

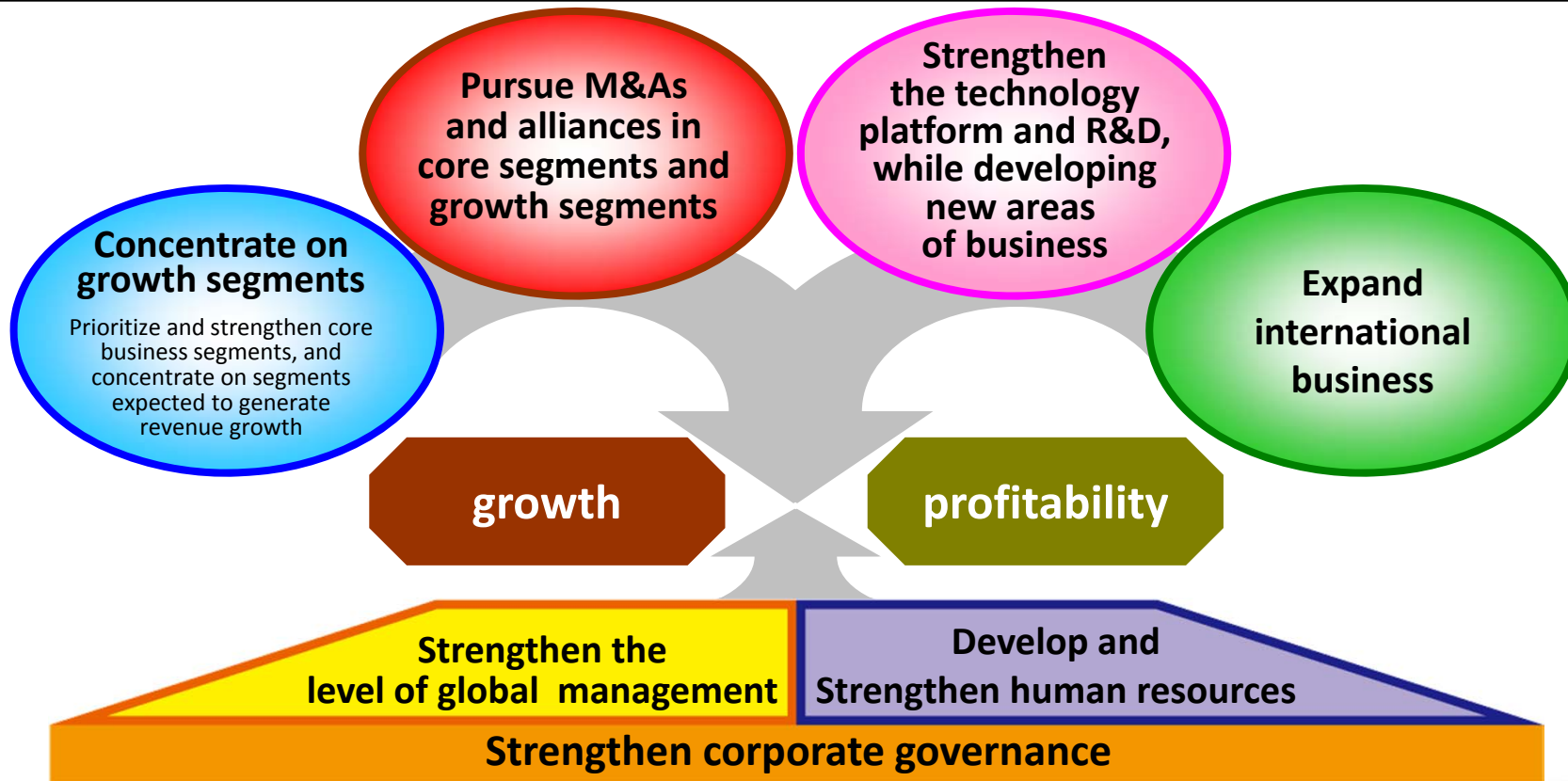
Mid-term Management Plan “STEP 3000”(FY2012-FY2014)

President Kunihiko Sakurai



Overview of FY2009–2011 Medium-Term Management Policies

We took emergency measures with the focus on cost reduction in order to cope with rapid changes in business conditions after the Lehman Shock. Under the slogan of "strengthening our basis for growth through responding to changes in the business environment," we also promoted a medium-term management policy consisting of six pillars.



