

FY2013 Medium-Term Plan

April 8, 2010

 ***Furukawa-Sky Aluminum Corp.***

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Review of FY2010 Medium-Term Plan

Basic Policy

■ Concentrate sheet production at 3 plants ■ Newly establish/strengthen 3 overseas plants ■ Strategic development of growth products

Business Environment

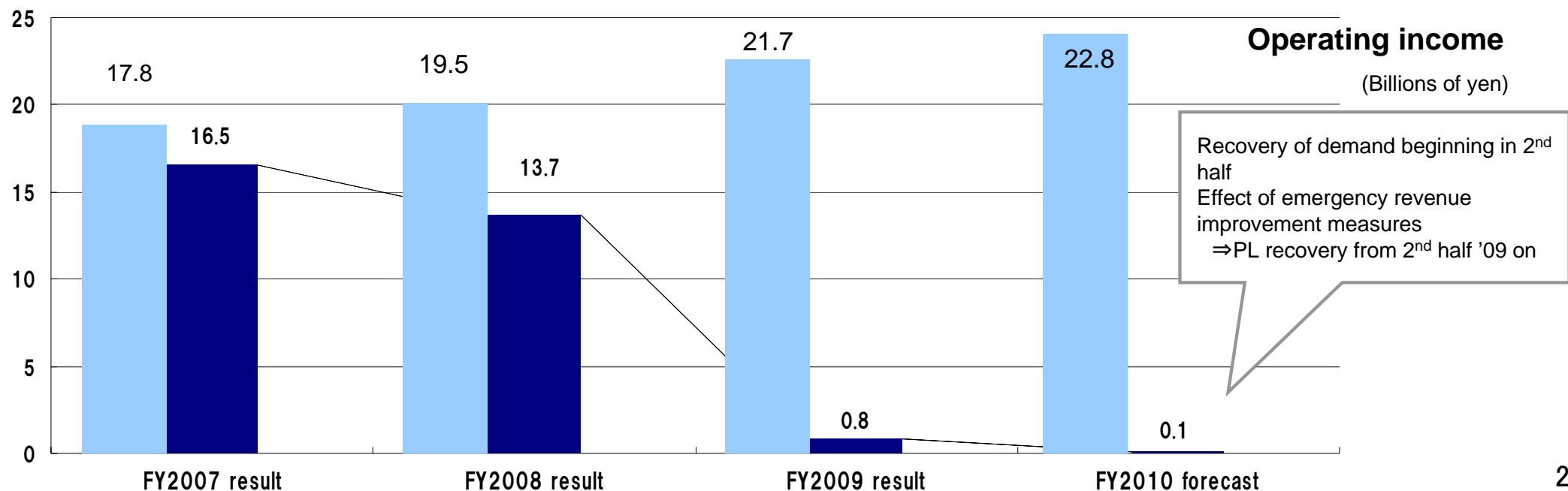
■ Jump in materials/fuel price ■ Tax structure revision

■ Lehman's fall ⇒ Strong effect on revenue

- Broad drop in demand
- Drop in raw materials price

Status of Major Policies

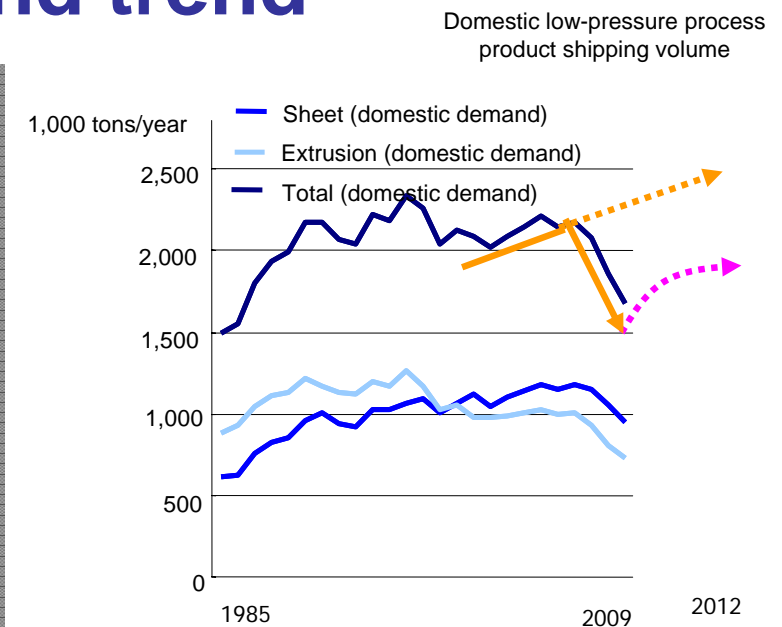
■ Investment related to sheet production concentration (motor replacement, etc.) ■ Sheet Production Structural Reform
 ■ Increase indirect extrusion equipment at Oyama ■ Increase casting equipment at Fukui
 ■ Make Nippon Foil Mfg. a full subsidiary through a takeover bid ■ Concentrate R&D at Fukaya
 ■ Establish subsidiary for support of self-reliance of the physically-challenged
 ■ Establish extrusion subsidiary at Tianjin ■ Capital participation in Bridgnorth (England)
 ■ Investment in Ruyuan Dongyang (China) ■ Establish automotive heat exchanger materials sales subsidiary in Greece
 ■ Tie-in with Choil (Korea) ■ Establish coil center in Thailand ■ Establish casting product subsidiary in Vietnam
 ■ Investment in Chinese magnesium ingot manufacturer ■ Strengthen extrusion facilities in Indonesia and Tianjin



