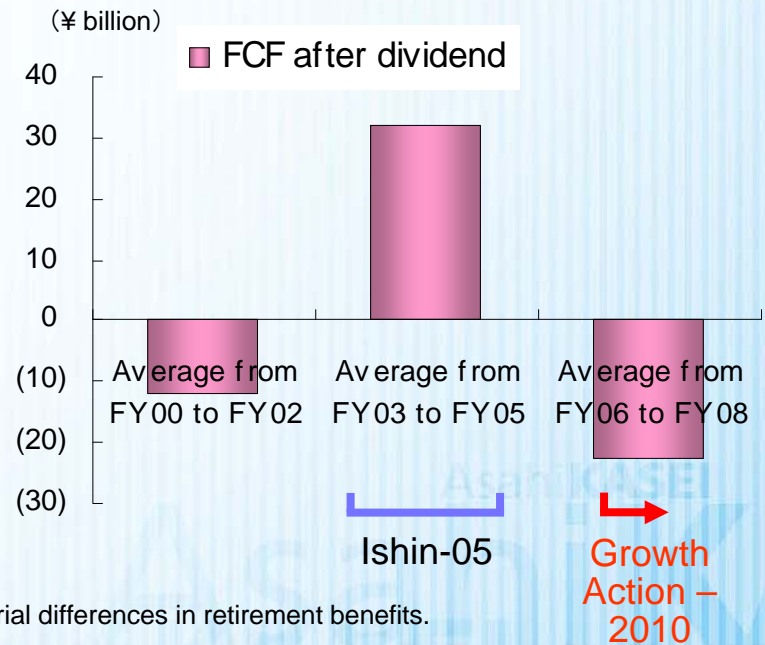
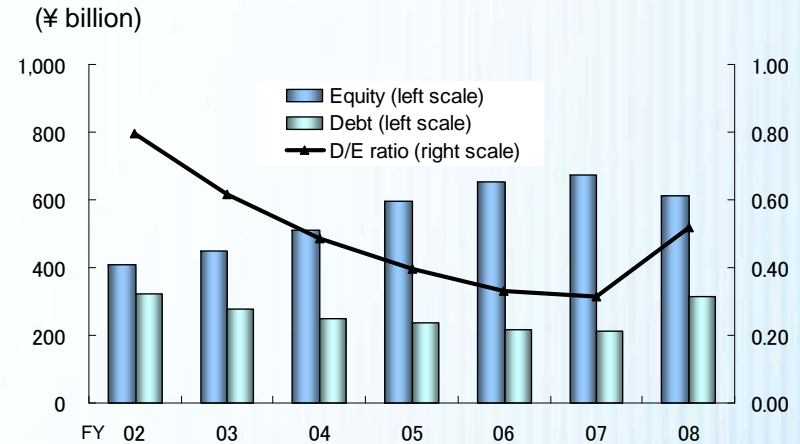
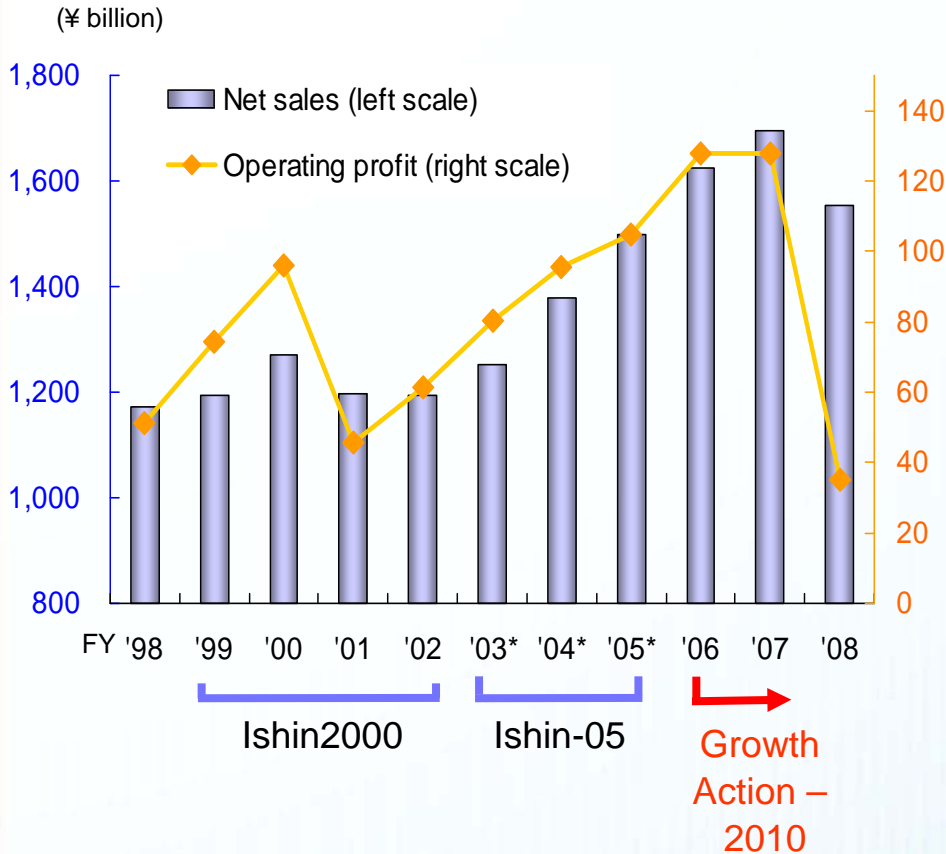
1923
Ammonia
Ammonium sulfate
1924
Rayon
1931
Bemberg™
1932
Explosives

