

Start of Vista 2015 Stage II
“Only challenge to change makes us keep winning!”

In April 2010, we launched Vista 2015, a six-year medium-term business plan. Under this plan, we have continuously pursued initiatives to enhance our true strength as a Value-Creating Enterprise dedicated to growth in partnership with customers.

During Stage I of the plan, which covered the three-year period from 2010(April 1, 2010 – March 31, 2011) to 2012, we achieved some positive results, including the rollout of new products in the Performance Materials and Agrochemicals areas, and advances in the development of new materials which will support future growth. We also developed our business base for the future, enhancing our research infrastructure and expanding our overseas network.

In April 2013, we launched Stage II of the plan, which covers the three-year period from 2013(April 1, 2013 – March 31, 2014) to 2015, to build on the progress made to date.

In Stage II, we aim to be “socially useful” through our products and services, in line with our corporate vision of becoming “a company that contributes to human survival and development.” By 2015, we want to “establish Nissan Chemical as a chemical manufacturer that provides a strong sense of stability coupled with further growth potential, by positioning Performance Materials (electronic, inorganic, organic) and Life Sciences (Agrochemicals and Pharmaceuticals) as the growth engine that drives growth and strengthening income streams from Chemicals and group companies.”

To achieve this vision, we plan to establish de facto standard technologies in the Performance Materials Area, supplying not only cutting-edge materials but also low price, fully functional products widely used in the global market. In the Life Sciences Area, we plan to continuously develop new products, focusing on Agrochemicals that will help solve the problem of food shortages resulting from global population growth, and Pharmaceuticals that are inextricably linked with human survival. In the Chemicals Area, we will resolutely carry out measures to strengthen competitiveness and focus on increasing profitability.

1. Basic Strategies

(1) Creating New Products and New Businesses

(i) Businesses

- We will start up new businesses by developing extremely unique materials and carving out new markets.
- We will ensure the competitiveness of new products and new materials currently being developed by business divisions based on market needs.
- We will pursue M&A and product acquisitions to expand business.

(ii) Research

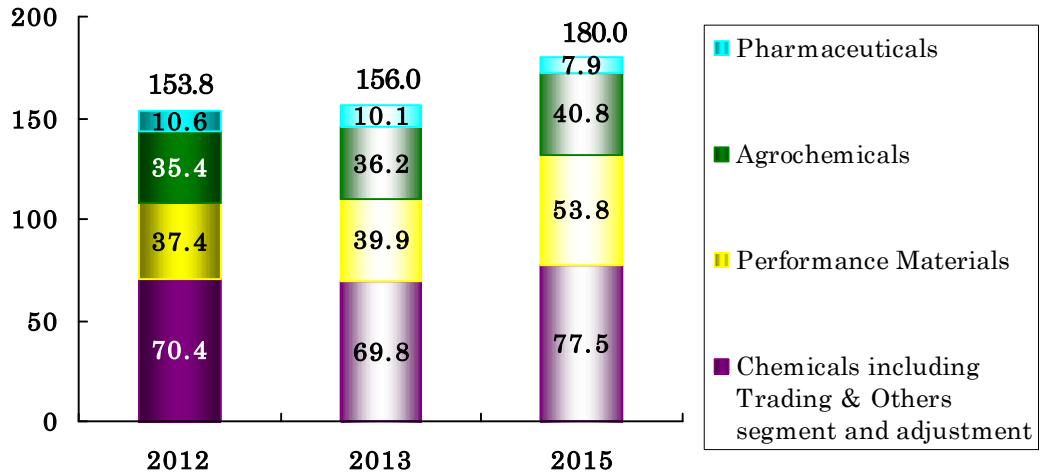
- We will create a research structure that will allow us to fully demonstrate our strengths in our four core areas of expertise: “fine organic synthesis”, “ultrafine particle control”, “functional polymer design”, and “biological evaluation technology”.
- We will introduce advanced technologies through open innovation, etc.
- We will ensure a ratio of R&D expenditure to sales of 9%, and commit a total of 47.5 billion yen in R&D over the three years (7.6 billion yen more than in the first three years of plan).

