

June 6, 2011

## Notice of Convocation of Asahi Kasei Corporation Shareholders

To Shareholders:

The 120th Ordinary General Meeting of Shareholders of Asahi Kasei Corporation (the Company) will be convened as described below.

Time: Wednesday, June 29, 2011, 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, 2011  
Consolidated Balance Sheets as of March 31, 2011  
Consolidated Statements of Income for the fiscal year ended March 31, 2011  
Consolidated Statements of Changes in Net Assets for the fiscal year ended March 31, 2011  
Non-consolidated Balance Sheets as of March 31, 2011  
Non-consolidated Statements of Income for the fiscal year ended March 31, 2011  
Non-consolidated Statements of Changes in Net Assets for the fiscal year ended March 31, 2011

#### Proposals:

Proposal 1 Election of Directors (10 candidates for election)  
Proposal 2 Election of Corporate Auditors (2 candidate for election)  
Proposal 3 Election of Alternate Corporate Auditor (1 candidate for election)  
Proposal 4 Renewal of measures to respond to large acquisitions of shares  
(takeover defense measures)  
Proposal 5 Grant of Retirement Bonus to a Retiring Director and a Retiring Corporate Auditor

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 28, 2011.

Ichiro Itoh  
Chairman & Representative Director

*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, 2011

(millions of yen, rounded to the nearest million)

Assets	
Current assets	755,651
Cash and deposits	140,319
Notes and accounts receivable, trade	273,414
Short-term investment securities	371
Merchandise and finished goods	129,898
Work in progress	76,551
Raw materials and supplies	49,799
Deferred tax assets	23,131
Other	63,240
Allowance for doubtful accounts	(1,072)
Noncurrent assets	670,228
Property, plant and equipment	418,354
Buildings and structures	177,789
Machinery, equipment and vehicles	144,220
Land	55,243
Lease assets	5,463
Construction in progress	22,173
Other	13,466
Intangible assets	31,101
Goodwill	5,087
Other	26,015
Investments and other assets	220,773
Investment securities	166,317
Long-term loans receivable	5,181
Deferred tax assets	22,005
Other	27,507
Allowance for doubtful accounts	(237)
<b>Total assets</b>	<b>1,425,879</b>

Liabilities	750,277
Current liabilities	489,878
Notes and accounts payable, trade	136,407
Short-term loans payable	108,889
Commercial paper	23,000
Lease obligations	1,522
Income taxes payable	24,085
Accrued expenses	97,745
Advances received	52,346
Provision for repairs	3,239
Provision for product warranties	2,465
Asset retirement obligations	512
Other	39,668
Noncurrent liabilities	260,399
Bonds payable	25,000
Long-term loans payable	91,722
Lease obligations	3,802
Deferred tax liabilities	6,374
Provision for retirement benefits	107,309
Provision for directors' retirement benefits	1,119
Provision for repairs	2,131
Asset retirement obligations	3,316
Long-term guarantee deposited	18,340
Other	1,284
Net assets	675,602
Shareholders' equity	659,357
Capital stock	103,389
Capital surplus	79,402
Retained earnings	478,681
Treasury stock	(2,115)
Accumulated other comprehensive income	4,209
Valuation difference on available-for-sale securities	29,647
Deferred gains or losses on hedges	(140)
Foreign currency translation adjustment	(25,299)
Minority interests	12,036
Total liabilities and net assets	1,425,879

2. Consolidated Statements of Income for the fiscal year ended March 31, 2011

(millions of yen, rounded to the nearest million)

Net sales	1,598,387
Cost of sales	1,193,646
Gross profit	404,741
Selling, general and administrative expenses	281,814
Operating income	122,927
Non-operating income	9,851
Interest income	1,118
Dividends income	2,273
Equity in earnings of affiliates	2,212
Other	4,248
Non-operating expenses	14,560
Interest expense	3,313
Foreign exchange losses	3,880
Litigation expenses	1,908
Other	5,458
Ordinary income	118,219
Extraordinary income	1,699
Gain on sales of investment securities	416
Gain on sales of noncurrent assets	463
Reversal of allowance for doubtful accounts	84
Gain on transfer of business	736
Extraordinary loss	21,576
Loss on sales of investment securities	380
Loss on valuation of investment securities	651
Loss on disposal of noncurrent assets	4,879
Impairment loss	2,404
Environmental expenses	1,185
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,240
Loss on disaster	821
Business structure improvement expenses	10,016
Income before income taxes	98,342
Income taxes – current	39,628
Income taxes – deferred	(2,952)
Income before minority interests	61,667
Minority interests in income	1,379
Net income	60,288

### 3. Consolidated Statements of Changes in Net Assets for the fiscal year ended March 31, 2011

(millions of yen, rounded to the nearest million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2010	103,389	79,403	432,114	(2,017)	612,888
Changes during the fiscal year					
Dividends from surplus			(13,984)		(13,984)
Net income			60,288		60,288
Purchase of treasury stock				(116)	(116)
Disposal of treasury stock		(0)		18	18
Change of scope of consolidation			307		307
Change of scope of equity method			(43)		(43)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(0)	46,568	(98)	46,469
Balance at March 31, 2011	103,389	79,402	478,681	(2,115)	659,357

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at March 31, 2010	36,692	(109)	(16,128)	20,455	11,346	644,688
Changes during the fiscal year						
Dividends from surplus						(13,984)
Net income						60,288
Purchase of treasury stock						(116)
Disposal of treasury stock						18
Change of scope of consolidation						307
Change of scope of equity method						(43)
Net changes of items other than shareholders' equity	(7,045)	(31)	(9,170)	(16,246)	691	(15,555)
Total changes of items during the period	(7,045)	(31)	(9,170)	(16,246)	691	30,914
Balance at March 31, 2011	29,647	(140)	(25,299)	4,209	12,036	675,602

4. Non-consolidated Balance Sheets as of March 31, 2011

(millions of yen, rounded to the nearest million)

