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UACJ Group's Vision for the Future

- A highly competitive aluminum supplier with a secure foothold in the global marketplace -

With the increasing popularity of canned beverages and the use of electronics and construction materials in southeast and east Asian countries, along with the growing demand for further reductions in vehicle weight in Europe and North America, the worldwide demand for rolled aluminum products is expected to continue to grow. However, in Japan, in view of the declining population, an aging society and client manufacturing bases migrating overseas, significant growth in the demand for aluminum rolled products is unlikely.

In Asian and the Middle East, the escalating need for, and promotion of industry has attracted a number of large-scale rolled aluminum manufacturing facilities. Production plants are on the rise in North America and Europe as well in anticipation of greater demand for panel materials used in automobile manufacturing. As a result, the competition among suppliers is expected to intensify further.

Consciously aware of the business environment, the UACJ Group has established a vision for the future: "To be recognized as a highly competitive aluminum supplier with a secure foothold in the global marketplace." The objective is to further strengthen each business in Japan and overseas by maximizing the synergistic effects of business consolidation. This will enable the Group to overcome the fierce competition among major aluminum manufacturers worldwide, especially the increasingly competitive Chinese companies, and realize continuous growth in the expanding global market.

The main details of this vision are listed below.

1. Vision for the Future

(1) Slogan

"Maximize the possibilities of aluminum in ways that contribute to society and the environment"

(2) Corporate initiatives for achieving goals

1. To be a company respected by all stakeholders, capable of coexistence and continuously

evolving.

2. To be a company that is appreciated and valued by customers worldwide.
3. To be a global company that establishes itself locally in each region and appropriately develops and supplies products suited to the characteristics of the region.

Committed to the abovementioned corporate principles, the UACJ Group is proactively concentrating its efforts to become a highly competitive aluminum manufacturer that leads the industry in the global marketplace.

(3) Major policies

The UACJ Group will establish and actively implement the following three policies, concentrating Group efforts so as to quickly achieve the maximum effect of synergies realized through consolidation.

1. Proactive global expansion in new growth fields and growing markets
2. Strengthen cost competitiveness through restructuring
3. Promote the development of new technologies and products

2. Policy and direction for aluminum sheet metal business

(1) Promoting development of cutting-edge technologies and expanding in the global market

Fully utilizing the combined R&D and production technology strengths realized through consolidating businesses at the time of the merger, the UACJ Group will pursue the development of new, highly functional products and applications in growth fields such as environmental systems, resources and energy, shipping and IT. Additionally, the Group will work to continuously improve production technologies and processes with the aim of improving productivity while lowering production costs. This will include expanding fundamental research for maximizing the possibilities of aluminum and introducing cutting-edge technologies for future generations.

These technologies will be expanded to production bases throughout the world, allowing the Group to supply products of superior quality to the global market. The development of such cutting-edge technologies is a key component of the product strategy and global regional strategy defined under the Group's vision for the future.

(2) Maintaining a supply system for the global market

Focusing mainly on materials for major products such as aluminum cans and heat exchangers and panels for automobiles, the UACJ Group will work to maintain the production systems of UACJ (Thailand) Co., Ltd. (UATH), Tri-Arrows Aluminum Inc. (TAA, America) and other overseas Group companies in stable working order with the aim of expanding sales to regions worldwide. In order to better respond to global demand, the Group maintains a complimentary supply system between its home bases in Japan and all bases overseas.

(3) Expanding and utilizing the UATH Rayong works

The aluminum rolling mill of UACJ Thailand (Rayong) is being constructed to ensure reliable response to the growing needs in Southeast Asia and other nearby markets. The world's most advanced aluminum hot rolling equipment is being installed at the works, which will focus on manufacturing materials used in the production of aluminum cans and automobile heat exchangers, offering a stable supply of high-quality, low-cost products. The mill will have an annual production capacity of 180,000 tons by 2017.

To utilize the mill's hot rolling capacity to the fullest extent, the Group will continuously monitor demand in the local region and global market, and expand facilities when appropriate. The aim is to establish a more productive, more profitable production base that operates as the core aluminum sheet manufacturing works in Asia and contributes significantly to Group profits.

(4) Implementing optimal production distribution one base at a time (constructing the optimal production system)

Planning to optimize its global supply system, the UACJ Group maintains a complimentary supply system between the key regions of Japan, Thailand and North America. Relying on three pillars of production (e.g., domestic Japanese production sites, UATH and TAA), product categories will be relegated to designated sites, creating an optimal production system based on plant capacity and features.

