

New Mid-Term Management Plan

Change-S2014

Changes in the External Environment

- ◆ Blunted Japanese market growth and expanding emerging markets
- ◆ Changes in competitive environment due to expansion of FTA
- ◆ Impacts on supply chain due to natural disasters
- ◆ Accelerating relocation of manufacturing overseas
- ◆ Expectation of new energy sources triggered by issues related to nuclear power
- ◆ Heightened environmental awareness globally
- ◆ Escalation of competition for bio, environment and energy related technologies
- ◆ Expansion of life science and healthcare market triggered by population increase and aging society
- ◆ Increase in country risks (U.S., Europe, Arab countries, China, etc.)
- ◆ Ongoing strong yen

“CHANGE”11 -- To the Next Stage --

[Positioning]	PERVASION OF <i>CHANGE</i> (changing consciousness to change oneself)
[Basic Strategy]	Improvement of the quality of business and operations

***Change-S2014***

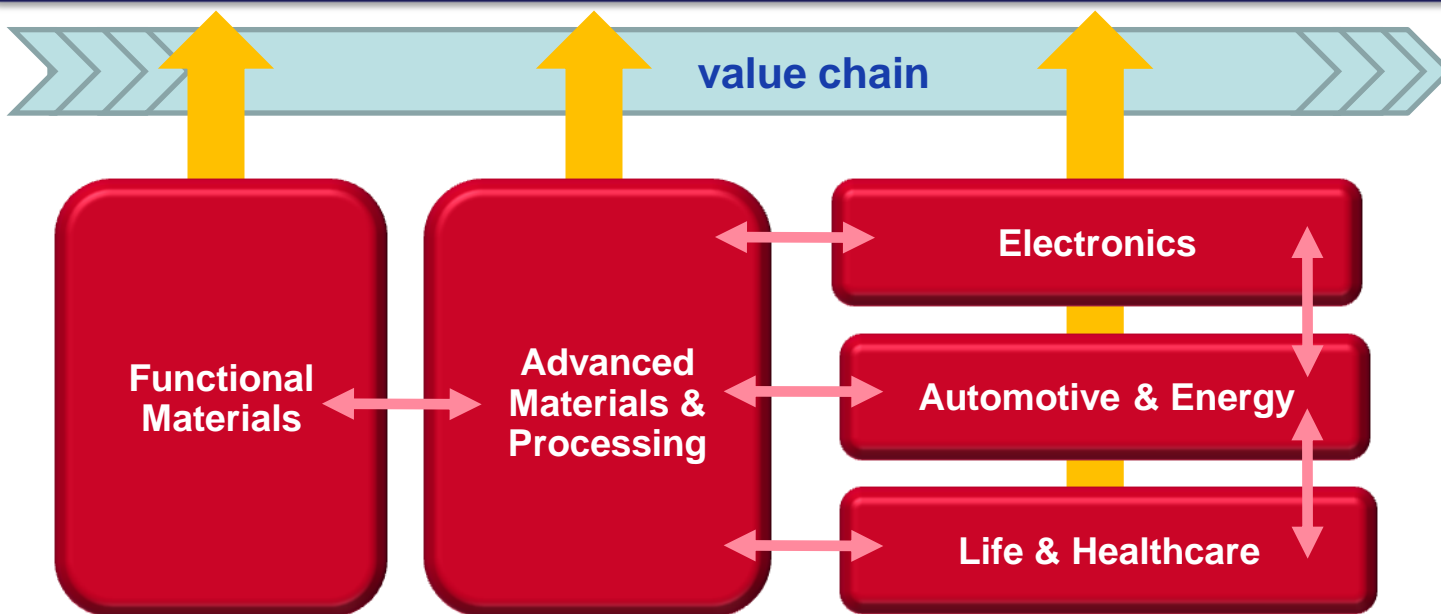
[Positioning]	ACCELERATION OF <i>CHANGE</i> (accelerating changes by improving functions)
[Basic Strategy]	Accelerate the improving quality of our business and operations, bring the total strength of the Nagase Group to bear throughout the value chain in our strategic markets, and expand our unique solutions globally, creating sustained growth

*The “S” in ***Change-S2014*** stands for “Speed up,” “Step up,” and “Sustainable growth.”