Business Environment View: Demand trend

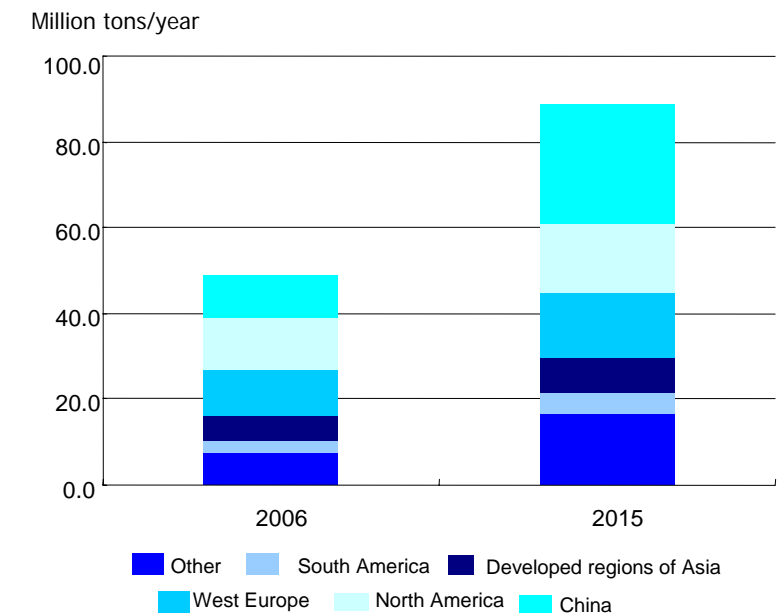
Domestic Demand

- The global recession caused a rapid decline in demand since 2008, and despite the recovery since the second half of 2009, the direction of demand is unclear.
- Demand in mid-2012 is expected to reach 80-90% of its 2008 peak, with no change or a slight decrease forecast for the long-term.
- Reform of the domestic industrial structure (paradigm shift) after the sudden decline is noted as being underway.

