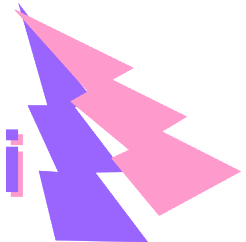


Kuraray FY2004 Earning Presentation

<Medium-term Management Plan –
Its Progress and Outlook >

Kuraray Co., Ltd.
President Yasuaki Wakui



May 11, 2005

Characteristics of FY2004 Results

Overcoming Higher Raw Material Costs, Kuraray Achieved Three Consecutive Years of Increases in Both Revenues and Earnings.

Sustained Increases in Earnings Accompanied by Improvements in Profitability, Capital Efficiency and Cashflows.

Aggressive Capital Investments; Execution of M&A Strategy; and Launch of Proprietary Products.

Impact of Rising Raw Material/Fuel Costs

	FY03 04	FY04 05 (Forecast)	FY03 05 (Forecast)
Impact of Rising Raw Material/Fuel Costs	¥ 7.1bn	¥ 4.5bn	¥ 11.6bn
Transfer of Increased Costs to Customers	¥ 3.3bn	¥ 3.6bn	¥ 6.9bn
Difference	¥ 3.8bn	¥ 0.9bn	¥ 4.7bn
Cost Transfer Ratio	46%	80%	60%
Cost Savings	¥ 3.8bn	¥ 3.6bn	¥ 7.4bn

Operating Results by Business Unit

(Unit: billion of Yen)

	FY2001			FY2002			FY2003			FY2004		
	Net Sales	Operating Income	Operating Income Ratio	Net Sales	Operating Income	Operating Income Ratio	Net Sales	Operating Income	Operating Income Ratio	Net Sales	Operating Income	Operating Income Ratio
Chemical and resins	119.8	15.5	12.9%	144.7	19.9	13.8%	155.9	25.2	16.2%	167.3	28.4	17.0%
Fibers and textiles	114.8	3.8	3.3%	109.9	4.8	4.4%	106.0	5.3	5.0%	109.8	7.9	7.2%
High-performance materials, Medical products and others	71.3	6.8	9.5%	67.9	8.3	12.3%	70.2	8.0	11.4%	77.8	7.3	9.4%
Elimination and corporate	-	-7.1	-	-	-7.8	-	-	-10.5	-	-	-10.4	-
Total	305.9	19.0	6.2%	322.5	25.2	7.8%	332.1	28.0	8.4%	354.9	33.2	9.4%

