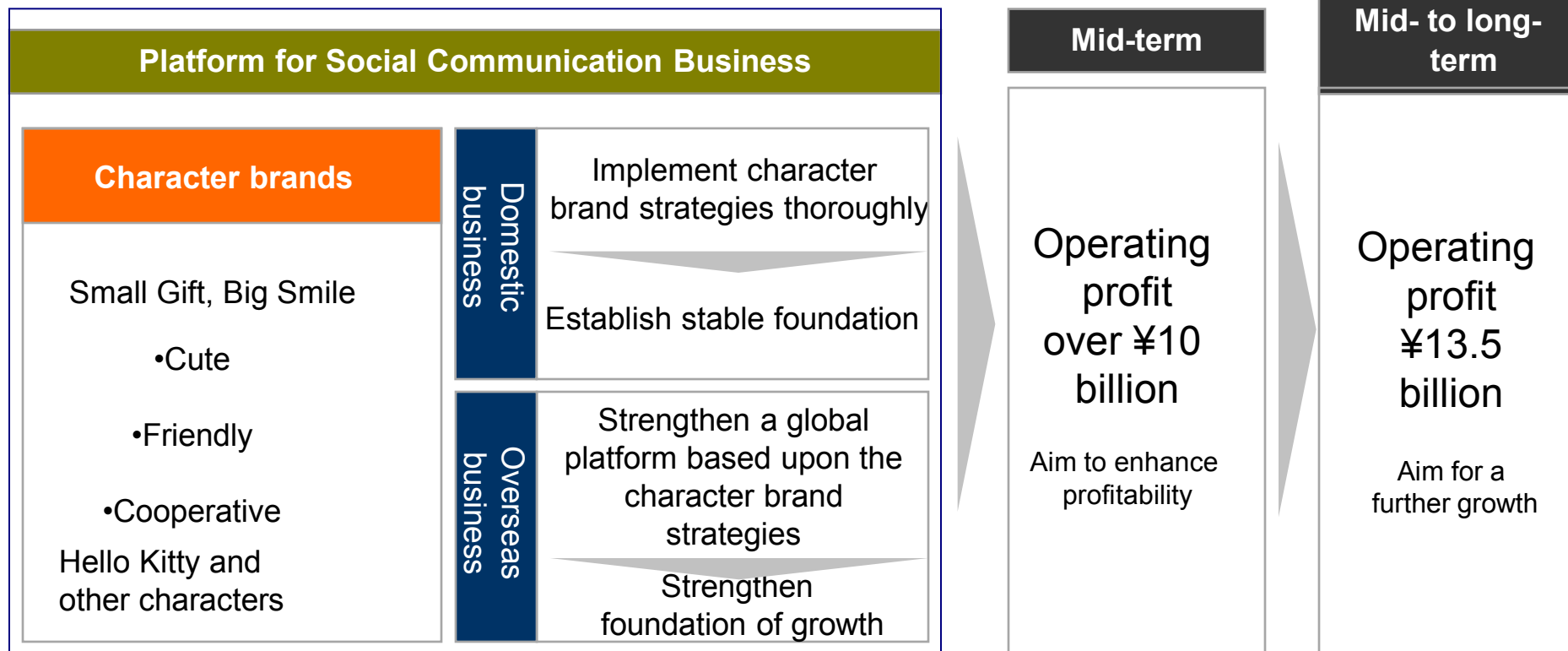


New Medium-Term Business Plan

New Project 2015

May 17, 2011

Aim to become a genuine “global character company”



Implement character brand strategies thoroughly, make our businesses more profitable, and strengthen our business management system.

Implement character brand strategies thoroughly and make our businesses more profitable

■ Design strategies from the global perspective

- ✓ Develop a promotion system strategically.
- ✓ Design strategies for creating, nurturing, and growing each character.
- ✓ Select investment plans for promoting individual character strategies and concentrate energy on them.

■ Design measures for improving profitability of each business

- ✓ Set numerical goals by each business.
- ✓ Design detailed plans for attaining the goals.

