

JSR Medium-Term Business Plan JUMP2010

– Progress during first two years and future management/business policies –

Materials Innovation



With chemistry, we can.

November, 2009
JSR Corporation

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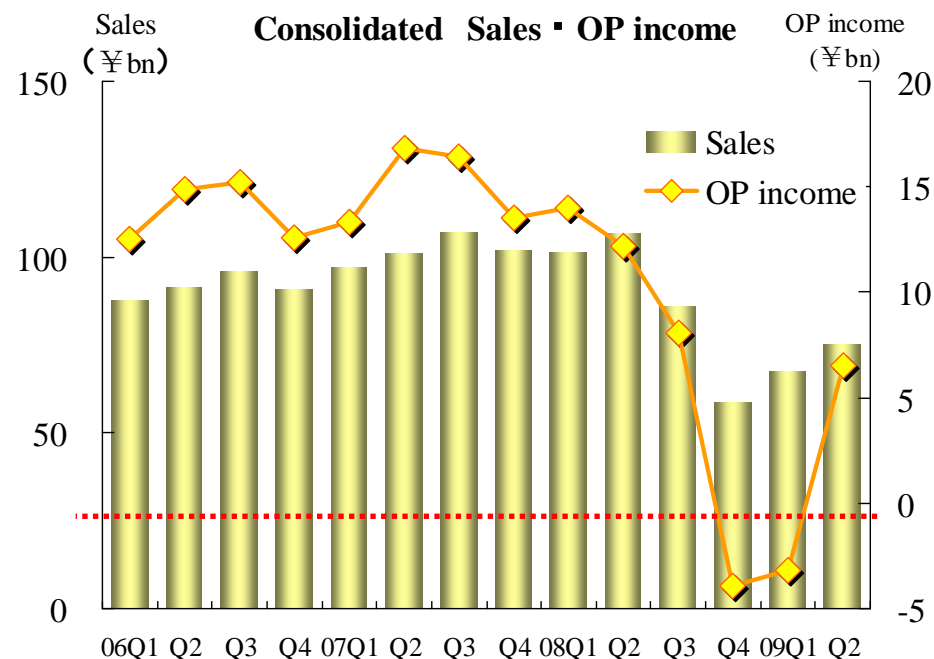
Overview

- **No changes made to basic strategies such as expansion and maintenance of profit for the Petrochemicals and the Fine chemicals (Core business). Similarly, no changes made to enhancement and commercialization for the next generation businesses (Strategic business).**
- **However, on the basis of the steep fall in demand and slowdown in market growth:**
 - (1) Thoroughly streamline business costs of the Core business and reinforce competitiveness.**
 - (2) Re-enhance strategies in the Strategic business, line up new projects and accelerate growth and commercialization.**
- **In terms of revenue for FY2010, a fall in profit will be inevitable. However in FY2011, we aim to regain profits exceeding FY2009 levels, taking a leap towards post-“JUMP2010”.**