Main aluminum sheet metal products and global supply system

| Main products \ Region | Japan | China/South Korea | Southeast Asia | India | Middle East/Africa | Europe | The Americas |
|--|------------------|-------------------|--------------------------------------|-------|--------------------|--------|--|
| Can materials | Fukui UATH | Fukui UATH | UATH | UATH | UATH | | TAA |
| Automobile heat exchanger materials | Nagoya Nikko | Ruyuan UATH | UATH | UATH | UATH | AFSEL | UATH AFSEL |
| Automobile panel materials | Nagoya Fukaya | | | | | | Investigating joint venture with Constellium (North America) |
| | | | Supply to considered based on demand | | | | |
| Printing plate materials | Nagoya | Nagoya | Nagoya | BAL | BAL | BAL | BAL |
| LNG ship | Fukui | Fukui | | | | | |

| | | | | | | | |
|-----------------------------|--------|----------------|--------|--|--|--|--|
| thick sheets | Fukaya | Fukaya | | | | | |
| General thick sheets | Fukaya | Fukaya UPIA | Fukaya | | | | |

NB: The above chart shows the basic supply system. Adjustments between each base will be made as necessary.

*BAL: Bridgnorth Aluminum Inc. (UK)

*Ruyuan: Ruyuan Dong Yang Guang Fine Foil Co., Ltd. (China)

*AFSEL: AFSEL S.A. (Greece)

*UPIA: UPIA Co., Ltd. (South Korea)

*Constellium: Constellium N.V. (Netherlands)

Main product categories for each production base

| Process Site | Casting | Hot rolling | Cold rolling | Finishing | Main categories after relegation |
|-----------------|---------|-------------|--------------|-----------|---|
| Fukui | • | • | • | • | Can materials, LNG ship thick sheets , aerospace materials, memory disk materials |
| Nagoya | • | • | • | • | Automobile heat exchanger materials, automobile panel materials, foil, printing plate materials, beverage cap materials, fin materials, other general materials |
| Fukaya | • | • | | • | General thick sheets, LNG ship thick sheets, automobile panel and general materials finishing |
| Nikko | | | | • | Various materials finishing |
| UATH | • | • | • | • | Can materials, automobile heat exchanger materials, other general materials |
| TAA | • | • | • | • | Can materials, automobile panel materials (under review) |

3. Policy and direction for non-sheet metal businesses

In business divisions other than sheet metal operations, aiming to achieve continuous growth, the UACJ Group will maximize the effects of consolidation, secure world-class profitability and strive to strengthen competitiveness by responding to the global market and developing new products.

(1) Extrusion business

1. In Japan, an optimal production system will be constructed by relegating product categories to designated sites. At the same, a complimentary supply system will be maintained between each production base. Furthermore, aiming to maximize productivity and quality, the Group will use the combined technologies of companies consolidated at the time of the merger to improve quality and production technologies, and strengthen cost competitiveness. It will also promote the development of new technologies and products, such as all-aluminum air-conditioning heat exchangers, and focus on other areas such as precision-machining with the goal of instilling the sense of added value throughout. In doing so, stable profits can be ensured.
2. Overseas, the Group will specialize in automotive products, aiming to enhance production bases (Czech Republic, China, Indonesia and Thailand), monitor changes in demand, and maintain an optimal global supply system.

(2) Foil business

1. In terms of the growth market for foil materials, the Group will establish strategic products such as foils for condensers, capacitors and lithium ion battery current collectors/casings in the area of industrial-use, as well as processed foil such as medical PTP packaging. A focus will be placed on pursuing new R&D and reducing costs through improved productivity with the aim of expanding sales.
2. In Japan, product categories will be relegated to designated production bases (Iseki, Nogi and Shiga) with the aim of maintaining an optimal production system and increasing cost competitiveness.
3. Overseas, a focus will be placed on UACJ Foil Malaysia Sdn. Bhd. (UFOM) in response to increasing demand in Southeast Asia and nearby regions. Making use of the exceptional rolling equipment at UFOM, and the superior production technologies and quality management transferred from Japan, the target will be stronger competitiveness and market expansion.

(3) Casting and forging business

1. In casting, as a strategic product, the UACJ Group will further expand its automobile compressor wheel business. Holding the world-leading market share in the compressor wheel sector, a focus will be placed on pursuing ever-better quality and lower costs, and developing next-generation products to solidify market position.
2. In forging, by making maximum uses of various original presses and machining equipment, including a 15,000t press (e.g., one of the largest in Japan), the Group will expand sales focusing on substrates for liquid-crystal manufacturing equipment and semiconductor manufacturing equipment, and the aerospace and automotive divisions. Regarding the company's superior free-forging technologies, plans are to increase cooperation among research and development departments and promote original products in the market.

(4) Copper tubing business

1. With the influx of low-cost materials from China, the business environment in Japan and overseas has grown severe. However, the UACJ Group will utilize its superior technologies to develop new products such as inner-grooved thin copper tubing for air-conditioners, high-strength copper tubing and precision-machined components for heat exchangers, as well as make products more cost competitive. In doing so, the aim will be to expand sales.