Assets	
Current assets	220,338
Cash and deposits	119
Supplies	128
Advance payments, trade	106
Prepaid expenses	1,601
Deferred tax assets	900
Accounts receivable, other	17,381
Short-term loans receivable from subsidiaries and affiliates	148,866
Advances paid	51,186
Other	80
Allowance for doubtful accounts	(28)
Noncurrent assets	489,261
Property, plant and equipment	72,568
Buildings	19,453
Structures	2,648
Machinery and equipment	1,709
Vehicles	38
Tools, furniture and fixtures	2,042
Land	46,201
Construction in progress	476
Intangible assets	3,576
Software	2,424
Patent rights and others	1,152
Investments and other assets	413,117
Investment securities	73,369
Stocks of subsidiaries and affiliates	254,729
Investments in capital	12
Long-term loans receivable	46
Long-term loans receivable from subsidiaries and affiliates	79,646
Long-term prepaid expenses	408
Other	4,917
Allowance for doubtful accounts	(11)
Total assets	709,600

Liabilities	326,648
Current liabilities	184,972
Notes payable, trade	3
Short-term loans payable	64,000
Commercial paper	23,000
Current portion of long-term loans payable	30,520
Accounts payable, other	27,350
Income taxes payable	9,297
Accrued expenses	17,107
Advances received	4
Deposits received	2,920
Notes payable, alternative payment	4,562
Other	6,208
Noncurrent liabilities	141,676
Bonds payable	25,000
Long-term loans payable	85,980
Deferred tax liabilities	17,371
Provision for retirement benefits	12,332
Provision for directors' retirement benefits	486
Long-term deposits received	465
Long-term guarantee deposited	42
Net assets	382,952
Shareholders' equity	361,698
Capital stock	103,389
Capital surplus	79,402
Legal capital surplus	79,396
Other capital surplus	6
Retained earnings	181,022
Legal retained earnings	25,847
Other retained earnings	155,175
Reserve for special depreciation	115
Reserve for advanced depreciation of noncurrent assets	11,533
Reserve for dividend equalization	7,000
General reserve	82,000
Retained earnings brought forward	54,527
Treasury stock	(2,115)
Valuation and translation adjustments	21,253
Valuation difference on available-for-sale securities	21,253
Total liabilities and net assets	709,600

5. Non-consolidated Statements of Income for the fiscal year ended March 31, 2011

(millions of yen, rounded to the nearest million)

Operating revenue	29,009
Dividends income from subsidiaries and affiliates	22,097
Rent income of real estate from subsidiaries and affiliates	6,913
Operating expenses	14,849
General and administrative expenses	14,849
Operating income	14,160
Non-operating income	4,483
Interest and dividends income	3,821
Other	662
Non-operating expenses	3,890
Interest expenses	2,437
Miscellaneous loss	1,454
Ordinary income	14,753
Extraordinary income	1,519
Gain on sales of noncurrent assets	1,519
Extraordinary loss	3,348
Loss on valuation of investment securities	947
Loss on sales of investment securities	380
Loss on disposal of noncurrent assets	1,107
Impairment loss	295
Environmental expenses	583
Loss on adjustment for changes of accounting standard for asset retirement obligations	36
Income before income taxes	12,923
Income taxes—current	(3,043)
Income taxes—deferred	273
Net income	15,694

6. Non-consolidated Statements of Changes in Net Assets for the fiscal year ended March 31, 2011

(millions of yen, rounded to the nearest million)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for special depreciation	Reserve for advanced depreciation of noncurrent assets	Reserve for dividend equalization
Balance at March 31, 2010	103,389	79,396	6	79,403	25,847	161	10,993	7,000
Changes during the fiscal year								
Provision of reserve for advanced depreciation of noncurrent assets						(46)		
Reversal of reserve for advanced depreciation of noncurrent assets							713	
Dividends from surplus							(173)	
Net income								
Purchase of treasury stock								
Disposal of treasury stock			(0)	(0)				
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	(0)	(0)	—	(46)	540	—
Balance at March 31, 2011	103,389	79,396	6	79,402	25,847	115	11,533	7,000

	Shareholders' equity					Valuation and translation adjustments		Total net assets
	Retained earnings			Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings		Total retained earnings					
	General reserve	Retained earnings brought forward						
Balance at March 31, 2010	82,000	53,310	179,312	(2,017)	360,087	28,108	28,108	388,195
Changes during the fiscal year								
Reversal of reserve for special depreciation		46	—		—			—
Provision of reserve for advanced depreciation of noncurrent assets		(713)	—		—			—
Reversal of reserve for advanced depreciation of noncurrent assets		173	—		—			—
Dividends from surplus		(13,984)	(13,984)		(13,984)			(13,984)
Net income		15,694	15,694		15,694			15,694
Purchase of treasury stock				(116)	(116)			(116)
Disposal of treasury stock				18	18			18
Net changes of items other than shareholders' equity						(6,855)	(6,855)	(6,855)
Total changes of items during the period	—	1,216	1,710	(98)	1,612	(6,855)	(6,855)	(5,243)
Balance at March 31, 2011	82,000	54,527	181,022	(2,115)	361,698	21,253	21,253	382,952

## Exhibit 1: Reference Materials for the General Meeting of Shareholders

### Proposal 1 Election of Directors

The term of office of the following nine Directors shall expire at the close of this Ordinary General Meeting of Shareholders: Messrs. Ichiro Itoh, Taketsugu Fujiwara, Tsutomu Inada, Koji Fujiwara, Yuji Mizuno, Masanori Mizunaga, Yuzo Seto, Yukiharu Kodama, and Morio Ikeda. The term of office of another Director, Mr. Nobuo Yamaguchi, ended with his decease on September 14, 2010.

