Progress of Stage Up 2012 –New Challenges– Medium-Term Management Plan

Fiscal Year Ended March 31, 2012

May 17, 2012

UBE INDUSTRIES,LTD.

Contents of Presentation

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FY2011 Consolidated Results and FY2012 Forecast

FY2011 Consolidated Results
Major P/L & B/S Items

UBE

● **Increased revenues and profits, centering on Chemicals & Plastics segment**

(Billion yen)

Item	FY2010	FY2011	YoY Change	Factors
Net sales	616.0	638.6	22.5	Increased sales volumes, raised selling prices for chemicals, other
Operating income	44.3	46.0	1.6	Increased sales volumes, improved spreads for caprolactam (CPL), other
Ordinary income	39.1	40.8	1.7	
Net income	17.2	22.9	5.7	Reduced losses on business withdrawal
Net interest-bearing liabilities	211.0	220.8	9.8	
Equity capital	187.0	199.4	12.4	
Dividend (Yen / Share)	5.0	5.0	0.0	

FY2011 Consolidated Results
Sales and Operating Income by Segment

(Billion yen)

Segment	Sales			Operating Income		
	FY2010	FY2011	YoY Change	FY2010	FY2011	YoY Change
Chemicals & Plastics	204.5	231.0	26.5	20.0	22.9	2.9
Specialty Chemicals & Products	68.7	64.3	-4.4	8.7	5.4	-3.2
Pharmaceutical	8.8	11.1	2.3	2.3	3.7	1.4
Cement & Construction Materials	200.4	209.1	8.6	8.0	8.6	0.5
Machinery & Metal Products	83.4	72.5	-10.8	1.7	3.0	1.3
Energy & Environment	59.1	62.5	3.3	4.0	3.3	-0.6
Others	26.8	25.9	-0.9	1.1	1.0	0.0
Adjustments*	-35.9	-38.0	-2.1	-1.6	-2.3	-0.6
Total	616.0	638.6	22.5	44.3	46.0	1.6

* Including offset from intersegment transactions

FY2012 Consolidated Forecasts External Factors

(Billion yen)

Item			FY2011 (A)	FY2012 (B)	YoY Change (B)－(A)	Impacts on Consolidated OP Income
Exchage Rate		¥/US$	79.1	80.0	0.9	0.0
Material Price	(CIF) Naphtha	US$/t	965	950	-15	0.3
	(Domestic)	¥/KL	55,000	54,800	-200	(0.0)
	Benzene (Average of US and Euro Contract Price)	US$/t	1,147	1,205	58	-1.9 (-2.1)
	Australian Coal (CIF)	US$/t	143.6	132.1	-11.5	2.2
		¥/t	11,360	10,565	-795	(1.9)

(　): including impacts from fluctuation of exchange rate

FY2012 Consolidated Forecasts
Major P/L & B/S Items

UBE

- **Maximize the benefits of new facilities and facilities expansion in and outside of Japan, to increase revenues and profits, and pursue growth strategies suited to business conditions**

(Billion yen)

Item	FY2011	FY2012	YoY Change	Factors
Net sales	638.6	678.0	39.4	Increased sales volumes, other
Operating income	46.0	47.0	1.0	Increased sales volumes, other
Ordinary income	40.8	41.0	0.2	
Net income	22.9	23.0	0.1	
Net interest-bearing liabilities	220.8	219.0	-1.8	
Equity capital	199.4	220.0	20.6	
Dividend (Yen / Share)	5.0	5.0	0.0	

FY2012 Consolidated Forecasts
Sales and Operating Income by Segment

(Billion yen)

Segment	Sales			Operating Income		
	FY2011	FY2012	YoY Change	FY2011	FY2012	YoY Change
Chemicals & Plastics	231.0	258.0	27.0	22.9	18.5	-4.4
Specialty Chemicals & Products	64.3	78.0	13.7	5.4	9.0	3.6
Pharmaceutical	11.1	12.5	1.4	3.7	4.0	0.3
Cement & Construction Materials	209.1	205.0	-4.1	8.6	9.5	0.9
Machinery & Metal Products	72.5	78.5	6.0	3.0	3.5	0.5
Energy & Environment	62.5	64.5	2.0	3.3	4.0	0.7
Others	25.9	23.5	-2.4	1.0	1.0	0.0
Adjustments*	-38.0	-42.0	-4.0	-2.3	-2.5	-0.2
Total	638.6	678.0	39.4	46.0	47.0	1.0

* Including offset from intersegment transactions

Outlook for Main Business (1)
Consolidated Forecast for FY2012

UBE

Chemicals & Plastics



- **Caprolactam:** There is weak demand in China, and the supply and demand situation is easing due to production brought online by competitors in Taiwan and China.
  In response to raw material and caprolactam prices and trends in demand, Ube will endeavor to secure spreads and strengthen cost competitiveness across four plants in three countries. As a market leader, Ube will respond to changing business conditions including through future business expansion.
- **Polyamide Resin:** There is firm demand for use in automotive applications and food wrapping films.
  Ube will leverage the new large-scale plant that was brought online in Thailand, and capitalize on its brand strength built around high quality and stable supply, to accelerate efforts to expand sales. With the tight supply and demand situation for nylon 12, Ube will focus on securing raw materials to ensure a stable supply.
- **Industrial Chemicals:** Demand for ammonia used in industrial applications has recovered, while there is firm demand for use in dinitrification applications.
  As the largest ammonia supplier in Japan, Ube will capitalize on a stable supply capability and its sales network to expand sales.
- **Synthetic Rubber:** Despite sluggish demand in China and Europe, there is firm demand in Japan centering on tire applications. Ube is focusing on securing spreads in response to major fluctuations in the price of raw materials. Ube will leverage its three plants in Japan, Thailand, and China to actively pursue marketing initiatives for future plant expansion.

(Billion yen)

Item	FY2009	FY2010	FY2011	FY2012	FY2012 (Mid-Term plan)
Net sales	165.0	204.5	231.0	258.0	221.0
Operating income	4.7	20.0	22.9	18.5	15.0

Outlook for Main Business (2)
Consolidated Forecast for FY2012

UBE

Specialty Chemicals & Products

- **Polyimides:** Demand for films used in flat panels is expected to gradually recover. Ube will take steps to increase market share in the LCD sector both in and outside of Japan, and strengthen the polyimide chain by entering new growth markets such as solar cells. Ube will also develop markets for related products, such as polyimide products for next-generation displays under the joint venture with Samsung Mobile Display.
- **Gas Separation Membranes:** The market for nitrogen separation membranes is gradually recovering. There is firm demand for dehydration membranes, and growth is anticipated in the market for decarboxylation membranes used for environmental applications.
- **Battery Materials:** Ube will respond to growth in the consumer market for lithium-ion rechargeable batteries, while actively pursuing new markets for vehicle and storage battery applications. Ube will also strengthen electrolyte development and cost competitiveness, and is building a global framework for production and supply of electrolytes under the joint venture with Dow Chemical. For separators, Ube will increase production capacity while pursuing the development of next-generation separator films.
- **Semiconductor Materials:** Currently constructing the second production facilities for metal organic (MO) compounds, in response to increased demand from the LED market.
- **Ceramics:** There is growing demand including for machine tools and bearings. Demand for use in solar cell components is also expected to recover, starting from the second half of fiscal 2012.
- **Fine Chemicals:** Demand for 1,6-hexanediol and polycarbonate diol (PCD) is recovering. Ube will seek to rapidly achieve full production at the new diol plant in Thailand and second PCD plant in Spain. Ube will actively pursue licensing for dimethyl oxalate (DMO) and monoethylene glycol (MEG) technology to Chinese companies. Ube will start planning for the construction of a new DMC plant in China under a joint venture, anticipating future growth in demand.

(Billion yen)

Item	FY2009	FY2010	FY2011	FY2012	FY2012 (Mid-Term plan)
Net sales	60.3	68.7	64.3	78.0	89.5
Operating income	3.2	8.7	5.4	9.0	14.0

Outlook for Main Business (3)
Consolidated Forecast for FY2012

UBE

Pharmaceutical

■ **Ube's products from R&D:** Project continued growth in volumes for Talion and Calblock.
Effient is already being sold in various countries outside of Japan after being introduced for sale in Europe and the US, with volumes expected to gradually increase. Ube is progressing with phase three clinical trials for application of Effient for alternative treatments in the global market, and phase three clinical trials in Japan for Effient used in its primary application.
Increasing support for pharmaceuticals companies of partners, in order to enhance Lifecycle Management such as new formulations and indications for the three products already launched.

Ube's products

Trade name	Indication	Partner
Talion	Antiallergy agent	Sales: Mitsubishi Tanabe Pharma Corporation
Calblock	Antihypertensive agent	Sales: Daiichi Sankyo Co., Ltd.
Effient	Antiplatelet agent	Sales: Eli Lilly and Company, Daiichi Sankyo Co., Ltd.

■ **Under contract Manufacturing:** Project increased net sales from both existing contracts and new orders for APIs and intermediates.

(Billion yen)

Item	FY2009	FY2010	FY2011	FY2012	FY2012 (Mid-Term plan)
Net sales	9.9	8.8	11.1	12.5	17.0
Operating income	3.7	2.3	3.7	4.0	8.0

Outlook for Main Business (4)
Consolidated Forecast for FY2012

Cement & Construction Materials



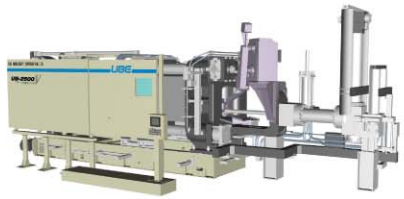
- **Cement & Ready-Mixed Concrete:** There is firm demand for cement in the Japanese market, with projected demand for disaster reconstruction. Demand in Japan is forecasted at 43 million tonnes, up slightly from fiscal 2011. Ube will flexibly respond to forthcoming demand from disaster reconstruction and strong export markets, to maintain full operating levels at plants. Ube will also strengthen its profit position through streamlining initiatives and by securing optimal pricing.
- **Resource Recycling:** Ube will seek to achieve full operating levels for existing production facilities including waste plastics processing facilities, and will strengthen processing facilities such as for sludge drying. Ube will also strengthen technology development and waste collection to steadily expand revenues.
- **Calcia and Magnesia:** Despite sluggish demand for the steel market, there is strong demand for power generation applications. Ube will focus on securing demand related to disaster reconstruction.
- **Specialty Inorganic Products:** Demand for plastic filler used in automotive applications is starting to recover, but demand for high-purity powders for the consumer electronics and semiconductor markets is expected to remain sluggish for the time being. Ube will continue to pursue the development of new products and new applications for magnesium oxide (MgO) target materials, thermal conductive materials, and blue phosphors, in order to further expand the market for specialty inorganic products.

(Billion yen)

Item	FY2009	FY2010	FY2011	FY2012	FY2012 (Mid-Term plan)
Net sales	188.3	200.4	209.1	205.0	195.0
Operating income	6.1	8.0	8.6	9.5	8.9

Outlook for Main Business (5)
Consolidated Forecast for FY2012

Machinery & Metal Products



- **Molding Machines:** Ube will introduce new products and focus on increasing sales, targeting growing markets in developing countries, and to capitalize on demand from the recovering automotive market in North America. Ube will establish new service facilities and strengthen its global service network in countries such as India, Indonesia, Thailand, and Mexico, to increase orders and revenues.
- **Industrial Machinery:** Ube will expand overseas procurement to strengthen cost competitiveness, while seeking to increase orders for vertical mills and conveyance machinery by developing new products for markets in developing countries and pursuing market development through sales and service integration. For marine machinery, Ube anticipates an increase in orders through growth in sales of deck machinery for LNG transport vessels in markets in and outside of Japan.
- **Steel Products:** With the addition of special billet steels, Ube will seek to increase sales in Asia including in Taiwan, Indonesia, Thailand, Vietnam, and India, and secure order volumes at levels from the previous year.

(Billion yen)

Item	FY2009	FY2010	FY2011	FY2012	FY2012 (Mid-Term plan)
Net sales	81.7	83.4	72.5	78.5	94.5
Operating income	4.4	1.7	3.0	3.5	5.8

Outlook for Main Business (6)
Consolidated Forecast for FY2012

Energy & Environment



- **Coal:** With a tight supply and demand situation for electricity, Ube will seek to increase the volume of coal sales and coal storage to accommodate demand from coal-fired power plants that are expected to operate at high levels. Ube will also secure cost competitiveness by procuring low-priced coal (subbituminous coal and US coal) and optimizing vessel shipments.
  Ube will operate the Coal Center at peak efficiency to increase coal storage volumes and reduce costs.
  Ube will procure coal at competitive prices amid slumping coal prices and ocean freight rates.
  Ube will pursue the supply of biomass fuels including palm kernel shells (PKS), to address the need for sustainable energy.
- **Power:** Ube will maximize its power generation volumes to secure the stable supply of power, and increase revenues from sales of excess power. Ube will also continue to pursue cost reductions through the use of low-grade coal.
  In the independent power producer (IPP) business, Ube will strengthen its biomass incineration capability to be part of the new scheme that will be introduced in July 2012 that will compel power utilities to purchase all output from renewable energy.