1953/1957
Saran™ fiber
Polystyrene
1959/1962
Acrylic fiber
Acrylonitrile
1964
Nylon fiber
Synthetic rubber
1972
Ethylene plant

1967
Hebel™
1972
Hebel Haus™

1975
Artificial kidneys
1978
Hall elements
1981
Pharmaceuticals business unit
Dry film photoresist
1983
LSIs

Business performance and financial strength



* Operating profit from FY 2003 to 2005 prior to amortization of actuarial differences in retirement benefits.

Acrylonitrile (AN)*

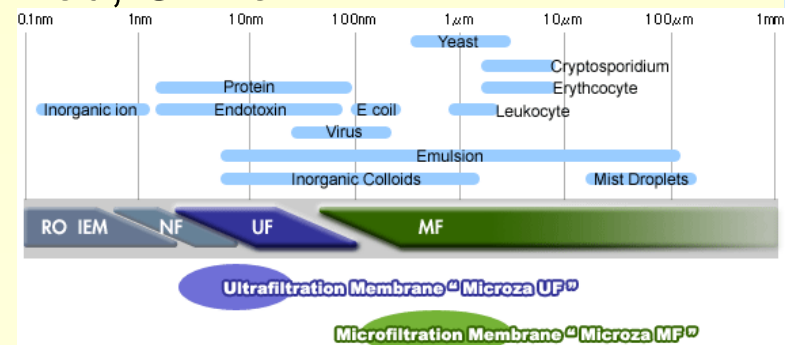
- ✓ 2nd largest producer in the world, aiming for No. 1 position
 - Production capacity: 750 kt/y; share: 13%
- ✓ Development of propane process, first in the world
 - Validation at commercial plant in Korea from Jan. 07 to Feb. 08
- ✓ Joint production of AN and MMA with PTT of Thailand
 - 200 kt/y propane-process AN plant and 70 kt/y ACH-process MMA plant in late 2010



* Raw material for acrylic fiber (used in blankets and sweaters) and ABS resin (used in household appliances).

Microza™ hollow-fiber membrane for filtration

- ✓ World's No. 2 share: 18%
- ✓ Rapid demand growth in municipal water & sewage treatment, wastewater recovery
 - More stringent drinking water regulation in US from 2011; requirement to remove 99.9997% of *Cryptosporidium parvum*
 - Increasing water pollution, shortages in China
- ✓ Accelerated development of wastewater recycling business
 - Operation start-up at first project in Suzhou, China
- ✓ 2 production sites, Japan and China
 - 30,000 module/y plant in Fuji, Japan
 - 30,000 module/y assembly plant in China



Spandex, regenerated cellulose, nonwovens

- ✓ Roica™ high-function spandex
 - Acquisition of spandex plants in Germany and US from Lanxess of Germany in Nov. 05; application of Roica™ technology at the plants
 - World's No. 3 share; global development of high-function and high-quality brand; production plants in Japan, Taiwan, China, Thailand, Germany, and US
- ✓ Bemberg™ regenerated cellulose fiber
 - Dominant world-leading share
 - Shift from domestic lining market to global markets and non-lining applications.
- ✓ Full product lineup of nonwovens
 - Sales expansion with focus on Precisé™ multifunctional nonwoven.