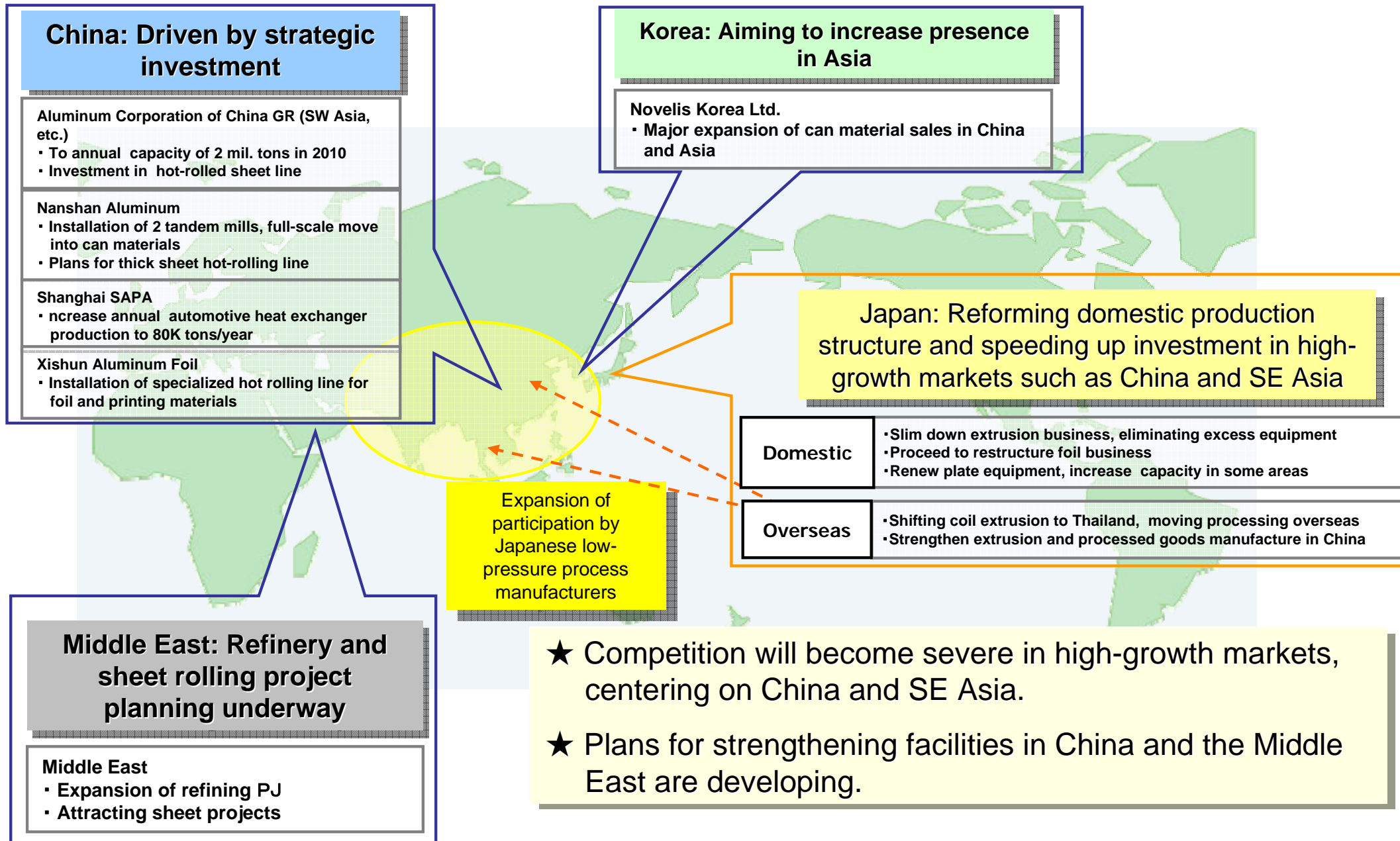


Overseas Demand

- Demand declined temporarily after the fall of Lehmann, but recovery was rapid. Recovery is forecast for the mid- to long-term, with growth in China and Asia in particular.
- Can materials, printing plates, heat exchanger materials, etc. for which demand in Japan has plateaued are growth items in China and other developing nations.
- Japanese clients are strengthening existing overseas production and developing new production bases.
- Opportunity for major growth in the global market



Business Environment View: Competition



Medium- to Long-Term Business Vision

Conditions of Survival

- ◆ Respond to domestic demand reaching maturity ... Promote structural reform
- ◆ Defense against the threat of China ... Domestic alliances
- ◆ Differentiation technologies, product maintenance

Conditions Conducive to Growth

- ◆ Preserve demand in newly developing markets ... Global cost competition
- ◆ Surefire business approach toward substitute products ... Ability to innovate
- ◆ Strengthen financial condition to enable active investing

We are expanding and strengthening our operational foundation and scale of business, so as to become an attractive company that ranks No. 1 in Asia.

No.1 in profitability

No.1 in financial position

No.1 in technological prowess

No.1 in human resources

Positioning FY2013 Medium-Term Plan

From Fiscal 2014 onward

An attractive company that ranks No. 1 in Asia

Profitability

Financial position

Technological prowess

Human resources

Fiscal 2011 - 2013

First step toward renewed growth and a stronger business foundation for operational expansion

- ◆ Domestic ... Promote structural reform in existing businesses and develop a stronger business foundation
- ◆ Overseas ... Effectively respond to overseas growth markets
- ◆ New products ... Develop business for high-growth products and next-generation products

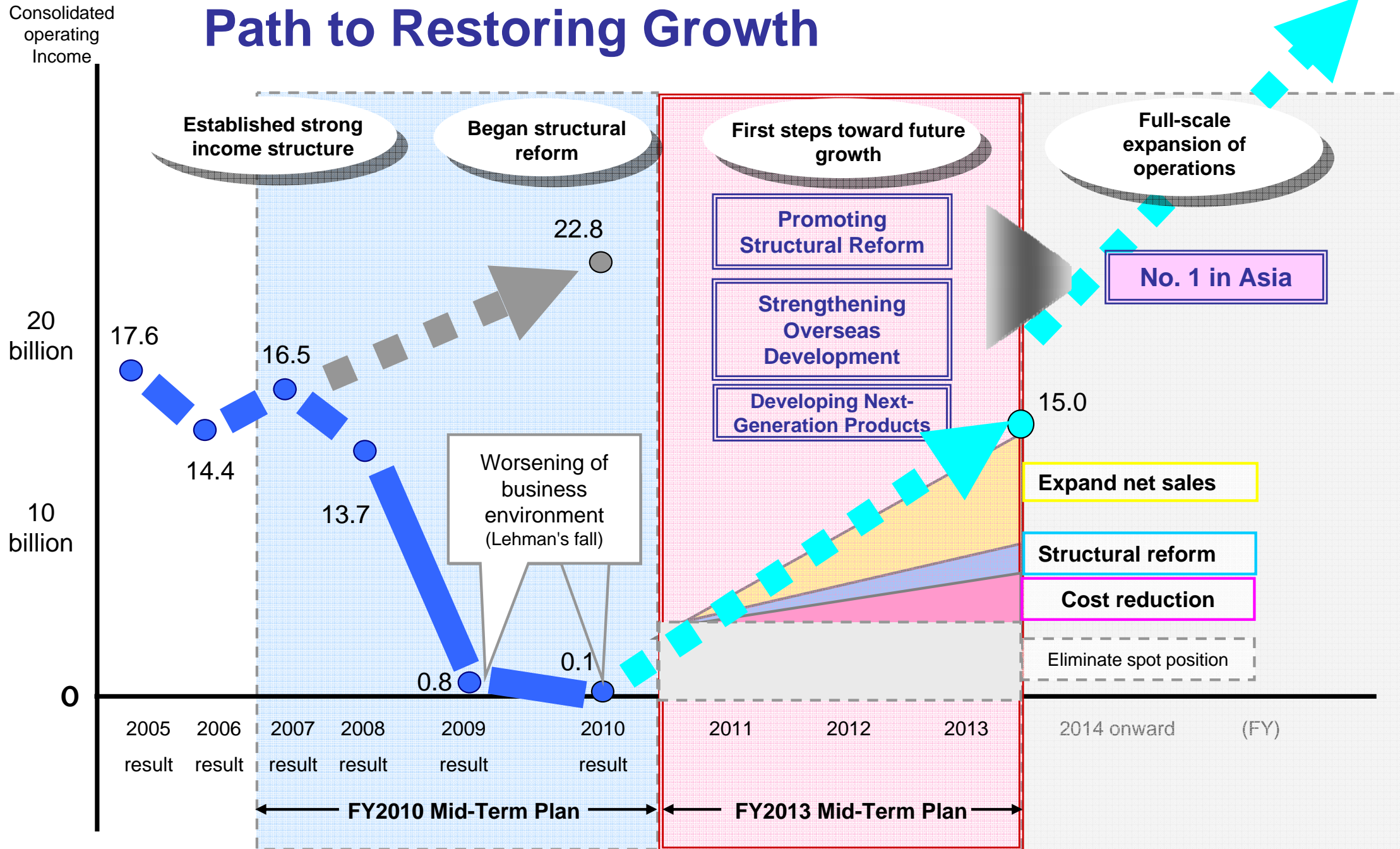
Fiscal 2007 - 2010

A company that considers all stakeholders

- ◆ Concentrate sheet production at 3 plants
- ◆ Newly establish/strengthen 3 overseas plants
- ◆ Strategic development of growth products Segmenting of markets and narrowing-down of growth products