Strengthen our business management system

■ Specify key performance indicators (KPIs) by each business

- ✓ Specify KPIs for visualizing the progress by each business.
- ✓ Introduce a common format for managing all group companies.
 - ✓ Introduce them to subsidiaries.

■ Introduce a system for progress management (PDCA cycle)

- ✓ Design the cycle by use of progress management sheets based on the KPI management table.
 - ✓ Adopt the EXIT rule and follow it thoroughly.

Outline of Project 2015 (Announced in March 2010)

All group companies set strategies for each character, integrate them with business strategies (improvement measures), develop the business base for the next 50 years, and pursue the maximization of profit.

Development of the base for business strategies

■ Design strategies from a global perspective

- ✓ Develop a promotion system from a strategic viewpoint.
- ✓ Design strategies for creating, nurturing, and developing each character.
- ✓ Select investment plans based on individual character strategies, and concentrate energy on them.

Product sale	<ul style="list-style-type: none">• Product strategies according to brand development, target customers, and channels• Revision of channel strategies, including the optimization of stores• Maximization of the lifetime value for three-generation customers
Licensing	<ul style="list-style-type: none">• Improvement of the brand image of Sanrio characters, including Hello Kitty• Development and improvement of three-generation and new characters• Strategies for each target and each channel
Planning and sale	<ul style="list-style-type: none">• Raising efficiency by integrating business divisions• Business expansion strategies utilizing the potential of characters and emphasizing contract-based transactions
Contents	<ul style="list-style-type: none">• Strengthening of the Internet business (mobile/EC/new media)• Improvement in the rate of return in the publication business
Theme park	<ul style="list-style-type: none">• Improvement in the ability to attract customers of Sanrio Puroland, and link company-wide measures with individual character strategies• Strengthen the Theme Park -type licenses and the fielded sales business

Outline of Project (Announced in March 2010)

