

Outline of the New Medium-Term Management Plan (2008–2010)

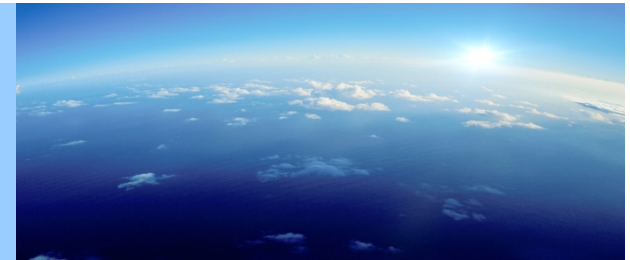
A Shimadzu Brand with a Committed
Worldwide Client Base
Towards a Truly Global Business

March 24, 2008

Shimadzu Corporation

Hattori Shigehiko

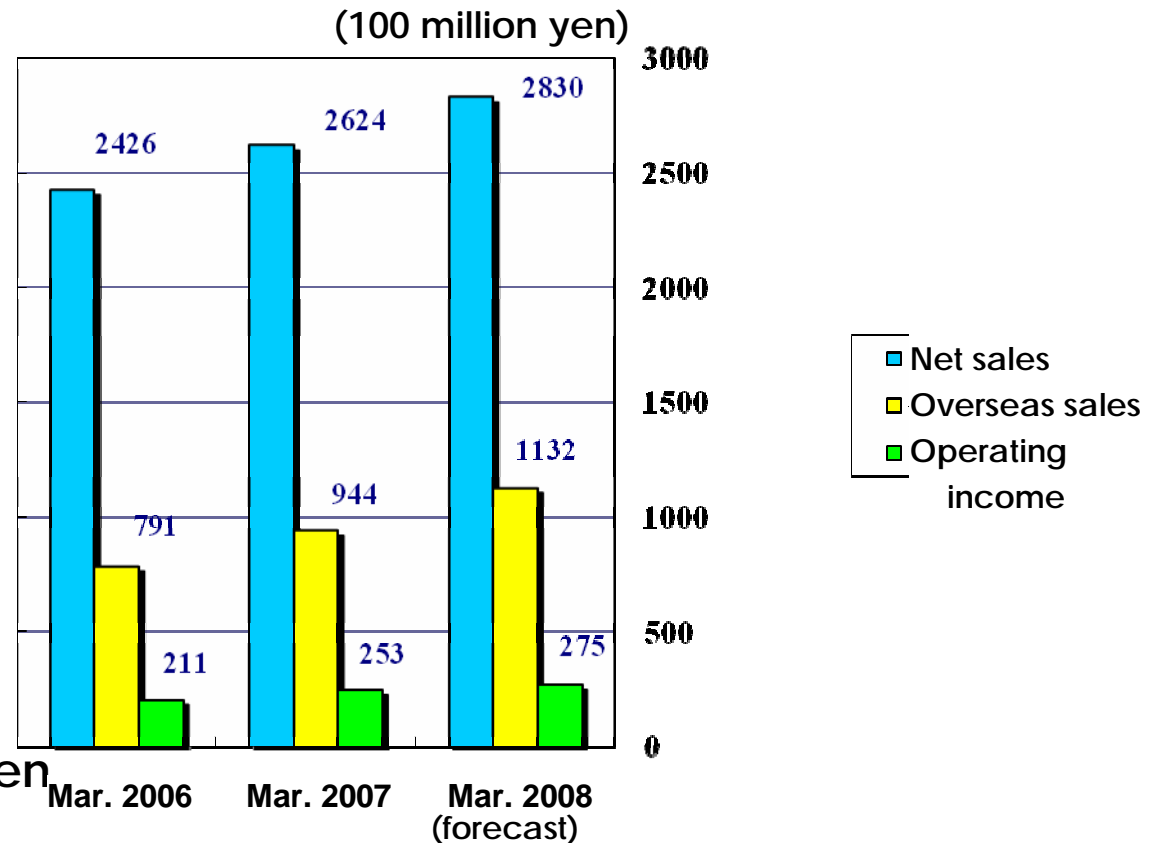
President and CEO



I. Review of Previous Plan

**Previous Plan
(FY2005–FY2007)
Global Growth
Structural Reform**

- Fulfill target earnings growth in an expanding world economy
- Reduce costs through structural reform of business operations