Performance status for FY2009 and FY2010

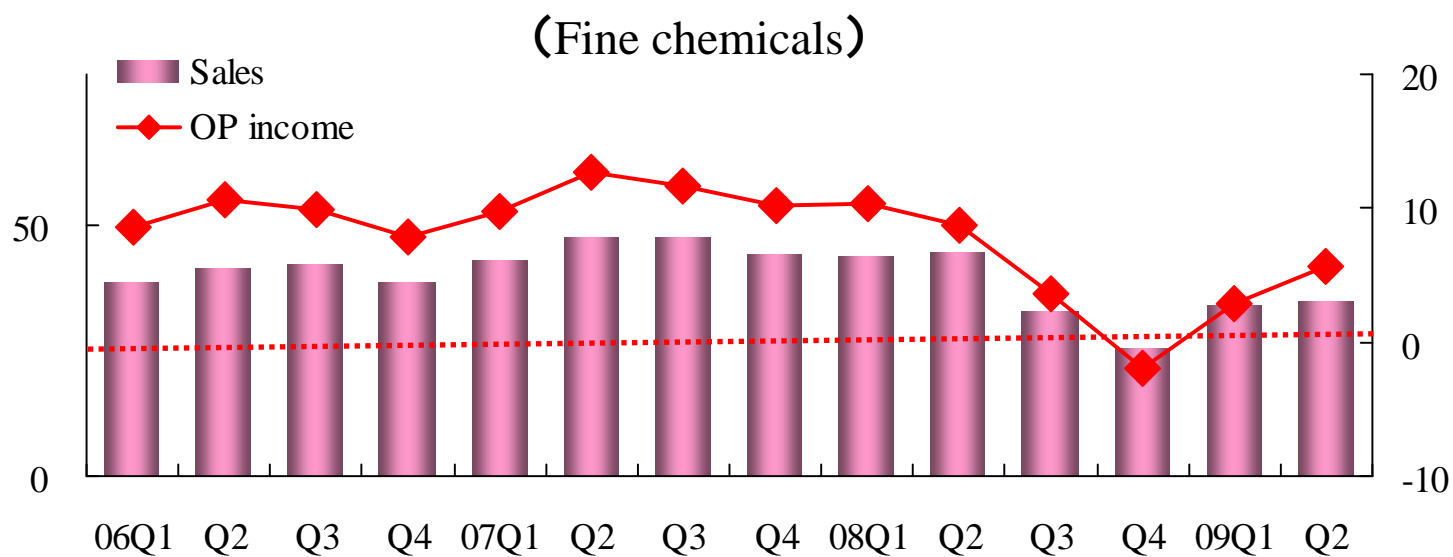
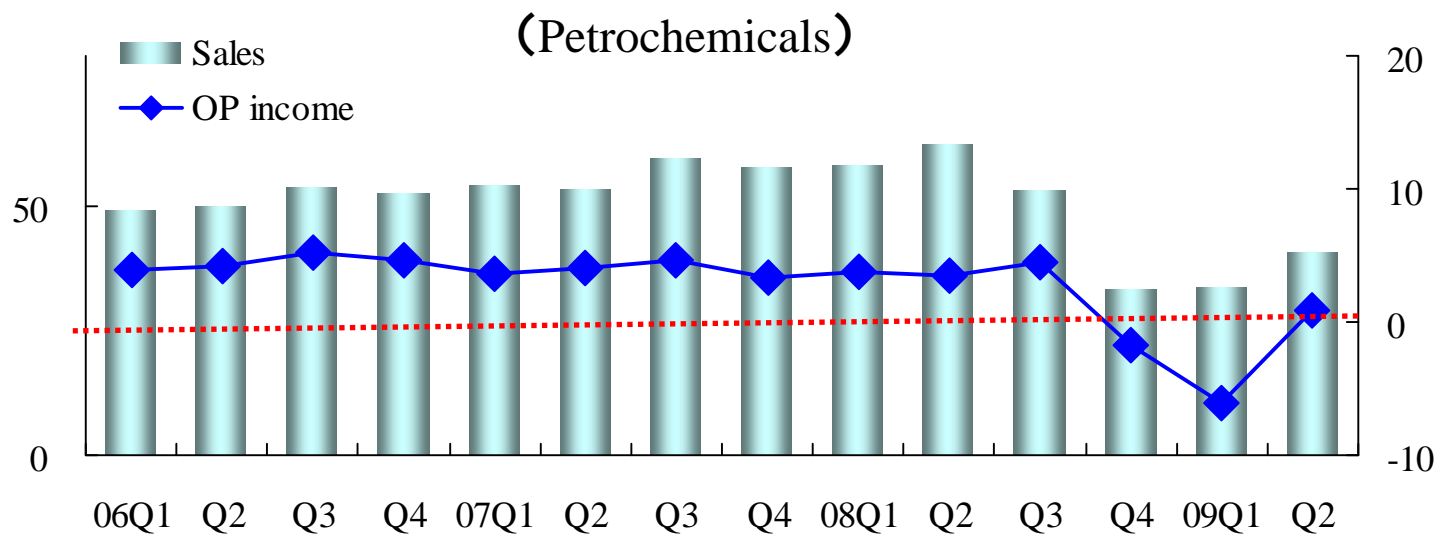
Summary

- A substantial change in business environment during the latter half of FY2009
- A significant divergence from the growth track set in “JUMP2010” plan.
- The recession trend had certainly bottomed out in 1st half of FY2010.