(Billion yen)

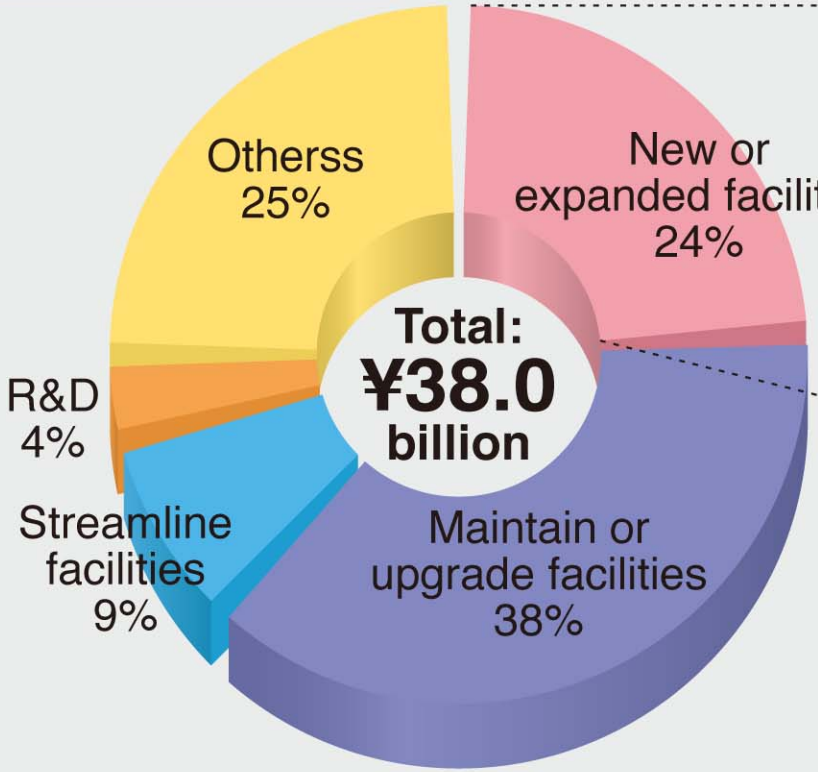
Item	FY2009	FY2010	FY2011	FY2012	FY2012 (Mid-Term plan)
Net sales	54.1	59.1	62.5	64.5	64.0
Operating income	4.3	4.0	3.3	4.0	2.8

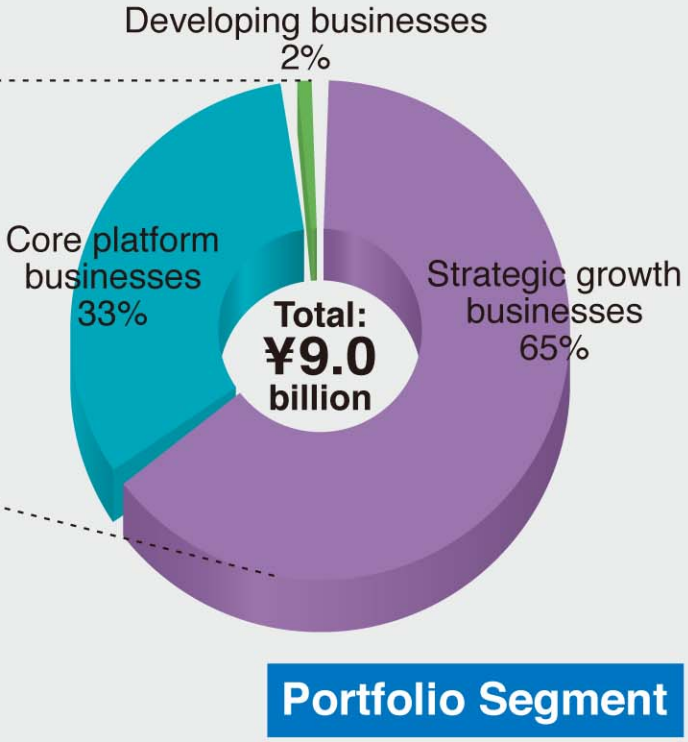
FY2012 Capital Expenditures by Purpose and Portfolio Segment

(Billion yen)

Item	FY2010	FY2011	FY2012	FY2010-FY2012 (Total)	FY2010-FY2012 (Mid-Term plan)
Capital Expenditure	35.3	44.4	38.0	117.7	108.0

Capital Expenditure by Investment Purpose





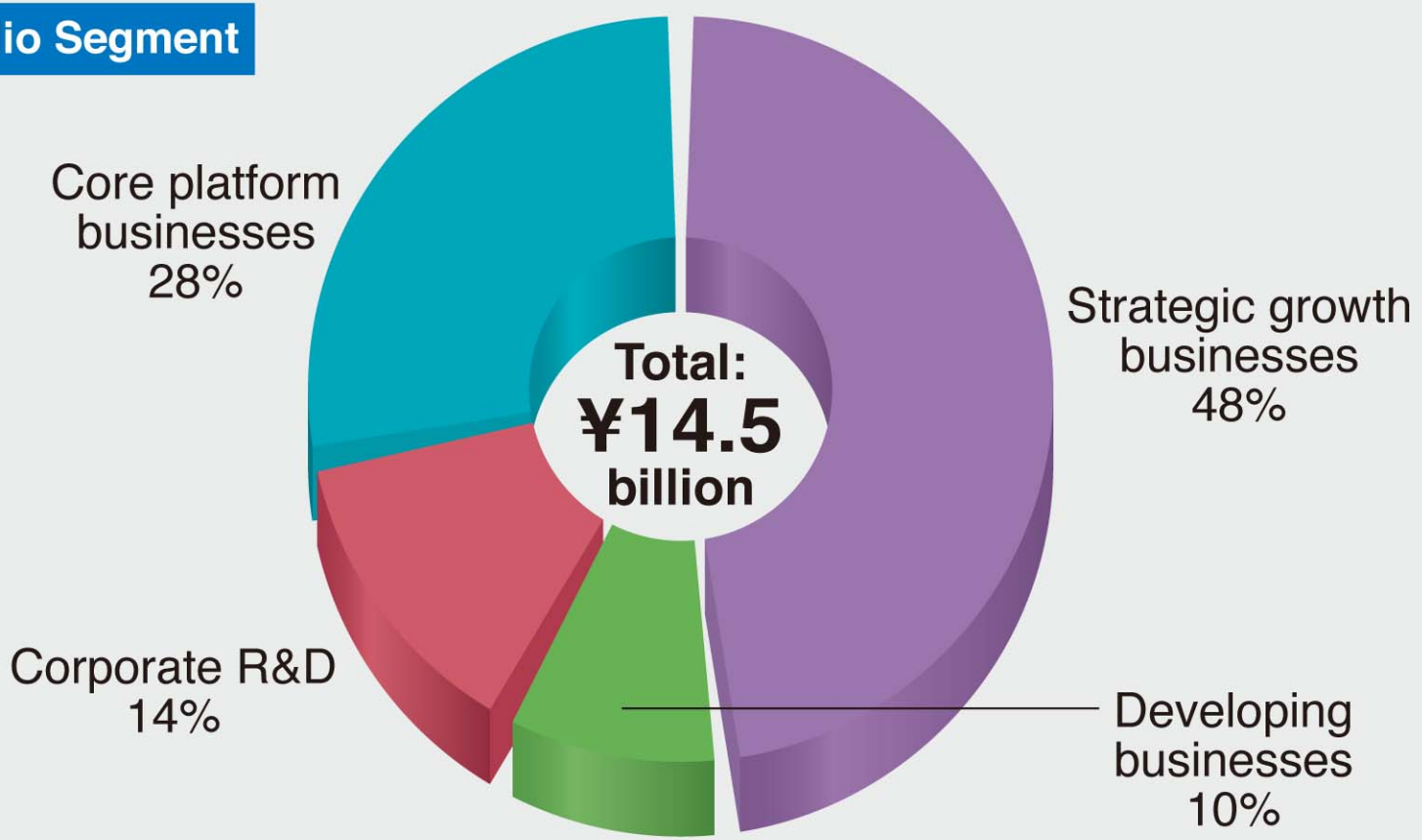
Portfolio Segment

FY2012 R&D Expenditures by Portfolio Segment

(Billion yen)

Item	FY2010	FY2011	FY2012	FY2010-FY2012 (Total)	FY2010-FY2012 (Mid-Term plan)
R&D expenses	13.7	13.7	14.5	41.9	45.0

Portfolio Segment



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Mid-Term Management Plan (FY2010–2012)
“Stage Up 2012 –New Challenges–”

Basic Strategies (Part 1)

❶ Establish a Platform for Profitability That Enables Sustainable Growth

Continue to optimize the business portfolio by striking a balance between strategic growth businesses and core platform businesses, to achieve sustainable growth.

- Place the highest priority on pharmaceuticals, battery materials, and fine chemicals, in order to drive growth
- Secure the next stage of growth for the polyimide chain
- Capture volume business in the emerging markets of developing nations, by means of technology innovation and product development
- Pursue strategies specifically tailored to each business segment
- In segments that are forecasted to have low or declining demand, the Ube Group will restructure the production framework, and merge or eliminate facilities in order to secure a certain level of profits

Stage Up 2012 Mid-Term Management Plan

Basic Strategies (Part 2)

UBE

❷ Sustained Improvement of Financial Position

- Lower the net debt/equity ratio to below 1.0 as soon as possible
  Achieve a financial position that qualifies for an A credit rating
- Continue to restrict capital expenditures to a level that equals depreciation (over three years)
  Take a proactive stance on alliances and/or mergers and acquisitions, in order to accelerate the pace of growth and transform the business structure.
- Pursue a management strategy with a strict emphasis on cash flow
  Enhance inventory management, reduce logistics costs, and enhance the efficiency of management indirect processes

❸ Respond to and Address Global Environmental Issues

- Strengthen initiatives to reduce greenhouse gas emissions, reduce waste, and conserve energy
- Endeavor to develop environmentally friendly technologies and products
  Seize business opportunities to trigger growth

Summary of Stage Up 2009 Mid-Term Management Plan (Part 1)

Target Achievement

UBE

● Recorded steady improvement in financial indicators and enhanced platform for profitability

