

June 5, 2008

Notice of Convocation of Asahi Kasei Corporation Shareholders

Notice to Shareholders:

The 117th Ordinary General Meeting of Shareholders of Asahi Kasei Corporation will be convened as described below.

Time: Friday June 27, 2008, 10:00 a.m.
Place: Rose Room, 9th floor, Tokyo Kaikan
2-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo, Japan

Agenda

Reports:

Report of Operating Results for the fiscal year ended March 31, 2008
Consolidated Balance Sheets as of March 31, 2008
Consolidated Statements of Income for the fiscal year ended March 31, 2008
Consolidated Statements of Changes in Net Assets for the fiscal year ended March 31, 2008
Non-consolidated Balance Sheets as of March 31, 2008
Non-consolidated Statements of Income for the fiscal year ended March 31, 2008
Non-consolidated Statements of Changes in Net Assets for the fiscal year ended March 31, 2008

Proposals:

Proposal 1 Election of Directors (10 candidates for election)
Proposal 2 Election of Corporate Auditors (2 candidates for election)
Proposal 3 Election of Alternate Corporate Auditor (1 candidate for election)
Proposal 4 Adoption of Measures to Respond to Large Acquisitions of Shares (takeover defense measures)
Proposal 5 Grant of Retirement Bonus to Retiring Directors

Please read the attachment and exhibit accompanying this notice carefully. If you will be unable to attend, please exercise your voting right by filling in, signing, and returning the enclosed form by post. In order to be effective, forms to exercise voting rights by post must be received no later than 5:00 p.m. JST June 26, 2008.

Nobuo Yamaguchi
Representative Director, Chairman of the Board

Note: Translation of Japanese document, some notes and reference information omitted.

Attachment 1: Materials pertaining to items to be reported

1. Consolidated Balance Sheets as of March 31, 2008

(millions of yen, rounded to the nearest million)

Assets	
Current assets	740,075
Cash on hand and in banks	82,903
Notes and accounts receivable, trade	298,788
Marketable securities	303
Inventories	272,372
Deferred income taxes	26,130
Other current assets	61,239
Allowance for doubtful accounts	(1,660)
Fixed assets	685,292
Property, plant and equipment, net of accumulated depreciation	424,193
Buildings and structures	159,951
Machinery and equipment	165,220
Land	54,096
Construction in progress	29,339
Other	15,558
Intangible fixed assets	26,226
Goodwill	5,707
Others	20,519
Investments and other assets	234,873
Investment securities	190,991
Long-term receivables	4,703
Deferred income taxes	12,777
Other	26,514
Allowance for doubtful accounts	(113)
Total assets	1,425,367

Liabilities	751,211
Current liabilities	513,413
Notes and accounts payable, trade	155,120
Short-term borrowings	43,220
Commercial paper	55,000
Current portion of bonds	25,000
Accrued income taxes	9,730
Deferred income taxes	58
Accrued expenses	108,947
Advances received	49,718
Allowance for repairs	4,716
Allowance for after-care of products	6,018
Other current liabilities	55,885
Long-term liabilities	237,798
Bonds	25,000
Long-term borrowings	63,187
Deferred income taxes	9,155
Accrued pension and severance costs	116,133
Reserve for directors and corporate auditors retirement bonus	997
Allowance for repairs	2,078
Customers' guarantee deposits	18,935
Other long-term liabilities	2,314
Net assets	674,156
Shareholders' equity	613,042
Common stock	103,389
Capital surplus	79,427
Retained earnings	432,246
Treasury stock, at cost	(2,019)
Valuation, translation adjustment and others	53,201
Net unrealized gains on securities	51,091
Net deferred profit on hedges	11
Revaluation surplus	873
Cumulative translation adjustments	1,226
Minority interest in consolidated subsidiaries	7,912
Total liabilities and net assets	1,425,367

2. Consolidated Statements of Income for the fiscal year ended March 31, 2008

(millions of yen, rounded to the nearest million)

Net sales	1,696,789
Cost of sales	1,288,965
Gross profit	407,824
Selling, general and administrative expenses	280,168
Operating profit	127,656
Non-operating income	12,100
Interest income	879
Dividend income	3,188
Equity in net earnings of unconsolidated subsidiaries and affiliates	3,757
Other	4,276
Non-operating expenses	19,300
Interest expense	4,202
Loss on disposal of inventories	2,658
Foreign exchange loss, net	5,428
Other	7,012
Ordinary profit	120,456
Special gains	4,300
Gain on sale of investment securities	3,432
Gain on sale of property, plant and equipment	309
Gain on change in equity	559
Special losses	19,157
Loss on write-down of investment securities	1,027
Loss on disposal of property, plant and equipment	6,821
Loss on impairment	4,802
Charge for environmental countermeasures	2,239
Charge for remediation of homes delivered in previous years	3,000
Restructuring charges	1,269
Income before income taxes and minority interest	105,599
Current income taxes	(34,555)
Deferred income taxes	(450)
Minority interest in income of consolidated subsidiaries	(649)
Net income	69,945

3. Consolidated Statements of Changes in Net Assets
for the fiscal year ended March 31, 2008

(millions of yen, rounded to the nearest million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2007	103,389	79,396	380,515	(1,544)	561,755
Changes during the fiscal year					
Dividends			(18,188)		(18,188)
Net income			69,945		69,945
Decrease due to merger			(26)		(26)
Purchase of treasury stock				(542)	(542)
Disposal of treasury stock		31		67	98
Net increase (decrease) in net assets other than shareholders' equity					
Total changes during the fiscal year	—	31	51,731	(475)	51,287
Balance at March 31, 2008	103,389	79,427	432,246	(2,019)	613,042

	Valuation, translation adjustment and others					Minority interest in consolidated subsidiaries	Total net assets
	Net unrealized gain on securities	Net deferred profit on hedges	Revaluation surplus	Cumulative translation adjustments	Total valuation, translation adjustment and others		
Balance at March 31, 2007	79,823	58	1,106	2,913	83,900	7,855	653,510
Changes during the fiscal year							
Dividends							(18,188)
Net income							69,945
Decrease due to merger							(26)
Purchase of treasury stock							(542)
Disposal of treasury stock							98
Net increase (decrease) in net assets other than shareholders' equity	(28,732)	(47)	(233)	(1,687)	(30,699)	57	(30,642)
Total changes during the fiscal year	(28,732)	(47)	(233)	(1,687)	(30,699)	57	20,646
Balance at March 31, 2008	51,091	11	873	1,226	53,201	7,912	674,156

4. Non-consolidated Balance Sheets as of March 31, 2008

(millions of yen, rounded to the nearest million)

Assets	
Current assets	213,426
Cash on hand and in banks	217
Supplies	176
Advances paid	87
Prepaid expenses	1,051
Deferred income taxes	1,953
Accounts receivable, other	16,348
Short-term loans to group companies	144,353
Advances paid	49,014
Other current assets	399
Allowance for doubtful accounts	(172)
Fixed assets	485,628
Property, plant and equipment, net of accumulated depreciation	67,830
Buildings	14,358
Structures	2,798
Machinery and equipment	1,673
Vehicles	37
Tools, furniture and fixtures	1,942
Land	46,465
Construction in progress	557
Intangible fixed assets	4,029
Software	3,182
Patents rights and others	847
Investments and other assets	413,769
Investment securities	107,416
Investments in group companies	251,497
Sundry investments	39
Long-term receivables	46
Long-term receivables from group companies	50,417
Long-term prepaid expenses	425
Other	3,941
Allowance for doubtful accounts	(11)
Total assets	699,054

Liabilities	288,606
Current liabilities	165,920
Notes payable	101
Short-term borrowings	18,000
Commercial paper	55,000
Current portion of long-term borrowings	5,548
Current portion of bonds	25,000
Accounts payable, other	29,162
Income taxes payable	625
Accrued expenses	14,985
Advances received	19
Deposits received	3,789
Notes payable for group companies	4,648
Other current liabilities	9,044
Long-term liabilities	122,686
Bonds	25,000
Long-term borrowings	52,540
Deferred income taxes	30,060
Accrued pension and severance costs	14,487
Reserve for directors and corporate auditors retirement bonus	559
Customers' guarantee deposits	39
Net assets	410,448
Shareholders' equity	369,338
Common stock	103,389
Capital surplus	79,427
Additional paid-in capital	79,396
Other capital surplus	31
Retained earnings	188,396
Legal reserve	25,847
Other retained earnings	162,549
Reserve for special depreciation	575
Reserve for fixed assets reduction	10,567
Dividend equalization reserve	7,000
General reserve	82,000
Unappropriated retained earnings as of the end of the fiscal period	62,406
Treasury stock, at cost	(1,873)
Valuation, translation adjustment and others	41,110
Net unrealized gains on securities	41,110
Total liabilities and net assets	699,054

5. Non-consolidated Statements of Income for the fiscal year ended March 31, 2008

(millions of yen, rounded to the nearest million)

Revenue	49,923
Dividend income from group companies	42,746
Real estate lease income from group companies	7,178
Operating expenses	16,123
General administrative expenses	16,123
Operating profit	33,801
Non-operating income	4,807
Interest and dividend income	4,237
Other	570
Non-operating expenses	3,912
Interest expense	2,052
Other	1,860
Ordinary profit	34,696
Special gains	4,274
Gain on sale of investment securities	2,832
Gain on sale of property, plant and equipment	1,443
Special losses	3,537
Loss on write-down of investment securities	459
Loss on disposal of property, plant and equipment	1,550
Charge for environmental countermeasures	1,529
Income before income taxes	35,433
Current income taxes	(3,795)
Deferred income taxes	1,123
Net income	38,105

6. Non-consolidated Statements of Changes in Net Assets
for the fiscal year ended March 31, 2008

(millions of yen, rounded to the nearest million)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings			
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings		
						Reserve for special depreciation	Reserve for fixed assets reduction	Dividend equalization reserve
Balance at March 31, 2007	103,389	79,396	—	79,396	25,847	1,103	10,789	7,000
Changes during the fiscal year								
Reversal of reserve for special depreciation						(528)		
Addition to reserve for fixed assets reduction							65	
Reversal of reserve for fixed assets reduction							(287)	
Dividends								
Net income								
Purchase of treasury stock								
Disposal of treasury stock			31	31				
Net increase (decrease) in net assets other than shareholders' equity								
Total changes during the fiscal year	—	—	31	31	—	(528)	(222)	—
Balance at March 31, 2008	103,389	79,396	31	79,427	25,847	575	10,567	7,000

