

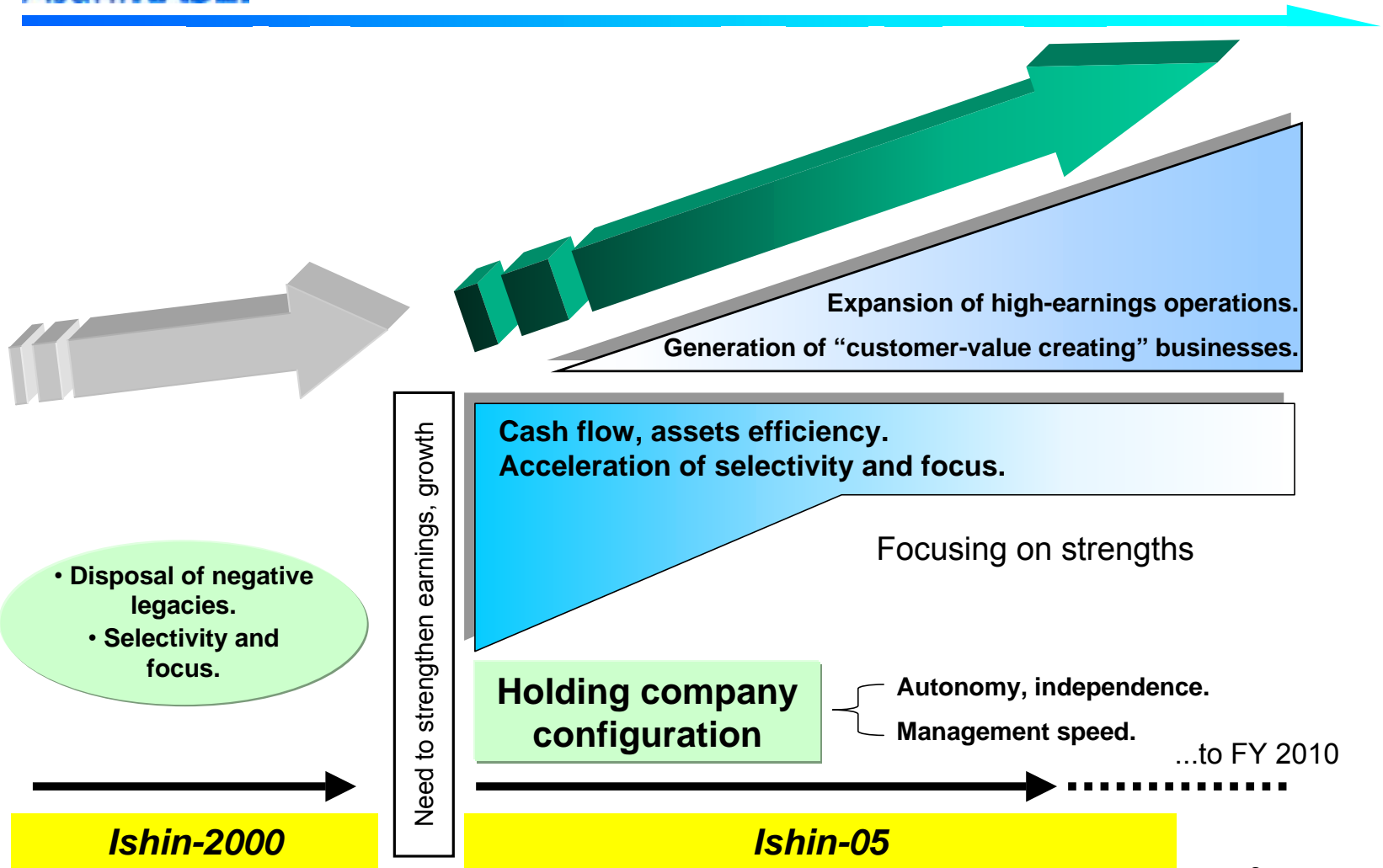
Ishin-05 Corporate Midrange Strategic Initiative
– first year progress report –

Disclaimer:

