

**Briefing on FY2009 Consolidated Results and
Stage Up 2012 Mid-Term Management Plan
New Mid-Term Management Plan
Stage Up 2012 –New Challenges–**

—— May 18, 2010 ——

UBE INDUSTRIES,LTD.

Contents of Presentation

- 1** FY2009 Consolidated Results and FY2010 Forecast
- 2** New Mid-Term Management Plan (FY2010–2012)
“Stage Up 2012 –New Challenges–”
 - 1.** Establish a platform for profitability that enables sustainable growth
 - 2.** Sustained improvement of financial position
 - 3.** Respond to and Address Global Environmental Issues
- 3** Appendix

FY2009 Consolidated Results and FY2010 Forecast

- Gradual recovery trend, but uneven recovery depending on business segment, leading to lower revenues and profits overall.

(Billion yen)

Item	FY2008	FY2009	YoY Change	Factors
Net sales	684.7	549.5	-135.1 (-19.7%)	Decrease in selling prices for chemical products, decrease in sales volumes for cement and coal
Operating income	31.1	27.5	-3.5 (-11.4%)	Decrease in sales volumes for cement and coal
Ordinary income	20.3	18.9	-1.4 (-6.9%)	Reduction in non-operating currency losses and other factors
Net income	11.6	8.2	-3.4 (-29.6%)	
Net interest-bearing liabilities	267.7	244.0	-23.6	
Equity capital	171.9	178.8	6.8	
Dividend (Yen / Share)	4.0	4.0	0.0	

(Billion yen)

Segment	Sales			Operating Income		
	FY2008	FY2009	YoY Change	FY2008	FY2009	YoY Change
Chemicals & Plastics	212.6	161.1	-51.4	2.0	5.1	3.1
Specialty Chemicals & Products	87.0	75.4	-11.6	6.7	7.2	0.4
Cement & Construction Materials	209.4	184.8	-24.6	8.8	6.1	-2.7
Machinery & Metal Products	110.0	80.8	-29.2	4.0	3.7	-0.3
Energy & Environment	61.8	43.6	-18.1	8.6	4.3	-4.2
Others	3.5	3.5	0.0	0.7	0.8	0.0
Total	684.7	549.5	-135.1	31.1	27.5	-3.5

(Billion yen)

Item			FY2009 (A)	FY2010 (B)	YoY Change (B) - (A)	Impacts on Consolidated OP Income
Exchange Rate	¥/US\$		92.8	90.0	-2.8	0.2
Material Price	(CIF)	US\$/t	607	750	143	-3.0
	Naphtha (Domestic)	¥/KL	41,100	48,900	7,800	(-2.5)
	Benzene (Average of US and Euro Contract Price)	US\$/t	753	1,050	297	-10.5 (-9.2)
	Australian Coal (CIF)	US\$/t	97.5	128.0	30.5	-6.5
		¥/t	9,048	11,520	2,472	(-5.7)

(): including impacts from fluctuation of exchange rate

- Anticipate higher revenues and profits, fueled by demand in the growing Asian market.

(Billion yen)

Item	FY2009	FY2010	YoY Change	Factors
Net sales	549.5	610.0	60.5 (11.0%)	Increase in volumes of chemical products, rise in selling prices, and other factors
Operating income	27.5	33.0	5.5 (19.6%)	Increase in volumes of chemical products and aluminum wheels, improved spreads
Ordinary income	18.9	24.5	5.6 (29.0%)	
Net income	8.2	14.5	6.3 (76.5%)	
Net interest-bearing liabilities	244.0	243.0	-1.0	
Equity capital	178.8	189.0	10.2	
Dividend (Yen / Share)	4.0	5.0	1.0	

Segment data for FY2009 has been adjusted,
based on management approach adopted from FY2010.

(Billion yen)

Segment	Sales			Operating Income		
	FY2009	FY2010	YoY Change	FY2009	FY2010	YoY Change
Chemicals & Plastics	165.0	205.0	40.0	4.7	11.5	6.8
Specialty Chemicals & Products	60.3	73.5	13.2	3.2	7.3	4.1
Pharmaceutical	9.9	12.0	2.1	3.7	4.0	0.3
Cement & Construction Materials	188.3	185.0	-3.3	6.1	6.0	-0.1
Machinery & Metal Products	81.7	87.5	5.8	4.4	2.0	-2.4
Energy & Environment	54.1	56.0	1.9	4.3	2.8	-1.5
Others	19.0	22.0	3.0	0.9	0.8	-0.1
Adjustments*	-29.3	-31.0	-1.7	-0.1	-1.4	-1.3
Total	549.5	610.0	60.5	27.5	33.0	5.5

* Including offset from intersegment transactions

Chemicals & Plastics



- **Caprolactam:** Continue to operate at full production levels, in response to vigorous demand in Asia. Ube will endeavor to maintain spreads in response to fluctuations in the price of raw material benzene, and strengthen cost competitiveness across four plants in three countries, in order to flexibly respond to changing business conditions.
- **Polyamide Resin:** Demand for food packaging films remains strong, while demand from the automotive sector is recovering. Ube will leverage its brand strengths centering on high quality and stable supply to expand sales.
- **Industrial Chemicals:** Market conditions for ammonia are recovering, following recovery in product demand. As Japan's largest ammonia supplier, Ube will capitalize on its stable supply and sales network to expand sales.
- **Synthetic Rubber:** There is brisk demand due to recovery of the tire market in Japan and continued strong demand for high impact polystyrene (HIPS) in China. Ube will seek to maintain and increase spreads in response to major fluctuations in the price of raw materials. Ube will carefully balance its three plants in Japan, Thailand and China, and aggressively pursue marketing initiatives.

(Billion yen)

Item	FY2007	FY2008	FY2009	FY2010
Net sales	238.3	216.8	165.0	205.0
Operating income	18.5	1.8	4.7	11.5

Data for FY2007–2009 has been adjusted based on adopted management approach.

Specialty Chemicals & Products



- Polyimides:** Recovery in demand for films used in thin panels, driven by the LCD sector. Ube will seek to increase market share in the LCD sector and extensively streamline production. Ube will also strengthen the polyimide chain by entering new growth markets such as solar cells, and by developing markets for related products.
- Gas Separation Membranes:** Anticipate growth in demand for decarboxylation membranes in environmental applications, with healthy demand for dehydration membranes. Demand for nitrogen separation and alcohol dehydration membranes is expected to gradually recover.
- Battery Materials:** Battery Materials: Ube will respond to growth in the consumer market for lithium-ion secondary batteries, while actively pursuing the automotive market. Ube will enhance cost competitiveness and strengthen development for electrolytes, while increasing production capacity for both electrolytes and separators.
- Ceramics:** The period of inventory adjustments among Ube's customers is expected to come to an end, with the automotive, machine tool, and renewable energy sectors shifting toward recovery.
- Fine Chemicals:** Ube has moved to full production and sales levels for the majority of products, due to recovery in demand. Ube will do a full-scale launch of polyurethane dispersion (PUD) materials, and increase the production capacity for high purity dimethyl carbonate (DMC) used for electrolytes.

(Billion yen)

Item	FY2007	FY2008	FY2009	FY2010
Net sales	75.6	66.5	60.3	73.5
Operating income	11.9	5.1	3.2	7.3

Data for FY2007–2009 has been adjusted based on adopted management approach.

Pharmaceutical



- Ube's products from R&D:** Increasing volumes for Talion and Calblock to offset the price down.
 Start of sales of Effient in other countries outside of Japan, following Europe and the US. Effient is currently in Phase II clinical trials in Japan.
 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.
 Clinical trials are currently being conducted in the US for DE-104.

Ube's products

Trade name (development code)	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.
(DE-104)	Anti glaucoma agent	Co-development: Santen Pharmaceuticals Co., Ltd.

- Custom Manufacturing:** Increasing custom manufacturing of APIs and intermediates, such as intermediates for cholesterol reducing drugs

(Billion yen)

Item	FY2007	FY2008	FY2009	FY2010
Net sales	7.6	8.1	9.9	12.0
Operating income	1.9	1.2	3.7	4.0

Data for FY2007–2009 has been adjusted based on adopted management approach.

Cement & Construction Materials



- **Cement & Ready-Mixed Concrete:** Cement demand in Japan is projected at 40 million tons, due to a further drop in demand for public projects, although demand from the private sector remains level. With demand shrinking significantly, Ube will urgently adjust its capacity and production system to a level that is appropriate to meet demand. In response to vigorous demand from export markets, Ube will implement further streamlining to maintain a profitable position. Ready-mixed concrete plants are urgently consolidated.
- **Resource Recycling:** Volumes for waste processing are decreasing due to shrinking cement production. Ube will continue to strengthen the three areas of waste processing facilities, technology development, and waste collection, in order to handle materials that are difficult to process and potentially more profitable.
- **Calcia and Magnesita:** Demand from the refractory sector (cement, electric furnaces) remains sluggish, but demand for steel is recovering. Ube will make a strong push to expand into non-refractory and environmental sectors.
- **Specialty Inorganic Products:** Ube anticipates growth in segments such as *MOS-HIGE* plastics filler and high purity powders, driven by recovery in the semiconductor, consumer electronics, and automotive sectors. Ube will also develop and bring to market new products.

(Billion yen)

Item	FY2007	FY2008	FY2009	FY2010
Net sales	211.2	213.7	188.3	185.0
Operating income	10.8	8.8	6.1	6.0

Data for FY2007–2009 has been adjusted based on adopted management approach.

Machinery & Metal Products



- **Machinery:** Amid continued challenging conditions for molding machines despite a trend toward recovery in demand in developing nations, Ube will strive to return to profitability as soon as possible by marketing products that meet the needs of developing nations. Amid declining orders for industrial machinery, Ube will focus on securing orders from segments with sustained demand, namely vertical mills for markets in Asia and conveyance machinery for the power sector. Ube will also strengthen the services framework and secure more business outside of Japan.
- **Aluminum Wheels:** The outlook for vehicle sales is unclear, but there is a healthy increase in demand for hybrid vehicle wheels. Ube will improve productivity and implement extensive streamlining to return the segment to profitability.

(Billion yen)

Item	FY2007	FY2008	FY2009	FY2010
Net sales	121.2 (28.6)	111.0 (19.2)	81.7 (11.0)	87.5 (11.5)
Operating income	7.2 (-1.5)	4.6 (-2.6)	4.4 (-1.4)	2.0 (0.0)

Note: Figures in brackets denote data for aluminum wheel business.
Data for FY2007–2009 has been adjusted based on adopted management approach.

Energy & Environment



- **Coal:** Demand for coal sales and coal storage has been slow to recover. Ube will focus on renewing long-term contracts and securing new orders. Coal prices and ocean freight rates are rising due to increasing demand from China and other developing nations. Ube will diversify its sources for importing coal and leverage coal utilization technology to increase the use of low-grade coal.
- **Power:** Ube will increase the use of low-grade coal through facilities upgrades to support low-grade coal use, and will also use biomass mixed incineration, in order to limit cost increases from rising coal prices. Ube will continue to sell excess power from private power plants to outside customers.

(Billion yen)

Item	FY2007	FY2008	FY2009	FY2010
Net sales	58.1	76.8	54.1	56.0
Operating income	4.7	8.6	4.3	2.8

Data for FY2007–2009 has been adjusted based on adopted management approach.



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

Target Achievement

- Fell short of profit targets due to impact of global recession, but steadily reduced interest-bearing liabilities.

