

June 7, 2004

**Notice of Convocation of Asahi Kasei Corporation Shareholders**

Notice to Shareholders:

The 113th Ordinary General Meeting of Shareholders of Asahi Kasei Corporation will be convened as described below.

Time: Tuesday June 29, 2004, 10:00 a.m.  
Place: 5th floor meeting room, Shin-Dai Building  
2-6 Dojimahama 1-chome, Kita-ku, Osaka 530-8205, Japan

Agenda

Reports:

[Balance Sheets as of March 31, 2004](#)

Report of Operating Results for the fiscal year ended March 31, 2004

[Statements of Income for the fiscal year ended March 31, 2004](#)

Proposals:

- Proposal 1** 113th Appropriation of Retained Earnings
- Proposal 2** Partial Amendment to Articles of Incorporation
- Proposal 3** Election of Directors (7 candidates for election)
- Proposal 4** Election of Statutory Auditors (2 candidates for election)
- Proposal 5** Grant of Retirement Bonuses to Retiring Directors and Statutory Auditor

Please read the attachments 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 June 28, 2004 JST.

Shiro Hiruta  
President and Representative Director

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

## Attachment 1: Materials pertaining to items to be reported

1. Balance Sheets as of March 31, 2004 (in millions of yen, rounded to the nearest million)

Assets	
Current assets	128,429
Cash on hand and in banks	55,536
Notes receivable	74
Marketable securities	30
Supplies	183
Prepaid expenses	1,550
Deferred income taxes	3,625
Accounts receivable, other	5,368
Short-term loan receivable	23,739
Advance paid	40,236
Other current assets	573
Allowance for doubtful accounts	(2,485)
Fixed assets	560,288
Property, plant and equipment, net of accumulated depreciation	77,922
Buildings	17,231
Structures	2,541
Machinery and equipment	781
Vehicles	34
Tools, furniture and fixtures	1,751
Land	54,980
Construction in progress	604
Intangible fixed assets	10,512
Software	9,858
Patents rights and others	655
Investments and other assets	471,854
Investment securities	106,375
Investments in subsidiaries	245,115
Long-term receivables	117,183
Long-term prepaid expenses	117
Other	4,253
Allowance for doubtful accounts	(1,189)
<b>Total assets</b>	<b>688,717</b>

Liabilities	343,911
Current liabilities	98,840
Notes payable	27,873
Short-term borrowings	25,890
Current portion of bonds	23,000
Accounts payable, other	4,412
Accrued expenses	13,976
Advance received	15
Deposits received	3,660
Other current liabilities	15
Long-term liabilities	245,071
Bonds	136,000
Long-term borrowings	64,060
Deferred income taxes	19,612
Accrued severance indemnities	24,828
Reserve for directors and statutory auditors retirement bonus	557
Customers' guarantee deposits	13
Shareholders' equity	344,806
Common stock	103,389
Capital surplus	79,396
Additional paid-in capital	79,396
Earned surplus	145,388
Legal reserve	25,847
Reserve for special depreciation	262
Reserve for fixed assets reduction	21,995
Dividend equalization reserve	7,000
General reserve	82,000
Unappropriated retained earnings as of the end of the fiscal period	8,284
Net unrealized gains on securities	33,283
Common stock in treasury	(16,650)
Liabilities and shareholders' equity	688,717

2. Statements of Income for the Fiscal Year ended March 31, 2004  
(in millions of yen, rounded to the nearest million)

Revenue	431,010
Net sales	426,326
Dividend income from group companies	188
Real estate lease income from group companies	4,497
Operating expenses	426,357
Cost of sales	320,834
Selling, general administrative expenses	105,523
Operating profit	4,653
Non-operating income	5,951
Interest and dividend income	4,818
Other	1,133
Non-operating expenses	6,763
Interest expense, discount charge	3,357
Other	3,406
Ordinary profit	3,841
Special gains	11,891
Gain on sale of investment securities	5,937
Gain on sale of property, plant and equipment	5,827
Reversal of provision for doubtful accounts	128
Special losses	6,066
Loss on write-down of investment securities	239
Loss on disposal of property, plant and equipment	2,625
Restructuring charges	3,202
Income before income taxes	9,667
Current income taxes	74
Deferred income taxes	7,857
Net income	1,737
Unappropriated retained earnings brought forward from previous period	10,750
Interim dividends	4,203
Unappropriated retained earnings as of the end of the fiscal period	8,284