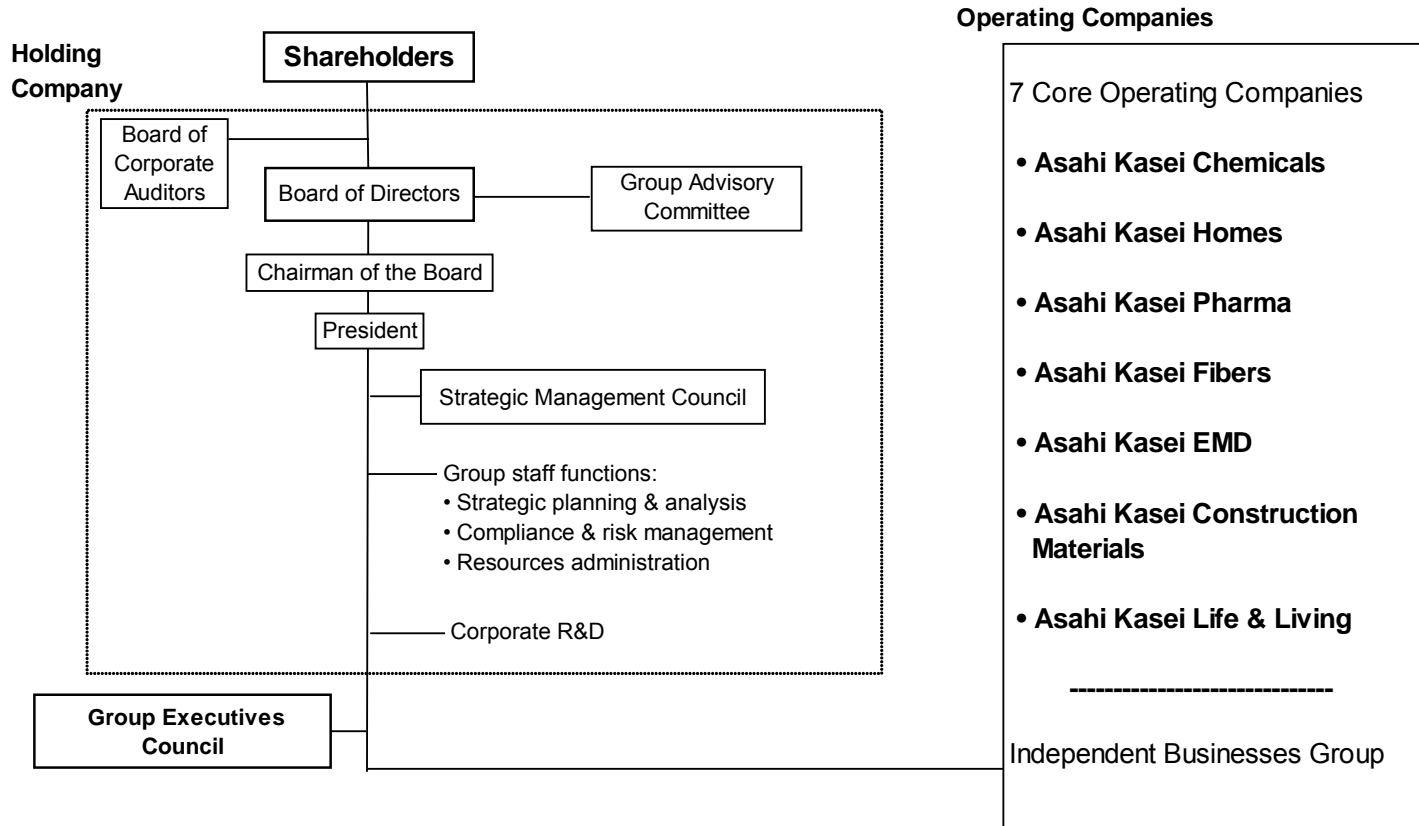
The forecasts and estimates shown in this document are dependent on a variety of assumptions and economic conditions. Plans and figures depicting the future do not imply a guarantee of actual outcomes.