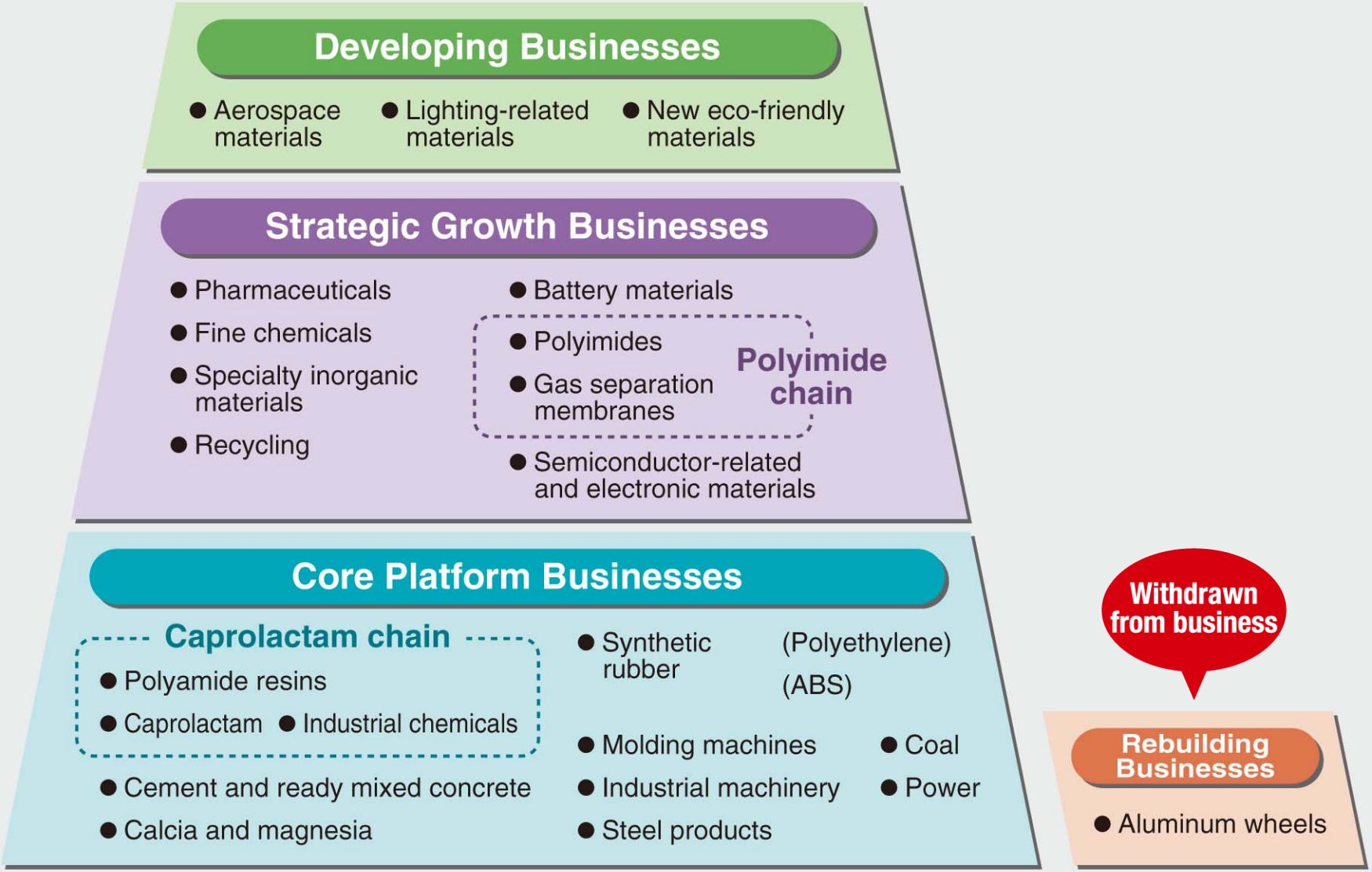
Item	Unit	FY2009 Result	FY2010 Result	FY2011 Result	FY2012 Forecast	FY2012 Mid-Term plan	FY2015 Targets
Net debt/equity ratio	Times	1.4	1.1	1.1	1.0	Below 1.0	—
Equity ratio	%	27.3	28.3	30.0	32.1	30 or above	—
Operating income ratio	%	5.0	7.2	7.2	6.9	7.5 or above	8.0 or above
Return on assets	%	4.4	7.2	7.2	7.2	7.5 or above	8.0 or above
Return on equity	%	4.7	9.4	11.9	11.0	12 or above	—
Net sales	Billion yen	549.5	616.0	638.6	678.0	670.0 or above	—
Operating income	Billion yen	27.5	44.3	46.0	47.0	53.0 or above	70.0 or above
Business income	Billion yen	29.3	47.0	47.9	48.5	55.0 or above	—
Net interest-bearing liabilities	Billion yen	244.0	211.0	220.8	219.0	Below 220.0	—
Equity capital	Billion yen	178.8	187.0	199.4	220.0	225.0 or above	—
Cost reductions (compared with FY2009)	Billion yen	—	11.3	21.5	32.0	21.0 or above	—

Stage Up 2012 Mid-Term Management Plan
–New Challenges–

❶ Establish a Platform for Profitability that Enables Sustainable Growth

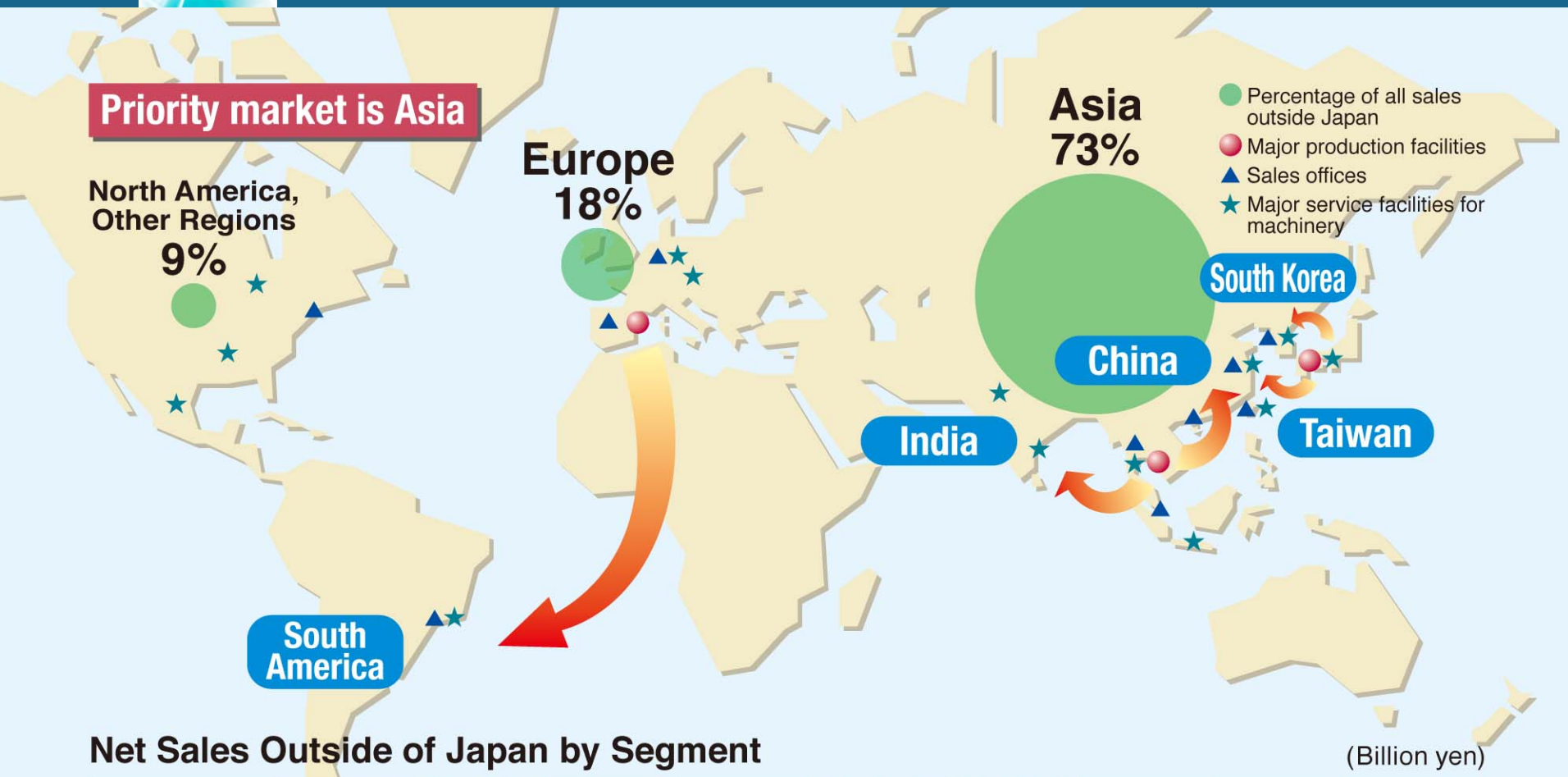
Business Portfolio

UBE



Development of Global Business

—Priority Businesses and Market Activities



Net Sales Outside of Japan by Segment

(Billion yen)

	Chemicals & Plastics	Specialty Chemicals & Products	Pharmaceutical	Subtotal	Cement & Construction Materials	Machinery & Metal Products	Energy & Environment	Others	Total
FY2011 Actual	119.0	18.0	2.0	139.1	8.2	33.2	0.2	17.1	197.9
Percentage of Overall Net Sales in Segment (Japan and Outside of Japan)	55.0%	30.0%	18.1%	48.3%	4.0%	46.7%	0.4%	74.2%	31.0%

Development of Global Business
—Initiatives for Developing Countries and Growth Markets

UBE

Strategically strengthen the production framework in accordance with the characteristics of the business

Chemicals & Plastics

- **Caprolactam, synthetic rubber:** Currently planning for construction of a new plant in Asia. Secure the stable procurement of raw materials through partnerships with raw material manufacturers.
- **Polyamide resin:** Complete the production expansion for nylon 6 resin and compounds in Thailand.

Specialty Chemicals & Products

- **Fine chemicals:** Complete the construction of diol production facilities in Thailand and production expansion for PCD in Spain. License technology for C1 chemicals to Chinese companies, and manufacture DMC under a joint venture.
- **Electrolytes:** Construct plants in the US, China, and Europe under the joint venture with Dow Chemical
- **Polyimides:** Construct a plant in South Korea for ultra-heat resistant PI resin for substrates used in next-generation displays, under the joint venture with Samsung Mobile Display

Machinery

- Increase procurement from outside of Japan and pursue manufacturing partnerships in China

Expand the sales and service network to accommodate growth markets

- Open offices in India, following the establishment of new offices in Brazil, South Korea, and Taiwan

Strengthen global development

- Strengthen R&D in Spain and Thailand

Core Platform Business:

Caprolactam Chain (Part 1)

UBE

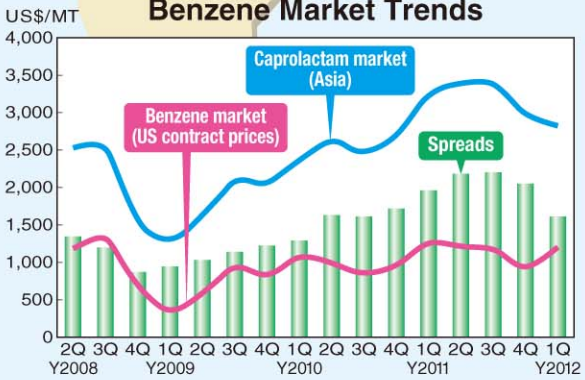
Business Strategy for Caprolactam Chain

Secure stable revenues throughout caprolactam chain

Global Plan for Expanding Caprolactam and Nylon 6 Production

	Caprolactam				Nylon 6			
(KT)	'11	'12	'13	Total	'11	'12	'13	Total
China	100	400	200	700	95	615	490	1,200
Others	45	100	0	145	50	0	50	100
Total	145	500	200	845	145	615	540	1,300

Caprolactam and Benzene Market Trends



No. 1 in Asia

Business Strategy for Caprolactam: Stabilize profits

Current Business Conditions:

- Succession of new plants and plant expansion projects for nylon polymers in Asia
- Successive completion of new plants and plant expansion projects for caprolactam in China and Taiwan
  ⇒ Softening of market for caprolactam
  Elimination of aging plants with high costs
- Firm growth in demand for byproduct sulfate

Action:

- Provide a stable supply of first-rate products offering superior high-speed spinning performance
- Rapidly construct new plants that are cost competitive, and address high costs at Sakai Factory
- Add value to ammonium sulfate, and strengthen marketing

Core Platform Business:

Caprolactam Chain (Part 2)

UBE

Business Strategy for Polyamide Resins: Strengthen Composition of Business

■ Nylon 6

Current Business Conditions:

- Growth in demand for automotive component applications
- Firm demand for use in films, food wrapping, and lithium-ion battery (LIB) packages
- Increasingly aggressive pricing by European competitors amid strong yen

Action:

- Increase sales of differentiated products such as copolymers and compounds
- Adopt formula pricing

■ Nylon 12

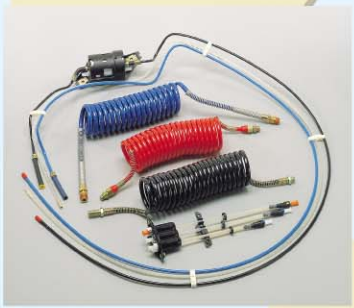
Current Business Conditions:

- Niche market globally dominated by four companies
- Continued global shortage due to accident at world's largest raw materials manufacturer

Action:

- Focus on securing raw materials, and accommodate market by operating at full production levels

Polyamide 6, Polyamide 12 No.1 in Asia



Automotive tubes made from nylon 12

Ammonia production: No. 1 in Japan

Intake manifold (Polyamide 6)

Polyamide film for food packaging

Business Strategy for Industrial Chemicals: Support foundations of caprolactam chain

Current Business Conditions:

Health demand for liquid ammonia, nitric acid, sulfuric acid and industrial gases.
Expecting an increase in demand for denitrified ammonia for thermal power generation

Action: Stabilize production and reduce costs

Core Platform Business:

Synthetic Rubber

Business Strategy for Synthetic Rubber

- Secure a framework for stable supply, centering on Japanese tire manufacturers
- Expand the sales channels for original products such as vinyl cis rubber (VCR) and linear synthetic rubber
- Ensure stable supply of raw material butadiene

Forecasted Demand for BR - Global (Source: IISRP)

(KT)		Y2010	Y2011	Y2012	Y2013	Y2014	Y2015
World	Demand	2,749	2,981	3,273	3,493	3,647	3,810
	Supply	2,426	2,791	3,034	3,285	3,409	3,521
Asia	Demand	1,516	1,641	1,804	1,945	2,032	2,137
	Supply	1,254	1,460	1,745	1,945	1,994	2,106

