

Notification on Revisions to Medium-Term Business Plan

Haseko Corporation (the “Company”) successfully achieved goals established in its New Medium-Term Business Plan, which was completed at the end of fiscal 2007 (year ended March 2008). Given this achievement, the Company resumed dividends to its shareholders for the previous fiscal year and newly established the “SHIN” Plan (**S**ustainable, **H**aseko, **I**nnovating and **N**ew Plan; fiscal 2008 through fiscal 2010), a medium-term business plan positioned as the new stage after the completion of corporate revitalization. Under the “SHIN” Plan, the Company has been endeavoring to achieve consolidated ordinary income of 60 billion yen, a numerical target set for the plan’s final fiscal year.

In the first fiscal year of the “SHIN” Plan, the Company was able to achieve certain results, including acquisition of three condominium management companies as part of reinforcing its businesses for the existing condominium market and successful development of new products in the for-sale condominium area. However, the management environment surrounding the Haseko Group has worsened on a scale far greater than anticipated, as buyers have disappeared from the real estate market in general and especially from the real estate investment market due to the deterioration of the financial conditions stemming from the subprime loan problems and the subsequent impact on the real economy. In the condominium market, the supply of new units has decreased drastically due to stagnant sales as the soaring land and construction costs have caused a sharp rise in condominium prices. In addition, these circumstances played a part in bankruptcies of the Company’s business partners, which, together with other factors, led the Company to record a huge provision for doubtful accounts and eventually produce a net loss for the first fiscal year of the “SHIN” Plan.

Based on these drastic changes in circumstances, the Company has revised the “SHIN” Plan, the current medium-term business plan, and announces the revisions described below (revised sections are underlined). The revisions call for extending the “SHIN” Plan for a year and adjusting the numerical targets to comply with the assumed future market size, while maintaining the basic and business policies in the Company’s core businesses. Furthermore, the revisions aim to reconstruct the Company’s financial foundations centering on the reduction of interest-bearing liabilities.

Details

Overview of the Medium Term Business Plan, “SHIN” Plan (Revised)

(SHIN is an acronym with **S** representing Sustainable, **H** representing Haseko, **I** representing Innovating and **N** representing New, and, in Japanese it stands for Trust (confidence), Heart (gratefulness, thoughtfulness) and New ("Study the past and learn new things" and "Make new creations").

■ Period Covered by the Plan

- Four fiscal years (fiscal 2008 (ending March 2009) - fiscal 2011 (ending March 2012))

■ Positioning of the Plan

- Period for reconstructing the Company’s business base and financial foundation
- Aim to become an "only one" group of companies that endeavors to continuously innovate management and create urban life

■ Basic Policies

1. Expand the business domains (in terms of sectors and areas) in addition to further evolving the mainstay business related to condominiums
2. Implement specific measures to secure reliability and extend the life of housing
3. Deploy business strategies that respond to changes in the for-sale condominium market
4. Perform the corporate social responsibilities concerning issues on global environment and the aging society with fewer children
5. Continue returning profits to shareholders while maintaining sound financial foundation

■ Numerical Targets for the Last Fiscal Year of the Plan

Given the drastically changing economic conditions, Haseko has revised its performance targets in correlation with the market environment and size, while implementing specific measures under the Plan and reducing labor costs and other costs in proportion to its business size. The Company will work to attain the following numerical targets in the final fiscal year of the Plan and aim to become a group of companies that can realize sustainable profitability.

1. Consolidated ordinary income: 32 billion yen (Of which, 7 billion yen by service-related business group)
2. Non-consolidated ordinary income: 25 billion yen
 - ※Furthermore, in addition to the reduction of directors' remuneration (by 12.5% to 30%) already announced, Haseko has decided on and implemented a measure to reduce fixed costs by approximately 4 billion yen by reducing labor costs and other employee-related expenses by approximately 10%, in an effort to secure achievement of these profit targets.

■ Specific Items

1. Business Strategies

(1) Create added value to for-sale condominium business

Work to maintain and expand our market share (secure more than 20%) in construction of for-sale condominiums on an order basis as well as revenues from construction through increasing the added value of our for-sale condominium business in anticipation of the arrival of the “stock” society (in which people willingly use or re-use existing building stock)

- 1) Further reinforce the business model in which Haseko acquires and prepares land for condominium projects
- 2) Reinforce capabilities to develop products
 - Develop and promote proposal of products unique to Haseko
 - Conduct multi-use developments through enhancing coordination with developers that are not condominium operators
 - Strengthen proposal abilities and technological capabilities in terms of rebuilding
- 3) Enhance after-sales service offerings and reinforce the system
 - Promote development and employment of “Haseko Premium After-sales Services”
 - Establish and operate after-sales call centers

(2) Evolve the business model that builds on land information as the starting point

1) Participate in markets other than for-sale condominiums

Haseko will aim to expand into such product areas as rental condominiums, office buildings, retail facilities and facilities for elderly people. To do so, Haseko will enhance order-reception and

production systems centering on current for-sale condominiums and evolve its business model in order to improve revenues and profits, while giving consideration to possible capital and business tie-ups with other companies or M&As.

