

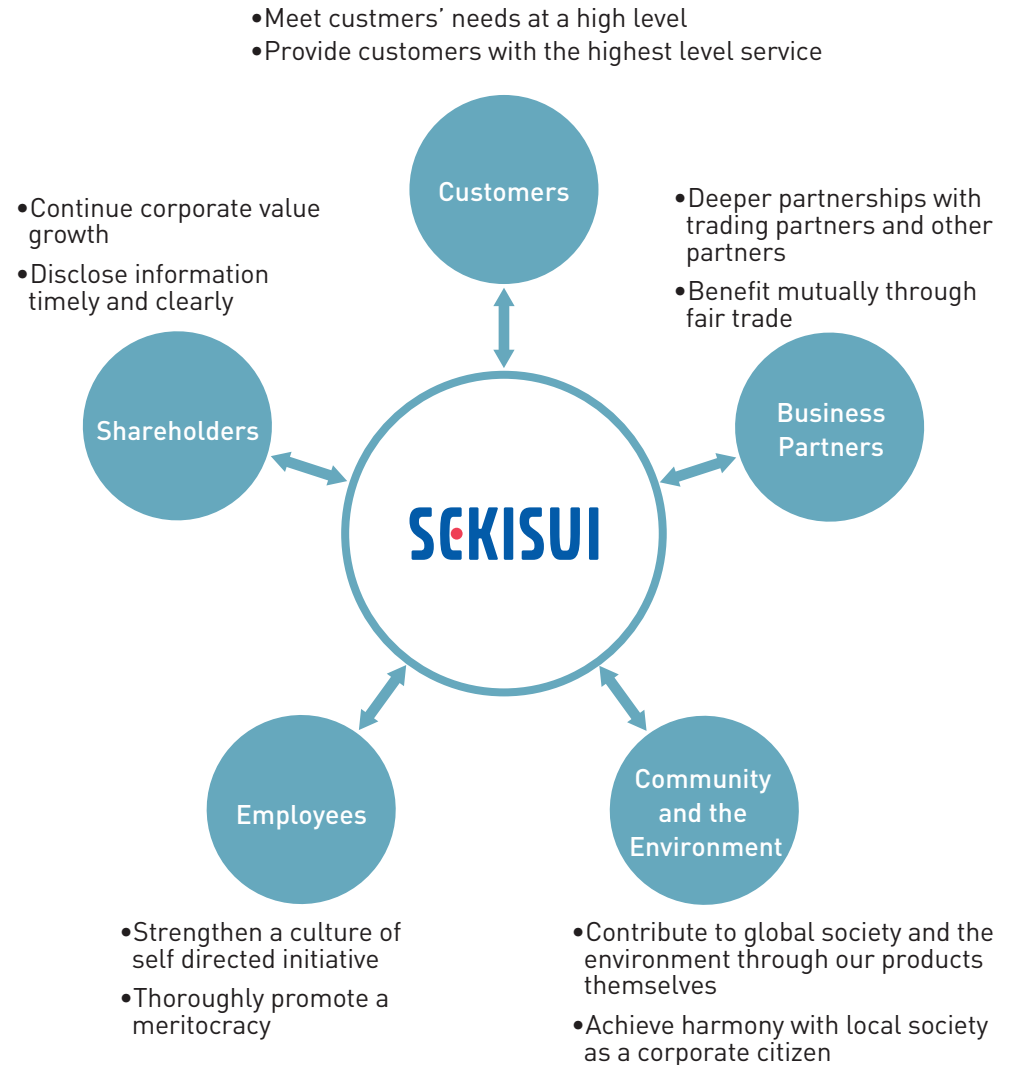
CORPORATE PHILOSOPHY

Create social value while fulfilling stakeholder expectations

The Sekisui Chemical Group aims to be a “good” company with a positive image and sustaining business growth.

We aim to grow our business based on satisfied customers and maximize corporate value and to fulfill the expectations of our shareholders. We support the self-fulfillment of our employees, who are the main component in our corporate activities, and seek to deepen our relations with our client and partner companies. Through our business, products and social contributions, we support local communities and the earth’s environment fully aware that we play a part in the legacy we will leave to future generations.

