



Progress of “Stage Up 2009” Medium-Term Management Plan

Fiscal Year Ended March 31, 2008

UBE INDUSTRIES,LTD.

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**Consolidated Results for 2007 &
forecasts for 2008**

● The highest profit ever, the second highest sales
(next to 710 billion yen recorded in 1991)

(Unit: Billion yen)

Item	FY2006	FY2007	Difference	Factors
Net sales	655.6	704.2	48.6 (+7.4%)	Transferring cost of raw materials to sales price, increase in sales volume of coal, etc.
Operating income	46.8	55.9	9.0 (+19.3%)	Increase in spread between sales price and cost of raw materials in chemicals and plastics segment
Ordinary income	43.1	46.7	3.5 (+8.2%)	Decrease in foreign exchange gain in nonoperating profit, etc.
Net income	22.0	24.0	2.0 (+9.2%)	
Net interest-bearing liabilities	298.7	275.6	-23.0	
Equity capital	172.5	193.8	21.2	
Dividend (Yen / Share)	4.0	5.0	1.0	

Item	Unit	FY2007		FY2009	
		Result	Not accounting for change in depreciation method	Mid-Term Target	Not accounting for change in depreciation method
Net debt/equity ratio	Times	1.4	—	Under 1.3	—
Equity ratio	%	26.9	—	30 or more	—
Operating income ratio	%	7.9	8.4	7.5 or more	8.2 or more
Return on assets	%	8.2	—	7.5 or more	—
Return on equity	%	13.1	—	12 or more	—
Net sales	Billion yen	704.2	—	700.0 or more	—
Operating income	Billion yen	55.9	59.1	53.0 or more	57.5 or more
Business income	Billion yen	58.6	61.8	56.0 or more	60.5 or more
Net interest-bearing liabilities	Billion yen	275.6	—	Under 279.0	—
Equity capital	Billion yen	193.8	—	218.0 or more	—

● **Uncertain market circumstance in the future,
steep rise in cost of raw material and fuel**

(Unit: Billion yen)

Item	FY2007	FY2008	Difference	Factors
Net sales	704.2	766.0	61.8 (+8.8%)	Transferring cost of raw materials and fuel to sales price, increase in sales volume of specialty and fine chemical products
Operating income	55.9	53.0	-2.9 (-5.2%)	Decrease in spread between sales price and cost of raw materials in chemicals and plastics segment
Ordinary income	46.7	44.0	-2.7 (-5.8%)	
Net income	24.0	25.0	1.0 (+4.0%)	
Net interest-bearing liabilities	275.6	267.0	-8.6	
Equity capital	193.8	207.0	13.2	
Dividend (Yen / Share)	5.0	5.0	0.0	

Sales & Operating Income by Segment

- Consolidated Forecast for 2008 Fiscal Year -

(Unit: Billion yen)

Segment	Net Sales			Operating Income		
	FY2007	FY2008	Difference	FY2007	FY2008	Difference
Chemicals & Plastics	233.2	254.0	20.8	18.6	15.6	-3.0
Specialty Chemicals & Products	93.5	104.5	11.0	14.1	15.1	1.0
Cement & Construction Materials	207.0	220.5	13.5	10.8	10.6	-0.2
Machinery & Metal Products	120.3	124.7	4.4	6.6	6.1	-0.5
Energy & Environment	46.4	58.7	12.3	4.6	4.9	0.3
Others	3.6	3.6	0.0	0.8	0.7	-0.1
Total	704.2	766.0	61.8	55.9	53.0	-2.9

Chemicals & Plastics



- **Caprolactam:** Ube will strive to maintain spread and achieve stable production under the tight supply-demand situation for the products, while soaring costs of fuel and raw materials such as ammonia and sulfur will cause a rise in cost at Ube.
- **Polyamide resins:** A series of expansion of facilities in the world provided a surplus of supply for the market. Ube will improve profitability via branded products.
- **Industrial chemicals:** The soaring price of imported products such as ammonia made the market tighter. Under the circumstances, Ube will transfer the increase in cost of raw materials to sales prices and boost production and sales.
- **Synthetic Rubber:** Under the tight supply-demand situation for the products mainly due to strong demand in the tire business, Ube will secure the spread by transferring the rising costs of raw materials to customers.

(Unit: Billion yen)

Item	FY2006	FY2007	FY2008	FY2009 (Mid-Term Target)
Net sales	210.4	233.2	254.0	215.0
Operating income	13.7	18.6	15.6	13.7

Specialty Chemicals & Products



- **Polyimides:** Ube will maintain high share for PDP/TAB business, boost share for LCD/COF and develop applications for FPC. Also, the new facilities are expected to increase production.
- **Battery materials:** The demand for electrolytes used in LIB and for separators is expected to continue to grow.
- **Gas separation membranes:** The strong demand for nitrogen separation membranes and alcohol dehydration membranes is leading Ube to achieve increase production.
- **Fine chemicals:** Ube will strive to transfer rising costs of raw materials, boost sales of Heliofresh and launch new PUD products.
- **Pharmaceuticals:** Sales of two drugs are healthy and a new drug, Prasugrel, is undergoing priority review by the FDA in the US.

(Unit: Billion yen)

Item	FY2006	FY2007	FY2008	FY2009 (Mid-Term Target)
Net sales	88.3	93.5	104.5	113.5
Operating income	11.5	14.1	15.1	16.3

Cement & Construction Materials

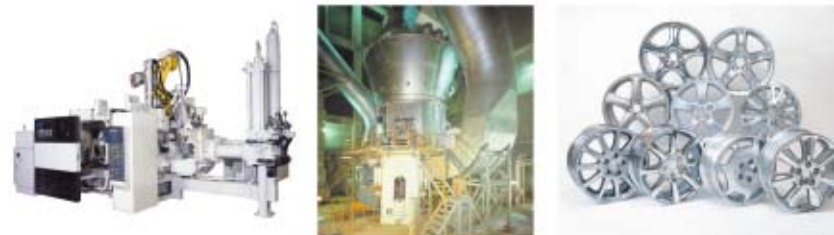


- **Cement & ready-mixed concrete:** The domestic demand in 2008 will be slightly up to 56 million tons. Due to a rise in coal price, Ube-Mitsubishi Cement Corporation raised the sales price of products by 1,000 yen/ton.
- **Resource recycling:** Ube will handle waste that is more difficult to process for higher revenue, so that Ube achieves sales expansion and reduction in fuel cost.
- **Calcia & Magnesia:** The demand for the products in the steel industry is so strong. However, transferring rising costs of raw materials involves a time lag.
- **Specialty inorganic materials:** Vapor Process MgO and Mos Hige, filler for plastics, are expected to expand.

(Unit: Billion yen)

Item	FY2006	FY2007	FY2008	FY2009 (Mid-Term Target)
Net sales	207.8	207.0	220.5	213.5
Operating income	12.4	10.8	10.6	12.1

Machinery & Metal Products



- **Machinery:** The demand for molding machinery such as die casting machines peaked out in terms of need among automobile facilities. Orders for industrial machinery shipping to Asia continues high level, centering on kilns and vertical mills. Rising price of steel products and currency exchange rate may have large impact on production costs despite further promotion of the cost reduction initiative.
- **Aluminum Wheels:** The domestic facilities are operated fully and all products are sold completely. However, sales in North America remain at a low level. The impairment loss at the subsidiary in Canada was accounted due to strong CA dollar against US dollar. Ube will execute measures steadily to improve profitability and restore the business. (North America: raise the proportion of sales to Japanese automakers, improve production yield, and further promote switching to in-house painting of aluminum wheels.)

(Unit: Billion yen)

Item	FY2006	FY2007	FY2008	FY2009 (Mid-Term Target)
Net sales	114.2 (31.0)	120.3 (28.6)	124.7 (28.6)	119.0 (37.0)
Operating income	5.5 (-2.1)	6.6 (-1.6)	6.1 (-1.2)	7.5 (1.2)

() Division of Aluminum Wheels out of total amount

Energy & Environment



- **Coal:** Ube handles coal volume at high level for sales and storage business due to tight supply-demand situation and rise in price. According to the situation, Ube will expand facilities for storage, diversify supply source of coal and develop use of poor quality coal.
- **Power:** The rising fuel cost will be covered by the rate of operation at IPP facilities and by utilization of biomass fuel.

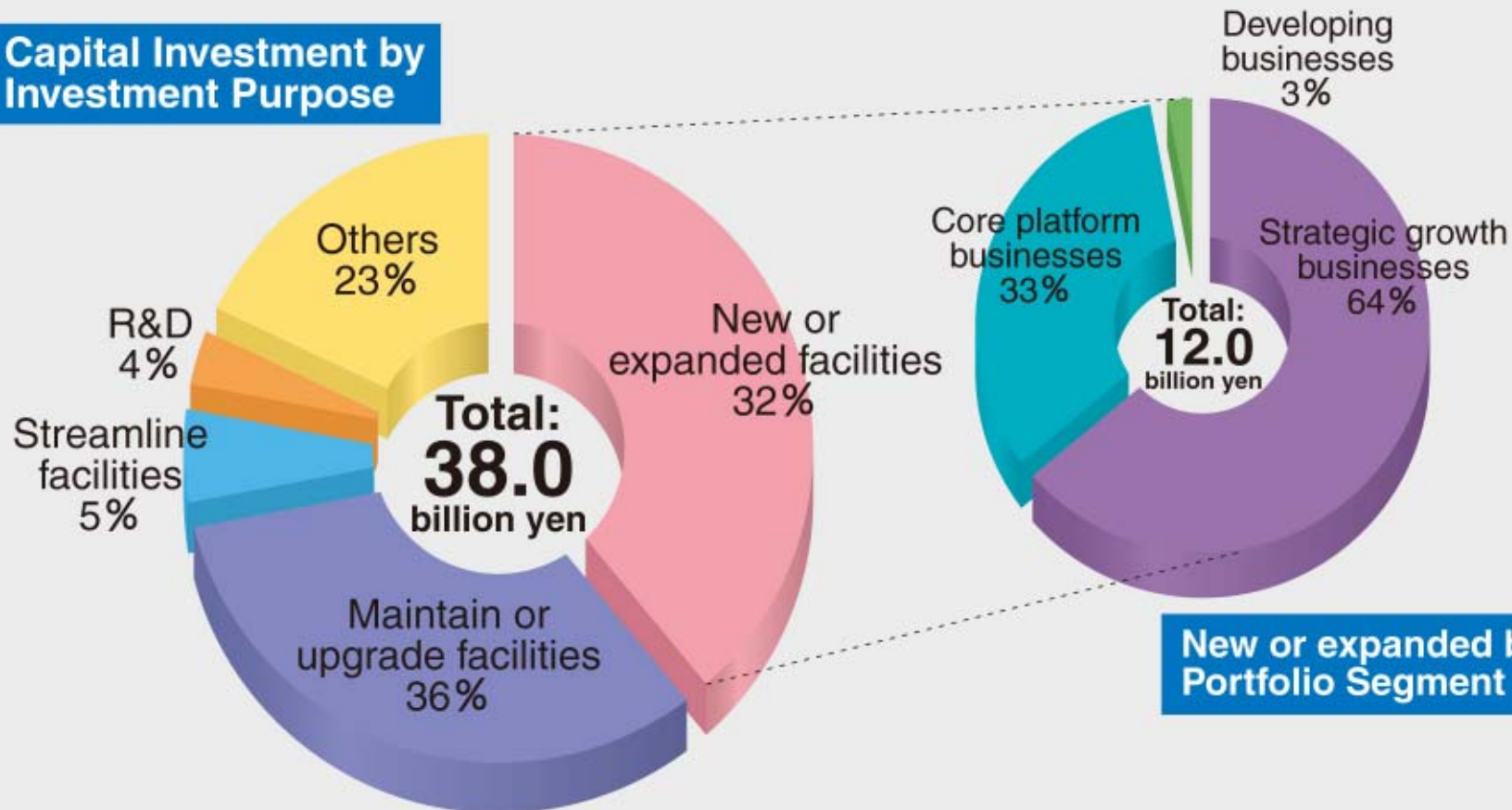
(Unit: Billion yen)