(2) Pursuit of business structure reforms

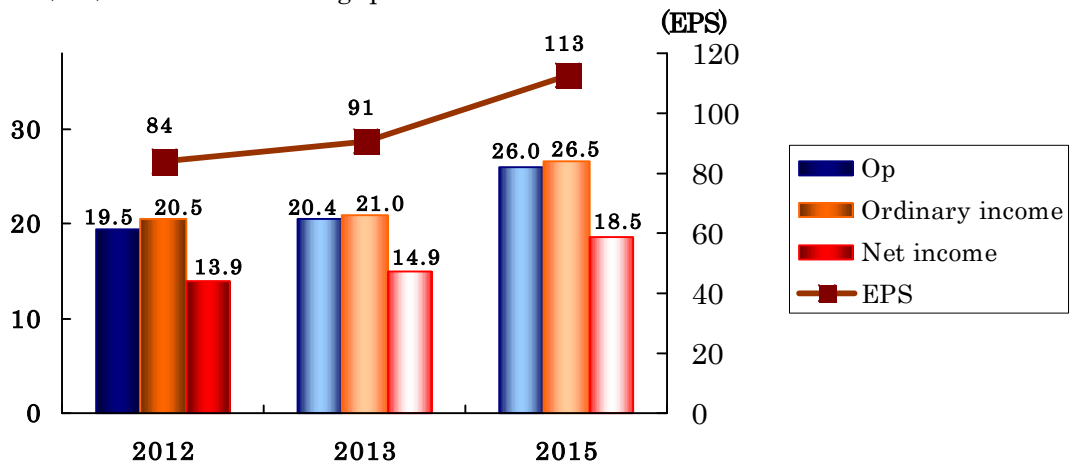
- (i) We will increase competitiveness by adopting more efficient and more sophisticated manufacturing processes at all plants, switching to lower cost materials and procuring raw materials from more than one supplier.
- (ii) We will strengthen and expand our business base in anticipation of overseas market growth.
- (iii) We will form alliances with companies in the same industry based on assessment of increasingly difficult industry trends.

2. Financial Targets

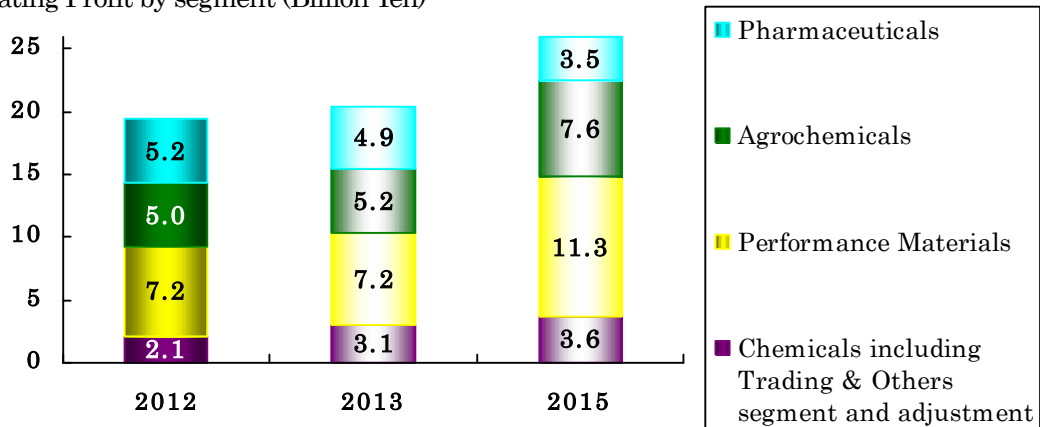
(1) Net Sales (Billion Yen)