March 4, 2004
Shiro Hiruta, President
Asahi Kasei Corporation

Ishin-05 Foundation and Framework



Management speed, autonomy, independence



Management reform measures

Corporate governance

- Streamlining of Board of Directors from 30 to 7 members
- Reduction of term of Directors from 2 years to 1 year
- Executive Officer management, performance-based evaluation
- Performance-based bonuses for General Managers of Divisions and Departments
- Establishment of Group Advisory Committee

Synergism, group identity

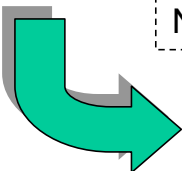
- Intra-group posting for job transfers
- Business leadership development
- Training for General Managers of Divisions
- Group Research Fellows

Major investments during *Ishin-2000* through 1st half FY2002

Chemicals	<ul style="list-style-type: none"> ■ Joint venture in China for polystyrene (Nov. '02) ■ Singapore plant for modified polyphenylene ether (Dec. '02) ■ Acrylonitrile capacity expansion at Tong Suh Petrochemical, Korea (Mar. '03) ■ Cyclohexanol capacity expansion (Mar. '03) ■ Adipic acid capacity rights (Apr. '03) ■ New styrene monomer plant (Feb. '04) ■ Methyl methacrylate capacity expansion (Oct. '02) ■ Elastomers capacity expansion (Oct. '02)
Pharma	<ul style="list-style-type: none"> ■ Third line for APS hollow-fiber membranes (Nov. '02) ■ New assembly line for APS hemodialyzers (Aug. '03)
Fibers	<ul style="list-style-type: none"> ■ Roica™ spandex plant in China (May '03)
EMD	<ul style="list-style-type: none"> ■ Dry film resist plant in China (Apr. '03) ■ LSI capacity expansion (Apr. '03)

(Dates of commercial start-up)

Notable item pending start-up: Polyacetal JV in China (Jul. '04)

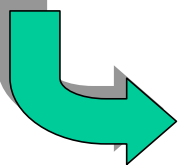


Profit growth from FY 2004

Major investments since formulation of *Ishin-05*

Chemicals	<ul style="list-style-type: none"> ■ JV in Korea for acrylic sheet for light-guide plates (Nov. '03) ■ Capacity expansion for bi-component Hipore™ separator membranes (Sep. '04)
Pharma	<ul style="list-style-type: none"> ■ Expansion of capacity for APS hollow-fiber membranes (Apr. '05) ■ Assembly plant in China for APS hemodialyzers (Jan. '06) ■ New hollow-fiber plant for Planova™ virus removal filters (May '04)
Fibers	<ul style="list-style-type: none"> ■ Roica™ spandex plant in Thailand (Oct. '04) ■ Expansion of capacity for Roica™ spandex in China (Apr. '04)
EMD	<ul style="list-style-type: none"> ■ New plant for large-size pellicles (Mar. '04) ■ LSI capacity expansion (Apr. '04)

