

April 24, 2002  
Mitsubishi Rayon Co., Ltd.

## **Mitsubishi Rayon's New Three-Year Management Plan**

The Mitsubishi Rayon Group has drawn up its latest three-year management plan, dubbed "Program: US 2004," covering the period from fiscal 2002 to fiscal 2004. Continuing the solid progress achieved under our previous three-year plan (US 21) toward the goal of building a truly strong business base from which to set out on the path to substantial growth over the long term, we plan to realize the first, necessary step - a significant improvement in earnings.

The management of Mitsubishi Rayon has positioned the next three years as the crucial period for realizing tangible progress toward the Company's long-term growth targets. Our target for fiscal 2004 on a consolidated basis is ¥340 billion in sales and ¥30 billion in operating income, which we hope to attain by means of -

1. the further strengthening of already sound operations through management of the business "portfolio" of the Company and the Group, and
2. the early implementation of reforms of the Company's earnings/cost structure

### **I. Outline of FY2002-FY2004 Management Plan**

Mitsubishi Rayon achieved almost all its targets in respect of structural reorganization and streamlining of its operations under the previous three-year management plan, ended March 2002. We will make continued efforts to further streamline business processes, and will squarely address one the most significant remaining issue - the structural reform of business units with lower earnings and little future prospect of improvement. In line with this, we will focus management resources on our areas of

core competence and on promising growth fields. In this way, the management of Mitsubishi Rayon intends to closely and efficiently manage the Company's portfolio of business operations.

#### **1. Efficient selection and management of business operations, and growth scenario**

(1) Concentration of management resources on acrylic business complexes Mitsubishi Rayon regards its acrylic business complexes, i.e. the MMA (methyl methacrylate) and AN (acrylonitrile) business complexes, as its core operations, and intends to focus management resources on these operations with the aim of strengthening them still further as rapidly as possible.

(2) Expansion of the Aqua-Sustainability Business We see good growth prospects for the aqua-sustainability business. We plan to pour management resources into operations targeted at the sewage and industrial waste water purification market, as well as the household-use water purification market, during the fiscal 2002-2004 period of the current management plan, to achieve the desired growth in business scale.

(3) Focus on businesses with strong growth potential We plan to speed up the process for starting up commercial business operations of new business themes that have completed the initial development phase. Other themes that have not yet been developed to the point of business start-up will be ruthlessly scrutinized for commercial feasibility.

#### **2. Reform of Earnings/Cost Structure**

One of our primary goals is to greatly strengthen the Company's overall competitiveness by reforming our business model to ensure fast and flexible response to changing circumstances, and by creating a more efficient cost structure.

Our target for cost reduction through streamlining by FY2004 is ¥9,000 million compared with FY2001.

### **3. Strengthening Product and Technology R&D**

To speed up the process between discovering the seeds of new business operations that promise to display superior performance and originality, and growing these businesses to the point of profitable commercialization, we plan to reform our present R&D organization so as to improve efficiency and achieve a simpler organizational system.

### **4. Approach to Environmental Issues**

In line with Mitsubishi Rayon's strong commitment to preservation of the environment, the management has laid down targets for reducing emissions of environmentally harmful substances, and the Company is steadily working toward their attainment. Moreover, the Company has adopted environmental accounting for the first time, with effect from the current business year (fiscal 2002).

## **II. Medium-Term Management Targets**

When announcing a revision to the previous three-year management plan in April 2000, we mapped out our vision of the Company's future course over the medium term, giving specific numerical target. At the same time, we spelled out the means by which such target was to be attained. Central to our stated goal was the determination to nurture our core acrylic business complexes (the MMA and AN business complexes) into one of the largest such operations in the world, while simultaneously building new growth fields into an additional core earnings sector for the Company. The main specific target for fiscal 2005 was ¥400 billion in sales and ¥40 billion in operating income.

In light of the structural reform of the Company as well as the present world economic recession, we have revised our numerical target, and have put back the deadline for attainment of certain target by one or two years, from fiscal 2005 to fiscal 2006-7. Fundamentally, however, our growth-oriented stance remains unchanged.

### III. Numerical Targets (consolidated)

Numerical targets by business segment

(Billions of yen)

	FY2001 (est.)	FY2002 (plan )	FY2004 (plan)	FY2006-7 (target)
<b>Sales</b>	306	300	340	400
Chemicals and plastics	124	108	130	
Fibers	97	95	95	
Specialty products & engineering	85	97	115	
<b>Operating income</b>	19	22	30	40
Chemicals and plastics	13.5	13	16	
Fibers	2.5	4	6	
Specialty products & engineering	3	5	8	
<b>Total assets</b>	350	340	350	
<b>Interest-bearing debt</b>	95	90	80	
<b>Investment</b>	17	(Three-year total) 75		

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