	Shareholders' equity					Valuation, translation adjustment and others		Total net assets
	Retained earnings			Treasury stock, at cost	Total shareholders' equity	Net unrealized gain on securities	Total valuation, translation adjustment and others	
	Other retained earnings		Total earned surplus					
	General reserve	Unappropriated retained earnings						
Balance at March 31, 2007	82,000	41,741	168,479	(1,389)	349,875	61,762	61,762	411,638
Changes during the fiscal year								
Reversal of reserve for special depreciation		528	—		—			—
Addition to reserve for fixed assets reduction		(65)	—		—			—
Reversal of reserve for fixed assets reduction		287	—		—			—
Dividends		(18,188)	(18,188)		(18,188)			(18,188)
Net income		38,105	38,105		38,105			38,105
Purchase of treasury stock				(542)	(542)			(542)
Disposal of treasury stock				58	88			88
Net increase (decrease) in net assets other than shareholders' equity						(20,652)	(20,652)	(20,652)
Total changes during the fiscal year	—	20,665	19,917	(484)	19,463	(20,652)	(20,652)	(1,190)
Balance at March 31, 2008	82,000	62,406	188,396	(1,873)	369,338	41,110	41,110	410,448

Exhibit 1: Reference Materials for the General Meeting of Shareholders

Proposal 1 Election of Directors

As the Articles of Incorporation stipulate a term of office of one year, the term of office of the following eleven Directors shall expire at the close of this Ordinary General Meeting of Shareholders: Nobuo Yamaguchi, Shiro Hiruta, Ichiro Itoh, Kunio Kohga, Katsuhiko Sato, Kiyoshi Tsujita, Kageyasu Akashi, Koji Fujiwara, Yuji Mizuno, Yuzo Seto, and Yukiharu Kodama.

The Board of Directors recommends that the following ten candidates be elected Director:

Candidates Mr. Yuzo Seto, Mr. Yukiharu Kodama, and Mr. Morio Ikeda meet the requirements for Outside Director as stipulated in relevant law and regulation.

Candidate No.	Name, date of birth	Asahi Kasei shares held	Career summary
1	Nobuo Yamaguchi, December 23, 1924	55,000	<ul style="list-style-type: none">• April 1952: joined Asahi Kasei• June 1976: elected Director• November 1978: Managing Director• June 1981: Representative Director*• June 1981: Executive Vice President• April 1992: Chairman of the Board*
2	Shiro Hiruta, December 20, 1941	107,000	<ul style="list-style-type: none">• April 1964: joined Asahi Kasei• June 1997: elected Director• June 1999: Managing Director• June 2001: Senior Managing Director• June 2002: Executive Vice President• April 2003: President*• April 2003: Representative Director*• June 2003: Presidential Executive Officer*
3	Ichiro Itoh, July 6, 1942	35,000	<ul style="list-style-type: none">• April 1966: joined Asahi Kasei• June 2001: elected Director• February 2003: Managing Director• June 2003: Director*• April 2006: Vice-Presidential Executive Officer*
4	Kiyoshi Tsujita, April 16, 1948	14,000	<ul style="list-style-type: none">• April 1971: joined Asahi Kasei• April 2004: Executive Officer• June 2005: elected Director*• April 2007: Senior Executive Officer*
5	Katsuhiko Sato, September 15, 1944	75,000	<ul style="list-style-type: none">• April 1969: joined Asahi Kasei• October 2003: Asahi Kasei Homes Director• April 2006: Asahi Kasei Homes Vice-Presidential Executive Officer• April 2007: Senior Executive Officer*• June 2007: elected Director*
6	Yuji Mizuno, April 3, 1952	9,000	<ul style="list-style-type: none">• April 1975: joined Asahi Kasei• April 2007: Executive Officer*• June 2007: elected Director*
7	Yoshio Hayashi, January 16, 1948	9,000	<ul style="list-style-type: none">• April 1972: joined Asahi Kasei• April 2005: Executive Officer*

8	Yuzo Seto, February 25, 1930	2,000	<ul style="list-style-type: none"> • April 1953: joined Asahi Breweries, Ltd. • March 1981: Director, Asahi Breweries • September 1992: President and Representative Director, Asahi Breweries • January 1999: Chairman and Representative Director, Asahi Breweries • January 2002: Advisory Director, Asahi Breweries • March 2003: Advisor to the Board, Asahi Breweries* • June 2007: elected Director*
9	Yukiharu Kodama, May 9, 1934	1,000	<ul style="list-style-type: none"> • April 1957: joined Ministry of International Trade and Industry (MITI) • June 1989: MITI Administrative Vice-Minister • June 1991: retired from MITI • June 1993: President, Shoko Chukin Bank • July 2001: President, Japan Information Processing Development Corp. • June 2007: elected Director* • November 2007: President, The Mechanical Social Systems Foundation*
10	Morio Ikeda, December 25, 1936	1,000	<ul style="list-style-type: none"> • April 1961: joined Shiseido Corp. • June 1990: Director, Shiseido Corp. • June 2001: President and Representative Director, Shiseido Corp. • June 2005: Chairman, Shiseido Corp. • June 2006: Senior Advisor, Shiseido Corp.*

* Position held at present.

Notes:

- Mr. Yuzo Seto is a candidate for the position of Outside Director in accordance with relevant law and regulation. At the close of this Ordinary General Meeting of Shareholders, his term of office as Outside Director shall be one year. The Board of Directors recommends his election as Outside Director so that his wealth of business management experience and his broad range of insight may be reflected in the Company's operations.
- Mr. Yukiharu Kodama is a candidate for the position of Outside Director in accordance with relevant law and regulation. At the close of this Ordinary General Meeting of Shareholders, his term of office as Outside Director shall be one year. Although he has not been involved in corporate management other than formerly as Outside Director and Outside Corporate Auditor, the Board of Directors recommends his election as Outside Director so that his wealth of experience and his broad range of insight into the world of business may be reflected in the Company's operations.
- Mr. Morio Ikeda is a candidate for the position of Outside Director in accordance with relevant law and regulation. The Board of Directors recommends his election as Outside Director so that his wealth of business management experience and his broad range of insight may be reflected in the Company's operations.

In July 2005 Komatsu Ltd., where Mr. Morio Ikeda has served as Outside Director since June 2005, purchased its own shares of common stock prior to the announcement of the dissolution of its subsidiary Komatsu Finance (Netherlands) B.V., which had ceased operations, without recognizing that such dissolution corresponded to a material fact (a fact that would influence the investment decisions of investors) as stipulated in the Securities and Exchange Law of Japan (currently the Financial Products Trading Law). However, an investigation by the Securities and Exchange Surveillance Commission of Japan concluded that the dissolution of said subsidiary constituted a material fact, and that Komatsu's purchase of its own shares prior to the announcement of said dissolution was thus deemed to be prohibited under said law. In March 2007, in accordance with a recommendation to do so by the Securities and Exchange Surveillance Commission, the Financial Services Agency of Japan ordered Komatsu to pay a surcharge pursuant to said law, and in April 2007 Komatsu paid the surcharge of 43,780,000 yen to the Financial Services Agency. Mr. Morio Ikeda has regularly made recommendations from the perspective of legal compliance, and through deliberation at meetings of Komatsu's Board of Directors after said incident came to light he promoted the enhancement of compliance and internal control systems and the thorough education of employees to prevent similar incidents.

- In accordance with Article 427 Paragraph 1 of the Corporation Law, the Company has concluded agreements with Mr. Yuzo Seto and Mr. Yukiharu Kodama which limits their liability as specified in Article 423 Paragraph 1 of the Corporation Law, the amount of their individual liability being either ¥10 million or the minimum amount stipulated by law or ordinance, whichever is higher.

The Company plans to conclude a similar agreement with Mr. Morio Ikeda, if elected.

Proposal 2 Election of Corporate Auditors

The term of office of Mr. Yuji Tsuchiya and Mr. Katsuo Wajiki as Corporate Auditor shall expire at the close of this Ordinary General Meeting of Shareholders.

The Board of Directors recommends that the following candidates be elected Corporate Auditor:

Prior agreement of the Board of Corporate Auditors has been obtained regarding the submission of this proposal.

Candidate Mr. Hiroo Kato meets the requirements for Outside Corporate Auditor as stipulated in relevant law and regulation.

Candidate No.	Name, date of birth	Asahi Kasei shares held	Career summary
1	Yuji Tsuchiya October 5, 1935	99,000	<ul style="list-style-type: none">• April 1959: joined Asahi Kasei• June 1989: elected Director• June 1994: Managing Director• June 1996: Senior Managing Director• June 1997: Representative Director• June 1998: Executive Vice President• June 2002: Asahi Kasei Homes Chairman and Representative Director• June 2002: Director• June 2003: retired as Director• June 2003: Executive Officer• June 2004: elected Corporate Auditor*
2	Hiroo Kato August 4, 1943	0	<ul style="list-style-type: none">• April 1968: joined Price Waterhouse• February 1971: registered Certified Public Accountant• August 1973: registered Certified Public Tax Accountant• April 2002: Partner (<i>Daihyo-shain</i>), Zeirishi-Hojin Chuo Aoyama (currently Zeirishi-Hojin PricewaterhouseCoopers)• April 2005: Proprietor, Hiroo Kato Certified Public Accountant and Certified Public Tax Accountant Office*

* Position held at present.

Notes:

- Mr. Hiroo Kato is a candidate for the position of Outside Corporate Auditor in accordance with relevant law and regulation. Although he has not been involved in corporate management other than formerly as Outside Director and Outside Corporate Auditor, The Board of Directors recommends his election as his wealth of experience related to corporate finance and accounting and his broad range of insight would enable him to effectively perform the duties of the office of Outside Corporate Auditor.
- In accordance with Article 427 Paragraph 1 of the Corporation Law, the Company plans to conclude an agreement with Mr. Hiroo Kato, if elected, which would limit his liability as specified in Article 423 Paragraph 1 of the Corporation Law, the amount of his liability being either ¥10 million or the minimum amount stipulated by law or ordinance, whichever is higher.