Item	Unit	FY2006 Result	FY2007 Result	FY2008 Result	FY2009 Result	FY2009 Mid-Term plan	FY2011 Targets
Net debt/equity ratio	Times	1.7	1.4	1.6	1.4	Below 1.3	Below 1.0
Equity ratio	%	24.1	26.9	25.4	27.3	30 or above	—
Operating income ratio	%	7.1	7.9	4.6	5.0	7.5 or above	8.5 or above
Return on assets	%	7.0	8.2	4.8	4.4	7.5 or above	8.5 or above
Return on equity	%	13.7	13.1	6.4	4.7	12 or above	—
Net sales	Billion yen	655.6	704.2	684.7	549.5	700.0 or above	—
Operating income	Billion yen	46.8	55.9	31.1	27.5	53.0 or above	65.0 or above
Business income	Billion yen	49.8	58.6	33.6	29.3	56.0 or above	—
Net interest-bearing liabilities	Billion yen	298.7	275.6	267.7	244.0	Below 279.0	—
Equity capital	Billion yen	172.5	193.8	171.9	178.8	218.0 or above	—
Cost reductions (compared with FY2006)	Billion yen	—	10.7	19.9	34.0	19.0 or above	—

① Establish a Platform for Profitability That Enables Sustainable Growth

- **Core Platform Businesses:** Secured a certain degree of profits and generated cash flows to anchor profits, despite economic turmoil.
- **Strategic Growth Businesses:** Successfully expanded the battery materials and recycling businesses, but fell short of securing the next stage of growth for the polyimide and gas separation membrane businesses.
- **Developing Businesses:** Achieved a certain degree of growth for the scale of the pharmaceuticals and specialty inorganic materials businesses.
- **Rebuilding Business:** Withdrew from the North American aluminum wheel business to concentrate on production in Japan and rebuild the business.



② Sustained Improvement of Financial Position

- Steadily reduced interest-bearing liabilities.
- Generated cash flows exceeding targets, by restricting capital expenditures, reducing inventory, and reducing costs for logistics and other areas.
Secured ¥73.1 billion in free cash flow (cumulative FY2007–2009), compared with target of ¥43.0 billion.

③ Strengthen CSR Activities

- Created a full-time organization and established a framework for engaging in CSR initiatives.
- Paid steady dividends.
- Achieved targets for reducing greenhouse gas emissions ahead of schedule.
Target: Achieve 6% reduction compared with FY1990 levels by FY2010
Actual: Achieved 18% reduction as of FY2008

Group Vision

**“Wings of technology and spirit of innovation.
That’s our DNA driving our global success.”**

The Ube Group will embrace a frontier spirit in seeking to achieve coexistence with the global community driven by the limitless possibilities of technology, while continuing to create value for the next generation.”

Previous Mid-Term Management Plan (FY2007–2009)
“Stage Up 2009”

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

Three new challenges:

1. Challenge to Growth
2. Challenge to Paradigm Shifts
3. Re-challenge to Numerical Targets of the Previous Mid-Term Management Plan

Key Phrase:
**“Speed and
Innovation”**

① 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





② 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

③ 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

Numerical Targets

Business Indicators

Item	Unit	FY2009 Result	FY2012 Mid-Term plan	FY2015 Targets
Net debt/equity ratio	Times	1.4	Below 1.0	—
Equity ratio	%	27.3	30 or above	—
Operating income ratio	%	5.0	7.5 or above	8.0 or above
Return on assets	%	4.4	7.5 or above	8.0 or above
Return on equity	%	4.7	12 or above	—

Key Figures for Profit/Loss Statement and Balance Sheet

Item	Unit	FY2009 Result	FY2012 Mid-Term plan	FY2015 Targets
Net sales	Billion yen	549.5	670.0 or above	—
Operating income	Billion yen	27.5	53.0 or above	70.0 or above
Business income	Billion yen	29.3	55.0 or above	—
Net interest-bearing liabilities	Billion yen	244.0	Below 220.0	—
Equity capital	Billion yen	178.8	225.0 or above	—
Cost reductions (compared with FY2009)	Billion yen	—	21.0 or above	—

(Billion yen)

Segment	Net Sales			Operating Income		
	FY2009 Result*	FY2012 Target	Difference	FY2009 Result*	FY2012 Target	Difference
Chemicals & Plastics	165.0	221.0	56.0	4.7	15.0	10.3
Specialty Chemicals & Products	60.3	89.5	29.2	3.2	14.0	10.8
Pharmaceutical	9.9	17.0	7.1	3.7	8.0	4.3
Cement & Construction Materials	188.3	195.0	6.7	6.1	8.9	2.8
Machinery & Metal Products	81.7	94.5	12.8	4.4	5.8	1.4
Energy & Environment	54.1	64.0	9.9	4.3	2.8	-1.5
Others	19.0	27.0	8.0	0.9	1.0	0.1
Adjustments**	-29.3	-38.0	-8.7	-0.1	-2.5	-2.4
Total	549.5	670.0	120.5	27.5	53.0	25.5

* The data has been adjusted based on adopted management approach

** Including offset from intersegment transactions

Item		FY2009 Result	FY2010 Forecast	FY2011 Forecast	FY2012 Forecast	
Exchange Rate	¥/US\$	92.8	90.0	90.0	90.0	
Material Price	(CIF) Naphtha	US\$/t	607	750	800	850
	(Domestic)	¥/KL	41,100	48,900	52,000	55,200
	Benzene (Average of US and Euro Contract Price)	US\$/t	753	1,050	1,050	1,050
	Australian Coal (CIF)	US\$/t	97.5	128.0	139.5	150.0
		¥/t	9,048	11,520	12,555	13,500



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

**① Establish a Platform for Profitability
that Enables Sustainable Growth**

Developing Businesses

- Aerospace materials
- Lighting-related materials
- New eco-friendly materials

Strategic Growth Businesses

- Pharmaceuticals
 - Fine chemicals
 - Specialty inorganic materials
 - Recycling
 - Battery materials
 - Polyimides
 - Gas separation membranes
 - Semiconductor-related and electronic materials
- Polyimide chain**