We at the Sekisui Chemical Group will continue to grow as a prominent and highly profitable corporation while striving to meet the expectations of our five groups of stakeholders: customers, shareholders, employees, business partners, community and the environment.



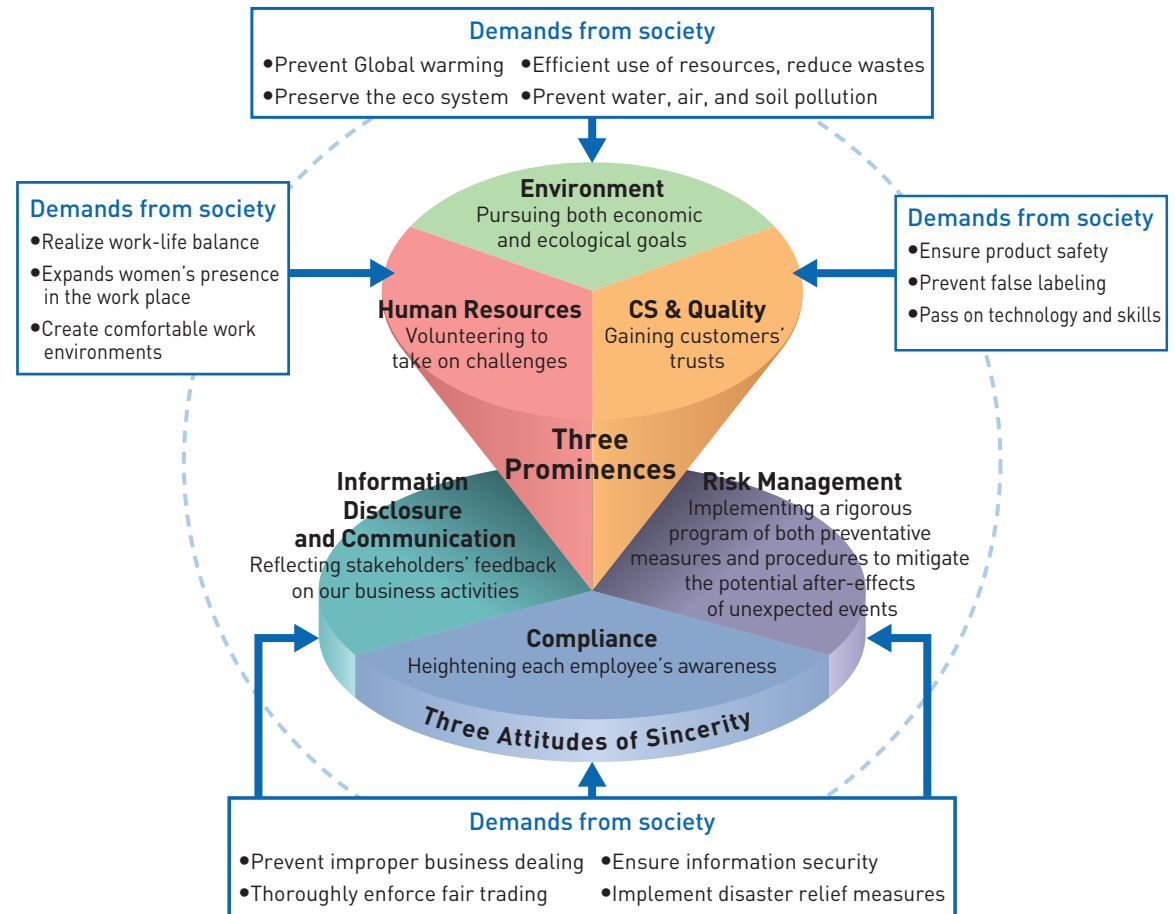
CSR (Corporate Social Responsibility)

The Sekisui Chemical Group promotes CSR as a management priority

CSR is an important part of realizing the Sekisui Chemical Group corporate philosophy of “creating social value while fulfilling stakeholder expectations” and in fiscal year 2005, we began full-fledged CSR management activities.