- ◆ Broad deterioration of the business environment
- ◆ Breakdown of continuous growth scenario

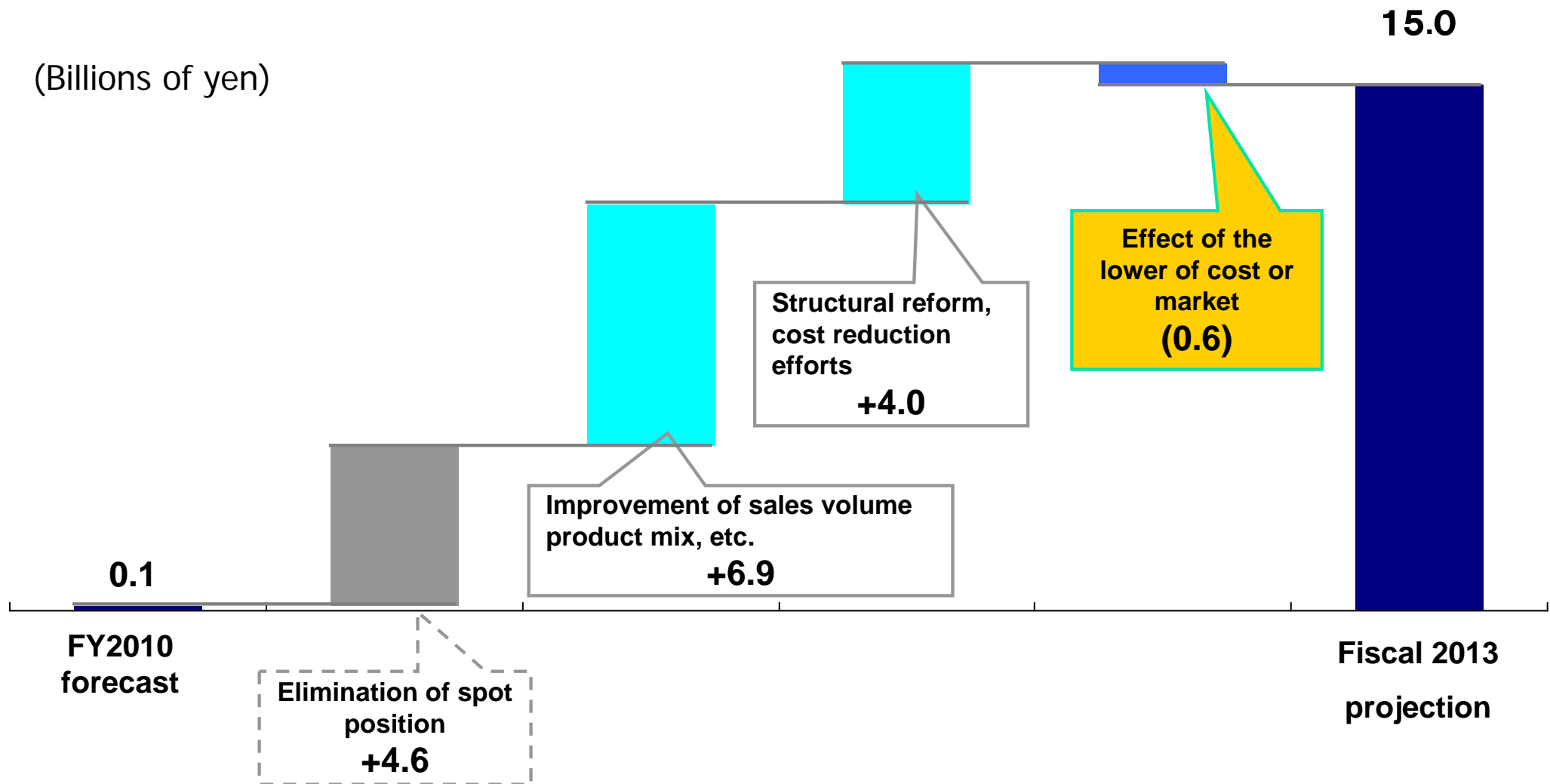
Path to Restoring Growth



Numerical Targets (Consolidated Basis)

(K tons / Billions of yen)	Fiscal 2010 Forecast	Fiscal 2013 Projection	Increase/Decrease (FY2013 compared to 2010)
Sales volume (unit)	386	447	+61
Net sales	183.0	220.0	+37.0
Operating income	0.1	15.0	+14.9
Net income (loss)	(4.0)	9.0	+13.0
Operating margin (%)	0.1%	6.8%	+6.7
Interest bearing debt	73.0	57.0	(16.0)
Owners' equity ratio (%)	27%	35%	+8
Debt/equity ratio	1.3	0.8	(0.5)