Item	FY2006	FY2007	FY2008	FY2009 (Mid-Term Target)
Net sales	30.9	46.4	58.7	35.5
Operating income	2.7	4.6	4.9	2.8

(Unit: Billion yen)

Item	FY2006	FY2007	FY2008	FY2009 (Plan)
Capital Investment	34.0	30.9	38.0	36.1

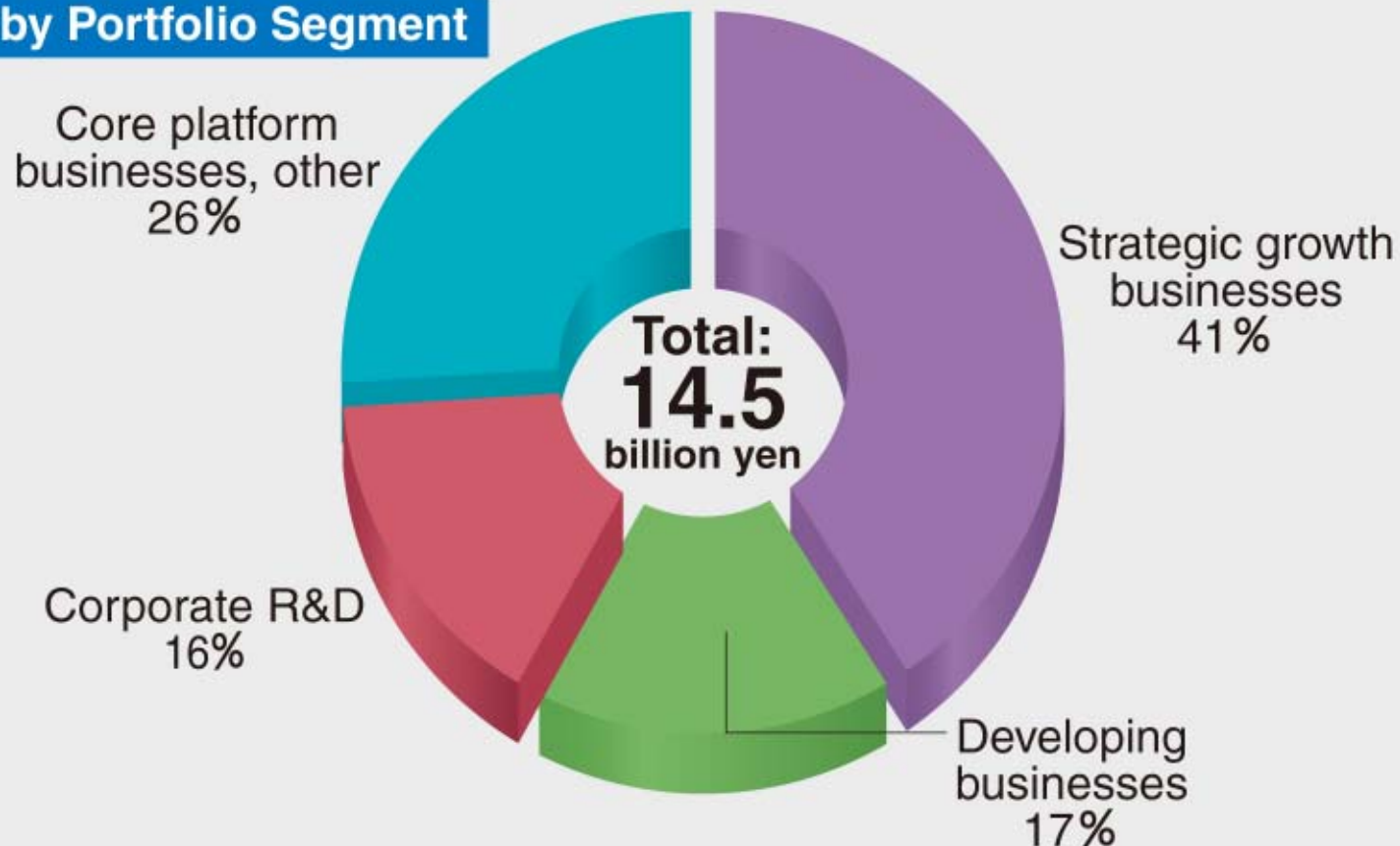
Capital Investment by Investment Purpose



(Unit: Billion yen)

Item	FY2006	FY2007	FY2008	FY2009 (Plan)
R&D expenses	13.0	13.5	14.5	15.0

R&D by Portfolio Segment





**The progress in the Medium-Term Management Plan,
“Stage Up 2009”**



① Establish a platform for profitability that ensures sustainable growth

Based on the business portfolio, the Ube Group identified core platform businesses that are solidly positioned to generate stable profits and cash flow, and strategic growth businesses with high potential for profits. Core platform businesses will anchor the Group, while strategic growth businesses will drive sustainable growth that is equally balanced across the Group.



↓

All consolidated management targets set to their highest levels ever, to be achieved within the latest mid-term management plan.

↓

Tackle highest-ever level of performance



② Sustained improvement of financial position

■ Emphasis on rigorous management of cash flow

Steady and sustained effort to drive down costs, in addition to strengthening profitability.

Supplement with initiatives to further **reduce inventories and logistics costs**, in order to generate capital.

■ Further improve the financial position

Capital investment...To equal depreciation throughout the Ube Group (during the three-year period)

↔ Steady and selective capital investment necessary for future growth and expansion

③ Strengthening of CSR initiatives

Economic perspective: Continue to improve corporate value and shareholder value (by boosting market value, increasing shareholder dividends, etc.)

Environmental perspective: Strengthen initiatives for environmental safety, process safety, and product safety

Social perspective: Achieve rigorous compliance, strengthen corporate governance and internal controls, create jobs, and contribute to local communities.

Item	Unit	FY2006 Result	FY2007 Result	FY2008 Forecast	FY2009 Mid-Term Target	FY2011 Targets
Net debt/equity ratio	Times	1.7	1.4	1.3	Under 1.3	Under 1.0
Equity ratio	%	24.1	26.9	27.6	30 or more	—
Operating income ratio	%	7.1	7.9	6.9	7.5 or more	8.5 or more
Return on assets	%	7.0	8.2	7.4	7.5 or more	8.5 or more
Return on equity	%	13.7	13.1	12.5	12 or more	—
Net sales	Billion yen	655.6	704.2	766.0	700.0 or more	—
Operating income <small>* Not accounting for change in depreciation method</small>	Billion yen	46.8	55.9 (59.1)	53.0 (58.1)	53.0 or more (57.5 or more)	65.0 or more (70.5 or more)
Business income	Billion yen	49.8	58.6	54.5	56.0 or more	—
Net interest-bearing liabilities	Billion yen	298.7	275.6	267.0	Under 279.0	—
Equity capital	Billion yen	172.5	193.8	207.0	218.0 or more	—
Cost reductions <small>(compared with FY2006)</small>	Billion yen	—	10.7	17.7	19.0 or more	—

*Impact of Change in Depreciation Method

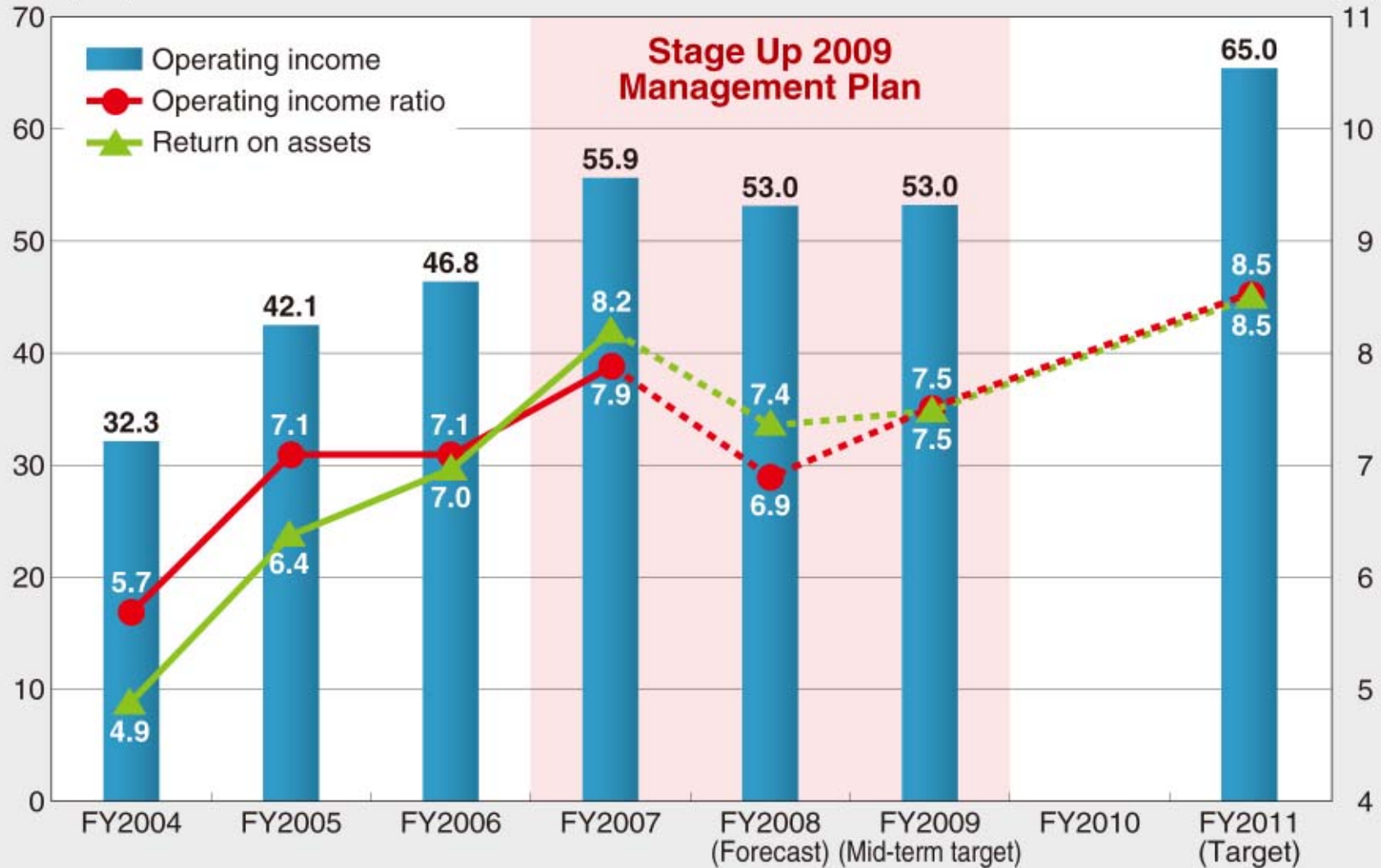
- Full amortization of residual book value: ¥3.2 billion in FY07, ¥4.0 billion in FY08, ¥4.5 billion in FY09, ¥5.5 billion in FY11
- Review of statutory useful life: ¥1.1 billion in FY08