## Attachment 2: Statement pertaining to Proposal 1

Proposed Appropriation of Retained Earnings (in yen)

Unappropriated retained earnings as of the end of the fiscal period	8,283,814,669
Reversal of reserve for fixed assets reduction	10,847,648,160
<b>Total</b>	<b>19,131,462,829</b>
To be appropriated to:	
Cash dividends (Ordinary dividend per share: 3)	4,202,775,309
Bonuses to directors and statutory auditors	71,240,000
<i>Of which, bonuses to statutory auditors</i>	<i>17,000,000</i>
Reserve for special depreciation	1,822,982,393
<b>Total</b>	<b>6,096,997,702</b>
Unappropriated retained earnings carried forward to the next period	13,034,465,127

Note: Interim dividends aggregating ¥4,203,417,090 (¥3 per share) were paid.

**Exhibit 1: Reference materials pertaining to proposals pending shareholder vote for adoption**

1. Total number of shareholder voting rights: 1,385,459
2. Proposals pending shareholder vote, related notes and information

**Proposal 1** Appropriation of Retained Earnings

The Board of Directors recommends that retained earnings be appropriated as shown in the statement of *Proposed Appropriation of Retained Earnings* (see Attachment 2). With consideration given to the results for the period, the operating environment, and the strengthened corporate constitution, it has been determined that ¥3 per share is the appropriate dividend for the term. (An interim dividend of ¥3 per share was implemented; this proposal would bring the total dividend for the fiscal year to ¥6 per share.)

Note: Reversal of *reserve for fixed assets reduction* is implemented in accord with regulations specified in the Special Taxation Measures Law.

**Proposal 2** Partial Amendment to Articles of Incorporation

The Board of Directors recommends that the Articles of Incorporation be amended as shown in *Proposed Amendment to Articles of Incorporation* (below).

Reasons for Amendment

- The amendment of Article 2 reflects changes in the scope of business operations.
- The following revisions are made pursuant to amendments to the Commercial Code.

Authorization of the Board of Directors to implement share repurchases

Law No. 132 of 2003 enables share repurchases to be implemented by a Board of Directors resolution, where so provided for in the Articles of Incorporation. The addition of the new Article 6 to this effect will bring the company greater flexibility in capital management.

With the addition of the new Article 6, the present Article 6 is renumbered to Article 7, and the provisions of the present Article 7 are incorporated in the new Article 7 as Clause 2.

Adoption of provisions for sale of fractional unit shares

Law No. 44 of 2002 enables a shareholder holding fractional unit shares to request a company to sell the shareholder the number of shares which will combine with the

fractional unit shares held to equal one share unit, where so provided for in the Articles of Incorporation. The addition of the new Article 7-2 to this effect will give shareholders greater flexibility to resolve their share holdings into full share units.

The provisions of Articles 9 and 10 are amended to accommodate the addition of the provisions of the new Article 7-2.

- The amendment of Article 12 provides for the Chairman to convene and chair General Meetings of Shareholders, a role presently charged to the President.
- The present Article 37 is deleted as all Directors' terms of office subject to this provision will expire at the close of this General Meeting.

With the deletion of the present Article 37, the present Article 38 is renumbered to Article 37.

Proposed Amendment to Articles of Incorporation (changes underlined)