Overview of FY2009–2011

Medium-Term Management Policies (Basic Policies and Goals)

■ Preparations for Future Growth

- Established a new company in the Middle East (ADEKA AI Ghurair Additives LLC)
- Made strategic capital investments in polymer additives (4.6 billion yen) and electronic materials (3 billion yen)
- Created actual demand for and expanded the sales of the strategic group of 24 highly competitive products with a sales target of 30 billion yen
- Carried out strategic reorganization (founded a headquarter for polymer additives and made marketing and research functions market-oriented)
- Reinforced the R&D system
 - Built a new research facility in Saitama City
 - Established an R&D center in South Korea
 - Established the Environment and Energy Material Laboratory

■ Improvement of Profit Structure

- Decided to withdraw investment from Kashima Chlorine & Alkali Co., Ltd. and Kashima Vinyl Chloride Monomer Co., Ltd.
- Reviewed low-volume, high-variety production and improved the efficiency of material procurement, production and distribution in order to improve profits
 - Reduced 4,300 items of chemicals to 3,500 items
 - Reduced 1,500 items of food products to 1,000 items

■ Reinforcement of Corporate Governance and Risk Management

- Appointed one External Director (in office since June 2010)
- Made early operational re-starts at four production sites affected by the Great East Japan Earthquake of March 2011
- Reviewed the BCP to factor in earthquakes and other disasters



Medium- to Long- Term Business Environment Forecast



Future Trends in the External Environment

- More vigorous international competition and cooperation
 - Asian countries will continue to rise (can achieve further economic growth).
 - The Japanese economy will continue to grow slowly for some time.
 - Free trade agreements will expand.

Automobiles

- Markets in developed countries will be sluggish, while the markets in China, India and South America will grow. (The global market will expand.)
- It will be necessary to make products cheaper, lighter and more eco-friendly (the importance of next-generation technology).

Electronics and IT Materials

- There will be intensive competition among manufacturers in Japan (technological expertise), Taiwan and South Korea (governmental policy), and China (rich in natural resources).
- The industry is highly likely to be realigned.

Food Products

- The world population is on the rise.
- The number of middle-income households in Asia will double.

Direction of Growth from the Viewpoint of the External Environment

- While the domestic market will fail to grow, new economies in Asia and other regions will act as an engine for the world economy; it will be necessary to advance into growth markets.

→ “Global operations”

- An increase in middle-income households will drive economic growth.
- It will be necessary to develop products in predominant price brackets and products meeting the needs of emerging markets. It will also be important to keep up with rapid market changes.

→ “Technology” and “Creation of Value”

- It will be necessary to make investments aimed at expanding our existing business and creating new business.

→ “Investment”