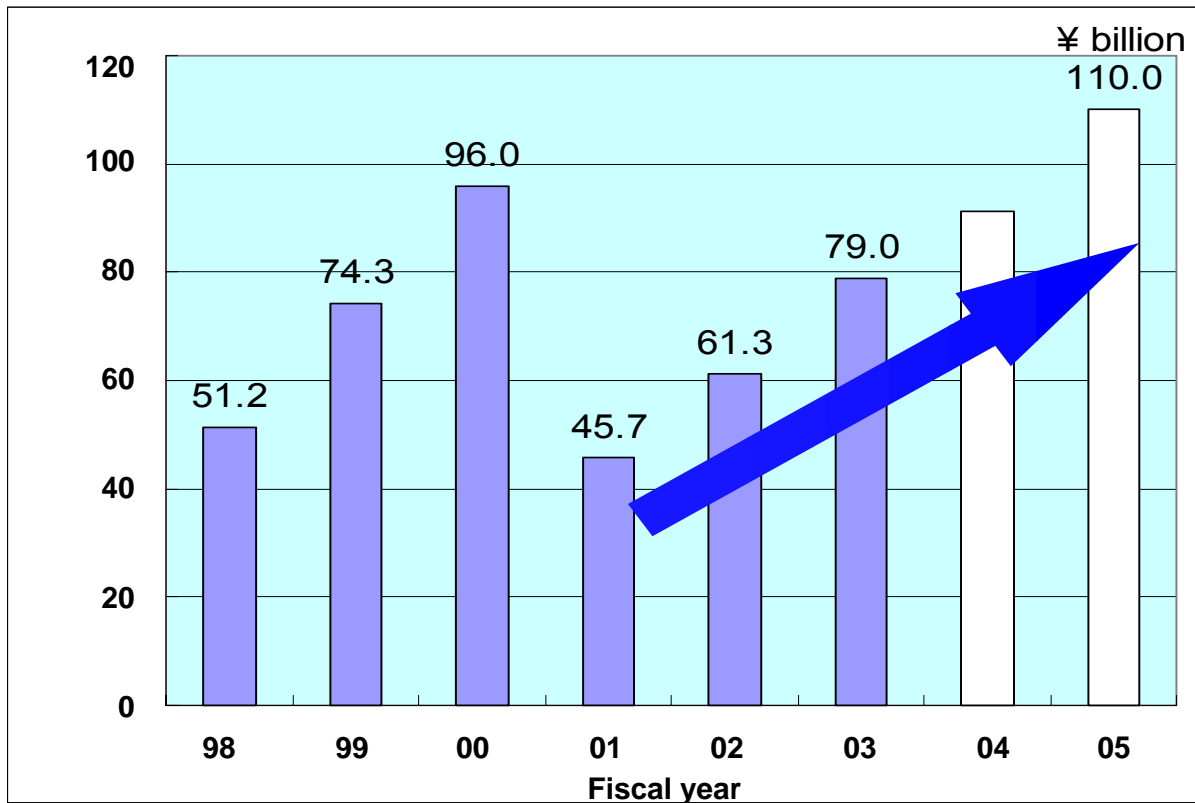
(Dates of commercial start-up)


Investment focus on high earnings, high added value

Notable business portfolio realignments

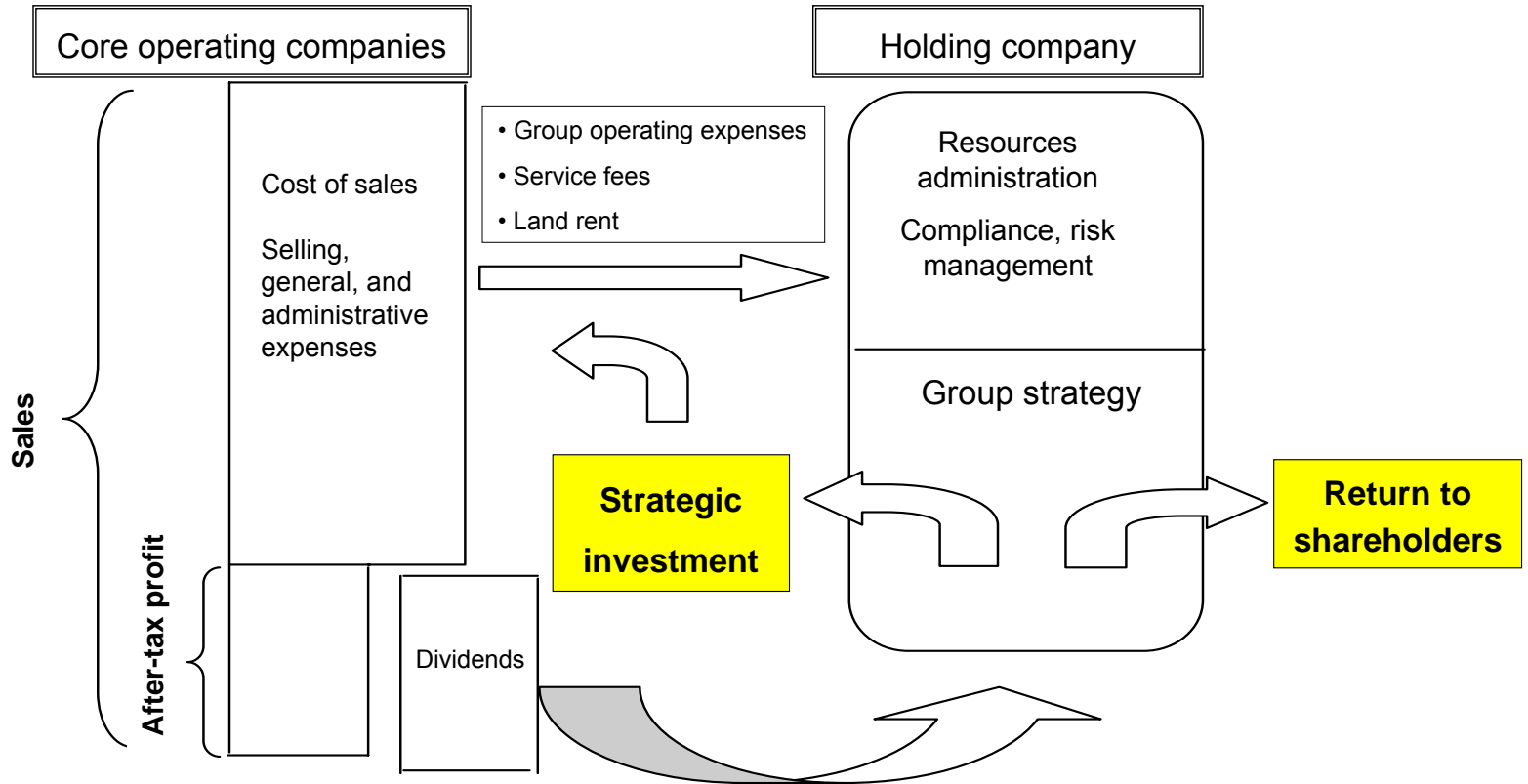
- Withdrawal of acrylic fiber operations
- Transfer of industrial nitrocellulose business
- Transfer of liquors operations
- Transfer of shareholdings in salt operations
- Establishment of JV for aramid film business
- Transfer of shareholdings in Mitaka Pharmaceutical
- Establishment of JV for biaxially oriented polystyrene sheet business (scheduled for Apr. '04)
- Reduced shareholding in Taiwan polycarbonate JV (scheduled for Mar. '04)

