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# Basic Management Policy

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1. Overview of “Mid-Term Management Plan 2008”
2. Awareness of Environment
3. Medium/Long-Term Management Vision and Basic Policies
4. Medium/Long-Term Strategies and Targets
5. Intended Future Business Structure

May 12, 2009

N.I. TEIJIN SHOJI CO., LTD.

# 1. Overview of “Mid-Term Management Plan 2008”

## 3-Year Plan to Increase Sales

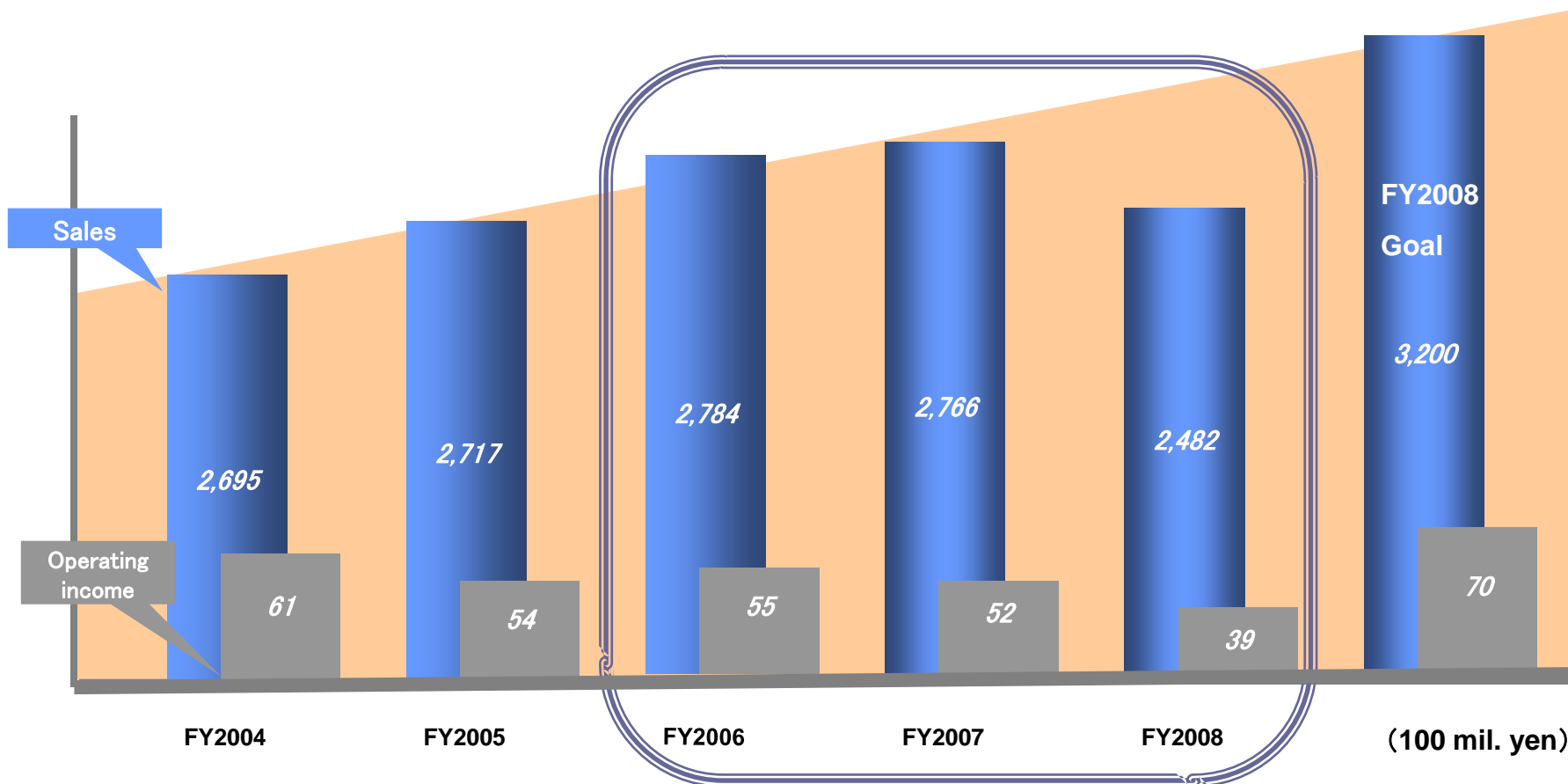
- Pursuit of “orderly expansion and growth”
- Growth strategy based on expansion of business content