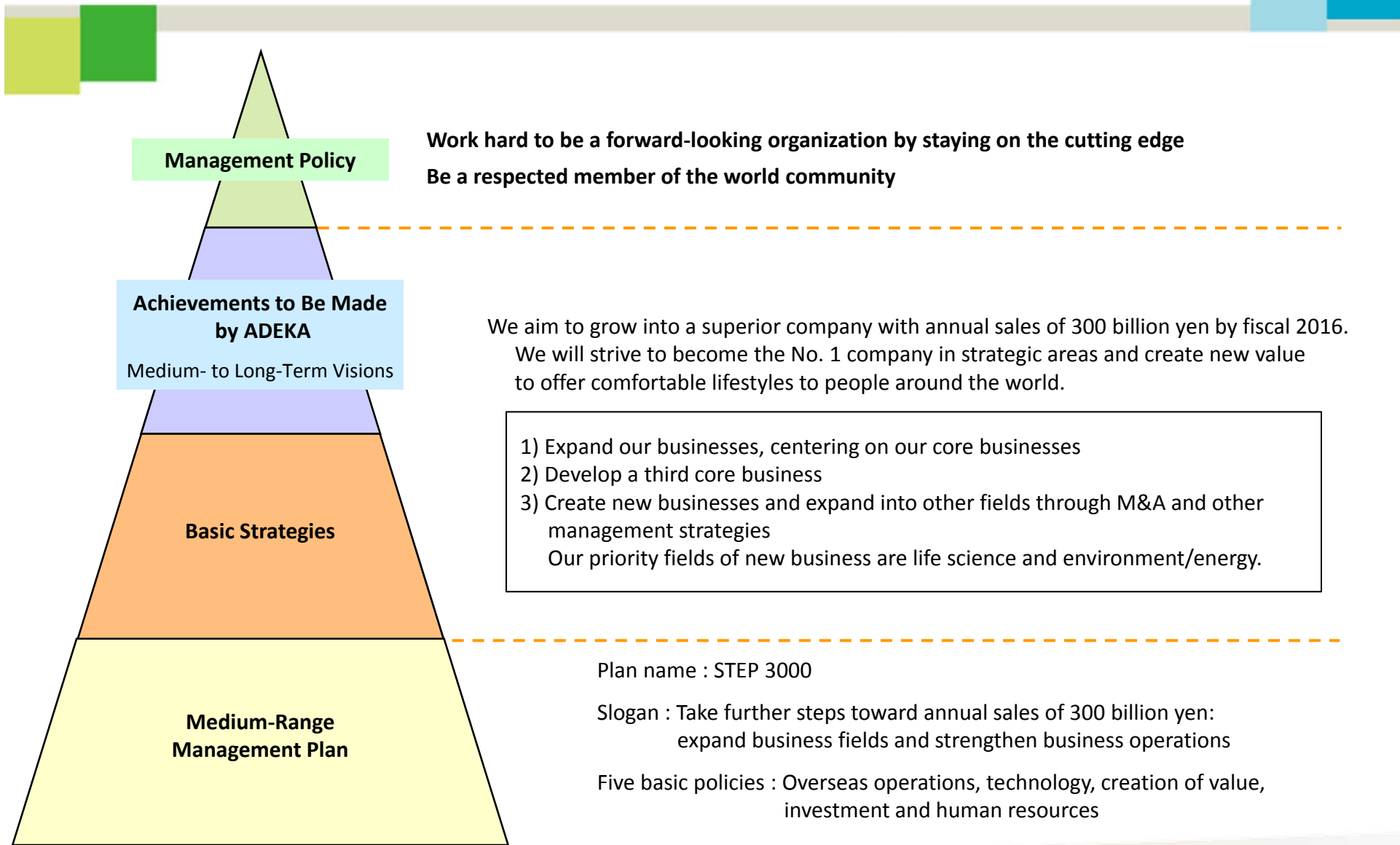


Overview of Overview of FY2012–2014 Medium-Term Management Plan

1. Medium- to long-term visions and our three basic strategies
2. Status and numeric targets of STEP 3000
3. Status of each business
4. Implementation of our five basic policies



management strategy



Management Policy

Work hard to be a forward-looking organization by staying on the cutting edge
Be a respected member of the world community

Achievements to Be Made by ADEKA Medium- to Long-Term Visions

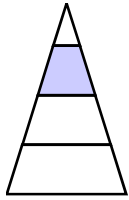
We aim to grow into a superior company with annual sales of 300 billion yen by fiscal 2016.
We will strive to become the No. 1 company in strategic areas and create new value to offer comfortable lifestyles to people around the world.

