

Company Business Strategy

Specialty Resin and Film Company



Kenzo Sawada
Director, Senior Executive Officer
President of Specialty Resin and
Film Company

All the main products of the Specialty Resin and Film's Company, namely PVOH Resin & Film, EVOH Resin & Film, and PVB Resin & Film, derive from our core vinyl acetate chain technology. The company has established the following three objectives to ensure effective and consistent management for all product lines.

Maintain our status as the world's top supplier. Our PVOH and EVOH businesses have long histories and are well established with both holding top share in the global market. Our fundamental objective is to maintain and further establish their market-leading positions. We are also aiming to elevate the PVB business to be the leader in its market.

Provide reliable support to our customers and the industry. To remain at the forefront of the industry, we will continue to foster product innovation and differentiation. We will establish a global supply system to ensure our customers have a stable and consistent supply of products. These efforts will also contribute to the development of our customers and the industry.

Cultivate and strengthen our human resources. It is the strength of our human resources that will enable us to accomplish the first two objectives. We will strengthen our human resources in every aspect by coordinating the professional expertise of our production, R&D, sales, and management staff and focusing on enhancing the capabilities of each individual. We will also increase our overall strength by respecting, understanding, and learning from the strong points of the history, culture, and different points of views of our coworkers in Japan, North America, Europe, Asia, and in all of our business locations around the world.

I believe that aiming to fulfill these three objectives will strengthen and expand our business operations and contribute to the development of the Kuraray Group.

Chemicals and Medical Products Company



Shiro Kataoka
Director, Senior Executive Officer
President of Chemicals and
Medical Products Company

We are restructuring the operations of the Chemicals and Medical Products Company to improve profitability by creating a new pricing system that will effectively transfer production costs into product prices and shift the business structure to focus to high value-added products. Production and technology costs will be reduced by raising production yield and improving energy consumption. We expect these initiatives to halt the current revenue decline trend and allow revenue to begin growing again in fiscal 2009. We will also advance development of our overseas operations through new product launches, operation starts at new facilities, new product offerings to customers, and in-house developed value-added products.

In the Methacrylate Division, we will complete the transfer of higher costs onto product prices and will develop and market products timed to take full advantage of new market and technology trends. In the isoprene chemicals business, we will increase sales of our unique chemical products in overseas markets and expand production capacity to support this drive. As sales volume grows, we will seek to turn around and improve the stagnant profitability of our *SEPTON* products.

In the Genestar Division, we are configuring a vertical sales structure and construction is progressing steadily toward an August start of full-fledged operations at a new *GENESTAR* production plant. In the Medical Products Division, Kuraray Medical is aiming to expand sales of dental materials by accelerating its business development strategies in the major markets of Europe and the United States.

Fibers and Textiles Company



Hiroaki Yoshino
Director, Senior Executive Officer
President of Fibers and
Textiles Company

The Fibers and Textiles Company was hard hit by steep rises in raw material and fuel prices and was only able to transfer 55% of the increased costs onto its product prices in fiscal 2007. Improving this percentage is a management priority in fiscal 2008.

The Fibers and Industrial Materials Division expanded *VECTRAN* production capacity in autumn last year and subsequently increased *VECTRAN* sales. The division is currently expanding production capacity for fiber-reinforced cement (FRC) material and is aiming to commence operations at a new production line by the end of 2008.

The Clarino Division is enhancing its marketing activities for the man-made leather *TIRRENINA*, which is produced without using harmful solvents, and is making steady progress establishing the product's market position. The non-woven fabric business, for which *KURAFLEX* is the core product, is seeking to expand sales of *FELIBENDY*, an epoch-making new nonwoven fabric produced with steam-jet technology. *KURARAY FASTENING CO., LTD.*, is shifting the business focus of its fastening business to New *ECOMAGIC* hook-and-loop fasteners made with eco-friendly materials. The company is also expanding sales of *MAGILOCK* extrusion molded hook fasteners in pace with the rising unit production of automakers, where the material is used primarily as a seat fastener.

The Fibers and Textiles Company plans to continue aggressively investing to expand production capacity for several products, including the brisk selling *VECTRAN* high-function fiber, *KURALON*, which is drawing strong demand growth for FRC applications, and the new *TIRRENINA* eco-friendly man-made leather. The company is aiming for its steady capital investment in plant expansion and the construction of new facilities through fiscal 2008 to begin reaping benefits in the near term.