Target Sales: 270.0 billion yen

Operating Margin: > 10%

Overseas Sales Ratio: > 35%

Projected Operating Margin: 9.7%

Projected Overseas Sales Ratio: 40.0%

II. New Medium-Term Management Plan: Key Points



Building a Shimadzu Brand with a Committed Worldwide Client Base

- Building on the successes of the previous plan
- Promoting growth strategies, functional and process reform, and the building of our business infrastructure
- Striving to become a truly global corporation through sustained growth



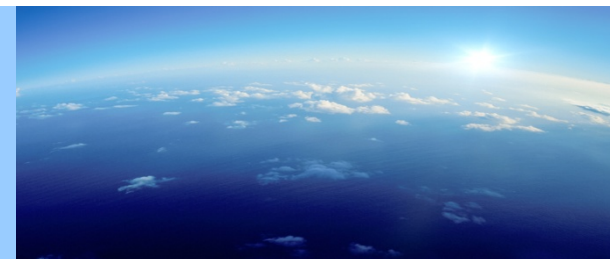
III. Management Goals (1)

Target sales: 320.0 billion yen
Operating margin: 11.3%
Overseas sales ratio: over 42%

(Assumed exchange rates: 1 US dollar = 105 yen; 1 euro = 155 yen)

(Billion yen)

	Fiscal 2007 (forecast)	Fiscal 2010 (planned)	Growth Rate
Net sales	283.0	320.0	+13.1%
Operating income	27.5	36.0	+30.9%
Operating margin	9.7%	11.3%	+1.6 pp
Ratio of overseas sales to total	40.0%	over 42%	+2.0 pp



III. Management Goals (2)

(Billion yen)

Sales by business segment

	Fiscal 2007 (forecast)	Fiscal 2010 (planned)	Growth rate
Analytical and measuring instruments	160.0	190.0	+18.8%
Medical systems	52.5	57.0	+8.6%
Aircraft equipment and industrial machinery	63.5	66.0	+3.9%
Aircraft equipment	30.0	24.7	-17.7%
Industrial machinery	33.5	41.3	+23.3%
Other	7.0	7.0	No growth
Total	283.0	320.0	+13.1%

	Fiscal 2007 (forecast)	Fiscal 2010 (planned)	Growth rate
Japan	169.8	184.5	+8.7%
US (North America)	29.8 (23.5)	34.6 (29.2)	+16.1% (+24.4%)
Europe	21.5	27.9	+29.9%
Asia and Oceania (China)	62.0 (29.0)	73.0 (33.8)	+17.8% (16.6%)
Overseas total	113.2	135.5	+19.7%
Overseas sales to total	40.0%	42.3%	+2.3 pp

IV. Major Factors Behind Changes in Profit (FYE March 2008)



Operating income growth: 8.5 billion yen

(Billion yen)

FYE March 2008: Operating income (forecast)	27.5
Factors	
Business growth	+14.9
Market fluctuations	-9.7
Fixed costs growth	-4.2
Streamlining through production and distribution reforms	+7.5
FYE March 2011 operating income (planned)	36.0

V. Growth Strategy



Sustained Growth through Enhanced Marketing Expertise

Achieving global dominance for all models

- Developing industry- and client-targeted marketing worldwide
- Anticipating the needs of market-leading clients to create new demand

Aggressive Targeting of New Business Segments

- **Industrial analytical and measuring instruments (inline measuring instruments)**

Contributing to higher efficiency in semiconductors, pharmaceuticals, automobiles, and other segments through the development of advanced real-time technologies and visualization technologies

- **Next Generation Medicine**

Contributing to advances in new pharmaceuticals and diagnostic practices through analytical, medical, and life sciences technologies



VI. Functions and Process Reform

Pursuit of Manufacturing Growth → Constructing a Global Supply Chain Management System

- Constructing a global SCM system through manufacturing and distribution reform
- Integrated implementation of **new build-to-order production system**