Basic Strategies

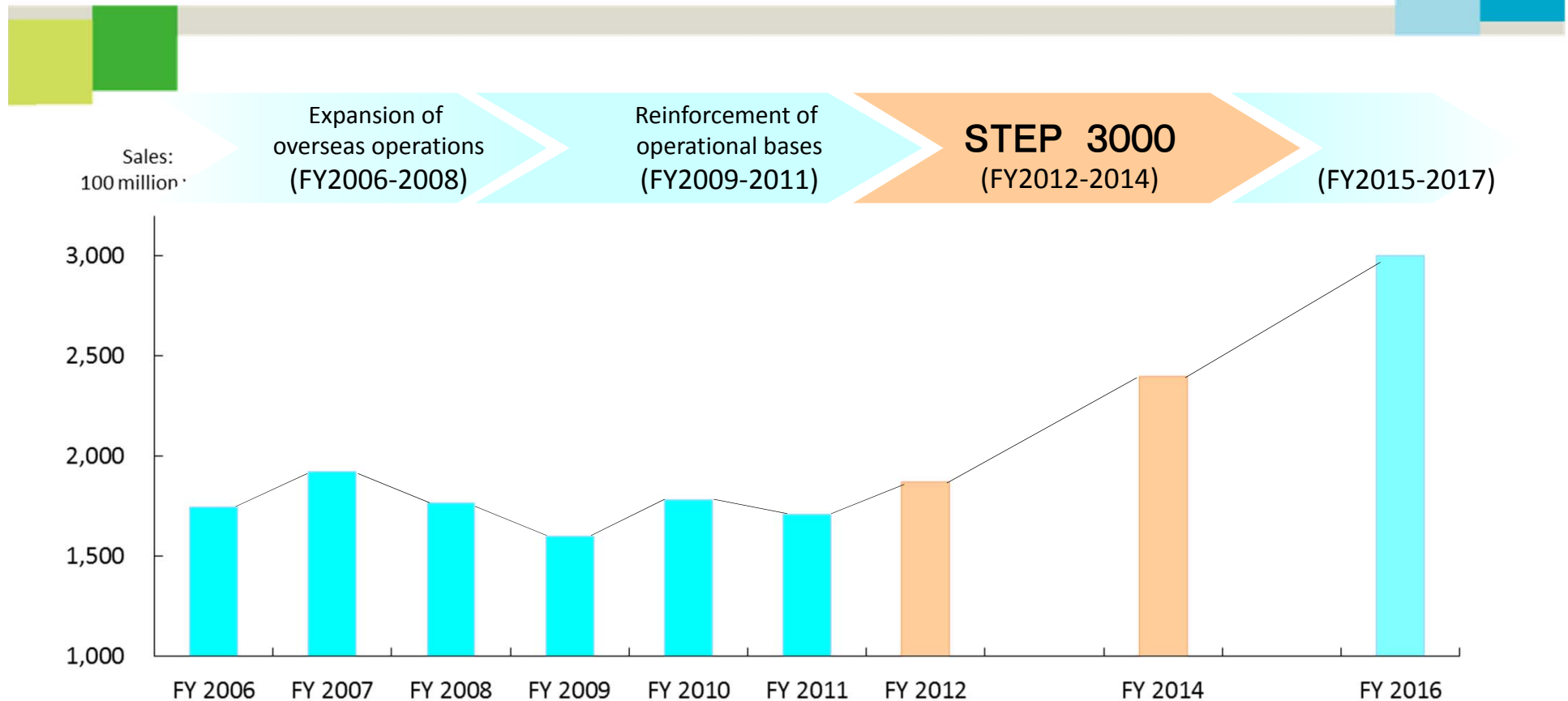
- 1) Expand our businesses, centering on our core businesses
 - 2) Develop a third core business
 - 3) Create new businesses and expand into other fields through M&A and other management strategies
- Our priority fields of new business are life science and environment/energy.