(5) Precision-machined components business

1. The UACJ Group will promote an optimal production system by strengthening coordination and creating systems for cooperation, including the cross-application of technologies and expertise held by individual precision-machining companies and the complimentary use of equipment.
2. Plans are to expand operations, pursuing product development in strategic fields such as automobile manufacturing and heating, and globally developing precision-machining bases in regions like North America, Southeast Asia and China.

4. Organizational strength

The UACJ Group will pursue a competitive business model, overseeing the operations and functions of each company for the purpose of prioritizing and optimizing shared management resources.

Ref: Implemented and proposed changes

| Details | Date announced | Implemented/scheduled |
|---|----------------|-----------------------|
| Merging of Nippon Foil Mfg, Co., Ltd. and Sumikei Aluminum Foil Co., Ltd. | Oct. 30, 2013 | Jan. 1, 2014 |
| Merging of UACJ Logistics Corporation and LCOMPO Co., Ltd. | Nov. 28, 2013 | April 1, 2014 |

5. Consolidation effects

The UACJ Group will implement measures in line with its vision for the future: the aim being to achieve profits of over 15 billion yen as the result of consolidation. Possible benefits and future effects will continue to be actively researched.

Ref: Targeted effects of consolidation (enclosed)

6. Combined financial structure improvement and growth investment

As part of the initiatives outlined in its vision, the UACJ Group will combine improvements in the financial structure and with investment for growth. This will result in the following:

- o Ensuring stable profits and promoting asset reduction
- o Reducing interest-bearing liabilities
- o Implementing continuous investment in growth

7. Stronger business structure and management

As the speed at which the business environment changes becomes increasingly faster, the UACJ Group will review its management system as necessary, implementing swift and flexible restructuring, and maintaining and strengthening operations in each area.

8. Initiatives toward maintaining trust

1. Introducing the UACJ management philosophy, striving for greater contributions to society.
2. Maintaining public trust through painstaking safety and environmental management fundamentally based on compliance.

9. Establishment of mid-term management plan

The UACJ Group plans to release a three-year mid-term management plan covering fiscal years 2015-2017 in the third quarter of fiscal 2014. It will be based on the policies and measures of the UACJ vision for the future.

Note: Fiscal years are from April 1 to March 31 of the following year (i.e. fiscal 2014 is from April 1, 2014 to March 31, 2015).

Attachment

Ref: Targeted effects of consolidation

| Major topics | Effect (per year) |
|---|--------------------------|
| 1. Creation of optimal production system <ul style="list-style-type: none"> <li data-bbox="223 395 1033 428">(1) Optimal production distribution in aluminum sheet metal business <ul style="list-style-type: none"> <li data-bbox="239 440 1113 473">1. Reduce manufacturing costs through relegation of product categories <li data-bbox="239 485 1176 563">2. Reduce costs through relegation of products for overseas to UATH Rayong works <li data-bbox="239 574 922 608">3. Reduce costs through optimization of distribution, etc. <li data-bbox="223 619 1097 653">(2) Creation of optimal production system for extrusion and foil businesses <ul style="list-style-type: none"> <li data-bbox="239 676 1113 709">1. Reduce manufacturing costs through relegation of product categories <li data-bbox="239 720 922 754">2. Reduce costs through optimization of distribution, etc. | ¥8.5 billion |
| 2. Reduction in costs and development of new products by consolidating production technologies and R&D <ul style="list-style-type: none"> <li data-bbox="239 878 1160 1102">1. Improve productivity through increased capacity for on-site improvements <ul style="list-style-type: none"> <li data-bbox="239 934 1065 968">2. Greater efficiency through improvements to production processes <li data-bbox="239 979 1160 1012">3. Greater efficiency through optimization of production management system <li data-bbox="239 1024 1113 1102">4. Achieve results for new product R&D (release developed products in market) | ¥3 billion |
| 3. Reduction in procurement costs and expenditures <ul style="list-style-type: none"> <li data-bbox="239 1170 906 1394">1. Greater efficiency for transportation of raw materials <ul style="list-style-type: none"> <li data-bbox="239 1226 922 1260">2. Concentrated procurement of fuel, raw materials, etc. <li data-bbox="239 1271 636 1304">3. Greater operational efficiency <li data-bbox="239 1316 970 1349">4. Reduce management costs, such as office/plant expenses <li data-bbox="239 1361 1081 1394">5. Reduce costs and lower R&D expenses through system integration | ¥3 billion |
| 4. Other effects <ul style="list-style-type: none"> <li data-bbox="208 1450 1049 1635">1. Rationalization and greater efficiency through increased coordination in-Group <ul style="list-style-type: none"> <li data-bbox="239 1551 1033 1635">2. Derivative effects for businesses (casting, forging, copper tubing, precision-machined components, etc.) | ¥500 million |
| Total | More than ¥15 billion |