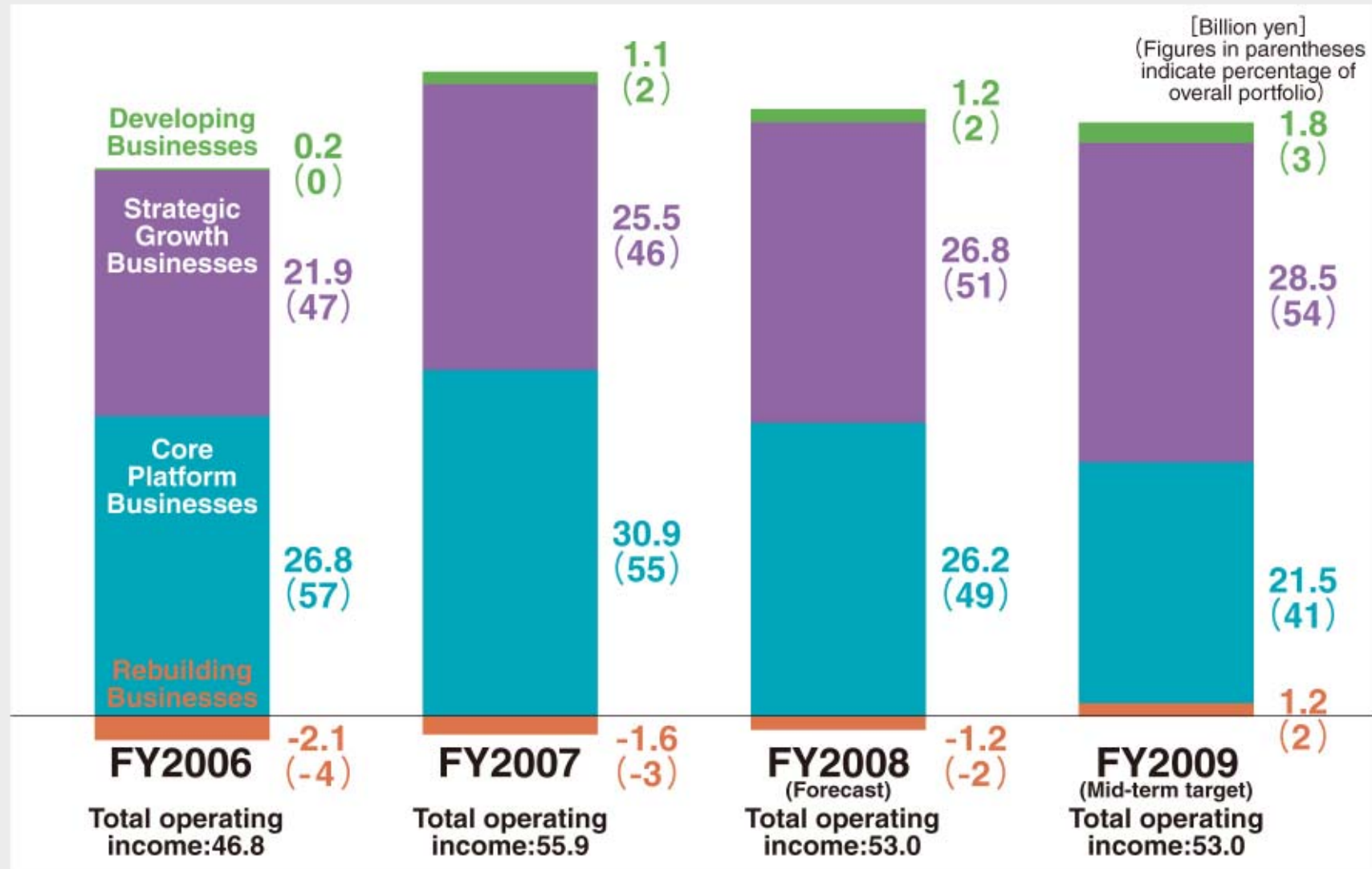


**1 Establish a platform for profitability
that ensures sustainable growth**

Operating income
(billion yen)

Profit ratio (%)





Item	Site	Completion
[Strategic Growth Businesses]		
Specialty chemicals & products	<ul style="list-style-type: none"> ● Ninth expansion of production facilities for PI film; upgrades to third expansion of BPDA facilities ● Tenth and eleventh expansion of production facilities for PI film, fourth expansion of production facilities for BPDA ● New diol plant ● Second and third expansion of fiber spinning equipment for gas separation membranes ● Sixth expansion of production facilities for functional film ● Expansion of production facilities for semiconductor-related products (Boron tri-chloride and high purity nitric acid) ● Expansion of production facilities for silicon nitride 	Ube 10/2007 Sakai 07, 09/2009 Thailand 2009 Ube/Sakai 09/2007, 02/2008 Ube 1st half/2009 Ube High purity nitric acid 01/2008 Boron tri-chloride 05/2009 Ube 04/2009
Cement & construction materials	<ul style="list-style-type: none"> ● Fuel-purpose waste processing facilities for cement factory 	Isa (Yamaguchi) 02/2009 Kanda (Fukuoka) 03/2010
[Core Platform Businesses]		
Chemicals & plastics	<ul style="list-style-type: none"> ● Improvement and expansion of production facilities for caprolactam ● Polyamide 6 polymerization facilities ● Specialty rubbers (VCR, MBR) production facilities ● Establishment of a joint venture for polybutadiene rubbers production 	Sakai/Thailand 03/2010 Thailand 09/2009 VCR:Thailand 07/2007 MBR:Chiba 07/2009 China 09/2008
[Rebuilding Businesses]		
Machinery & metal products	<ul style="list-style-type: none"> ● Plant improvement for large diameter aluminum wheels 	Ube 1st half/2009 (1st expansion: 05/2007)

Features of Ube group

Ube group operates a diversified business from historical products to new products and the scale of each business is not great.

Various market and wide area

- Wide and balanced development into various markets
Aerospace, IT, Electronics, Telecommunications, Pharmaceuticals, Energy, Environment
Automotive, Consumer Lifestyle
General Industry, Social Infrastructure
- Development into wide area
Emerging countries support Ube's growth.
Little impact from a certain area.

Competitive business

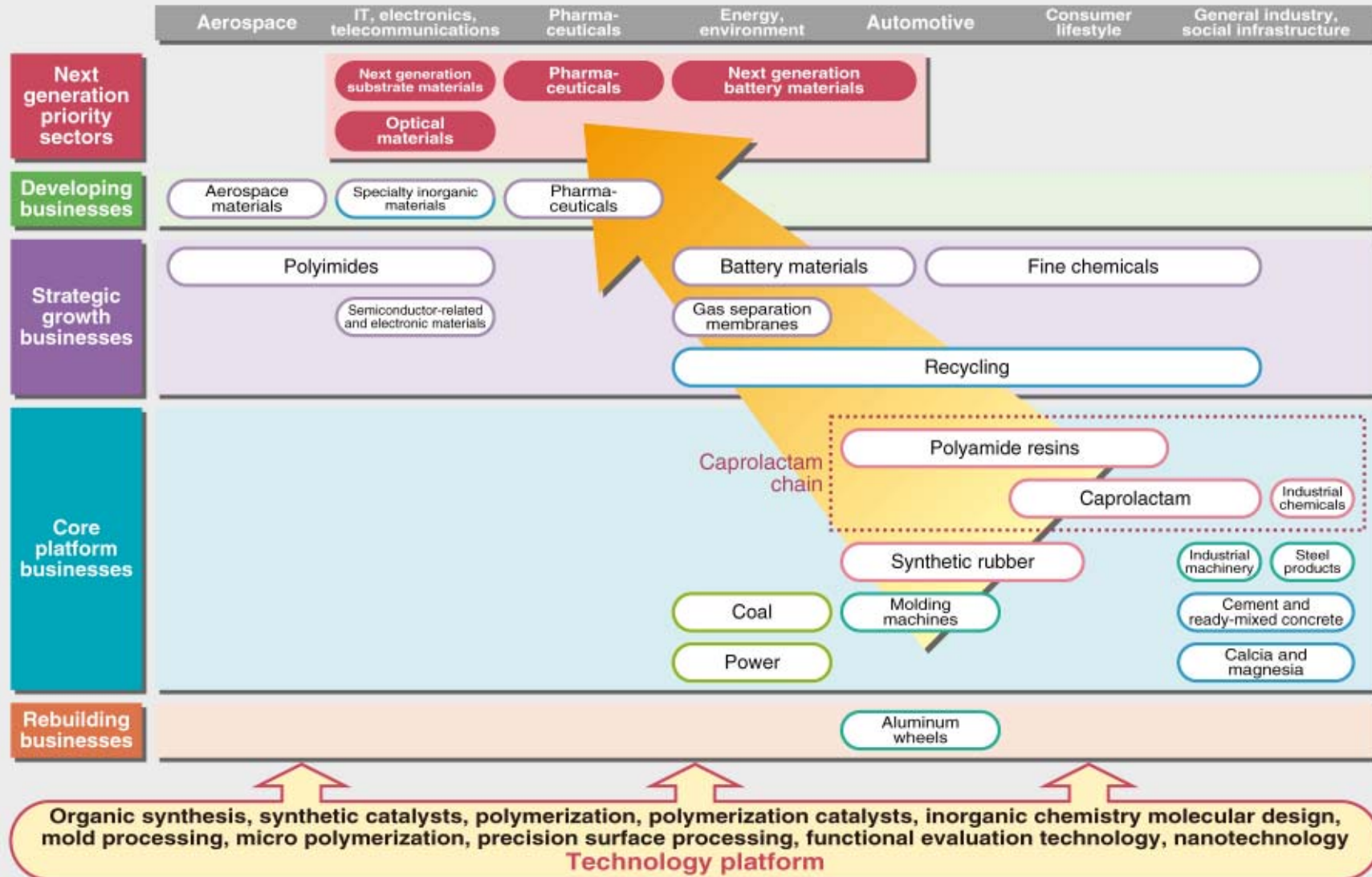
- Niche and high share business leading market
- Business with sustainable growth and profitability

Circumstances affecting the business

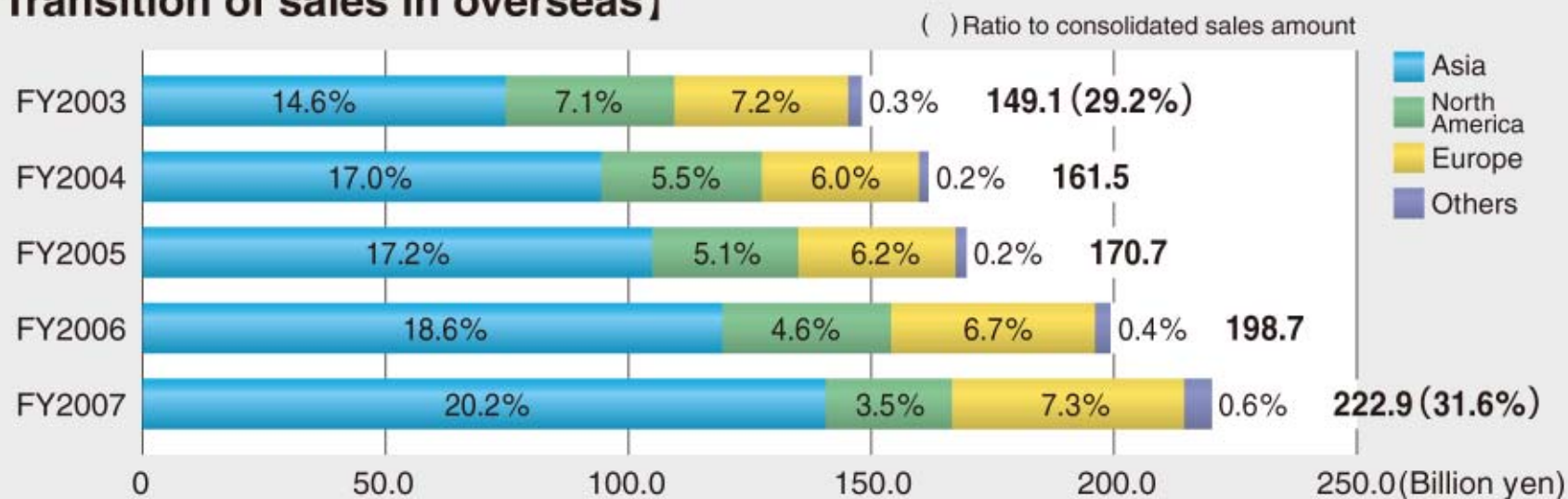
- Soaring price of raw materials and fuel
- Business cycle in IT business
- Volatiled exchange rate
- Recession in US market, etc.