The Sekisui Chemical Group’s CSR philosophy features a unique blend of our three “prominences” and three “attitudes of sincerity”. We utilize our corporate prominences, our fields of specialty and strengths, to be a leader in society where we can apply our business activities to emphasize the environment, quality and customer satisfaction, and human resources to contribute to society. While using our products and services to contribute to society and preserve the natural environment, we also believe it is important to play a role in creating a better society and resolving issues that affect the environment. We realize that this role is fulfilled first and foremost by our employees. Human resources are one of our prominences because we believe people have unlimited hidden potential, and we want draw out that potential and encourage its growth.

Our CSR management is also promotes Attitudes of Sincerity based on three essential elements for a company to remain successful; these are compliance, risk management, and disclosure and communication. In applying our CSR Management, we endeavor to maintain frequent and open dialog with our various stakeholders, to understand social issues, and to be aware of the expectations of society in our company and the Sekisui Chemical Group as we seek to provide new values to society through our various business activities. We will continue to develop and evolve our CSR management as we respond to social needs and join with our stakeholders in contributing to creating a better society.



Inclusion in socially responsible investment indices (as of March 2008)

Sekisui Chemical Group companies are included in several socially responsible investment (SRI) indices and funds. CSR is a fundamental part of our management philosophy, and we will continue striving to earn high evaluation of our CSR activities.



Dow Jones
Sustainability Index



FTSE4Good



Morning star socially
Responsible Investment Index

The Sekisui Chemical Group considers the environment one of its prominences and incorporates measures to preserve the environment and prevent global warming in every aspect of its corporate activities.

CO₂ emissions reduction efforts

Japan has committed to reduce its greenhouse gas emissions by 6% compared to 1990 level during the First Commitment Period of the Kyoto Protocol. The Sekisui Chemical Group has committed to a tighter target of reducing our CO₂ emissions from energy generated at the production stage by 10% in fiscal 2010. To attain this goal, we are introducing cogeneration systems and other energy saving equipment as well as emission-free photovoltaic energy generation systems to reduce the CO₂ emissions throughout our operations.

The Development Bank of Japan has conferred on us the highest environmental ranking in recognition of our environmental policies, including our capital investment promotion measures to reduce CO₂ emissions.

CO₂ Reduction Progress (vs. FY1990)



Global warming prevention through our products

At the Sekisui Chemical Group, we are working to not just reduce the environmental impact of our production stage operations but to contribute to reducing the environmental impact of our customers and society as a whole through the development and marketing of Environment-contributing Products.

As of the end of fiscal 2007, products and services in the environment-contributing products category, including the Zero Utility Cost House, amounted to 34 items, equivalent to 15% of consolidated sales. As an example of how our products can support the emissions reduction from communities, our improvements in home heat insulation and air-tightness functions and sales of our Eco Cute and photovoltaic generation systems cumulatively reduce residential CO₂ emissions by 118,000 tons annually. We plan to continue to aggressively expand our lineup and sales of environment-contributing products.

Examples of Environment Contributing Products



Zero utility cost house that utilize highly efficient appliances and photovoltaic energy systems to reduce CO₂ emission volume

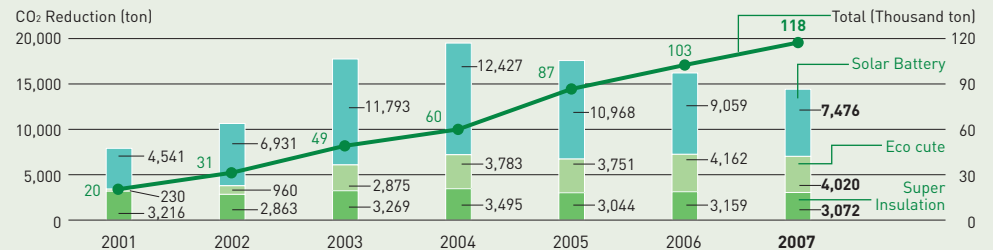


A sewage pipe renewal (SPR) system that reduces waste by eliminating the need to open new trenches in roads



A Solar Control Interlayer Film that blocks infrared (heat) radiation and thereby improves the efficiency of air conditioners

Residential CO₂ Emissions Reduction



Nature conservation activities and support of future generations

The Sekisui Chemical Group is implementing forest preservation initiatives to utilize the CO₂ absorption function of forests. In fiscal 2007, these activities include the 10-year plan to plant about 5,000 trees for the Sekisui Chemical Forest in Wakayama Prefecture, Japan.

