

## Outline of our Revised Medium-Term Management Plan (J2008R)

The JSW Group set out a three-year Medium-Term Management Plan (J2008) in May 2006, and started to work towards achieving the numerical targets set out therein. Having achieved the relevant targets in fiscal 2006, the first year of the plan, two years ahead of schedule, we have recently formulated a new Revised Medium-Term Management Plan (J2008R) running for two years from fiscal 2007 to 2008, and have started work accordingly.

### Priority targets

- Expanding business capacity
- Improving capital efficiency
- Promoting CSR

### Numerical targets

- Total sales: Over ¥235 billion (consolidated) / over ¥205 billion (non-consolidated)
- Ordinary income: Over ¥27.5 billion (consolidated) / over ¥26 billion (non-consolidated)
- Net interest-bearing debt: Under ¥17 billion (non-consolidated)
- Return on total assets (ROA): Over 11% (non-consolidated)

### Capital expenditure

We anticipate capital expenditure totaling approximately ¥40 billion (including leases) over the two year period (investment in fiscal 2006: ¥10.2 billion). In terms of areas in which investment will be targeted, (1) 85% will go to upgrading and expanding facilities to increase productivity, (2) 10% will go to new lines of business and development to enable further growth and (3) 5% will go to environmental, safety and other such measures.

With demand for large forged steel products such as thermal and nuclear power plants components, pressure vessels for oil refineries and rolls/rolling products expected to increase in the future, we are aiming to step up capital expenditure designed to increase production and efficiency, primarily in the area of forged steel, to cater to the expanding market for large and ultra-large ingot products, even further in the future as we continue to increase out profits.

### Priority measures according to business segment

#### Steel Products Business

##### Steel castings and forgings sector

##### Expanding top niche products in the energy market

We intend to further reinforce our business by focusing on increasing productivity in relation to our core large forged steel products and expanding our manufacturing capabilities, primarily targeting power plant components, for which there is strong demand, and nuclear vessel components, for which there is expected to be emerging new demand, primarily in the United States and China.

#### Steel plates and structures sector

##### Reinforcing growth areas in line with innovations in energy

There is a trend towards growing demand for oil refining facilities in line with increasing demand for energy, with global demand for natural gas as a form of green energy also on the increase. Similarly, there is also healthy demand for the pressure vessels, clad steel pipes and plates that are used in such facilities. To meet this demand, we will establish production systems for welding, assembly and other such processes and increase productivity, aiming to step up manufacturing capabilities for large forged steel products, which are amongst the main materials used in pressure vessels.

#### Machinery Products Business

##### Plastics machinery sector

##### Becoming the world's leading comprehensive manufacturer of plastics machinery

We intend to follow a policy of enhancing competitiveness by improving high-performance products to increase our market share, and implementing extensive cost improvements in every area within the plastics sector, from upstream (pelletizing), through midstream (modification), to downstream (molding). We also plan to make full use of the Technical Center currently under construction at our Hiroshima Plant (scheduled completion date: June 2007) to expand our film and sheet operations.

Other machinery sector (IT equipment, defense-related equipment, other industrial machinery, comprehensive wind power equipment, etc.)

Promoting technology-focused management

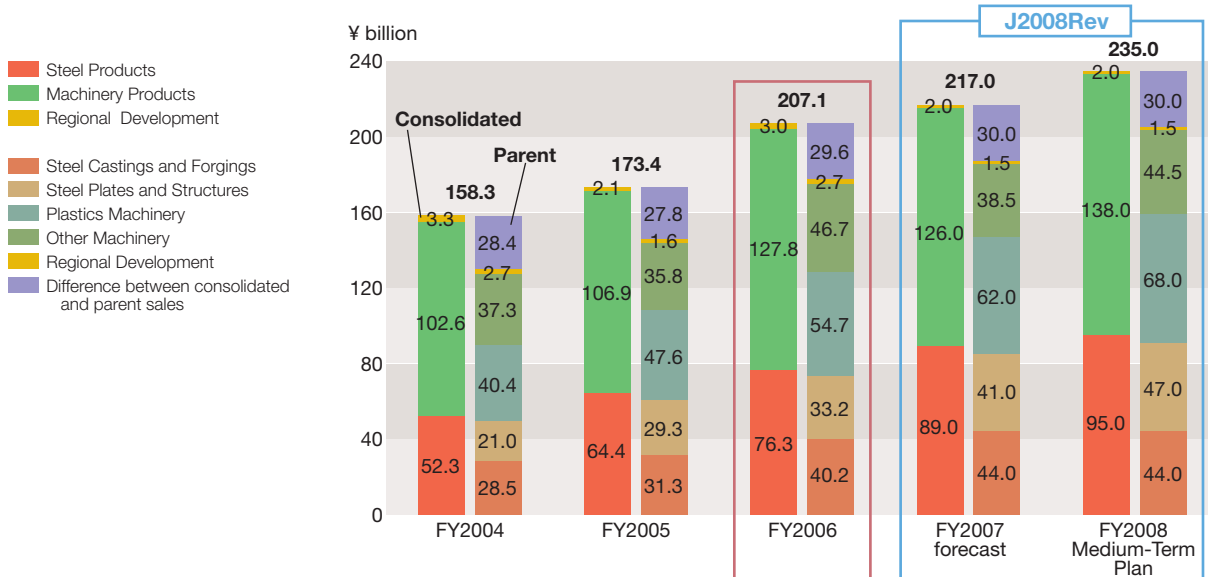
Based on the proprietary technology at our disposal, we intend to follow a policy of promoting technology-focused

management in priority areas to cultivate new lines of business and lay the foundations for future profits.

Regional Development Business

Securing stable profits

Sales from FY2004 to FY2006 and Revised Medium-Term Management Plan



Operating Income and Net Income from FY2004 to FY2006 and Revised Medium-Term Management Plan