Business portfolio of Chemicals

Volume products				Specialty products	
Chemicals & derivative products		Polymer products			
Basic chemicals	Caustic soda	General-purpose polymers	PE	Membranes	Microza™ MF/UF membranes
	Chlorine		ABS, SAN		
	Ammonia		SB latex		
	Nitric acid		PMMA pellet & sheet		
			Synthetic rubber & elastomer	Performance chemicals	Duramate™ HDI-based polyisocyanate
Monomers	Acrylonitrile	Performance polymers	Tenac™ POM	Functional additives	Ceolus™ microcrystalline cellulose
	Styrene		Xyron™ mPPE		
	MMA		Leona™ nylon 66		
	Cyclohexanol				
	Adipic acid				
				Explosives	Defense explosives
				Home-use/Consumables	Saran Wrap™ cling film Packaging products
Share of sales*	80%			Share of sales*	20%

* Based on results for FY 2008.

Volume products

As of Dec. 31, 2008

	Asahi Kasei Chemicals		Main competitors			Main applications	Asahi Kasei's position/strengths
	Capacity (kt/y)	Share* (%)	Company	Capacity† (kt/y)	Share* (%)		
Acrylonitrile	750	13	Ineos	1,240	21	Acrylic fiber, ABS resin; captive use for ABS, adiponitrile	2nd largest producer in the world
Styrene	710	2	Shell Ineos Dow	2,468 2,052 2,019	8 7 7	EPS, ABS, SB latex, unsaturated polyester, SBR; captive use for PS, ABS, SB latex, SBR	Largest production capacity in Japan
Methyl methacrylate	100	3	Lucite Rohm & Haas	729 475	21 13	MS, MBS, coating materials; captive use for PMMA	Proprietary, cost-competitive C4 process
Cyclohexanol	170	—	—	—	—	Captive use for adipic acid	Only producer in the world. Proprietary process
Adipic acid	170	6	Invista Rhodia	1,030 455	37 16	Polyurethane; captive use for nylon 66	Largest producer in Asia
Elastomer	100	5	Kraton Philips	405 170	19 8	Plastic modifier	Unique polymer based on proprietary technology; marketing widely

* Share of production capacity, Asahi Kasei estimate.

† Asahi Kasei estimate.

Specialty products

Business field	Product	Position
Membranes	Microza™ UF and MF membranes and systems	No. 2 world share: 18%
	Aciplex™ ion-exchange membranes	No. 1 world share: 45%
	Electrolysis plants	No. 1 world share: 30%
Performance chemicals	Duranate™ HDI-based polyisocyanate	No. 1 domestic share
	Aluminum paste	No. 2 domestic share
	Polydurex™ silicone-modified acrylic latex, PVDC latex	PVDC latex, No. 2 world share: 20%
Functional additives	Ceolus™ microcrystalline cellulose	No. 3 world share

“Long Life Home” strategy for Hebel Haus™

Hebel Haus™ and post-construction business

- ✓ High-end urban homes with exceptional resistance to earthquake and fire
- ✓ 60-year inspection system
- ✓ Strategic marketing
 - Development of urban markets from Kanto westward
 - Focus on rebuilding demand
 - More than 7 million houses in 3 largest areas are non-compliant with current earthquake resistance standards
 - Promotion with Hebel Haus™ “street-corner showrooms”
 - Market launch of Smart Hebel Haus™ high-performance homes in affordable price range
 - Market launch of Hebel Haus™ homes featuring electric power generation with leading-edge environmental performance
- ✓ Services for the ≈300,000 units sold to date
 - Steady increase in orders at remodeling business
 - Increased units under rent guarantee at real-estate business



Sales and order trends of Homes

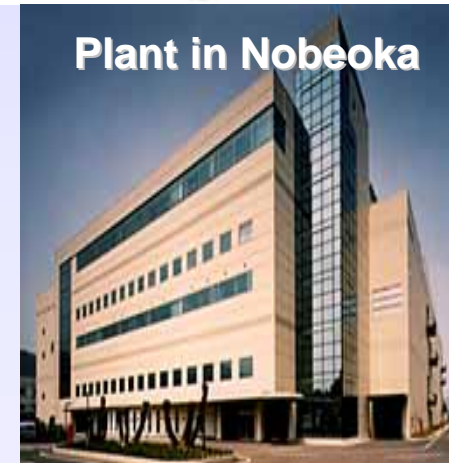
(¥ billion, % change from same period of previous year shown at right)