Core Platform Businesses

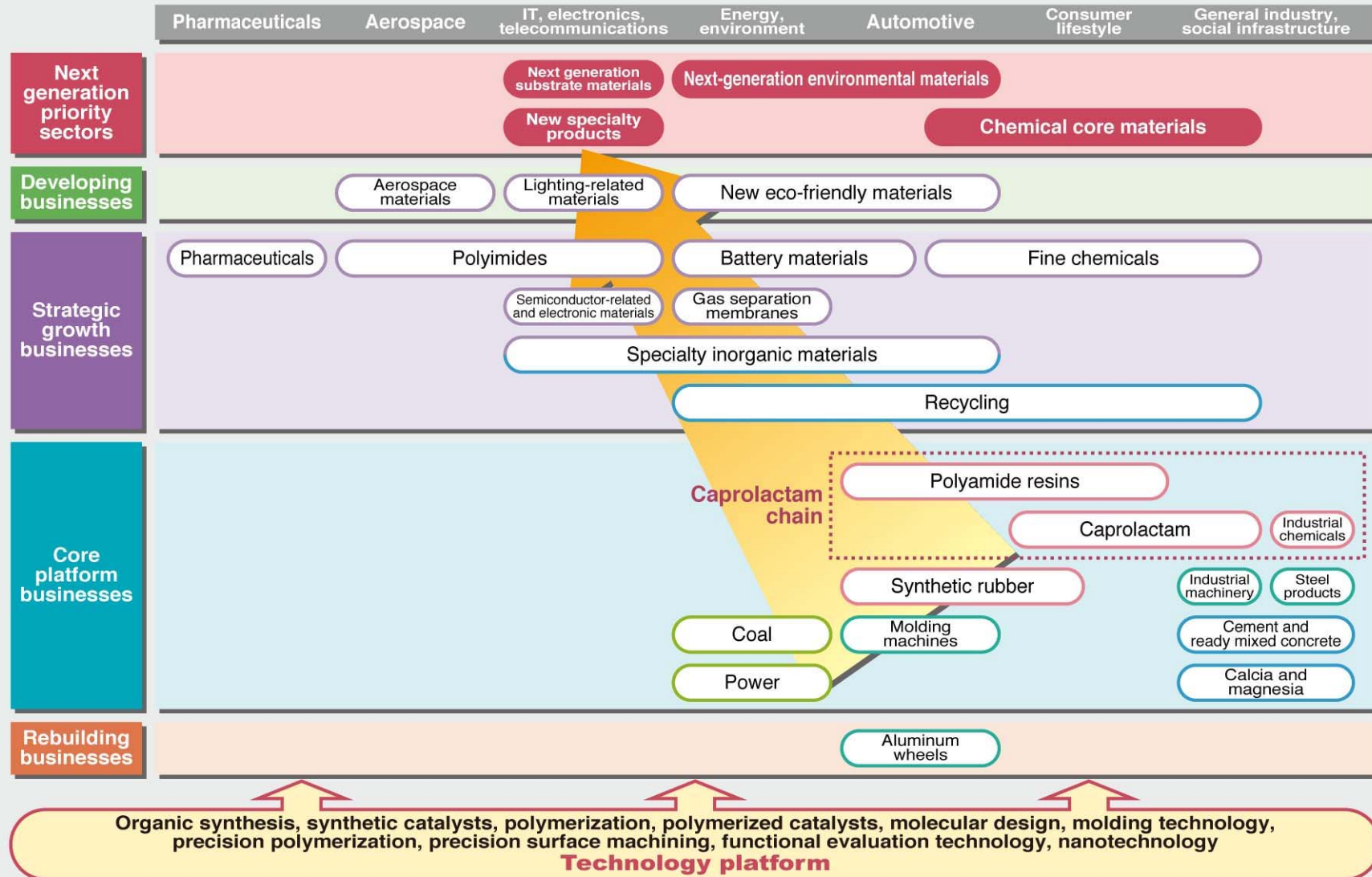
Caprolactam chain

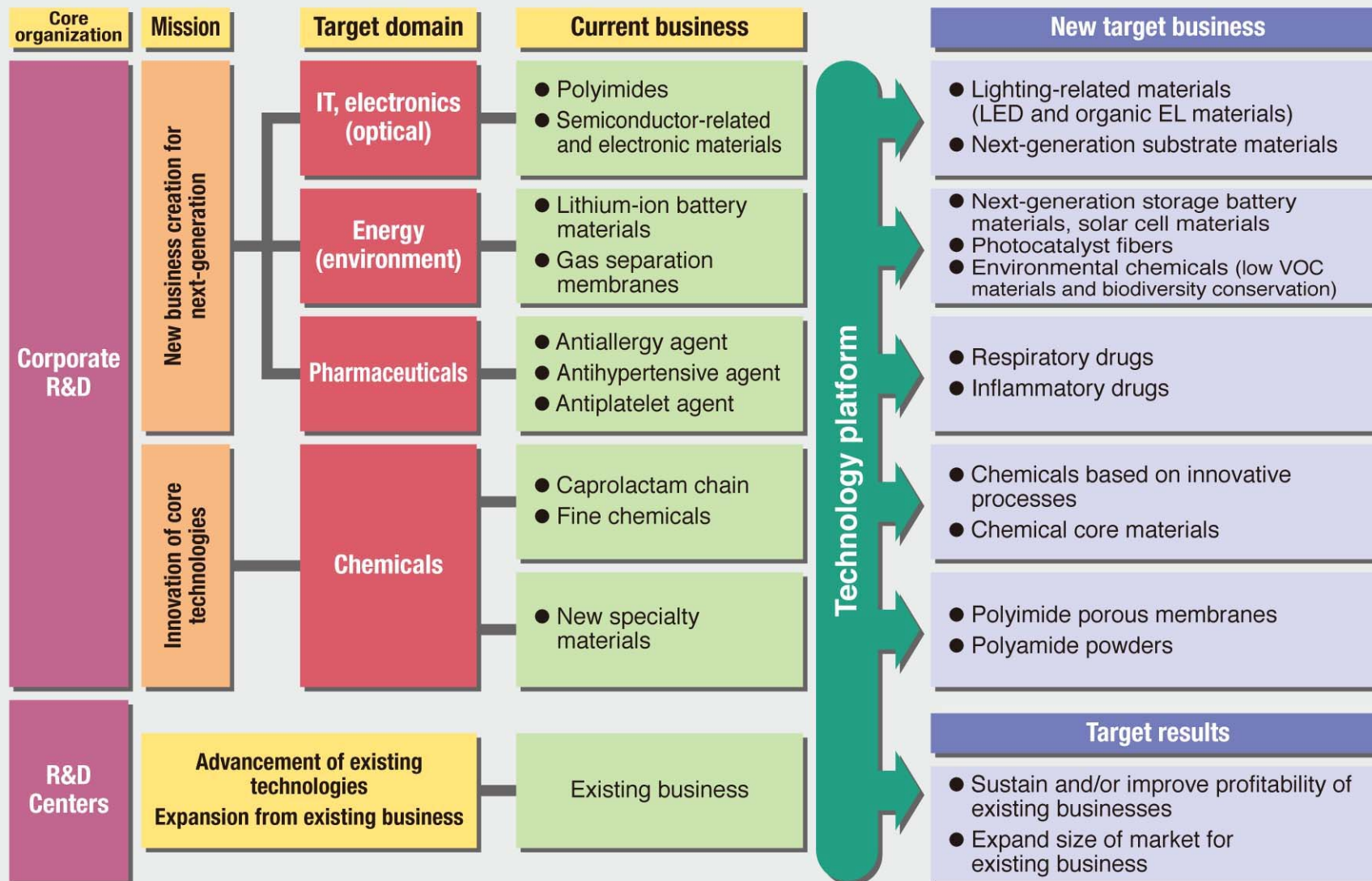
- Polyamide resins
- Caprolactam
- Industrial chemicals
- Cement and ready mixed concrete
- Calcia and magnesia
- Synthetic rubber
- Molding machines
- Industrial machinery
- Steel products
- (Polyethylene) (ABS)
- Coal
- Power

Rebuilding Businesses

- Aluminum wheels

Business Portfolio and Target of Market / Technology Direction





Highest Priority Businesses

Pharmaceuticals

▶ **Establish a business model and build a platform for accelerating growth**

- Ube business model for the pharmaceuticals business
In parallel with royalty revenue, secure stable operating levels of API plants by manufacturing of Ube's products from R&D, and increasing the products of custom manufacturing to cover risks of new products development
- Build a platform that will accelerate growth
 - ◆ Research and Development of Ube's products, focusing on immunological and respiratory area
 - ◆ Enhancement life-cycle management for Ube's products
 - ◆ Expand the custom manufacturing business with a focus on APIs for new drugs, by increasing production capacity and widening technologies

Battery Materials

▶ **Actively pursue the automotive lithium-ion battery market and expand the scope of the business
Accelerate capital expenditures in anticipation of expanding the business**

- Electrolytes: Continue pursuing a differentiation strategy in the market for portable consumer electronics applications
Strengthen development according to needs for automotive applications (demand for long-term reliability, etc.)
Expand the production capacity in a timely manner, to further strengthen the framework for providing stable supplies
- Separators: Further enhance production technologies and strengthen cost competitiveness
Develop and introduce new highly functional membranes, to establish a leading position in the automotive sector
Actively increase the production capacity, in anticipation that the market will expand
- Pursue development of peripheral materials and expand the scope of the business

Fine Chemicals

▶ Pursue the global business, and strengthen and expand the range of unique products

- Build new production facilities for diol and derivative products in Thailand and Spain
- Expand the range of environmental products
(Seriously launch environmental coating materials, expand the business for synthetic fragrances, etc.)
- Increase competitiveness by pursuing a differentiation strategy
(DMC for electrolytes, *Heliofresh*, others)

Polyimide Chain

▶ Strengthen business segments throughout the chain

- In addition to the thin panel market (COF, TAB), expand sales of polyimide films to new markets such as substrates for flexible solar cells and automotive components
- For varnishes, accelerate development aimed at new applications such as electronic devices
- Develop more sophisticated production technologies and reorganize production facilities to enhance cost competitiveness
- For gas separation membranes, focus on environmental-related sectors such as decarboxylation membranes for biogas, in addition to markets for nitrogen separation and dehumidification

Initiatives to Secure Future Growth

- Expand the range of **specialty inorganic materials**
- Achieve rapid commercialization to transition from developing businesses to strategic growth businesses
 - Aerospace Materials
 - Lighting-Related Materials
 - New Eco-Friendly Materials

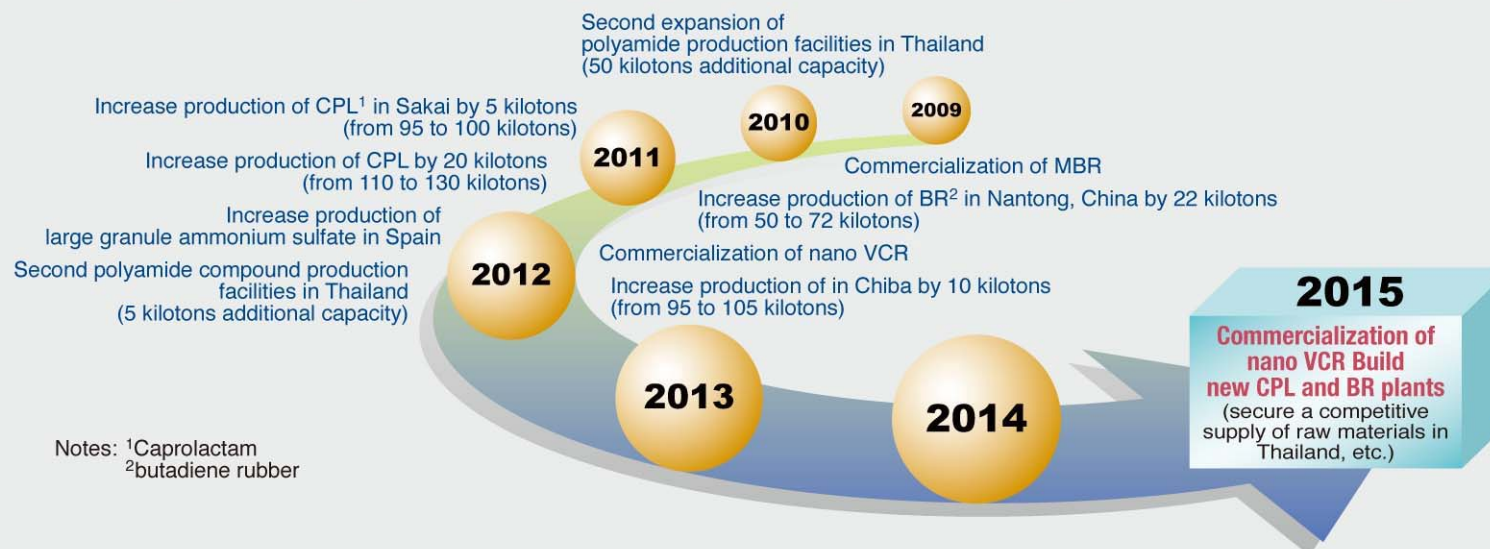
Businesses Likely to See Increased Demand in the Asian Market

Caprolactam Chain ▶ Anchor and strengthen the market presence

- Increase production in Asia, where demand is growing
- Create added value throughout the caprolactam chain
- Pursue markets in developing nations (including the launch of a subsidiary in South America)

Synthetic Rubber ▶ Build a supply framework to cope with rising demand

- Further increase production and secure stable supplies of raw material butadiene
- Achieve differentiation of products
Metallocene catalyst butadiene rubber (MBR) as a polystyrene improver with excellent impact durability, nano vinyl cis rubber (VCR) for tires that deliver improved fuel economy, others



Businesses in which to Reinforce Operational Foundation and Cash Flow Creation Capability by Adopting to Market Change

Cement and Ready-Mixed Concrete

▶ Secure stable profits amid lower demand

- Optimize the operational framework
 - ◆ Reduce capacity
Continue to keep one kiln line closed, and streamline the logistic infrastructure (vessels and loading docks) for Ube-Mitsubishi Cement Corporation
 - ◆ Maintain high operating rates by securing steady export business
- Pursue restructuring
 - ◆ Optimize the workforce and organizational framework
 - ◆ Coordinate with industry associations and consolidate ready-mixed concrete plants
- Increase revenues through waste processing business

Machinery

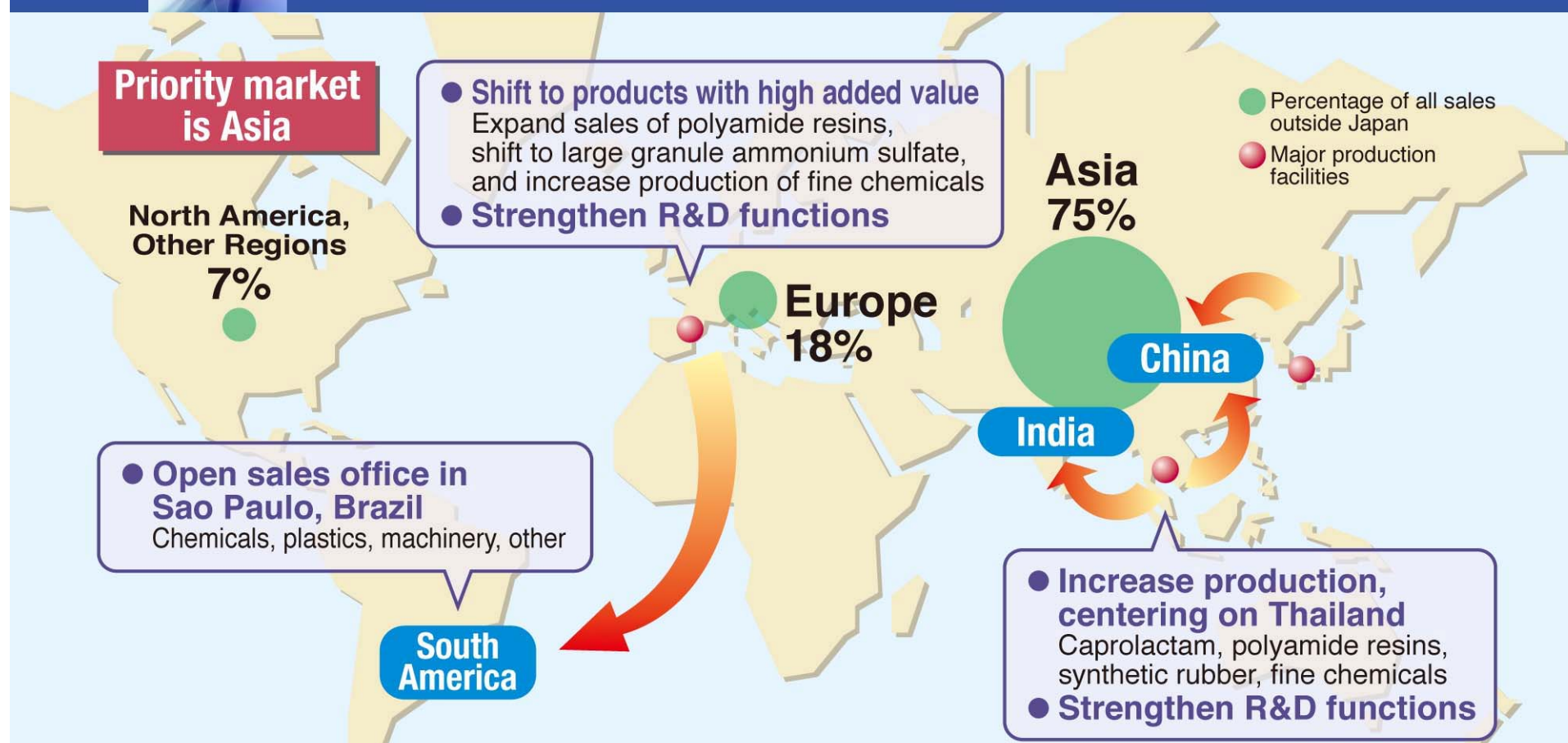
▶ Respond to market changes

- Enhance the ability to adapt to globalization, and expand the services business
- Expand sales in markets for developing nations, by introducing machinery at lower price points
- Strengthen the service network outside of Japan
Meet demand for after-sales service of installed machinery and refurbishing demand