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Through reorganization of business segments in the value chain, businesses to be focused on and their strengths will be clarified. The Company aims to grow important businesses, where “bio,” “environment and energy” and “electronics” technologies are utilized, by combining the above strengths.

<Important areas>
Industries that utilize “bio,” “environment and energy” and “electronics” technologies



Important strategies: ◆ Globalization ◆ Creation of high-added-value businesses
◆ Enhancement of business operations footing

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Segment	Function (Goal)
Functional Materials	Development of “unique, stable and safe” materials. Supplying materials to industries related to the three important areas and other segments
Advanced Materials & Processing	Designing and processing for primary processing (formulations and compounds) and secondary processing (moldings and functional films) of materials. Development of unique applications of materials.
Electronics	Continuing to deliver highly original products and services by taking into account potential needs of electronics area in advance. Provision of information, obtained from downstream in the value chain, to other segments.
Automotive & Energy	Creation of a new business model by focusing on technical innovation in environmentally-friendly energy related areas. Development of global business.
Life & Healthcare	In the spirit of no constraint from existing business areas, creation and development of high value added niche businesses with broad vision in medical, food and life related areas.

Conventional segments: Separated into four product groups



New segments:

Reorganized according to position in value chain and each primary industry

Conventional segments

Chemicals

- Colors & Imaging Department
- Performance Chemicals Department
- Speciality Chemicals Department

Plastics

- Polymer Global Account Department
- Automotive Solutions Department
- Polymer Products Department

Electronics

- Electronic Chemicals Department
- Electronic Materials Department

Life Sciences

- Fine Chemicals Department
- Beauty Care Products Department

- Energy Device Office
- Environment & Energy Office

New segments

Functional Materials

- Performance Chemicals Department
- Speciality Chemicals Department

Advanced Materials & Processing

- Colors & Imaging Department
- Polymer Global Account Department
- Polymer Products Department

Electronics

- Electronic Chemicals Department
- Electronic Materials Department

Automotive & Energy

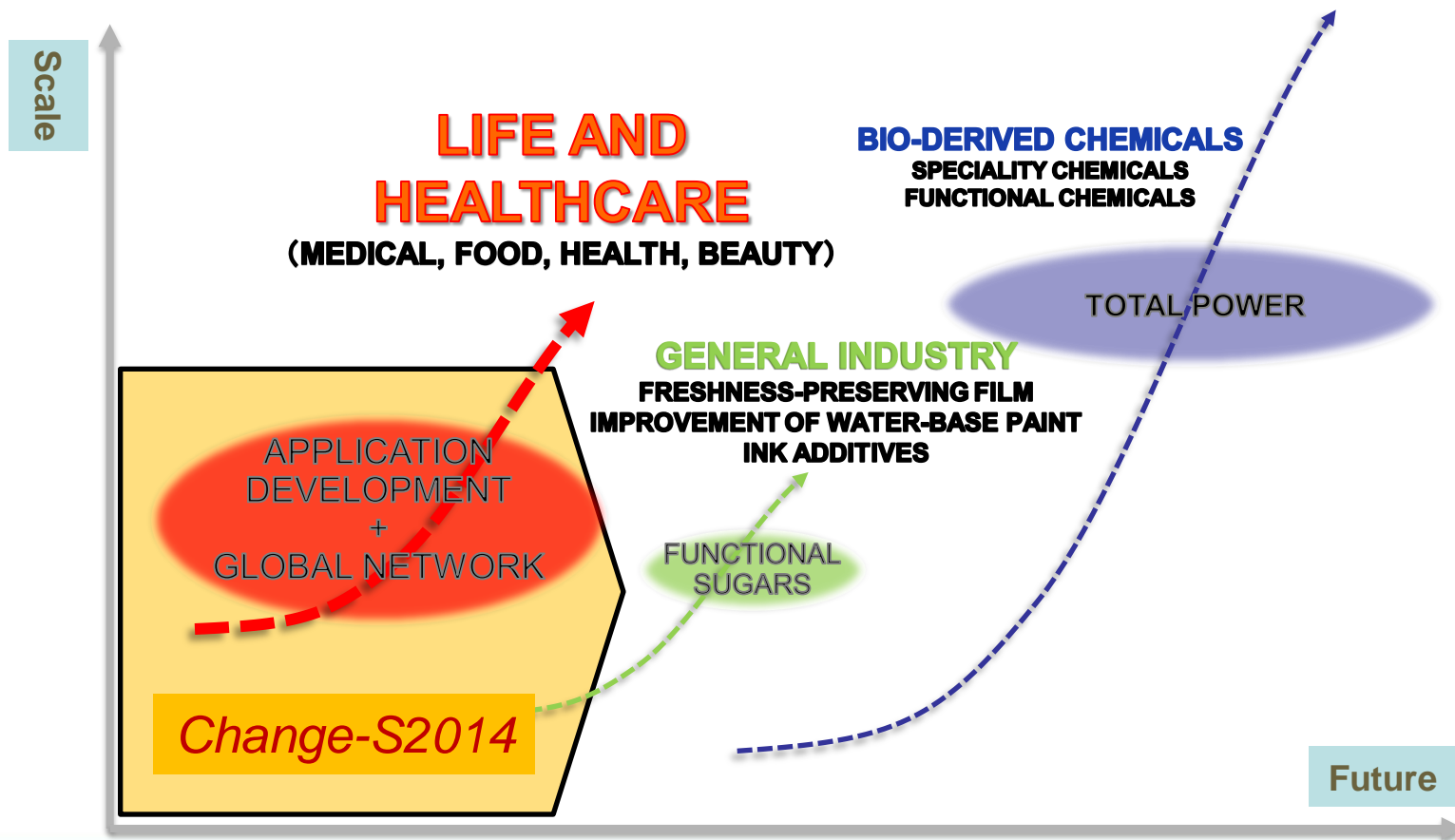
- Automotive Solutions Department
- Energy Business Office