	FY2006	FY2007	FY2008	FY2009	FY2010 1H	FY2010 2H	FY2010 Full year
Sales	¥338.2bn	¥365.8bn	¥407.0bn	¥352.5bn	¥142.9bn	¥164.1bn	¥307.0bn
(Petrochemicals)	¥195.4bn	¥205.2bn	¥224.8bn	¥206.1bn	¥74.1bn	¥91.9bn	¥166.0bn
(Fine Chemicals)	¥142.8bn	¥160.6bn	¥182.2bn	¥146.4bn	¥68.8bn	¥72.2bn	¥141.0bn
OP income	¥53.4bn	¥55.2bn	¥60.0bn	¥30.3bn	¥3.3bn	¥12.7bn	¥16.0bn
(Petrochemicals)	¥18.5bn	¥18.0bn	¥15.7bn	¥9.9bn	▲¥5.3bn	¥3.3bn	▲¥2.0bn
(Fine Chemicals)	¥34.9bn	¥37.2bn	¥44.3bn	¥20.4bn	¥8.6bn	¥9.4bn	¥18.0bn

Performance status for FY2009 and FY2010



Redefining financial targets for FY2011

Aim to get back on the track towards FY2011 for future continuous and sustainable growth

	FY2008	FY2009	FY2010 Estimate	FY2011 New Target
Sales	¥407.0bn	¥352.5bn	¥307.0bn	¥360.0bn
OP income	¥60.0bn	¥30.3bn	¥16.0bn	¥36.0bn
OP margin	14.7%	8.6%	5.2%	10.0%
ROE	15.2%	5.7%	4.0%	over 10.0%

Priorities for the latter two years of "JUMP2010"

	Core business	Strategic business
Common agenda	Streamlining of cost structure to meet the current level of demand	
Business policies	<ul style="list-style-type: none"> Optimization of business costs Enhancing competitiveness 	<ul style="list-style-type: none"> Define the 5 strategic businesses Prioritizing the allocation of resources

	Core business	Strategic business	
		Developing business	New business
Petrochemicals	Elastomers Emulsions Plastics	Performance chemicals	
Fine chemicals	Semiconductor materials Flat panel display materials Optical materials	Precision processing	Environment/Energy Information/Electronic Medical care

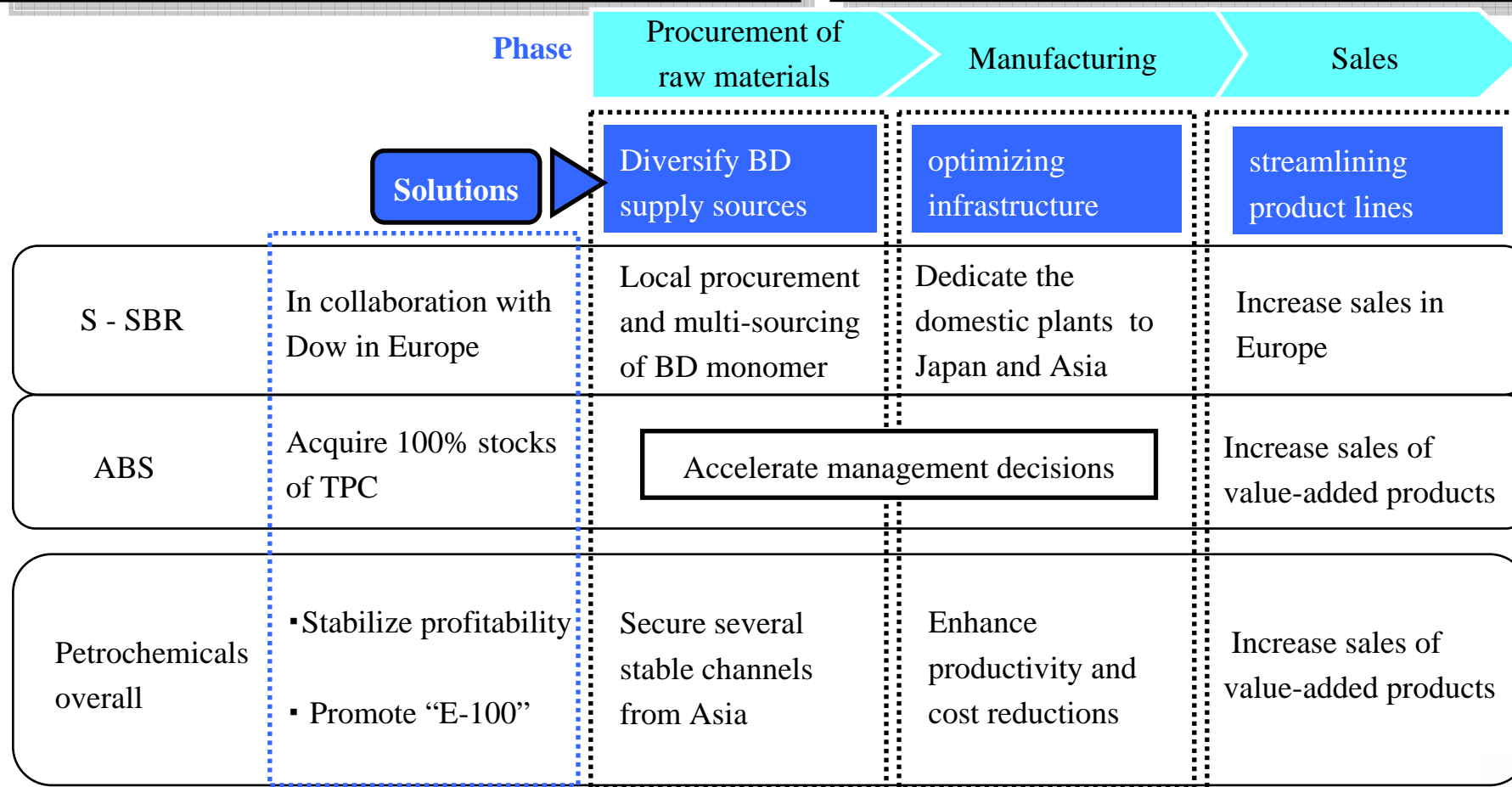
Enhancing the competitiveness of core businesses – Petrochemicals