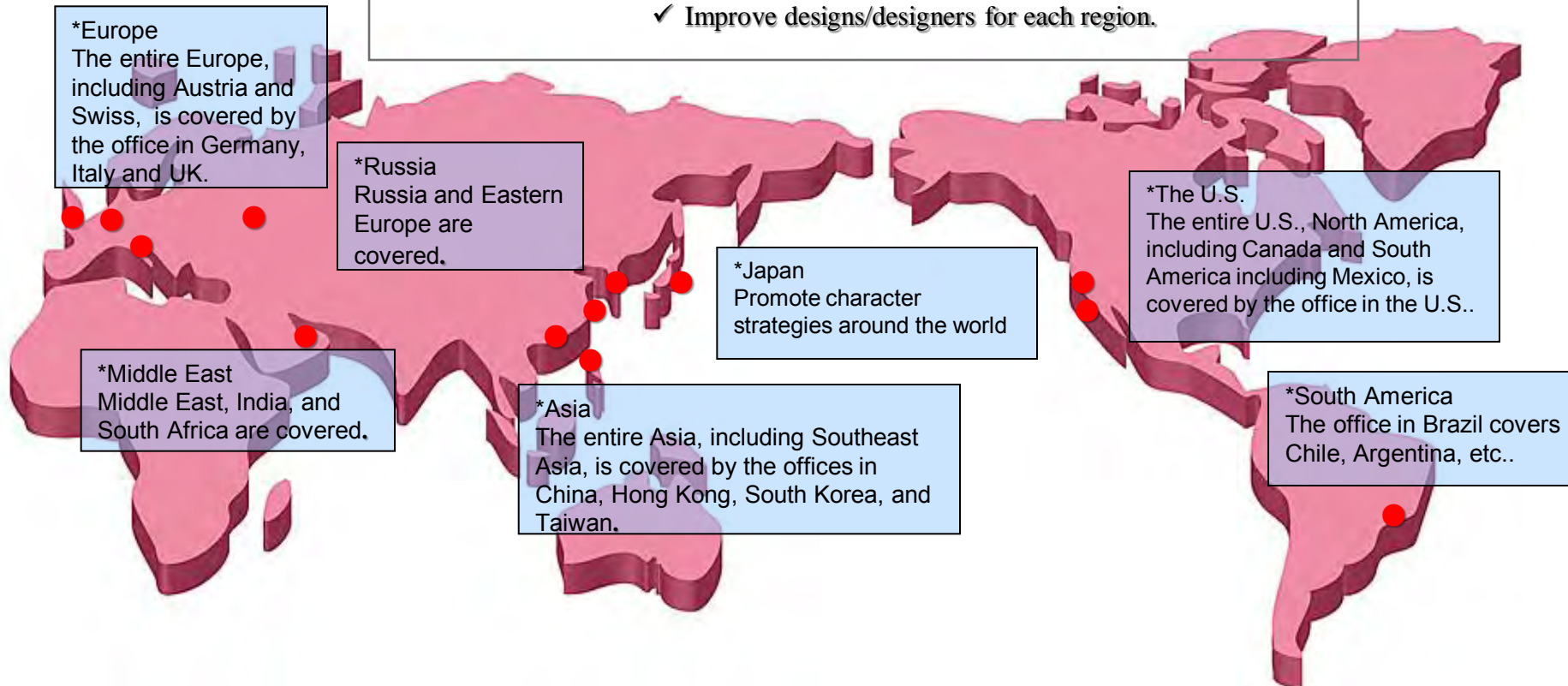
Fortification of the global platform

■ Design active regional strategies

- ✓ Strategies for the markets in Europe, Americas, and Asia
 - ✓ Sharing of character brand strategies
- ✓ Character strategies linked to all other strategies