## FY2006-2007

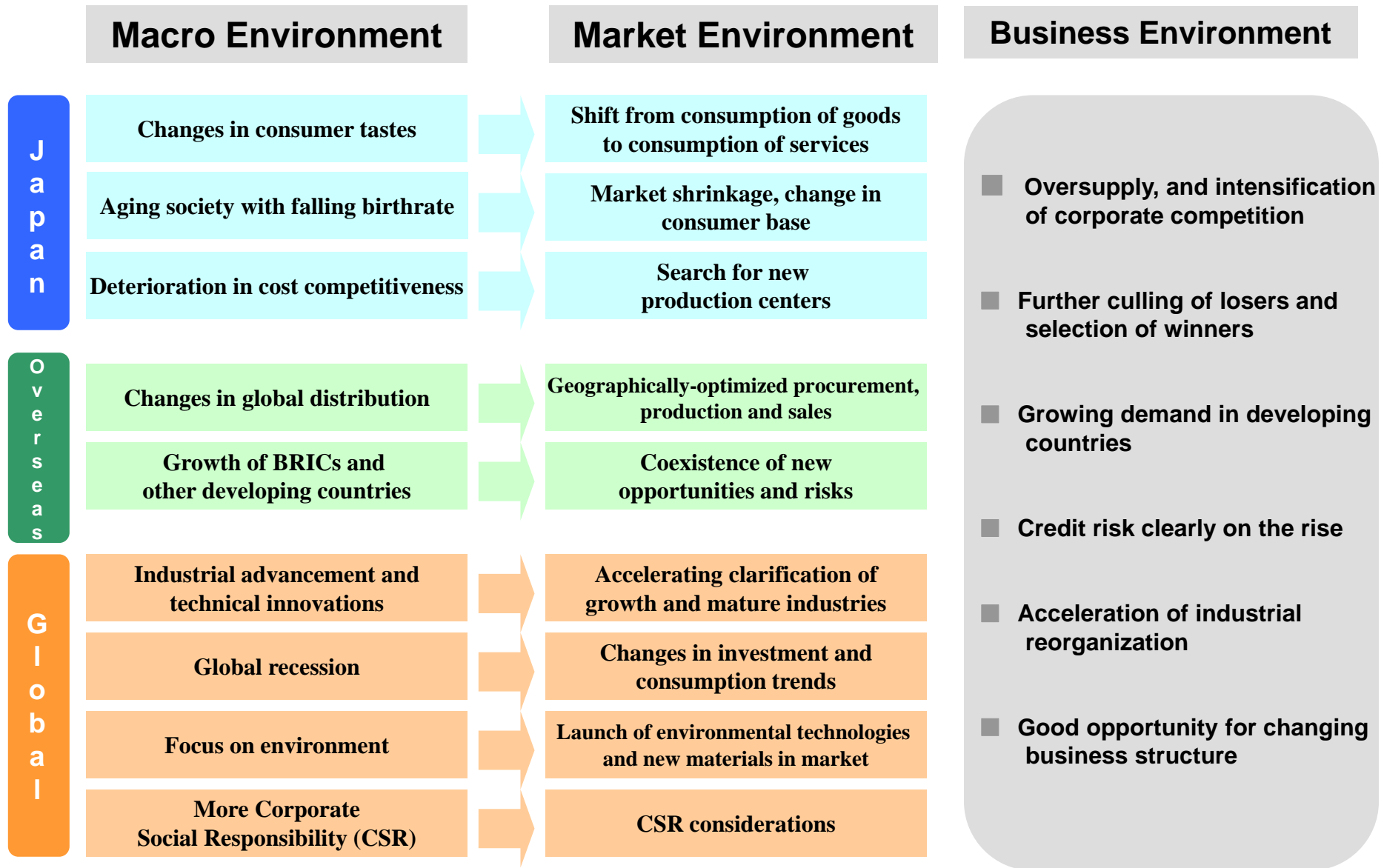
- Income from apparel OEM business decreased
- Industrial textiles and materials business grew robustly
- Domestic and foreign affiliates struggled