Coal and Power

▶ Respond to increasing energy costs

- Facilitate technology to support use of low-grade coal and biomass mixed incineration

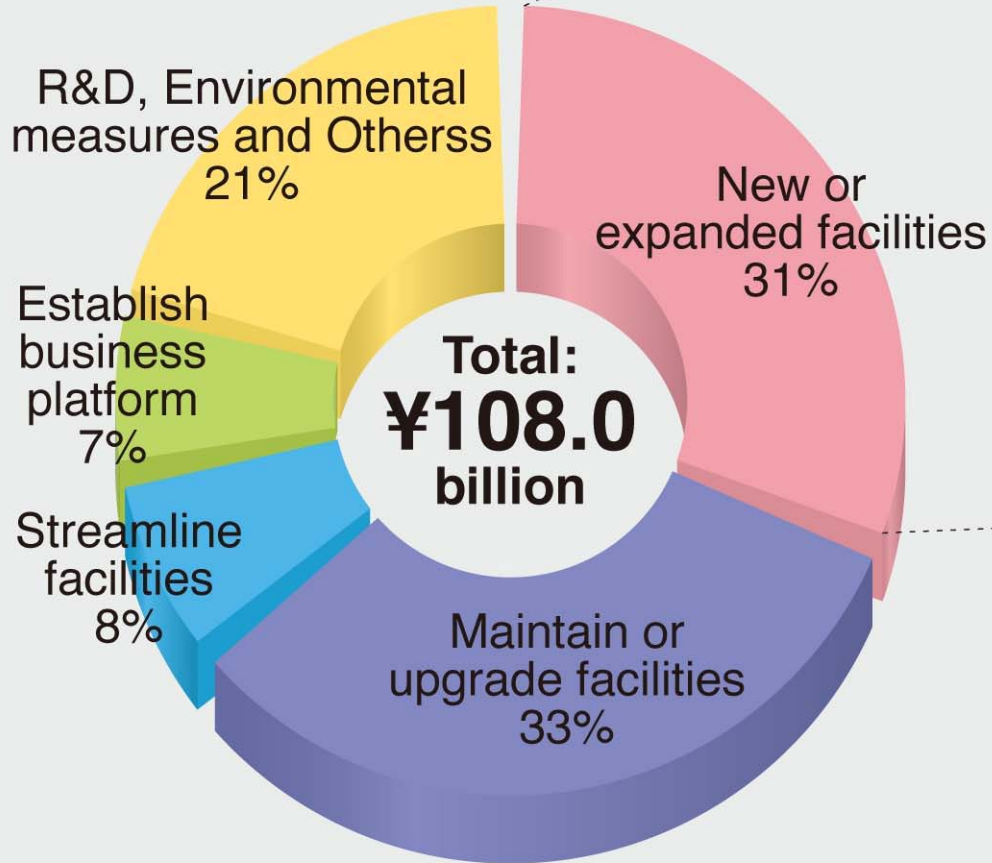


Net Sales Outside of Japan by Segment

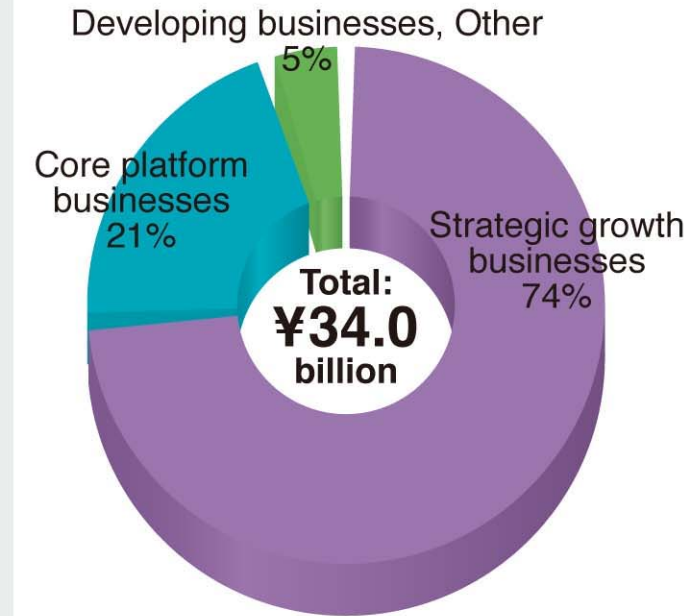
(Billion yen)

	Chemicals & Plastics	Specialty Chemicals & Products	Pharmaceutical	Cement & Construction Materials	Machinery & Metal Products	Energy & Environment	Others	Total
FY2009 Actual	82.2	15.6	1.3	6.4	33.7	0.0	12.2	151.7
Percentage of Overall Net Sales in Segment (Japan and Outside of Japan)	53.1%	27.3%	13.1%	3.5%	41.7%	0.0%	67.4%	27.6%

Capital Expenditure by Investment Purpose



Portfolio Segment



Project	Site	Completion
Strategic Growth Businesses		
Specialty Chemicals & Products <ul style="list-style-type: none"> ● Construction of new diol plant ● Second polycarbonate diol production facilities ● Upgrades to increase electrolyte production ● Upgrades to increase separator production ● Upgrades to increase silicon nitride (ceramics) production ● Fourth production facilities for phenol resin at Meiwa Plastic Industries, Ltd. 	Thailand Spain Sakai, Japan Ube, Japan Ube, Japan Ube, Japan	May 2011 December 2011 FY2010–2014 FY2010 May 2012 March 2012
Pharmaceutical <ul style="list-style-type: none"> ● Fourth Pharmaceuticals production facilities 	Ube, Japan	November 2011
Cement & Construction Materials <ul style="list-style-type: none"> ● Build sewage sludge drying facilities at Isa Cement Factory 	Isa, Japan	February 2012
Core Platform Businesses		
Chemicals & Plastics <ul style="list-style-type: none"> ● Debottling project to increase caprolactam production ● Build production facilities for large granule ammonium sulfate ● Build production facilities for specialty synthetic rubber products (MBR and nano VCR) ● Increase synthetic rubber production 	Sakai, Japan; Thailand Spain Chiba, Japan China; Chiba, Japan	March, November 2011 January 2012 October 2010, August 2012 June 2011, October 2012
Developing Businesses		
Specialty Chemicals & Products <ul style="list-style-type: none"> ● Build production facilities for heliotropin 	Ube, Japan	October 2011