Striving toward stable management of business not to be impacted by a single factor

Business Portfolio and Target of Market / Technology Direction



【Transition of sales in overseas】



【Sales in overseas by segment】

(Unit: Billion yen)

	Chemicals & Plastics	Specialty Chemicals & Products	Cement & Construction Materials	Machinery & Metal Products	Energy & Environment	Others	Total
Sales exported from Japan	34.4	16.3	3.1	33.0	0.2		87.0
Sales by foreign subsidiaries	103.5	15.1	1.4	15.9			135.9
Total	137.9	31.4	4.5	48.9	0.2		222.9
Ratio to sales in overseas by segment	59.1%	33.6%	2.2%	40.6%	0.3%	0.0%	31.6%

Global Niche Businesses

(Businesses characterized by global business development and global presence)

- Caprolactam (No. 3 in global market, No. 1 in Asia)
- Polyamide 6 (No. 2 group in global market, No. 1 in Asia)
- Polyamide 12 (No. 1 in Asia)
- Synthetic rubber (External sales of butadiene rubber: No. 3 in global market, No. 1 in Japan)
- Ceramics (Silicon nitride: No. 1 in global market)
- Gas separation membranes (Nitrogen separation membranes: No. 3 in global market; Alcohol dehydration membranes: Sole manufacturer of organic membranes in global market)
- Catechol/Hydroquinone & Derivatives (Catechol: Sole manufacturer in Japan, High purity catechol & Heliofresh: monopoly in global market)
- Caprolactam-related Derivatives (1,6-hexanediol, 1,5-pentanediol: Sole manufacturer in Asia; External sales of polycarbonate diol: No. 1 in global market)
- Molding machines (Die casting machines: No. 1 in global market for large machines over 1,000 tons)
(Injection molding machines: No. 4 in global market for large machines over 650 tons)
(Extrusion presses: No. 1 in global market)
- Industrial machinery (Vertical mills: No. 3 in global market)

Highly Promising Developing Businesses

(Promising businesses projected to generate future growth)

- Pharmaceuticals business (Two proprietary drugs and extensive pipeline of future drugs such as antiplatelet agent)
- Aerospace materials (ultra heat-resistant materials)
- Environmental coating materials (environmental paints for automotive interior and exterior applications)
- Specialty inorganic materials (Strengths: electronics and optical materials)

High Share Businesses

(Businesses with high share in target markets)

- Industrial chemicals (Ammonia: No. 1 in Japan)
- Polyimides (Polyimide films: No. 3 in global market, No. 1 in TAB market; BPDA: Sole manufacturer in global market)
- Battery materials (Electrolytes: No. 1 in global market; Separators: No. 4 in global market)
- Semiconductor-related and electronic materials (Boron trichloride: No. 1 in global market)
- C1 Chemicals & Derivatives (DMC: No. 3 in global market, sole manufacturer in Japan; DMO: Sole manufacturer in global market; MAME: No. 1 in global market)
- Caprolactam-related Derivatives (MEKO, DDA: Sole manufacturer in Japan)
- Cement (Solidification Materials: No. 1 in Japan)
- Building materials (Self-leveling materials: No. 1 in Japan)
- Calcia, magnesia (Quick lime: No. 1 in Japan; Magnesia clinker, Magnesium hydroxide: Sole manufacturer in Japan)
- Industrial machinery (Water screening equipment: No. 1 in Japan for energy sector)
- Coal (Thermal Coal) (Volume of thermal coal handled, coal storage capacity: No. 1 in Japan)

Insulated Businesses

(Businesses insulated against fluctuations in raw material prices and economic swings)

- Pharmaceuticals business (Quintessential business that is insulated against economic trends)
- Specialty chemicals (Limited impact from rising price of fuel and raw materials; stable demand due to niche markets)
- Specialty materials, specialty inorganic materials (Affected by IT inventory cycles, but with steady growth over long term)
- Resource recycling (Stable growth amid increasing environmental regulations)



**② Sustained improvement of
financial position**

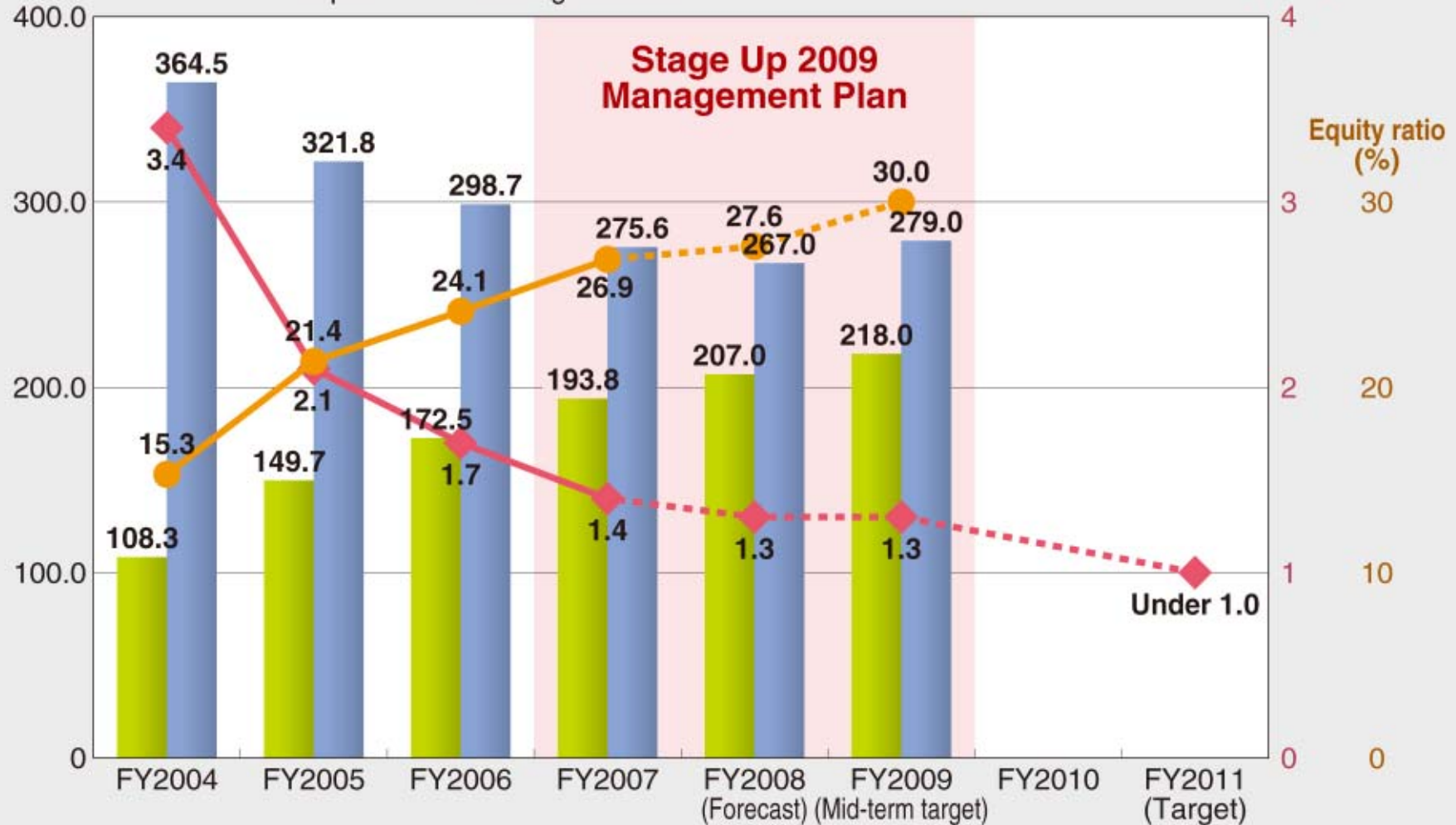


Financial Position from 2004 to 2011

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)



Generate cash flow

Free cash flow
FY07 ¥30.4 billion
(Up ¥3.2 billion compared with FY06)

- Adhere to budget reserved for capital investment
¥105 billion in three years—equivalent to depreciation
- Support profits through sustained cost reduction
- Strengthen Ube Group finances to improve capital efficiency

● Generate extra cash flow

Establish FY09 targets to pursue starting from FY07

1. Reduce inventory: Reduce inventory turnover period by 0.3 months compared with FY06
2. Improve logistics efficiency: Reduce costs by ¥2.5 billion compared with FY06

Not incorporated into Stage Up 2009 mid-term management plan

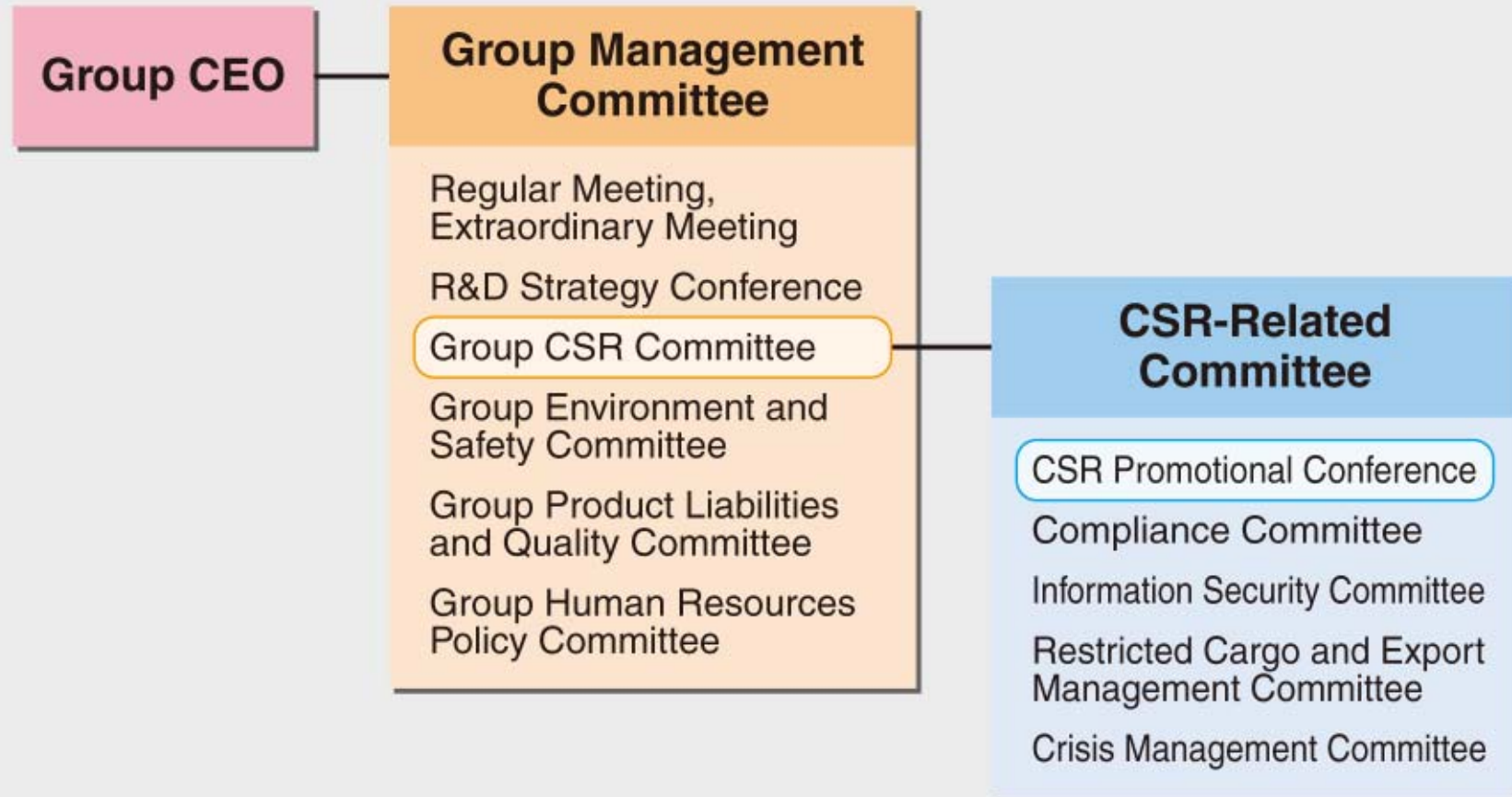
Secure long-term and stable capital procurement