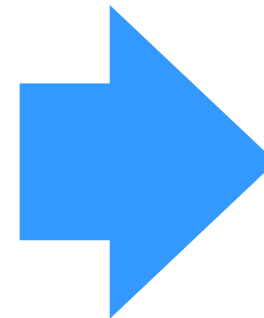
Factors behind consolidated operating income fluctuation



Consolidated Cash Flows

(Billions of yen)

	Cumulative forecast for the past 3 years (FY2008 – 2010)
Operating cash flow	48.0
Investment cash flow	(39.0)
Free cash flow	9.0



3-year plan cumulative totals (FY2011 – 2013)
55.0
(32.0)
23.0

Income expansion, careful facility investment, increased free cash flow

Change in amount of interest-bearing liabilities	(6.0)
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(16.0)

**Strengthen
financial condition**

FY2013 Medium-Term Plan: Basic Policy

From Fiscal 2014 onward

**An attractive company that ranks
No. 1 in Asia**

Profitability

Financial position

Technological prowess

Human resources

Fiscal 2011 - 2013

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Fiscal 2007 - 2010

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Domestic Business Strategy

Drivers of structural reform

(Sheet, foil)

- Structural reform benefit: suspend upstream processes at Nikko Works (casting-cold rolling)
- Benefit of structural reform in the color aluminum business (transfer production to Fukaya Works, reduce scale of production of Furukawa Color Aluminum)
- Benefit of making Nippon Foil Mfg. Co., Ltd. a wholly-owned subsidiary

(Extrusion)

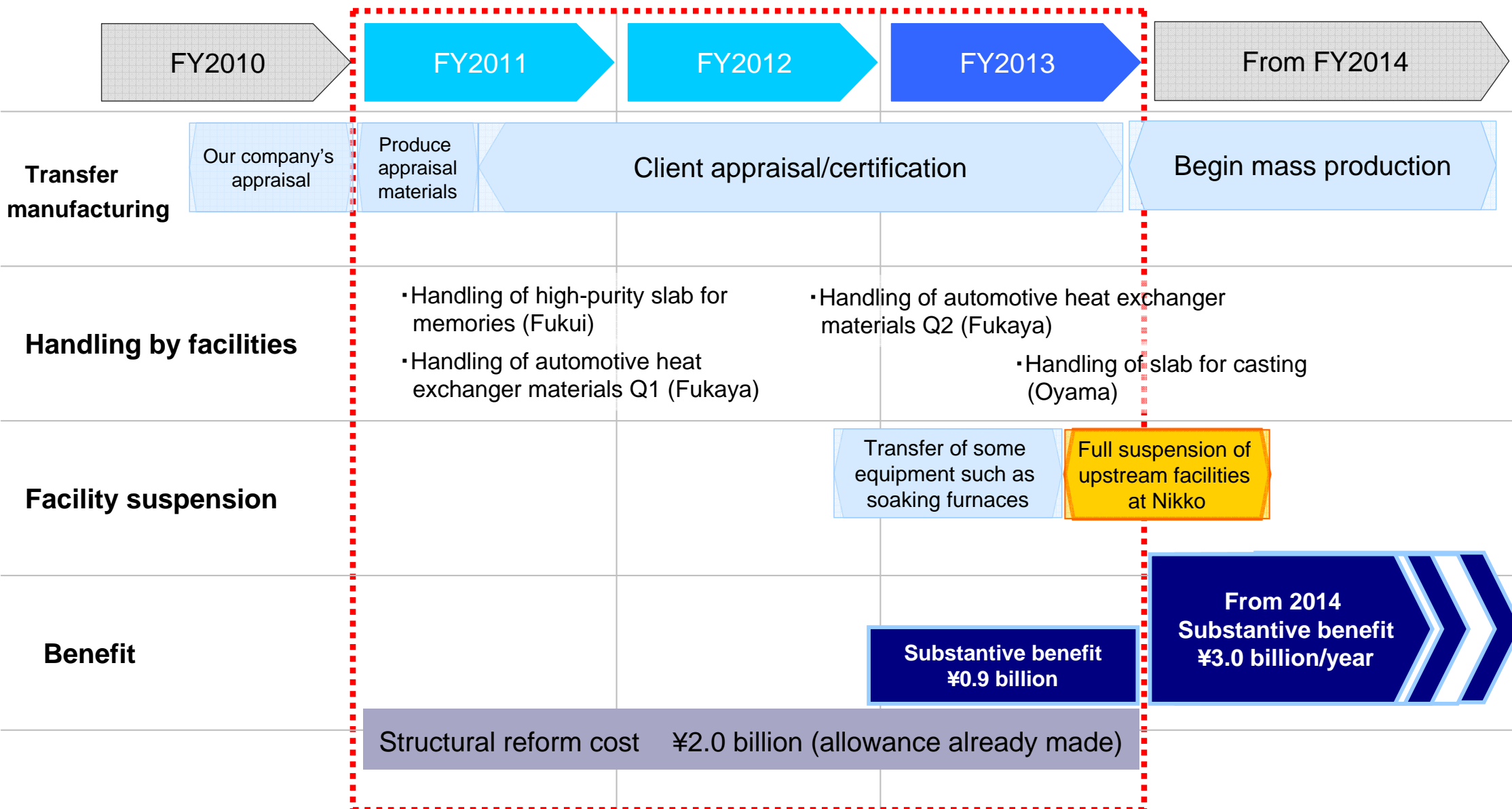
- Find the optimal manufacturing structure, revise product segments
- Look into measures for gaining strong increases in profitability, such as alliance formation

Strengthening the business foundation

- In conjunction with suspending upstream processes at the Nikko Works, achieve optimal manufacturing concentration at the Fukui and Fukaya Works
- Prioritize workforce streamlining and rationalization investment, strengthen the financial condition by careful selection of facilities investment proposals
- Strengthen the cost and quality competitiveness of the domestic manufacturing network

Sheet Business: Structural Reform

Suspend upstream processes at Nikko Works (casting-cold rolling)



Global Business Strategy

Sheet Production

- Strengthen production by existing overseas affiliates, such as of automotive heat exchangers and printing plates
 - Strengthen and increase production by Ruyuan (China) and Bridgnorth (Europe), expand the variety of items manufactured, and proceed with slitter business in Thailand
- Improve cost-competitiveness in the global can materials market (Asia and China).