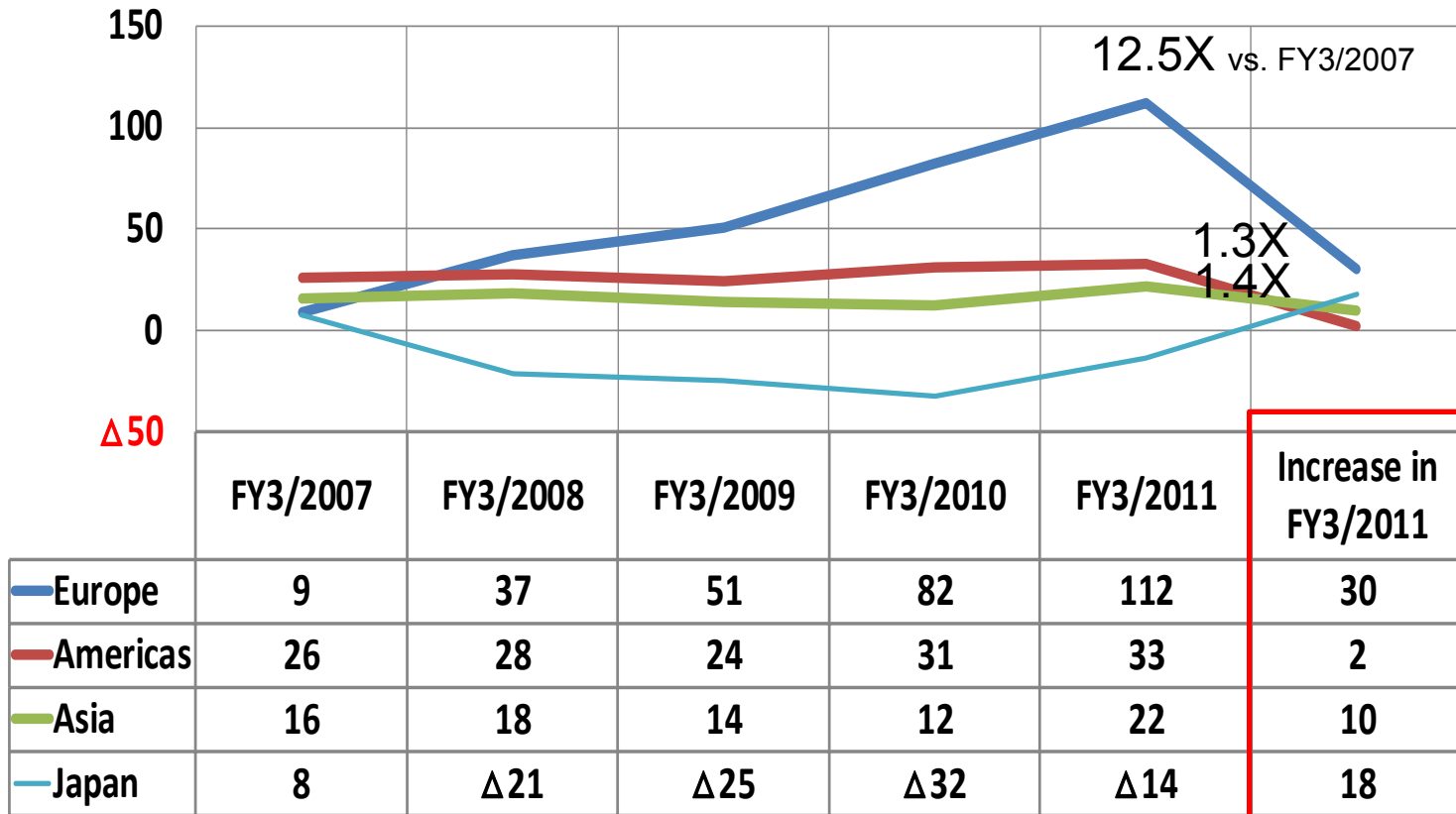
Localization

- ✓ Enlist local staff with local management, and give them more discretion.
- ✓ Improve designs/designers for each region.



Operating Profit By Region

(Hundred million yen)