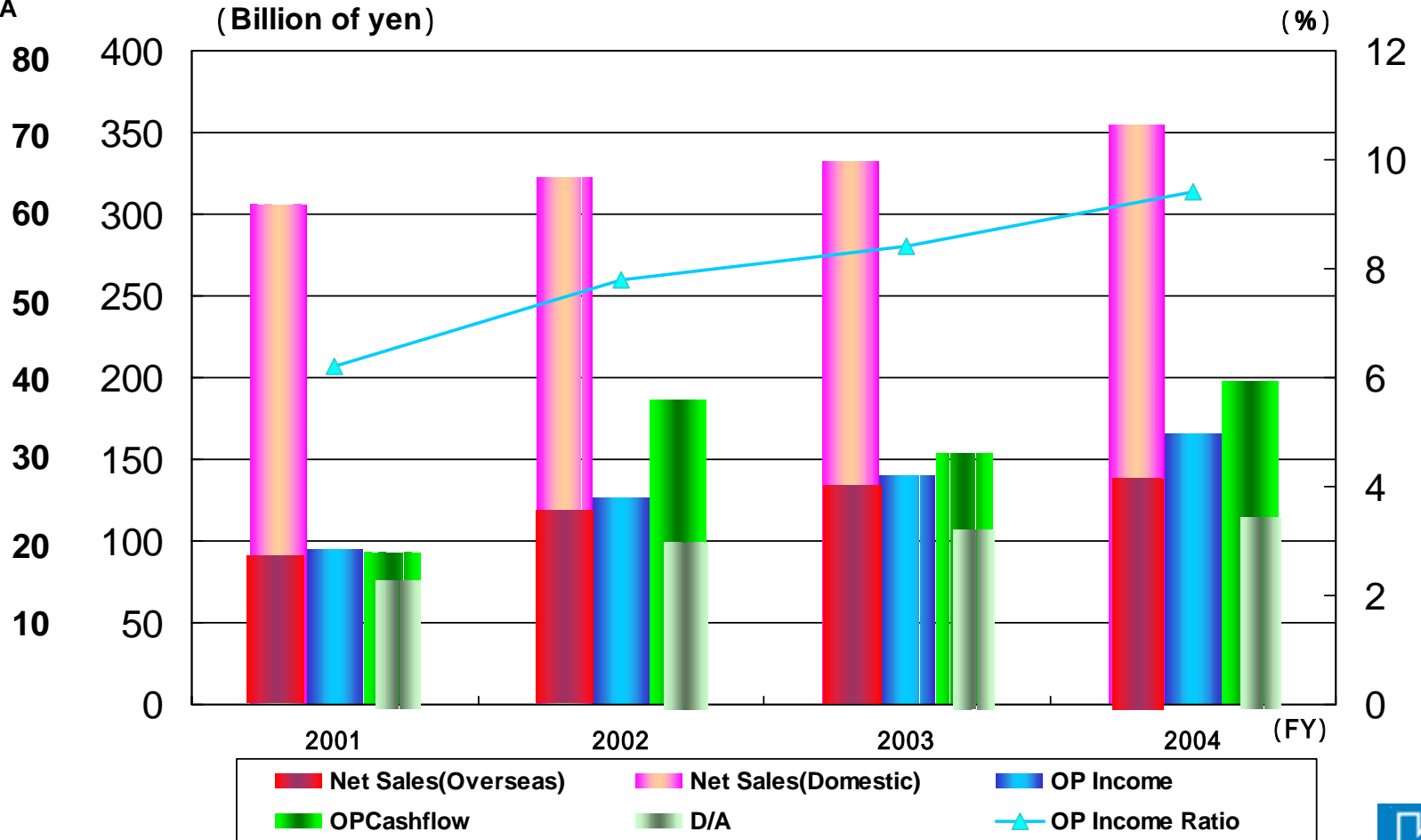
Trends in Financial Ratios

(Unit: Billion of Yen)

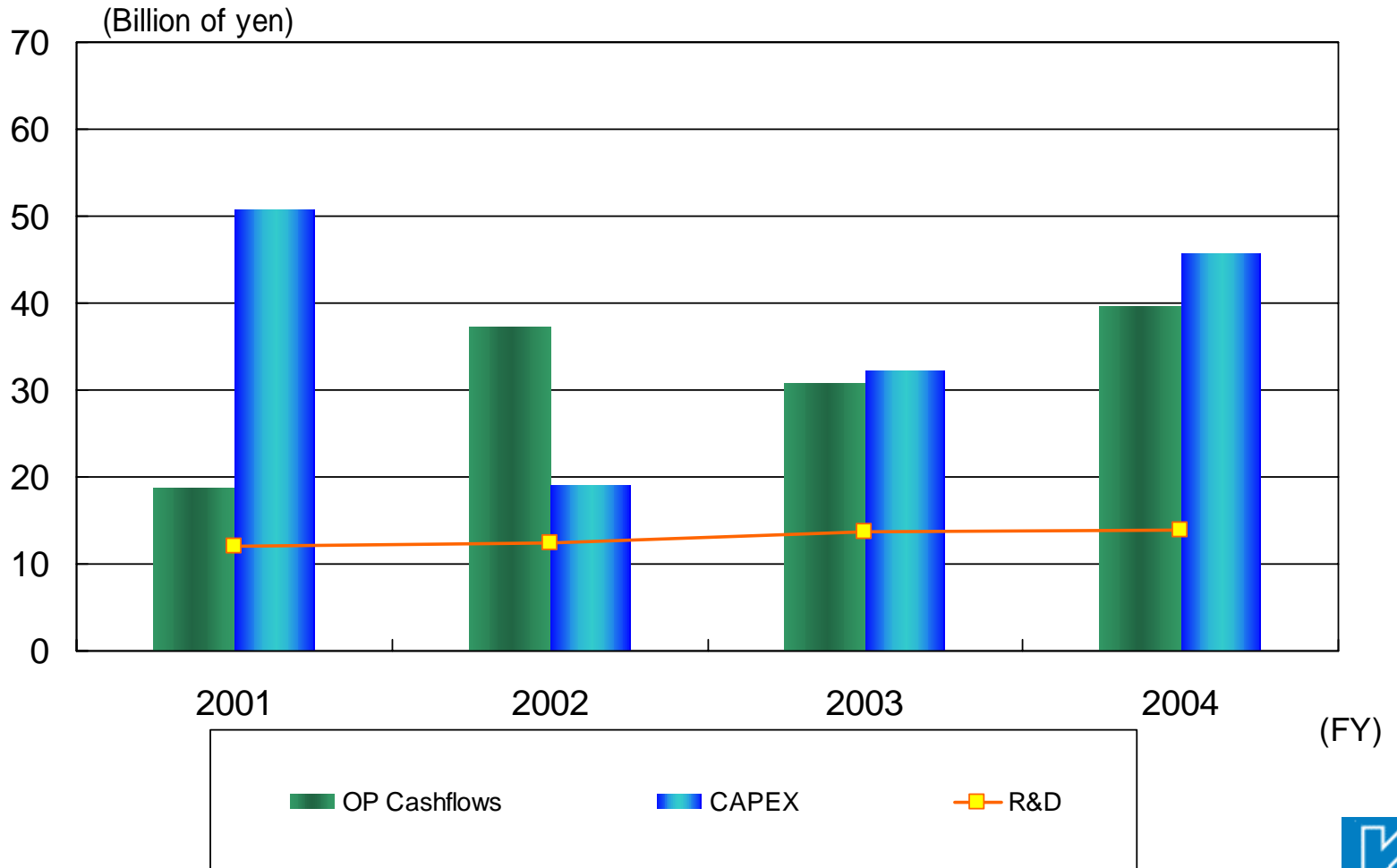
	FY2001	FY2004	Difference	
Net Sales	305.9	354.9	+49.0	
Gross Profit Margin	25.4%	28.4%	+3.0%	
OP Income	19.0	33.2	+14.2	
OP Income Ratio	6.2%	9.4%	+3.2%	
ROA	3.8%	7.6%	+3.8%	
Total Asset	487.4	454.9	-32.5	For Cumulative FY2001-2004
Total Asset Turnover	0.61 times	0.82 times	+0.21 times	
OP Cashflows	18.7	39.6	+209	126.4
<D/A>	<16.1>	<21.3>	<+5.2>	<77.3>
CAPEX	50.7	45.7	-5.0	147.7
R&D Expenditures	12.1	13.9	+1.8	55.2
Net Income	2.9	18.5	+14.5	44.6
Dividends+Share Buy-back	3.4	4.0	+0.6	25.9