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

Candidates Messrs. Yukiharu Kodama, Morio Ikeda, and Norio Ichino 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	Ichiro Itoh July 6, 1942	74,000	<ul style="list-style-type: none"> <li>• April 1966: joined Asahi Kasei</li> <li>• June 2001: Director</li> <li>• February 2003: Managing Director</li> <li>• June 2003: Director</li> <li>• June 2003: Primary Executive Officer</li> <li>• April 2006: Vice-Presidential Executive Officer</li> <li>• April 2010: Representative Director*</li> <li>• April 2010: Chairman*</li> </ul> <p><i>Notable concurrent offices</i></p> <ul style="list-style-type: none"> <li>• Director, Asahi Breweries, Ltd.</li> </ul>
2	Taketsugu Fujiwara February 19, 1947	32,000	<ul style="list-style-type: none"> <li>• April 1969: joined Asahi Kasei</li> <li>• June 2000: Director</li> <li>• April 2003: Asahi Kasei Chemicals President and Representative Director</li> <li>• June 2003: retired as Director</li> <li>• June 2003: Senior Executive Officer</li> <li>• September 2003: retired as Senior Executive Officer</li> <li>• October 2003: Asahi Kasei Chemicals Presidential Executive Officer</li> <li>• April 2009: Vice-Presidential Executive Officer</li> <li>• June 2009: Director</li> <li>• April 2010: Representative Director*</li> <li>• April 2010: President*</li> <li>• April 2010: Presidential Executive Officer*</li> </ul>
3	Koji Fujiwara May 9, 1949	44,000	<ul style="list-style-type: none"> <li>• April 1972: joined Asahi Kasei</li> <li>• April 2004: Executive Officer</li> <li>• June 2007: Director</li> <li>• April 2008: Asahi Kasei Chemicals Director</li> <li>• April 2008: Asahi Kasei Chemicals Primary Executive Officer</li> <li>• April 2010: Senior Executive Officer</li> <li>• June 2010: Director*</li> <li>• April 2011: Primary Executive Officer*</li> </ul>

\* Position held at present.

Candidate No.	Name, date of birth	Asahi Kasei shares held	Career summary
4	Yasuyuki Yoshida February 14, 1948	16,000	<ul style="list-style-type: none"> <li>• April 1971: joined Asahi Kasei</li> <li>• October 2003: Asahi Kasei Life &amp; Living Director</li> <li>• October 2003: Asahi Kasei Life &amp; Living Executive Officer</li> <li>• April 2005: Asahi Kasei Pharma Director</li> <li>• April 2005: Asahi Kasei Pharma Senior Executive Officer</li> <li>• April 2005: Asahi Kasei Medical President &amp; Representative Director</li> <li>• April 2006: Asahi Kasei Pharma Primary Executive Officer</li> <li>• June 2006: Asahi Kasei Medical Presidential Executive Officer</li> <li>• October 2007: Asahi Kasei Kuraray Medical President &amp; Representative Director</li> <li>• October 2007: Asahi Kasei Kuraray Medical Presidential Executive Officer</li> <li>• April 2010: Executive Officer</li> <li>• April 2011: Primary Executive Officer*</li> </ul>
5	Tsutomu Inada November 13, 1948	20,000	<ul style="list-style-type: none"> <li>• April 1972: joined Asahi Kasei</li> <li>• October 2003: Asahi Kasei Pharma Director</li> <li>• October 2003: Asahi Kasei Pharma Executive Officer</li> <li>• April 2005: Asahi Kasei Pharma Senior Executive Officer</li> <li>• April 2006: Asahi Kasei Pharma Primary Executive Officer</li> <li>• January 2007: Executive Officer</li> <li>• April 2008: Asahi Kasei Pharma President &amp; Representative Director</li> <li>• April 2008: Asahi Kasei Pharma Presidential Executive Officer</li> <li>• April 2008: Asahi Kasei Kuraray Medical Director</li> <li>• April 2008: Asahi Kasei Medical Director</li> <li>• April 2010: Senior Executive Officer*</li> <li>• June 2010: Director*</li> </ul>
6	Yuji Mizuno April 3, 1952	28,000	<ul style="list-style-type: none"> <li>• April 1975: joined Asahi Kasei</li> <li>• April 2007: Executive Officer</li> <li>• June 2007: Director*</li> <li>• April 2009: Lead Executive Officer</li> <li>• April 2010: Senior Executive Officer*</li> </ul>
7	Masanori Mizunaga February 28, 1949	35,000	<ul style="list-style-type: none"> <li>• April 1971: joined Asahi Kasei</li> <li>• October 2003: Executive Officer</li> <li>• April 2007: Lead Executive Officer</li> <li>• April 2010: Senior Executive Officer*</li> <li>• June 2010: Director*</li> </ul>

\* Position held at present.

Candidate No.	Name, date of birth	Asahi Kasei shares held	Career summary
8	Yukiharu Kodama May 9, 1934	17,000	<ul style="list-style-type: none"> <li>• April 1957: joined Ministry of International Trade and Industry (MITI)</li> <li>• June 1989: MITI Administrative Vice-Minister</li> <li>• June 1991: retired from MITI</li> <li>• June 1993: President, Shoko Chukin Bank</li> <li>• July 2001: President, Japan Information Processing Development Corp.</li> <li>• June 2007: Director, the Company*</li> <li>• November 2007: President, The Mechanical Social Systems Foundation*</li> </ul> <p><i>Notable concurrent offices</i></p> <ul style="list-style-type: none"> <li>• Director, Hoya Corp.</li> <li>• Corporate Auditor, Yomiuri Land Co., Ltd.</li> <li>• Corporate Auditor, Tokyo Dome Corp.</li> </ul>
9	Morio Ikeda December 25, 1936	7,000	<ul style="list-style-type: none"> <li>• April 1961: joined Shiseido Corp.</li> <li>• June 1990: Director, Shiseido Corp.</li> <li>• June 2001: President and Representative Director, Shiseido Corp.</li> <li>• June 2005: Chairman, Shiseido Corp.</li> <li>• June 2006: Senior Adviser, Shiseido Corp.*</li> <li>• June 2008: Director, the Company*</li> </ul> <p><i>Notable concurrent offices</i></p> <ul style="list-style-type: none"> <li>• Director, Komatsu Ltd.</li> <li>• Director, Isetan Mitsukoshi Holdings Ltd.</li> <li>• Director, Wacoal Holdings Corp.</li> </ul>
10	Norio Ichino January 1, 1941	5,000	<ul style="list-style-type: none"> <li>• April 1964: joined Tokyo Gas Co., Ltd.</li> <li>• June 1996: Director, Tokyo Gas Co., Ltd.</li> <li>• June 2003: President and Representative Director, Tokyo Gas Co., Ltd.</li> <li>• June 2003: Executive President, Tokyo Gas Co., Ltd.</li> <li>• April 2006: Director and Vice Chairman of the Board, Tokyo Gas Co., Ltd.</li> <li>• April 2007: Director and Chairman of the Board, Toyo Gas Co., Ltd.</li> <li>• April 2010: Director and Executive Advisor, Tokyo Gas Co., Ltd.</li> <li>• June 2010: Executive Advisor, Tokyo Gas Co., Ltd.*</li> </ul>

\* Position held at present.