Business challenges

- Shrinking and sluggish recovery in domestic demand
- Potential short supply of butadiene (critical raw material)
- Consolidation of customers

Ideal situation

Maximize and maintain stable earnings, independent of surrounding conditions



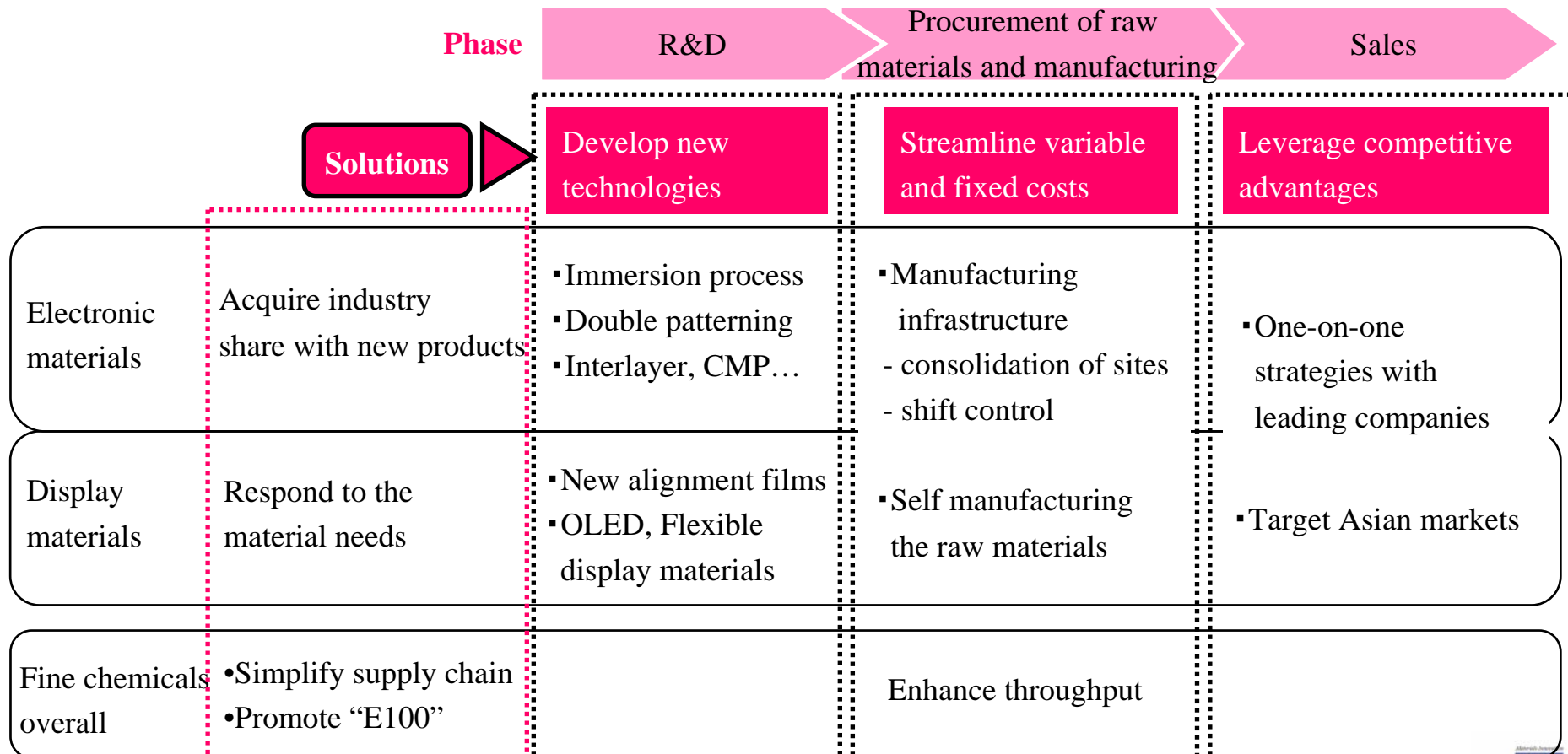
Enhancing the competitiveness of core businesses – Fine chemicals