Proposal 3 Election of Alternate Corporate Auditor

The Board of Directors recommends the election of an Alternate Corporate Auditor to assume the office of Corporate Auditor in the event of vacancy. Prior agreement of the Board of Corporate Auditors has been obtained regarding the submission of this proposal.

The Board of Directors recommends that the following candidate be elected Alternate Corporate Auditor:

The candidate meets the requirements for Outside Corporate Auditor as stipulated in relevant law and regulation.

Candidate No.	Name, date of birth	Asahi Kasei shares held	Career summary
1	Hiroshi Honma, February 21, 1937	1,000	<ul style="list-style-type: none">• April 1959: joined Nippon Light Metal Co., Ltd.• August 1978: registered Certified Public Accountant• June 1990: Director, Nippon Light Metal Co., Ltd.• June 1993: Standing Auditor, Nippon Light Metal Co., Ltd.• June 2001: Adviser, Nippon Light Metal Co., Ltd.• June 2006: Alternate Corporate Auditor*

* Position held at present.

Notes:

- Mr. Hiroshi Honma is a candidate for the position of Alternate Outside Corporate Auditor. The Board of Directors recommends his election as Alternate Outside Corporate Auditor as his wealth of experience related to corporate management and his broad range of insight would enable him to effectively perform the duties of the office of Outside Corporate Auditor.
- In accordance with Article 427 Paragraph 1 of the Corporation Law, the Company plans to conclude an agreement with Mr. Hiroshi Honma, if he assumes office, which would limit his liability as specified in Article 423 Paragraph 1 of the Corporation Law, the amount of his liability being either ¥10 million or the minimum amount stipulated by law or ordinance, whichever is higher.

Proposal 4 Adoption of Measures to Respond to Large Acquisitions of Shares

(takeover defense measures)

On April 23, 2008 The Board of Directors established, as stipulated in the main body of Article 127 of the Ordinance for Enforcement of the Corporation Law, a basic corporate policy concerning the nature of parties who would control the Company's financial and operational decisions (the Basic Policy), and recommends that shareholders authorize the adoption of, as a mechanism to prevent control of the Company's financial and operational decisions by inappropriate parties, measures to respond to large acquisitions of shares (the Shareholder Rights Plan) in light of this Basic Policy.

I. The Basic Policy

The Company believes it is necessary for parties who would control its financial and operational decisions to have a sufficient understanding of the Asahi Kasei Group's finances and operations and of the sources of the Company's corporate value, and to be able to continuously and sustainably maintain and heighten corporate value and the common interest of all shareholders.

The Company believes that judgment concerning any proposal of acquisition which would involve a transfer of control of the Company must ultimately be based on the collective will of the shareholders. This is not to oppose even a large purchase of the Company's shares if it is to the benefit of corporate value and the common interest of shareholders.

Nevertheless, there are many cases of large share purchases which, viewed from their objectives, clearly impinge upon corporate value and the common interest of shareholders, which could effectively coerce shareholders to sell their shares, which do not provide sufficient time and/or information for the target company's board of directors and shareholders to examine the substance of the large share purchase and/or for the target company's board of directors to prepare a counterproposal, which require discussion and negotiation with the purchasing party by the target company in order to obtain conditions more favorable than the conditions presented, or which otherwise do not benefit corporate value or the common interest of shareholders.

To sustainably increase the Company's corporate value, the further application and strengthening of the corporate spirit of challenge and the Company's brand value, utilizing synergies as a diversified enterprise having wide-ranging technologies and multifaceted business models in diverse markets, is indispensable. Unless a party performing a large purchase of the Company's shares secures and increases corporate value over the medium and long term based on an understanding not only of the Asahi Kasei Group's finances and operations but also of the sources of the Company's corporate value, it will damage corporate value and the common interest of shareholders.

The Company believes that a party performing such a large purchase which does not benefit the Company's corporate value and the common interest of shareholders is

inappropriate as a party to control the Company's financial and operational decisions, and that necessary and proper countermeasures against a large purchase by such a party are required to secure the Company's corporate value and the common interest of shareholders.

II. The sources of the Company's corporate value and measures to actualize the Basic Policy

1. The sources of the Company's corporate value

1) A spirit of challenge for new business

From its beginnings in fibers and basic chemicals, the Company has expanded its fields of operation together with changes in society to include petrochemicals, construction materials and housing, medical devices and pharmaceuticals, and electronics. Whether extending from established businesses into upstream feedstocks or downstream products, or breaking fresh ground in unrelated fields, the development of new businesses has always been based on a bold spirit of challenge. The spirit of challenge nurtured through this experience is one source of corporate value most characteristic of the Company, and one which will continue to enable ongoing growth which overcomes the individual life cycle of each business. To further apply and strengthen the spirit of challenge, the Company pronounced its Human Resources Credo in March 2006 as a distillation of the values and principles held in common.

2) Corporate brand

Since the initiation of the Company's business in 1922, the Company has consistently striven to support the advancement of human culture, and the current Basic Tenets of "contributing to human life and human livelihood through constant innovation and advances based in science and the human intellect" are the successor to this mission. The Asahi Kasei corporate brand nurtured over many years in accordance with these Basic Tenets, together with product brands such as Bemberg™, Saran Wrap™, and Hebel Haus™, is widely recognized among customers, suppliers, employees, local communities, shareholders, and investors. The corporate brand forms one source of the Company's corporate value.

3) Synergies as a diversified enterprise

The Company has established many core technologies through independent advancement of a wide range of technologies based on chemistry, enabling the development of diverse operations. Furthermore, human resources having a wide range of knowledge and experience bring new perspectives to different business fields, stimulating change which yields unique competitiveness. The Company has developed by utilizing these synergies as a diversified enterprise having

wide-ranging technologies and multifaceted business models in diverse markets. These synergies form one source of the Company's corporate value.

4) Cash-flow generating ability and financial constitution

While dispersing business risk as a diversified enterprise, the Company has effected a selectively diversified enterprise group and established a high cash-flow generating ability and a strong, stable financial constitution through continuous reconfiguration of its business portfolio. This cash-flow generating ability and financial constitution will enable business transformation, strengthening, and expansion now and in the future, adapting to economic and social changes, and provide the base for creation of new businesses. In relation to return to shareholders, the cash-flow generating ability and financial constitution enable linking dividends to consolidated performance by continuous dividends increases based on continuous profit increases. This cash-flow generating ability and financial constitution form one source of the Company's corporate value.

The Company believes that the continuous maintenance and advancement of these sources of corporate value will secure and increase corporate value and the common interest of shareholders.

2. Measures to increase corporate value

1) Mid-term management initiatives

Since fiscal 1999, while the Company has advanced a thoroughgoing selection and concentration of businesses for a selectively diversified enterprise group, management speed and autonomy were enhanced with the October 2003 transformation to the configuration of a holding company and core operating companies, strengthening cash-flow generating ability. The Company is currently advancing toward achievement of the targets of the *Growth Action – 2010* five-year management initiative for the fiscal years 2006 through 2010 based on the cash-flow generating ability gained and the strong, stable financial constitution thereby established.

In *Growth Action – 2010*, the Company aims for greater brand strength and corporate value through utilization of its strengths as a diversified enterprise by further transforming the business portfolio for expansion and growth in a time of great change with the development of the global economy. With expansion of global businesses, creation of new businesses, and enhancement of domestic businesses, including with the development of services, as pillars of the strategy for growth, high-growth businesses are being strengthened and expanded with a focused allocation of management resources while stable growth, stable earnings business are being reinforced.

The Company has changed its policy regarding return to shareholders from one of long-term, stable dividends to one of continuous dividends increases through continuous profit increases for dividends linked to consolidated performance. As emphasis is placed on strategic investment during the term of *Growth Action – 2010*, a payout ratio of 20–30% is targeted.

In addition, to continue a high rate of profit growth after the target fiscal year of *Growth Action – 2010*, the Company established a project in April 2007 to formulate plans for growth with a target of doubling corporate value in fiscal 2015 from the fiscal 2005 baseline. Five specific plans were formulated: Creation of business in next-generation electronics materials, creation of new business in membrane separation, global expansion of petrochemicals operations, global expansion of electronics devices operations, and expansion of operations and creation of new business in therapeutic medical devices. As a result, the Company decided in March 2008 to reorganize its electrochemicals-related businesses as a separate core operating company and to reorganize its medical devices-related businesses as direct subsidiaries of the Company as holding company, with implementation being performed successively beginning this fiscal year.

The Company is confident that corporate value and the common interest of all shareholders can be further heightened through the swift and sound execution of *Growth Action – 2010*.

2) Strengthening corporate governance

The Company believes that the institution of sound corporate governance is vital for the continuous and sustained heightening of corporate value. The corporate configuration was transformed to that of a holding company with core operating companies in October 2003 to heighten transparency, ensure fairness, and bring quicker decision-making in management, and an executive officer system was adopted at the same time. The maximum number of Directors was reduced to the current twelve, and the number of Directors was reduced by a wide margin to the current eleven. The term of office of Directors was reduced from two years to one year. With these measures, authority and responsibility for business execution were clarified, while management oversight functions were strengthened. For a strengthened monitoring and oversight function of the Board of Directors, board meetings are chaired by the Chairman with no executive duties.

As an advisory body to the Board of Directors with regard to overall management, a Group Advisory Committee is in place, to heighten fairness of management through the advice and recommendations of knowledgeable persons from outside the Company. The Group Advisory Committee is composed of the Chairman and President of the Company and outside advisors.

In June 2007 two Outside Directors were elected, joining the two Outside Corporate Auditors in strengthening the management oversight function of the

Board of Directors. The Company will propose that the number of the Directors be ten and present a third candidate for election as an independent Outside Director at this Ordinary General Meeting of Shareholders, whose election would raise the proportion of Outside Directors to 30% of the membership of the Board of Directors, further strengthening and enhancing the management oversight function.

The Company is committed to increasing corporate value and the common interest of shareholders through measures as described above.