		Value of new orders during the term	Sales of order-built homes	Sales of pre-built homes	Other sales*	Unconsolidated	Consolidated subsidiaries	Consolidated	Order backlog
FY 04	H1	153.1 (-5.2%)	138.9 (+14.6%)	6.6 (+25.3%)	0.5	146.0 (+15.0%)	21 (+1.9%)	167.3 (+13.2%)	333.2
	H2	148.7 (-5.1%)	171.9 (+7.5%)	13.6 (-55.9%)	0.6	186.0 (-2.8%)	23 (+0.9%)	208.5 (-2.3%)	310.1
	annual	301.8 (-5.1%)	310.7 (+10.6%)	20.1 (-44.1%)	1.1	332.0 (+4.3%)	44 (+1.6%)	375.8 (+4.0%)	
FY 05	H1	150.4 (-1.7%)	140.2 (+0.9%)	20.5 (+213.0%)	0.4	161.1 (+10.4%)	24 (+13.6%)	185.3 (+10.8%)	320.4
	H2	162.9 (+9.5%)	179.3 (+4.3%)	13.1 (-3.6%)	0.6	193.0 (+3.8%)	26 (+16.4%)	219.2 (+5.1%)	304.0
	annual	313.3 (+3.8%)	319.4 (+2.8%)	33.6 (+67.0%)	1.1	354.1 (+6.7%)	50 (+15.1%)	404.5 (+7.7%)	
FY 06	H1	156.1 (+3.7%)	134.7 (-3.9%)	6.0 (-70.9%)	0.5	141.1 (-12.4%)	28.0 (+15.7%)	169.1 (-8.7%)	325.3
	H2	147.3 (-9.6%)	182.9 (+2.0%)	23.0 (+75.8%)	0.5	206.4 (+6.9%)	30.2 (+15.3%)	236.6 (+7.9%)	289.8
	annual	303.4 (-3.2%)	317.6 (-0.6%)	28.9 (-13.8%)	1.0	347.5 (-1.9%)	58.2 (+15.5%)	405.7 (+0.3%)	
FY 07	H1	153.6 (-1.5%)	131.2 (-2.6%)	5.0 (-16.5%)	0.4	136.6 (-3.2%)	30.3 (+8.2%)	166.9 (-1.3%)	312.3
	H2	152.5 (+3.5%)	165.9 (-9.3%)	19.5 (-15.1%)	0.5	186.0 (-9.9%)	33.3 (+10.3%)	219.3 (-7.3%)	298.8
	annual	306.1 (+0.9%)	297.1 (-6.5%)	24.5 (-15.4%)	1.0	322.5 (-7.2%)	63.7 (+9.5%)	386.2 (-4.8%)	
FY 08	H1	157.1 (+2.3%)	129.4 (-1.4%)	6.0 (+19.7%)	0.7	136.0 (-0.4%)	34.3 (+13.2%)	170.3 (+2.0%)	326.6
	H2	133.9 (-12.1%)	177.9 (+7.2%)	24.0 (+22.8%)	0.9	202.7 (+9.0%)	36.9 (+10.8%)	239.6 (+9.3%)	282.6
	annual	291.1 (-4.9%)	307.3 (+3.4%)	29.9 (+22.2%)	1.5	338.7 (+5.0%)	71.2 (+11.8%)	409.9 (+6.1%)	
FY 09 forecast		309.0 (+6.2%)	286.0 (-6.9%)	35.5 (+18.6%)	1.5	323.0 (-4.6%)	75.0 (+5.3%)	398.0 (-2.9%)	305.6

* Including commissions on property insurance.

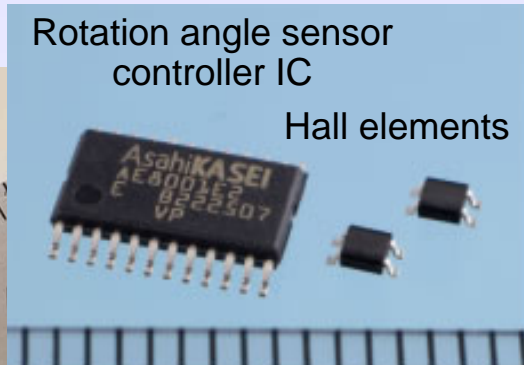
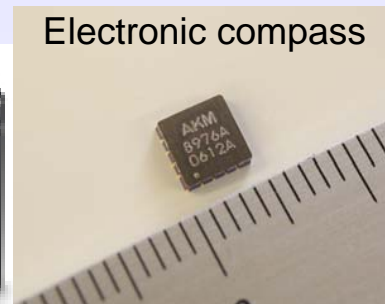
Analog/digital mixed-signal LSIs

- ✓ Development in cell phone/communications and multimedia fields
 - World's No. 1 share in audio devices in mixed-signal LSIs
 - World's No. 1 share in TCXO ICs
- ✓ Reinforcement of design functions
 - Advantage in analog design – 2 years to fully develop a digital-circuit design engineer, 10 years for an analog-circuit design engineer (design centers in Atsugi and Miyazaki)
- ✓ Strengthening of marketing bases in Korea, China, Taiwan, and Europe
- ✓ Acquisition of semiconductor business from Toko Inc.



