

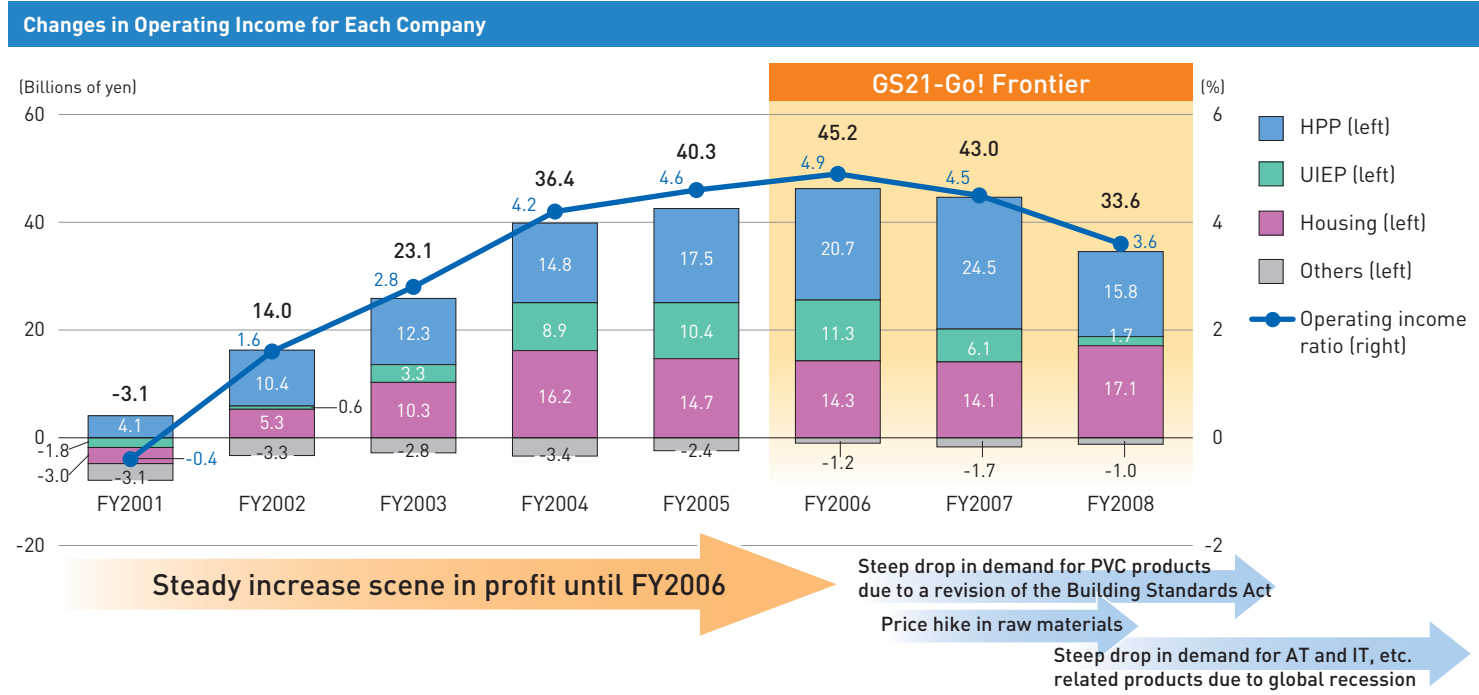
MID-TERM MANEAGEMENT PLAN, “GS21-SHINKA!”

Sekisui Chemical Group has set a new Group Vision whereby it will continue to develop the frontiers of “Creation of Housing/Social infrastructure” and “Chemical Solutions,” utilizing its prominent technology and quality, thereby contributing to people’s lives around the world and global environment. To achieve this Vision, we have launched our mid-term management plan, “GS21-SHINKA!” in 2009, which will continue over a 5 year period. This mid-term plan is divided into two phases. The first phase is that, in the first two years we plan to overcome the current recession and shore up our earning power. For the second phase of the remaining three years, we will achieve an increased profitability by anticipating a full market recovery. We aim to raise our operating income for the fiscal years 2010 and 2013, which both have been designated as the final years, to ¥40.0 billion and ¥80.0 billion respectively.