- Issued ¥15 billion in unsecured bonds in May 2007



3 Strengthening of CSR initiatives

◆ Created New CSR Committee (April 2008)



◆ Review initiatives based on CSR evaluation matrix

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

Basic Policy for dividends

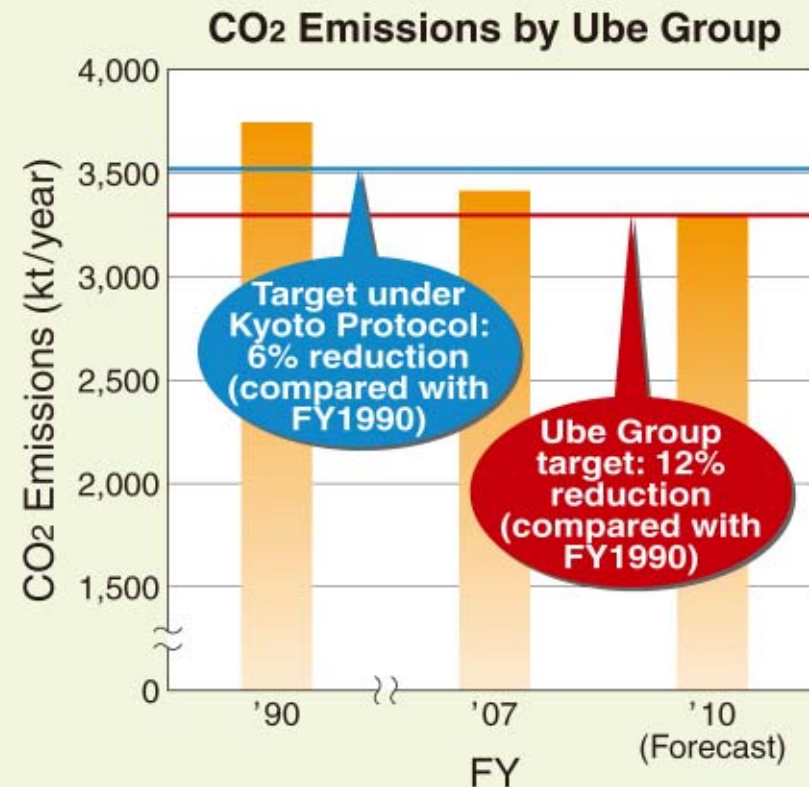
Dividends according to business results.
Increase internal reserves for future business development to secure medium- and long-term profits for shareholders.

⇒ 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%.

Set reduction targets for entire Ube Group, above and beyond 6% reduction target (compared with FY1990 levels) for emissions of greenhouse gases to be achieved by 2010 under Kyoto Protocol.

- ① Reduce CO₂ emissions by 12% (compared with FY1990 levels) by FY2010, achieved through energy saving, switching to alternative fuels and recycling waste (previous reduction target under Kyoto Protocol: 6%).
- ② Reduce emissions of non-CO₂ greenhouse gases by 100,000 tons annually (CO₂ equivalent).
- ③ Strive to achieve both targets by fiscal 2009, one year ahead of schedule.



Ube's Green Sustainable Chemistry (GSC) Initiative

Secure health and safety for people and the environment through innovation of chemical technologies at all stages of the product life cycle, from development and manufacturing through to logistics, usage, disposal and reuse.



Heliofresh®

- Development of coating materials with low environment impact, based on C1 chemicals technology
- Synthetic fragrance (Heliofresh®) to promote conservation of forests
- Marketing of Aquasolution® photocatalytic fiber water purification system, etc.

Adaptation of Existing Technology to Develop Products and Technology for the Environment

- Mixed coal and biomass incineration at power plants
- Alcohol dehydration membranes for bioethanol refining
- Colored matched recycled resin made from waste plastic (originally used in consumer electronics and automotive applications)
- Ceramic bearings for wind power turbines (silicon nitride powder), etc.



Cement Plants: Recycling Plants of the Highest Order

- Three Ube cement plants take in and recycle 3.45 million tons of waste and by-products
- High-chlorine bypass technology enables reuse of waste that contains chlorine



Appendix



Strategic growth businesses

Definition: Businesses that are strongly positioned for market growth. They offer potential for business expansion and high profits by capitalizing on competitive leads in technology, product development and marketing.

Mission: Concentrate on allocating business resources to these segments, in order to rapidly boost the scale of the businesses and increase profitability.

Developing businesses

Definition: Businesses that exhibit growth and revenue potential for developing into strategic growth businesses, but require a development period of 3-5 years.

Mission: Develop these business segments into strategic growth businesses by achieving target revenues and profitability within 3-5 years.

Core platform businesses

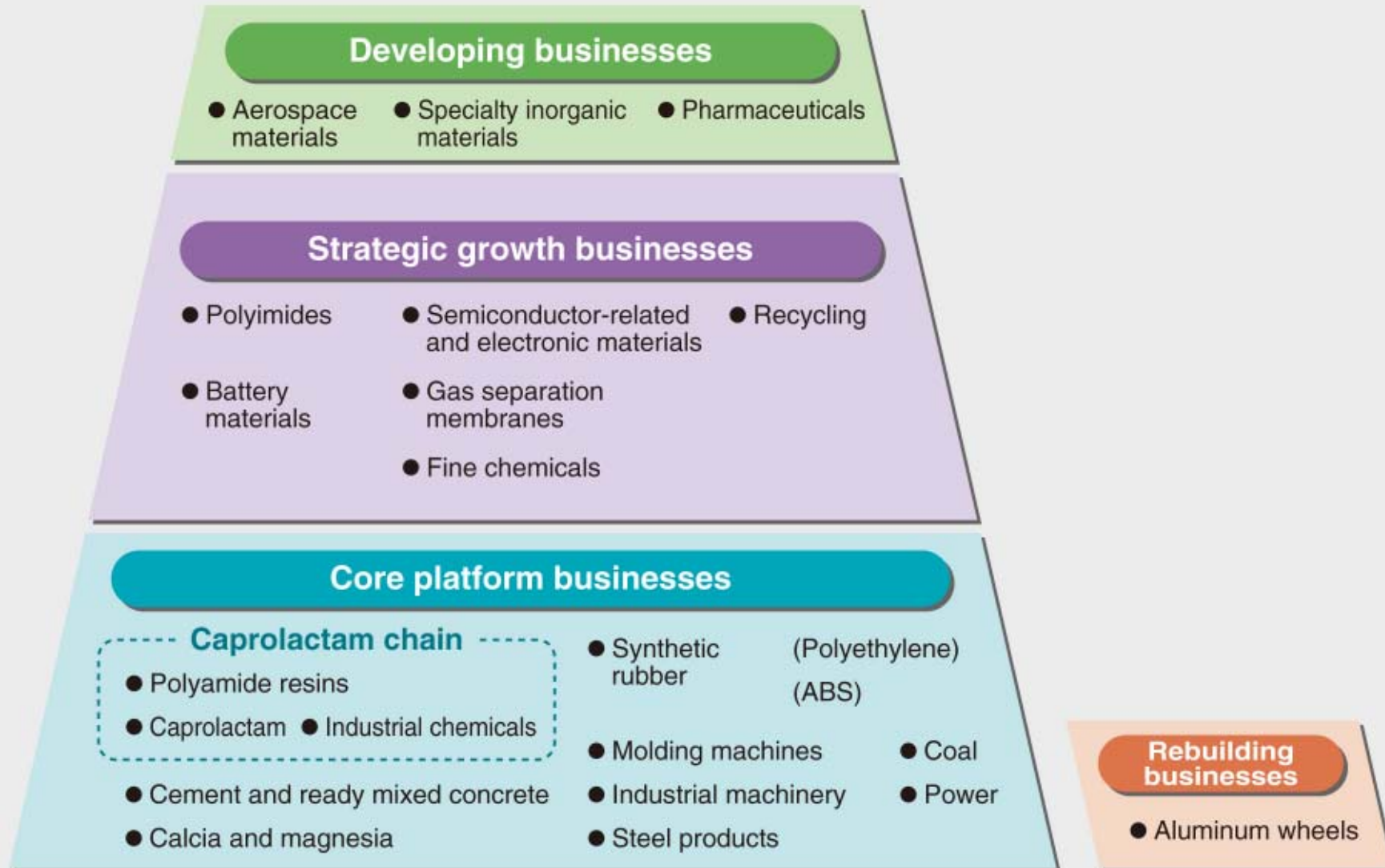
Definition: Business that offer potential for securing stable revenues because of stable or mature markets. The Ube Group must capitalize on its competitive edge in terms of costs and quality as well as the ability to shape markets, while also striving for product differentiation.

Mission: Secure stable profits and cash flows from businesses in this segment, by allocating necessary business resources to maintain and/or boost the profitability of these businesses.

Rebuilding businesses

Definition: Businesses that require fundamental repositioning due to continued poor business results.

Mission: Reposition these businesses by formulating and executing fundamental strategies to improve profitability. If repositioning is not feasible, the Ube Group will examine alternative strategies such as finding joint venture partners or either selling or closing down divisions.