Portfolio Segment

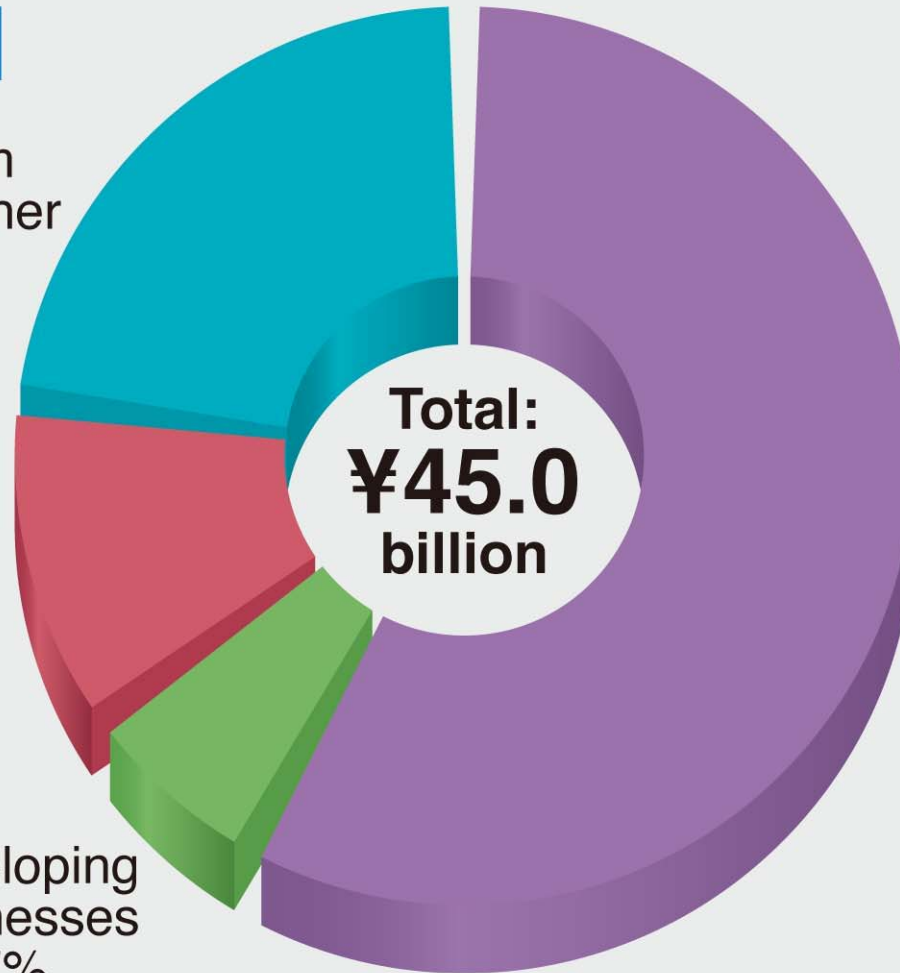
Core platform
businesses, other
23%

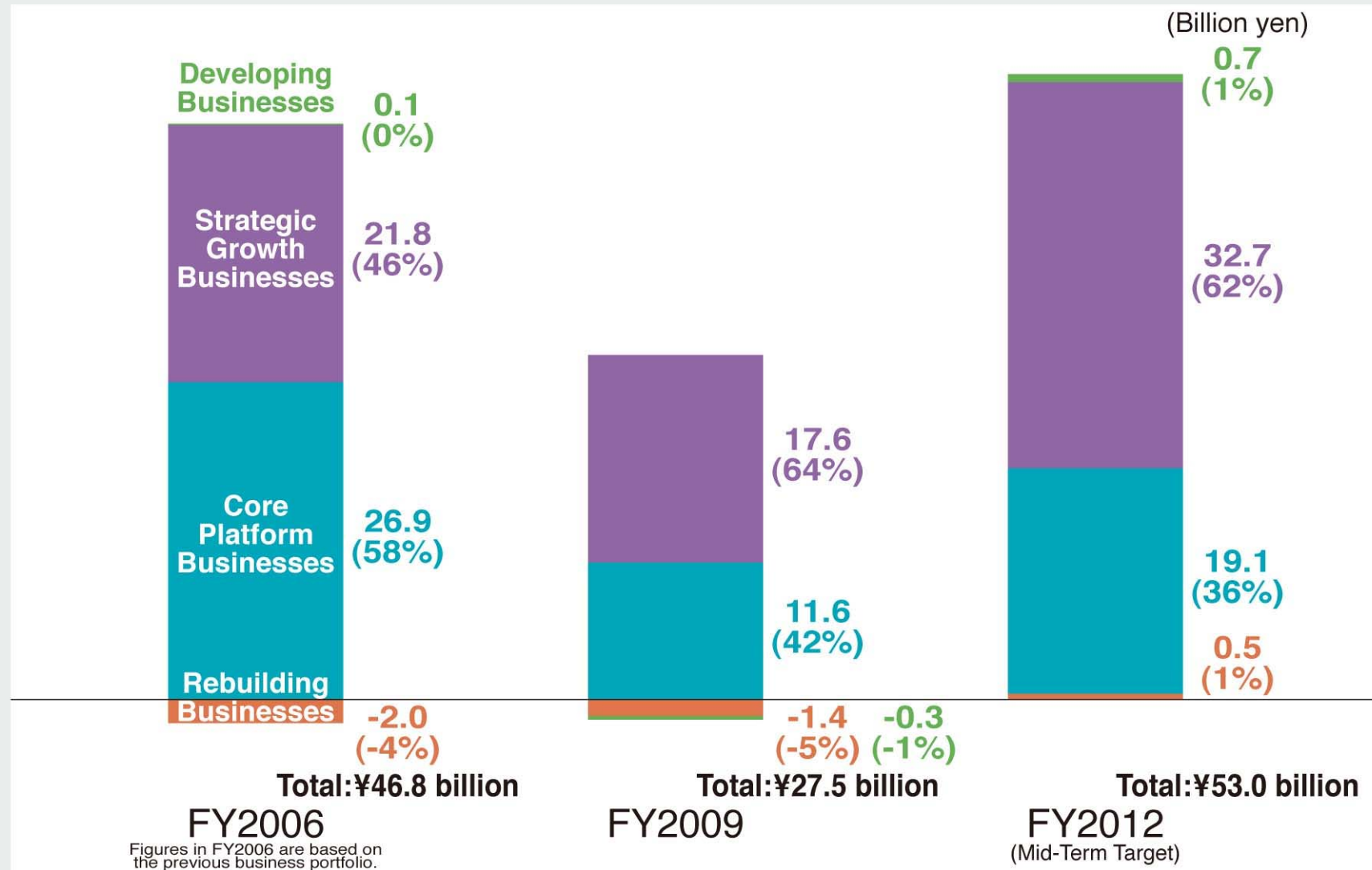
Corporate R&D
12%

Developing
businesses
7%

Total:
¥45.0
billion

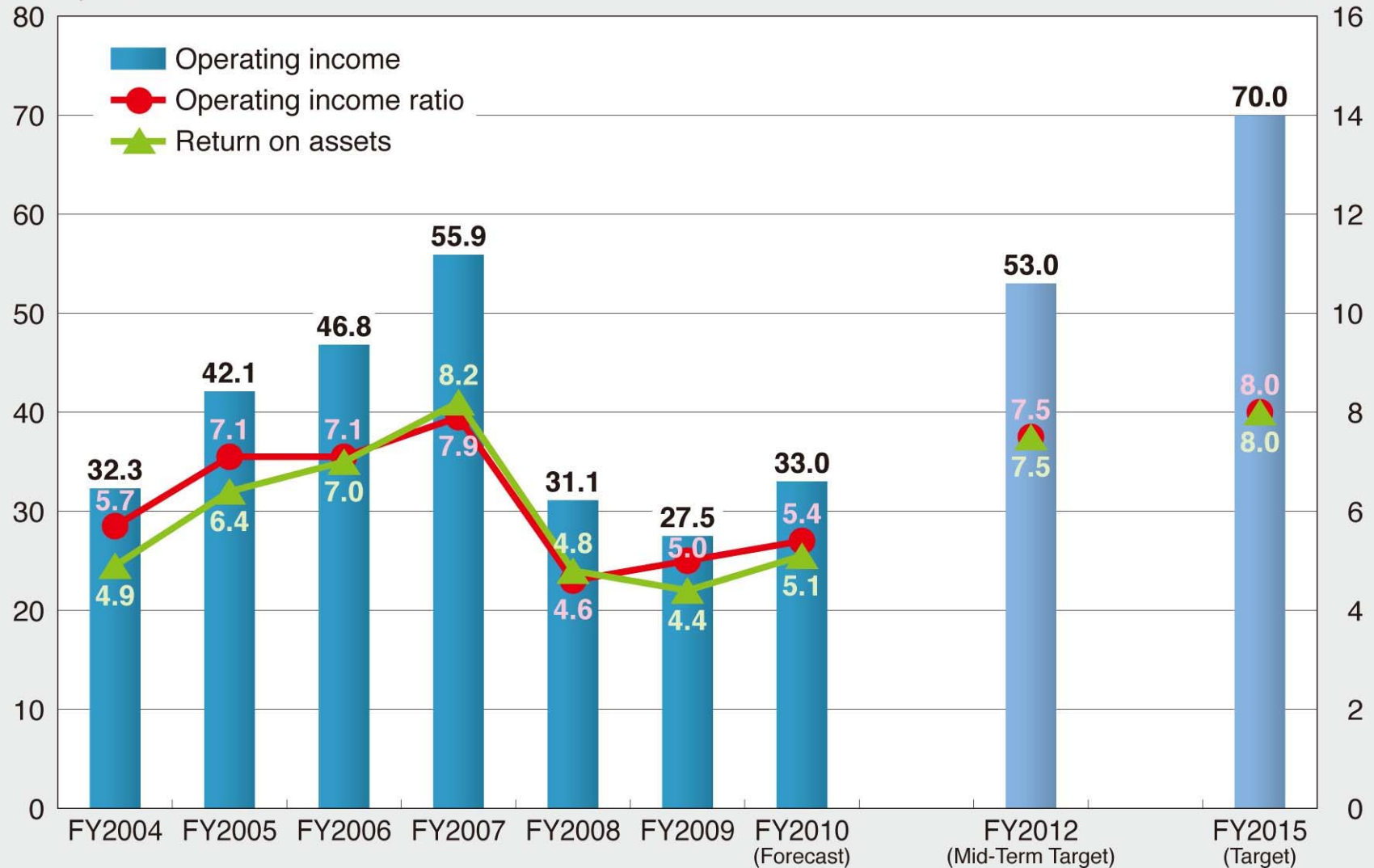
Strategic growth
businesses
58%





Operating income
(billion yen)

Profit ratio (%)





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

**② Sustained Improvement of
Financial Position**

Net interest-bearing liabilities

Equity capital (billion yen)

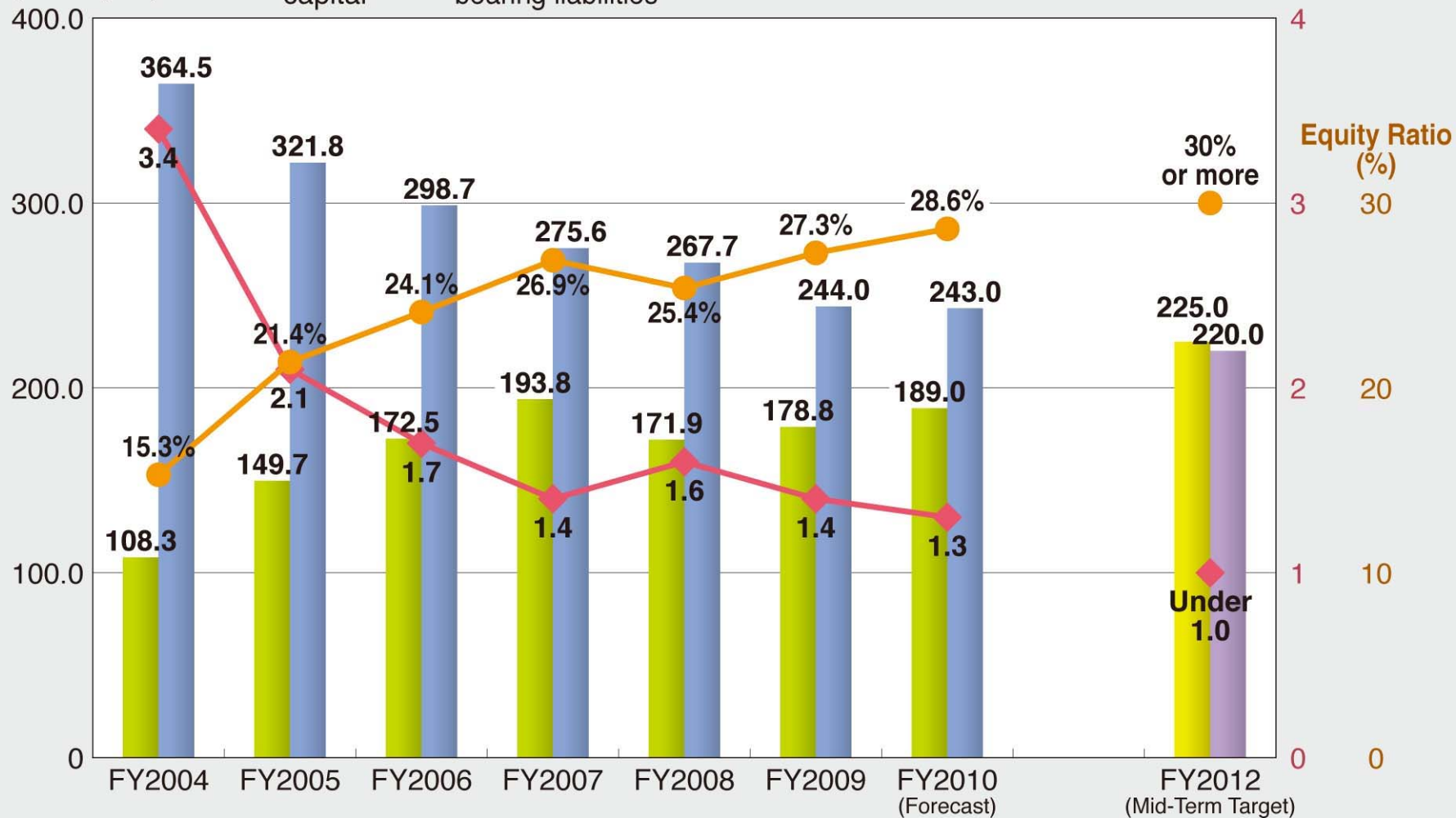
Equity capital

Net interest-bearing liabilities

Net D/E Ratio

Equity Ratio

Net D/E Ratio (Times)



(Billion yen)

	Stage UP 2012 Cumulative from FY2010–2012
Cash flows from operating activities (A)	157.0
Ordinary income	103.5
Depreciation	108.0
Tax payment	-21.0
Other	-33.5
Cash flows from investing activities (B)	-116.0
Capital investment	-108.0
Other	-8.0
Free cash flows (A+B)	41.0
Increase / decrease in interest-bearing liabilities	-36.0
Dividends paid	-17.0
Increase / decrease in cash and cash equivalents	-12.0