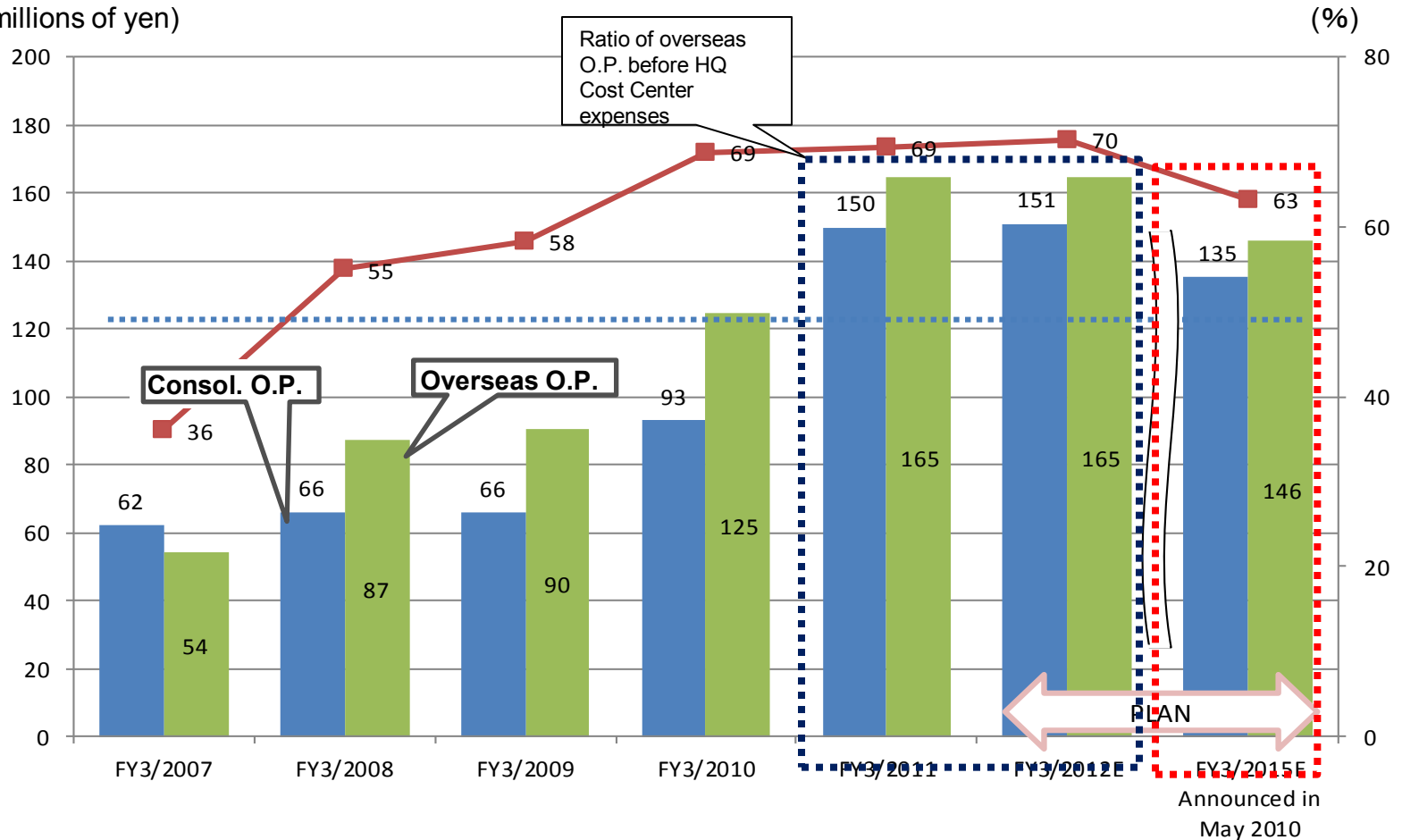


In the amounts of operating profit stated in this material, royalty income that was received by the parent company from overseas subsidiaries has been reallocated back to those overseas companies' profit, in order to more accurately reflect profits by region.

The licensing business model is particularly successful in Europe and is expanding in Americas and Asia at present.
Japan's profit included head quarter cost center expenses.

Operating Profit (FY3/2007 to FY3/2015)

(Hundred millions of yen)



Overseas operating profit increased rapidly from 2008 to become a major profit source, mainly due to successful overseas licensing business model.

What is a “**genuine**” global character company?