Notes:

- There is no special interest between each candidate and the Company.
- Mr. Yukiharu Kodama is a candidate for the position of Outside Director in accordance with relevant law and regulation. The term of his office as Outside Director of the Company will be four years at the close of this Ordinary General Meeting of Shareholders. Although he has not been involved in corporate management other than formerly as Outside Director or Outside Corporate Auditor, the Board of Directors recommends his election as Outside Director so that his wealth of experience and 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 term of his office as Outside Director of the Company will be three years at the close of this Ordinary General Meeting of Shareholders. The Board of Directors recommends his election as Outside Director so that his wealth of business management experience and broad range of insight may be reflected in the Company's operations.

Between December 2007 and July 2008 Isetan Co., Ltd, subsidiary of Isetan Mitsukoshi Holdings Ltd., where Mr. Morio Ikeda has served as Outside Director since April 2008, marketed a women's stole product labeled "50% cashmere, 50% silk" despite the fact that the product contained no cashmere. On December 10, 2008, Japan's Fair Trade Commission issued an abatement order to said subsidiary based on Article 4, Paragraph 1, of the Act against Unjustifiable Premiums and Misleading Representations. Mr. Morio Ikeda has regularly made recommendations from the perspective of legal compliance, and through deliberation at

meetings of Isetan Mitsukoshi Holding'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.

- Mr. Norio Ichino 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 broad range of insight may be reflected in the Company's operations.
- In accordance with Article 427, Paragraph 1, of the Corporation Law, the Company has concluded agreements with Mr. Yukiharu Kodama and Mr. Morio Ikeda which limit 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 will conclude a similar agreement with Mr. Norio Ichino, if elected.

## Proposal 2 Election of Corporate Auditors

The term of office of Mr. Kazuo Tezuka as Corporate Auditor shall expire at the close of this Ordinary General Meeting of Shareholders. Mr. Yuji Tsuchiya will resign the office of Corporate Auditor at the close of this Ordinary General Meeting of Shareholders.

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

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

Candidate Mr. Kazuo Tezuka 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	Toshiyuki Kawasaki September 17, 1951	14,000	<ul style="list-style-type: none"> <li>• April 1975: joined Asahi Kasei</li> <li>• April 2008: Asahi Kasei Chemicals Executive Officer</li> <li>• June 2008: President &amp; Representative Director, Japan Elastomer Co., Ltd.</li> <li>• April 2011: Special Advisor to the President*</li> </ul>
2	Kazuo Tezuka April 7, 1941	0	<ul style="list-style-type: none"> <li>• March 1967: completion of course at the Legal Training and Research Institute</li> <li>• April 1967: registered as Attorney at Law; joined Kaneko &amp; Iwamatsu*</li> <li>• April 1991: Vice-Chairman, Daini Tokyo Bar Association</li> <li>• May 1995: member of Justice Ministry's Legislative Council Commercial Law Subcommittee</li> <li>• January 2001: member of Justice Ministry's Legislative Council Corporate Law Subcommittee</li> <li>• June 2007: Corporate Auditor, the Company*</li> </ul> <p><i>Notable concurrent offices</i></p> <ul style="list-style-type: none"> <li>• Corporate Auditor, Kirin Holdings Co., Ltd.</li> <li>• Corporate Auditor, Plaza Create Co., Ltd.</li> </ul>

\* Position held at present.

Notes:

- The Company has executed an advisory agreement with Kaneko & Iwamatsu, of which Mr. Kazuo Tezuka is a partner. There is no special interest between Mr. Toshiyuki Kawasaki and the Company.
- Mr. Kazuo Tezuka is a candidate for the position of Outside Corporate Auditor in accordance with relevant law and regulation. The term of his office as Outside Corporate Auditor of the Company will be four years at the close of this Ordinary General Meeting of Shareholders. Although he has not been involved in corporate management other than formerly as Outside Director or Outside Corporate Auditor, the Board of Directors recommends his election as Outside Corporate Auditor so that his wealth of experience related to corporate legal affairs and broad range of insight as attorney would enable him to effectively perform the duties of the office of Outside Corporate Auditor.

Mercian Corp., a consolidated subsidiary of Kirin Holdings Co., Ltd. where Mr. Kazuo Tezuka has

served as Outside Corporate Auditor since March 30, 2006, was ordered by Japan's Financial Services Agency through trial proceedings to pay a surcharge of ¥10 million in accordance with the provision of Article 185-7 of Financial Instruments and Exchange Act, having submitted its annual securities reports and quarterly financial results over three years from fiscal 2007 through fiscal 2009 which contained false statements regarding material matters as a result of recording fictitious sales in its Fish Feedstuffs Division and the like. Mr. Kazuo Tezuka has regularly made recommendations from the perspective of legal compliance at meetings of Kirin Holdings' Board of Directors and Board of Corporate Auditors and, after said incident came to light, through deliberation at meetings of Kirin Holdings' Board of Directors and Board of Corporate Auditors, he promoted the enhancement of compliance and internal control systems and the thorough education of employees to prevent similar accidents.

- In accordance with Article 427, Paragraph 1, of the Corporation Law, the Company has concluded an agreement with Mr. Kazuo Tezuka which limits his liability as specified in Article 423, Paragraph 1, of the Corporation Law, the amount of his individual 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 case the number of Corporate Auditors falls below the number stipulated in relevant law and regulation or in case the number of Outside Corporate Auditors becomes less than half of the number of Corporate Auditors. 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.

