

SEKISUI CHEMICAL CO., LTD

[Translation: Please note that the following purports to be an accurate translation of the original Japanese version prepared for foreign shareholders solely as a reference material. Please note that the business report, non-consolidated balance sheet and statements of income (on a parent company basis), and certain explanations for the domestic proxy voting procedures are omitted or modified in this translation. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.]

June 7, 2004

To Our Shareholders:

NOTICE OF CONVOCATION OF THE 82nd ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 82nd Annual General Meeting of Shareholders of SEKISUI CHEMICAL CO., LTD. (the "Company"), which will be held as described below.

Please note that you may exercise your voting rights in writing even if you are unable to attend the Meeting. In such a case, please review the "Reference Materials Concerning the Exercise of Voting Rights" attached hereto.

Yours very truly,

By: **NAOTAKE OKUBO**

President

SEKISUI CHEMICAL CO., LTD.

4-4 Nishitenma 2-chome,

Kita-ku, Osaka

PARTICULARS

1. **Date and Time of the Meeting:** 10:00 a.m. on June 29, 2004 (Tuesday)
2. **Place of the Meeting:** Employee Hall, the Osaka Head Office of Sekisui Chemical Co., Ltd.
11th Floor of Dojima Kanden Bldg, 4-4 Nishitenma 2-chome, Kita-ku, Osaka
3. **Matters to be dealt with at the Meeting:**

Matter for Reporting:

The Business Report, the Non-Consolidated Balance Sheet and the Non-Consolidated Statement of Income for the 82nd Business Term (April 1, 2003 to March 31, 2004)

Matters for Resolution:

- | | |
|----------------------------------|---|
| First Item of Business: | Approval of the Proposed Appropriation of Retained Earnings for the 82nd Business Term |
| Second Item of Business: | Partial Amendments to the Articles of Incorporation
(The details of the item are provided in page 4 of the English translation of the Reference Materials Concerning Exercise of the Voting Rights attached hereto.) |
| Third Item of Business: | Issuance of Stock Acquisition Rights under Stock Option Plan
(The details of the item are provided in pages 5 through 6 of the English translation of the Reference Materials Concerning Exercise of the Voting Rights attached hereto.) |
| Fourth Item of Business: | Election of Four (4) Directors |
| Fifth Item of Business: | Election of Two (2) Corporate Auditors |
| Sixth Item of Business: | Revision of the Remuneration for Directors as a Group |
| Seventh Item of Business: | Granting of Retirement Gratuities to Retiring Directors and Corporate Auditor |

- End -

REFERENCE MATERIALS CONCERNING THE EXERCISE OF VOTING RIGHTS

1. Total number of voting rights held by all shareholders: 533,578
2. Items of Business and Matters for Reference:

First Item of Business: Approval of the Proposed Appropriation of Retained Earnings for the 82nd Business Term

The contents of the item are provided below.

The Company considers that it is necessary to increase shareholder value with an emphasis on returning the Company's profits to the shareholders, in order to improve the profitability for the long-term.

The Company achieved the first-year business results targeted in the Medium-term Management Vision as originally planned. Therefore, the Company proposes that the dividend for the business term under review be ¥4 per share, an increase of ¥1 per share over the previous business term. The interim dividend of ¥3 per share was paid on December 2003, and so the annual total dividend for the business term under review is ¥7 per share. In addition, while the bonuses for directors were suspended for last four years, the Company proposes that the bonuses for directors, taking into the recovery of business results, be ¥114,500,000.

The Proposed Appropriation of Retained Earnings for the 82nd Business Term

	(yen)
Unappropriated retained earnings for the term under review	6,664,346,224
Reversal of the advance reserve for depreciation asset	230,000,000
Total	<u>¥6,894,346,224</u>
Proposed appropriation of the above:	
Dividend (¥4 per share)	2,114,988,716
Bonuses for directors (Bonuses for corporate auditors)	114,500,000 (18,000,000)
Advanced special depreciation reserve	52,000,000
Retained earnings to be carried forward to the next term	¥4,582,857,508

[Note] An interim dividend totaling ¥1,608,487,686 (¥3 per share) was paid on December 5, 2003.

Second Item of Business: Partial Amendments to the Articles of Incorporation

The Company proposes to amend a portion of the Articles of Incorporation as follows:

1. The new provisions of the Company’s purpose of business will be added to Article 2 of the current Articles of Incorporation, in order to prepare for the new business development.

2. Due to the enforcement of the “Law regarding the Partial Amendments to the Commercial Code and the Law for Special Commercial Code concerning Commercial Code and Audit etc. of *Kabushiki-Kaisha*” as of September 25, 2003, the Company may purchase its own shares upon a resolution of the Board of Directors. As a result, the new provisions regarding the share buyback will be established, enabling the Company to implement flexible capital policies.
The contents of the amendments are described below:

(Parts proposed to be amended are underlined.)