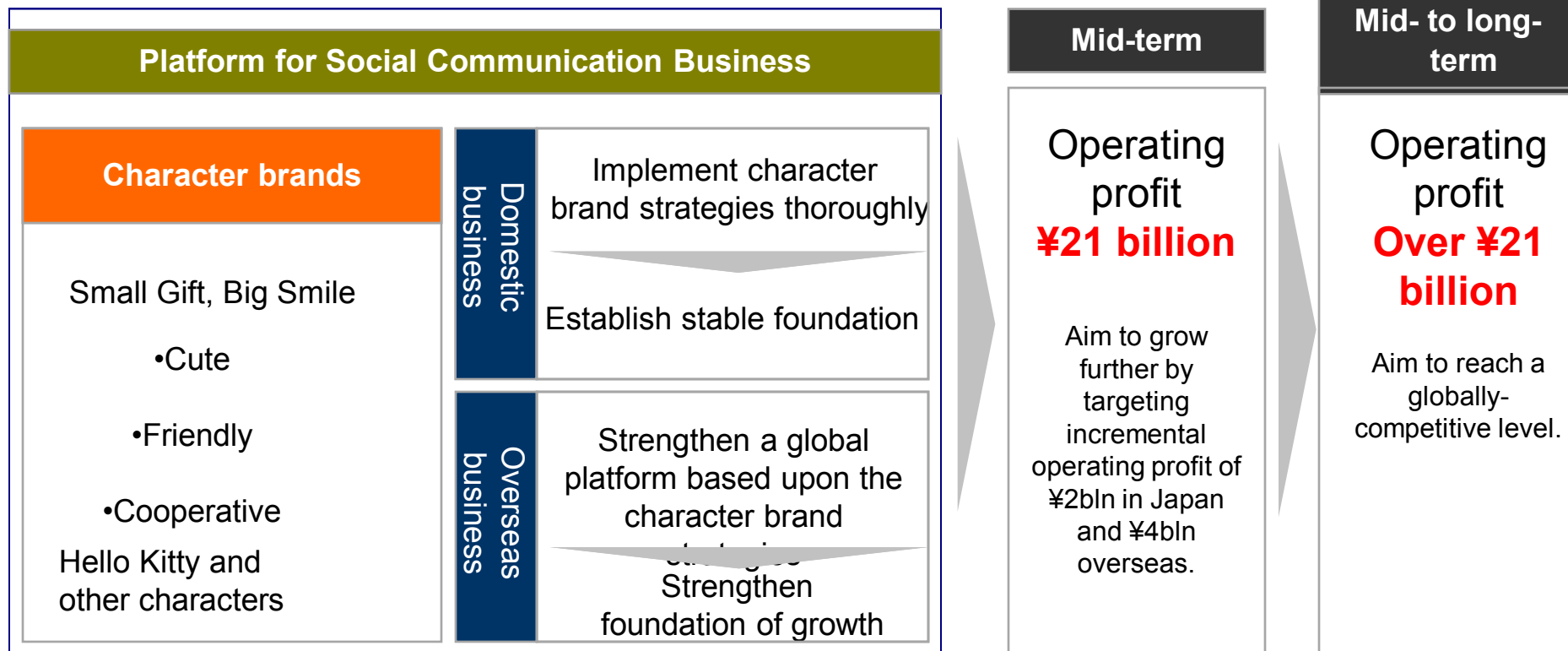
Outline of New Project 2015

Aim to become a “**genuine**” global character company

- In the first year of the new medium-term business plan, Sanrio achieved operating profit of 14.9 billion yen, which exceeded the plan’s final target amount. This led us to believe that we have reached another growth stage.
- We aim to be upgraded to the world-class level in terms of contents, management capability, sales strength, financial strength, etc.
- We have raised our earnings target with the New Project 2015 and aim to establish a foundation to be a world-class company.
- Our new goal is to achieve operating profit of 20 billion yen by FY3/2015.
- We promote further growth in overseas business and structural reform in Japan and overseas.

Outline of New Project 2015

Aim to become a “**genuine**” global character company



Outline of New Project 2015

Commitment to profitability

Medium-term

Operating
profit

¥21 billion

Aim to grow further by targeting incremental operating profit of ¥2bln in Japan and ¥4bln overseas.

- **Establish financial strength to win a place in global competition**
- **Expand strategic options (character development, business investments, M&As, etc.)**
- **Reward our stakeholders**

Business Performance Plan for FY3/2015

Operating Profit Plan by Segment

(Hundred million yen)

		FY3/2011 Results	FY3/2012 Plan	Chg.	FY3/2015 New Plan	Chg.
Overseas		164	165	0	204	40
Total Domestic		△14	△13	1	6	20
Domestic Breakdown	Domestic licensing	65	62	△3		
	Domestic product sales	14	16	1		
	Theme parks	△5	△4	0		
	Other	△3	△0	3		
	HQ Cost Center expenses and others	△85	△87	1		
Total operating profit		149	151	1	210	61

Breakdown of operating profit increase of ¥6.1 billion expected for FY3/2015

- Overseas ¥4.0bln: (Europe) more licensing sales to global companies; (Asia) develop licensing business in China
- Japan ¥2.0bln: Aim to achieve synergy effects in licensing, product sales, and theme parks. We also integrate departments for sales and product procurement to achieve positive impacts for development of hit products and higher inventory turnover.