Medium-Range Management Plan

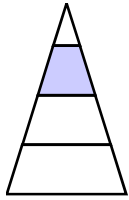
Plan name : STEP 3000
Slogan : Take further steps toward annual sales of 300 billion yen:
expand business fields and strengthen business operations
Five basic policies : Overseas operations, technology, creation of value,
investment and human resources



Mid-term Management Plan “STEP 3000” in perspective



- This term is the period for taking further steps to grow into a great company, with annual sales of 300 billion yen by fiscal 2016 (the 100th anniversary of ADEKA's foundation).
- During this term, we will promote our growth strategy of the creation of new products and the expansion of overseas business.

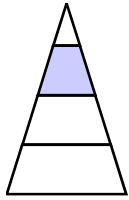


Vision up to 2016 : Medium- to Long-Term Management Vision

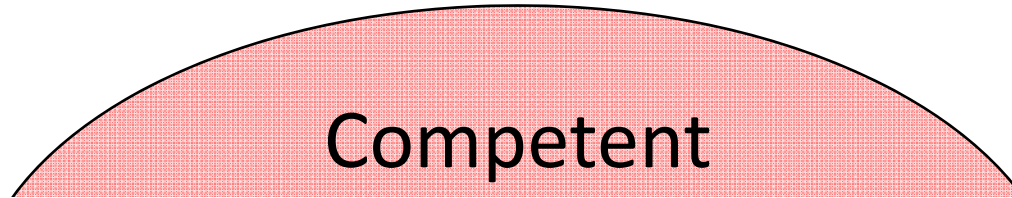


*As “a Good Company”, to reach 300 billion yen in sales by FY2016.
As “a Good Company”, to be the No.1 company in strategic field and to create value
by developing products and services for the quality of life.*



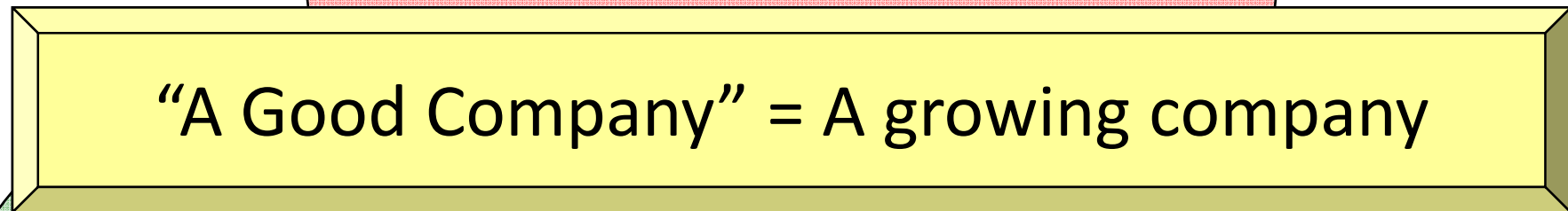


What's the "Good Company"

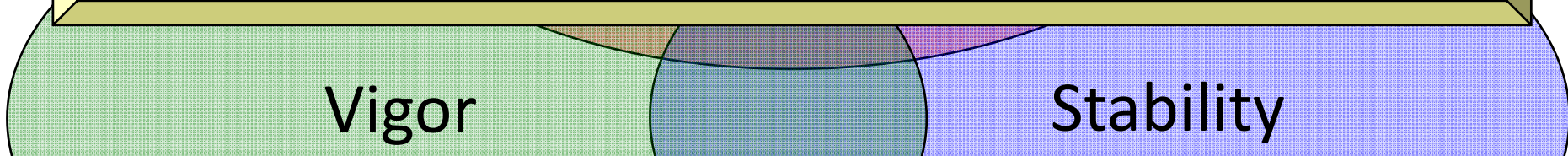


Competent

A Company that can grow with research and equipment investment



"A Good Company" = A growing company



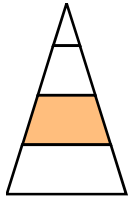
Vigor

Stability

A Company with highly-motivated employees

A Company that can continue to post stable sales and profits and keep up with external changes

- A Company that contributes to society
- A Company that satisfies its shareholders and customers
- A Company that achieves a global presence



Three Basic Strategies

■ **Expand businesses with a special focus on core businesses:**

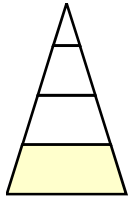
- Aim to expand annual sales of the Company's polymer additives business and foods business as core business units and to double our sales in these areas.