Polyimide Business Strategy

Film: Increase profits by expanding the market for flat panels, increasing the size of the market through active marketing to flexible printed circuit (FPC) market, development of new products, quality improvements and through cost reduction

Related products: Expand business by developing applications for U-Varnish and Upicoat

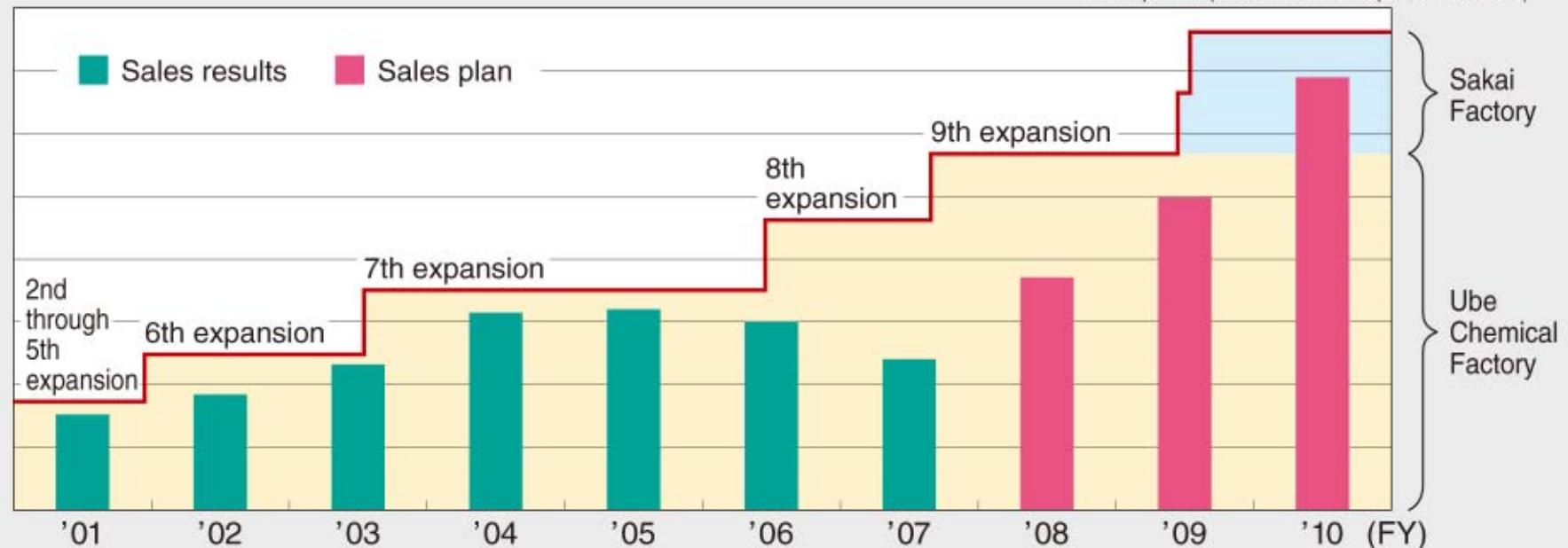
Dual-layer copper clad laminates (CCL):

Consolidate manufacturing, marketing and engineering with Ube-Nitto Kasei Co., Ltd. (April 2008), and strengthen the business platform while improving profitability and efficiency

Develop markets by expanding new, high added value market segments such as thin FPCs and thick packages

Sales Volume and Production Capacity for Polyimide Film (Upilex™)

10th expansion (under construction: operated in 07/2009)
11th expansion (under construction: operated in 09/2009)



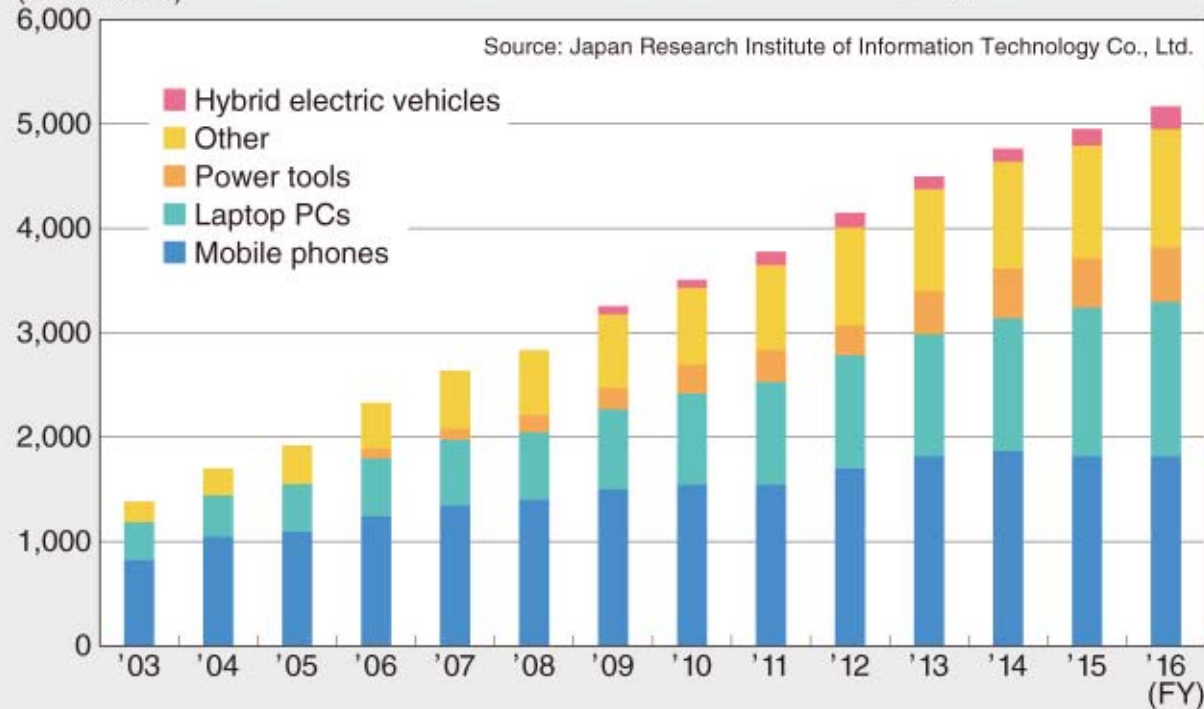


Electrolytes



Separators

(Million units) Forecasted Demand for Lithium-Ion Batteries by Application



Business Strategy for Electrolytes

- Specialize in advanced electrolytes for high performance batteries
- Develop functional additives and shift to in-house production
- Increase production in response to higher demand, and achieve cost reductions with an eye toward entry into mid-range market

Business Strategy for Separators

- Maintain and/or boost sales volume in Chinese market
- Boost sales of separators for lithium-ion batteries used in hybrid electric vehicles
- Promote cost reduction and improve efficiency, and build 6th expansion of production facilities



Business Strategy for Semiconductor-related and Electronic Materials

Process materials for silicon semiconductor

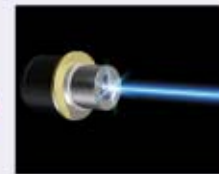
High purity chemicals for wafer cleaning :
nitric acid, sulfuric acid, aqueous ammonia
Etching gas for aluminum : BCL3
Wire and electrode materials of next generation :
CVD precursor for any metals (under development)



Silicon semiconductor LSIs

Metal organic compounds (MO) for compound semiconductor

Organic metal compound (MO)
TMG, TMI, TMA etc.



Laser diodes



LEDs

Developing new optical-related materials

Organic electroluminescent (EL) materials, materials for dye sensitized solar cell (DSC), etc.



Blue EL materials



DSC materials

(Both under development)



DVD/CD players



Laptop PCs



LCD televisions



Mobile phones



Traffic lights

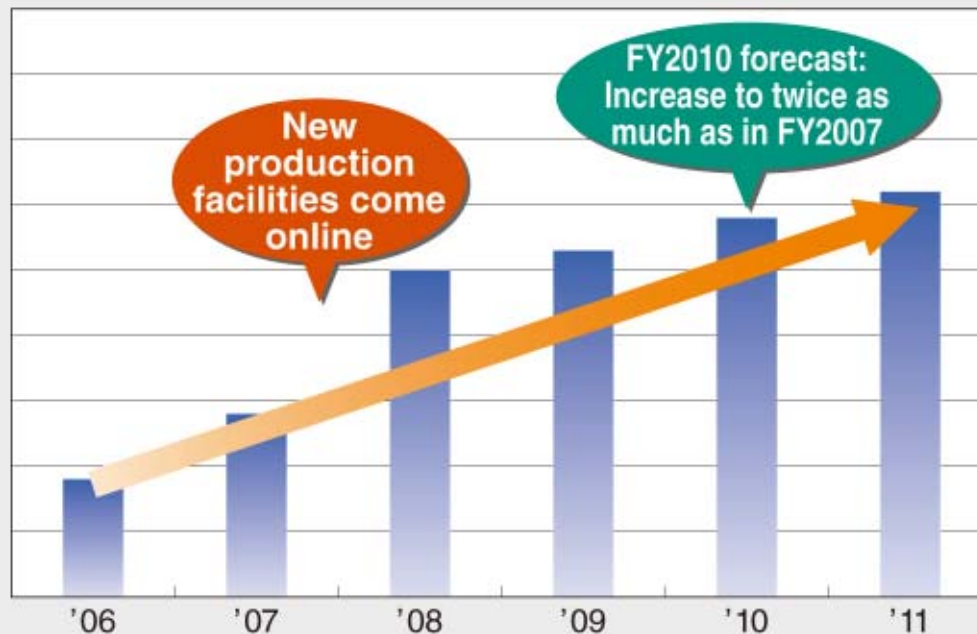




Business Strategy for Gas Separation Membranes

- Rapid increase in demand for nitrogen-enriching membranes used for explosion-proofing application
- Dehydration membranes for bioethanol used as a replacement fuel for gasoline
 - ⇒ Boosting sales of two types of membranes, sales in FY2010 being twice as much as in FY2007

Medium-Term Sales Forecast



Nitrogen separation membrane modules



Mobile nitrogen gas generator



Business Strategy for Fine Chemicals

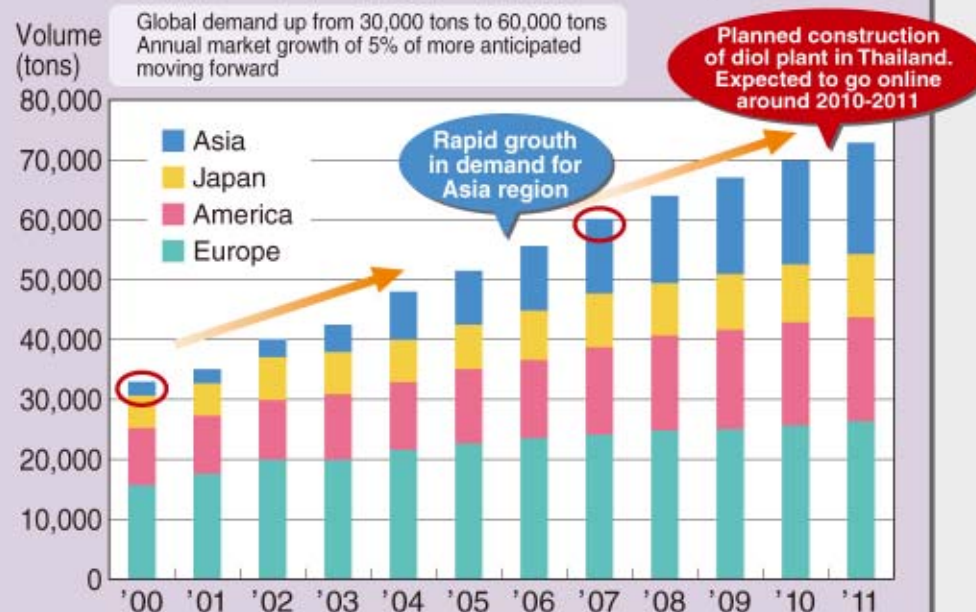
Strengthen existing businesses

- Promote plans to construct new diol plant in Thailand
- Strengthen the C1 chemicals business through initiatives such as developing the dimethyl carbonate (DMC) derivative business
- Consider launching commercial synthesis of heliotropin, as a follow-up to the Heliofresh® business
- Boost production of polycarbonate diol (PCD) and market different grades

Launch environmental coating materials business

- Develop business for eco-friendly products such as VOC-free coating materials
- Early launch of business through infusion of water-borne polyurethane dispersion (PUD) technology
- Develop proprietary grade of polycarbonate diol-based PUD
- Target markets: Automotive interior/exterior applications, etc.

Global Market for Hexanediol (HDL)



Application for polycarbonate diol (PCD): synthetic leather



- **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.