Life & Healthcare

- Fine Chemicals Department
- Beauty Care Products Department

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Commencing realization of synergies from acquisition of Hayashibara **Change-S2014** aims to expand business in life and healthcare related area by combining trading company functions (marketing and global network) and manufacturing functions (R&D, application development and production).



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Based on advancement of technical innovation, creation of a unique business model and development of global business by conducting activities related to not only systems and units but also materials and components suitable for application needs.

Area of final application

Area of functional Materials

Special organic chemicals
Resin, coating raw materials

Area of processed materials

Engineering plastic
Film seat
Surface treating agent

Renewable energy generation

Solar power, wind power, biomass



Smart grid

HEMS/BEMS
High capacity storage battery



Environmentally-friendly vehicle

Car electronics device
Power module
Light weight unit



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China (Nagase ChemteX Wuxi)
Production and R&D of products for the Chinese market which has high growth potential



New R&D Center will be established in FY2012

U.S. (Engineered Materials Systems Inc.)
 The U.S. production site that delivers unique technologies and products worldwide



Japan (Nagase ChemteX Corp.)
Head office functions for global expansion of epoxy business
 R&D for leading-edge epoxy materials

New clean room production building



<Example:
Global development of epoxy business>

Based on long accumulated resin modification technology, expanding Japanese and overseas production and development sites for a wide variety of products, primarily epoxy resins, and realizing provision of further unique solutions

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■ Improved Consolidated Management Structure

- Establishment of efficient Group operating structure
- Encouragement of workforce exchange within the Group
- Strengthening of financial footing
 - Maintaining appropriate balance of debt and capital
 - Enhancement of monitoring system for investment and operating cash flows
 - Review of efficient asset utilization
- Development of IT infrastructure

■ Stronger Risk Management

- Enhancement of internal controls and risk management of the Group companies
- Enhancement of transaction risk management for manufacturers