■ **Develop a third core business:**

- Aim to develop the Company's electronics and IT materials businesses on an expedited timeframe possible and develop these businesses into a third core business unit.

■ **Create new businesses and expand into other fields:**

- Actively pursue strategic M&A transactions and other alliances.



Mid-Term Management Plan (FY 2012-FY 2014)



■ Plan Name

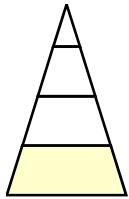
STEP 3000

■ Slogan

To achieving 300 billion yen in net sales by expanding and enhancing the business fields in which the Company operates.

■ Basic Policies and Goals

“Global operations” “Technology” “Creation of value”
“Investment” and “Human resources”

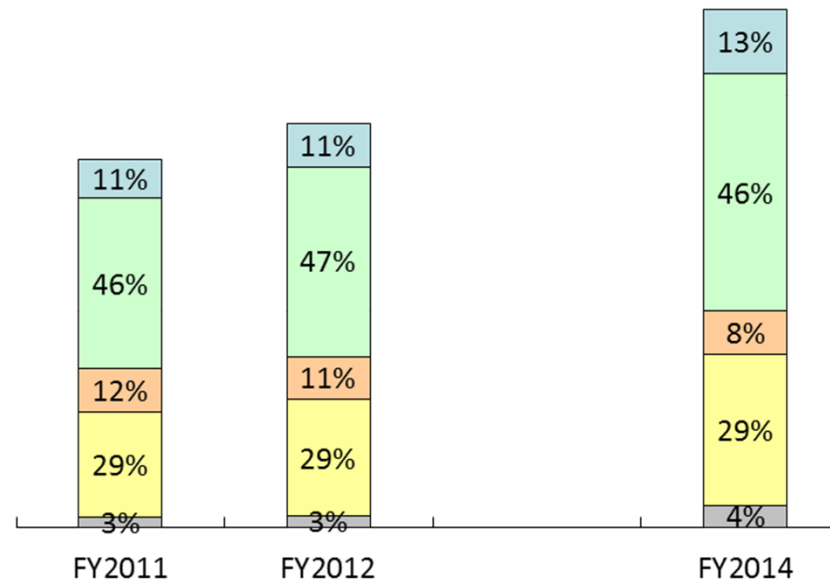
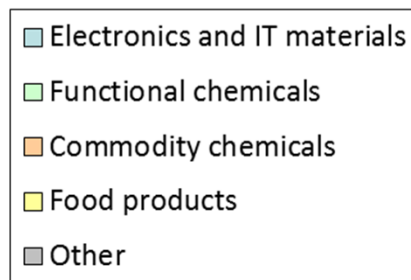


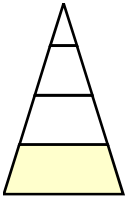
Targets

(Unit: 100 million yen)

	FY2011	FY2012	FY2014	FY2016 (for your reference)
Net sales	1,708	1,870	2,400	3,000
Operating income	83	120	170	240
operating profit ratio	4.9%	6.4%	7%	8%

■ Trends in Sales by Segments





Basic Policies and Goals



Global operations

Expanding globalization and accelerating localization

Technology

Encouraging innovation by taking our fundamental and core technologies to higher levels of sophistication