Business challenges

- Shrink in electronics market and slowing growth
- Decline in unit prices of products

Ideal situation

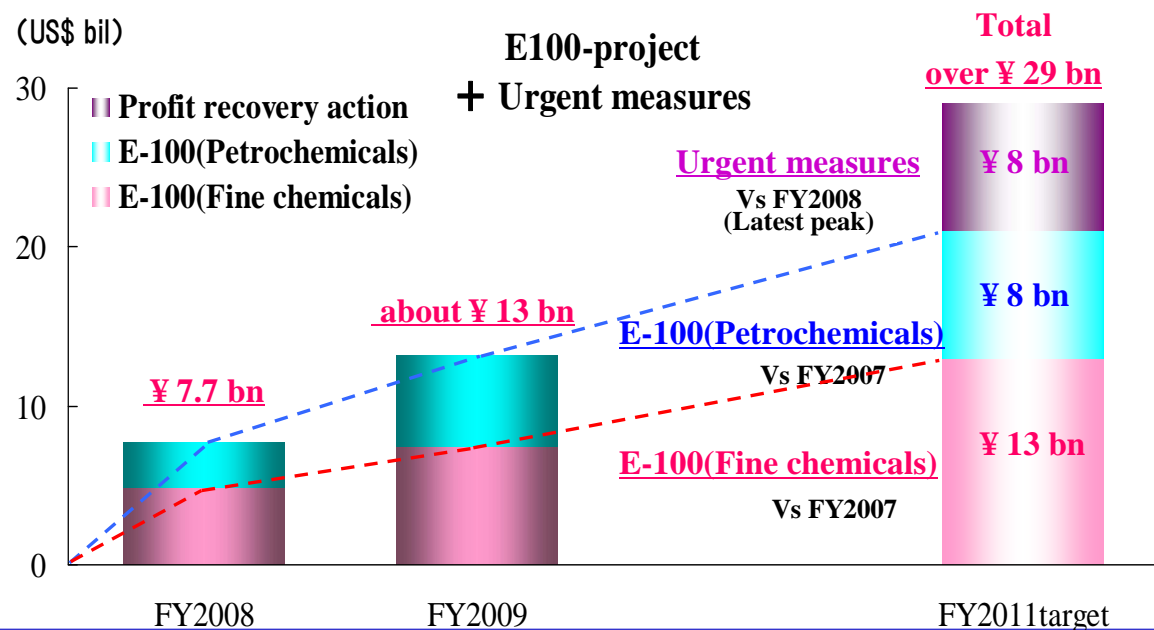
Re-strengthen global competitiveness and maximize profit when demand resurges