Sustainable Growth

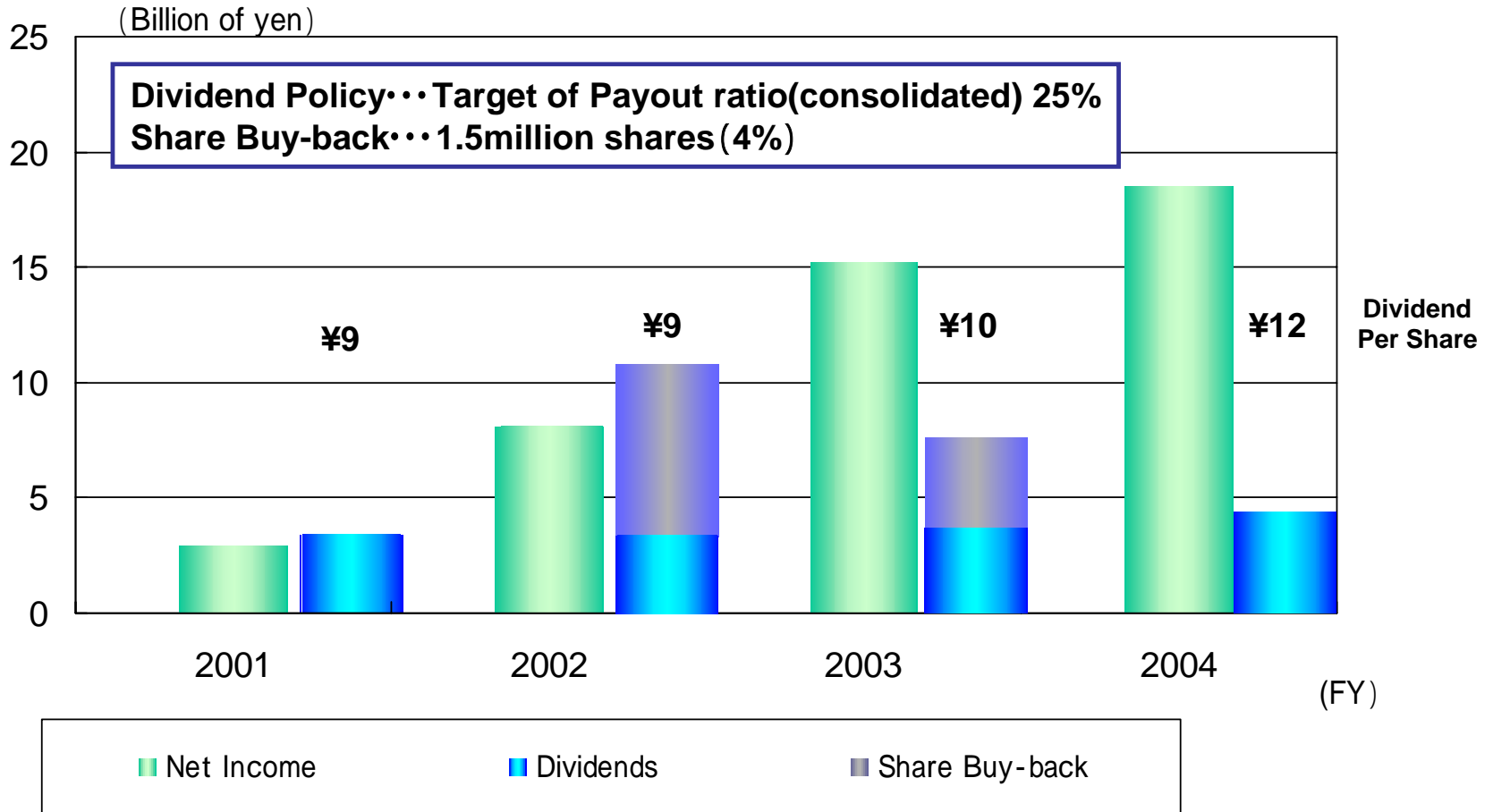
Income, Net Sales
D/A



Trends in OP Cashflows, and CAPEX ⁶ R&D Expenditures



Net Income and Distribution of Earnings



Progress of the Medium-term Business Plan

● Reinforcement and Expansion of Core Businesses

- Focused Approach to M&A and Capital Investments

● Restructuring of Low-Profitability Businesses

- Polyester: Spin off of Production Unit; Specialization in Niche Products
MMA Resin: Pursuit of Polymerization Strategy

● 'Market in'

- Expansion of Business in Strategic Areas

● Accelerated Commercialization of R&D Results

- Hold company-wide R&D meeting; focused selection of R&D themes

● Reform of Management Structure

- Introduction of In-house Company System; Strengthening of Audit Functions; Establishment of Management Advisory Council; Adoption of executive officer system

● Medium-term Environmental Plan

- Reduced Emissions of toxic chemicals; Reduced Reliance on Outsourcing for Disposal of Industrial Wastes, etc.

● Further Cost Reduction Efforts

- Measures to improve earnings structure

Earnings Projections for FY2005 ⁹

	FY2000	FY2005	'G-21' Target
Net Sales	¥313.7bn	¥385.0bn	¥400.0bn
OP Income	¥19.9bn	¥40.0bn	¥40.0
ROA	3.9%	8.6%	8.0%+

	Forecast for cumulative FY01 - FY05	'G-21' Target
CAPEX	¥ 137.0bn	¥ 150.0bn
M&A	¥ 45.0+	

[Reference]

Trends in Financial Ratios

(Billion of Yen)

	FY2001	FY2002	FY2003	FY2004
ROA	3.8%	5.5%	6.7%	7.6%
Net Sales	305.9	322.5	332.1	354.9
Gross Profit Margin	25.4%	28.5%	28.9%	28.4%
OP Income	19.0	25.2	28.0	33.2
OP Income Ratio	6.2%	7.8%	8.4%	9.4%
Total Assets	487.4	426.9	413.2	454.9
Total Asset Turnover	0.61times	0.71times	0.79times	0.82times
Inventories	71.2	63.5	61.9	64.2
Number of Months' Sales in Inventories	2.8months	2.4months	2.2months	2.2months
CAPEX	50.7	19.1	32.2	45.7
Depreciation and Amortization	16.1	19.1	20.8	21.3
R&D Expenditures	12.1	12.5	13.7	13.9

Forward-Looking Statements

This presentation contains various forward-looking statements which are based on the current expectations and assumptions of future events. All figures and statements with respect to the future performance, projections and business plans of Kuraray and its group companies constitute forward-looking statements. Although Kuraray believes that its expectations and assumptions are reasonable, actual results and trends of Kuraray's performance could differ materially from those expressed or implied by such figures or statements due to risks and uncertainties in the future business circumstances. The factors which may cause such difference include, without limitation: (1) general market and economic conditions in Asia including Japan, the U.S., Europe and other regions; (2) fluctuations of currency exchange rates, especially between the Japanese yen and the U.S. dollar and other foreign currencies; (3) changes in raw material and fuel costs; (4) industrial competition and price fluctuations in Japan and international market; (5) advance or delay in the construction of new plants and production lines; (6) successful development of new products and technologies; and (7) changes in laws and regulations (including tax and environmental) and legal proceedings.