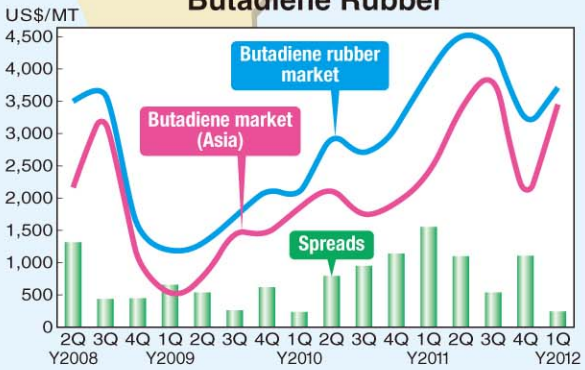
Current Business Conditions

- Increase in demand due to expansion of production facilities by tire manufacturers
- Increasing need for special products for energy saving tires

Action

- Commercialize metallocene butadiene rubber (FY2011), and nano VCR (FY2013)
- Increase production of BR
  - ◆ Nantong, China by 22kilotons in FY2012
  - ◆ Chiba by 15kilotons in FY2012, 16kilotons in FY2013
  - ◆ Considering a fourth plant to supplement existing production in Japan, Thailand and China

Market Trends for Butadiene and Butadiene Rubber



Core Platform Business:
Expansion of Caprolactam Chain and Synthetic Rubber Production

Year	Caprolactam Chain	Synthetic Rubber
2010	● Second expansion of polyamide production facilities in Thailand (50 Kilotons additional capacity, from 25 to 75 kiloton)	● Commercialization of MBR
2011	● Increase production of CPL in Sakai by 5 kilotons (from 95 to 100 kiloton) ● Increase production of CPL in Thailand by 20 kilotons (from 110 to 130 kiloton)	
2012	● Expantion of polyamide compound production facilities in Thailand. (5 Kilotons additional capacity, from 6 to 11 kiloton) ● Increase production of large granule ammonium sulfate in Spain (130Kilotons additional capacity, from 70 to 200 kiloton)	● Increase production of BR in China, by Joint Venture, by 22 kilotons (from 50 to 72 kilotons) ● Increase production of BR in Chiba(part1), by 15 kilotons (from 95 to 110 kilotons) ● Increase production of BR in Chiba(part2), by 16 kilotons (from 110 to 126 kilotons)
2013		○ Commercialization of nano VCR
2014	○ Increase production of polyamide in Spain by 10 kilotons (from 20 to 30 kiloton)	
2015		○ Construct fourth production facility for butadiene rubber
2016	○ Construct second production facility for caprolactam (Thailand)	
2017		○ Construct fifth production facility for butadiene rubber
2018		

Strategic Growth Business:

Fine Chemicals

Business Strategy for Fine Chemicals

Strengthen existing businesses

- Expand the framework for supply of DMC
  – Launch of joint venture business for DMC in China
- Global expansion of diol and its derivatives
  – Start operating new diol plant in Thailand, and develop new markets in South America and elsewhere

Launch environmental coating materials business

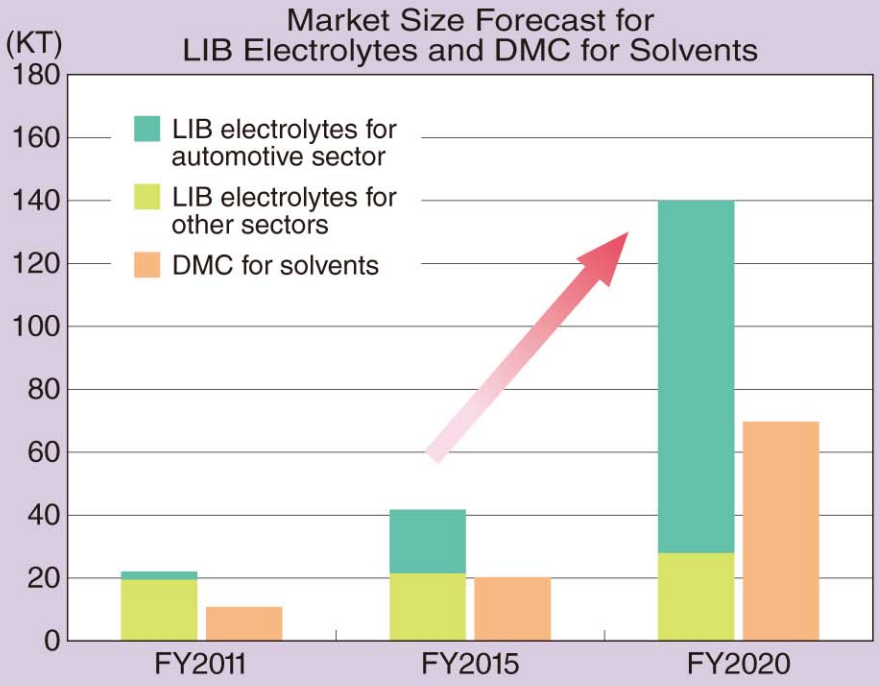
- Full business startup of water-borne polyurethane dispersion (PUD)
- Increase production of polycarbonate diol (PCD) and accelerate introduction of different grades

Create a new chemical business

- Partnership with Advanced Softmaterials Inc. to commercialize slide-ring materials (new polymer material)
- Launch of artificial micro carbon (AMC) business

Pursue technology licensing business

- License technology for manufacturing polyester feedstock mono ethylene glycol (MEG) from coal



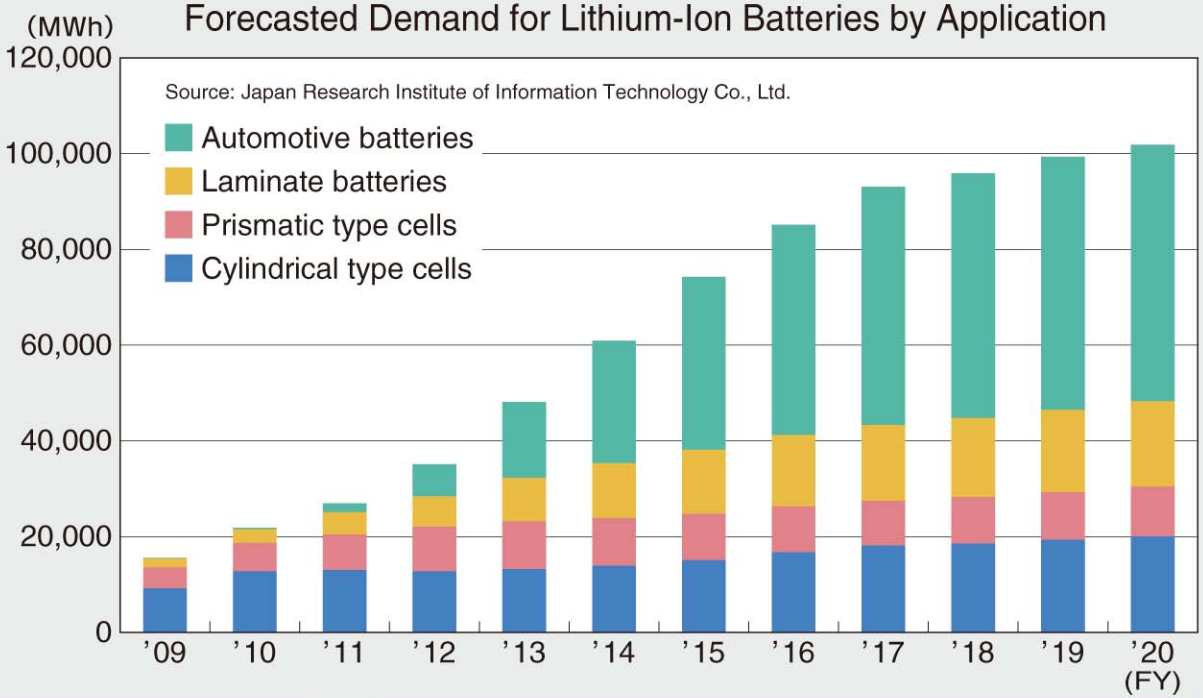
Application for PCD: synthetic leather

Strategic Growth Business:

Battery Materials (Part 1)

Electrolytes

Separators



Business Strategy for Electrolytes

- Maintain top market position in high performance electrolytes for high performance batteries
- Raise competitiveness through the joint venture with Dow Chemical, and accelerate the pace of global business development
- Increase cost competitiveness, and expand market share by leveraging the four plants in Japan, US, China, and Europe
- Lithium-ion battery electrolytes: Actively pursue markets for vehicle and power storage applications
- Differentiation through advanced quality assurance

Business Strategy for Separators

- Firmly maintain the position of de facto standard in the expanding Chinese market
- Increase the sophistication of production technologies, and launch expanded production facilities
- Lithium-ion battery separators: Expand sales for vehicle and power storage applications
- Pursue the development of ceramic-coated separator films of UBE MAXELL Co.,Ltd.
- Differentiation through constant improvement of quality

Strategic Growth Business:

Battery Materials (Part 2)

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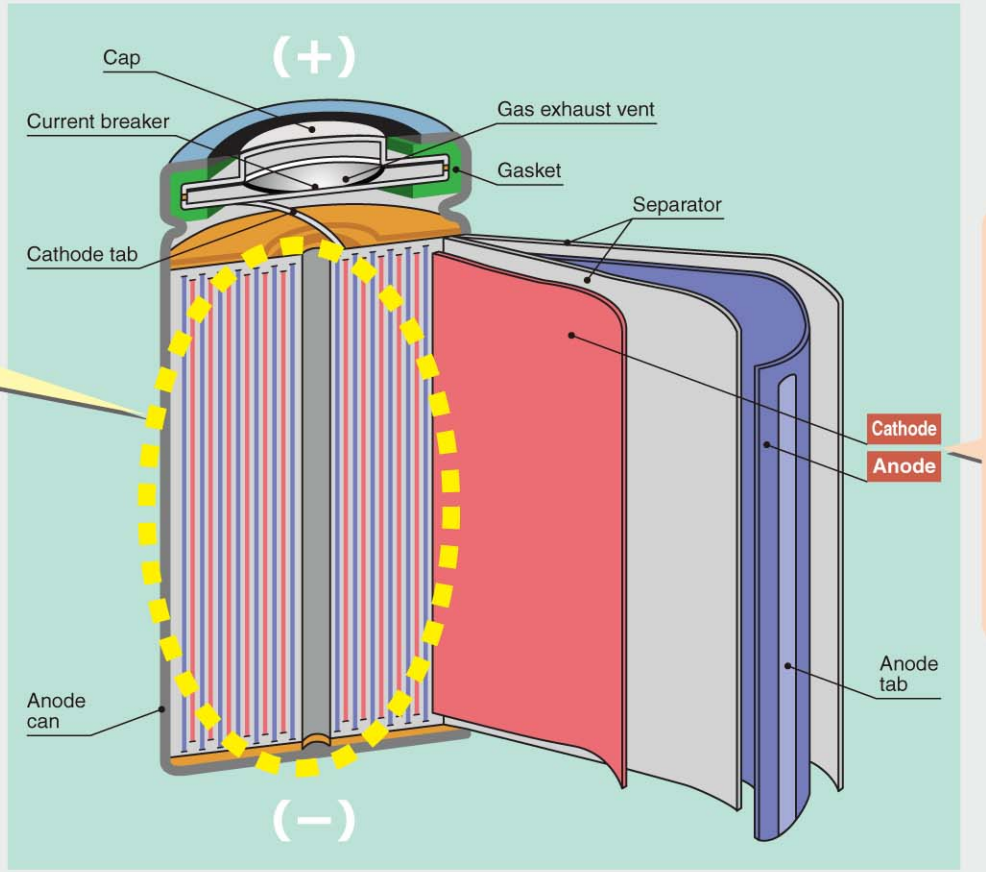
■ Other LIB-related materials

Electrolytes

Solvents

● **High-purity DMC**
Meet growing global demand by considering a general-purpose grade production facility under a joint venture in China (in addition to an existing plant in Japan) and a high-purity DMC production facility

● **Diethyl carbonate (DEC), methyl ethyl carbonate (MEC)**
Studying the construction of new production facilities in Europe



Cathodes, anodes

Conductive additives
Artificial micro carbon (AMC) multilayer carbon nanotubes offer excellent dispersion and conductivity, and are expected to generate increased demand for LIB electrode applications

Binders
Currently developing the market for polyimide varnishes used for LIBs

Package

Package films
Expand the sales of nylon 6 films for soft package applications

■ Development of next-generation battery materials

Strategic Growth Business:

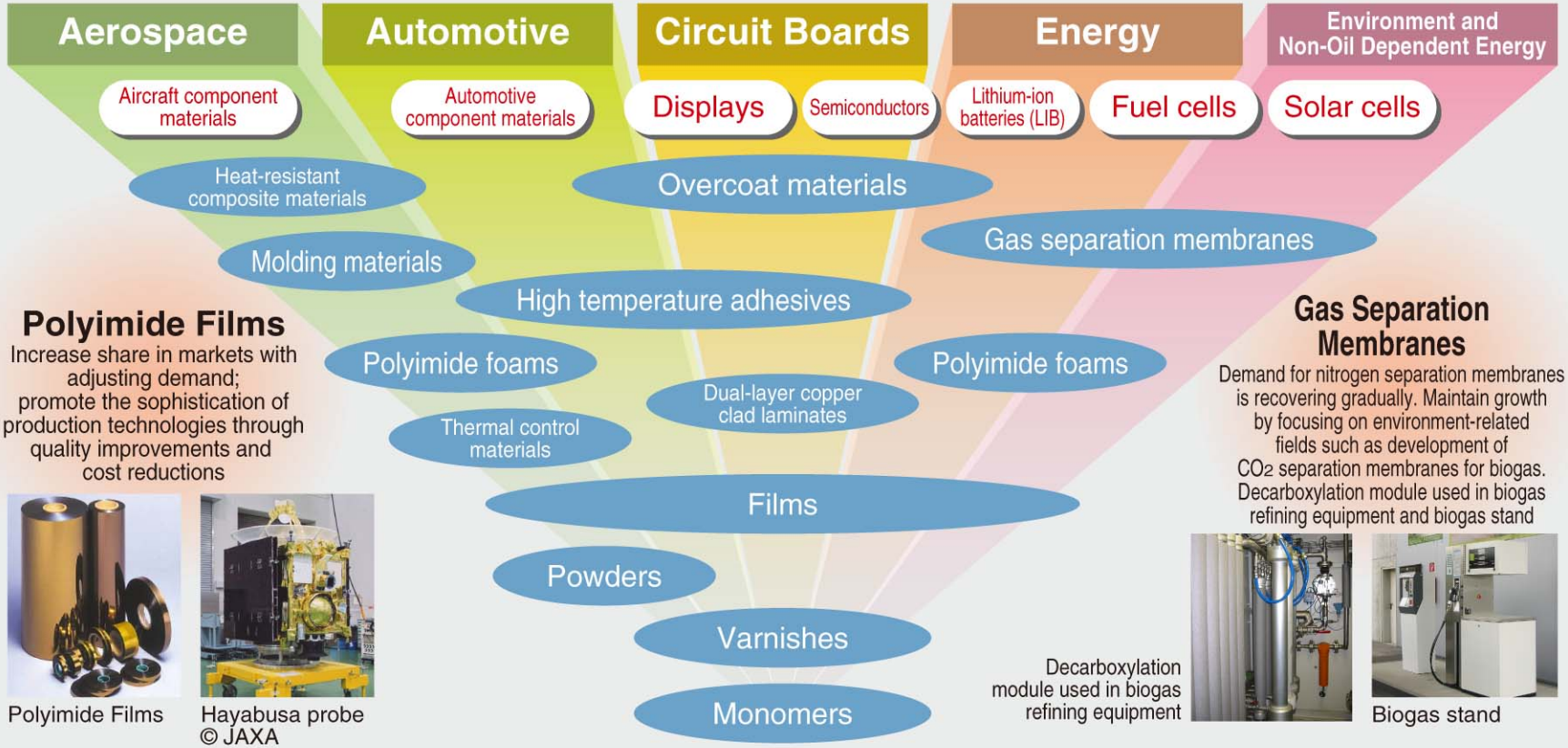
Polyimide Chain Business (Polyimide, Gas Separation Membrane)

UBE

Business Strategy for Polyimide Chain

Films: Strengthen business in circuit board segment (such as for FPDs) as key market; accelerate expansion into new application fields (such as for solar cell substrates, substrates for next-generation displays, LIB binders, other)

Gas Separation Membranes: Strengthen the platform for nitrogen separation membranes and dehumidifying membranes, and expand the market for energy and environmental applications



Polyimide Films

Increase share in markets with adjusting demand; promote the sophistication of production technologies through quality improvements and cost reductions

Polyimide Films

Hayabusa probe © JAXA

Gas Separation Membranes

Demand for nitrogen separation membranes is recovering gradually. Maintain growth by focusing on environment-related fields such as development of CO_2 separation membranes for biogas. Decarboxylation module used in biogas refining equipment and biogas stand

Decarboxylation module used in biogas refining equipment

Biogas stand

Strategic Growth Business:
Expansion of Fine Chemicals and Specialty Products

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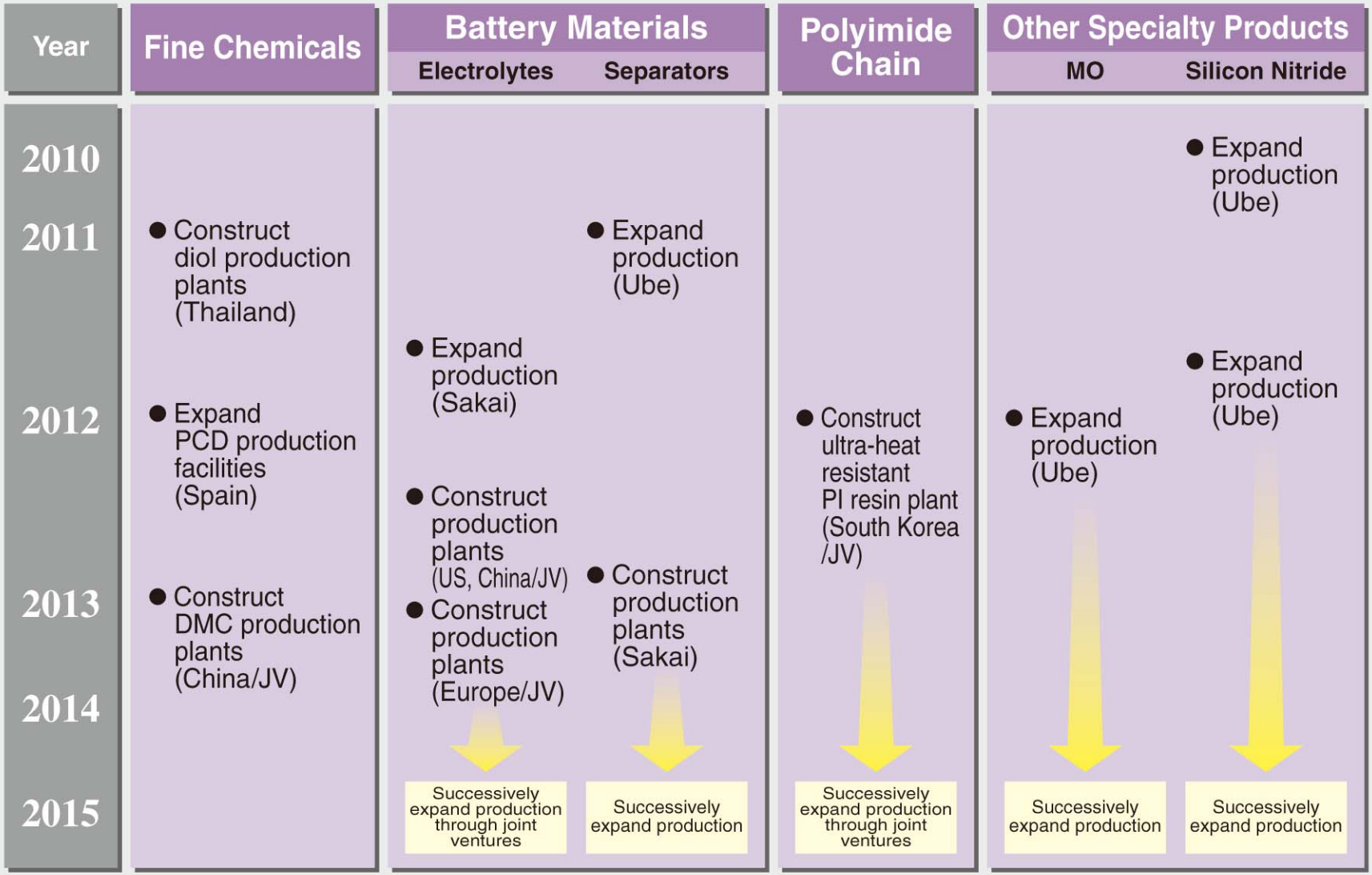


Strategic Growth Business:

Pharmaceuticals

Business Strategy for Pharmaceuticals

Implement the business model, and get the business on track for stable growth by building the foundations of the business and reaping results

- Pursue the development of new proprietary drugs and life-cycle management of existing proprietary drugs
- Strengthen production facilities, enhance technology, and reinforce supply chains to expand contract manufacturing centering on new APIs
  ⇒ Completion of fourth pharmaceutical plant (FY2011)

◆ Current state of joint development and life-cycle management

Trade name (development code)	Indication	Current status (marketing countries)	Future plans
Talion Generic name: Bepotastine besilate Sales: Mitsubishi Tanabe Pharma Corporation	**Antiallergy agent** ● Allergic rhinitis ● Urticaria ● Skin disorders with pruritus, eczema, etc. ● Allergic conjunctivitis	● Talion tablets (Japan, Korea) ● Talion oral disintegrant tablets (Japan) ● Bepreve ophthalmic solution (US)	● Expand the life-cycle management New indications and formulas, penetration into emerging market, etc.
Calblock Generic name: Azelnidipine Sales: Daiichi Sankyo Co., Ltd.	**Antihypertensive agent** ● Hypertension	● Calblock tablets (Japan) ● Rezaltas combination tablets (Japan)	● Pursue sales promotion as Olmesartan/Calblock family marketed Daiichi Sankyo Co., Ltd.
Effient/Efient Generic name: Prasugrel Sales: Daiichi Sankyo Co., Ltd. Eli Lilly and Company	**Antiplatelet agent** ● Heart attack, stroke, etc.	● Effient tablets (US, Europe and other major countries)	● Expand sales into global countries and regions ● Expand the range of indications beyond ACS-PCI*: Extend to ACS-MM** (now in phase clinical trials) ● Currently under development in Japan (phase clinical trials) Reference: Sales of clopidogrel (*Plavix*) Global: $9.4 billion (2010; Source: CSD Uto Brain Div.) By type of medical treatment: ACS-PCI 23%, ACS-MM 42% (2007, US market)
(DE-104) Co-development: Santen Pharmaceuticals Co., Ltd.	**Antiglaucoma agent** ● Glaucoma and ocular hypertension	Have already signed agreements for licensing and joint development	● Pursue global development

* ACS-PCI: Therapeutic agent for acute coronary syndrome (ACS) patients who are managed with percutaneous coronary intervention (PCI)
** ACS-MM: Therapeutic agent for acute coronary syndrome (ACS) patients who are managed with drug therapy

◆ Status of Pharmaceuticals Manufactured on Contract Basis

Marketed Pharmaceuticals	APIs for antihypertensive agents, Hyperucemia treatment drug, etc. Intermediates for antithrombotic agents, cholesterol reducing agents, anticoagulant, etc.
Pharmaceuticals Under Development	APIs and intermediates for anticancer agents, diabetes treatments, etc.