Excerpts from Articles of Incorporation (as of June 27, 2003)	To be amended as below:
<p>Article 2 (Objects and Purposes) The objects and purposes of the Company shall be to engage in the following and related businesses, and, by virtue of ownership of shares or holdings therein, to oversee and control the business operations of domestic or foreign companies engaged in the following and related businesses.</p> <p>1. Manufacture, processing, purchase, and sale of the following products:</p> <p><i>[items 1 (a) through 1 (d) unchanged]</i></p> <p>(e) Seasonings, processed foods, food additives, <u>liquors</u>, fodder, and additives to fodder</p> <p><i>[items 1 (f) through 1 (i) unchanged]</i></p> <p>(j) <u>Magnesium and other metals</u></p> <p><i>[items 1 (k) through 10 unchanged]</i></p>	<p>Article 2 (Objects and Purposes) The objects and purposes of the Company shall be to engage in the following and related businesses, and, by virtue of ownership of shares or holdings therein, to oversee and control the business operations of domestic or foreign companies engaged in the following and related businesses.</p> <p>1. Manufacture, processing, purchase, and sale of the following products:</p> <p><i>[items 1 (a) through 1 (d) unchanged]</i></p> <p>(e) Seasonings, processed foods, food additives, fodder, and <u>additives to fodder</u></p> <p><i>[items 1 (f) through 1 (i) unchanged]</i></p> <p>(j) <u>Processed metal products</u></p> <p><i>[items 1 (k) through 10 unchanged]</i></p>
<p><i>[no corresponding article]</i></p>	<p><u>Article 6 (Share Repurchase)</u></p> <p><u>Pursuant to Article 211-3 Paragraph 1 Item 2 of the Commercial Code, the Company may, by resolution of the Board of Directors, purchase shares to be held as treasury shares.</u></p>

<p><u>Article 6</u> (Number of Shares in Each Share Unit)</p> <p>The number of shares in each share unit of the Company shall be one thousand (1,000).</p>	<p><u>Article 7</u> (Number of Shares in Each Share Unit <u>and Non-issuance of Share Certificates for Fractional Unit Shares</u>)</p> <p>(1) The number of shares in each share unit of the Company shall be one thousand (1,000).</p> <p>(2) <u>The Company shall not issue share certificates with respect to a number of shares smaller than one share unit (hereinafter “fractional unit shares”). except as provided for by the Share Handling Regulations.</u></p>
<p><u>Article 7</u> (Non-issuance of Share Certificates for Fractional Unit Shares)</p> <p><u>The Company shall not issue share certificates with respect to a number of shares smaller than one share unit (hereinafter “fractional unit shares”), except as provided for by the Share Handling Regulations.</u></p>	<p><i>[deleted]</i></p>
<p><i>[no corresponding article]</i></p>	<p><u>Article 7-2</u> (Sale of Fractional Unit Shares)</p> <p><u>As provided for by the Share Handling Regulations, a shareholder (whether or not a beneficial shareholder) holding fractional unit shares may request that the Company sell the shareholder the number of shares which will combine with the fractional unit shares held to equal one share unit.</u></p>

<p>Article 9 (Transfer Agent)</p> <p>(1) The Company shall have a transfer agent for share handling.</p> <p>(2) The transfer agent and location of its office shall be decided by resolution of the Board of Directors and public notice thereof shall be given.</p> <p>(3) The Registers of Shareholders and Beneficial Shareholders of the Company, and the Registry of Lost Share Certificates, shall be maintained at the office of the transfer agent. Registration of a transfer in the Register of Shareholders, purchase of fractional unit shares, receipt of the Register of Beneficial Shareholders, and all other businesses relating to shares shall be handled by the transfer agent.</p>	<p>Article 9 (Transfer Agent)</p> <p>(1) The Company shall have a transfer agent for share handling.</p> <p>(2) The transfer agent and location of its office shall be decided by resolution of the Board of Directors and public notice thereof shall be given.</p> <p>(3) The Registers of Shareholders and Beneficial Shareholders of the Company, and the Registry of Lost Share Certificates, shall be maintained at the office of the transfer agent. Registration of a transfer in the Register of Shareholders, purchase <u>and sale</u> of fractional unit shares, receipt of the Register of Beneficial Shareholders, and all other businesses relating to shares shall be handled by the transfer agent.</p>
<p>Article 10 (Share Handling Regulations)</p> <p>Classes of share certificates of the Company, registration of a transfer in the Register of Shareholders, purchase of fractional unit shares, receipt of the Register of Beneficial Shareholders, and other procedures concerning share handling and handling charges shall be in accordance with the Share Handling Regulations established by the Board of Directors.</p>	<p>Article 10 (Share Handling Regulations)</p> <p>Classes of share certificates of the Company, registration of a transfer in the Register of Shareholders, purchase <u>and sale</u> of fractional unit shares, receipt of the Register of Beneficial Shareholders, and other procedures concerning share handling and handling charges shall be in accordance with the Share Handling Regulations established by the Board of Directors.</p>