ACHEIVEMENTS AND ISSUES FOR “GS21-GO! Frontier” (FY2006-FY2008)

- Steady progress in “Frontier of growth”
- Enhanced profitability through business structural change and manufacturing development innovation
- Sluggish sales in one part of business due to the abrupt downturn in the external factors

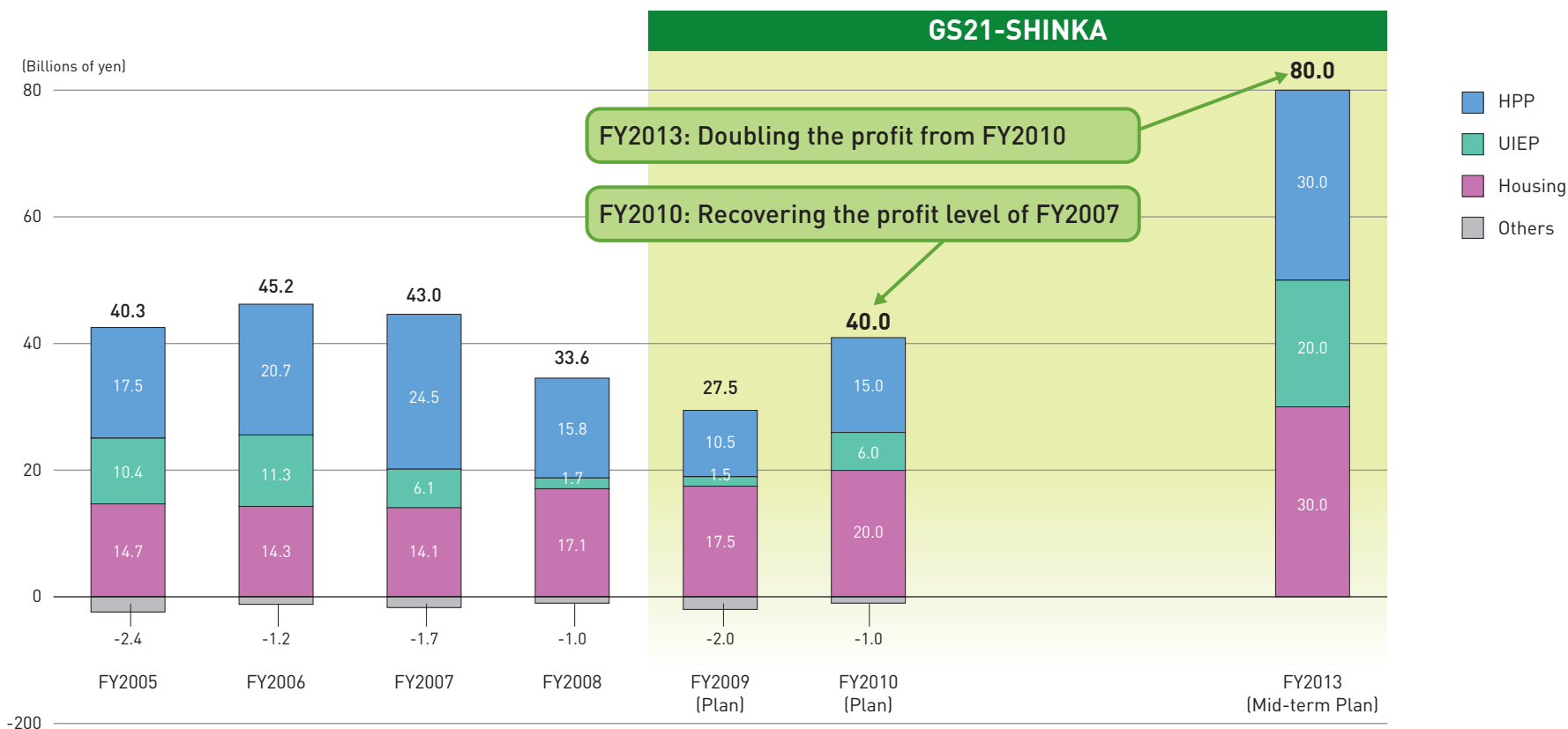


Company	High Performance Plastics Company	Urban Infrastructure Environmental Products Company	Housing Company
Achievement	<ul style="list-style-type: none"> Achieved success in business expansion of the 3 strategic area (AT, IT, MD) 	<ul style="list-style-type: none"> Expansion of 3 key overseas business area reaching 10 billion yen in sales 	<ul style="list-style-type: none"> Achieved success in differentiation by appealing to high-performance products Increased profitability through implementing substantial changes
Issue	<ul style="list-style-type: none"> Quantity in AT and IT suffers due to weak demand 	<ul style="list-style-type: none"> Deteriorating profitability of the general PVC products due to steep drop in demand 	<ul style="list-style-type: none"> Slow down in housing order due to sluggish demand

Urgent business remodeling needed that is not easily affected by external factors

GOALS FOR “GS21-SHINKA!”

