

## Notice regarding Reorganization of Head Office and Production Division

**January 16, 2009** – Given the recent economic situation, in order to strengthen corporate structure and increase profitability, Sekisui House, Ltd. (the “Company”) promotes to rebuild management plan for the fiscal year ending on January 31, 2010 and thereafter, and formulate each practical strategy therefor. As part, the Company decided that it strives to strengthen capabilities of the Sekisui House Group by efficient operations through regional integration of production system and organizational changes in the back-office operations of the head office.

In the production division, efficient system will be further promoted through integration of factories and suspension of the production of Shiga Factory currently in operation. At the same time, the Company will assign to the employees of Shiga Factory, alternative duties for business expansion and strengthening strategies over the Company as well as the Sekisui House Group.

In the head office, the Company will downsize organizations and personnel, and also assign to the employees so affected by the downsizing, alternative duties for business expansion and strengthening strategies over the Company as well as the Sekisui House Group.

The details are as follow.

### 1. Purpose of Factory Reformulation:

The global financial turmoil breaking out in the U.S.A. has materially affected Japan and spread over the real economy. The Company formulated the Medium-Term Management Plan in March 2008, whereby promoting various business strategies. However, the recent worldwide recession is far severer than initially expected.

While the Company proceeded to implement efficient operations of the production division by integrating and abolishing production lines in accordance with the aforesaid Medium-Term Management Plan, the Company just decided to revise the current production system at five major factories in operations and suspend the production of Shiga Factory as of March 31, 2009, to achieve more substantial cost reduction.

### 2. System at Shiga Factory:

#### (1) Employees of Shiga Factory:

The employees of Shiga Factory will be transferred to the Company or each Group



company including other factories, and reassigned alternative duties for business expansion and strengthening.

(2) Changes in shipment system:

Shizuoka Factory and Yamaguchi Factory will undertake the production of materials and components used to be produced at Shiga Factory.

**3. Purpose of Reorganization of Head Office:**

The Company will implement staff reassignment of over 300 in or after February 2009, in order to downsize organizations and personnel of head office, and increase profitability of the entire Sekisui House Group.

**4. Impact on Business Results:**

Due to the measures stated above, it is expected that a loss resulting from disposal of plants and facilities, among other things, will be incurred after the fiscal year ending on January 31, 2010. However, the Company believes that cost reduction effects to be effected hereafter will surpass the said loss.

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**(Reference) [Outlines of Shiga Factory]**

Name	: Sekisui House, Ltd. Shiga Factory
Location	: Ritto City, Shiga Prefecture
Date of incorporation	: June 1961
Total area	: 174,779 m <sup>2</sup>
Principal materials to be produced	: Structural frames (steel-frame structure, wood-frame structure, etc.), exterior wall materials
Number of employees	: 442 (as of January 1, 2009)
Production capacities	: Approximately 7,600 buildings per year

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