<p>Article 12 (Convener and Chair)</p> <p>(1) The General Meeting of Shareholders shall be convened and chaired by the Representative Director and <u>President</u>.</p> <p>(2) Should the Representative Director and President be prevented from convening or chairing the General Meeting of Shareholders, then a Director shall be appointed by resolution of the Board of Directors to do so.</p>	<p>Article 12 (Convener and Chair)</p> <p>(1) The General Meeting of Shareholders shall be convened and chaired by the Representative Director and <u>Chairman</u>.</p> <p>(2) Should <u>the office of the Representative Director and Chairman be vacant or should the Representative Director and Chairman be prevented from convening or chairing the General Meeting of Shareholders, it shall be convened or chaired by the Representative Director and President, and should</u> the Representative Director and President be prevented from convening or chairing the General Meeting of Shareholders, then a Director shall be appointed by resolution of the Board of Directors to do so.</p>
<p><u>Article 37 (Interim Measure Related to Term of Office of Directors)</u></p> <p><u>Irrespective of the provisions of Article 17, the term of office of Directors elected at the Ordinary General Meeting of Shareholders convened on June 27, 2002 shall expire at the close of the Ordinary General Meeting of Shareholders convened concerning the fiscal year ending March 31, 2004.</u></p>	<p>[deleted]</p>
<p>Article <u>38</u> (Interim Measure Related to Term of Office of Auditors)</p> <p>Irrespective of the provisions of Article 26, the term of office of Auditors holding office prior to the close of the Ordinary General Meeting of Shareholders convened concerning the fiscal year ending March 31, 2003 shall be 3 years as formerly provided.</p>	<p>Article <u>37</u> (Interim Measure Related to Term of Office of Auditors)</p> <p>Irrespective of the provisions of Article 26, the term of office of Auditors holding office prior to the close of the Ordinary General Meeting of Shareholders convened concerning the fiscal year ending March 31, 2003 shall be 3 years as formerly provided.</p>

### Proposal 3 Election of Directors

The term of office of the following 6 Directors shall expire at the close of this Ordinary General Meeting of Shareholders: Nobuo Yamaguchi, Shiro Hiruta, Ichiro Ito, Masamichi Sato, Mitsuo Kohno, and Kunio Kohga.

The Board of Directors recommends that the following 7 candidates be elected Director:

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"> <li>• April 1952: joined Asahi Kasei</li> <li>• June 1976: elected Director</li> <li>• November 1978: Managing Director</li> <li>• June 1981: Representative Director*</li> <li>• June 1981: Executive Vice President</li> <li>• April 1992: Chairman of the Board*</li> </ul>
2	Shiro Hiruta, December 20, 1941	60,000	<ul style="list-style-type: none"> <li>• April 1964: joined Asahi Kasei</li> <li>• June 1997: elected Director</li> <li>• June 1999: Managing Director</li> <li>• June 2001: Senior Managing Director</li> <li>• June 2002: Executive Vice President</li> <li>• April 2003: President*</li> <li>• April 2003: Representative Director*</li> <li>• June 2003: Presidential Executive Officer*</li> </ul>
3	Ichiro Ito, July 6, 1942	16,000	<ul style="list-style-type: none"> <li>• April 1966: joined Asahi Kasei</li> <li>• June 2001: elected Director</li> <li>• February 2003: Managing Director</li> <li>• June 2003: Director*</li> <li>• June 2003: Primary Executive Officer*</li> </ul>
4	Mitsuo Kohno, November 4, 1941	24,000	<ul style="list-style-type: none"> <li>• April 1964: joined Asahi Kasei</li> <li>• June 1996: elected Director</li> <li>• June 2001: Managing Director</li> <li>• June 2003: Director*</li> <li>• June 2003: Senior Executive Officer*</li> </ul>
5	Kunio Kohga, October 17, 1943	29,000	<ul style="list-style-type: none"> <li>• April 1968: joined Asahi Kasei</li> <li>• June 1997: elected Director*</li> <li>• June 2003: Executive Officer</li> <li>• April 2004: Senior Executive Officer*</li> </ul>
6	Kenichi Shibukawa September 7, 1943	27,000	<ul style="list-style-type: none"> <li>• April 1967: joined Asahi Kasei</li> <li>• June 1998: elected Director</li> <li>• May 2003: Asahi Kasei Chemicals Director†</li> <li>• June 2003: retired as Director</li> <li>• June 2003: Executive Officer</li> <li>• September 2003: retired as Executive Officer</li> <li>• October 2003: Asahi Kasei Chemicals Primary Executive Officer</li> <li>• April 2004: Senior Executive Officer*</li> </ul>
7	Shigeru Mizutani October 26, 1946	13,000	<ul style="list-style-type: none"> <li>• April 1971: joined Asahi Kasei</li> <li>• May 2003: Asahi Kasei Chemicals Director†</li> <li>• October 2003: Asahi Kasei Chemicals Executive Officer</li> <li>• April 2004: Executive Officer*</li> </ul>