Changes in Operating Income for Each Company



FY2009-2010: Overcoming recession, preparing the next growth

FY2011-2013: Setting goals, concentrating business resources for the cultivation of “Frontier of Growth”

“GS21-SHIKA”—BUSINESS DOMAIN AND PORTFOLIO

In “GS21-SHINKA”, we have categorized the businesses of three companies according to their levels of maturity. Subsequently, we have redefined the 3 portfolios into the following: business which serves to be the base of our current earnings as the “Core business”; business with a potential for earnings in the near future as, “Growth frontier business”; and the “Next generation business” which is deemed as necessary for growth in the mid-to-long-term perspective.

Specifically for the “Core business”, we aim for an increase in earnings and a steady rise in profitability by thoroughly implementing efficiency measures. For the “Frontier 7 business”, we need to secure the top position in the global stage in order for it to become the pillar of profitability. Lastly, for the “Next generation business”, we need to carefully evaluate business strategies and possibilities that are aimed for future earnings, in the midst of initiatives taken for growth.

Portfolio	Business Domain		
	Creating of housing and social infrastructure	Chemical solution	
Next generation business → “Pioneering the next Frontier business”	Provision of solution for building infrastructure to emerging countries <ul style="list-style-type: none"> Overseas development of highly industrialized housing Creation of social infrastructure by water recycling system Construction of “Self-supported utility town” 	Provision of solution by “Frontier Focused” chemicals <ul style="list-style-type: none"> Focus on environment, New Energy and IT related field Anticipating and concentrating on consumer needs Provision and development of specialty chemicals by utilizing technology of prominence 	Creation of Life Science business with prominence in the world <ul style="list-style-type: none"> Further expansion of Medical related business Expansion of testing area (noninvasive test, production of small equipment, biomarker) Move into medical service field (biotechnology-based business –i.e. drug discovery support business–, mental healthcare business, etc.)
(R&D) Dynamically create next generation large-scale business			
Frontier 7 business → “Promotion of frontier pioneering by triaxial point (Refer to Page 16)”	Living Environment business <ul style="list-style-type: none"> Automation of inspection system Strengthen environment, comfort, and reassurance Innovative engineering, Energy efficiency engineering, Short-term construction schedule 	Pipeline Renewal business <ul style="list-style-type: none"> Advancement of SPR methods Water infrastructure business (overseas) <ul style="list-style-type: none"> High functionality Functional materials business <ul style="list-style-type: none"> High functionality 	AT related business <ul style="list-style-type: none"> Aim for eco-friendly, safe, and comfortable vehicle IT related business <ul style="list-style-type: none"> Semiconductor and energy related products MD related business <ul style="list-style-type: none"> Creation of No.1 share products
(R&D) Accelerate growth by concentrating R&D resources into the Frontier 7 business			
Core business → An increase in earnings and a steady rise in profitability by thoroughly implementing efficiency measures	Housing business	Water infrastructure business in Japan Construction material business	Tape business Form business Film business
(R&D) Manufacturing Development SHINKA			
	Housing	UIEP	HPP