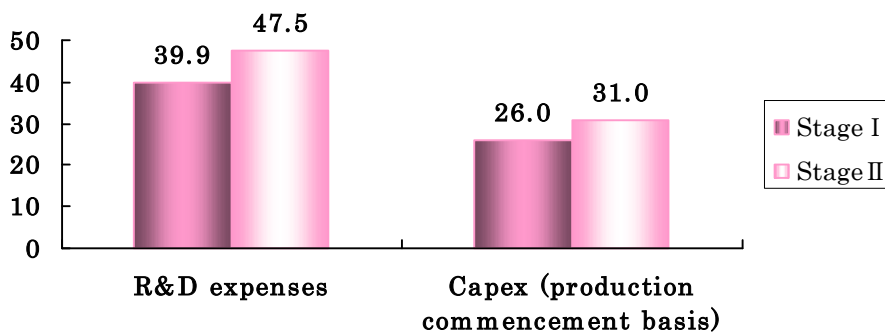
(2) Op/Ordinary income/Net income (Billion Yen)
& *EPS (Yen) *earnings per share



(3) Operating Profit by segment (Billion Yen)



(4) R&D Expenses and Capex (3 year total, Billion Yen)



3. Sources of growth for Stage II

(1) Chemicals

- (i) We will expand sales of products in growth areas such as high-purity liquid ammonia, high-grade urea solution, and TEPIC which is used on the production of electronic materials.
- (ii) We will reduce manufacturing costs through radical structural reforms starting by changing manufacturing methods.

(2) Performance Materials

- (i) We will develop advanced materials in response to new alignment technology required for the development of high resolution LCD displays.
- (ii) We will develop multi-layer process materials to meet growing demand as a result of the miniaturization of semiconductors.
- (iii) We will expand applications for SNOWTEX (polishing agent for electronic materials, treatment for various surfaces, etc.).
- (iv) We will develop materials for hole injection layer in organic EL devices.

(3) Agrochemicals

- (i) We will focus on ALTAIR, the new paddy rice herbicide.
- (ii) We will expand sales channels for ROUNDUP MaxLoad AL (non-selective foliage applied herbicide for general household use).
- (iii) We will enter the animal health product business.

(4) Pharmaceuticals

- (i) We will expand overseas sales of LIVALO (used to treat high cholesterol).
- (ii) We will defend domestic sales of LIVALO against generics through patenting of the crystalline form (approved January to February 2013).
- (iii) We will derive our next drug candidates (treatments for pain, rheumatism).

4. Initiatives for 2016 onwards

(1) Materials

- (i) We will develop a broad range of applications for Hyper-Branch polymers (hyperbranched organic nanoparticles).
- (ii) We will develop and commercialize new materials for 3D packaging and EUV in response to the further high-integration of semiconductor devices.
- (iii) We will develop materials for use in flexible displays.

(2) Life sciences

- (i) We will launch NANOFIBERGEL (supramolecular gel) in the cosmetics field, and market the gel as a quasi-pharmaceutical and medical additive.
- (ii) We will sell mediums for 3D culture of cancer cells and liver cells, and develop materials in the medical materials field.
- (iii) We will conduct evaluations for the launch of new insecticides using our own technical grade chemicals, and we will develop new paddy rice herbicides and fungicides.
- (iv) We will develop NIP-022 (treatment for thrombocytopenia), NT-702 (treatment for intermittent claudication and asthma), and next drug candidates (treatments for pain, rheumatism and diabetes).
- (v) We will leverage our libraries and synthesis capacity to promote joint drug development with pharmaceutical manufacturers.

(3) R&D

- (i) We will build a new R&D building (tentatively named as “Advanced Materials Research Laboratories”) to accelerate the creation of new materials.
- (ii) We will develop new products by combining performance materials and life sciences.

5. Financial Indicators

- (1) We will improve the operating profit margin by expanding sales of high value added products and reducing the breakeven point of products.
Result for 2012 12.7% **Target for 2015 14.4%**
- (2) We will attach importance to ROE as an indicator of corporate profitability, and make optimal use of our capital.
Result for 2012 11.4% **Target for 2015 13.4%**
- (3) As the driver of growth, R&D will be prioritized in the allocation of management resources.
Ratio of R&D expenditure to sales Result for 2012 8.9% **Target for 2015 9.6%**
- (4) We will implement a flexible capital policy, including the acquisition of our own shares, and a policy of actively returning income to our shareholders, and will maintain a **dividend payout ratio of 30% or higher.**

Having steadily implemented strategies in accordance with the basic strategies of this plan and achieved record high operating profit of 24.8 billion yen in the early stages, Nissan Chemical is now ready to move onto the next stage of the plan.