\* Position held at present. † Scheduled to retire from this position in June 2004.

#### **Proposal 4** Election of Statutory Auditors

The term of office of Shigeo Katsuyama and Mitsuaki Watanabe as Statutory Auditor shall expire at the close of this Ordinary General Meeting of Shareholders.

Note: Prior agreement of the Board of Statutory Auditors has been obtained regarding the submission of this proposal.

The Board of Directors recommends that the following 2 candidates be elected Statutory Auditor:

Note: Mr. Katsuo Wajiki is a candidate for External Statutory Auditor as stipulated in Paragraph 1 of Article 18 of the Audit Special Exceptions Law.

Candidate No.	Name, date of birth	Asahi Kasei shares held	Career summary
1	Yuji Tsuchiya October 5, 1935	62,000	<ul style="list-style-type: none"><li>• April 1959: joined Asahi Kasei</li><li>• June 1989: elected Director</li><li>• June 1994: Managing Director</li><li>• June 1996: Senior Managing Director</li><li>• June 1997: Representative Director</li><li>• June 1998: Executive Vice President</li><li>• June 2002: Asahi Kasei Homes Chairman and Representative Director*</li><li>• June 2002: Director</li><li>• June 2003: retired as Director</li><li>• June 2003: Executive Officer</li><li>• September 2003: retired as Executive Officer</li></ul>
2	Katsuo Wajiki February 22, 1938	0	<ul style="list-style-type: none"><li>• December 1961: joined Lowe, Bingham, &amp; Thomsons</li><li>• July 1964: registered Certified Public Accountant</li><li>• June 1983: Representative Partner, Aoyama Audit Corporation</li><li>• July 1998: Advisor, Aoyama Audit Corporation</li></ul>

\* Scheduled to retire from this position prior to this General Meeting.

**Proposal 5** Grant of Retirement Bonus to Retiring Directors and Statutory Auditor

Shinya Miyasaka resigned the office of Director on March 31, 2004, and the term of office of Masamichi Sato as Director shall expire at the close of this Ordinary General Meeting of Shareholders. The term of office of Shigeo Katsuyama as Statutory Auditor shall expire at the close of this Ordinary General Meeting of Shareholders.

In recognition of the services they performed in the offices of Director and Statutory Auditor, the Board of Directors recommends that retirement bonuses be granted to them in appropriate amounts in accord with the company's standards. It is proposed that determination of the specific amounts, times, and methods of grants regarding service as Director be entrusted to the Board of Directors, and that determination of the specific amount, time, and method of the grant regarding service as Statutory Auditor be entrusted to the deliberation among the Statutory Auditors.

Name	Career summary
Shinya Miyasaka	<ul style="list-style-type: none"><li>• June 1993: elected Director</li><li>• June 1998: Managing Director</li><li>• June 2001: Senior Managing Director</li><li>• June 2003: Director</li><li>• March 2004: resigned</li></ul>
Masamichi Sato	<ul style="list-style-type: none"><li>• June 1996: elected Director</li><li>• June 2001: Managing Director</li><li>• June 2003: Director*</li></ul>
Shigeo Katsuyama	<ul style="list-style-type: none"><li>• June 2001: elected Statutory Auditor*</li></ul>

\* Position held at present.