■ Together with Our Employees

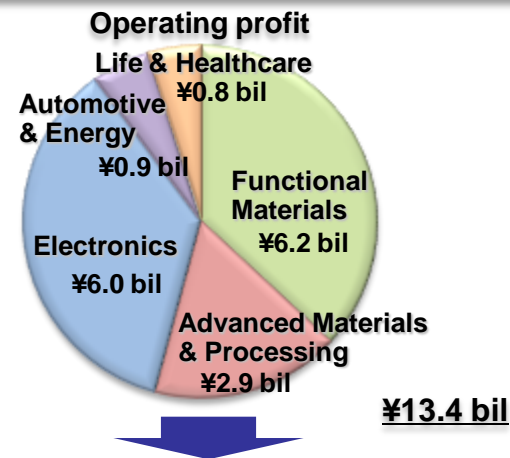
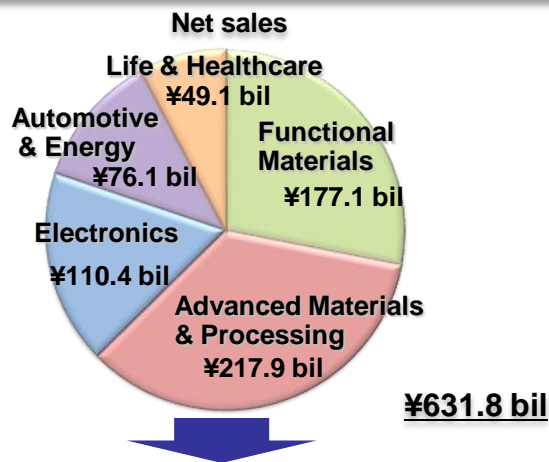
- Hiring, training and utilization of a workforce that can respond to the diverse demands of business

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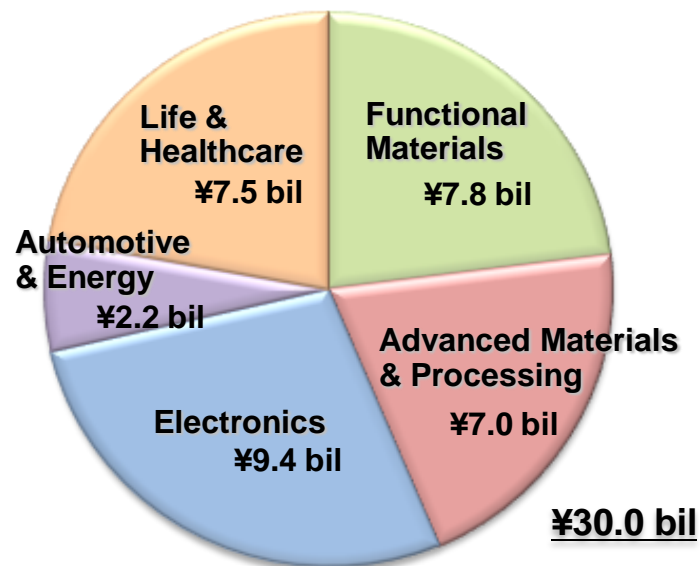
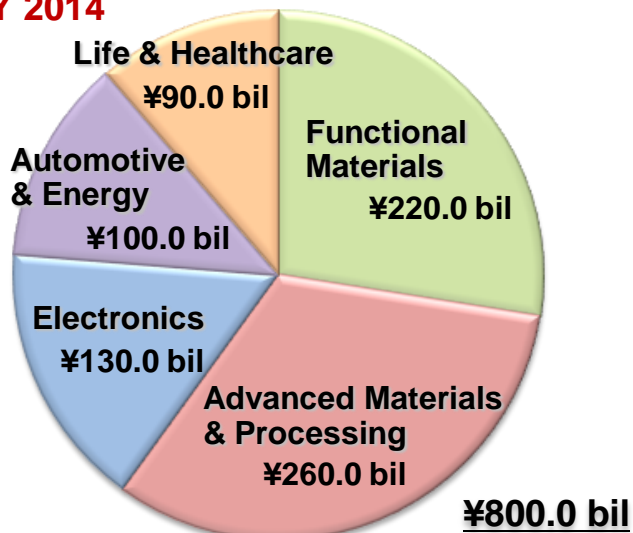
Numerical targets	FY 2014
Target consolidated net sales	¥800.0 billion
Target consolidated operating income	¥30.0 billion
ROE	8.0%
Investment (3 years)	¥40.0 billion

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FY 2011



Targets for FY 2014



*Hayashibara is consolidated in the Life & Healthcare segment.

*The above business segment figures do not include other segments or the Group's common segments, so the total amount for business segments do not conform to disclosed figures.

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