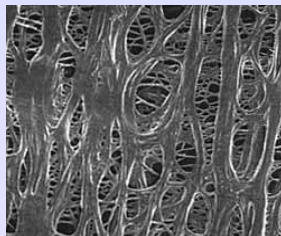
Magnetic sensors and fusion products

- ✓ Hall elements – magnetic sensors for motor control of DVD drives and PC fans
 - World's No. 1 share in Hall elements: 70%
 - Wafer processing plant for compound semiconductor in Fuji
- ✓ Products fusing sensors & LSIs
 - Expansion in cell phone backlight switch and camera shake cancellation sensor applications
 - Full-fledged development of thinnest and smallest electronic compass for mobile applications
 - Expansion in contact-free rotation angle sensor for automotive applications

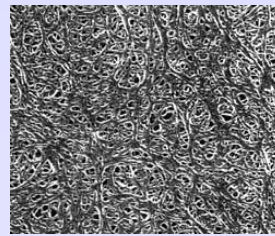


Hipore™ Li-ion rechargeable battery separator

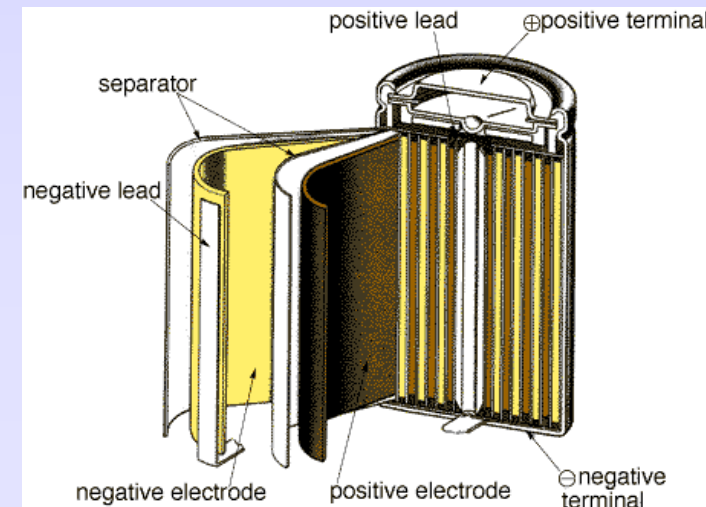
- ✓ World's No. 1 share: 50%
- ✓ Full product lineup to meet specific market needs
- ✓ Plant expansion to over 200 million m²/y with demand growth
 - Expansion to 165 million m²/y in 2010 in Moriyama, Shiga pref.; +20 million m²/y in 2008, +30 million m²/y in 2009 and +15 million m²/y in 2010
 - 40 million m²/y capacity in 2010 in Hyuga, Miyazaki pref.; new plant with 20 million m²/y capacity and +20 million m²/y in 2010
- ✓ Accelerated development of membrane for hybrid car Li-ion battery



Micrograph of large pore size Hipore™



Micrograph of small pore size Hipore™



Electronics materials

- ✓ Sunfort™ dry film photoresist (DF) for printed wiring boards
 - World top-3 share: 30%
 - Capacity expansion at China plant, the world's largest DF plant; 100 million m²/y expansion in Jul. 06 and 100 million m²/y expansion in Jun. 08 to 280 million m²/y
- ✓ Expansion of ultra-thin glass fabric
- ✓ Pimel™ semiconductor buffer coats
 - World's No. 1 share
 - Expansion of alkaline type
 - New plant in Feb. 08
- ✓ Photomask pellicles for LSIs and LCDs
 - World's No. 2 share; nearly exclusive supplier for large LCDs
 - New production line for pellicles for 10G LCD panels in Nov. 08