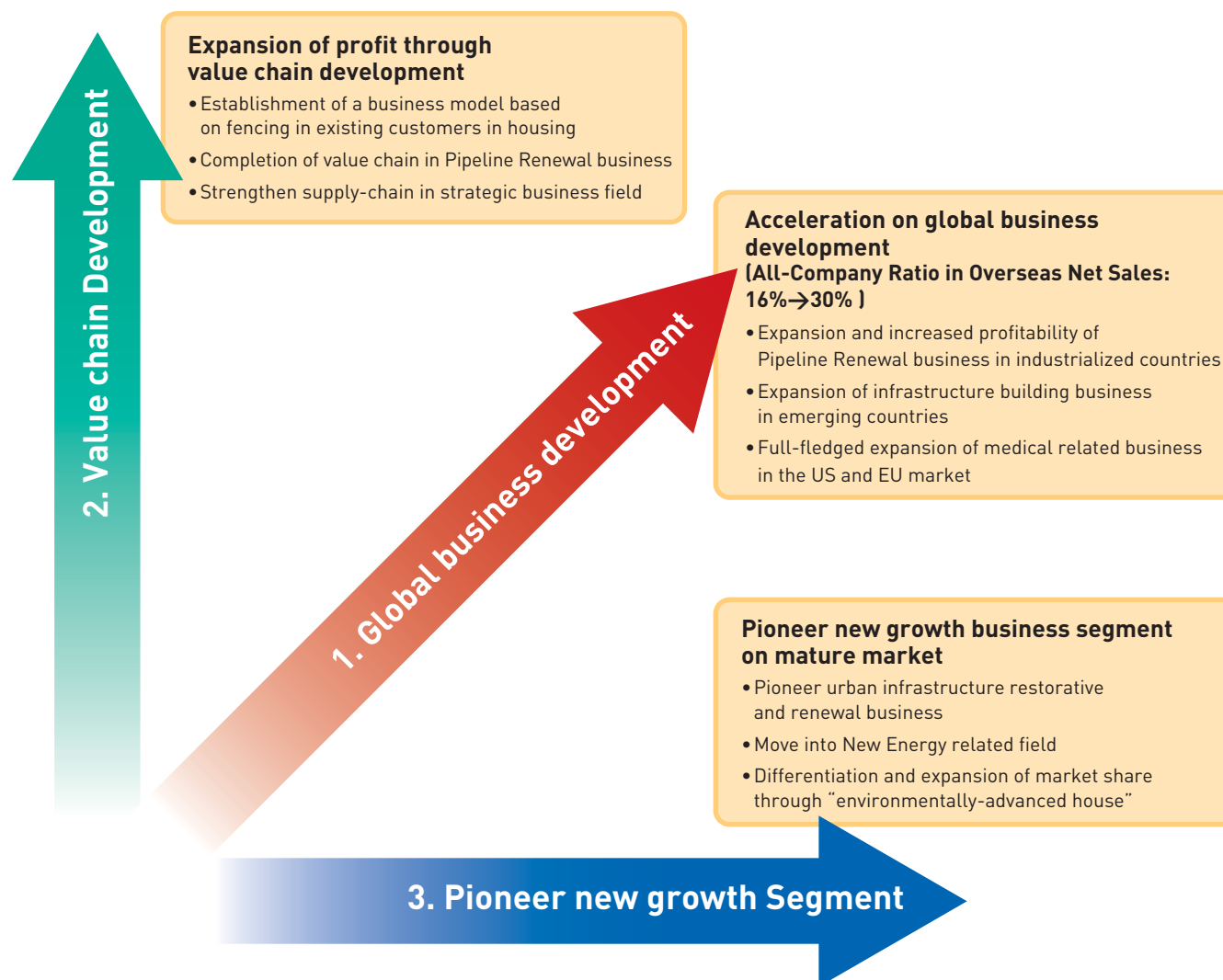
“GS21-SHINKA!”—PROMOTION OF FRONTIER PIONEERING BY TRIAXIAL POINT

Sekisui Chemical has made efforts to expand the “Growth Frontier”, which is the pillar of profitability. Steady gains have been made even in from the previous mid-term plan. Furthermore, we plan to move forward with innovations in the market by the following triaxials, and will continue to pioneer new frontiers.

The first is the provision of “Global business development.” This is to provide business which has established its technological and marketing superiority within in the domestic market to the target country’s market in its optimal form. We aim for a ratio in overseas net sales of 30% for all-company.

Next, for business which already possesses core products and services, we are implementing the “Value chain development” that increases its earnings through the strengthening of life-cycle, value chain and supply chain.

Lastly, we are moving ahead with our “Pioneer new growth segment”, a segment capable of offering an increased valued-added business through the provision of products and services with differentiated technology within a mature market, in the urban infrastructure business as well as in the environmentally-advanced house business.



“GS21-SHINKA!”—FINANCIAL STRATEGY

Regarding the on-going strategic investments for “Frontier 7 business” as part of the “Growth frontier” from the previous mid-term plan, we will continue with a focused investment for this current mid-term plan as well. Consequently, ¥120.0 billion has been allocated as the strategic investment to strengthen “Frontier 7 business” within the projected investment amount of ¥220.0 billion for this period.