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 –**

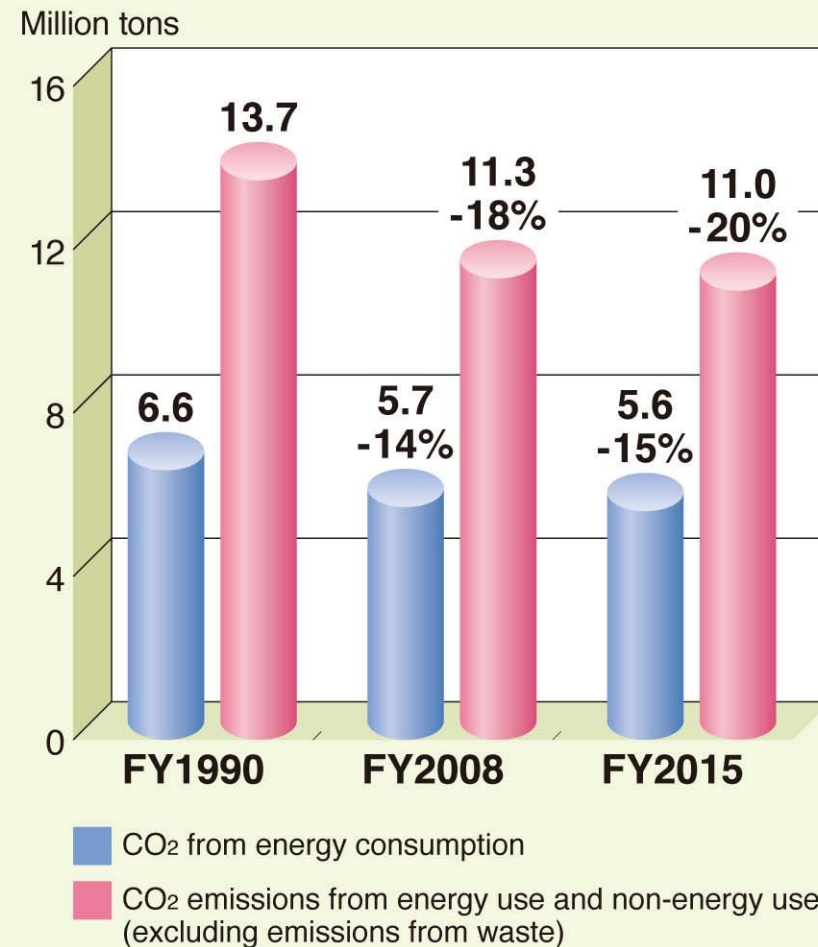
**③ Respond to and Address Global
Environmental Issues**

- Overall CO₂ emissions from energy use by the Ube Group:
Reduce by 15% compared with FY1990 levels by FY2015
- CO₂ emissions from energy use and non-energy use by the Ube Group:
Reduce by 20% compared with FY1990 levels by FY2015

Initiatives to Implement by FY2012

- Reduce 180,000 tons of CO₂ emissions from energy use annually, through initiatives such as deploying energy-efficient equipment and increasing waste recycling.
- Launched a greenhouse gas management system in FY2009 that enables accurate monitoring of CO₂ emission levels for each place of business.
- Use life cycle analysis (LCA) to accurately track CO₂ emission levels and reductions

Overall CO₂ Emissions by Ube Group



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, materials for dye-sensitive solar cells, other
- Wind power generation: Silicon nitride for ball bearings
- Fuel cells: Humidification separation membranes



Materials and Technologies for Improving Energy Efficiency and Reducing Environmental Impact

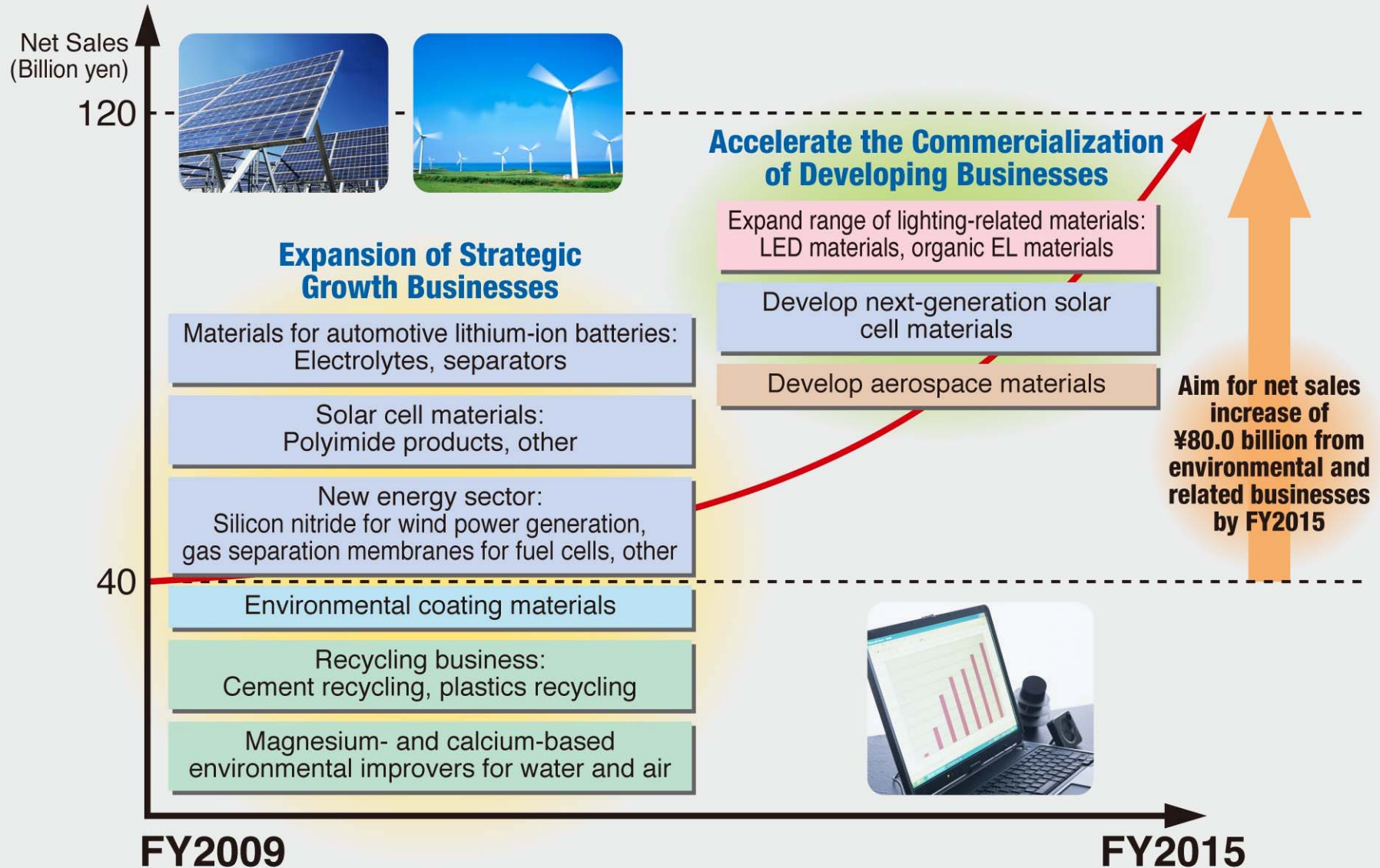


- LED materials (phosphors, etc.), organic EL materials
- Materials and processing technologies for reducing component weight and improving fuel economy: Polyamide resins, synthetic rubber, molding machines, aerospace materials
- Low VOC materials: Environmental coating materials

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







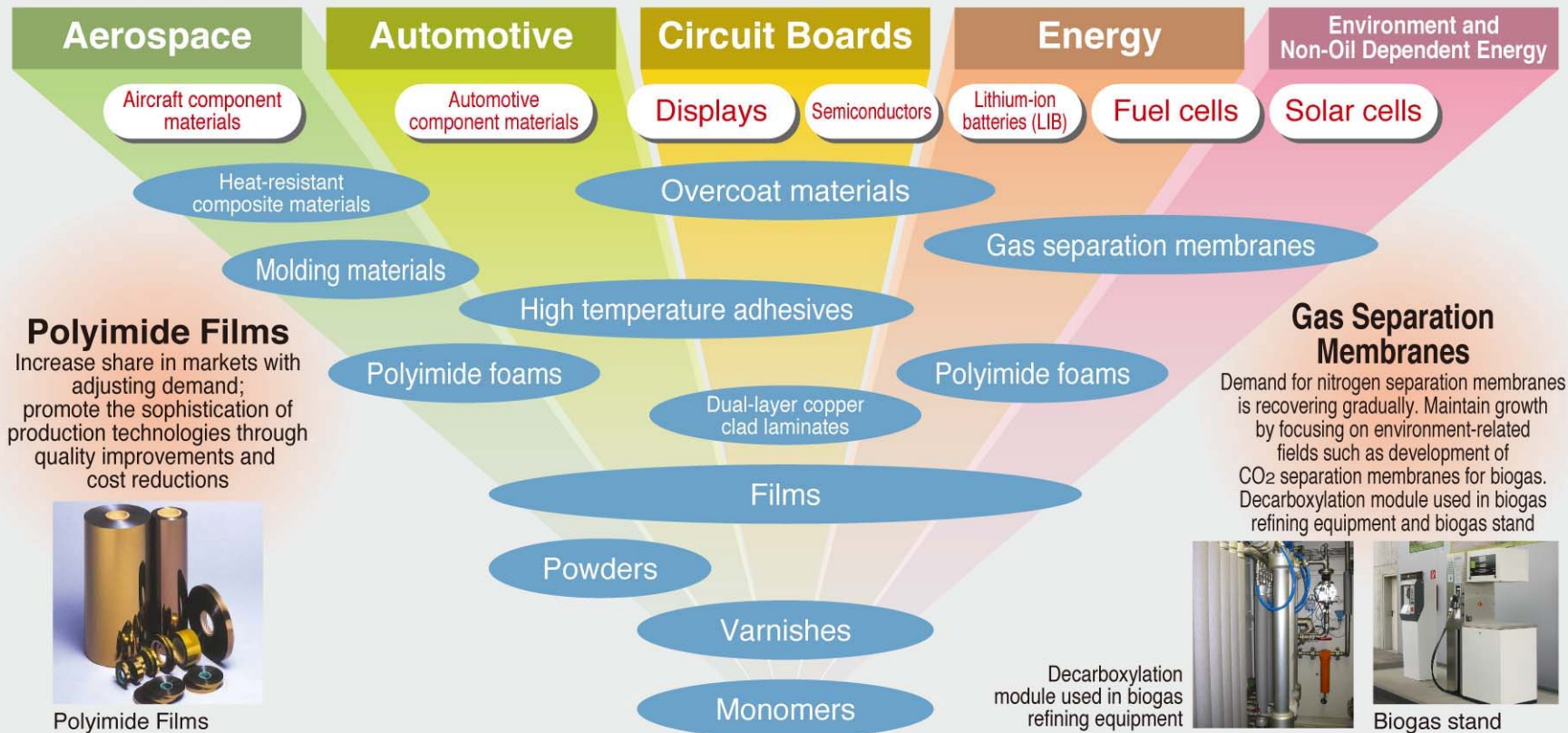
Appendix

Business Strategy for Polyimide Chain

Films: Strengthen business in circuit board segment (such as for LCDs) as key market; accelerate expansion into new application fields (such as for solar cells and automotive component materials)

Related Products: Develop applications for *U-Varnish* and *Upicoat*; expand range of business to encompass powders, molding materials and foams.

Gas Separation Membranes: Actively respond to expanding market for environmental applications.