Human Resources

Developing globally competitive and strategically-minded human resources

Creation of Value

Increasing our presence through closer relations with our customers

Investment

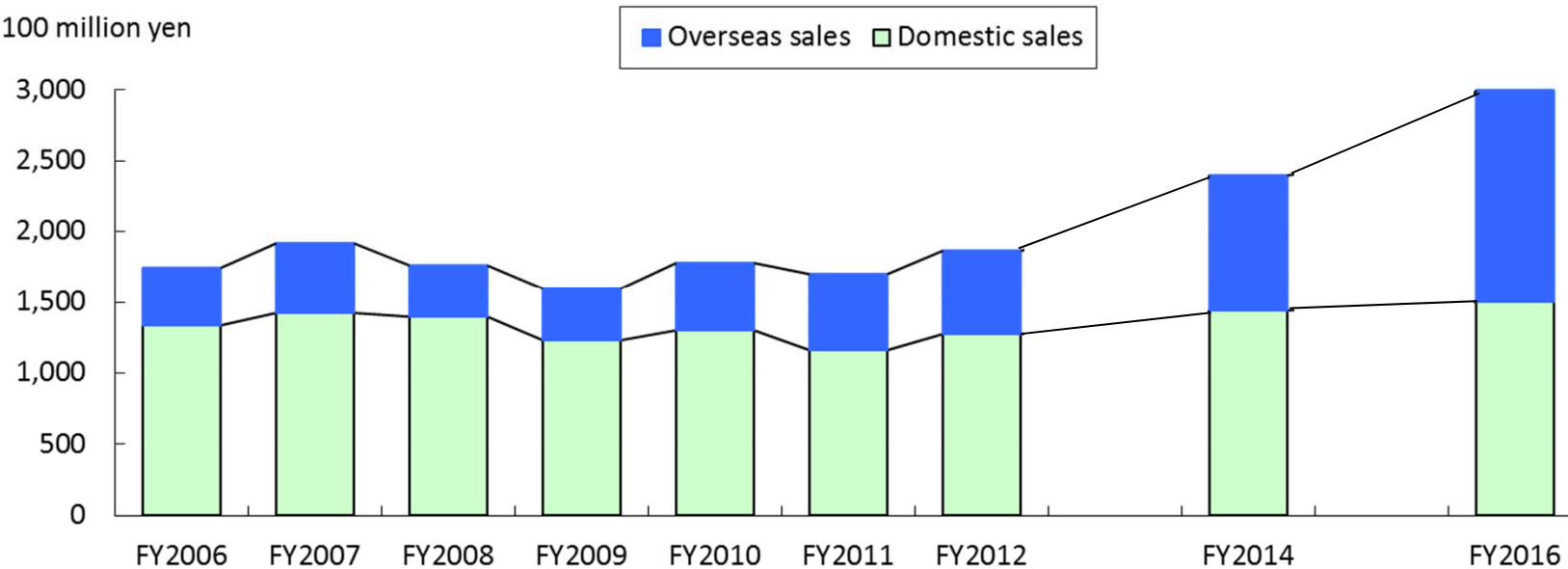
Making active investments, including mergers and acquisitions, to grow business in our strategic areas

Global operations

(Unit: 100 million yen)

	FY2011	FY2014	FY2016 (for your reference)
Net sales	1,708	2,400	3,000
Overseas sales	501	960	1,500
Overseas sales ratio	29%	40%	50%

100 million yen



Global operations



- Increasing our current overseas operating bases
(19 companies in 11 countries)
- Strengthening our marketing function and developing products
that meet local needs in the ever-growing Asian markets
- Entering into new markets and making capital investments
 - We will enter into markets expected to display growing demand and form strategic alliances.
- Establishing overseas research and development centers
(in South Korea and China)
- Considering establishing regional headquarters
 - We will speed up our decision-making, reinforce our marketing function and standardize our management operations.
- Establishing a global production system
 - We will establish a global purchase system.
 - We will establish production systems in optimal locations for maximum efficiency.
 - We will secure global production capacity.

Technology



■ Creating new businesses

- With life science and environment and energy as our priority fields for new businesses, we will establish materials laboratories specializing in each field, which will develop products with better research manpower.

■ Developing new products

- We will develop competitive products with a combination of our unique fundamental and core technologies, so that sales of new products will account for 30% of total non-consolidated sales.