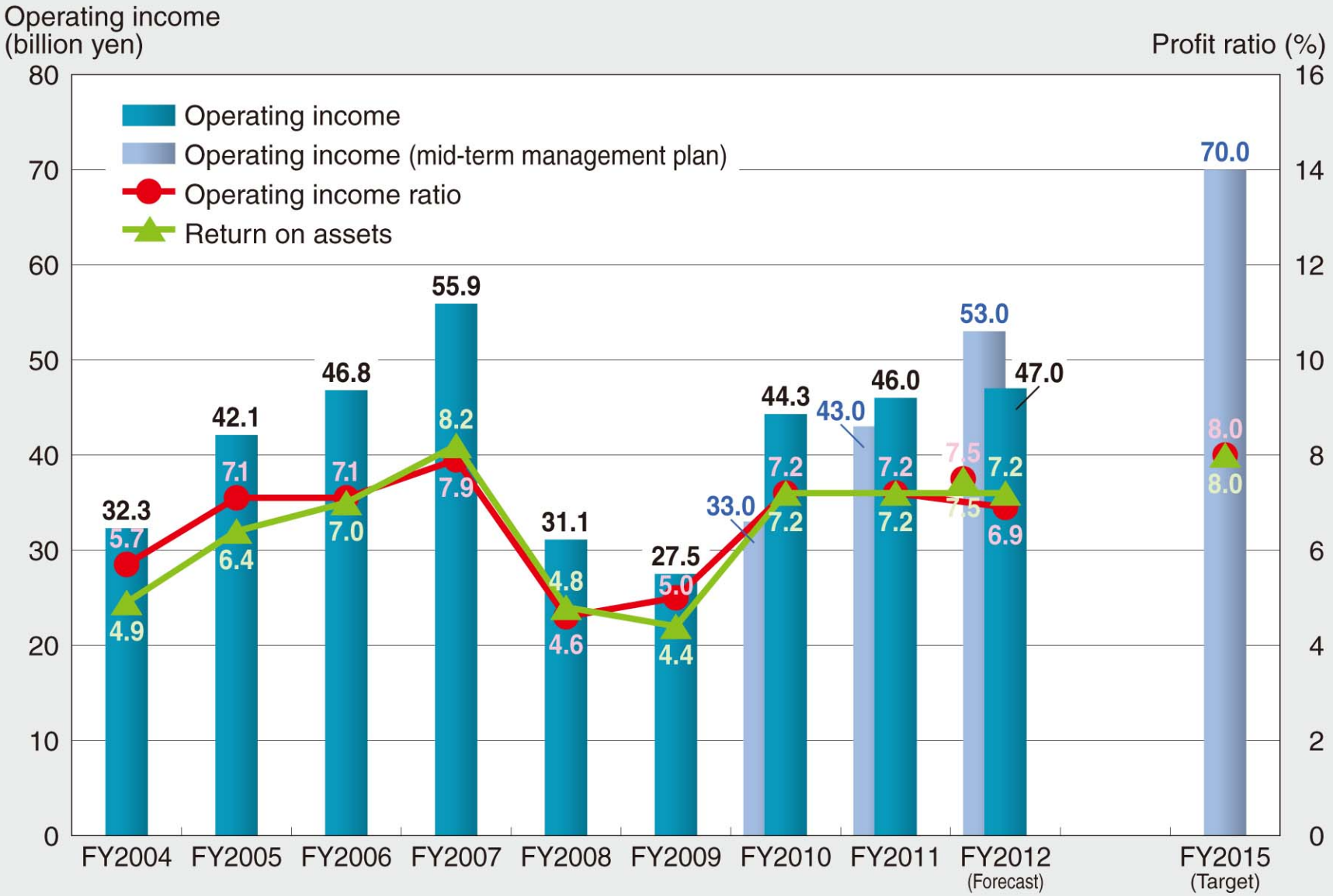
Products for which Ube received orders from major Japanese and international pharmaceutical companies were brought to market

Key Capital Expenditure Projects for FY2010–2012

	Project	Site	Completion
Strategic Growth Businesses			
Specialty Chemicals & Products	● Construction of new diol plant	Thailand	June 2011
	● Second polycarbonate diol production facilities	Spain	March 2012
	● Build production facilities for AMC	Ube, Japan	March 2012
	● Upgrades to increase electrolyte production	Sakai, Japan	March 2012
	● Upgrades to increase separator production	Ube, Japan Sakai, Japan	August 2011 FY2013–FY2014
	● Upgrades to increase Silicon Nitride (Ceramics) production	Ube, Japan	January 2012
	● 2nd production facilities for metal organic (MO) compounds	Ube, Japan	August 2012
	● Fourth production facilities for phenol resin at Meiwa Plastic Industries, Ltd.	Ube, Japan	March 2012
Pharmaceutical	● Fourth Phamaceuticals production facilities	Ube, Japan	September 2011
Cement & Construction Materials	● Waste plastics processing facilities	Kanda, Japan	March 2012
	● Build sewage sludge drying facilities	Isa, Japan	December 2012
Core Platform Businesses			
Chemicals & Plastics	● Debottlenecking project to increase caprolactam production	Sakai, Japan; Thailand	April, December 2011
	● Build production facilities for large granule ammonium sulfate	Spain	March 2012
	● Build production facilities for specialty synthetic rubber products (MBR)	Chiba, Japan	February 2011
	● Increase synthetic rubber production	China; Chiba, Japan	April, August 2012

Profitability from 2004 to 2015

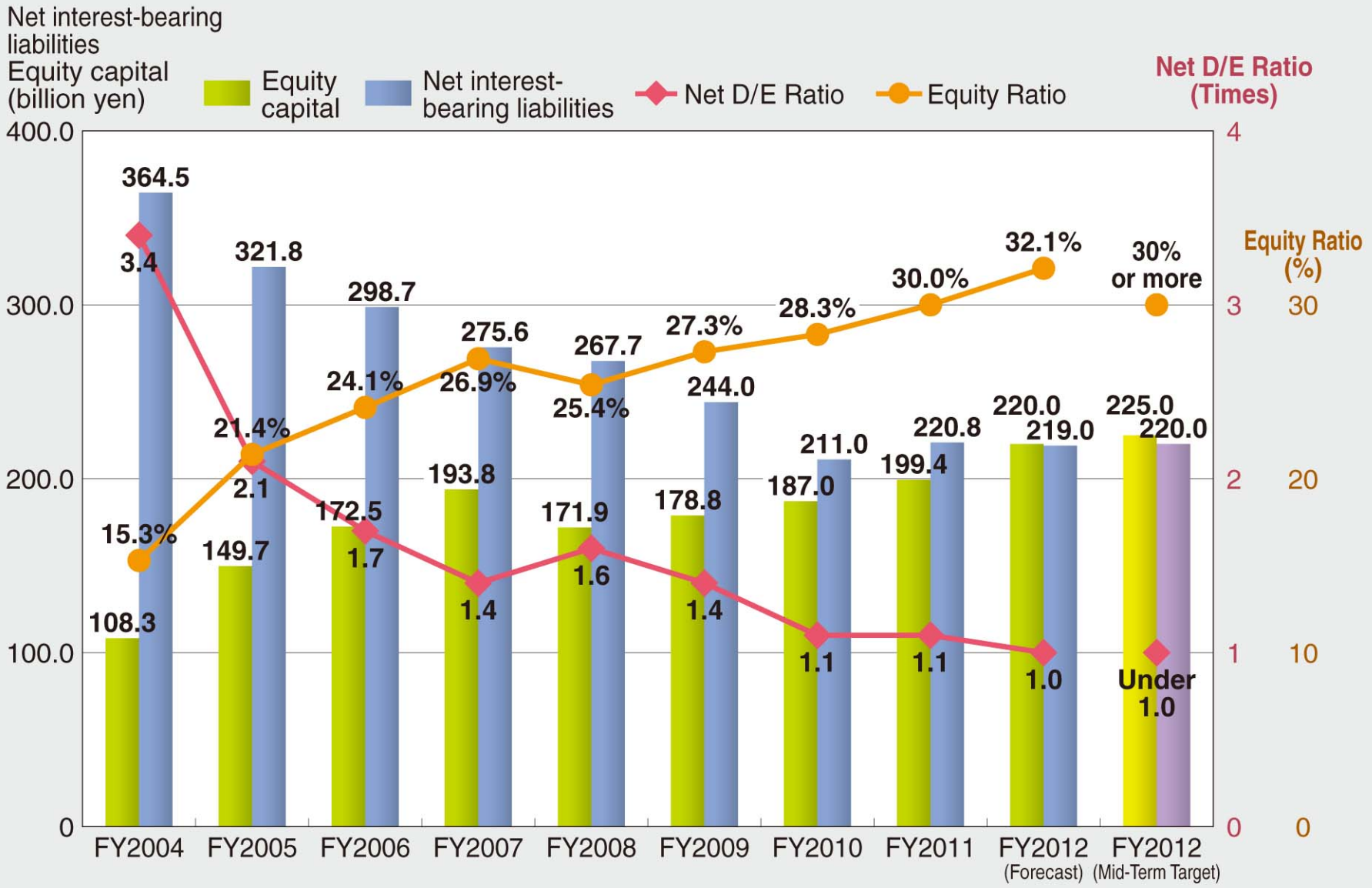
UBE



Stage Up 2012 Mid-Term Management Plan
–New Challenges–

❷ Sustained Improvement of Financial Position

Financial Position from 2004 to 2012



Cash Flow Plan

UBE

(Billion yen)

	FY2010 (Result)	FY2011 (Result)	FY2012 (Forecast)	FY2010-2012 (Total)	Stage UP 2012 Total of FY2010-2012
Cash flows from operating activities (A)	**67.0**	**40.6**	**52.0**	**159.6**	**157.0**
Ordinary income	39.1	40.8	41.0	120.9	103.5
Depreciation	33.1	32.9	32.5	98.5	108.0
Tax payment	- 4.8	- 8.3	- 11.0	- 24.1	- 21.0
Other	- 0.4	- 24.8	- 10.5	- 35.7	- 33.5
Cash flows from investing activities (B)	**- 28.6**	**- 43.5**	**- 44.0**	**- 116.1**	**- 116.0**
Capital investment	- 35.3	- 44.4	- 38.0	- 117.7	- 108.0
Other	6.7	0.9	- 6.0	1.6	- 8.0
Free cash flows (A+B)	**38.3**	**- 2.9**	**8.0**	**43.4**	**41.0**
Increase / decrease in interest-bearing liabilities	- 19.7	- 6.6	- 0.9	- 27.2	- 36.0
Dividends	- 4.3	- 5.4	- 5.5	- 15.2	- 15.0
Other	- 2.0	- 1.4	- 0.7	- 4.1	- 2.0
Increase / decrease in cash and cash equivalents	**12.2**	**- 16.4**	**0.9**	**- 3.3**	**- 12.0**

Shareholder Dividends

Improve corporate value and increase market value, while increasing shareholder dividends under the following strategies.

Basic Policy for Dividends

Dividends according to business results.
Increase internal reserves for future business development to secure medium- and long-term profits for shareholders.

⇒ Decide shareholder dividends based on comprehensive assessment of these factors.

Steadily increase dividends as business results improve, aiming for a dividend payout ratio of 20-25%.

Stage Up 2012 Mid-Term Management Plan
–New Challenges–

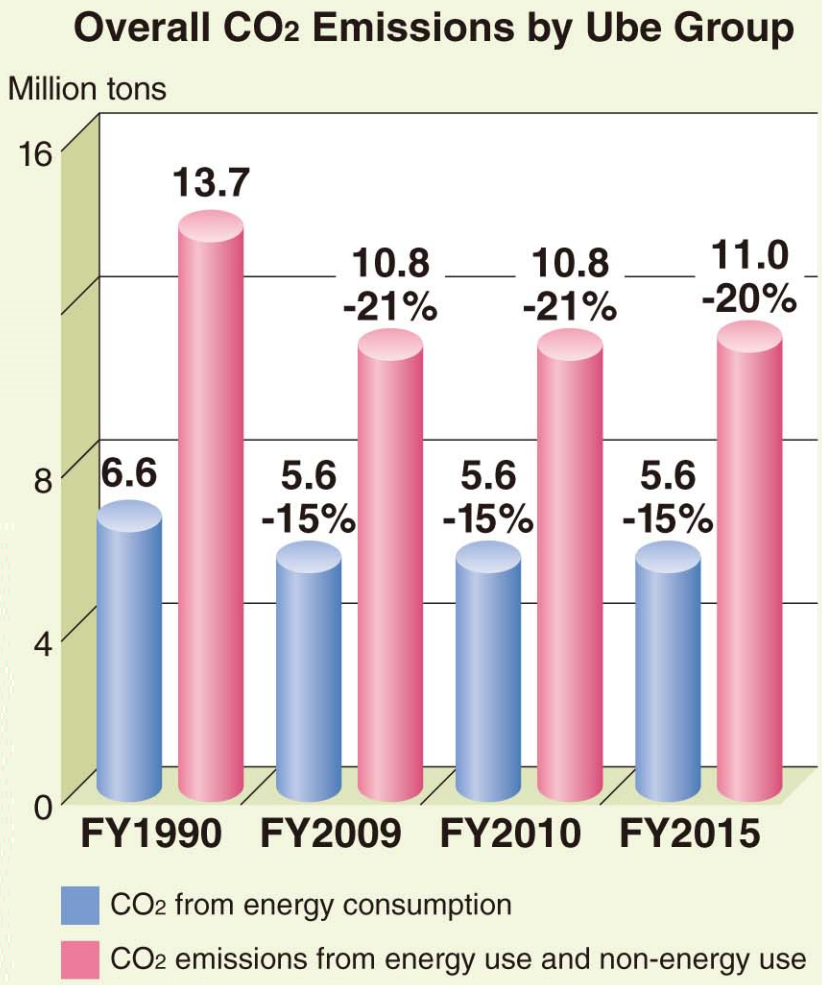
❸ Respond to and Address Global Environmental Issues

Reduction in Greenhouse Gases

- Overall CO_2 emissions from energy use by the Ube Group:
  Reduce by 15% compared with FY1990 levels by FY2015
- CO_2 emissions:
  Reduce by 20% compared with FY1990 levels by FY2015

Initiatives to Implement by FY2012

- Reduce 270,000 tonnes (up from initial target of 180,000 tonnes) of CO2 emissions annually, through initiatives such as installation of energy-efficient equipment and facilities, and increased waste recycling.
- Launched a greenhouse gas management system in FY2009 that enables accurate monitoring of CO2 emission levels for each place of business.
- Use carbon life cycle analysis (c-LCA) to accurately track CO2 emission levels and reductions.