Current	After amendment
<p>Article 2. (Purpose) The purpose of the Company shall be to engage in the following business:</p> <ol style="list-style-type: none"> 1. to 2. (Provisions omitted) 3. Manufacture, process, and sale and purchase of the following items: <ol style="list-style-type: none"> (1) to (2) (Provisions omitted) (3) pharmaceuticals, quasi-pharmaceuticals, medical instruments, and medical machines and equipment; (4) to (17) (Provisions omitted) 4. to 22. (Provisions omitted) 23. Operation of each facility for sporting, culture and education, training, accommodation and medical treatment, botanical gardens, amusement parks, parking lots and restaurants, and supply business of hot springs and travel agency business: 24. to 27. (Provisions omitted) (To be newly established) <p>(To be newly established)</p> <p><u>28.</u> (Provisions omitted)</p>	<p>Article 2. (Purpose) The purpose of the Company shall be to engage in the following business:</p> <ol style="list-style-type: none"> 1. to 2. (Same as the current provisions) 3. Manufacture, process, and sale and purchase of the following items; <ol style="list-style-type: none"> (1) to (2) (Same as the current provisions) (3) pharmaceuticals, quasi-pharmaceuticals, <u>welfare instruments</u>, medical instruments, and medical machines and equipment; (4) to (17) (Same as the current provisions) 4. to 22. (Same as the current provisions) 23. Operation of each facility for sporting, culture and education, training, accommodation, medical treatment <u>and welfare for the elderly</u>, botanical gardens, amusement parks, parking lots and restaurants, and the supply business of hot springs and travel agency business; 24. to 27. (Same as the current provisions) <u>28. Sale of hygienic instruments and health foods;</u> <u>29. A home care service business, home nursing-care support service business, business regarding the claim for nursing-care insurance, investigation and consulting business relating to medical treatments and nursing-cares in accordance with the Nursing-Care Insurance Law, and the designated business of the door-to-door nursing service in accordance with the National Health Insurance Law;</u> <u>30.</u> (Same as the current provisions)
(To be newly established)	<p><u>Article 5-2. (Share buyback)</u> <u>The Company may purchase its own shares upon a resolution of the Board of Directors pursuant to the provisions of Article 211-3, Paragraph 1, Item 2 of the Commercial Code.</u></p>

Third Item of Business: Issuance of Stock Acquisition Rights under Stock Option Plan

It is proposed that the Company will, pursuant to provisions of Article 280-20 and Article 280-21 of the Commercial Code, issue stock acquisition rights under a stock option plan to Directors and key employees of the Company and representative directors of associated companies of the Company in accordance with the conditions of the issuance as stated below.

1. Reason for issuing Stock Acquisition Rights

The Company will issue stock acquisition rights under a stock option plan to grant incentives to Directors and key employees of the Company and representative directors of associated companies of the Company without any charge, in accordance with the conditions of the issuance as stated 2. below, in order to increase corporate value and raise morale for the business operation with an emphasized consideration toward shareholders.

2. Terms and conditions of issuance of Stock Acquisition Rights

- (1) Grantees of stock acquisition rights to be allotted:
Directors and key employees of the Company, and Representative Directors of associated companies of the Company (hereinafter referred to as the "Grantees")
- (2) Class and number of shares to be allotted for stock acquisition rights:
Maximum of 1,100,000 shares of common stock of the Company.
In case the Company makes a stock split or reverse split of its outstanding shares, the number of shares to be allotted for stock acquisition rights shall be adjusted in accordance with the following formula. Provided, however, that such adjustment shall be made solely to the number of shares to be allotted for stock acquisition rights which have not yet been exercised at the time of such stock split or reverse split and any number of share less than one share arising out of such adjustment shall be disregarded:

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \frac{\text{Ratio of stock split}}{\text{reverse split}}$$

- (3) Aggregate number of stock acquisition rights to be issued:
Maximum 1,100
(The number of shares to be allotted for one stock acquisition right shall be 1,000 shares.)
- (4) Issue price of stock acquisition rights:
Free of charge
- (5) Amounts to be paid upon the exercise of each stock acquisition right:
The amount to be paid shall be an amount which is the average of the closing prices (regular way) of the Company's shares of common stock on the Tokyo Stock Exchange on each day (other than any day on which no sale is reported) of the month immediately preceding the date of the issuance of stock acquisition rights, multiplied by 1.05. Any amount less than one yen arising out of such calculation shall be rounded upward to the nearest yen. Provided, however, that if such price is less than the closing price as of the date of the issue of stock acquisition rights (if no trading is made on such day, then the closing price reported on the day immediately preceding that day), then such closing price reported on such date shall be the amount to be paid.
In case that the Company shall make a stock split or reverse split of its outstanding shares after the issuance of stock acquisition rights, the amount to be paid shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded upward to the nearest yen:

$$\text{Amounts to be paid after adjustment} = \text{Amounts to be paid before adjustment} \times \frac{1}{\text{Ratio of stock split / reverse split}}$$