Cost-Reduction Plan and measures to maintain profits

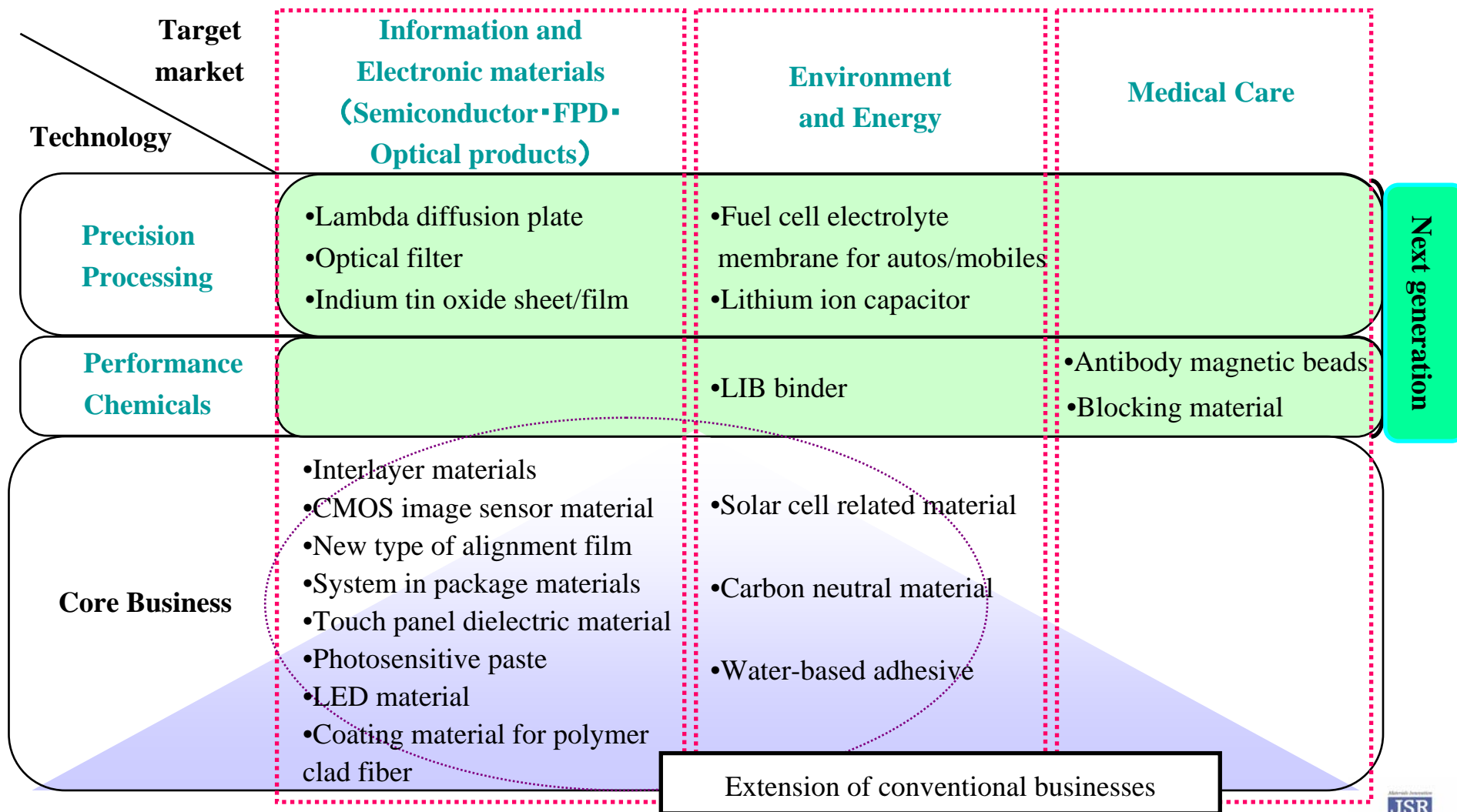
Optimization of business costs to maintain profit to counteract on a 30% drop in demand

Variable costs	E-100 (Efficiency 100) Project		Fixed costs	Petrochemicals	Fine chemicals
	Re-estimate cumulative effect of cost-reduction from FY 2008 through to FY2011			Urgent measures (FY2010 budget)	¥ 4.5 billion ➤ Maintenance costs ➤ Manufacturing head-counts
	Petrochemicals	Fine chemicals	Structural reform (FY2011-)	➤ Restructuring of production lines ➤ Streamlining of business costs	➤ Consolidation of manufacturing sites ➤ Self manufacturing commodity chemicals
	¥ 8.0bn	¥ 13.0bn			



Products portfolio in the strategic business

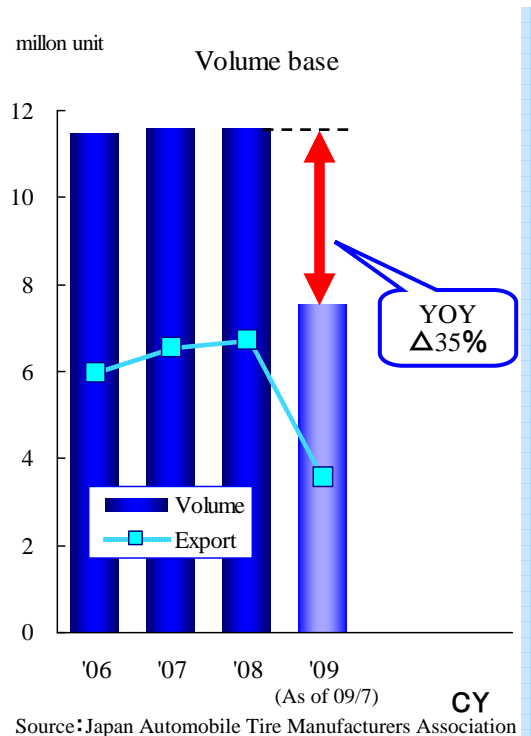
Re-grouping and commercialization of products in development pipeline



