

June 7, 2005

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

Notice to Shareholders:

The 114th Ordinary General Meeting of Shareholders of Asahi Kasei Corporation will be convened as described below.

Time: Wednesday June 29, 2005, 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:**

Report of Operating Results for the fiscal year ended March 31, 2005  
Consolidated Balance Sheets as of March 31, 2005  
Consolidated Statements of Income for the fiscal year ended March 31, 2005  
Non-consolidated Balance Sheets as of March 31, 2005  
Non-consolidated Statements of Income for the fiscal year ended March 31, 2005

**Proposals:**

**Proposal 1** 114th 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 Auditor (1 candidate for election)  
**Proposal 5** Grant of Retirement Bonus to Retiring Director 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, 2005 JST.

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, 2005

(millions of yen, rounded to the nearest million)

Assets	
Current assets	589,719
Cash on hand and in banks	68,279
Notes and accounts receivable, trade	252,210
Marketable securities	307
Inventories	202,521
Deferred income taxes	25,669
Other current assets	42,208
Allowance for doubtful accounts	(1,477)
Fixed assets	680,338
Property, plant and equipment, net of accumulated depreciation	419,969
Buildings and structures	155,667
Machinery and equipment	174,754
Land	59,912
Construction in progress	14,601
Other	15,035
Intangible fixed assets	36,411
Goodwill	5,974
Others	30,437
Investments and other assets	223,958
Investment securities	189,894
Long-term receivables	2,992
Deferred income taxes	10,452
Other	22,643
Allowance for doubtful accounts	(2,023)
Total assets	1,270,057

Liabilities	751,979
Current liabilities	403,022
Notes and accounts payable, trade	133,917
Short-term borrowings	31,360
Current portion of bonds	31,000
Accrued income taxes	10,405
Accrued expenses	98,759
Advances received	50,053
Other current liabilities	47,527
Long-term liabilities	348,956
Bonds	107,000
Long-term borrowings	79,246
Deferred income taxes	8,964
Accrued pension and severance costs	134,805
Reserve for directors and statutory auditors retirement bonus	760
Customers' guarantee deposits	17,806
Other long-term liabilities	376
Minority interest in consolidated subsidiaries	6,352
Shareholders' equity	511,726
Common stock	103,389
Capital surplus	79,423
Retained earnings	295,594
Revaluation surplus	966
Net unrealized gains on securities	54,704
Cumulative translation adjustments	(5,379)
Treasury stock, at cost	(16,969)
Total liabilities, minority interest and shareholders' equity	1,270,057

2. Consolidated Statements of Income for the Fiscal Year ended March 31, 2005

(millions of yen, rounded to the nearest million)

Revenue	1,377,697
Sales	1,377,697
Operating expenses	1,261,888
Cost of sales	1,010,526
Selling, general and administrative expenses	251,362
Operating profit	115,809
Non-operating income	10,607
Interest and dividend income	2,286
Equity in net earnings of unconsolidated subsidiaries and affiliates	2,617
Other	5,704
Non-operating expenses	13,540
Interest expense	3,648
Other	9,892
Ordinary profit	112,876
Special gains	4,800
Gain on sale of investment securities	3,373
Gain on sale of property, plant and equipment	1,016
Reversal of allowance for doubtful accounts	411
Special losses	26,535
Loss on write-down of investment securities	429
Loss on disposal of property, plant and equipment	8,569
Payment to settle litigation	2,617
Restructuring charges	14,921
Income before income taxes and minority interest	91,141
Current income taxes	(29,244)
Deferred income taxes	(4,760)
Minority interest in income of consolidated subsidiaries	(682)
Net income	56,454

### 3. Non-consolidated Balance Sheets as of March 31, 2005

(millions of yen, rounded to the nearest million)

Assets	
Current assets	123,350
Cash on hand and in banks	218
Notes receivable	0
Marketable securities	15
Supplies	135
Prepaid expenses	922
Deferred income taxes	1,004
Accounts receivable, other	15,702
Short-term loans	12
Short-term loans to group companies	68,089
Advances paid	39,053
Other current assets	209
Allowance for doubtful accounts	(2,010)
Fixed assets	539,869
Property, plant and equipment, net of accumulated depreciation	73,094
Buildings	14,224
Structures	2,360
Machinery and equipment	817
Vehicles	35
Tools, furniture and fixtures	1,863
Land	52,775
Construction in progress	1,021
Intangible fixed assets	8,511
Software	7,962
Patents rights and others	549
Investments and other assets	458,263
Investment securities	107,531
Investments in group companies	252,956
Sundry investments	39
Long-term receivables	50
Long-term receivables from group companies	94,725
Claims in bankruptcy and rehabilitation	1,189
Long-term prepaid expenses	79
Other	2,908
Allowance for doubtful accounts	(1,213)
<b>Total assets</b>	<b>663,219</b>

Liabilities	302,096
Current liabilities	82,388
Notes payable	91
Current portion of long-term borrowings	164
Current portion of bonds	31,000
Accounts payable, other	12,953
Income taxes payable	908
Accrued expenses	10,543
Advances received	208
Deposits received	3,632
Other current liabilities	3,274
Long-term liabilities	219,709
Bonds	107,000
Long-term borrowings	63,896
Deferred income taxes	26,868
Accrued pension and severance costs	21,439
Reserve for directors and statutory auditors retirement bonus	482
Customers' guarantee deposits	23
Shareholders' equity	361,123
Common stock	103,389
Capital surplus	79,423
Additional paid-in capital	79,396
Other capital surplus	26
Gain on disposal of treasury stock	26
Earned surplus	153,680
Legal reserve	25,847
Voluntary reserve	102,233
Reserve for special depreciation	2,085
Reserve for fixed assets reduction	11,147
Dividend equalization reserve	7,000
General reserve	82,000
Unappropriated retained earnings as of the end of the fiscal period	25,601
Net unrealized gains on securities	41,585
Treasury stock, at cost	(16,954)
Liabilities and shareholders' equity	663,219