2) Suspend work on new projects in the development business for investment products and reconstruct management systems in the condominium development business

In the development business for investment products, Haseko will work to strengthen its capabilities of operating properties already acquired and increase their values, while suspending work on new projects. With regard to participation in the condominium development business, Haseko will continue to position it as a revenue base, reconstruct its risk management systems and make continuous efforts within the scope of a certain size.

(3) Make proactive efforts on order-reception for housing construction other than those in which Haseko acquires and prepares land for condominium projects

Haseko will reinforce its endeavors on order-reception for housing construction by taking advantage of its integrated capabilities, including cost competitiveness and technological abilities, that come from its planning capabilities, speed, advantages of scale and other strengths developed through order receptions in which Haseko acquires and prepares land for condominium projects.

(4) Further Expand Service-related Business

1) Pursue further synergy on top of the selection and concentration of business

Haseko has constructed condominiums with an accumulated total of 470,000 units. These condominiums and other properties constitute the existing condominium market. Building on the existing condominium market, the Company will grow by taking advantage of its own strength derived from being specialized in the living-related areas – engaged in such businesses as for-sale condominium management, rental condominium management, "senior living" (living for elderly people), insurance servicing and interior sales. On the other hand, further reinforcement of coordination among the Haseko Group companies will be sought. Through these efforts, Haseko aims to become an "only one" group of companies for housing.

2) Establish our presence in after-sales activities

Haseko will enhance its after-sales offerings and create high value-added maintenance and management services in its administration and operation business, so that the Company can propose safe, secure and comfortable living over the long term.

(5) Review Area Strategies

Expand the coverage of Nagoya Branch to the entire Tokai area centering on Nagoya, based on the steady growth in the Branch's marketing performance, and establish the area as the third largest business foundation after the Tokyo and Kinki metropolitan areas.

2. Technology Strategies

(1) Deepen our technological capabilities and technical development abilities for for-sale condominiums

There have been changes in the business environment, such as stricter requirements for quality and capacity, and longer business periods due to the Revised Building Standard Law, consideration of the environment, shortage of workforce and increases in construction costs. In order to respond to these changes, the Company will further enhance the "technological capabilities and technical development abilities that only Haseko can demonstrate," by building on the design and construction technologies it has accumulated and taking advantage of strengths in design and construction.

- Develop, elaborate on and accumulate energy saving and technologies concerning longer life expectancy.

- Develop and elaborate technologies for the existing condominium market.
 - Construct and promote efficient and streamlined production systems (industrialization and introduction of unit system)
 - Construct streamlined logistics systems for construction materials
- (2) Enhance organizational systems for conducting business other than housing
- The Company will take measures to reinforce and enhance production systems and technological capabilities in order to expand business into areas other than housing. These measures will include proactive investment in technologies for design, construction, the environment and R&D, while giving consideration to possible business and technological tie-ups with other companies.
- (3) Achieve improvements in quality, safety and productivity
- Endeavor to further reinforce organizational systems and improve production technologies in order to secure the quality and performance of buildings, without forgetting the starting point of the manufacturing industry.
- Enhance and reinforce organizational systems in order to fully eliminate accidents in quality and construction
 - Promote development and application of technologies and engineering methods that improve quality and safety

3. Financial Strategy

Secure sound financial standing in order to achieve the Company's profit plans, taking into account the drastically changing management environment, and work to reconstruct the financial foundation as soon as possible in order to allow the Company to continuously return profits to shareholders through dividends and other measures.

- 1) Implement reduction of assets while securing profits and discerning the real estate market trends, and reduce the consolidated interest-bearing debt to 200 billion yen (excluding PFI loans) as soon as possible.
- 2) With regard to the redemption plan for the existing Preferred Stocks Class B I, change the original redemption schedule of three years (fiscal 2009 through fiscal 2011) as depicted in the Capital Reorganization Plan announced in August 2005 to redemption within the time frame (5 years through September 2014) of the Company's right to claim for compulsory redemptions, with giving due consideration to profit levels and size of net worth.
- 3) Realize resumption of dividends to the Company's common stocks at the earliest time possible under the Plan, through reconstructing its financial foundation.