

Start of MGC's new medium-term management plan *MGC Will 2011*

MGC has adopted its new three-year medium-term management plan, named *MGC Will 2011*, for the period April 1, 2009 through March 31, 2012.

In formulating this plan, consideration was first given to determining what kind of company MGC should aim to become by 2021. Given the increasingly uncertain economic outlook, it was decided that in order to follow a path of further sustainable growth it was necessary to formulate and implement a plan from a long-term perspective. The year 2021 was selected as a milestone date that will mark MGC's 50th anniversary, with the goals of achieving net sales of more than one trillion yen and becoming one of the Global Top 30 chemical companies.

MGC Will 2011 has been positioned as the first step in realizing these goals, and the use of the word 'will' in the title of the plan expresses the strong intention throughout the group of achieving MGC's aims.

The Group Vision and basic strategies of *MGC Will 2011* are as follows.

● **Group vision**

MGC aims to realize CSR in all its activities while developing and growing sustainably on a global stage as a highly differentiated, widely recognized chemicals group operating from a strong platform of proprietary technology.

● **Basic strategies of *MGC Will 2011***

1. Strengthen and expand core businesses
2. Accelerate new product development and commercialization
3. Improve total enterprise quality in support of sustainable growth

In continuation of the previous plan, MGC Group will continue to emphasize the allocation of resources to the development of a superior product portfolio. Under *MGC Will 2011*, however, the Group's extensive product range, which covers everything from basic chemicals through to high-performance materials, will be newly classified into one of two groups: *chemical chain* and *high performance*. By establishing differentiation strategies that reflect the different characteristics of products within these groups, and by concentrating management resources as appropriate, MGC will be working to strengthen and expand its core businesses.

MGC will also take steps to accelerate the pace of new product development and commercialization. Key issues to be addressed in this respect include making use of the technology platform developed under the previous medium-term plan, aligning the multiple technologies in the Group with the actual needs of the market place, and realizing synergies between Group companies and divisions.

At the same time, MGC will pursue sustainable growth through taking steps to improve total enterprise quality in every facet of operations. Important management issues identified in the new plan include achieving zero accidents or disasters, actively contributing to the reduction of environmental impact, recruiting and fostering personnel, reducing costs, improving productivity, fine-tuning existing technologies, constructing a more robust financial foundation, and enhancing global group management.

The main policies and quantitative targets in the plan are outlined below.

● **The MGC Group of 2021**

- Trusted by society and realizing CSR in all corporate activities
- Sales exceeding ¥1 trillion, and becoming of the Global Top 30 chemical companies
- Highly profitable and research driven, achieving *global excellence*

**2021 will be MGC's 50th anniversary*

● **MGC's new medium-term management plan *MGC Will 2011***

1. Group vision

MGC aims to realize CSR in all its activities while developing and growing sustainably on a global stage as a highly differentiated, widely recognized chemicals group operating from a strong platform of proprietary technology.

2. Basic strategies

1) Strengthen and expand core businesses

- ① Adopt differentiation strategies tailored to each business
- ② Concentrate resources in areas of growth and competitive advantage

2) Accelerate new product development and commercialization

① Focus on growth sectors:

IT electronics, the environment and energy, life sciences, food and packaging materials

- ② Closely align technologies with market needs
- ③ Strengthen the chemical chain by developing and adopting new processes
- ④ Mobilize Group R&D resources to create synergies
- ⑤ Enhance utilization of MGC's technology platform

3) Improve total enterprise quality in support of sustainable growth

- ① Achieve zero accidents and disasters, and contribute to reduced environmental impact
- ② Recruit and foster capable personnel
- ③ Reduce costs, improve productivity and fine-tune existing technologies
- ④ Construct a more robust financial foundation
- ⑤ Enhance global group management

3. Quantitative targets

Consolidated financial indices	Year ending March 2012
Net sales	¥550.0 bn
Operating income	¥40.0 bn
Ordinary income	¥50.0 bn
ROA (ordinary income/total assets)	9.0%
Debt-equity ratio	Below 0.6

Basis for calculations

Currency: ¥90 = US\$1

Oil price (WTI): 2009: \$60/bbl.; 2010: \$70/bbl; 2011: \$80/bbl

Ends