4. Non-consolidated Statements of Income for the Fiscal Year ended March 31, 2005

(millions of yen, rounded to the nearest million)

Revenue	30,319
Dividend income from group companies	21,337
Real estate lease income from group companies	8,982
Operating expenses	10,377
General administrative expenses	10,377
Operating profit	19,943
Non-operating income	4,911
Interest and dividend income	4,316
Other	596
Non-operating expenses	4,533
Interest expense	2,715
Other	1,819
Ordinary profit	20,321
Special gains	1,873
Gain on sale of investment securities	601
Gain on sale of property, plant and equipment	1,272
Special losses	5,369
Loss on write-down of investment securities	91
Loss on disposal of property, plant and equipment	5,278
Income before income taxes	16,825
Current income taxes	(5,527)
Deferred income taxes	4,183
Net income	18,169
Unappropriated retained earnings brought forward from previous period	13,034
Interim dividends	5,603
Unappropriated retained earnings as of the end of the fiscal period	25,601

## Attachment 2: Statement pertaining to Proposal 1

### Proposed Appropriation of Retained Earnings

(yen)

Unappropriated retained earnings as of the end of the fiscal period	25,600,693,067
Reversal of reserve for special depreciation	208,956,920
Reversal of reserve for fixed assets reduction	389,284,576
Total	26,198,934,563
To be appropriated to:	
Cash dividends (Ordinary dividend per share: 4)	5,601,535,676
Bonuses to directors and statutory auditors	80,980,000
<i>Of which, bonuses to statutory auditors</i>	<i>18,300,000</i>
Total	5,682,515,676
Unappropriated retained earnings carried forward to the next period	20,516,418,887

Note: Interim dividends aggregating ¥5,602,956,400 (¥4 per share) were paid.

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

1. Total number of shareholder voting rights: 1,386,041
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 ¥4 per share is the appropriate dividend for the term. (An interim dividend of ¥4 per share was implemented; this proposal would bring the total dividend for the fiscal year to ¥8 per share.)

Note: Reversals of *reserve for special depreciation* and *reserve for fixed assets reduction* are 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 15 will reduce the maximum number of Directors from 15 to 12. In the time following the June 2003 reduction of the maximum number of Directors from 45 to 15, and the attendant reform of management responsibilities in an operational structure comprising a smaller number of Directors, it has been determined that effective performance of management will not require as many as 15 Directors.
- Article 37 is deleted as all Auditors' terms of office subject to this provision will expire at the close of this General Meeting.

### Proposed Amendment to Articles of Incorporation (changes underlined)

Excerpts from Articles of Incorporation (as of June 27, 2004)	To be amended as below:
Article 15 (Number of Directors)  The Company shall have <u>fifteen (15)</u> or less Directors.	Article 15 (Number of Directors)  The Company shall have <u>twelve (12)</u> or less Directors.
<u>Article 37 (Interim Measure Related to Term of Office of Auditors)</u>  <u>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.</u>	<i>[deleted]</i>

### Proposal 3 Election of Directors

The term of office of the following 7 Directors shall expire at the close of this Ordinary General Meeting of Shareholders: Nobuo Yamaguchi, Shiro Hiruta, Ichiro Ito, Mitsuo Kohno, Kunio Kohga, Kenichi Shibukawa, and Shigeru Mizutani.

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	73,000	<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	20,000	<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	Kunio Kohga, October 17, 1943	34,000	<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>
5	Kenichi Shibukawa September 7, 1943	33,000	<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> <li>• June 2004: elected Director*</li> </ul>
6	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> <li>• June 2004: elected Director*</li> </ul>
7	Kiyoshi Tsujita April 16, 1948	2,000	<ul style="list-style-type: none"> <li>• April 1971: joined Asahi Kasei</li> <li>• April 2004: Executive Officer*</li> </ul>

\* Position held at present.

**Proposal 4** Election of Statutory Auditor

The term of office of Katsuaki Tsuzuki as Statutory Auditor shall expire at the close of this Ordinary General Meeting of Shareholders.

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

Name, date of birth	Asahi Kasei shares held	Career summary
Kenji Nakamae October 9, 1946	19,226	<ul style="list-style-type: none"><li>• April 1971: joined Asahi Kasei</li><li>• June 2001: elected Director</li><li>• April 2003: Asahi Medical President and Representative Director</li><li>• May 2003: Asahi Kasei Pharma 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 Pharma Senior Executive Officer</li><li>• December 2004: Executive Officer*</li><li>• March 2005: retired as Asahi Kasei Pharma Director</li><li>• March 2005: retired as Asahi Kasei Pharma Senior Executive Officer</li><li>• March 2005: retired as Asahi Kasei Medical Director</li></ul>

\* Position held at present.

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

The term of office of Mitsuo Kohno as Director and of Katsuaki Tsuzuki 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
Mitsuo Kohno	<ul style="list-style-type: none"><li>• June 1996: elected Director</li><li>• June 2001: Managing Director</li><li>• June 2003: Director*</li></ul>
Katsuaki Tsuzuki	<ul style="list-style-type: none"><li>• June 1999: elected Statutory Auditor*</li></ul>

\* Position held at present.