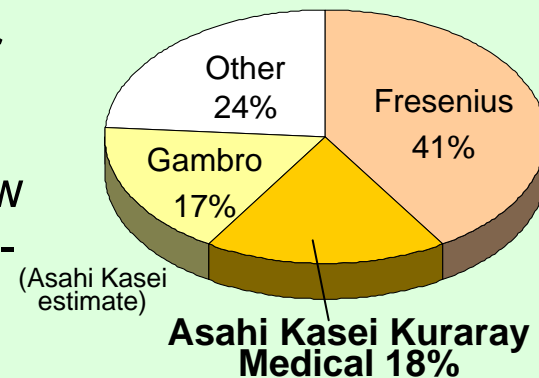


Electronics products

Business field	Product	Position
Electronic devices	Mixed-signal LSIs	World's No. 1 share in TCXOs, electronic compasses, and audio devices
	Hall elements (magnetic sensors)	World's No. 1 share: 70%
Electronic materials	Hipore™ Li-ion rechargeable battery separator	World's No. 1 share: 50%
	Dry film photoresist	World top-3 share: 30%
	Glass fabric	World's No. 1 share in ultra-thin glass fabric
	Pimel™ semiconductor buffer coats	World's No. 1 share in photosensitive products
	Photomask pellicles	World's No. 2 share; world's No. 1 share for LCD panels
	APR™ photosensitive resin, AFP™ photosensitive plates, printing plate making systems	World's No. 2 share in photosensitive resin

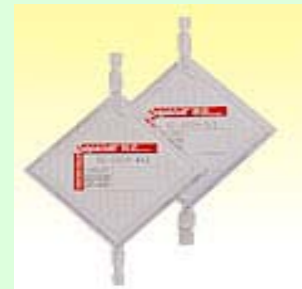
Artificial kidney (hemodialyzer) business

- ✓ World's No. 2 share: 18%; Japan's No. 1 share: 40% **World share**
- ✓ Plant expansions for polysulfone hollow-fiber membrane artificial kidneys
 - Integration of spinning and assembly lines in a new 5.5 million module/y plant for dry-pack polysulfone-membrane dialyzers in Nov. 08
 - 6 million module/y hollow-fiber spinning capacity increase to 34 million modules/y in Oct. 09
- ✓ New assembly plant and expansion in China
 - New 3.6 million module/y plant in Apr. 06; 3.6 million module/y expansion in May 07
- ✓ Integration of dialyzer business with Kuraray Medical in Oct. 07
 - New 2.6 million module/y plant for EVOH hollow-fiber membrane in June 08; expansion to 4 million module/y capacity planned
- ✓ Business alliance with NxStage Medical, Inc.



Therapeutic apheresis devices, leukocyte reduction filters, and virus removal filters

- ✓ Advancing development in therapeutic apheresis
 - Expansion of indications to include ulcerative colitis, rheumatoid arthritis, and Hepatitis C
 - Utilization of pharmaceuticals clinical development function; advancing overseas development
- ✓ Expansion of Sepacell™ leukocyte reduction filter business
 - 4 million modules/y capacity increase to 20 million modules/y in Dec. 08
- ✓ Expansion of Planova™ virus removal filter business
 - Growing demand in production of plasma derivatives and biopharmaceuticals
 - Expansion of assembly plant by 40 thousand m²/y to 80 thousand m²/y in Mar. 10
 - Expansion of hollow-fiber spinning plant by 40 thousand m²/y to 70 thousand m²/y in Mar. 09
 - Acquisition of TechniKrom, Inc., a leading supplier of bioprocess equipment



New products and pipeline of pharmaceuticals

Overview of products launched in FY 08

	Generic name	Mechanism/ substance class	Indication	Formulation	Co-development partner
Recomodulin™, market launch in May 2008	Recombinant thrombomodulin alpha	Blood coagulation	Disseminated intravascular coagulation	Injection	—
Famvir™, market launch in July 2008	Famciclovir	Antiviral	Shingles (zoster)	Tablet	Novartis Pharma AG

Product pipeline

Development stage	Product	Objective	Substance/class	Indication
Phase III	AT-877 (Injection)	Additional indication	Rho-kinase inhibitor	Acute cerebral thrombosis
	PTH (Injection)	New biologic	Synthetic human parathyroid hormone	Osteoporosis
Preparing for Phase III	AK-120 (Oral)	Additional indication	Famciclovir antiviral	Herpes simplex
Phase II	AT-877 (Oral)	New dosage form	Rho-kinase inhibitor	Pulmonary hypertension
Preparing for Phase II	AK-150 (Injection)	New chemical entity	Pentosan polysulfate	Osteoarthritis