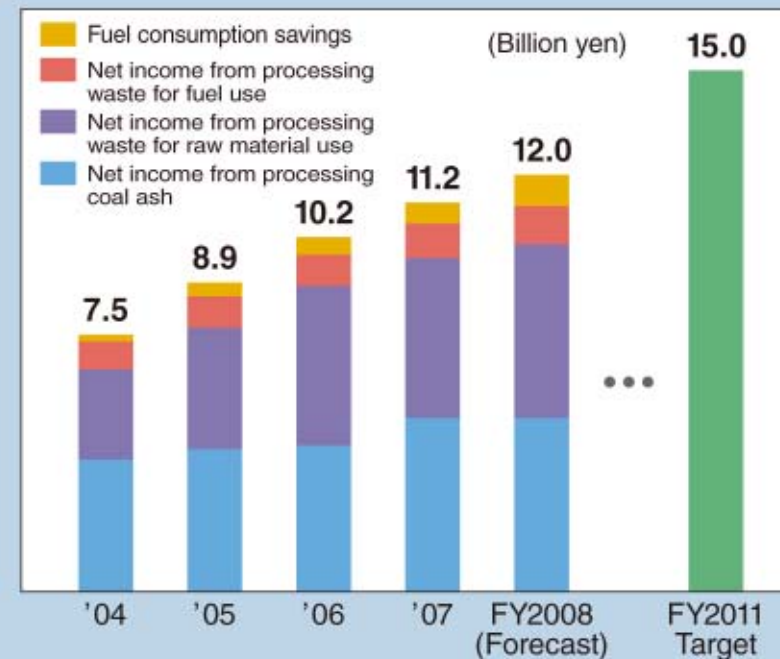
Business strategy for Recycling

- Expand processing facilities
- Accelerate pace of technology development
- Boost collection from urban areas
- Investigate and develop new recycling businesses



Boost revenues from processing waste at cement kilns to 15.0 billion yen level

Launch third environmental business after Yamaguchi Eco-tech Corporation and biomass generator business



- **Chemical recycling business for container and packaging plastics (EUP technology)**
- **Plastics recycling business (color-matched recycled resin)**



Strengthen initiatives



PETI heat-resistant composite material

Developmental tests: 2008 - 2010

Currently conducting evaluation tests for composite materials under contract with U.S. aircraft manufacturer

- Engine nacelles
- Engine vanes
- Primary structure of airframe



Polyimide foam

First production line in 2009

Currently conducting evaluation tests for materials under contract with European aircraft manufacturer

- Thermal and acoustical insulation for air ducts
- Thermal blankets for fuselage



TyrannoHex®

Higher-order verification testing 2007 - 2009

(shifting to development stage)

- High-temperature components for combustion chambers
- High-temperature turbines
- Nozzle materials




◆ In-house pharmaceuticals condition

	Product Name (Development Code)	Indication	Sales	Present Status
Commercially released	Talion	Antiallergy agent · Allergic Rhinitis · Skin disorders with pruritus, eczema, etc.	Mitsubishi Tanabe Pharma Corporation Net sales from production (Billion yen) FY2007 actual 8.3 FY2008 forecast 10.8 FY2010 forecast 14.0	[Co-development] 2000 Launched in Japanese market 2003 Additional approval for Skin disorders with pruritus 2004 Launched in South Korean market No. 1 in sales for this category 2007 Approval of oral disintegrant tablets * Phase III clinical trials by ISTA Pharmaceuticals (USA), which was granted license for ophthalmic formulation
	Calblock	Antihypertensive agent · Hypertension	Daiichi Sankyo Co.,Ltd. Net sales from production (Billion yen) FY2007 actual 10.2 FY2008 forecast 14.0	[Co-development] 2003 Launched in Japanese market
Under development	Prasugrel (CS-747)	Antiplatelet agent · Heart attack, Stroke, etc.	Daiichi Sankyo Co.,Ltd. Eli Lilly and Company	[Co-development with Daiichi Sankyo] USA and Europe: Application filed Japan: Phase II clinical trials
	(DE-104)	Glaucoma and Ocular Hypertension	Santen Pharmaceutical Co., Ltd.	[Co-development with Santen Pharmaceutical] USA: Phase II clinical trials Japan: Phase II clinical trials
	(UR5269)	Rheumatoid arthritis	NA	[Ube] Pre-clinical
	(UR5908)	Chronic Obstructive Pulmonary Disease	NA	[Ube] Pre-clinical

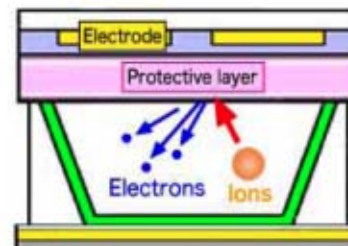
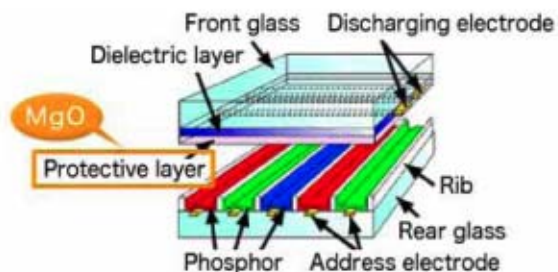


Fine Material Products Business of Ube Materials Industries, Ltd.

Increase net sales from 3.5 billion yen in FY2006 to two times that amount in FY2009

- High purity & Ultra fine single crystal magnesia for PDP protective layer
 - High purity Calcium Carbonate for Ceramic Condenser
 - High purity calcium nitrate for stepper lens
 - Calcium compound for food additive
 - “Mos Hige” (Magnesium oxysulphate whisker)
- ① Develop new high performance and high quality fine materials focusing on plasma display market, and quickly bring them to market
 - ② Boost sales of vapor process MgO

Uses for Vapor Process MgO in Plasma Displays



Function of MgO

1. Protect electrode from plasma ions
2. Discharge secondary emission

Hipresica Business of Ube-Nitto Kasei Co., Ltd.

Market share leader for seal spacers.

⇒ Further expand scope of business to encompass LCD TV and sealing filler markets

Business Strategy for Polyamide Resins: Strengthen Composition of Business

Current Business Conditions:

Polyamide 6: Shipment for Asia are up (growing by 10% year-on-year)

Polyamide 12: Niche market dominated by global oligopoly of four companies (market growing by 5-6% year-on-year)

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



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 (growing by 2-3% year-on-year)

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

Ammonia
production:
No.1 in Japan

Business Strategy for Industrial Chemicals: Business Reposition

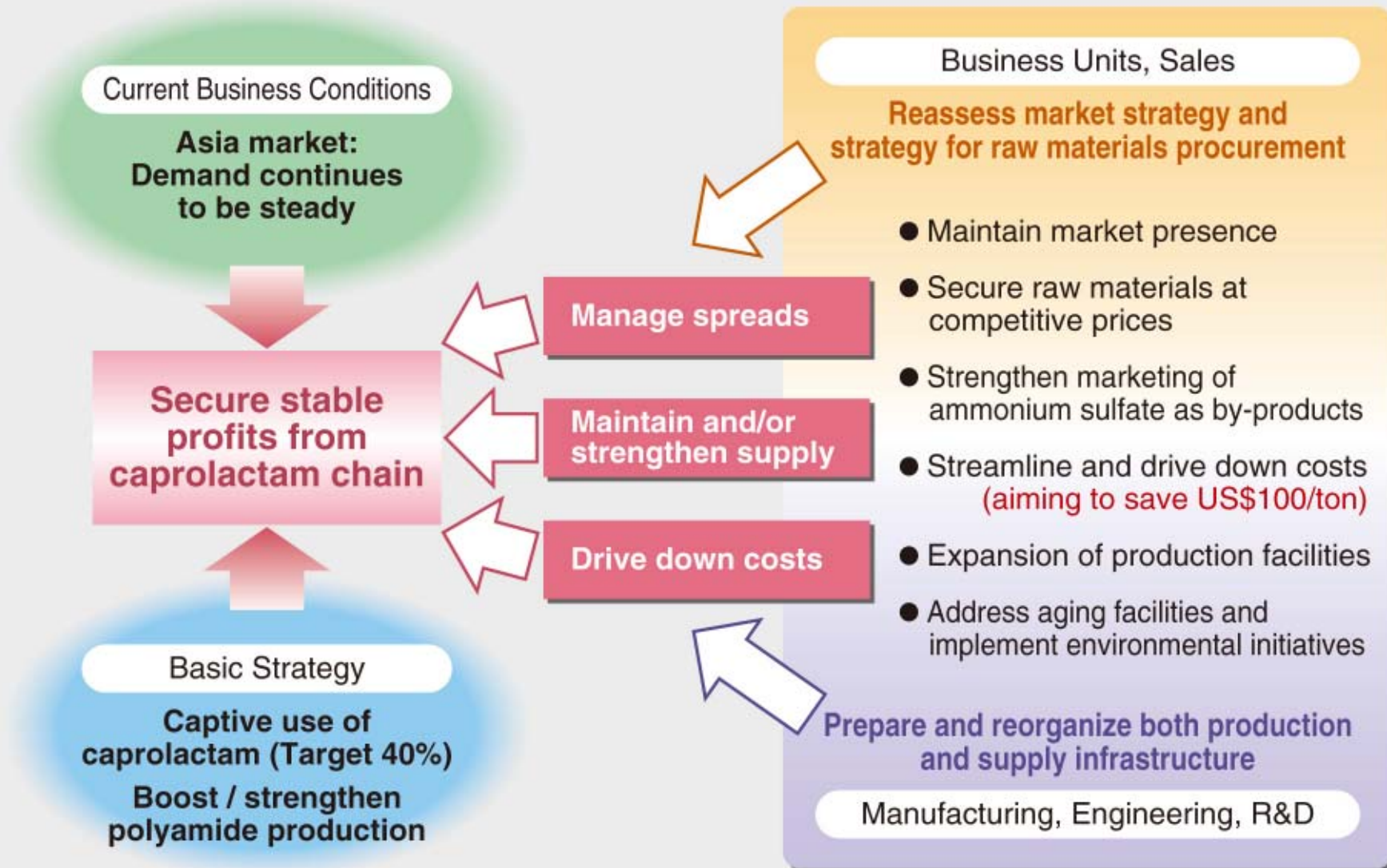
Current Business Conditions:

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

Action: Stabilize production of Ube Ammonia Plant



Polyamide Film for
Food Package





Business Strategy for Synthetic Rubber

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

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

Current Business Conditions

- Increase in demand due to expansion of production facilities by tire manufacturers (10% year-on-year growth in China)



Action

- Launch VCR production in Thailand
- Bring nano VCR and metallocene butadiene rubber (BR) to market
- Launch BR production in Nantong, China (50 kt from FY2008)





Business Strategy for Cement



Declining demand due to lower demand in government sector

Energy costs at high levels

Secure stable profits through increased processing of waste

Manufacturing

- Establish facilities for waste processing (invest roughly 4.0 billion yen in 3 years)
- Implement systematic investment to maintain business

Sales

- Implement sustained effort to adjust prices

Business Strategy for Ready-mixed Concrete

Urban

- Develop business through multiple plants
- Engineering skills to produce high-strength and high-flow ready-mixed concrete, etc.
⇒ Lead the industry and secure stable profits

Non-Urban

- Centralize production

Strategy for Calcia and Magnesia Business

Ube Materials Industries, Ltd.: Market leader in the quicklime sector

Strengthen Core Business

- Develop calcia business across Japan
- Strengthen production system at Mine Factory

Develop New Markets and Products

- Bring next generation, high reactivity calcium hydroxide to market
- Expand into non-refractory new magnesia sector