Concerns and Opportunities

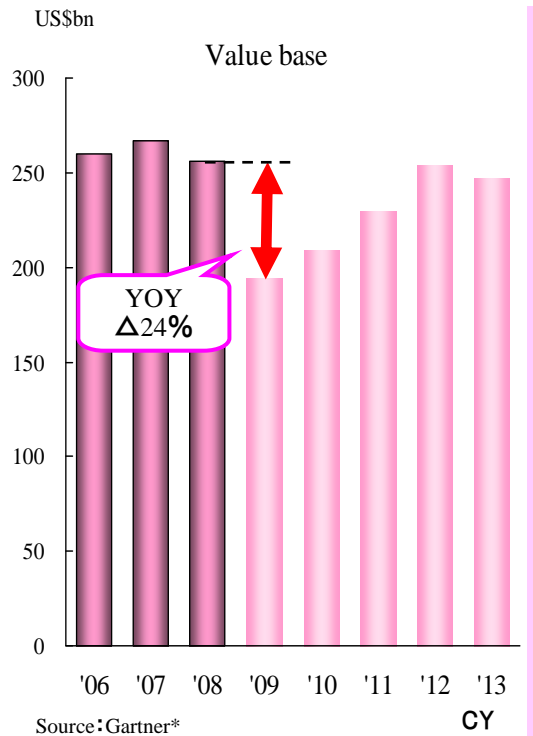
Domestic Automobile Production

- Export of automobiles accounts for half of the domestic production.
- Large gap between the latest peak and this year projection.



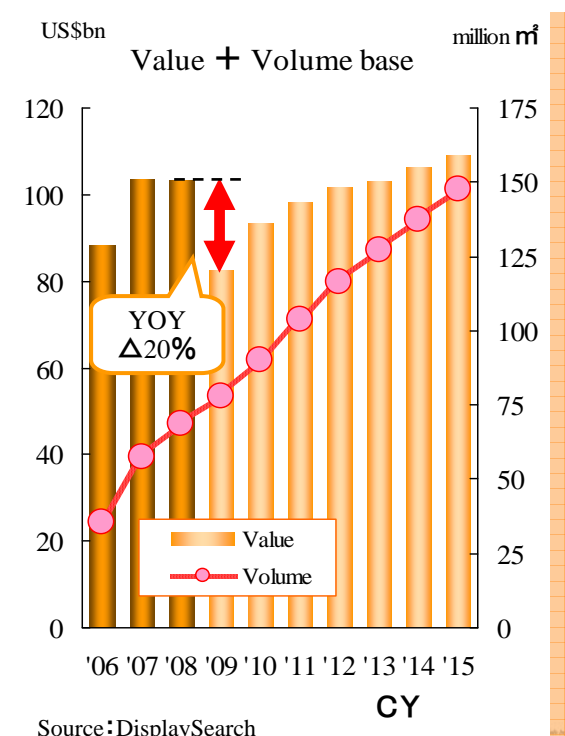
Semiconductor Market

- According to the technology development, the demand market will recover steadily.
- A research firm anticipates the next downturn will come again in 2013.



