



May 24, 2010

Medium-Term Business Plan (Long-Term Vision)

Nippon Soda Co., Ltd. (the “Company”) has recently drawn up its medium-term business plan covering the three-year period from fiscal 2011 to fiscal 2013. Taking into consideration the Company’s 100th anniversary 10 years hence (2020), this plan represents the first stage in Nippon Soda’s efforts to achieve its long-term vision “Chemigress to 100.” An outline of this long-term vision and the Company’s medium-term business plan is presented as follows.

* The word “Chemigress” was coined by combining the two words of “chemical” and “progress,” representing the Company’s ambition of “contributing to the sound development of society with the strength of chemistry” as it approaches its 100th anniversary.

I . An Overview of the Previous Medium-Term Business Plan (Fiscal 2008 to Fiscal 2010)

The previous medium-term business plan positioned the period from fiscal 2008 to fiscal 2010 as one during which Nippon Soda would build a corporate structure that was capable of expanding the Company’s business. To this end, we aggressively invested the necessary management resources as and where required.

In specific terms, the Company constructed new research facilities including the Converting Technology Center and a newly established multiple pilot plant while at the same time installing equipment to facilitate the in-house production of fungicides. Moreover, Nippon Soda took steps to augment its product lineup focusing particularly on agricultural chemicals. In addition to the launch of new herbicides for lawns and a biological agricultural chemical, the Company acquired the “Romdan” insecticide business from Dow AgroSciences LLC. In contrast, we judged that it would become increasingly difficult to continue our feed additive activities from an international competitiveness perspective over the medium to long term. Consistent with our selection and focus policy, we withdrew from this business in Japan. Taking into account the aforementioned, and the solid performance of overseas equity-method affiliates, both ordinary and net income surpassed initially established targets.

Despite this positive bottom-line result, net sales and operating income fell short of the Company’s plans. This was largely attributable to dramatic fluctuations in Nippon Soda’s operating environment and most notably the lingering downturn in the global economy in the aftermath of Lehman Brothers’ collapse in September 2008, dramatic appreciation in the value of the yen and delays in the development of new businesses encompassing such wide-ranging fields as electronic materials. Moving forward with efforts to implement its next business plan, Nippon Soda is therefore left with several key pending issues.

• Consolidated Financial Highlights for Fiscal 2010* (Billions of yen)

	Numerical Targets under the Previous Medium-Term Business Plan	Actual Results
Net sales	162.0	132.5
Operating income	11.0	5.3
Ordinary income	11.0	12.9
Net income	6.0	8.6
ROA**	6% or more	3.1%

* Fiscal 2010: the fiscal year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

** Return On Assets (the percentage of operating income to total assets)

II. Long-Term Vision “Chemigress to 100”—Conscious of the Company’s Steady Advance toward Its 100th Anniversary 10 Years Hence (2020)

1) The Ideal Company to Which We Aspire

- (1) We contribute to society in a broad range of aspects by providing useful, new products and businesses in a sustainable and safe manner, mainly in the business fields that are indispensable to the sound development of society, including agriculture, medical care, the environment and information.
- (2) We enhance the presence and necessity of the Group in the international community as an environmentally-friendly, CSR-conscious chemical company.
- (3) We increase the corporate value of the entire Group in a comprehensive manner by forming a corporate group that is full of the spirit of challenge and that can survive global competition.

2) Numerical Targets (Consolidated)

2020 numerical targets: Operating income 20 billion yen*
(Net income 10 billion yen)

* 10 billion yen of this total attributable to new businesses and products

3) Management Strategy—Toward Attaining Numerical Targets

1. Nurture and develop growth businesses (create value by focusing on mainstay domains)

【Domain】	【Mainstay Business】	【Research Platform】
Agriculture (Food)	Agri-business	Agrochemical development
Medical care	Pharmaceuticals	Precise organic synthetics

(Health)		
Environment (Lifestyle)	Eco business and consumer chemicals	Functional material development
Information (Cutting-edge)	Specialty chemicals	Functional material and precise organic synthetics development

Nippon Soda will continue to develop proprietary technologies that provide the platform for business development. At the same time, we will actively engage in the acquisition of related businesses. Within the 10-year period through to 2020, our goal is to generate annual sales of around 40 billion yen through the development of new products and businesses.

To achieve this goal, the Company will allocate approximately 100 billion yen, which will include investments in new plant and equipment as well as M&As.

2. Respond to globalization

- Develop distinctive products while fostering core business competencies
- Establish an internationally competitive supply chain
- Nurture human resources that are capable of excelling with international community

3. Become a corporate group that is essential to society

- With safety as its basic premise, engage in business activities that genuinely incorporate global environmental and CSR concerns

III. Medium-Term Business Plan (Fiscal 2011 to Fiscal 2013)—Toward Achieving Long-Term Targets

1) Basic Policies

1. In order to make a giant leap for the Company's 100th anniversary in 10 years' time, firstly we will try to draw a growth curve by placing this period as a step to achieve the long-term vision "Chemigress to 100" (Stage I).
2. With efforts to upgrade and expand existing and peripheral businesses as our core, we will adopt a policy of selection and focus. Against this backdrop, we will aggressively invest the necessary management resources to cultivate new driving forces for growth.

2) Numerical Plans and Targets (Consolidated)

	Fiscal 2011 Plans	Fiscal 2013 Targets	(Billions of yen) 2020 Targets (Reference)
Net sales	129.0	150.0	200.0
Operating income	3.3	7.0	20.0

Ordinary income	8.4	8.0	
Net income	6.5	5.0	10.0

3) Priority Measures

1. Develop a driving force for growth

- ① Chemicals
 - Upgrade and expand distinctive existing products; promote the development and commercialization of peripheral business fields (color developers, cellulose derivatives, inclusion catalysts, other)
- ② Agrochemicals
 - Advance to the next phase and bring promptly to market new jointly developed and proprietary agrochemicals
 - Proactively address new acquisition opportunities Strategically expand distinctive products in each of the greenery, biocide and biopesticide businesses
- ③ New businesses
 - Promote the development and commercialization of new functional materials, pesticide intermediates and related products utilizing the Converting Technology Center and a newly established multiple pilot plant

2. Enhance international competitiveness

- ① Chemicals
 - Upgrade and expand production structures and systems in the functional chemicals business; aggressively promote overseas development
 - Improve electrolysis, environmental and other chemical product earnings (enhance competitiveness)
- ② Agrochemicals
 - Work toward a global production and sales platform in the basic agent fields

3. Build a business foundation

- Establish and develop a structure that is capable of excelling on the world stage; improve operating efficiency; develop human resources; strengthen CSR activities

4. Combine and strengthen the resources of Group companies

- Maximize use of the Group's resources by bolstering collaboration