Business Strategy for Machinery

- UM4* unified management revolving around Ube Machinery Corporation
⇒ Strengthen globalization initiatives and expand services business
- Secure stable profits centering on the three core segments of molding machines, industrial machinery and steel products



Die Casting Machine
(Molding Machines)



Steel Products

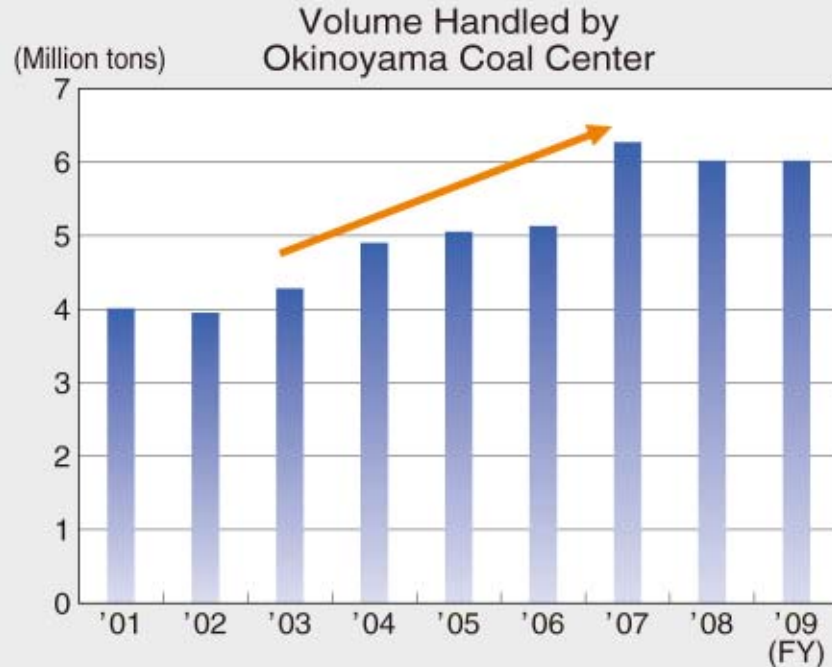


Vertical Mill
(Industrial machinery)

*UM4: Group of four companies including
Ube Machinery Corporation,
Ube Techno Eng Co., Ltd. (services company),
Ube Machinery Inc. (US) and
Ube Machinery Corporation (Shanghai, China)



Core Platform Business: Coal and Power



Okinoyama Coal Center



IPP power plant



Biomass fuel facility

	External Business Conditions	Business Strategy	Target
Coal	<ul style="list-style-type: none"> ● Tight demand and rising prices Rapid increase in demand from Asia including China and India ● Supply increasingly dominated by oligopoly such as Australia ● Coal prices in FY08 to increase to 2.3 times their levels in FY2007 	<ul style="list-style-type: none"> ● Boost capacity of Coal Center ● Expand use of low-grade coal ● Optimize supply sources and coal types ● Strengthen engineering services 	<ol style="list-style-type: none"> 1. Provide stable and competitive supply of energy (coal, electricity) to Ube Group 2. Maximize profits and cash flow generated through outside sales and outsourcing operations by Coal Center
Power	<ul style="list-style-type: none"> ● Rising fuel costs ● Demand for environmental solutions (CO₂, new energy sources) 	<ul style="list-style-type: none"> ● Boost utilization of biomass fuel 	



Business Strategy for Aluminum Wheels

Japan

- Boost ratio of higher profit, large diameter wheels
- Implement major cost reduction initiative
- Develop new low-cost casting machinery

Improve
profitability

North America

- Boost percentage of sales to Japanese automakers
- Rigorous cost reduction including switching to in-house painting processes and improving yields

Turn profit by
FY2009

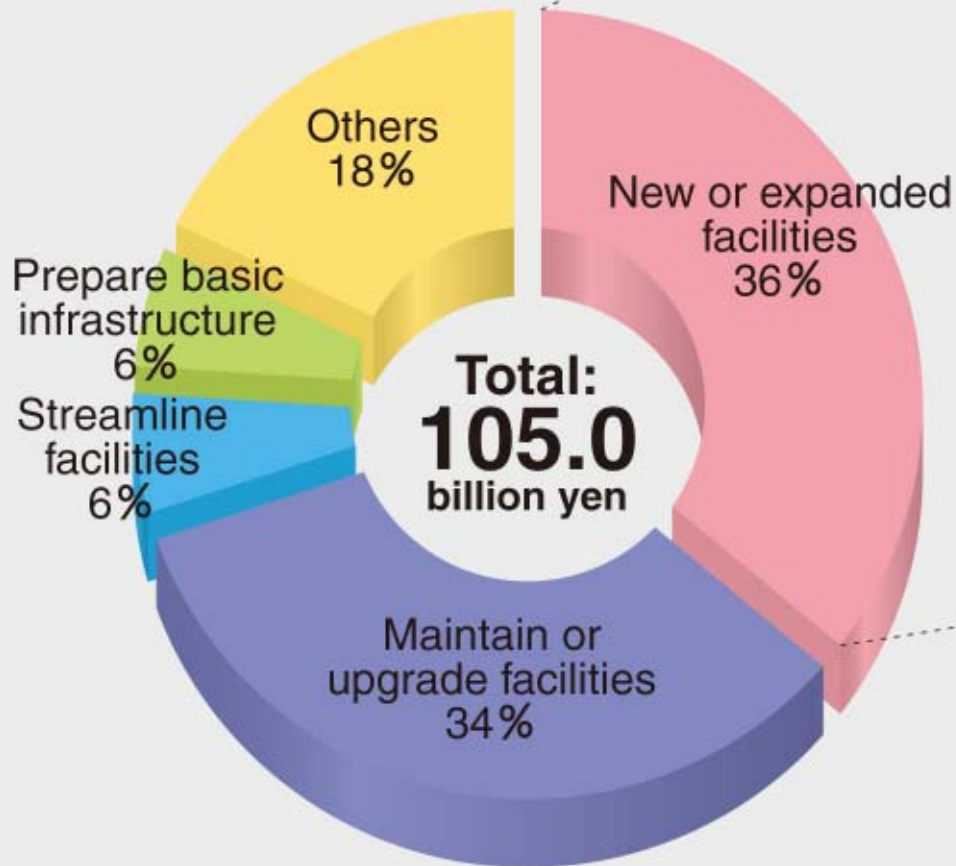


Develop from
rebuilding business

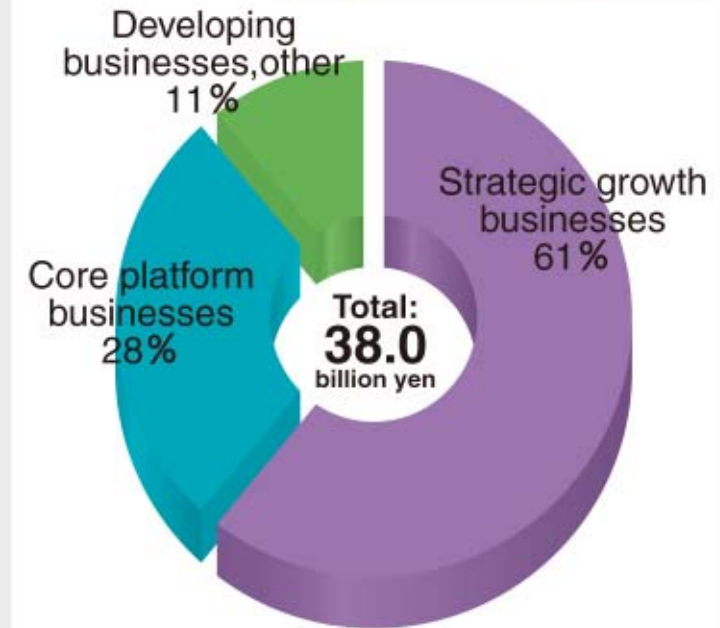




by Investment Purpose

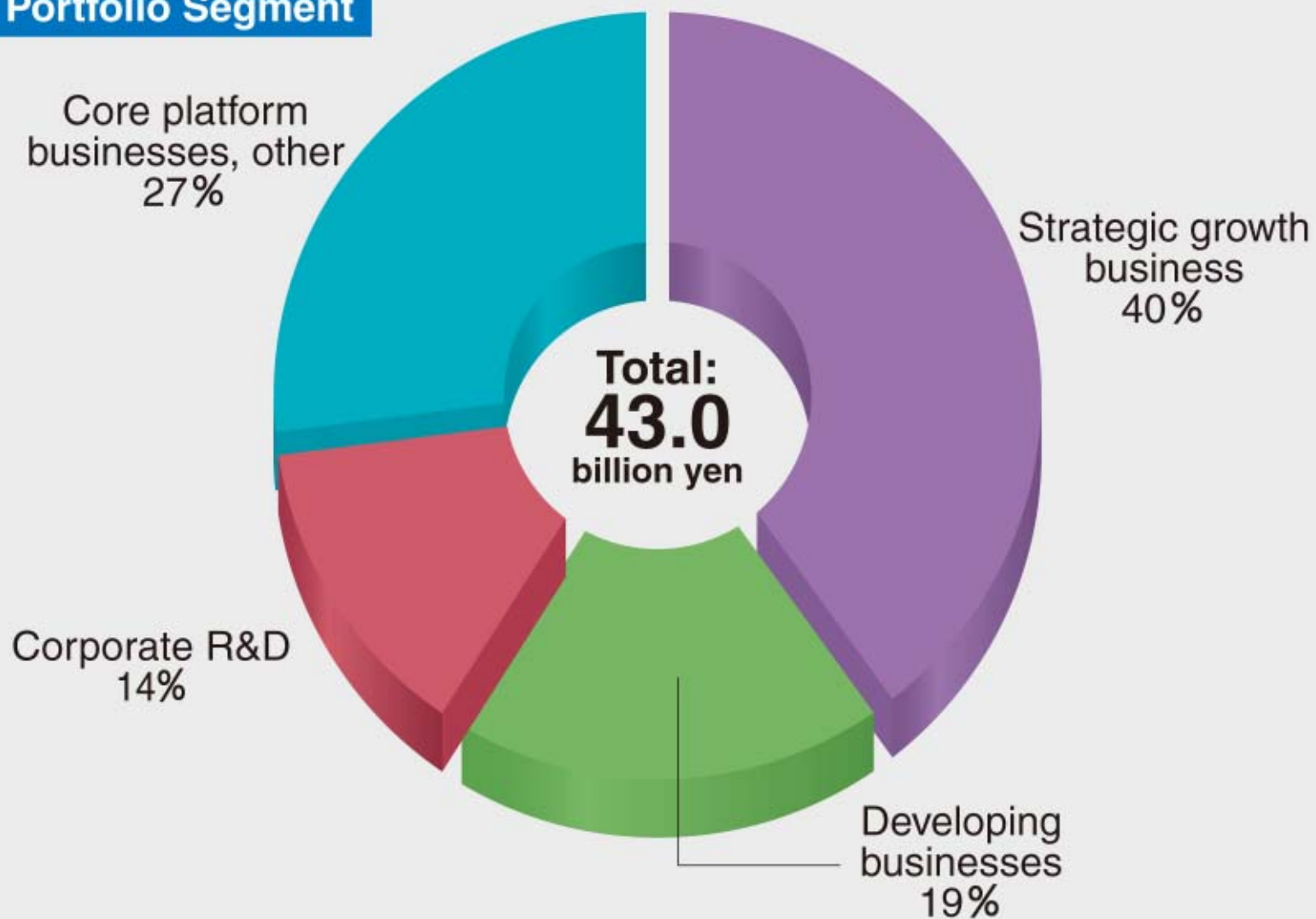


by Portfolio Segment





by Portfolio Segment





**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.