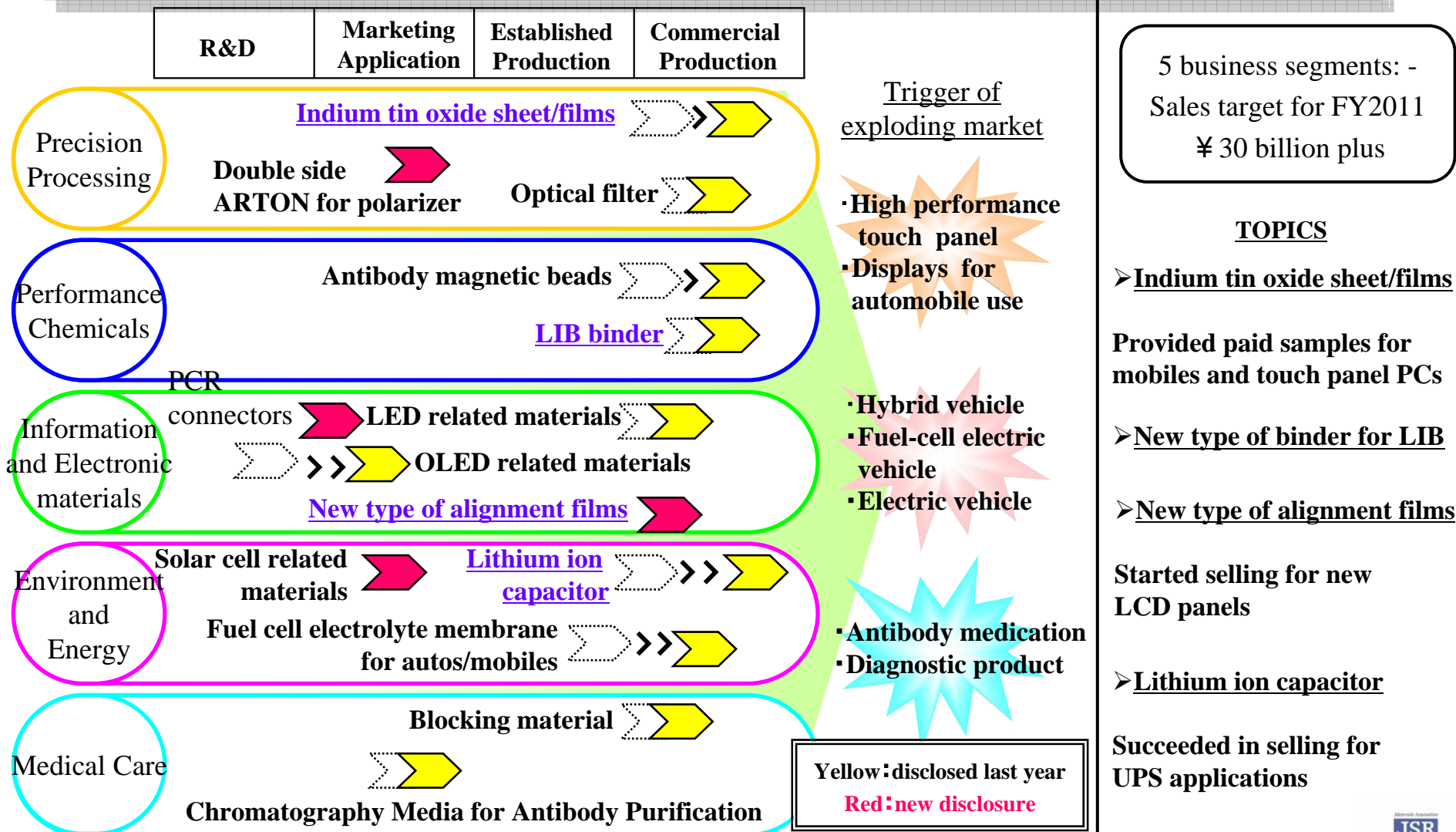
LCD Panel Market

- The volume will grow sharply up to double toward 2015, driven by the demand of emerging markets.
- Commoditization due to decline in unit prices of LCD panels.



Progresses of the strategic business

Growth and steady progresses achieved in the strategic business by accelerating launch and development of new products.



5 business segments: -
Sales target for FY2011
¥ 30 billion plus

TOPICS

➤ Indium tin oxide sheet/films

Provided paid samples for mobiles and touch panel PCs

➤ New type of binder for LIB

➤ New type of alignment films

Started selling for new LCD panels

➤ Lithium ion capacitor

Succeeded in selling for UPS applications

Executive Summary

➤ **Petrochemicals** ➡ **Base Cargo**

Stretching sales revenue leveraged by focusing on the fuel efficiency tire market (S-SBR).

➤ **Fine Chemicals** ➡ **Key Driver**

Penetrating into the emerging market and winning in cutting-edge technologies.

➤ **Strategic Business** ➡ **Next Driver**

Accelerating the development in 5 strategic business fields.

Information
and Electronic
materials

Precision
Processing

Environment
and
Energy

Performance
Chemicals

Medical Care

Note1

The forecasts, future plans and strategies made in this document include a variety of uncertain factors since they are prepared based on judgments from information currently available. Actual business results may differ from those projected, depending on the economic status of the market surrounding the company.

Note2

For Global Semiconductor Market stated on Page 10.

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