III. Measures to prevent control of the Company's financial and operational decisions by inappropriate parties in accordance with the Basic Policy

1. Purpose of the Shareholder Rights Plan

The purpose of the Shareholder Rights Plan is to secure and increase the Company's corporate value and the common interest of shareholders, in accordance with the Basic Policy shown in *I*, above.

As set forth in the Basic Policy, the Company's Board of Directors believes that a party who would perform a large share purchase which does not benefit the Company's corporate value and the common interest of shareholders is inappropriate as a party to control the Company's financial and operational decisions. The Company's Board of Directors has thus determined that, in order to prevent control of the Company's financial and operational decisions by such an inappropriate party and deter a large share purchase which would be detrimental to the Company's corporate value and the common interest of shareholders, it is indispensable in the event of a large purchase of the Company's shares to have a framework to enable sufficient time and information to be secured for the Company's Board of Directors to prepare a counterproposal to shareholders and/or for shareholders to make a judgment regarding whether or not to accept the large purchase under consideration, and to enable the Company to perform negotiation on behalf of shareholders.

The Company's Board of Directors therefore adopted the Shareholder Rights Plan pending authorization by shareholders at this Ordinary General Meeting of Shareholders.

Information pertaining to the Company's major shareholders as of March 31, 2008, is shown in Appendix 4, *Major Shareholders of the Company*. As of today, there is no proposal related to a large purchase of the Company's shares which the Company disapproves of.

2. Substance of the Shareholder Rights Plan

1) Overview of the Shareholder Rights Plan

A) Purpose

The purpose of the Shareholder Rights Plan is to secure and heighten the Company's corporate value and the common interest of shareholders by ensuring necessary and sufficient information and time for shareholders to make proper judgment, and by obtaining an opportunity to negotiate with the purchasing party, etc., in the event of a large purchase of the Company's shares.

B) Institution of procedures

In the event that a party intending to purchase 20% or more of the Company's shares emerges, procedures necessary to effect the purpose shown in A), above, are instituted in the Shareholder Rights Plan, including the request of information from the purchasing party, etc. in advance of such a purchase. If the procedures of this plan are initiated, the purchasing party may not execute the purchase until such time as a resolution to the effect that a gratis issue of share warrants will not be performed has been adopted by the Company's Board of Directors or at a general meeting of shareholders. (Please refer to 2) *Procedures for Warrants Issue*, below.)

C) Performing a gratis issue of share warrants

In the event that a purchasing party, etc. purchases the Company's shares without complying with the procedures instituted in the Shareholder Rights Plan, and if there is a risk of clear detriment to the Company's corporate value and the common interest of shareholders, etc. (please refer to 3) *Criteria for gratis issue of share warrants*, below), the Company will issue share warrants (please refer to 4) *Overview of gratis issue of share warrants*, below) to all shareholders at that time except the Company itself, with conditions attached to the effect that the purchasing party may not exercise the share warrants and that the Company may acquire the share warrants from all parties except the purchasing party by exchanging new shares in the Company for them (hereafter referred to as Warrants Issue).

If gratis issue of share warrants is performed under the Shareholder Rights Plan and the Company's shares are issued to all shareholders except the purchasing party through exercise of the warrants or through acquisition of the warrants by the Company, the share of voting rights in the Company held by the purchasing party may be diluted by up to 50%.

D) Institution of measures to heighten the reasonableness of the Shareholder Rights Plan

In order to ensure against arbitrary judgment by Directors, a judgment with

respect to issue, non-issue, or acquisition of share warrants under the Shareholder Rights Plan must first pass the objective judgment of an independent committee comprising Outside Directors, etc. (please refer to 5) *Establishment of an independent committee*, below)

Further, in addition to the above, if the purchasing party complies with the procedures of the Shareholder Rights Plan, if it is not clear that the purchase would damage the Company's corporate value or the common interest of shareholders, and if the convening of a general meeting of shareholders is a practical possibility, the Company's Board of Directors will convene a general meeting of shareholders and ascertain the will of shareholders concerning whether or not to perform a gratis issue of share warrants. Transparency of these procedures will be ensured through information disclosure to all shareholders.

2) Procedures for Warrants Issue (please refer to Appendix 1, *Flow of Procedures for Warrants Issue*)

A) Purchases subject to application

An action corresponding to (i) or (ii), below, a comparable action, or a proposal¹ thereof (except as separately accepted by the Board of Directors, hereafter referred to as a Purchase) is subject to application of the Shareholder Rights Plan. The party intending to perform a Purchase (Purchaser) is bound to comply with the procedures instituted in the Shareholder Rights Plan in advance of such Purchase.

- (i) With respect to shares² for which the Company is the issuing party, a purchase or other acquisition by a holder³ of a shareholding ratio⁴ of 20% or more.
- (ii) With respect to shares⁵ for which the Company is the issuing party, a public tender offer⁶ in which the share possession ratio⁷ of the party performing the public tender offer and that of parties with a special relationship⁸ thereto would combine to 20% or more.

¹ A "proposal" includes solicitation of third parties.

² As defined in Paragraph 1 of Article 27-23 of the Financial Products Trading Law. This definition applies throughout this document unless otherwise specified.

³ Including parties included in "holders" under Paragraph 3 of Article 27-23 of the Financial Products Trading Law (including parties the Company's Board of Directors deems to correspond thereto). This definition applies throughout this document.

⁴ As defined in Paragraph 4 of Article 27-23 of the Financial Products Trading Law. This definition applies throughout this document.

⁵ As defined in Paragraph 1 of Article 27-2 of the Financial Products Trading Law.

⁶ As defined in Paragraph 6 of Article 27-2 of the Financial Products Trading Law. This definition applies throughout this document.

⁷ As defined in Paragraph 8 of Article 27-2 of the Financial Products Trading Law. This definition applies throughout this document.

⁸ As defined in Paragraph 7 of Article 27-2 of the Financial Products Trading Law (including parties the Company's Board of Directors deems to correspond thereto). However, parties as stipulated in Paragraph 2 of Article 3 of the Cabinet Ordinance Concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from parties described in Item 1 of the same Paragraph. This definition applies throughout this document.

B) Request for Purchaser to provide information

Before performing a Purchase, a Purchaser is to submit to the Company, in a format determined by the Company and in the Japanese language, information as set forth in (i) through (viii), below (Necessary Information), and the Purchaser's written pledge to comply with the procedures instituted in the Shareholder Rights Plan (collectively Purchase Explanation Documents).

If the independent committee judges the Necessary Information as contained in the Purchase Explanation Documents to be insufficient, it may, upon specifying a reasonable period for response, request that the Purchaser provides additional information. In such a case, the Purchaser is to submit the additional information to the Company's Board of Directors and to the independent committee within the said period.

(i) Details (including specific names, capital structures, composition of finances, details of past transactions similar to the Purchase performed by the Purchaser, and their effects on the target company's corporate value) of the Purchaser and its group (including co-holders⁹, parties with a special relationship, and, in the case of a fund, associate partners and other constituent members).

⁹ "Co-holders" as prescribed in Paragraph 5 of Article 27-23 of the Financial Products Trading Law, including parties deemed co-holders in accordance with Paragraph 6 of the same Article (including parties the Company's Board of Directors deems to correspond thereto). This definition applies throughout this document.

(ii) The purpose, method, and substance of the Purchase (including value and type of consideration for the Purchase, timing of the Purchase, mechanism of related transactions, legality of the method of Purchase, and probability of executing the Purchase).

(iii) Basis for calculating the price of the Purchase (including facts and assumptions used as premises for the calculation, method of calculation, numerical information used in the calculation, the substance of synergies foreseen emerging from the series of transactions involved in the Purchase (including the substance of synergies distributed to minority shareholders), and the basis for calculating these synergies).

(iv) Backing of funds for the Purchase (including specific names, method of fundraising, and substance of related transactions of parties providing

funds (including parties effectively providing funds) for the Purchase).

- (v) Management policies, business plans, capital policy, and dividends policy for the Asahi Kasei Group following the Purchase.
- (vi) Policy with respect to shareholders, Asahi Kasei Group employees, suppliers, customers, and other Asahi Kasei Group stakeholders following the Purchase (including specific measures to avoid conflict of interest with other shareholders of the Company).
- (vii) Specific information related to the possibility of infringement of Japanese and/or foreign law and regulation by the Purchaser (including Japan's Act concerning Prohibition of Private Monopolization and Maintenance of Fair Trade and foreign competition law).
- (viii) Other information as the independent committee reasonably judges to be necessary.

If the independent committee finds that the Purchaser has initiated the Purchase without complying with the procedures instituted in the Shareholder Rights Plan, except in a case where there are particular circumstances of ongoing discussions and negotiations regarding the request for provision of the Purchase Explanation Documents, the independent committee shall, as a rule, recommend to the Company's Board of Directors that the gratis issue of share warrants be performed as per item *(i)* of part *D)*, below.

- C) Study of substance of Purchase, negotiation with Purchaser, study of counterproposal
 - (i) Request for provision of information from the Company's Board of Directors

If the Purchaser has provided Purchase Explanation Documents and additional information requested by the independent committee (if any), the independent committee may, upon specifying an appropriate period for reply (Board of Directors Period of Deliberation) within the period set forth in (ii), below, for the independent committee to perform deliberation, request that the Company's Board of Directors provide an opinion regarding the substance of the Purchase by the Purchaser (including an opinion to the effect of reserving judgment, also hereafter), materials supporting the opinion, a counterproposal (if any), and other information as deemed appropriate and necessary by the independent committee.

(ii) Deliberation by the independent committee

The independent committee will, having received an opinion, materials supporting the opinion, and a counterproposal (if any) from the Board of Directors, perform deliberation on the substance of the Purchase, information gathering and comparative study of the management plans, business plans, and the like of the Purchaser and of the Company's Board of Directors, and consideration of any counterproposal provided by the Company's Board of Directors, for a period as a general rule not to exceed ninety days from receipt of Purchase Explanation Documents and additional information requested by the independent committee (if any) from the Purchaser (Independent Committee Period of Deliberation, including the Board of Directors Period of Deliberation). If there is a need to improve the substance of the Purchase from the perspective of securing and heightening the Company's corporate value and the common interest of shareholders, the independent committee shall either directly or indirectly perform discussions and negotiations with the Purchaser, and present to shareholders any counterproposal from the Company's Board of Directors.