Candidate Mr. Koji Kobayashi 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	Koji Kobayashi January 3, 1942	0	<ul style="list-style-type: none"> <li>• April 1966: joined Yamada Certified Public Accountant Office</li> <li>• October 1967: joined Price Waterhouse</li> <li>• May 1970: registered Certified Public Accountant</li> <li>• July 1984: Partner (<i>Daihyo-shain</i>), Aoyama Audit Corp.; Partner, Price Waterhouse</li> <li>• April 2000: Partner (<i>Daihyo-shain</i>), Chuo Aoyama Audit Corp.; Partner, PricewaterhouseCoopers</li> <li>• October 2006: Proprietor, Aoki Yuji Certified Public Accountant Office*</li> </ul> <p><b>Notable concurrent offices</b> Corporate Auditor, Felissimo Corp.</p>

\* Position held at present.

#### Notes:

- There is no special interest between Mr. Koji Kobayashi and the Company.
- Mr. Koji Kobayashi is a candidate for the position of Alternate Outside Corporate Auditor. Although he has not been involved in corporate management other than formerly as Outside Director or Outside Corporate Auditor, the Board of Directors recommends his election as Alternate Outside Corporate Auditor as his wealth of experience related to corporate finance and accounting and 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. Koji Kobayashi, if he assumes the office of Corporate Auditor, 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** Renewal of measures to respond to large acquisitions of shares  
(takeover defense measures)

The Company received approval for the adoption of measures to respond to large acquisitions of shares (takeover defense measures, hereafter referred to as the Previous Shareholder Rights Plan) at the 117th Ordinary General Meeting of Shareholders held on June 27, 2008. The duration of the Previous Shareholder Rights Plan is until the conclusion of this Ordinary General Meeting of Shareholders (hereafter referred to as This Year's Annual General Meeting). The Company's Board of Directors thus recommends that shareholders authorize the renewal of the Previous Shareholder Rights Plan after making partial revisions (hereafter, the revised plan is referred to as the Shareholder Rights Plan) with the aim of continuing to secure and increase the Company's corporate value and the common interest of shareholders.

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 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, such corporate value and the common interest of shareholders would be damaged.

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 in line 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, we

have always advanced into growth fields 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 enables us to continue to grow beyond the individual life cycle of each business.

## 2) Corporate brand

Since its establishment, the Company has consistently striven to support the advancement of human culture, and its current Group Mission of “contributing to life and living for people around the world” is the successor to this mission. The Asahi Kasei corporate brand nurtured over many years in accordance with this Group Mission, 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 through diversification of operations, the Company has developed as 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 continuous dividends increases through continuous earnings 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

With the October 2003 transformation to the configuration of a holding company and core operating companies, the Company’s management speed and autonomy were enhanced and its cash-flow generating ability was strengthened. Based on the enhanced cash-flow generating ability and strong, stable financial constitution thereby established, business portfolio realignment for expansion and growth was performed in order to expand global businesses and enhance domestic businesses in our *Growth Action – 2010* five-year management initiative for the fiscal years 2006 through 2010. Through such management initiatives, annual net income increased from some ¥20 billion ten years ago to some ¥60 billion, as part of its effort in heightening corporate value.

The Company is currently advancing toward achievement of the targets of the new mid-term initiatives for fiscal years 2011 through 2015. With a focus on two strategic pillars of “living in health and comfort” and “harmony with the natural environment,” the Company aims to accelerate the expansion of its world-leading businesses, and to strengthen and expand businesses in the fields of environment/energy, residential living, and health care through focused allocation of management resources and by combining businesses across different business units.

Regarding return to shareholders, the company’s basic policy is, with dividends based on consolidated performance while maintaining an appropriate internal reserve, to aim for continuous dividends increases through continuous earnings increases. The company’s basic standard for payout ratio is 30%.

The Company is confident that corporate value and the common interest of shareholders can be further heightened through the swift and sound execution of the new mid-term initiative.

## 2) Strengthening corporate governance

We believe that constant effort to increase the efficiency and transparency of management is essential for continuous enhancement of the corporate value of the Asahi Kasei Group. One major reform for this purpose was the adoption of the structure of a holding company and core operating companies, since which time the Company has exercised corporate governance for the Asahi Kasei Group based on the following two principles.

- a) Based on the structure of a holding company and core operating companies, the core operating companies are responsible for business execution and the holding company is responsible for oversight.
- b) The Group Approval Authority Regulations are positioned as the highest ranking among all the regulations governing the overall Group for decision-making in executing business. Authority is distributed to each organ of the holding company and the core operating companies in accordance with the degree of influence on management.

In this context, corporate governance is further enhanced by implementing various measures, including the election of multiple Outside Directors (two Outside Directors were elected in June 2007, and three Outside Directors have served since June 2008) and the institutionalization of Internal Auditing and Internal Control.

We will continue to advance measures to heighten corporate governance for the further enhancement of corporate value.

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 adopted the Previous Shareholder Rights Plan, having determined that, in order to prevent the Company’s financial and operational decisions from being controlled 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 deems that such conditions remain unchanged.

For the above reasons, the Company's Board of Directors resolved to renew the Shareholder Rights Plan as a measure to prevent the Company's financial and operational decisions from being controlled by an inappropriate party in accordance with the Basic Policy, conditional upon authorization by shareholders at This Year's Annual General Meeting.

Information pertaining to the Company's major shareholders as of March 31, 2011, is shown in Attachment 4, *Major Shareholders of the Company*. As of today, no proposal has been made in relation to a large purchase of the Company's shares.

## 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 the Shareholder Rights 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 shall not be performed has been adopted by the Company's Board of Directors. (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, or poses 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 shall issue share warrants (hereafter referred to as Share Warrants, please refer to 4) *Overview of gratis issue of Share Warrants*, below) to all shareholders except the Company itself, on the Date of Issue (as defined in 4) *Overview of gratis issue of Share Warrants*, A) *Number of Share Warrants*, below), 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. (hereafter referred to as the Independent Committee, please refer to 5) *Establishment of an Independent Committee*, below)

Further, even when the Independent Committee recommends that a Warrants Issue be performed; if the purchasing party complies with the procedures of the Shareholder Rights Plan and 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 shall 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 shall be ensured through information disclosure to shareholders.