Creation of value



- **Providing as wide a range of solutions as possible to our customers**
 - We will strengthen our marketing function and inter-divisional cooperation in order to provide maximum value to our customers.
 - We will incorporate the BCP into our business strategy in order to establish a supply chain less susceptible to risks.
- **Expanding business operations**
 - We will focus more on "general-purpose" additives than on polymer additives.
 - We will start new food-related businesses in order to make a qualitative shift in our food operations.
- **Promoting CSR activities**
 - We will strengthen corporate governance as well as CSR management aimed at making social contributions through business activities in order to offer rich lifestyles to people all around the world.

Investment

(Unit: 100billion yen)

	FY2009-2011	FY2012-2014
Capital investments and loans	24 (3years)	60 (3years)

- Planning to make capital investments worth about 40 billion yen over three years
 - Overseas capital investment will account for about 60% of total capital investment.
- Planning to allocate about 20 billion yen for M&A in order to expand into other fields and create new businesses

Human resources

- Developing human resources as our most important corporate asset
 - We will enhance the abilities of our employees and develop globally competitive human resources.
 - We will develop highly professional human resources.
 - We will increase the proportion of female executive employees.
 - We will employ more foreign personnel.

	FY2011	FY2014
Sales	170.8 billion yen	240.0 billion yen
Number of employees	2,922	about 3,500
Sales per capita	about 58million yen	about 68million yen

Shareholder Return and Dividends

- Returning appropriate profits to our shareholders, considering our business conditions, business performance and financial standing in a comprehensive manner
- Using internal reserves preferentially in strengthening our business foundations and making mid- to long-term investments in growth businesses



Continuing to make stable dividend payments with a target dividend payout ratio of 30%

Electronics and IT materials

■ Basic policies

- Keeping up with rapid changes in advanced technology and promoting development of globally competitive products
- Building strategic partnerships with our customers
- Strengthening supply chain management in cooperation with device manufacturers and materials manufacturers
- Strengthening our product development capabilities and expanding our product portfolio through alliances, mergers and acquisitions, and other management strategies
- Expanding into other fields and finding new customers

■ Major efforts

- IT materials
 - Expanding our share in the production of light-curing adhesives, polymerization initiators and photo-acid-generating agents
- Electronic materials
 - Developing next-generation dielectric constant materials
 - Strengthening our approach in the field of semiconductor logic
 - Expanding our packaging businesses such as etching, resin films and chemicals for ITO and touch panels

Segmental Information: Functional Chemicals

(Polymer additives, Surface active agents, functional polymers)

■ Basic policies

- Accelerating global business, expanding into growth markets and new fields, and expanding the sales of strategic products in order to strengthen our profit base

■ Major efforts

- Focusing on the sale of general-purpose additives with the aim of becoming the world's best "general" polymer additive manufacturer
- Developing unique, innovative polymer additives that can compete in the global market, at the new R&D wing at Urawa research center to be completed in June 2012 as our global technical center
- Establishing a sales company in Brazil to make a serious advance into the South American market (scheduled to start operations in May 2013)
- Starting a high-performance materials new business using surface chemistry technology
- Focusing on the production of functional resins such as water borne resins, resins for electronic materials, and environmentally-friendly resins.

Food products



■ Basic policies

- Making a shift from domestic demand-led business to overseas demand-led business in order to lay the foundations for strengthening our stable profit base
- Forming alliances to establish a supply system

■ Major efforts

- Accelerating overseas business development and expanding into other fields
 - Strengthening the promotion of sales in the Chinese and Southeast Asian markets and planning to advance into India and the Middle East
 - Continuing to improve the profits of overseas consolidated subsidiaries
- Strengthening our business base with an eye to a future decrease in domestic demand and Japan's participation in the TPP
- Making a qualitative shift and expansion in our food business

Notice on Forecast Performance and Business Plans



The forecast performance and business plans specified in this document have been prepared based on information available as of the date of publication, as well as on various prerequisites; therefore, the actual results may differ from these forecasts or plans depending on various factors that may arise hereafter.