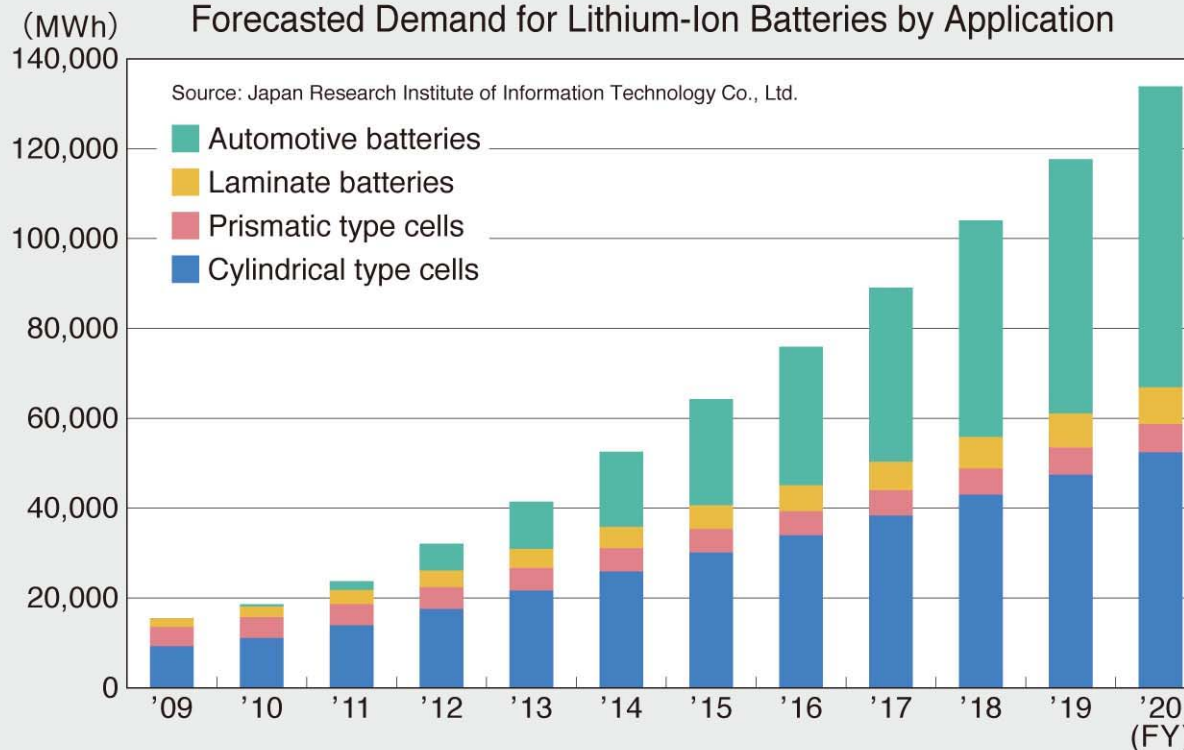


Electrolytes



Separators

Forecasted Demand for Lithium-Ion Batteries by Application



Business Strategy for Electrolytes

- Maintain top market position in high performance electrolytes for high performance batteries
- Reduce costs to enter volume business in the emerging markets of developing nations
- Actively expand into electrolytes for LIBs used in vehicles

Business Strategy for Separators

- Firmly maintain the position of de facto standard in the expanding Chinese market
- Capture rising demand and expand sales of LIB separators for vehicles
- Improve production technologies and enhance production by launching new production facilities

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)

Expand sales



Silicon semiconductor LSIs

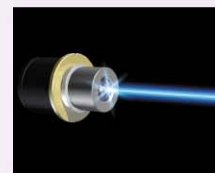
Sealants for semiconductors

- Phenol resins (Meiwa Plastic Industries, Ltd.)

Metal organic compounds (MO) for compound semiconductor

- Organic metal compounds (MO) TMG, TMI, TMA, etc. Strengthen development capabilities of white LEDs for lighting 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



Mobile phones



Traffic lights

Business Strategy for Fine Chemicals

Strengthen existing businesses

- Global expansion of diol and its derivatives
 - Construction of new diol plant in Thailand and development of new markets (South America etc.)
- Strengthen C1 chemical business with high-purity dimethyl carboxylate (DMC) products and develop derivatives
- Launch commercial synthesis of heliotropin, as a follow-up to the *Heliofresh* business

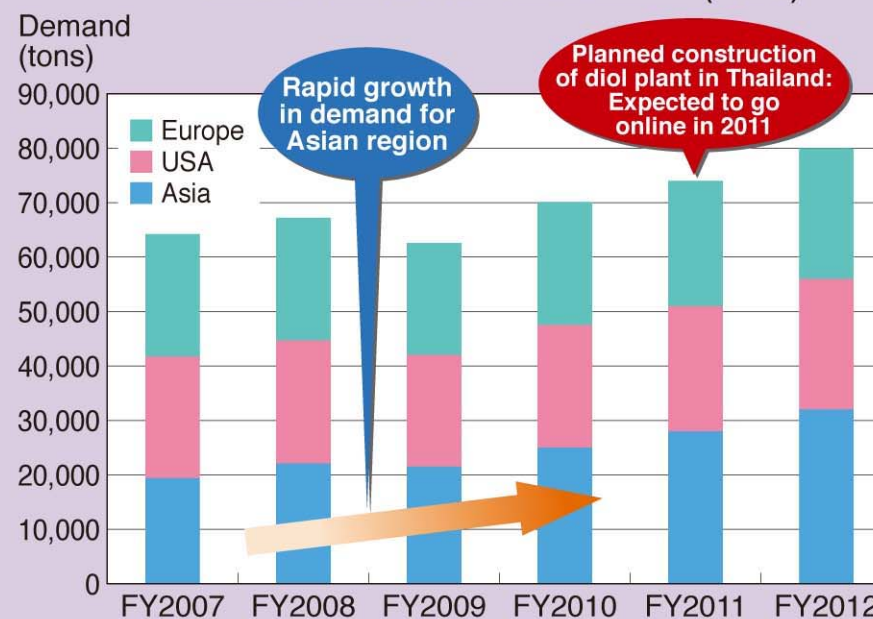
Launch environmental coating materials business

- 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

- Consider developing a non-phosgene isocyanate manufacturing method and launching a new business
- Leverage industry-university cooperation, alliances etc.

Global Market for Hexanediol (HDL)



Application for PCD:
synthetic leather

Business Strategy for Pharmaceuticals

- Secure separation by firewall between Ube's products business and custom manufacturing business to;
- Research and Development of Ube's products, focusing on immunological and respiratory area
 - Enhancement life-cycle management for Ube's products
 - Expand the custom manufacturing business with a focus on APIs for new drugs, by increasing production capacity and widening technologies

◆ 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 <ul style="list-style-type: none"> ● Allergic rhinitis ● Urticaria ● Skin disorders with pruritus, eczema, etc. ● Allergic conjunctivitis 	<ul style="list-style-type: none"> ● Talion tablets (Japan, Korea) ● Talion oral disintegrant tablets (Japan) ● Bepreve ophthalmic solution (US) 	<ul style="list-style-type: none"> ● 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 <ul style="list-style-type: none"> ● Hypertension 	<ul style="list-style-type: none"> ● Calblock tablets (Japan) ● Rezaltas combination tablets (Japan) 	<ul style="list-style-type: none"> ● 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 <ul style="list-style-type: none"> ● Heart attack, stroke, etc. 	<ul style="list-style-type: none"> ● Effient tablets (US, Europe and other major countries) 	<ul style="list-style-type: none"> ● Expand sales into global countries and regions ● Expand the range of indications beyond ACS-PCI*: Extend to ACS-MM** (now in phase III clinical trials) ● Currently under development in Japan (phase II clinical trials) <p>Reference: US sales of clopidogrel (<i>Plavix</i>) by indication For ACS-MM: 42% For ACS-PCI: 23% Overall net sales (2007): \$4.35 billion</p>
(DE-104) Co-development: Santen Pharmaceuticals Co., Ltd.	Antiglaucoma agent <ul style="list-style-type: none"> ● Glaucoma and ocular hypertension 	US: Phase I and II clinical trials Japan: Phase II clinical trials	

* 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 anti-inflammatory agents, antihypertensive agents, antibacterial agents, etc. Intermediates for cholesterol reducing agents, anticancer agents, etc.	Growth in large orders for new drugs, from major Japanese and international drug companies
Pharmaceuticals Under Development	APIs and intermediates for anticancer agents, antithrombotic agents, antiarrhythmic agents, influenza drugs, etc.	

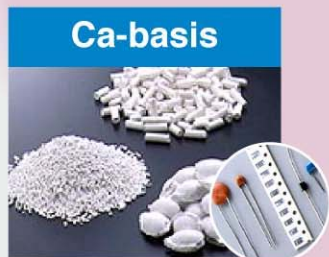
Thermostructural Ceramics



High Purity



Precursor Ceramics



Ube Material Industries, Ltd.



Ube Material Industries, Ltd.

**Technologies
across
Ube group**



Ube-Nitto Kasei Co., Ltd.



Ube-Nitto Kasei Co., Ltd.

Development in new business areas

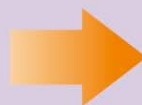
Optical

**Environmental purification
(water, air)**

**Information technology
and semiconductor**

Business Strategy for Specialty Inorganic Materials

**Strengthen cooperation
among Ube group**



- Mobilize technologies for materials and create another function
- Implement global business development

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

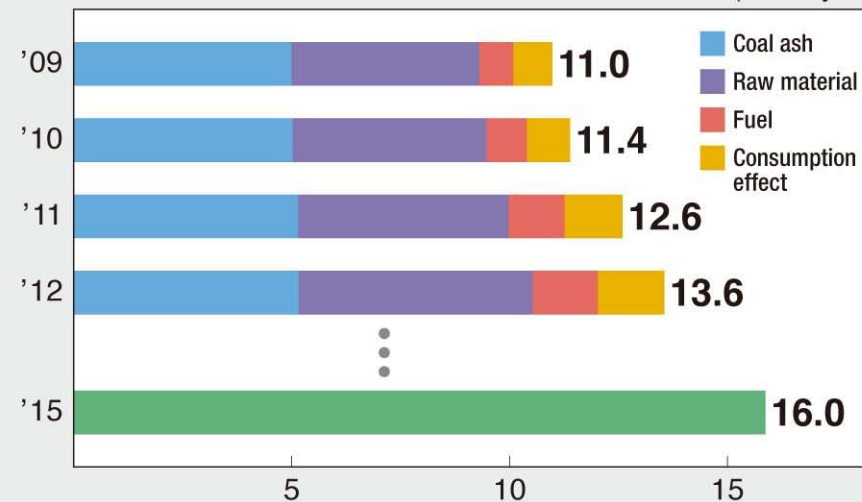
⇒ Strong, providing an important source of profits, future demand is expected to increase.

(Billion yen)

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)

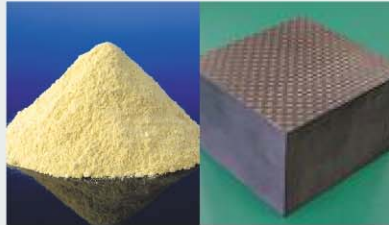
⇒ Meet the growing demand for recycled plastic with its proprietary compound and dyeing technologies.

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.)

Colored recycled resin
Target sales volume for
fiscal 2012: **12,000 tons**





PETI heat-resistant composite material

2009 - 2011
R&D with Boeing

- Engine nacelles
- Pylons



Polyimide foam

Start commercial
production by 2011

Application for nuclear
power plant and vessel in
addition to aircraft

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



Kashiwazaki-Kariwa Nuclear Power
Station, Tokyo Electric Power Co.
(Photo by Tokyo Electric Power Co., Inc.)