Extrusion

- Expand production volume and type of automotive heat exchanger materials at existing manufacturing sites
 - FIA (Indonesia) – Increase and strengthen facilities so as to increase the variety of products manufactured
 - FSAT (Tianjin) - Improve sales to local manufacturers, sales to high- and middle-end markets
- Strengthen handling of global niche markets, such as for electrical components

Casting/forging

- Establish ourselves as the world's No. 1 in compressor foil
 - Strengthen the manufacturing network focusing on FSV (Vietnam), strengthen measures for dealing with competitors

Operating Structure

- Establish local sales structures, with sales bases in China and Europe.

Bases Serving the Global Market

Bridgnorth (UK)

- Printing plates manufacturing

Choil (Korea)

- Automotive heat exchanger materials (sheet) business tie-in

Fukui Works

- Global provision of can materials

Fukaya Works

- Global provision of thick sheets

Sales bases (new)

Ruyuan-

Dongyangguang
(Guangdong, China)

- Automotive heat exchanger materials (sheet)
- Printing plates
- Condenser foil

AFSEL (Greece)

- Sale of automotive heat exchanger materials (sheet)
- Technology provision to Hellenic Aluminium Industry SA

FSAT (Tianjin, China)

- Manufacture and sale of Automotive heat exchanger materials (extrusion)

FSTH (Thailand)

- Automotive heat exchanger materials (sheet) slitter business

FSV (Vietnam)

- Manufacturing of compressor wheel

FIA (Indonesia)

- Manufacture and sale of automotive heat exchanger materials (extrusion)

- Sheet
- Extrusion
- Casting and forging
- Sales bases

Strategic emphasis on products with global potential

【Can materials】

- Fukui is the strongest manufacturing facility in Asia, and seeks to be No. 1 in terms of cost in the global can materials market
- We are looking into means to optimize the supply structure, including alliances with overseas manufacturers
 - We seek to become the main supplier of can materials in Asia



【Thick sheets】

- Use the special attributes of the Fukaya Works to further improve quality and shorten delivery times
- Develop products closely attuned to the needs of the markets in Asia and China



【Printing plates】

- Strengthen technical cooperation with Bridgnorth, strengthen response to European and US markets
- Use Ruyuan to respond to middle- to low-end markets in China



Strategic emphasis on products with global potential

Automotive heat exchanger materials

- Sheet: Strengthen technical cooperation with Ruyuan and Yangzhiguang, and expand sales in China; strengthen AFSEL, shore up efforts to expand sales in Europe
- Extrusion: Strengthen existing bases (FIA and FSAT), look into moving into new growth markets



Automotive

- Sheet: Strengthen parts and panel materials in response to growth in HV and EV
- Foil: Look into overseas production of foil for use in car batteries