## FY2008

- Consumption fell due to worldwide recession
- Production adjustments made in automobile, home electronics, and IT industries



## 2. Awareness of Environment



#### Medium/Long-Term Management Vision

Enhance our foundations as the No. 1 textile trading company by meeting the diversifying needs of markets and consumers and adapting to globalization.

#### Basic Medium/Long-Term Policies

##### Requirements for Growth

- (1) Enhance response to globalization
- (2) Implement vigorous measures in growth and priority fields
- (3) Pursue synergy within the group

##### Growth-Supporting Management

###### Enhance management foundations

- (1) Enhance 3C functions
- (2) Enhance human resources development
- (3) Upgrade management infrastructure

Coordinate  
Compound  
Convert

###### Enhance risk management

- (1) Strict management of credit risks
- (2) Improve compliance

##### Sustained Growth Strategy

- (1) Strategically expand overseas business
- (2) Expand business of Textiles and Materials Division
- (3) Deal with changes in consumer markets and sales channels
- (4) Actively promote SCM with major customers

# 4-(1). Medium/Long-Term Strategies and Targets (for Entire Company)

## Company-Wide Strategies and Targets

1. Expand business content and pursue asset use efficiency
  - Create new businesses globally and in growth fields
  - Enhance coordination within the Teijin Group
  - Strictly manage accounts receivable and strengthen inventory control
2. Develop human resources
  - Upgrade in-house education
  - Promote personnel rotation
3. Improve distribution
  - Cut distribution costs and enhance management
4. Enhance functions of overseas business bases
5. Enhance converting-related functions
  - Enhance domestic and overseas production foundations
6. Enhance credit risk management
7. Enhance CSR
8. Invigorate the corporate culture



## 4-(2). Medium/Long-Term Strategies and Targets (Textile and Apparel Fields)

### Expand Distribution Channels in Textile and Apparel Fields

1. Expand business in Tokyo market
  - Working from the Harajuku office, expand business in Tokyo market
  - Through the L.S. Ginza flagship store, expand the brand business
2. Expand global business
  - Expand the textile and product businesses in Europe and US markets
  - Increase sales in China
3. Enhance joint efforts with major companies in domestic market
  - Enhance “full partnerships with winners”
  - Further enhance and expand foundations in sports apparel field
  - Enhance and expand foundations in formal men’s heavy goods field
4. Pursue new markets and new businesses
  - Expand e-commerce
5. Enhance overseas production infrastructure
  - Develop and enhance the “China Plus One” system



## 4-(3). Medium/Long-Term Strategies and Targets (Industrial Textiles and Materials Fields)

### Expand Distribution Channels in Industrial Textiles and Materials Fields

1. Increase sales in overseas markets for automotive materials
  - Accelerate efforts towards geographically-optimized production and sales
  - Expand production in Thailand and China
  - Make strategic moves in Indian and US markets
2. Expand business spheres in growth industries and fields
  - Environmental fields
  - Electronic information fields

- Environmentally friendly commercial materials for interiors
  - Filter materials, Reftel
  - Anti-earthquake reinforcing materials, anti-peeling materials
  - Airbags, AEROSHELTER
3. Increase sales of high-function materials
  - Enhance coordination with materials businesses within the Teijin Group

Cultivate new uses, and the markets, for aramid and carbon fibers

Processed film for optical use, engineering plastics, ITO film
4. Increase market share in mature fields
  - Expand business sphere, and enhance efforts to deal with properties, in the canvas field
5. Pursue new markets and new distribution, and expand product businesses



## Business Structure After 5 Years

- Expand business globally and in growth fields
- Increase overseas sales to 30% by expanding business of overseas affiliates
- Rebuild revenue base of domestic affiliates