To ensure that the judgment of the independent committee benefits the Company's corporate value and the common interest of shareholders, the independent committee may, at the Company's expense, obtain the advice of independent third parties (including financial advisors, certified public accountants, attorneys, consultants, and other specialists). If the independent committee requests, either directly or indirectly, that the Purchaser provides materials for deliberation or other information, or enters into discussion or negotiation, the Purchaser must comply without delay.

(iii) Information disclosure

The Company will disclose information to the effect that Purchase Explanation Documents have been received from a Purchaser and to the effect that the Board of Directors Period of Deliberation or Independent Committee Period of Deliberation has begun, and will disclose portions of the Necessary Information or other information as deemed appropriate by the independent committee, in accordance with the timely disclosure rules of the Tokyo Stock Exchange.

D) Recommendation of the independent committee

If a Purchaser emerges, the independent committee will provide a recommendation to the Company's Board of Directors as described below. If the independent committee provides a recommendation to the Company's Board

of Directors in accordance with (i) through (iii), below, or if the independent committee otherwise judges it to be appropriate to do so, the independent committee shall perform disclosure without delay of an overview of such recommendation and other information as the independent committee judges to be appropriate (including the period of and reason for any extension of the Independent Committee Period of Deliberation).

(i) Recommendation to perform Warrants Issue

If the independent committee judges that the Purchase by the Purchaser corresponds to any of the criteria stipulated in *3) Criteria for gratis issue of share warrants*, below, and that gratis issue of share warrants is appropriate, the independent committee shall, irrespective of the initiation or completion of the Independent Committee Period of Deliberation, make a recommendation to the Company's Board of Directors to the effect that the gratis issue of share warrants be performed.

Having recommended that gratis issue of share warrants be performed, the independent committee may nevertheless, if it judges that circumstances correspond to one of the following, make a new recommendation to the effect that the gratis issue of share warrants be terminated at least two business days prior to the ex-rights date for gratis issue of share warrants, or to the effect that all share warrants be acquired, either without compensation or with one share of the Company's stock per each share warrant as compensation, between the effective date of gratis issue of share warrants and one day prior to the initial date of the term of exercise of the share warrants (defined in part *F*) of *4) Overview of gratis issue of share warrants*).

- (a) The Purchaser has withdrawn the Purchase following such recommendation, or the Purchase has otherwise ceased to exist.
- (b) A change has occurred in the facts on which such recommendation was premised, the Purchase by the Purchaser does not correspond to any of the criteria stipulated in *3) Criteria for gratis issue of share warrants*, below, or even if there is correspondence, that gratis issue of share warrants or exercise of share warrants is not deemed to be appropriate.

(ii) Recommendation not to perform Warrants Issue

If, as a result of deliberation on the substance of the Purchase by the Purchaser and discussion and negotiation with the Purchaser, the independent committee judges that the Purchase by the Purchaser does not correspond to any of the criteria stipulated in *3) Criteria for gratis*

issue of share warrants, below, or that gratis issue of share warrants or exercise of share warrants is not appropriate, the independent committee shall, irrespective of the initiation or completion of the Independent Committee Period of Deliberation, make a recommendation to the Company's Board of Directors to the effect that gratis issue of share warrants not be performed.

Having recommended that gratis issue of share warrants not be performed, the independent committee may nevertheless, if a change has occurred in the facts on which such recommendation was premised and the criteria of item (i) become satisfied, make a new recommendation to the effect that the gratis issue of share warrants be performed.

(iii) Extension of the Independent Committee Period of Deliberation

If the independent committee judges that there is an objective and logical reason for it to fail to make a recommendation either to perform or not to perform of the gratis issue of share warrants by the end of the initial Independent Committee Period of Deliberation, the independent committee may decide to extend the Independent Committee Period of Deliberation for a reasonable period (up to thirty days) as required for deliberation on the substance of the Purchase by the Purchaser, consideration of any counterproposal, negotiation with the Purchaser, and the like. In this case, the independent committee shall, without delay, disclose the reason for such as extension and the period of extension.

If the Independent Committee Period of Deliberation is thus extended, the independent committee shall continue to gather information and perform deliberation, making all possible efforts to make a recommendation either to perform or not to perform a gratis issue of share warrants by the end of the extended period.

E) Resolution by the Board of Directors, convocation of a general meeting to ascertain the will of shareholders

The Company's Board of Directors shall make a resolution concerning whether or not to perform a gratis issue of share warrants as a corporate organ under the Corporation Law, with the utmost respect for the recommendation made by the independent committee.

Nevertheless, if 1) the Purchaser is complying with the procedures instituted in the Shareholder Rights Plan and the Purchase would not clearly damage the Company's corporate value and the common interest of shareholders and 2) if the convening of a general meeting of shareholders concerning whether or not to perform a gratis issue of share warrants is a practical possibility, the Company's Board of Directors will, as a general rule,

convene a general meeting of shareholders to ascertain the will of shareholders concerning whether or not to perform a gratis issue of share warrants (General Meeting to Ascertain the Will of Shareholders), in addition to the procedures of the independent committee. If the Company's Board of Directors decides to convene a General Meeting to Ascertain the Will of Shareholders, convocation of the general meeting will be made as soon as practically possible. If a General Meeting to Ascertain the Will of Shareholders is held, a decision will be made concerning whether or not to perform a gratis issue of share warrants at that meeting. The Purchaser and its co-holders and parties with whom it has a special relationship shall not execute the Purchase until such time as the Company's Board of Directors resolves not to perform a gratis issue of share warrants or a General Meeting to Ascertain the Will of Shareholders rejects a resolution to perform a gratis issue of share warrants.

If the Company's Board of Directors adopts a resolution to convene a General Meeting to Ascertain the Will of Shareholders, and if a resolution concerning whether or not to perform a gratis issue of share warrants is adopted by the Company's Board of Directors or at a General Meeting to Ascertain the Will of Shareholders, the Company's Board of Directors shall, without delay, disclose a summary of such resolution and other related information as judged appropriate by the Company's Board of Directors.

3) Criteria for gratis issue of share warrants

If the Purchase by the Purchaser corresponds to any of the below and a gratis issue of share warrants is deemed appropriate, the Company will perform a gratis issue of share warrants based on a resolution by the Company's Board of Directors or a General Meeting to Ascertain the Will of Shareholders as stipulated in part *E) of 2) Procedures for Warrants Issue*, above. As stipulated in part *D) of 2) Procedures for Warrants Issue*, above, a recommendation of the independent committee is necessarily obtained prior to determination as to correspondence with the below and whether a gratis issue of share warrants is appropriate.

- A) The Purchase is not in compliance with the procedures instituted in the Shareholder Rights Plan
- B) The Purchase is one with a risk of clear detriment to the Company's corporate value and the common interest of shareholders through the actions described below.
 - (i) Buying up shares and requesting that the Company buy them back at a high price.
 - (ii) Temporarily controlling the Company's management and acquiring

important assets of the Asahi Kasei Group at a cheap price, or otherwise managing operations in order to realize a profit for the Purchaser at the sacrifice of the Company.

- (iii) Diversion of the Asahi Kasei Group's assets for use as collateral for loans of the Purchaser and its group companies or as liquidation resources.
 - (iv) Temporarily controlling the Company's management and having the Company make a high-value asset disposal which has no foreseeable relationship with Asahi Kasei Group operations, obtaining temporary high dividends with the profit on such disposal, either to benefit from such dividends themselves or to seek an opportunity to sell out at a high share price once the share price has been inflated through such temporary high dividends.
- C) A heavy-handed two-stage purchase (a public tender offer or other share purchase in which the initial purchase is made without bidding for all shares and disadvantageous or unclear conditions are set for the second-stage purchase) or other Purchase in which shareholders are effectively coerced into selling shares.
- D) A Purchase which does not grant reasonable and sufficient time for the Company's Board of Directors to prepare a counterproposal to the Purchase.
- E) A Purchase which does not sufficiently provide Necessary Information or other information as reasonably necessary for shareholders to make a judgment on the substance of the Purchase.
- F) The conditions of the Purchase (including amount or type of consideration, timing of the Purchase, legality of the method of the Purchase, probability for execution of the Purchase, management policy and business plan for after the Purchase, policy with respect to shareholders, Asahi Kasei Group employees, customers, suppliers, and other Asahi Kasei Group stakeholders following the Purchase) are insufficient or inappropriate in light of the Company's underlying value.
- G) The Purchase bears the greatest risk of imperiling relationships with Asahi Kasei Group employees, customers, or suppliers, or the Asahi Kasei Group's brand strength, indispensable for generation of the Company's corporate value, or is otherwise detrimental to the Company's corporate value and the common interest of shareholders.

4) Overview of gratis issue of share warrants

An overview of the gratis issue of share warrants to be performed under the Shareholder Rights Plan is as follows.

A) Number of share warrants

The same number as the final number of issued and outstanding shares in the Company (not including shares held by the Company itself) as of a certain date (Date of Issue) specified in a resolution to perform a gratis issue of share warrants (Resolution for Gratis Issue of Share Warrants) by the Board of Directors or the same in accordance with a resolution at a General Meeting to Ascertain the Will of Shareholders.

B) Shareholders eligible for issue

One share warrant will be issued for each share held by shareholders listed in the Company's final register of shareholders or register of beneficial shareholders as of the Date of Issue, except the Company itself.

C) Effective date of gratis issue of share warrants

The date as specified in a Resolution for Gratis Issue of Share Warrants.

D) Number of shares entitled with share warrants

The number of shares entitled with each share warrant (Applicable Share Number) shall, as a general rule, be one.

E) Financial value to be invested upon exercise of the share warrants

The object of investment upon exercise of the share warrants shall be monetary, and the amount of such investment per each share shall be between one yen and half of the market value per share as specified in a Resolution for Gratis Issue of Share Warrants. Market value in this case shall mean the amount corresponding to the average of the closing prices (including indicative prices) of the Company's ordinary shares in ordinary trading on the Tokyo Stock Exchange during the ninety-day period (excluding days where no transactions were established) prior to the Resolution for Gratis Issue of Share Warrants, with any fraction of one yen rounded upward.