Furthermore, in case the Company issues new shares or disposes of its own shares at a price less than the current market price (except shares issued upon exercise of rights pursuant to Paragraph 3, Section 2, Article 210-2 of the Commercial Code prior to its amendment on October 1, 2001 or shares issued upon exercise of stock acquisition rights), the amount to be paid shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded upward to the nearest yen:

$$\begin{array}{l} \text{Amounts to be paid} \\ \text{after} \\ \text{adjustment} \end{array} = \begin{array}{l} \text{Amounts to be paid} \\ \text{before} \\ \text{adjustment} \end{array} \times \frac{\begin{array}{l} \text{Number of} \\ \text{shares issued} \\ \text{Number of shares issued} \end{array} + \frac{\begin{array}{l} \text{Number of shares} \\ \text{newly issued} \\ \text{Current market price} \end{array} \times \begin{array}{l} \text{Amount paid} \\ \text{per share} \\ \text{before issuance of new shares} \end{array}}{\begin{array}{l} \text{Number of shares newly issued} \end{array}}$$

The “Number of shares issued” in the above formula means the number of shares obtained by deducting the number of treasury stock from the total number of shares issued of the Company. In case of disposal of treasury stock, the “Number of shares newly issued” shall also be read as the “Number of treasury stock to be disposed of”.

- (6) Exercise period of stock acquisition rights:
From July 1, 2006 to June 30, 2009
- (7) Conditions of exercise of stock acquisition rights:
 - ① Grantees are required to be in the position of Directors or employees of the Company or associated companies when exercising such rights. Provided, however, that the foregoing shall not be applicable in the event that such person retires from his/her position as Directors of the Company or associated companies due to the expiry of the term, such person retires from the Company or associated companies by the age limit, or for any other reasonable cause.
 - ② No pledge on, nor disposition of, stock acquisition rights shall be created or made.
 - ③ Other conditions relating to the exercise of stock acquisition rights shall be determined in accordance with the agreement with respect to the granting of stock acquisition rights which shall be concluded between the Company and each of the Grantees, pursuant to resolutions of the Board of Directors.
- (8) Events and conditions of cancellation of stock acquisition rights:
If any of the following events occurs, the Company shall cancel stock acquisition rights held by the Grantees in accordance with the resolution of the Board of Directors, without any charge.
 - ① In case of death of the Grantees;
 - ② In case of breach of faith to the Company or its associated companies, including committing a crime in connection with his/her duty in the Company or associated company, as the case may be;
 - ③ In case of dismissal by disciplinary punishment; and
 - ④ In case of retirement from the office of Directors of the Company or associated companies, or retirement from the Company or associated companies for his/her own cause.
- (9) Transfer restrictions on stock acquisition rights:
Transfer of stock acquisition rights shall require approval from the Board of Directors of the Company.

Fourth Item of Business:**Election of Four (4) Directors**

Directors, Messrs. Setsushi Nakamura, Yutaka Tatsumura, Toyoji Nakano and Hirozou Funaki will resign as Directors at the close of the current Annual General Meeting of Shareholders. Therefore, it is proposed that four (4) Directors be elected.

The candidates are as follows:

No	Name (Date of birth)	Career summary (If the candidate holds a position of representative of any other company, a description thereof is provided.)	Number of shares of the Company owned
1	Hiroshi Matsubara (September 4, 1949)	Apr. 1972: Joined the Company Apr. 1999: Department Manager, Purchasing Department, Housing Headquarters June 1999: Department Manager, Purchasing Department, Production Department, Housing Headquarters Oct. 2000: Department Manager, Purchasing Department, Production & Construction Control Department, Housing Headquarters Apr. 2002: Deputy General Manager, Housing Business Division, Housing Company Apr. 2003: General Manager, Living Environment Division, Housing Company [incumbent]	10,000 shares
2	Masashi Nishimura (September 26, 1950)	Apr. 1973: Joined the Company Oct. 1998: Planning Manager, Heim Planning, Sales & Construction Department, Housing Headquarters Mar. 2000: General Manager, Kanto Housing Sales Division, Tokyo Sales Headquarters Apr. 2001: General Manager, Kanto Sales Headquarters, Housing Company Apr. 2002: General Manager, Tokyo Sales Headquarters, Housing Company [incumbent]	10,000 shares
3	Yuji Enatsu (June 7, 1953)	Apr. 1976: Joined the Company July 1996: Sales Office Manager, Interlayer Film Division, Tokyo Sales Headquarters Mar. 2000: Sales Office Manager, Interlayer Film Division, Tokyo High Performance Plastics Branch, Tokyo Sales Headquarters Jan. 2001: General Manager, Senior Manager in charge of Marketing and Sales Promotion, Tokyo Interlayer Film Division, High Performance Plastics Headquarters Mar. 2001: Senior Manager in charge of Marketing and Sales Promotion, Tokyo Interlayer Film Division, High Performance Plastics Company June 2001: General Manager, Interlayer Film Division, High Performance Plastics Company [incumbent]	10,000 shares