2) Procedures for Warrants Issue (please refer to Attachment 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 proposal<sup>1</sup> 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 (hereafter referred to as Purchaser) is bound to comply with the procedures instituted in the Shareholder Rights Plan in advance of such Purchase.

- (i) With respect to shares<sup>2</sup> for which the Company is the issuing party, a purchase or other acquisition by a holder<sup>3</sup> of a shareholding ratio<sup>4</sup> of 20% or more.
- (ii) With respect to shares<sup>5</sup> for which the Company is the issuing party, a public tender offer<sup>6</sup> in which the share possession ratio<sup>7</sup> of the party performing the public tender offer and that of parties with a special relationship<sup>8</sup> thereto would combine to 20% or more.

B) Request for Purchaser to provide information

Before performing a Purchase, a Purchaser is to submit to the Company's Board of Directors, in a format determined by the Company and in the Japanese language, information as set forth in (i) through (viii), below (hereafter referred to as Necessary Information), and the Purchaser's written pledge to comply with the

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<sup>1</sup> A "proposal" includes solicitation of third parties.

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

<sup>3</sup> 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.

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

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

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

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

<sup>8</sup> 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.

procedures instituted in the Shareholder Rights Plan (hereafter collectively referred to as Purchase Explanation Documents).

In the event that the Company's Board of Directors receives such Purchase Explanation Documents from the Purchaser, it shall promptly provide such documents to the Independent Committee.

If the Independent Committee judges the Necessary Information as contained in such Purchase Explanation Documents to be insufficient, it may, upon specifying a reasonable period for response, request that the Purchaser provide 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-holders<sup>9</sup>, parties with a special relationship, and, in the case of a fund, associate partners and other constituent members).
- (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

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<sup>9</sup> "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.

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, the Independent Committee may, upon specifying an appropriate period for reply within the Independent Committee Period of Deliberation 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, and other information as deemed appropriate and necessary by the Independent Committee. (The period from the date when the Independent Committee has requested the Company's Board of Directors to submit such information to the date which the Independent Committee has specified as the deadline for reply is hereafter referred to as the Board of Directors Period of Deliberation.)

(ii) Deliberation by the Independent Committee

The Independent Committee shall, having received an opinion, materials supporting the opinion, and a counterproposal from the Company's Board of Directors in accordance with (i), above, 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 from the Purchaser (hereafter referred to as Independent Committee 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. If the Independent Committee, directly or indirectly, requests discussions and negotiations with the Purchaser, the Purchaser must comply without delay.

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).

(iii) Information disclosure

The Company shall 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 shall disclose portions of the Necessary Information or other information as deemed appropriate by the Independent Committee, in accordance with relevant laws and regulations.

#### D) Recommendation of the Independent Committee

If a Purchaser emerges, the Independent Committee shall 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 either (i) or (ii) 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 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 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.

However, even after such recommendation that gratis issue of Share Warrants not be performed is made, if a change has occurred in the facts on which such recommendation was premised and the Purchase by the Purchaser corresponds to any of the criteria stipulated in 3) *Criteria for gratis issue of Share Warrants*, below, and if the Independent Committee deems it appropriate to perform a gratis issue of Share Warrants, the Independent Committee may make a new recommendation to the effect that the gratis issue of Share Warrants be performed.

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 the gratis issue of Share Warrants by the end of the initial Independent Committee Period of Deliberation, the Independent Committee shall 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 extension and the period of extension.

- 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, with the utmost respect for the recommendation made by the Independent Committee.

Nevertheless, even when the Company's Board of Directors has received a recommendation by the Independent Committee to perform a gratis issue of Share Warrants, 1) if 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 shall, 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 (hereafter referred to as General Meeting to Ascertain the Will of Shareholders). If the Company's Board of Directors decides to convene a General Meeting to Ascertain the Will of Shareholders, it shall convene a general meeting of shareholders as soon as practically possible and place on the agenda a proposal to perform a gratis issue of Share Warrants. If the proposal to perform a gratis issue of Share Warrants is adopted at the General Meeting to Ascertain the Will of Shareholders, the Company's Board of Directors shall promptly adopt a resolution to perform such a gratis issue of Share Warrants; and if said proposal is rejected, the Company's Board of Directors shall promptly adopt a resolution not to perform such a gratis issue of Share Warrants. 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.

If the Company's Board of Directors adopts a resolution to convene a General Meeting to Ascertain the Will of Shareholders, if the proposal to perform a gratis issue of Share Warrants is adopted at the 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 at the Company's Board of Directors, the Company's Board of Directors shall, without delay, disclose a summary of each resolution and other related information as deemed appropriate by the Company's Board of Directors, in accordance with relevant laws and regulations.

- 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 shall perform a gratis issue of Share Warrants based on a resolution by the Company's Board of Directors as stipulated in part E) of 2) *Procedures for Warrants Issue*, above.

- 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 dispose of high-value assets which have no immediate 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 as 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 (hereafter referred to as Date of Issue) specified in a resolution by the Board of Directors to perform a gratis issue of Share Warrants or a resolution by the Board of Directors in accordance with a decision at a General Meeting to Ascertain the Will

of Shareholders to do so (hereafter referred to as Resolution for Gratis Issue of Share Warrants) .

B) Shareholders eligible for issue

One share warrant shall be issued for each share held by shareholders listed in the Company's final register of 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 (hereafter referred to as 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 (hereafter referred to as 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 (hereafter referred to as Ineligible Parties) shall as a general rule not be able to exercise the Share Warrants: (I) Specified large holders<sup>10</sup>, (II) co-holders of the specified large holders, (III) specified large purchasers<sup>11</sup>, (IV) parties

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<sup>10</sup> 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.