Development of Technology and Products that Contribute to the Environment

UBE

Help address global environmental issues through Ube Group technologies and products

Next-Generation Energy-Related Materials and Products

- Lithium-ion batteries: Electrolytes, separators
- Solar cells: Polyimide films for substrates, silicon nitride for manufacturing components and materials
- Wind power generation: Silicon nitride for ball bearings
- Fuel cells: Humidification separation membranes
- New biomass fuels (PKS, other)

Materials and Technologies for Improving Energy Efficiency and Reducing Environmental Impact

- LED materials (phosphors, etc.), organic EL materials
- Materials and processing technologies for reducing component weight and improving fuel economy: Polyamide resins, synthetic rubber, molding machines, aerospace materials
- Low VOC materials: Environmental coating materials

Materials, Products and Technologies Contributing to Environmental Conservation

- Recycling technologies:
  Cement and resource recycling, plastics recycling
- Synthetic fragrance (*Heliofresh*), contributing to forestry conservation
- Water, air and soil purification:
  Aqua Solution system with photocatalyst fibers, magnesia environmental improvers, highly reactive hydrated lime

Expansion of Environmental Businesses

Net Sales (Billion yen)

120.0

47.7

40.0

Expansion of Strategic Growth Businesses

- Lithium-ion battery materials: Pursue markets for vehicle and storage battery applications
- Solar cell materials: (polyimide products, silicon nitride, EVA, other)
- New energy sector: Silicon nitride for wind power generation, gas separation membranes for fuel cells, geothermal-well cement for geothermal power plants, other
- Environmental coating materials
- Recycling business: Cement recycling, plastics recycling
- Magnesium- and calcium-based materials that improve water, air and soil quality

Accelerate the Commercialization of Developing Businesses

- Expand range of lighting-related materials: LED materials, organic EL materials
- Develop next-generation solar cell materials
- Develop aerospace materials
- New biomass fuels (PKS, other)

Aim for net sales increase of ¥80.0 billion from environmental and related businesses by FY2015

FY2009 FY2011 FY2015

Strategic Growth Business:

Recycling

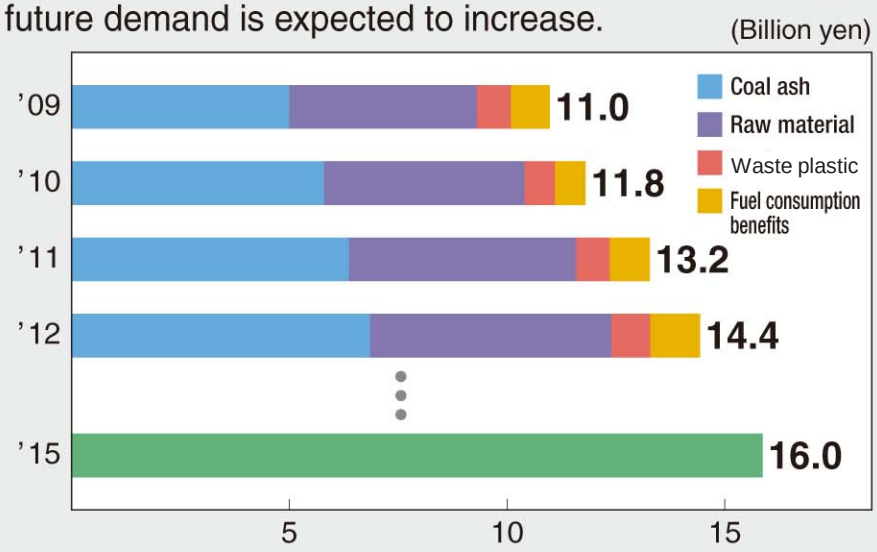
■ Cement and resources recycling (Demand for processing of waste in the process of production at cement kilns)

⇒ Strong, providing an important source of profits, future demand is expected to increase.

Business Strategy for Cement Recycling

- Consolidate processing facilities
- Accelerate pace of technology development
- Strengthen collection capability (fuel and city garbage ash)
- Investigate and develop new recycling businesses

Boost revenues from processing waste at cement kilns to ¥16.0 billion level (FY2015)

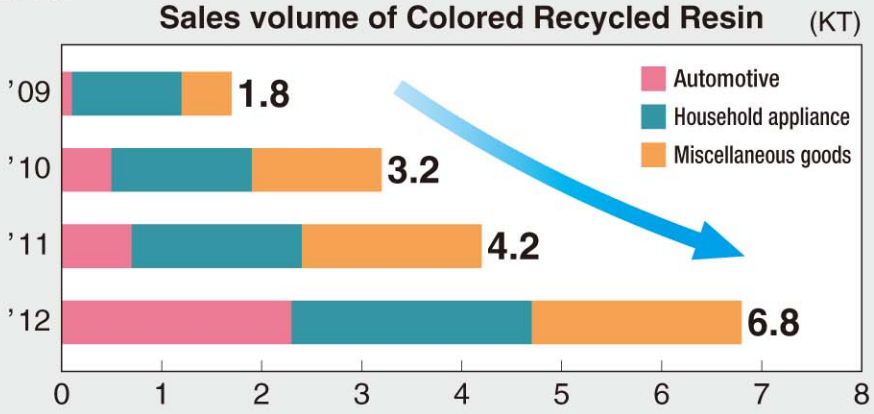


■ Resin recycling (*UBE Composite* colored recycled resin)

⇒ Meet the growing demand for recycled plastic with its proprietary compound and dying technologies.

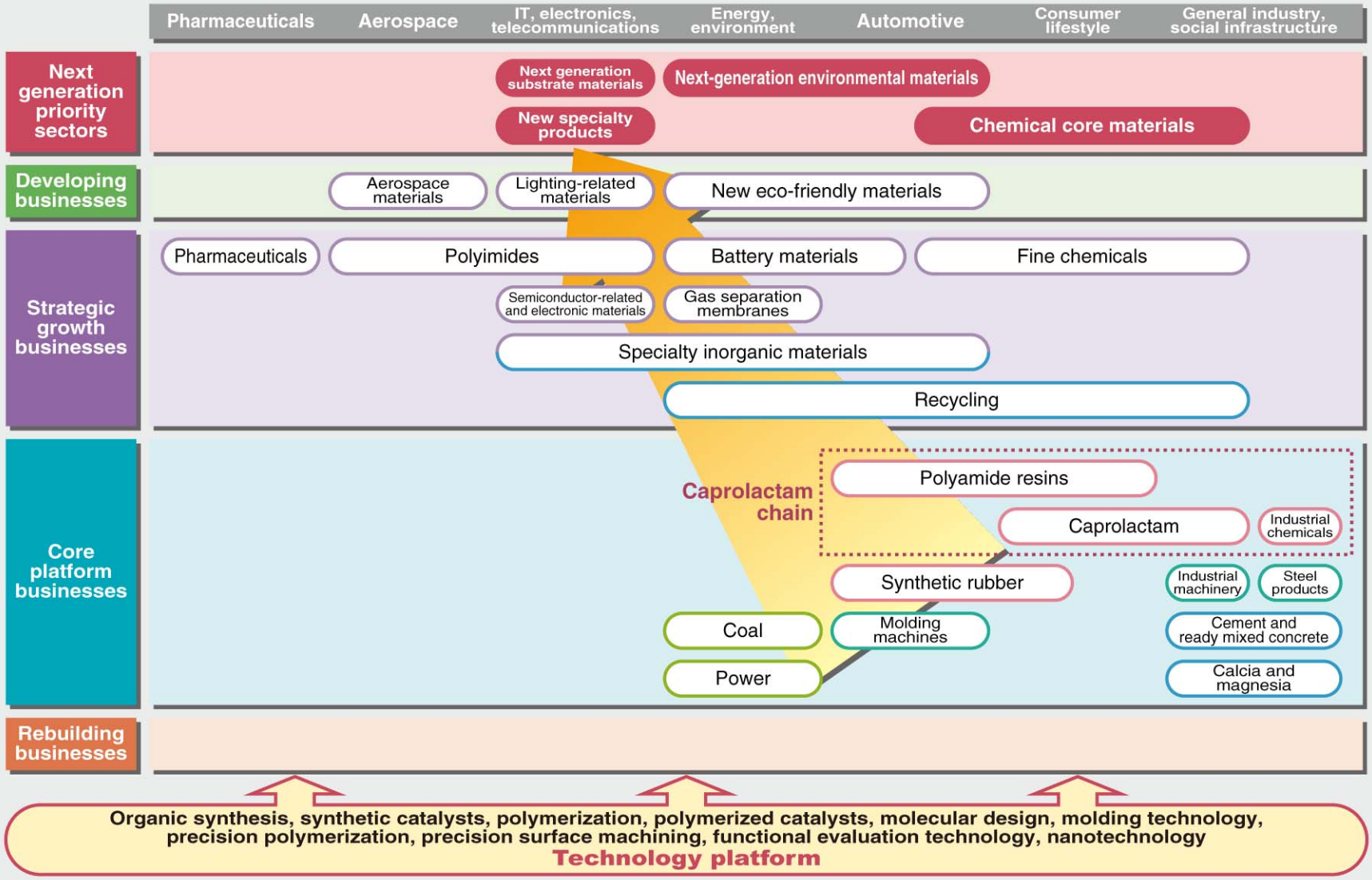
Business Strategy for Resin Recycling

- Expanded dealings with major home appliance manufacturers
- Expanded use of recycled plastics in the automotive field
- Development of products related to the Law on Promoting Green Purchasing (office furniture etc.)

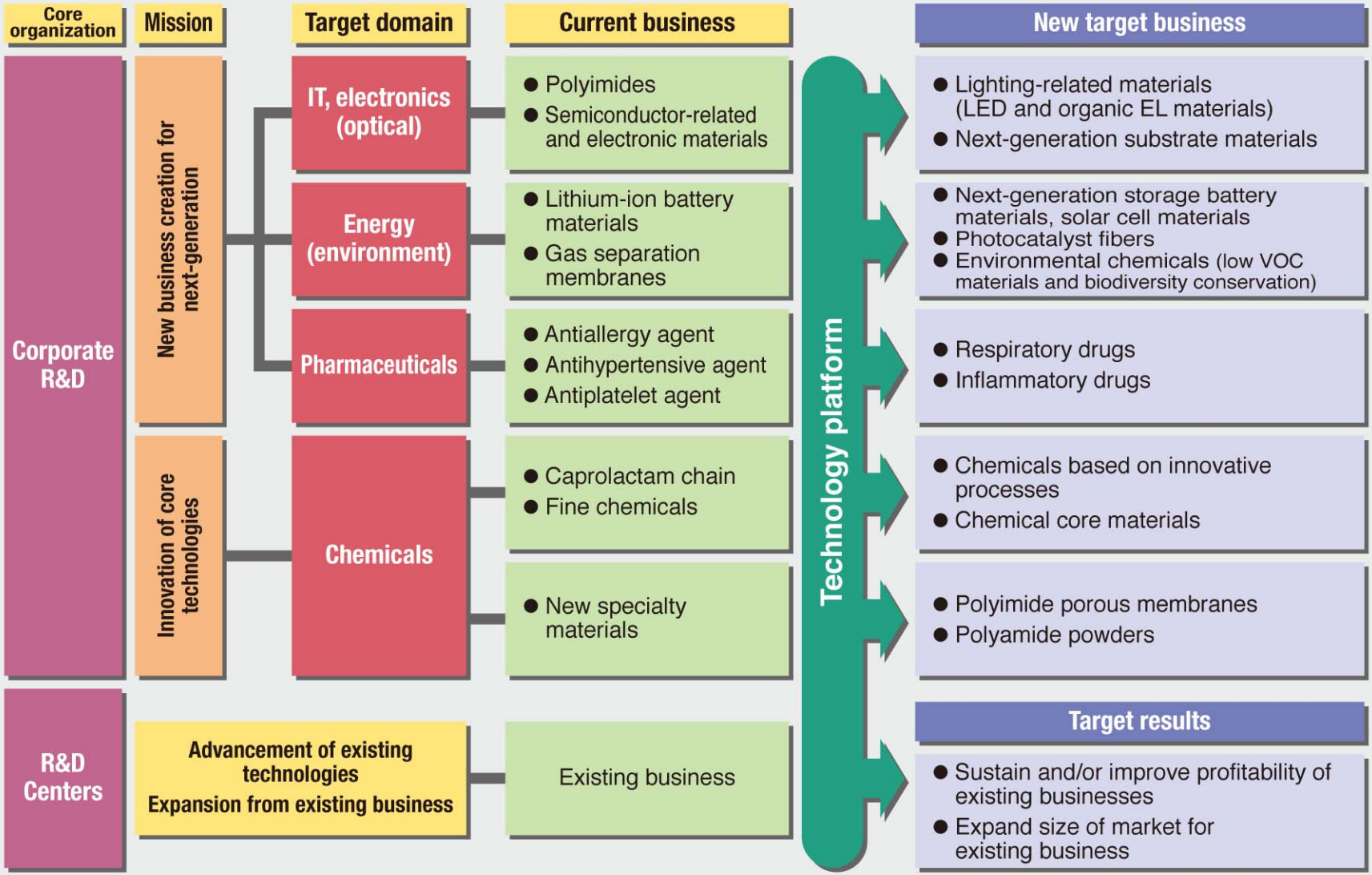



3
Appendix

Business Portfolio and Target of Market / Technology Direction



R&D Portfolio



Strategic Growth Business: Semiconductor-related and Electronic Materials

Business Strategy for Semiconductor-related and Electronic Materials

Process materials for silicon semiconductor LSIs

- High purity chemicals for wafer cleaning: nitric acid, sulfuric acid, aqueous ammonia
- Etching gas for aluminum: BCL3
- Wire and electrode materials of next generation: CVD precursor for any metals (under development)

Sealants for semiconductors

- Phenol resins (Meiwa Plastic Industries, Ltd.)