4	Hideo Tagashira (January 7, 1955)	Apr. 1977: Joined the Company June 1997: General Manager, Planning & Control Department, Pipe and Related Products Headquarters Mar. 2000: General Manager, Administrative Management & Control Department, Urban Infrastructure & Environmental Products Headquarters Mar. 2001: General Manager, Administrative Management & Control Department, Urban Infrastructure & Environmental Products Company Oct. 2001: General Manager, Water Supply and Drainage System Division, Urban Infrastructure & Environmental Products Company [incumbent]	15,000 shares
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Fifth Item of Business:

Election of Two (2) Corporate Auditors

The terms of office as Corporate Auditor, Messrs. Shoichi Kawabata and Katsuya Kittaka will expire at the close of the current Annual General Meeting of Shareholders. Therefore, it is proposed that two (2) Corporate Auditors be elected. The candidates are as follows:

No	Name (Date of birth)	Career summary (If the candidate holds a position of representative of any other company, a description thereof is provided.)	Number of shares of the Company owned
1	Katsuya Kittaka (January 3, 1944)	June 1969: Joined the Company Apr. 1999: General Manager of Corporate Purchasing Department June 2000: Director Mar. 2001: General Manager, Corporate Purchasing Department, Tokyo Head Office Apr. 2002: In charge of Special Assignment from the President June 2002: Corporate Auditor [incumbent]	40,273 shares
2	Masashi Takai (September 26, 1947)	Apr. 1970: Joined the Company Aug. 1998: General Manager, Tokyo General Affairs Department Mar. 2000: General Manager, Tokyo General Administration Department, Tokyo Head Office June 2001: General Manager, Auditing Department Apr. 2002: General Manager, Corporate Audit Department [incumbent]	12,000 shares

Sixth Item of Business:**Revision of the Remuneration for Directors as a Group**

The monthly remuneration for Directors of the Company as a group was approved to be “an amount not exceeding ¥40,000,000 per month” at the 79th Annual General Meeting of Shareholders held on June 28, 2001 and this has applied so far. Taking into consideration various factors, such as the changes in operating circumstances and the increase in Director’s duty, it is proposed that the amount be revised to “an amount not exceeding ¥50,000,000 per month”.

The above-mentioned remuneration for Directors will not include the salaries payable to Directors for their capacity working at the same time as employees, as in the past.

In the event that the fourth item of business is approved as originally proposed, the total number of Directors will be 20.

Seventh Item of Business:**Granting of Retirement Gratuities to Retiring Directors and Corporate Auditor**

It is proposed that retirement gratuities be granted to Directors, namely Messrs. Setsushi Nakamura, Yutaka Tatsumura, Toyoji Nakano and Hirozou Funaki, and Corporate Auditor, Mr. Shoichi Kawabata, who will resign from the offices of Directors or Corporate Auditor, respectively, at the close of the current Annual General Meeting of Shareholders, for rewarding their services during their terms of offices and in amounts to be determined as reasonable in accordance with the internal regulations of the Company.

Determination of the amounts, the date of granting and procedures therefor are requested to be entrusted to the Board of Directors in the case of the resigning Directors and determination among the Corporate Auditors in the case of the resigning Corporate Auditor.

The names of the resigning Directors and Corporate Auditor and their career summaries are provided below.

Name	Career Summary
Setsushi Nakamura	June 1998: Director of the Company April 2001: Managing Director [incumbent]
Yutaka Tatsumura	June 1999: Director of the Company April 2003: Managing Director [incumbent]
Toyoji Nakano	June 1999: Director of the Company April 2003: Managing Director [incumbent]
Hirozou Funaki	June 2001: Director of the Company [incumbent]
Shoichi Kawabata	June 2001: Corporate Auditor of the Company [incumbent]

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