F) Term of exercise of the share warrants

The initial date of the term of exercise of the share warrants shall be as specified in a Resolution for Gratis Issue of Share Warrants (Initial Date of Term of Exercise), and the term of exercise shall be between one month and three months in length, as specified in a Resolution for Gratis Issue of Share Warrants. However, if the Company acquires the share warrants based on the provisions of item *I*, below, the term of exercise of share warrants to which such an acquisition applies shall end one day prior to the date of said acquisition. Further, if the final date of the term of exercise falls on a date which is a nonbusiness day for the office handling the receipt of monetary payments upon such exercise of share warrants, the term shall end on the preceding business day of that office.

G) Conditions of exercise of the share warrants

The following parties (Ineligible Parties) shall as a general rule not be able to exercise the share warrants: (I) Specified large holders¹⁰, (II) co-holders of the specified large holders, (III) specified large purchasers¹¹, (IV) parties having a special relationship with the specified large purchasers, (V) parties receiving the share warrants by transfer or succession from parties corresponding to (I) through (IV) without the consent of the Company's Board of Directors, and (VI) related parties¹² to parties corresponding to (I) through (V). Further, nonresidents who require certain procedures for the exercise of the share warrants under applicable foreign law shall as a general rule not be able to exercise the share warrants (however, share warrants held by nonresidents are subject to acquisition by the Company with one of the Company's shares as consideration in accordance with item *(ii)* of *I*, below, on condition of compliance with applicable law). In addition, parties who do not submit a written pledge in a format prepared by the Company, including clauses certifying attestation of satisfaction of conditions for exercise of the share warrants, etc., indemnification clauses, and other statements of affirmation, shall not be able to exercise the share warrants.

¹⁰ As a general rule, a party who, as a holder of shares for which the Company is the issuing party, has a shareholding ratio of 20% or more of the corresponding shares (including parties the Company's Board of Directors deems to correspond thereto). However, this shall not correspond to such parties as the Company's Board of Directors deems by whom the acquisition or holding of the Company's shares does not run counter to the Company's corporate value and the common interest of shareholders, or who are otherwise so specified by the Company's Board of Directors in a Resolution for Gratis Issue of Share Warrants. This definition applies throughout this document.

¹¹ As a general rule, a party who makes a public announcement to the effect that it will make a purchase (as defined in Paragraph 1 of Article 27-2 of the Financial Products Trading Law; this definition applies throughout this footnote) of shares for which the Company is the issuing party (as defined in Paragraph 1 of Article 27-2 of the Financial Products Trading Law; this definition applies throughout this footnote) through a public tender offer, where the possession (including cases specified in Paragraph 1 of Article 7 of the Enforcement Ordinance for the Financial Products Trading Law pursuant to this) of such shares by said party following such purchase would, combined with the shareholding of parties to whom it has a special relationship, total to a share possession ratio of 20% or more (including parties the Company's Board of Directors deems to correspond thereto). However, this shall not correspond to such parties as the Company's Board of Directors deems by whom the acquisition or holding of the Company's shares does

not run counter to the Company's corporate value and the common interest of shareholders, or who are otherwise so specified by the Company's Board of Directors in a Resolution for Gratis Issue of Share Warrants. This definition applies throughout this document.

¹² A "related party" to a given party is one who effectively controls said party, is controlled thereby, who is together with said party controlled by another (including parties the Company's Board of Directors deems to correspond hereto), or who the Company's Board of Directors deems to effectively act in concert with said party. "Control" means "control of decisions on the financial and business policies" of another company (defined in Paragraph 3 of Article 3 of the Enforcement Regulation for the Corporation Law).

H) Transfer of the share warrants

Any transfer of the share warrants requires the approval of the Company's Board of Directors.

I) Acquisition of the share warrants by the Company

- (i) During the period until the day prior to the Initial Date of Term of Exercise, the Company may, if the Company's Board of Directors deems it appropriate for the Company to acquire the share warrants, with a date for such acquisition specified by the Company's Board of Directors, in accordance with the provisions of the Resolution for Gratis Issue of Share Warrants, 1) acquire all share warrants without compensation or 2) acquire all share warrants with the issuance of a number of shares of the Company's stock corresponding to the Applicable Share Number in exchange for each share warrant.
- (ii) The Company may, with a date for such acquisition specified by the Company's Board of Directors, acquire all share warrants unexercised as of the day prior to the date specified by the Company's Board of Directors except those held by Ineligible Parties with the issuance of a number of shares of the Company's stock corresponding to the Applicable Share Number in exchange for each share warrant.
After the date of such acquisition, if the Company's Board of Directors determines that there are parties other than Ineligible Parties who hold share warrants, the Company may, with a date later than the date of acquisition per the above specified by the Company's Board of Directors as a new date for acquisition, acquire all share warrants held by such parties that are unexercised as of the day prior to the latter date specified by the Company's Board of Directors with the issuance of a number of shares of the Company's stock corresponding to the Applicable Share Number in exchange for each share warrant. This provision shall similarly apply thereafter.
- (iii) In addition to the provisions of (i) and (ii), provisions related to the acquisition of the share warrants may be stipulated in the Resolution for Gratis Issue of Share Warrants as necessary.

- J) Issuance of share warrants in the case of merger, separation by absorption, separation by new establishment, share exchange, and share transfer

Such matters shall be as specified in the Resolution for Gratis Issue of Share Warrants.

- K) Issuance of share warrant certificates

Share warrant certificates for the share warrants shall not be issued.

- L) Others

In addition to the above, specifics of the substance of the share warrants shall be as specified in the Resolution for Gratis Issue of Share Warrants.

- 5) Establishment of an independent committee

In order to ensure against arbitrary judgment by Directors, the Company will establish an independent committee as an organ to objectively make a substantive judgment for shareholders with respect to implementation of the Shareholder Rights Plan, including whether or not to perform Warrants Issue. Members of the independent committee at the time of adoption of the Shareholder Rights Plan will be two of the Company's Outside Directors (one of whom is pending new election to office at this Ordinary General Meeting of Shareholders) and one knowledgeable person from outside the Company (standards for election to the independent committee, requirements for its decisions, and matters for it to decide are as shown in Appendix 2, *Summary of Independent Committee Regulations*; biographical profiles of members of the independent committee at the time of adoption of the Shareholder Rights Plan are as shown in Appendix 3, *Independent Committee Member Profiles*).

If a Purchase emerges, the independent committee will make a substantive judgment as to whether or not the Purchase would damage the Company's corporate value and the common interest of shareholders as described in 2) *Procedures for Warrants Issue*, above, and the Company's Board of Directors will pass a resolution as an organ under the Corporation Law, with the utmost respect for the judgment of the independent committee.

- 6) Duration, withdrawal, and revision of the Shareholder Rights Plan

The duration of the Shareholder Rights Plan is to be until the close of the Ordinary General Meeting of Shareholders related to the last fiscal year ended within three years of the close of this Ordinary General Meeting of Shareholders.

Nevertheless, before the end of this duration, the Shareholder Rights Plan may be withdrawn effective immediately upon a resolution at a general meeting of shareholders or by the Board of Directors of the Company to the effect of withdrawal of the Shareholder Rights Plan.

Also, during the period of duration of the Shareholder Rights Plan, the Company's Board of Directors may, with the approval of the independent committee, correct or revise the Shareholder Rights Plan, if the Company's Board of Directors deems such revision to be appropriate in order to reflect any new establishment, revision, or abolishment of law, legal ordinance or regulation, or regulation of a financial products exchange as relates to the Shareholder Rights Plan, deems such correction to be appropriate in order to remediate any typographical errors or omissions or otherwise without imparting detriment to the Company's shareholders.

If the Shareholder Rights Plan is withdrawn, corrected, or revised, the Company will disclose information to such effect without delay, including (in the case of correction or revision) the substance of the correction or revision and other related matters as appropriate.

7) Revisions due to revision etc. of law, ordinance, or regulation

Legal provisions cited in the Shareholder Rights Plan are premised on those effective as of April 23, 2008, and if, due to any new establishment, revision, or abolishment of law, ordinance, or regulation, subsequent to that date the necessity to make revisions to the meaning of any provisions or terms stipulated above arises, the corresponding provisions and terms may, within an appropriate and rational scope, be construed to reflect such new establishment, revision, or abolishment, with due consideration for the effect thereof.

3. Effect on shareholders

1) Effect of adoption of the Shareholder Rights Plan on shareholders and investors

As the adoption of the Shareholder Rights Plan does not itself entail a gratis issue of share warrants, it will have no direct or specific effect on shareholders or investors.

2) Effect of gratis issue of share warrants on shareholders and investors

A) Procedures for the gratis issue of share warrants and for registration of transfer

If a Resolution for Gratis Issue of Share Warrants is adopted by the Company's Board of Directors, a date for issue of the share warrants shall be specified

therein, and this date shall be publicized. In this case, one share warrant shall be issued for each share held by parties listed in the Company's final register of shareholders and register of beneficial shareholders (Shareholders Subject to Issue) as of that date. It is therefore necessary for shareholders to complete the registration of any transfer by that date without delay (registration of transfer will be unnecessary for any shares held in trust with the Japan Securities Depository Center, Inc.). As Shareholders Subject to Issue will by definition become subscribers to the share warrants as of the effective date of the gratis issue of share warrants, no application or other procedure will be required.

A Resolution for Gratis Issue of Share Warrants having been adopted, the Company may, with utmost respect for a recommendation of the independent committee to such effect as described in part *D) (i) of 2. 2) Procedures for Warrants Issue*, above, terminate the gratis issue of share warrants at least two business days prior to the ex-rights date for gratis issue of share warrants, or acquire all share warrants, either without compensation or with one share of the Company's stock per each share warrant as compensation, between the effective date of gratis issue of share warrants and one day prior to the initial date of the term of exercise of the share warrants (shareholders will be notified of procedures in this case through disclosure of materials related to such an acquisition). In either such case, as no dilution of the value of each of the Company's shares will occur, investors who trade the shares in the expectation of a dilution occurring may incur commensurate consequences due to share price fluctuations.