<sup>11</sup> 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

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 parties<sup>12</sup> 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.

#### 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 in the Company 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 in the Company 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 in the Company 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.

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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.

<sup>12</sup> 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).

- 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 shall 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 renewal of the Shareholder Rights Plan shall be two of the Company's Outside Directors 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 Attachment 2, *Summary of Independent Committee Regulations*; biographical profiles of members of the Independent Committee at the time of renewal of the Shareholder Rights Plan are as shown in Attachment 3, *Independent Committee Member Profiles*).

If a Purchase emerges, the Independent Committee shall 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 shall perform the procedures stipulated in this Shareholder Rights Plan 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 conclusion of the ordinary general meeting of shareholders related to the last fiscal year ended within three years of the conclusion of This Year's Annual General Meeting.

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 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 when it is deemed that such revision is 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, or to correct any typographical errors or omissions.

If the Shareholder Rights Plan is withdrawn, corrected, or revised, the Company shall, without delay, disclose information to such effect, the substance of any 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 May 11, 2011, 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 renewal of the Shareholder Rights Plan on shareholders and investors

As the renewal of the Shareholder Rights Plan does not itself entail a gratis issue of Share Warrants, it shall 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, the Date of 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 (hereafter referred to as Shareholders Subject to Issue) as of the Date of Issue. As Shareholders Subject to Issue shall, by definition, become subscribers to the Share Warrants as of the effective date of the gratis issue of Share Warrants, they shall not be required to perform any application procedures.

A Resolution for Gratis Issue of Share Warrants having been adopted, the Company may, with the 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 (shareholders shall 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 shall occur, investors who trade the shares in the expectation of a dilution occurring may incur commensurate harm 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 shall, 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 shall, 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 shall 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 shall 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 shall, 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, execution, and acquisition by the Company shall 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)

Measures shown in II. *The sources of the Company's corporate value and measures to actualize the Basic Policy*, 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 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 shall 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 (METI) and the Ministry of Justice on May 27, 2005, and is in accordance with *Takeover Defense Measures in Light of Recent Environmental Changes* announced on June 30, 2008, by the Corporate Value Study Group which was established in METI.

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 renewed 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 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 shall 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

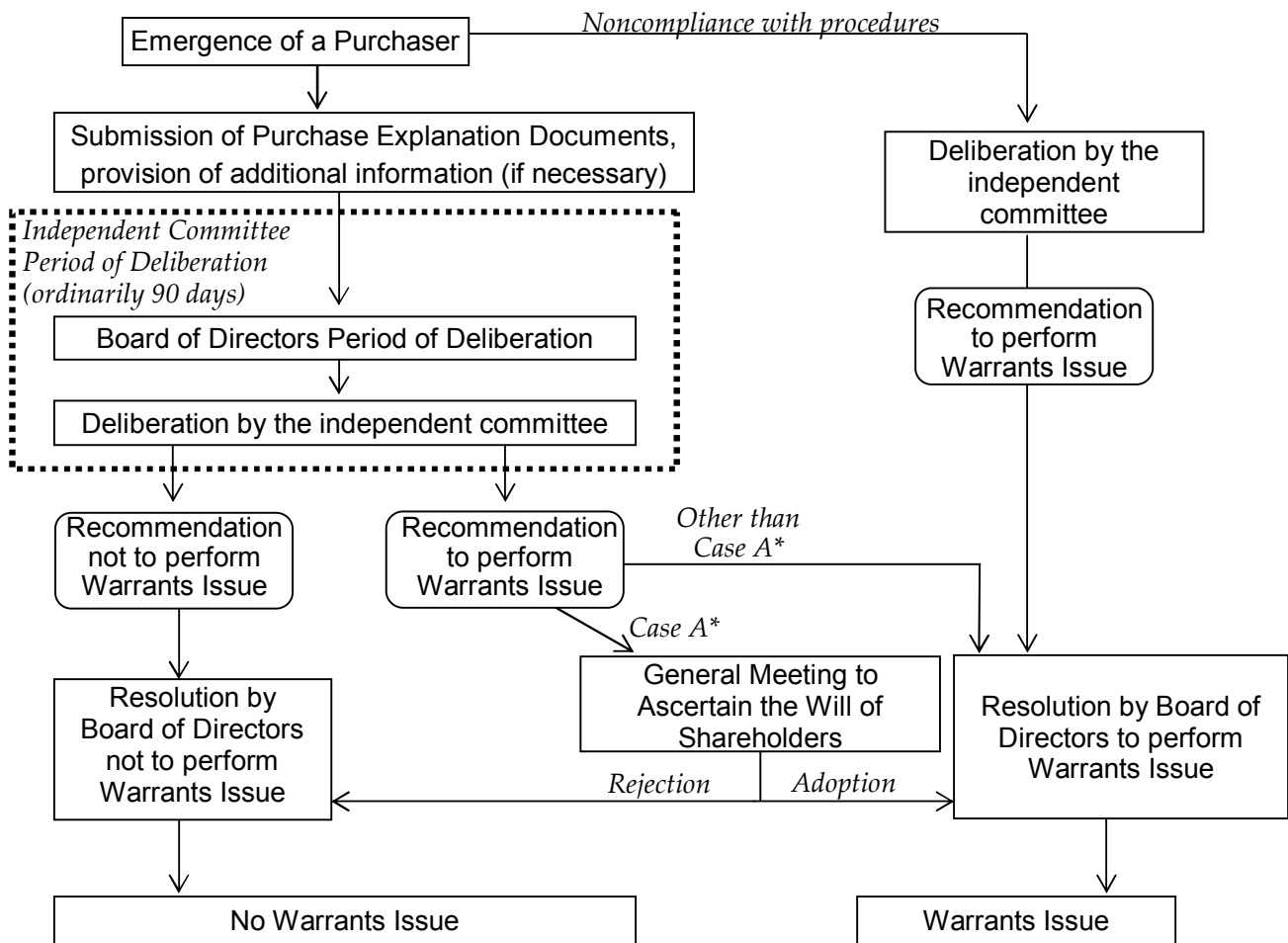
As shown in part C) (ii) of 2) *Procedures for Warrants Issue*, in III., 2., above, if a Purchaser emerges, the Independent Committee may, at the Company's expense, obtain the advice of independent third parties (including financial advisors, certified public accountants, attorneys, consultants, and 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.