Operating profit trend*



* For comparison purposes, shown w/o amortization of actuarial differences in retirement benefits.

Group Cash Flow Relationships

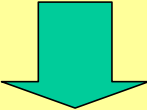


Independent management, including dividend expense

Strategic investment of approximately ¥100 billion through fiscal 2005

Asahi Kasei Chemicals Corporation

**Products, performance, and technology with worldwide appeal.
Leadership in the development of new business fields.**

- Shift portfolio from commodities to high added-value fields
 - Commodities: Maintain stable earnings in core operations – recent investments have established solid base
- 
- Investments for growth of high added-value businesses – shift ¥10 billion per year from commodity investments
- High added-value fields: Form world-class group of businesses
 - Expand on periphery of core operations
 - Raise *high added-value:commodities* operating profit ratio from 1:2 to 2:2
- Actively establish new businesses
 - Target fields: Electronics chemicals, energy, environment

Asahi Kasei Homes Corporation

- Strengthen “long-life home” strategy
 - Physical durability, functional performance, outstanding service
 - Build No. 1 share in Japan’s metropolitan home market
- Raise efficiency of operation, achieve cost reductions
- Expand urban redevelopment, remodeling, real estate, financial services operations

Asahi Kasei Pharma Corporation

- Pharmaceuticals
 - Focus on therapeutic areas of expertise
 - Accelerate research and development
- Medical devices (Asahi Medical Co., Ltd.)
 - Expand polysulfone-membrane (APS) hemodialyzer business
 - Augment No. 1 share in Japan
 - Establish top-two position worldwide
 - Expand sales of Cellsorba™ and other new therapeutic apheresis devices
 - Extend range of indications
 - Develop overseas markets
- Expand Planova™ virus removal filter operations

Asahi Kasei Fibers Corporation

- Strengthen core operations
 - Expand Roica™ spandex operations
 - Establish solid base in Asia
 - Expand nonwovens operations (spunbond, Bemliese™, Lamous™)
 - Increase profitability of Bemberg™
 - Expand sales in Europe
 - Develop bedding and innerwear applications
- Pursue new growth
 - Develop polytetramethylene terephthalate (PTT) operations
 - Pursue commercialization of polyketone (PK) filament
 - Expand application fields