Heat control film

Used by JAXA

Starting shipment for
heaters used in space

- Artificial satellites



The Greenhouse
Gases Observing
Satellite "IBUKI"
(Photo by JAXA)



Tyranno Fiber/Tyrannohex

2009 - 2011
Testing for commercial
application

- Next generation
commercial jet
engines
- Missile nozzle
material



Jet engines

Materials for white LEDs

MGC light conversion materials

- **Application:** General LED lighting
- **Characteristics:** A fluorescent material called melt growth composite (MGC), made with a special method by adding new functionality to a single crystal ceramic composite. For new white LEDs, with superior durability and heat resistance.

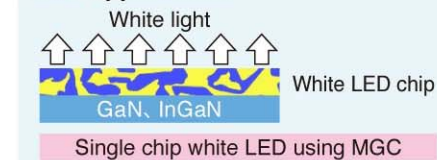


◆ MGC light conversion material

YAG: Co phase (Converts blue light into yellow light)
ALO phase (Transmits blue light)



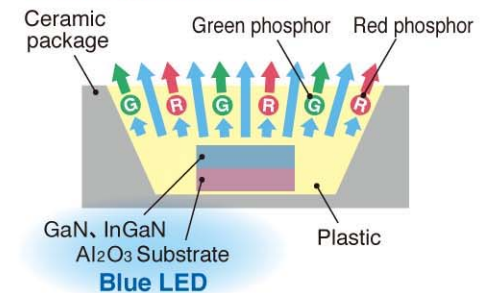
MGC applications



Nitride phosphor (RGB-type white LED)

- **Application:** General LED lighting
- **Characteristics:** A new nitride phosphor made with Ube's proprietary method developed for silicon nitride, etc. Efficiently converts the wavelength of light, offering low power consumption, long life and superior thermal properties.

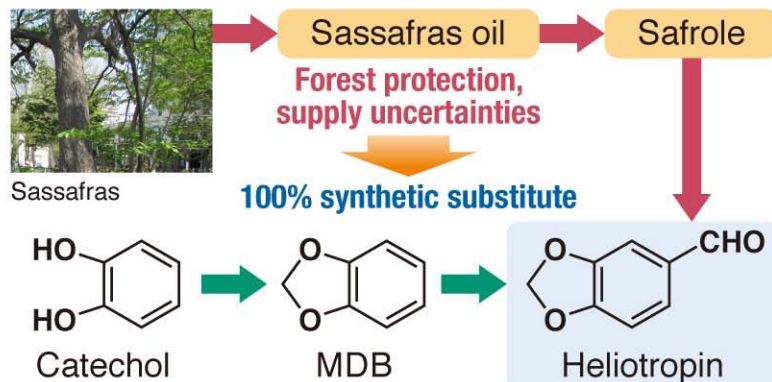
◆ RGB-type white LED



Organic electroluminescent materials

Heliotropin

- Compound derived from sassafras trees, with stable demand as a fragrance
- Succeeded in developing a synthetic substitute following *Heliofresh*



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*)

- Water purification system using the photocatalyst titanium dioxide
- Has a powerful oxidative decomposition effect on bacteria and organic impurities in water



Dye-sensitized solar cell materials

Business Strategy for Polyamide Resins: Strengthen Composition of Business

Current Business Conditions:

Polyamide 6: Asian demand is up (annual 3 to 4% growth)

Polyamide 12: Niche market globally dominated by four companies (annual 3 to 4% growth)

Action: Expand production capacity in Thailand, scrap and build production facilities at Ube Chemical Factory, and boost sales of differentiated products such as copolymers and compounds



Intake manifold (Polyamide 6)

Polyamide 6,
Polyamide 12
No.1 in Asia

No. 1 in Asia

Business Strategy for Caprolactam: Stabilize profits

Current Business Conditions:

Asia is largest and growing market (annual 2 to 3% growth)

Action: Manage spreads, secure raw materials at low cost, maintain appropriate production volumes, and reduce costs



Polyamide film for food packaging

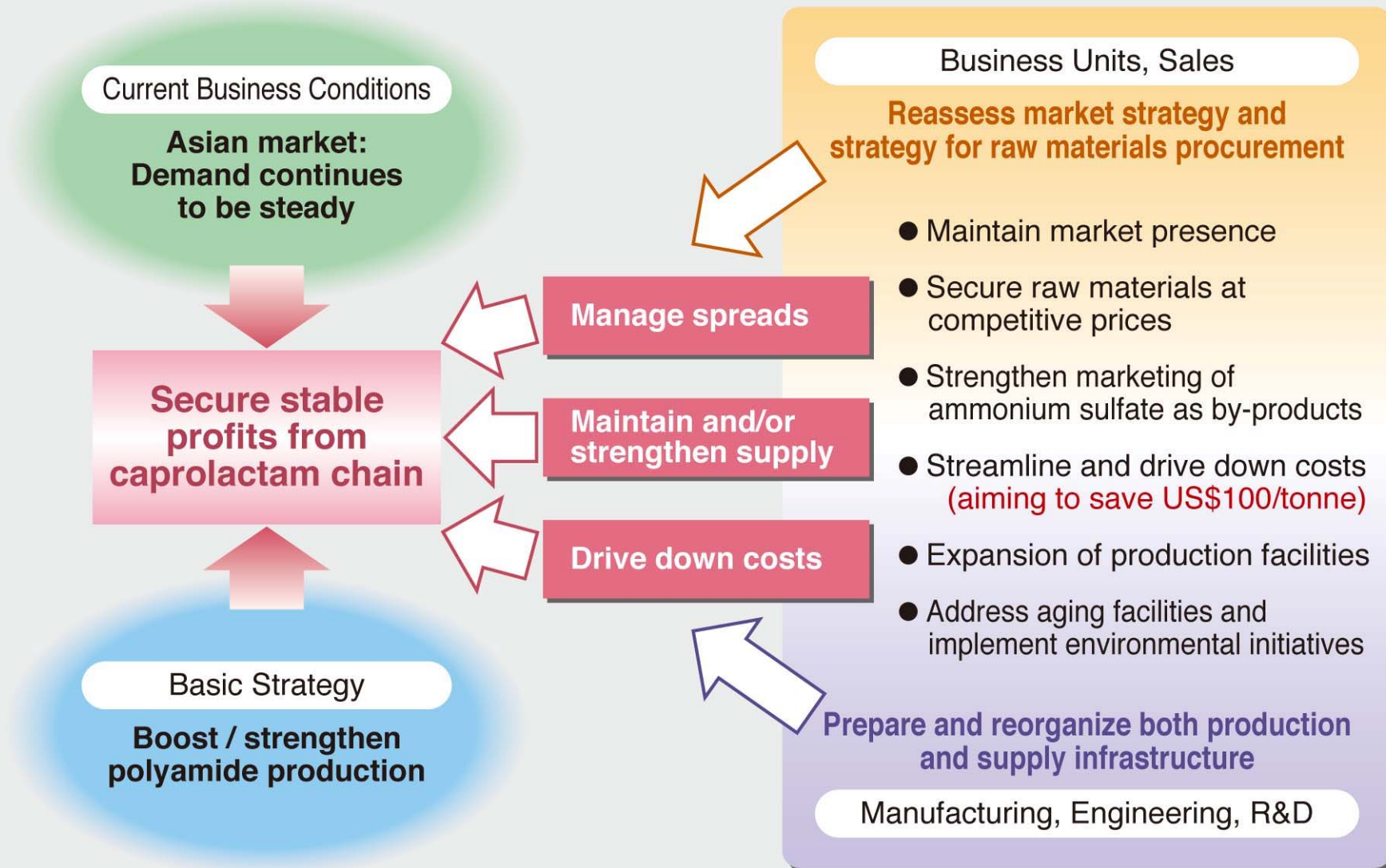
Ammonia
production:
No. 1 in Japan

Business Strategy for Industrial Chemicals: Business Reposition

Current Business Conditions:

Healthy demand for liquid ammonia, nitric acid, sulfuric acid and industrial gases

Action: Stabilize production and reduce costs



Business Strategy for Synthetic Rubber

- Achieve differentiation of products and establish supply infrastructure adapted to demand
- Ensure stable supply of raw material butadiene
- Considering a fourth plant to supplement existing production in Japan, Thailand and China

BR (External sales):
No. 3 in the world

Current Business Conditions

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

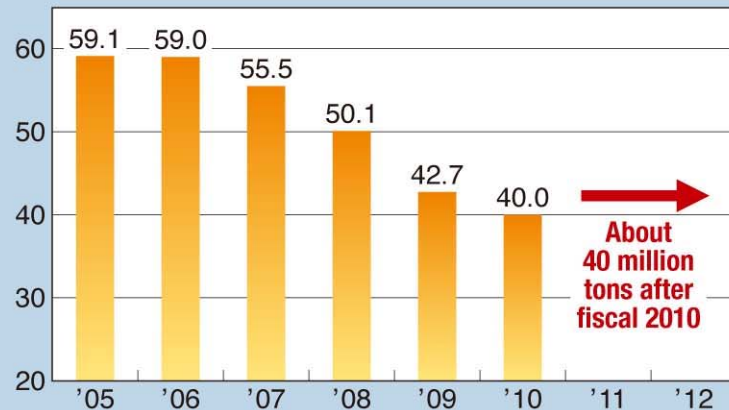
**Action**

- Launch VCR production in Thailand
- Bring nano VCR and metallocene butadiene rubber (MBR) to market
- Increase production of BR in Nantong, China by 22 kilotons (from 50 to 72 kilotons)
- Increase production of BR in Chiba by 10 kilotons (from 95 to 105 kilotons)



Business Strategy for Cement

Forecasted Demand for Cement in Japan (Million tons)



Declining demand due to lower demand in government sector

Increasing energy costs

Ensure stable profits by establishing an optimal production system and expanding waste processing

Production and logistics system

- Switch to an optimum operation system assuming continued exports.
- Reduction of logistics facilities (shipping vessels and delivery bases)

Sales

- Consolidate processing facilities (invest a total of around ¥5 billion over 3 years)
- Make effort at price adjustment to proper level

Business Strategy for Ready-Mixed Concrete

Achieve profitability through stringent rationalization

Amid falling demand, ensure the survival of direct-line factories

- Reduce fixed costs through adjustment of embellishments
- Pursue rationalization and cost reduction
- Ensure appropriate pricing
- Liaise with Zennamaren (ready mixed concrete industry association) and implement intensification of ready-mixed concrete plants

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
- Do not italicize deployment of calcia business
- Expand new markets and new products
 - Strengthen expansion into non-refractory new magnesia sector
 - Reinforce environmental solutions business

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 manufacturing: Declining in Japan, USA and Europe, expanding 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
- Expand service facilities into developing countries such as India and Brazil

Business Strategy for Coal and Power

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



Okinoyama Coal Center



IPP power plant

- Ube's office
- Source of imports

Current Business Conditions

- Increased energy costs due to elevated demand from developing countries
- Demand for solutions to global environmental issues

Actions on coal business

- Efficient operation of Okinoyama Coal Center
- Diversify and optimize supply sources and coal types
- Pursue technology development for energy and global environmental issues

Actions on power business

- Increase volume of low-grade coal and types of coal, and reinforce facilities
- Promote biomass mixed combustion
- Promote external sale of power

Business Strategy for Aluminum Wheels

Focus on the Japanese market, where there is strong demand for high quality, lightweight aluminum wheels, and restructure the business

- Management emphasizing rapid action and customer satisfaction as a dedicated OEM manufacturer (safety, quality, price, and light weight)
- Extensively streamline production and minimize cash outlay
- Pursue practical applications for new casting technology that delivers high quality at low cost

Withdrawal from North American business completed on schedule

Return to turning profit in FY2010, and solidify position of profitability





**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.