Schemes to Promote New Project 2015

Promote reforms in Japan and overseas

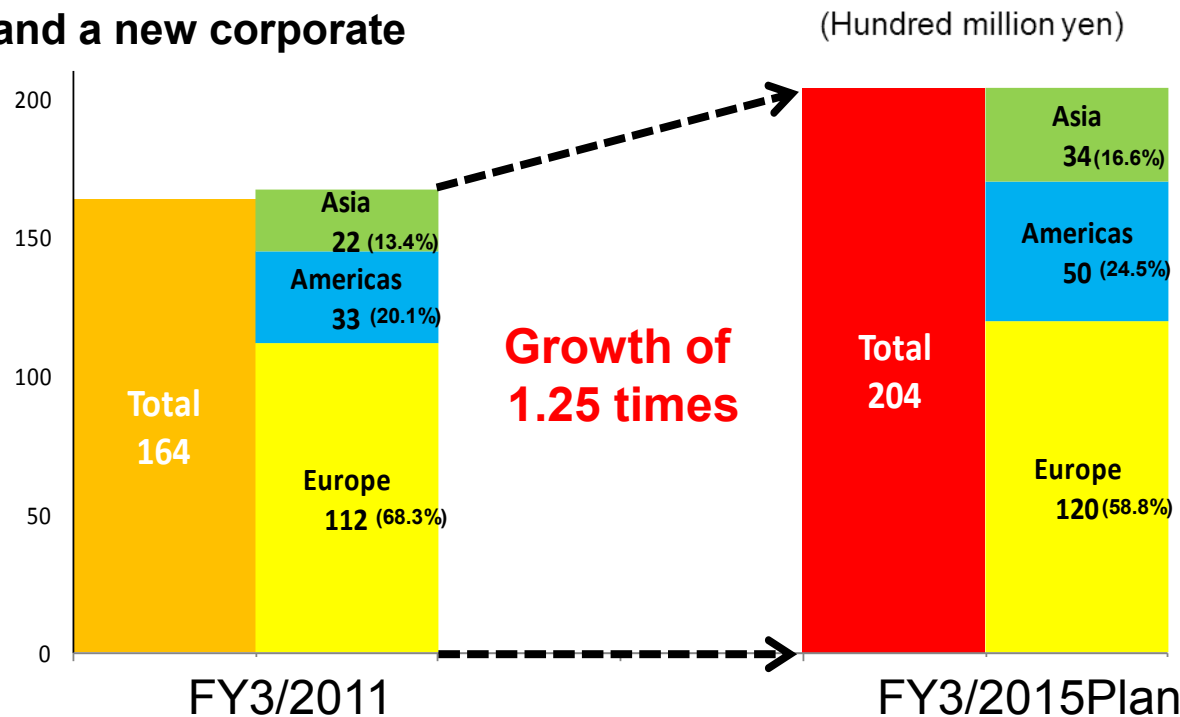
- Establish a corporate reform office
- Promote business reforms in Japan and overseas
- Develop a global mindset
- With an aim to achieve operating profit of 21 billion yen in FY3/2015 , we will develop and execute the plan and, depending on progress, modify it to a plan to achieve incremental 6 billion yen in profit.
- Reform organizational and improve human resources environment (i.e., adoption of stock options, improvement in office environment.)
- (Partially succeed operations of the Business Strategy Control Department)

Business Strategies in Japan and Overseas

《Overseas Business Strategy》 Growth Plan

Maintain high growth in overseas licensing business

- Establish an overseas control department and accelerate implementation of overseas strategies
- Growth that has been centered in Europe up to now will be expanded to Americas and Asia.
- Appoint a new director and a new corporate officer in charge of new overseas control
- Promote further localization
- Regional optimization
- Aim to increase operating profit by 4 billion yen



*Overseas operating profit includes operating loss of 300 million yen for overall overseas region

Strategies in Europe



- Continue to expand shares in this largest market for Sanrio
- Diversify character portfolio
- Shift growth areas from major European countries to Eastern Europe, Russia, Africa, India, and Middle East in the medium- and long-term.

Strategies in Americas



- Enhance the licensing business that is focused on the channel strategy, mainly in North America
- Strengthen activities in countries where our share is low, such as Canada in North America, Mexico in Central America, and Argentina and Chili in South America.
- Study about use of agents

Strategies in Asia



- Shift strategies in Asia from a retail base to a license base
- Integrate operations in Asia and focus on penetration and implementation of strategies and reduction in SG&A expenses
- Accelerate growth strategies in China particularly (Change in management has already been implemented.)
- In addition to reviewing activities in major countries, strengthen activities in countries where our share is low, i.e., Singapore, Indonesia, and Thailand.
- Study about use of agents

Improve business viability of domestic business

- Integrate departments related to product sales and reestablish a supply chain from product development to retail sales. In particular, (1) cost reduction, (2) optimization of retail points, (3) improvement in overall operations, and (4) review of product strategies.
- Shift more to the licensing business
- Turn the theme park business into profits and grow it to an overseas licensing business
- Develop and foster new characters
- Grow the EC (E-Commerce) business
- Withdraw from non-core businesses
- Aim to generate incremental operating profit of 2 billion yen by taking measures stated above

FY3/2015 Business Performance Plan

Operating Profit (FY3/2007 to FY3/2015)

(Hundred millions of yen)