Asahi Kasei EMD Corporation

- Electronic devices
 - Expand product lineup based on expertise in specialty applications
 - Analog/digital mixed-signal LSIs
 - Hybrid products combining sensors and LSIs (direction sensors, pointing devices, etc.)
- Electronic materials
 - Maximize profitability of existing operations through expansion of fields and applications
 - Strengthen new product development through lateral extension of core technologies
 - Display materials, semiconductor materials, circuit board materials

Asahi Kasei Construction Materials Corporation

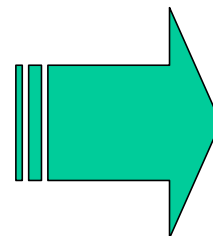
- Establish profitability through reexamination of operating structure
- Expand into downstream, small-scale building market fields
- Expand high added-value product lineup and peripheral operations based on strengths in technology and development
 - Neoma™ foam, new steel-frame joint members, remodeling business, etc.

Asahi Kasei Life & Living Corporation

Providing useful products for today's diverse lifestyles.

- Home-use products
 - Expand kitchen product lineup on core of Saran Wrap™ and Ziploc™
 - Develop business in cleaning and personal care product fields
 - Pursue development of business in Asia
- Packaging products
 - Develop solutions in cushioning materials and food packaging fields
 - Revitalize biaxially oriented polystyrene (OPS) sheet operations – JV with Dainippon Ink and Chemicals

	FY 2002	FY 2003 forecast
Net sales (¥ billion)	1,193.6	1,250.0
Operating profit (¥ billion)	61.6	60.0 [79.0]*
Net income	(66.8)	29.0
D/E ratio	0.79	0.67
ROE	—	6.8%

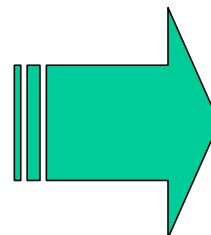


FY 2005 target
1,300.0
110.0
50.0
≤0.7
≥10%

* Prior to amortization of actuarial differences in retirement benefits, shown for comparison purposes.

Operating profit

	FY 2003 forecast
Chemicals	22.7
Homes	22.9
Pharma	14.3
Fibers	3.2
EMD	16.1
Construction Materials	(0.6)
Life & Living	5.9
Services, Engineering and Others	1.6
Corporate expenses and eliminations	(7.1)
Amortization of actuarial differences in retirement benefits	(19.0)
Total	60.0

