

June 5, 2007



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Notice of Sale of Shares of Sekisui House, Ltd. and Revision of Forecasts for Consolidated Financial Results for FY2007

Sekisui Chemical Co., Ltd. is pleased to announce that today it has sold a part of shares invested in Sekisui House, Ltd., and has revised its forecasts for its consolidated operating results for FY2007 announced on April 26, 2007. An outline is provided below.

1. Outline of Sale of Sekisui House Shares
 - (1) Number of shares sold: 30,000,000 shares
(Number of shares of Sekisui House owned by Sekisui after the sale: 72,168,000 shares; Controlling shares: 10.17%)
 - (2) Gross amount of sale: ¥53,130 million
 - (3) Date of sale: June 5, 2007
 - (4) Method of sale: Sekisui Chemical sold the shares above to Sekisui House in response to its buying order under the purchasing system for treasury stock after the closing of market established by the Nagoya Stock Exchange. Sekisui House executed repurchasing its own shares pursuant to the provisions under Article 156 of the Corporate Law after applying the provisions of Article 165, Item 3 of the Law.
2. Use of the Proceeds
To maintain the growth of businesses and to achieve high profitability, Sekisui Chemical has been promoting the midterm management vision “GS21-Go! Frontier,” which focuses on the “Opening up Frontiers of Growth.” So far, Sekisui has deployed aggressive strategic investment based on its midterm management vision, including mergers and acquisitions in the medical field and an expansion of its overseas bases. With respect to the proceeds from the sale of shares above, Sekisui is going to allocate funds for investment and lending for the water supply infrastructure-related business, IT-related materials business, and automotive materials business among the higher

growth businesses Sekisui Chemical intends to enter, as well as to reinforce its overseas business structures including those in China and Asia.

3. Revision of Forecasts for Consolidated Financial Results for the First Half of FY2007
(From April 1, 2007 to September 30, 2007)

Unit: Million ¥

	Net sales	Operating income	Recurring income	Net income for 1st half
Previous forecasts (A)	465,000	20,000	22,000	4,000
Current revision (B)	465,000	19,000	20,500	20,000
Changes (B-A)	0	-1,000	-1,500	16,000
Rate of change (%)	-	-5.0	-6.8	400.0
For reference First Half of FY2006 ended March 2007	437,329	19,191	20,729	9,363

4. Revision of Forecasts for Consolidated Financial Results for FY2007
(From April 1, 2007 to March 31, 2008)

Unit: Million ¥

	Net sales	Operating income	Recurring income	Net income
Previous forecasts (A)	980,000	57,000	59,000	26,000
Current revision (B)	980,000	55,000	56,500	40,000
Changes (B-A)	0	-2,000	-2,500	14,000
Rate of change (%)	-	-3.5	-4.2	53.8
For reference FY2006 ended March 2007	926,163	45,157	46,910	25,538

5. Reasons for the Revision

- With the sale of some of the shares of Sekisui House, the Company will post gains on sales of investment securities of ¥22.4 billion as extraordinary income. As a result of the sale of shares, dividend income will decrease to an extent equivalent to the dividends of the shares sold.
- As for depreciation of residual values of fixed assets (5% of acquisition costs), the Company once intended to recognize one-time depreciation, but changed it to depreciation on the straight line method over five years. With this change, extraordinary expenses at ¥9.7 billion from one-time depreciation will disappear and operating expenses will increase by ¥2.0 billion compared with the initial projection.
- The Company will newly post extraordinary expenses of ¥6.0 billion for business restructuring expenses resulting from the new establishment of sales companies in Tokyo, Nagoya, and Osaka by abolishing the sales office in each area.

As a result, Sekisui Chemical expects the consolidated financial results for FY2007 to be ¥55.0 billion for operating income, a decrease by ¥2.0 billion from the initial forecast; ¥56.5 billion for recurring income, a drop by ¥2.5 billion from the initial forecast; and ¥40.0 billion, an increase by ¥14.0 billion from the initial forecast.

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