Reform of Development, Sales, and Services

- Development process reform
- Reform of sales activities
- Services reform



VII. Capital Investment Program

Total capital investment over 3 years: 35 billion yen

Production and distribution
(ongoing): 4.7 billion yen

**New build-to-order production
system** (ongoing): 1.5 billion yen

New business-related: 600 million
yen

Plant maintenance and renewal:
1.63 billion yen

Expansion and upgrading of
analytical and measuring instrument
production facilities: 1.8 billion yen

Enhancement of strategic products:
3 billion yen

Construction of new medical goods
plant: 6 billion yen

Expansion and upgrading of aircraft
equipment and industrial machinery
plant: 1.1 billion yen

VIII. Business Strategy: Analytical and Measuring Instruments (1)



(Billion yen)

	FYE March 2008 (forecast)	FYE March 2011 (planned)	Growth Rate
Sales of analytical and measuring instruments	160.0	190.0	+18.8%
Life science sector (including LC and MS)	49.3	63.6	+29%

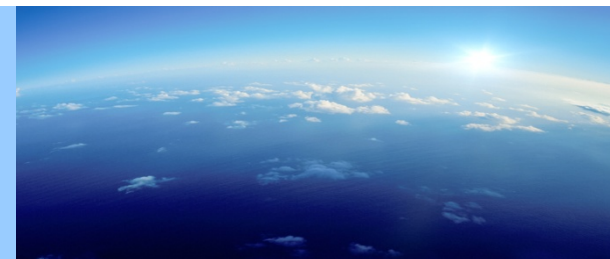
Basic Strategy

- Building up the life science business sector
Expanding life sciences applications, focusing on HPLC and MS
- Enhancing marketing strategy
Promoting marketing strategy along the three axes of:
client × area × product model
- Strengthening product development, production and sales services in the Chinese market

Key Measures

- Expansion and upgrading of overseas subsidiary companies' plant and facilities
- Expansion of foreign subsidiary companies' sales and service networks

VIII. Business Strategy: Analytical and Measuring Instruments (2)



Market	Market Trend	Strategies	Products	Growth Areas
Life Sciences	Decentralization of major pharmaceuticals Consolidation of quality control criteria	Aggressively globalize the adoption of Shimadzu products as standard among market-dominant clients	Ultra high-speed LC LCMS	US-Europe; Asia
	Increased investment in new pharmaceutical products Increase in bio-industrial business projects Pharmaceutical mergers	Increase emphasis on life sciences-oriented applications, such as LC and related products Strengthening the MS field	LC LCMS Life-science products	Japan; US; Europe
Environment	Accelerated environmental strategies Local RoHS standards Implementation of REACH Strengthening food safety standards	Rapid response to launch of environmental regulations Overall support for the global adoption of environmental regulations	TOC, exhaust gas meters EDX GCMS	China-Indonesia-Russia; China-Korea; Europe; Japan-China

Market	Strategies	Products / Services	Area
After-sales market	Promote maintenance contracts Strengthen parts and other consumable goods businesses Promotion of R&D support	High value-added services Chromatography equipment R&D support	Global

VIII. Business Strategy: Analytical and Measuring Instruments (3)



(Billion yen)

	FYE March 2008 (forecast)	FYE March 2011 (planned)	Growth Rate
Sales of analytical and measuring instruments—China	18.5	24.7	+33.5%

Chinese Market Strategy

- Increased alliances with Chinese manufacturers and joint development with Chinese clients, along with major expansion of Chinese product development capabilities
- Strengthen environmental equipment business—air/water pollution monitors etc.
- Bolster efforts to develop applications in China



Shimadzu (Guangzhou) Analysis & Technology Service Co. Ltd

VIII. Business strategy: Medical Systems



(Billion yen)

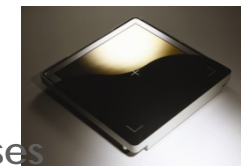
	FYE March 2008 (forecast)	FYE March 2011 (planned)	Growth Rate
Medical systems sales	52.5	57.0	+8.6%
FPD / X ray systems sales	8.0	15.0	+87.5%

Key Measures

- Overseas expansion with a focus on FPD technology
- Cost reduction through increased production efficiency