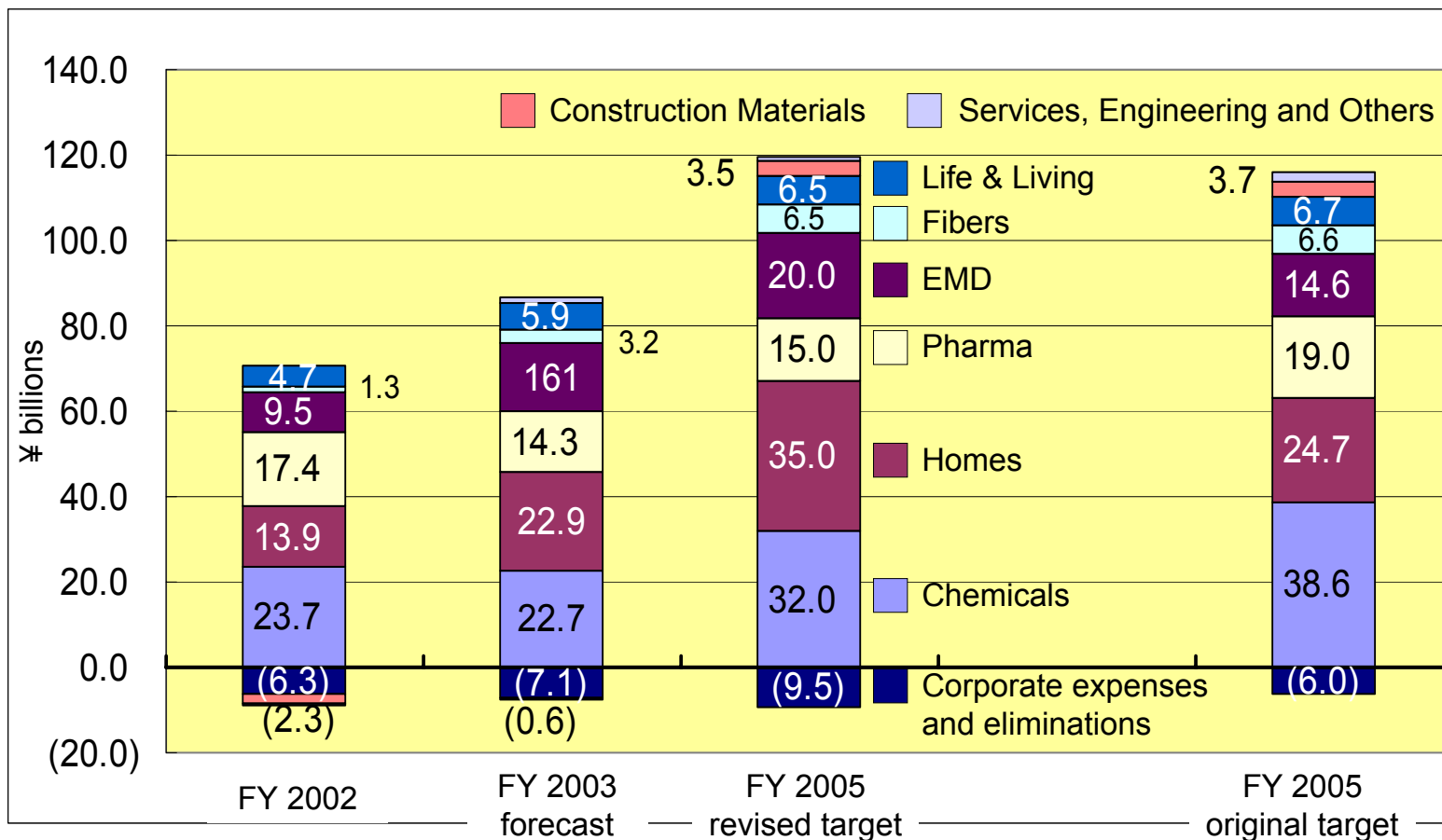


¥ billion

FY 2005 revised target	FY 2005 original target*
32.0	38.6
35.0	24.7
15.0	19.0
6.5	6.6
20.0	14.6
3.5	3.7
6.5	6.7
1.0	2.1
(9.5)	(6.0)
–	–
110.0	110.0