B) Procedures for execution of the share warrants

A form to be filled in for the exercise of the share warrants (in a format prepared by the Company, including the substance and number of share warrants subject to exercise, essential information such as the date of execution, and clauses certifying attestation of satisfaction of conditions for each shareholder to exercise the share warrants, etc., indemnification clauses, and other statements of affirmation) and other documents necessary for the exercise of the share warrants will, as a general rule, be sent to all Shareholders Subject to Issue. After the gratis issue of share warrants, shareholders having presented the necessary documents to the Company within the term of exercise, one of the Company's shares will, as a general rule, be issued for each share warrant upon payment to the office handling receipt of payments of, as a general rule, the amount equivalent to the exercise price of between one yen and half of the market value per share as specified in a Resolution for Gratis Issue of Share Warrants.

For any shareholder who does not perform such exercise of share warrants and monetary payment, the Company's shares held may be diluted as

a result of the exercise of share warrants by other shareholders.

However, the Company may, in accordance with C), below, acquire the share warrants from all shareholders except Ineligible Parties with the issue of the Company's shares in exchange for them. If the Company performs such procedures of acquisition, all shareholders except Ineligible Parties will receive the company's shares, etc., without performing exercise of share warrants and monetary payment, so that, as a general rule, dilution of the Company's shares held will not occur.

C) Procedures for acquisition of the share warrants by the Company

The Company may, with a resolution by the Company's Board of Directors to acquire the share warrants, in accordance with procedures designated by law, and with a date for such acquisition specified by the Company's Board of Directors, acquire the share warrants from all shareholders except Ineligible Parties with the issue of the Company's shares in exchange for them. In this case, all such shareholders will, without making payment of an amount equivalent to the exercise price, receive, as a general rule, one of the Company's shares for each share warrant as consideration for acquisition of the share warrants by the Company. However, the Company may require such shareholders to separately provide written pledges in a format prepared by the Company, including clauses certifying attestations that they themselves are not Ineligible Parties, etc., indemnification clauses, and other statements of affirmation.

Furthermore, after being determined in a Resolution for Gratis Issue of Share Warrants, details regarding the methods of issue, of registration of transfer, of execution, and of acquisition by the Company will be provided to shareholders by public disclosure or by notification; shareholders are asked to confirm their understanding of all relevant information.

IV. Decisions of the Company's Board of Directors, and reasons for them, with respect to the above measures

1. Measures to actualize the Basic Policy (measures of II., above)

Mid-term management initiatives and other measures to increase corporate value and strengthen corporate governance as shown in II., above, are formulated as specific measures for the continuous and sustained heightening of the Company's corporate value and the common interest of shareholders, and are truly conducive to the actualization of the Basic Policy.

As such, each of these measures conform with the Basic Policy and accord with the common interest of the Company's shareholders, and do not have the maintenance of the position of the Company's officers as an objective.

2. Measures to prevent control of the Company's financial and operational decisions by inappropriate parties in accordance with the Basic Policy (measures of *III.*, above)

- 1) Accordance with the Basic Policy

The Shareholder Rights Plan is a mechanism to secure the Company's corporate value and the common interest of shareholders in the event of a Purchase with respect to the Company's shares by enabling all shareholders to make a judgment regarding whether or not to accept the Purchase, ensuring sufficient time and information for the Company's Board of Directors to prepare a counterproposal, and enabling the Company to perform negotiation with the Purchaser on behalf of shareholders, and is thus in accordance with the Basic Policy.

- 2) No harm to the common interest of shareholders, no objective to maintain the position of the Company's officers

The Company believes that, for the reasons below, the Shareholder Rights Plan will not harm the common interest of shareholders and does not have the maintenance of the position of the Company's officers as an objective.

- A) Fulfillment of the conditions of guidelines regarding takeover defense

The Shareholder Rights Plan fulfills the three principles set forth in *Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholder's Common Interests* issued by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

- B) Emphasis on the will of shareholders

As shown in *1. Purpose of the Shareholder Rights Plan*, in *III.*, above, the Shareholder Rights Plan is to be adopted through a resolution at a general meeting of the Company's shareholders.

Also, as shown in part *E)* of *2) Procedures for Warrants Issue* in *III. 2.*, above, emphasis is placed on the will of shareholders, and, in accordance with the provisions of the Shareholder Rights Plan, the Company's Board of Directors shall, as a general rule, ascertain the will of shareholders concerning whether or not to perform a Warrants Issue at a general meeting of shareholders.

In addition, as shown in *6) Duration, withdrawal, and revision of the Shareholder Rights Plan*, in *III. 2.*, above, the Shareholder Rights Plan has a sunset clause stipulating a period of duration of approximately three years, and prior to the end of this duration the Shareholder Rights Plan may be withdrawn effective immediately upon a resolution at a general meeting of shareholders or

by the Board of Directors of the Company to that effect. The intention of shareholders shall thus be reflected in decisions related to continuation or discontinuation of the Shareholder Rights Plan.

C) Respect for the judgment of the independent committee and information disclosure

As shown in *5) Establishment of an independent committee*, in *III., 2.*, above, substantive judgment with respect to implementation of the Shareholder Rights Plan, including whether or not to perform a Warrants Issue, is to be made by an independent committee comprised only of Outside Directors and another person from outside the Company.

An overview of this judgment is to be disclosed to shareholders, and structures are in place to ensure transparent implementation of the Shareholder Rights Plan that serves the Company's corporate value and the common interest of shareholders.

D) Institution of reasonable and objective criteria

As shown in part *D) of 2) Procedures for Warrants Issue*, in *III., 2.*, above, and in *3) Criteria for gratis issue of share warrants*, in *III., 2.*, above, the Shareholder Rights Plan is structured so a Warrants Issue will not be performed unless reasonable and objective criteria are satisfied, and the Company believes that these structures ensure against any arbitrary Warrants Issue by the Company's Board of Directors.

E) Obtaining the opinion of third-party specialists

As shown in part *C) (ii) of 2) Procedures for Warrants Issue*, in *III., 2.*, above, if a Purchaser emerges, the independent committee may, at the Company's expense, obtain the advice of independent third parties (including financial advisors, certified public accountants, attorneys, consultants, and other specialists). This mechanism ensures greater fairness and objectiveness in the judgment of the independent committee.

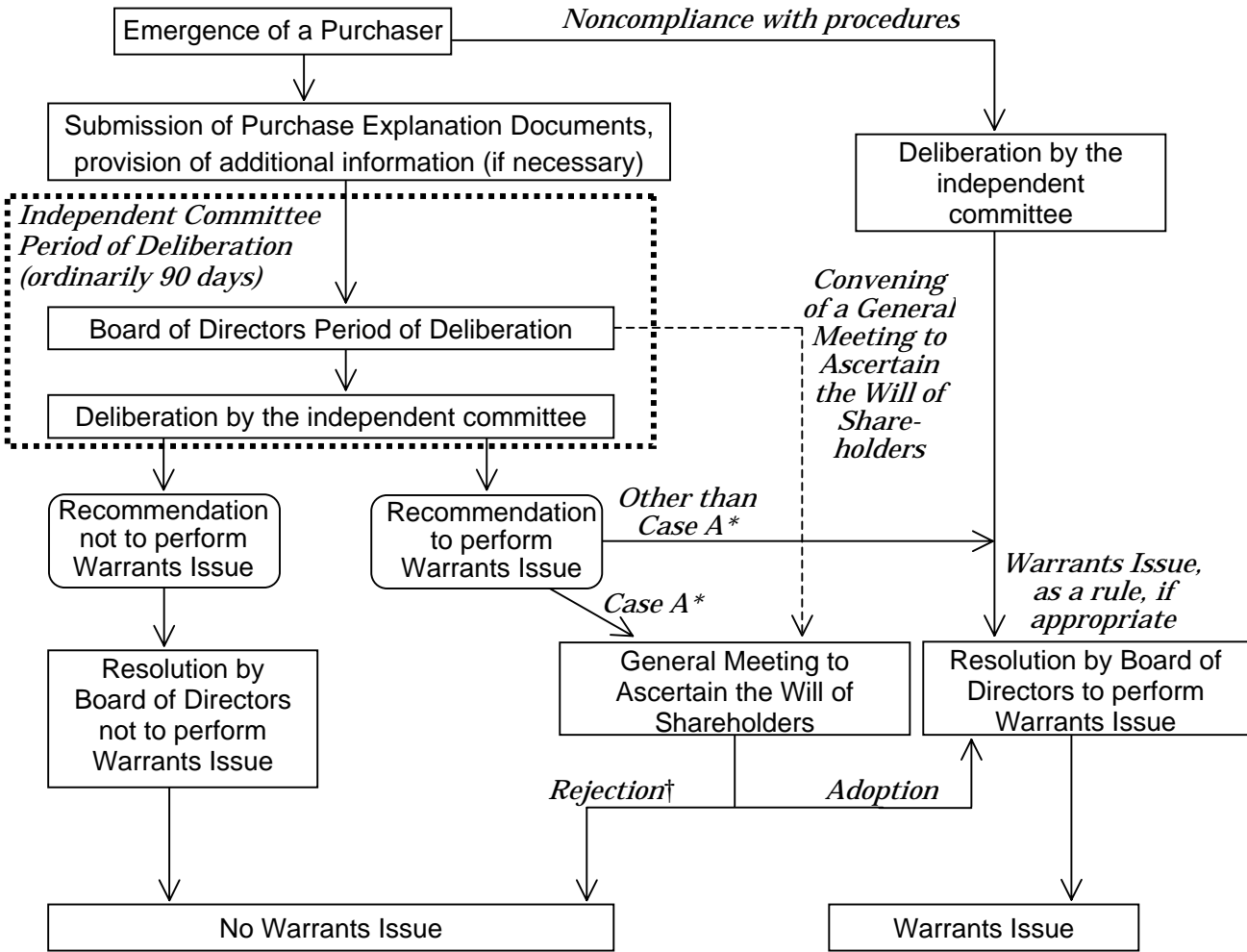
F) Not a dead-hand or slow-hand takeover defense

As shown in *6) Duration, withdrawal, and revision of the Shareholder Rights Plan*, in *III., 2.*, above, it is possible for a party having purchased a large number of the Company's shares to have Directors of its own nomination elected at a general meeting of shareholders, and have the Board of Directors composed of such Directors withdraw the Shareholder Rights Plan.