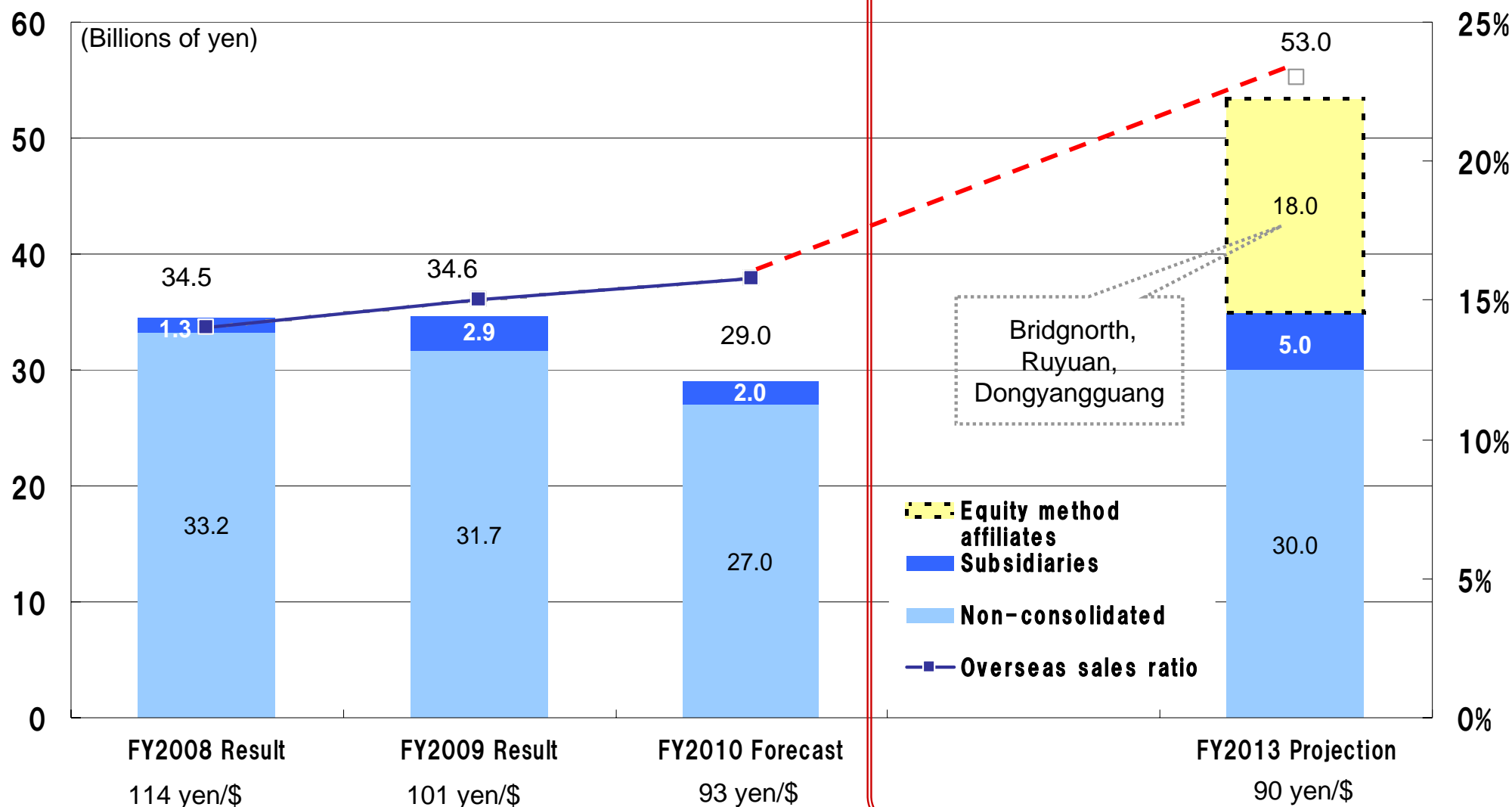
Compressor wheel

- Maximize production at existing base (FSV), look into alliances
 - Aim to gain No. 1 global share exceeding 50%

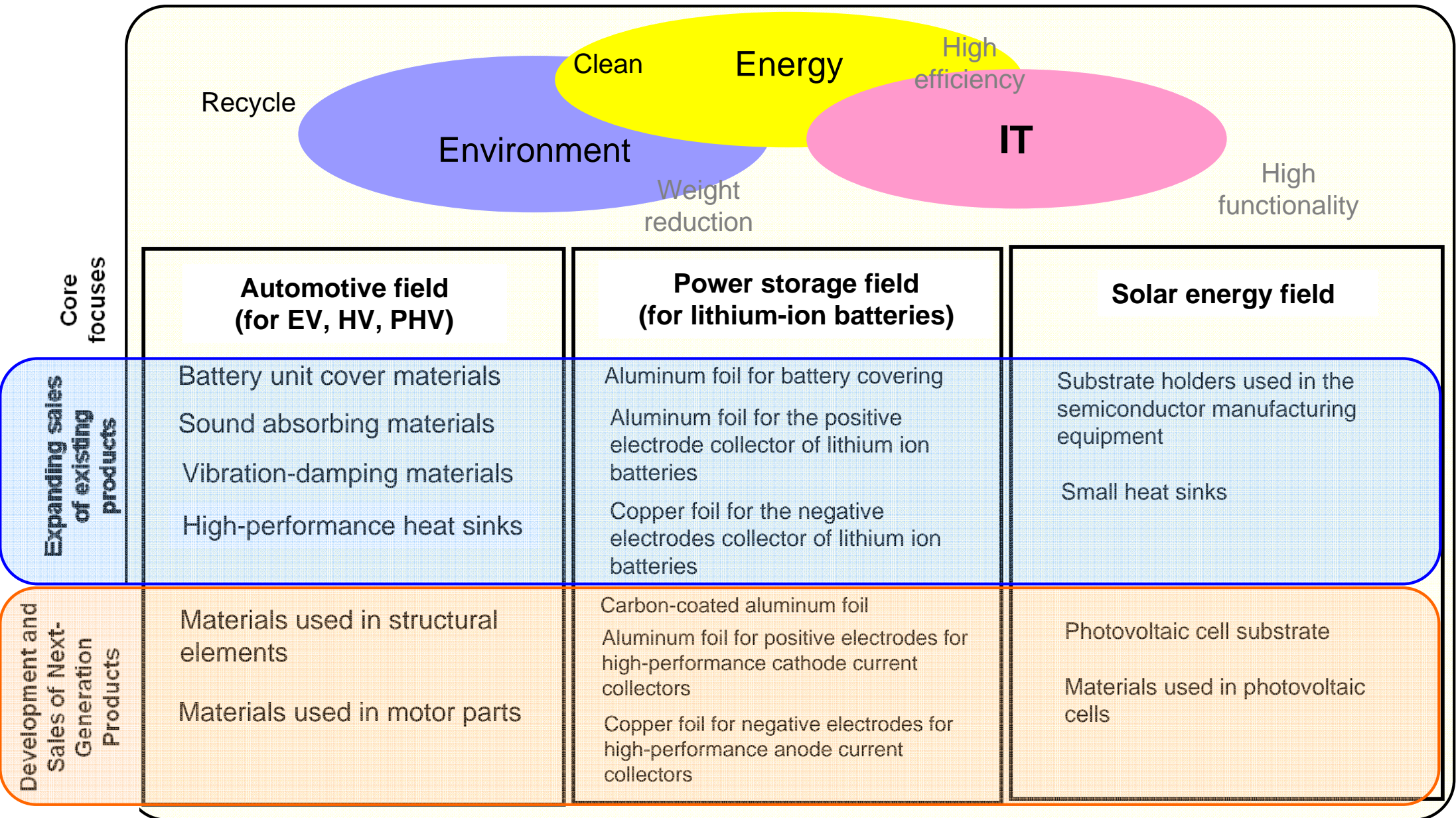


Overseas Sales Ratio

Net overseas sales 2013 target
¥53 billion (using equity method)