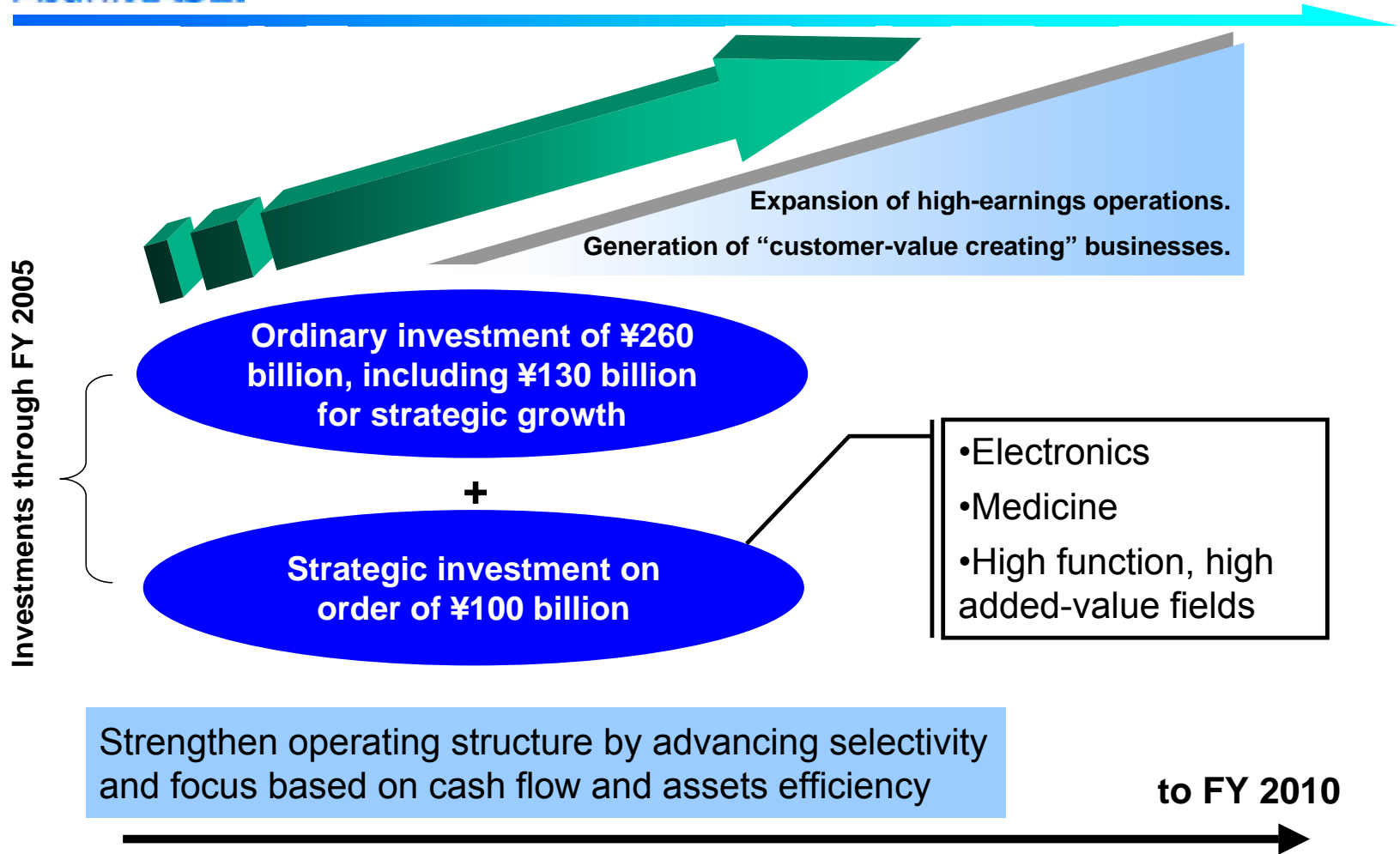
* Segments realigned for comparison purposes.

Ishin-05 Operating Profit Targets



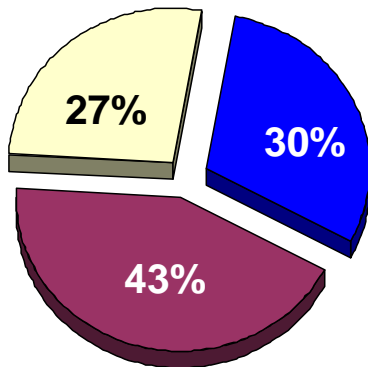
Looking ahead to FY 2010

Growth Strategy Toward FY 2010

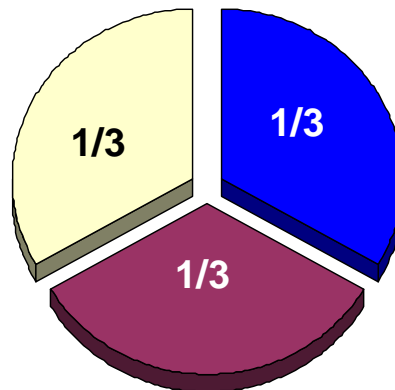


Increase share of non-housing high-earnings businesses (presently 30% of net sales) by factor of 1.5

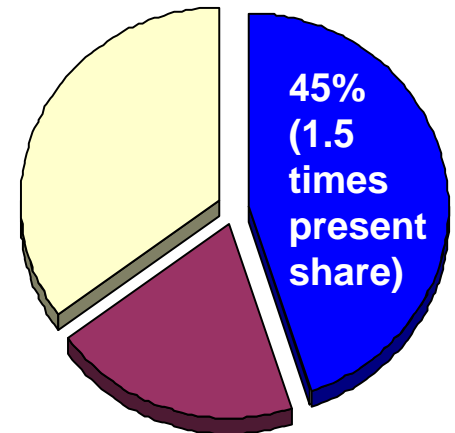
FY 2002



FY 2005



FY 2010



Ratio of operating profit to net sales: 5.2%

8.5%

10%

- Housing
- High-earnings businesses
- Commodities