Planned Capital Investment: 6 billion yen (over 3 years)

- Construction of new plants construction (Main Kyoto Plant and subsidiary plant in Shimane, Japan)



Digital FPD (flat panel detector) for medical uses

VIII. Business Strategy: Aircraft Equipment and Industrial Machinery



(Billion yen)

	Fiscal 2007 (forecast)	Fiscal 2010 (planned)	Growth Rate
Net aircraft equipment and industrial machinery sales	63.5	66.0	+3.9%
Aircraft equipment	30.0	24.7	-17.7%
Industrial machinery	33.5	41.3	+23.3%
Turbomolecular pump sales	7.2	15.0	2.1 times

Key Measures

> Aircraft equipment

- Reorientation of production structures towards mass production of new-model aircraft loading equipment

> Industrial machinery

Turbomolecular Pump

- Increase marketing of this high sales-potential product
- Attain higher production efficiency through new plant construction

IX. Targeting New Business Segments (1)



Industrial Analytical and Measuring Instruments (Inline Measurement Mechanisms)

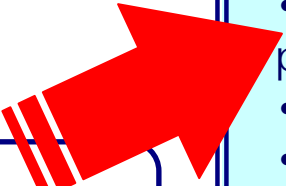
Anticipating client needs in the cutting-edge semiconductor, pharmaceuticals, and automobile sectors

Developing real time measurement systems and online visualization technologies, which deploy optical, x-ray, high-speed video, and other areas of expertise

Towards inline technology deployment at the research lab and production line

- Real time analysis of the semiconductor production process under all conditions
- Visualization of the reaction process
- Inline analysis of pharmaceutical production (PAT: Process Analytical Technology)
- Visualization of engine fuel conditions

Analysis and measurement in the lab



IX. Targeting New Business Segments (2)



Next Generation Medicine

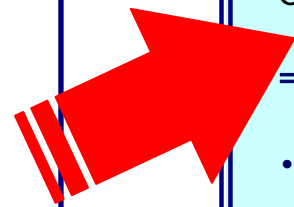
Meshing basic analytic, measurement, and medical systems technologies with the latest achievements in the life sciences; and expanding from support for basic research in medicine and drug development into support for diagnosis and treatment

Basic technologies:

- Gamma rays, light, mass spectrometry
- Graphic diagnosis with PET/CT etc.

Life sciences:

- Disease biomarkers
- Bio-reagents
- Molecular probes



Expanding into New Segments

- Support for Research

Development of high-resolution MS apparatus, PET apparatus for small-animal **laboratory** use, CT technology and fluorescence photometry

⇒ Drug development imaging support services



- Towards diagnostic and treatment support
High-level PET apparatus, **diagnostic imaging** apparatus, diagnostic MS apparatus

X. Conclusion



A Truly Global Business

strongly supported by stakeholders

Leading the world in advanced technology
Meeting change with speed and flexibility
Strong governance that facilitates group growth
The power to succeed amid global competition

Shimadzu
Contributing to Society through Science and Technology

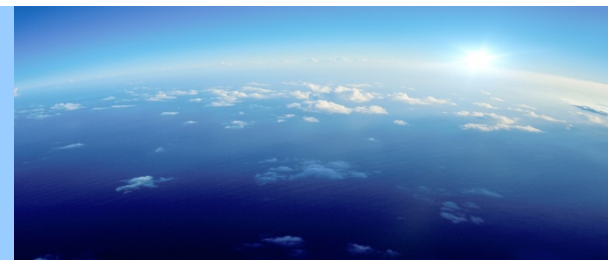
“For the Well-being of both mankind and the Earth”

Forward-Looking Statements



This document contains forward-looking statements. Forecasts of future business performance that appear in this document are predictions made by our management team and are based on information available as at the date of the public release of these materials; they are subject to risks and uncertainties. For this reason, actual results may differ significantly from the forecasts made here. Factors that may influence actual business performance include, but are not limited to, economic conditions in Japan and abroad, technological changes in markets, and fluctuations in exchange rates. We do not undertake to update our forward-looking statements.

NOTES





Access to **your** success

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