

New Medium-term Business Plan "Renovation 330"

In April 2007 we launched our new medium-term business plan "Renovation 330." Its aim is to continue structural reorganization of our businesses while capitalizing on our strengths as a technology-driven company to further expand our business and enhance profitability.

Anticipated Medium-term Business Environment

The steelmaking, electronics, chemicals, glass, and other industries that comprise AWI's major customers are expected to continue operating at a very high capacity, leading to growing demand for industrial gases. In the field of electronics, increasing demand is foreseen for chemical products, in particular new materials and functional materials. In the medical field, as Japan's population

continues to age and the government implements new measures to limit medical expenses, the medical system is undergoing structural changes with the emphasis shifting to local and in-home medical and nursing care services. In our LPG supply business, conditions are expected to remain very tight due to increases in CP prices and competition with electric power.

Basic Policies of the New Medium-term Business Plan

In today's business environment, new medium-term business plan is aimed at concentrating our management resources on growth fields such as electronics and new

materials, and accelerating our structural reorganization and technological development with the transformation into a high-profit company.

Renovation 330

[Basic Policies]

Following the business expansion achieved with our previous medium-term business plan "Target 3600," in addition to continuing structural reorganization in every area of our operations, Renovation 330 will concentrate management resources on growth fields to further increase our profitability. The goal is to accelerate qualitative improvements so that AWI becomes even more profitable, targeting 33 billion yen in ordinary income by the end of the 3-year plan.

[Management Targets]

The numerical management targets of Renovation 330 are to reach 470 billion yen in net sales (a 16.1% increase over fiscal year 2007), 31 billion yen in operating income (a 34.2% increase), ordinary income of 33 billion yen (a 29.6% increase), and net income of 17 billion yen (a 43.1% increase) for fiscal year 2009, the final year of the 3-year plan. Though net sales have the decrease according to the



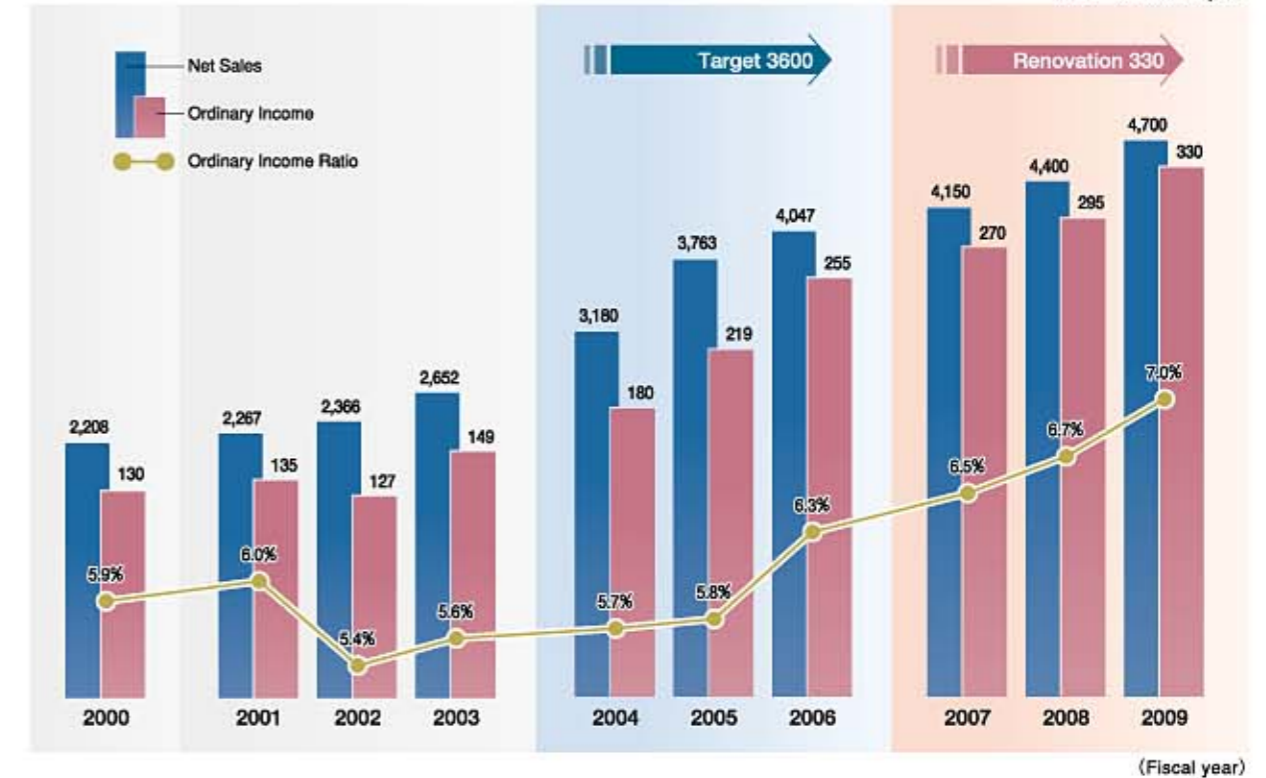
sale of the housing products business, And a growth rate of 20% or more for operating income, ordinary income, and net income. Regarding management indices, Renovation 330 calls for an ordinary income ratio of 7.0%, a ROE of 12%, an equity ratio of 40%, and a D/E ratio of 0.6.

(Unit: 100 million yen)

	Renovation 330				3-year		Management Indices FY2009
	FY2006	FY2007	FY2008	FY2009	Increase or Decrease	Growth Rate	
Net Sales	4,047	4,150	4,400	4,700	653	116.1%	Ordinary Income Ratio 7.0%
Operating Income	231	250	275	310	79	134.2%	ROE 12%
Ordinary Income	255	270	295	330	75	129.6%	Equity Ratio 40%
Net Income	119	140	150	170	51	143.1%	D/E Ratio 0.6

Projected advances in performance under Renovation 330

(Unit: 100 million yen)



[Basic Strategies]

To reach the management targets of Renovation 330, we formulated 3 basic strategies that we began implementing from April 2007. The key points are:

1 Reengineer businesses & boost earning power

- Focus management resources on growth fields (a total capital investment of 100 billion yen: 70 billion yen for plant and equipment, and 30 billion yen for M&A)
- M&A in growth fields such as electronics materials, fine chemicals, and medical.
- Reinforce regional base in industrial, medical, and LP gas through alliances with local dealers.
- Business restructuring and integration to make M&A more effective.

2 Creation of technology-driven business and business renovation

- Open a new Research & Development Institute in Matsumoto City, Nagano Prefecture as a headquarters for advanced R&D and as a symbol of AWI as a technology-driven company.
- Strengthen development capabilities in the electronics and medical areas by integrating gas and chemical technologies and through closer collaboration with government, academic, and other industry-related institutions.
- Increase R&D efficiency and shorten the time to commercial application by introducing the Stage-Gate System.

3 Reinforce financial position

- In July 2007 we completed early redemption of 20 billion yen in convertible bonds. By building up our internal reserves, we are increasing AWI's total net assets and accelerating capital investment in growth fields.
- Channel the cash flows from operating activities for 3 years to enable active capital investment.
- Equity ratio of 40% and D/E ratio of 0.6 by fiscal year 2009