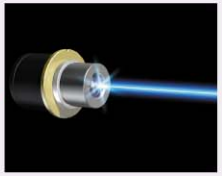
Expand sales

Silicon semiconductor LSIs

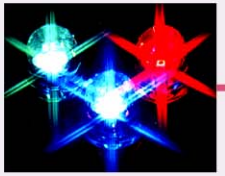
Metal organic compounds (MO) for compound semiconductor

- Metal organic (MO) compounds TMG, TEG, TMI, TMA and CP2Mg: Increasing demand for white LEDs used for lighting applications and LCD television backlights

Expand sales



Laser diodes



LEDs

Solar cell process materials

- High-purity chemicals etc.
- Silicon nitride powder, other

Solar cells

CD/DVD/Blu-ray disc

Laptop PCs

LCD televisions

Smart phones

Traffic lights

Strategic Growth Business:

Specialty Inorganic Materials

UBE

Thermostructural Ceramics

High-purity Si_3N_4

MGC

Tyranno fiber, Tyrannohex

High Purity

Ca-basis

Ube Material Industries, Ltd.

Mg-basis

Ube Material Industries, Ltd.

Technologies across Ube group

Precursor Ceramics

Hipresica (Spherical Silica)

Ube-Nitto Kasei Co., Ltd.

Hiceratech (Porous Coating Material)

Ube-Nitto Kasei Co., Ltd.

Development in new business areas

- Optical
- Environmental purification (water, air)
- Information technology and semiconductor

Business Strategy for Specialty Inorganic Materials

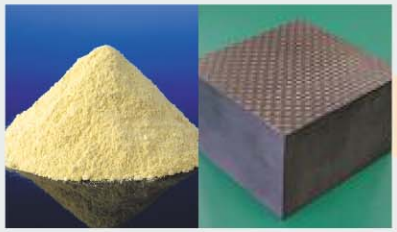
Strengthen cooperation among Ube group

- Strengthen activities aimed at establishing new cornerstone business for specialty inorganic products segment
- Pursue global business development (expand the areas of business)

Developing Business:

Aerospace Materials

UBE



PETI heat-resistant composite material

2009 - 2015
R&D with Boeing

- Engine nacelles
- Pylons

Polyimide foam

Adopt for aircraft by 2012

- Aircraft
  Thermal and acoustical insulation for air ducts
- Insulating materials for nuclear power plants and vessels

Air duct

Heat control film

Used by JAXA
Starting shipment for heaters used in space

- Artificial satellites

Hayabusa probe
© JAXA

Tyranno Fiber / Tyrannohex

2011 - 2013
Testing for commercial application
→ System verification

- Next generation commercial jet engines
- Material for aerospace components

Jet engines

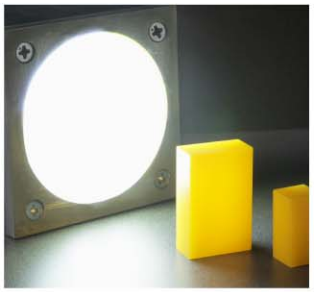
Developing Business:

Lighting-Related Materials

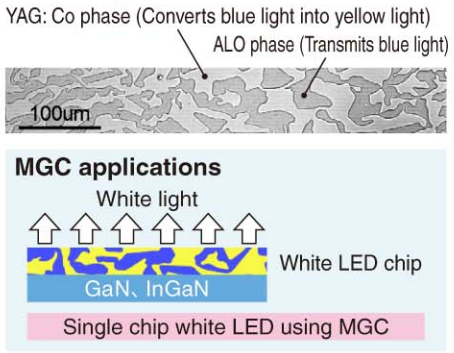
■ New phosphor material for next-generation LEDs

ZEBRIGHT® (MGC Light conversion materials)

- YAG phosphor for solid-state lighting made from proprietary melt growth composite with light-changing properties, for use in LEDs that offer extended brightness
- Currently studying production facilities for mass production



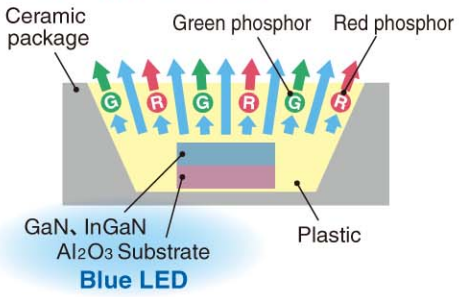
◆ MGC light conversion material



Nitride phosphor (RGB-type white LED)

- As a successor to oxynitride phosphors that range in color from yellow to orange, Ube is developing nitride phosphors by leveraging the technology platform developed for silicon nitride, for use in next-generation LEDs that offer natural colors that closely resemble sunlight

◆ RGB-type white LED



■ Organic electroluminescent materials

- **Application:** Organic electro luminescent (EL) lighting
- **Characteristics:** Pure blue phosphorescent materials and peripheral materials that deliver better light-emitting efficiency and long device life (under development)

Developing Business:

New Eco-Friendly Materials

Water-borne polyurethane dispersion (PUD)

- Low-VOC resin product made of polymer particles dispersed in water
- Demand is expanding rapidly for coatings in cars and home electronics, adhesives, ink, etc.

- Increased pace of development through introduction of technologies
- Leverage competitive proprietary PCD
- Develop different grades and reinforce the technology service function
- Switch to own facilities (start of operation in January 2011)

Contribution to society through business expansion

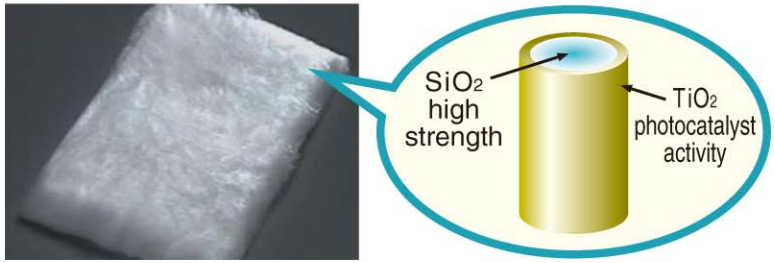
Market environment
- Market regulation
- Global warming issues
- Green procurement
- Energy conservation

Expanded PUD market
6% growth rate
Worldwide market
200,000 tons
About ¥120 billion

Photocatalytic fiber (*Aqua Solution*)

- Photocatalysts use light energy to break down toxic organic substances, serving as clean catalysts for environmental cleaning
- Fiber catalyst (7μm diameter) with titanium oxide (TiO_2) angularly formed on silica (SiO_2) substrates
- Delivers both high strength and high photocatalyst activity, while also being highly shapeable for ease of embedding in equipment

Aim for rapid commercialization as environmental cleaning catalyst



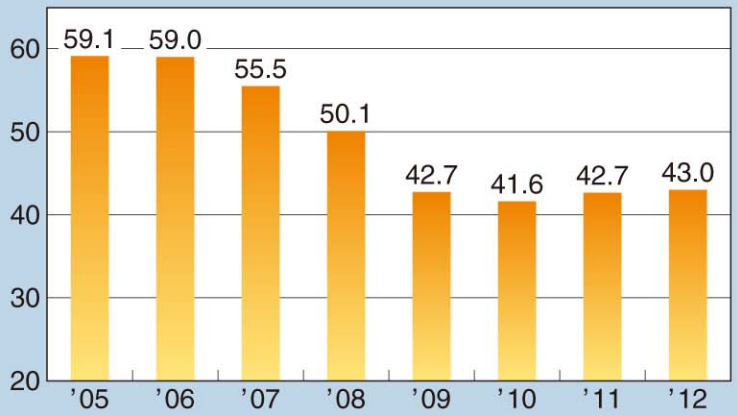
Heliotropin

- Compound derived from sassafras trees, with stable demand as a fragrance
- Following *Heliofresh*® (which received the 60th chemistry technology award from the Chemical Society of Japan for its proprietary manufacturing method), adopt a fully synthetic method to address supply concerns and conserve forest resources

Core Platform Business: Cement and Ready-mixed Concrete, Calcia and Magnesia

Business Strategy for Cement

Forecasted Demand for Cement in Japan (Million tons)



Expect uncertain demand in Japan, but healthy demand outside of Japan

High energy costs

Continue streamlining and prepare a supply framework that is capable of flexibly meeting increases in demand, in order to maximize revenues

Production
- Maintain full production levels
- Reduce coals costs

Logistics
- Optimize the facilities and framework for logistics
- Prepare a supply framework for disaster reconstruction

Sales
- Expand waste processing facilities (¥5 billion investment over 3 years)
- Continue with pricing corrections

Business Strategy for Ready-Mixed Concrete

Build a framework to match the scale of demand, and continue to streamline

- Adapt framework to demand (concentration of plants)
- Pursue rationalization and cost reduction
- Actively contribute to disaster reconstruction
- Secure optimal pricing

Strategy for Calcia and Magnesia Business

Ube Material Industries, Ltd:
Market leader in the quicklime sector
Sole domestic manufacturer of magnesia clinker

- Reinforce earning power of core businesses
- Continue to pursue the calcia business in and outside of Japan
- Expand into new markets and add new products
  Better penetration of magnesium oxides and magnesium hyrdoxides in electronic materials and environmental markets

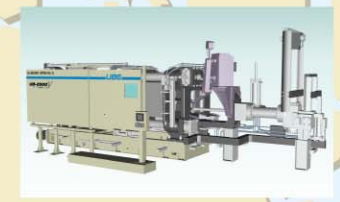
Core Platform Business: Machinery Business (Molding Machines, Industrial Machinery, Steel Products)

Business Strategy for Machinery

- Enhance the ability to adapt to globalization and expand the services business, in order to generate stable profits and cash flow

Anchor handling winch (machinery for vessel)

Steel products



Die casting machine (Molding machine)

Vertical mill (Industrial machinery)

Current Business Conditions

- Automobile sector: Continued growth in developing countries
- Investment in infrastructure continues in developing countries and resource exporting countries

Action

- Boost sales of molding machines in developing countries where increased demand is expected (reinforce sales staff and launch new products)
- Expand the business scope for industrial machinery (including machinery for vessels) and steel products, through expansion into Asia region
- Strengthen the global service network

Core Platform Business:

Coal and Power

Business Strategy for Coal and Power

- Stable supply of competitive coal and electricity to the Ube Group
- Generate stable profits and cashflow
- Respond to energy and global environmental issues and pursue technology development

Current Business Conditions

- Rise in energy costs, due to increased demand from developing countries and review of nuclear policy across the globe
- Demand for solutions to global environmental issues

Actions on coal business

- Efficient operation of Okinoyama Coal Center
- Procure at competitive prices
- Use new biomass fuels, and develop technology for using low-grade coal such as brown coal

Actions on power business

- Increase volume of low-grade coal and types of coal, and reinforce facilities
- Promote biomass mixed combustion
- Continue selling power externally (maximize the volume of power generation)

Okinoyama Coal Center

IPP power plant

Wings of technology
Spirit of innovation
UBE

The forecasts contained in this presentation are based on certain assumptions judged to be reasonable by the Company when preparing this report. Actual results can vary significantly from forecasts, due to changes in a wide range of conditions. These conditions can include the economic status of major markets, demand and supply of products, prices for raw materials and fuel, interest and foreign exchange rates, and other prevailing conditions that can impact the business results of the Company.