As such, the Shareholder Rights Plan is not a dead-hand takeover defense (a takeover defense mechanism in which even when a majority of the

members of a Board of Directors has been changed, a Warrants Issue cannot be blocked). Further, because the Company does not employ staggered terms of Directors, the Shareholder Rights Plan is not a slow-hand takeover defense (a takeover defense mechanism in which the constituent members of a Board of Directors cannot be changed all at once, so that significant time is required for a Warrants Issue to be blocked).

Flow of Procedures for Warrants Issue



* A case in which 1) the Purchaser is complying with the procedures of the Shareholder Rights Plan and the Purchase would not clearly damage the Company’s corporate value and the common interest of shareholders, and 2) the convening of a general meeting of shareholders concerning whether or not to perform a gratis issue of share warrants is a practical possibility.

† If a resolution to perform Warrants Issue is rejected at a General Meeting to Ascertain the Will of Shareholders, the Board of Directors will adopt a resolution not to perform Warrants Issue.

Note: This diagram has been prepared to provide a simple outline of the flow of procedures under the Shareholder Rights Plan.

Summary of Independent Committee Regulations

- The independent committee is to be established through a resolution of the Company's Board of Directors.
- Members of the independent committee shall be three or more in number, elected by the Company's Board of Directors from among 1) the Company's Outside Directors, 2) the Company's Outside Corporate Auditors, and 3) outside specialists, all of whom are independent from the Company's executives. Provided that the outside specialist must be an executive with a good record of experience in business management, a person who has served as a government official, a person knowledgeable in investment banking operations, an attorney, a certified public accountant, a researcher, or a party with standing equivalent to any of the above, and must conclude an agreement with the Company which includes clauses stipulating due care in duties, etc., as specified separately by the Company's Board of Directors.
- The term of office of members of the independent committee shall be until the close of the Ordinary General Meeting of Shareholders related to the last fiscal year ended within three years of the close of this Ordinary General Meeting of Shareholders. Provided, however, that the Company's Board of Directors may specify a different term through a separate resolution to that effect. Further, if any member of the independent committee who is an Outside Director or Outside Corporate Auditor ceases to be a Director or Corporate Auditor (except in the case of reelection) the term of membership in the independent committee shall cease simultaneously.
- The independent committee shall make decisions on matters as itemized below, and make recommendations to the Company's Board of Directors which include the substance of such decisions and the reasons for them. The Company's Board of Directors shall make a resolution as a corporate organ under the Corporation Law, with the utmost respect for the recommendation made by the independent committee (however, concerning whether or not to perform a gratis issue of share warrants provided in 1., if a resolution at a general meeting of shareholders is made separately, such a resolution takes precedence). Each member of the independent committee and each Director of the Company is required to perform such decisions solely from the perspective of whether or not there would be benefit to the Company's corporate value and the common interest of shareholders, and must not have their own benefit or that of the Company's management personnel as an objective.
 - 1) Whether or not to perform a gratis issue of share warrants.
 - 2) Termination of a gratis issue of share warrants or acquisition of the share warrants by the Company without compensation.
 - 3) Other matters as to which the Company's Board of Directors seeks the advice of the independent committee.
- In addition to the above, the independent committee shall perform the following matters.
 - 1) Judgment of the appropriateness of a Purchase subject to the Shareholder Rights Plan.
 - 2) Determination of information to be provided to the independent committee by a Purchaser and by the Company's Board of Directors, and the period for provision of such information.
 - 3) Examination of and deliberation on the substance of a Purchase by a Purchaser.
 - 4) Negotiation and discussion with a Purchaser.

- 5) Request for a counterproposal, deliberation on the counterproposal.
 - 6) Extension of the Independent Committee Period of Deliberation.
 - 7) Approval of revisions or changes to the Shareholder Rights Plan.
 - 8) Other matters which the independent committee may perform as provided for in the Shareholder Rights Plan.
 - 9) Other matters which the independent committee may perform as provided for separately by the Company's Board of Directors.
- If the independent committee judges that the content of the Purchase Explanation Documents is not sufficient as Necessary Information, it may request that the Purchaser provide additional information to both the Company's Board of Directors and the independent committee. Also, if the independent committee has received from the Purchaser the Purchase Explanation Documents and additional information as requested by the independent committee, the independent committee may, upon specifying an appropriate period for reply, request that the Company's Board of Directors provide an opinion regarding the substance of the Purchase by the Purchaser, materials supporting the opinion, a counterproposal (if any), and other information as deemed appropriate and necessary by the independent committee.
 - If there is a need to improve the substance of the Purchase from the perspective of securing and heightening the Company's corporate value and the common interest of shareholders, the independent committee shall either directly or indirectly perform discussions and negotiations with the Purchaser, and present to shareholders any counterproposal from the Company's Board of Directors.
 - For the gathering of necessary information, the independent committee may request the attendance at its meetings of Directors, Corporate Auditors, Executive Officers, or employees of Asahi Kasei Group companies, or other parties as deemed necessary by the independent committee, and may request explanations by such parties in relation to such matters as the independent committee enquires.
 - The independent committee may, at the Company's expense, obtain the advice of independent third parties (including financial advisors, certified public accountants, attorneys, consultants, and other specialists).
 - Any member of the independent committee may convene a meeting of the independent committee in the event of a Purchase or at any other time.
 - Resolutions of the independent committee shall be performed with attendance, as a general rule, of all members (including attendance by teleconference or conference call, also hereafter) and adoption of decision by majority. However, if there is a compelling reason which prevents attendance by all members, a resolution may be performed with a majority of members in attendance and adoption of decision by a majority of votes among those present.

Appendix 3

Independent Committee Member Profiles

The following three persons are scheduled to become members of the independent committee at the initial adoption of the Shareholder Rights Plan.

Yukiharu Kodama

Born in May 1934

April 1957: joined Ministry of International Trade and Industry (MITI)

June 1989: MITI Administrative Vice-Minister

June 1991: retired from MITI

June 1993: President, Shoko Chukin Bank

June 2001: Director, Shosen-Mitsui Corporation*

June 2005: Director, HOYA Corporation*

June 2007: Director, the Company*

* Position held at present

Note: Mr. Yukiharu Kodama is an Outside Director of the Company in accordance with Item 15 of Article 2 of the Company Law and a candidate for Outside Director of the Company in accordance with Item 7, paragraph 3 of Article 2 of the Enforcement Ordinance for the Company Law at this Ordinary General Meeting of Shareholders. There is no special interest between Mr. Yukiharu Kodama and the Company.

Morio Ikeda

Born in December 1936

April 1961: joined Shiseido Corporation

June 1990: Director, Shiseido Corporation

June 2001: President, Shiseido Corporation

June 2005: Chairman, Shiseido Corporation

June 2006: Counsel, Shiseido Corporation*

July 2007: Member of Group Advisory Committee, the Company*

Vice-Chairman, The Tokyo Chamber of Commerce*

Special Counsel, The Japan Chamber of Commerce*

* Position held at present

Note: Mr. Morio Ikeda is a candidate for Outside Director of the Company in accordance with Item 7, paragraph 3 of Article 2 of the Enforcement Ordinance for the Company Law at this Ordinary General Meeting of Shareholders. There is no special interest between Mr. Morio Ikeda and the Company.

Susumu Takahashi

Born in January 1953

April 1976: joined Sumitomo Bank

January 1990: joined Japan Research Institute

February 2004: Director, Japan Research Institute

August 2005: Council, Cabinet Office

August 2007: Vice-Chairman, Japan Research Institute*

April 2008: Member of Group Advisory Committee, the Company*

* Position held at present

Note: There is no special interest between Mr. Susumu Takahashi and the Company.

Appendix 4

Major Shareholders of the Company

As of March 31, 2008

Name	Address	Thousand shares held (Note 2)	Equity interest (% Note 3)
Nippon Life Insurance Co.	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	73,000	5.22
Master Trust Bank of Japan. Ltd. TS (Note 1)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	72,314	5.17
Japan Trustee Services Bank, Ltd. TS (Note 1)	1-8-11 Harumi, Chuo-ku, Tokyo	61,843	4.42
Sumitomo Mitsui Banking Corp.	1-1-2 Yurakucho, Chiyoda-ku, Tokyo	35,404	2.53
Asahi Kasei Group Employee Stockholding Assn.	1-1-2 Yurakucho, Chiyoda-ku, Tokyo	34,404	2.46
Dai-ichi Mutual Life Insurance Co.	1-13-1 Yurakucho, Chiyoda-ku, Tokyo	32,150	2.30
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1-2-1 Marunouchi, Chiyoda-ku, Tokyo	31,100	2.22
Meiji Yasuda Life Insurance Co.	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	20,878	1.49
Mizuho Corporate Bank, Ltd.	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	20,269	1.45
Sumitomo Mutual Life Insurance Co.	7-18-24 Tsukiji, Chuo-ku, Tokyo	19,517	1.40
Total	—	400,879	28.66

Notes:

1 Among shares held, the 72,314 thousand shares held by Master Trust Bank of Japan. Ltd. and 61,843 thousand shares held by Japan Trustee Services Bank, Ltd. are shares held in trust.

2 Fractions of one thousand omitted.

3 Equity interest excluding treasury stock.

Proposal 5 Grant of Retirement Bonus to Retiring Directors

The term of office of Kunio Kohga, Kageyasu Akashi, and Koji Fujiwara as Director shall expire at the close of this Ordinary General Meeting of Shareholders. In recognition of the services they performed in the office of Director, the Board of Directors recommends that retirement bonuses be granted to them in appropriate amounts in accordance with the Company's standards. It is proposed that determination of the specific amounts, times and methods of these grants be entrusted to the Board of Directors.

Name	Career summary
Kunio Kohga	• June 1997: elected Director*
Kageyasu Akashi	• June 2006: elected Director*
Koji Fujiwara	• June 2007: elected Director*

* Position held at present.