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 conclusion of the ordinary general meeting of shareholders related to the last fiscal year ended within three years of the conclusion of This Year's Annual General Meeting. 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. Each member of the Independent Committee is required to make 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, 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.

Independent Committee Member Profiles

The following three persons are scheduled to become members of the Independent Committee at the renewal of the Shareholder Rights Plan.

Yukiharu Kodama

Apr. 1957: joined Ministry of International Trade and Industry (MITI)  
Jun. 1989: MITI Administrative Vice-Minister  
Jun. 1991: retired from MITI  
Jun. 1993: President, Shoko Chukin Bank  
Jun. 2001: Director, Shosen-Mitsui Corporation  
Jun. 2005: Director, HOYA Corporation\*  
Apr. 2007: Corporate Auditor, Tokyo Dome Corporation\*  
Jun. 2007: Director, the Company\*  
Nov. 2007: Chairman, the Mechanical Social Systems Foundation\*  
Jun. 2008: Corporate Auditor, Yomiuri Land Co., Ltd.\*  
\* 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 of 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 Year's Annual General Meeting. There is no special interest between Mr. Yukiharu Kodama and the Company.

Morio Ikeda

Apr. 1961: joined Shiseido Corporation  
Jun. 1990: Director, Shiseido Corporation  
Jun. 2001: President, Shiseido Corporation  
Jun. 2005: Chairman, Shiseido Corporation  
Jun. 2005: Director, Komatsu Ltd.\*  
Jun. 2006: Counsel, Shiseido Corporation\*  
Apr. 2008: Director, Isetan Mitsukoshi Holdings Ltd.\*  
June 2008: Director, the Company\*  
June 2010: Director, Wacoal Holdings Corp.\*  
\* Position held at present

Note: Mr. Morio Ikeda is an Outside Director of the Company in accordance with Item 15 of Article 2 of the Company Law and a candidate of 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 Year's Annual General Meeting. There is no special interest between Mr. Morio Ikeda and the Company.

Masumi Shiraishi

May 1990: joined NLI Research Institute  
Apr. 2002: Assistant professor, Department of Economics, Toyo University  
Apr. 2004: Member of the Council for the Promotion of Regulatory Reform  
Oct. 2004: Member of Group Advisory Committee, the Company  
Apr. 2006: Professor, Department of Economics, Toyo University  
Apr. 2007: Professor, Faculty of Policy Studies, Kansai University\*  
Jul. 2010: Member of Group Advisory Committee, the Company\*  
\* Position held at present

Note: There is no special interest between Ms. Masumi Shiraishi and the Company.

Major Shareholders of the Company

As of March 31, 2011

Name	Address	Thousand shares held <sup>2</sup>	Equity interest <sup>3</sup> (%)
Master Trust Bank of Japan, Ltd. (trust account) <sup>1</sup>	2-11-3 Hamamatsucho, Minato-ku, Tokyo	92,721	6.63
Japan Trustee Services Bank, Ltd. (trust account) <sup>1</sup>	1-8-11 Harumi, Chuo-ku, Tokyo	79,207	5.67
Nippon Life Insurance Co.	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	73,000	5.22
Asahi Kasei Group Employee Stockholding Assn.	1-105 Kanda Jinbocho, Chiyoda-ku, Tokyo	45,460	3.25
Sumitomo Mitsui Banking Corp.	1-1-2 Marunouchi, Chiyoda-ku, Tokyo	35,404	2.53
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1-2-1 Marunouchi, Chiyoda-ku, Tokyo	25,658	1.84
SSBT OD05 Omnibus Account Treaty Clients (Standing proxy: The Hongkong and Shanghai Banking Corporation Ltd.)	338 Pitt Street, Sydney NSW 2000 Australia	24,737	1.77
Japan Trustee Services Bank, Ltd. (trust account 9) <sup>1</sup>	1-8-11 Harumi, Chuo-ku, Tokyo	21,811	1.56
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	—	437,788	31.31

<sup>1</sup> Among shares held, the 92,721 thousand shares held by Master Trust Bank of Japan, Ltd. and 79,207 thousand shares and 21,811 thousand shares held by Japan Trustee Services Bank, Ltd. are shares held in trust.

<sup>2</sup> Fractions of one thousand omitted.

<sup>3</sup> Equity interest excluding treasury stock.

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

In recognition of the services the late Representative Director and Honorary Chairman Mr. Nobuo Yamaguchi, who deceased on September 14, 2010, performed in the office of Director, the Board of Directors recommends that a retirement bonus (including condolence money) of ¥383.76 million be granted to him in accordance with the Company's internal rules regarding provision of retirement bonuses for Directors. Mr. Yuji Tsuchiya will resign from the office of Corporate Auditor at the close of this Ordinary General Meeting of Shareholders. In recognition of the services he performed in the office of Corporate Auditor, the Board of Directors recommends that a retirement bonus of ¥26.55 million be granted to him in accordance with the Company's internal rules regarding provision of retirement bonuses for Corporate Auditors and the result of deliberation among Corporate Auditors.

It is proposed that determination of the time and method of the grant regarding service as Director be entrusted to the Board of Directors, and that regarding service as Corporate Auditors be entrusted to deliberation among Corporate Auditors.

Name	Career summary
Nobuo Yamaguchi	<ul style="list-style-type: none"><li>• June 1976: Director</li><li>• November 1978: Managing Director</li><li>• June 1981: Representative Director</li><li>• June 1981: Executive Vice President</li><li>• April 1992: Representative Director</li><li>• April 1992: Chairman</li><li>• April 2010: Representative Director</li><li>• April 2010: Honorary Chairman</li><li>• September 2010: Deceased</li></ul>
Yuji Tsuchiya	<ul style="list-style-type: none"><li>• June 2004: Corporate Auditor*</li></ul>

\* Position held at present.