New Product Development Strategy



Facility Investment / Investment and Lending Plan

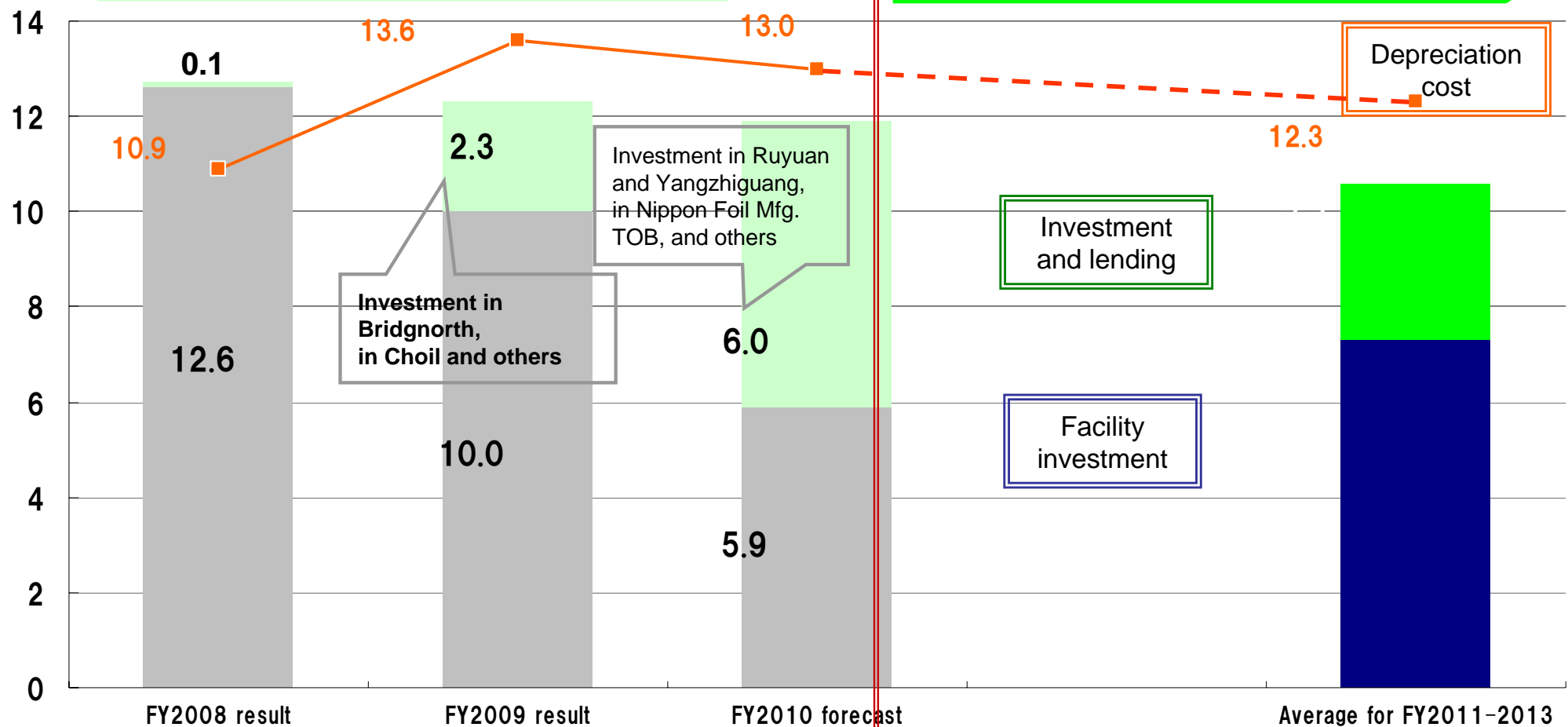
FY2008 – 2010 3-year average ¥9.5 billion

FY2008 – 2010 3-year average ¥2.8 billion

FY2011 – 2013 3-year average ¥7.3 billion

FY2011 – 2013 3-year average ¥3.3 billion

(Billions of yen)



Our Ideal Future

**Becoming an attractive company
that ranks No. 1 in Asia**

- Strengthen and expand overseas manufacturing companies
- Look into developing new overseas bases
- Nurture the next-generation growth product business
- Strengthen process innovation for significant gains in competitiveness and technical ability
- Alliances

FY2013 Medium-Term Plan

Promoting Structural Reform

Strengthening Overseas
Development

Drivers of next-generation
product development

Transfer to new business
stages

Path to restoring
growth

No.1 in
human
resources

No.1 in
technological
prowess

No.1 in Asia

No.1 in
financial
position

No.1 in
profitability

The background is a solid blue color with a subtle, abstract pattern of white, curved lines that resemble a globe or a network. In the lower center, there is a white rectangular box with rounded corners containing the company logo and name.

 ***Furukawa-Sky Aluminum Corp.***

■ Forward-looking statements

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