Our activities also include working to raise understanding and awareness of global warming prevention among children, who will be the leaders in future society. In 2007, we hosted several educational events, including the Global Children's Eco Summit and the Manufacturing Based on Learning from Nature, Junior Forum 2007. We look forward to hosting and sponsoring many more fun and educational events in the future.

For further details on the Sekisui Chemical Group's CSR activities, please see Sekisui Chemical Group CSR Report 2008.

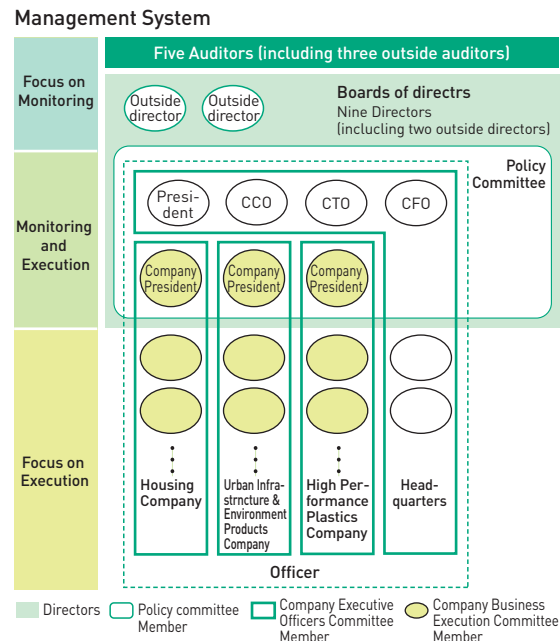
<http://www.sekisuichemical.com/csr/index.html>

CORPORATE GOVERNANCE

The Sekisui Chemical Group has revised its corporate governance system, including introducing external board members and corporate executive officers, to further enhance its business transparency and fairness and to speed up its ability to respond to business opportunity. In addition, the Group implements various programs to heighten the compliance awareness and understanding of all executives, officers, and employees throughout the Group with the intention of maintaining and continuing to earn its status as a company broadly trusted by society.

Corporate Governance Basic Policies and Systems

The Group has created a management framework designed to maximize corporate value. Amid the rapid changes in the Group's business environment, the Group recognizes that enhancing business transparency and fairness and speeding up management decision-making is essential to sustaining steady growth in corporate value. We have instituted several measures to our corporate governance system, including strengthening the Board of Directors and Business Execution Function.



Reorganization of the Board of Directors

The Board of Directors oversees and guides the company's management in the establishment of company's fundamental policies, management judgment, and business execution. The Board includes independent, external Directors to ensure full transparency and fairness in business decisions and operations. To expedite business decisions, the number of Directors has been reduced from 21 to nine.

Introduction of External Directors

Two External Directors have been appointed to the Board to provide advice and oversight based on their extensive administrative experience and specialized knowledge. Their presence and guidance will provide supportive perspective to the Group's endeavors, including the global development strategy in the GS21-Go! Frontier medium-term management vision, the reestablishment of the core domestic business, and the strengthening of compliance management.

Strengthened Business Execution Function

We introduced the Corporate Officer System to separate the auditing (directors) and business execution (corporate officer) functions in April 2008 to speed up response to the changing business conditions for each company in the Group.

Introduction of the Corporate Officer System

The Corporate Officer System establishes the position of Corporate Officer to focus solely on business execution with the aim of realizing quick response business opportunities. Each Group company is establishing a Corporate Officers Committee to be the company's highest decision-making body and is delegating substantial authority previously carried by the Board of Directors to the Corporate Officers Committee.

Corporate Officers will be appointed by decision of the Board of Directors and will serve for one year.

Audit System

The Group has built several auditing roles into the fundamental framework of its management and operation monitoring processes. The audit system is constructed to promote coordinated activities of corporate auditors and internal auditors as an additional step to audit accuracy and effectiveness.

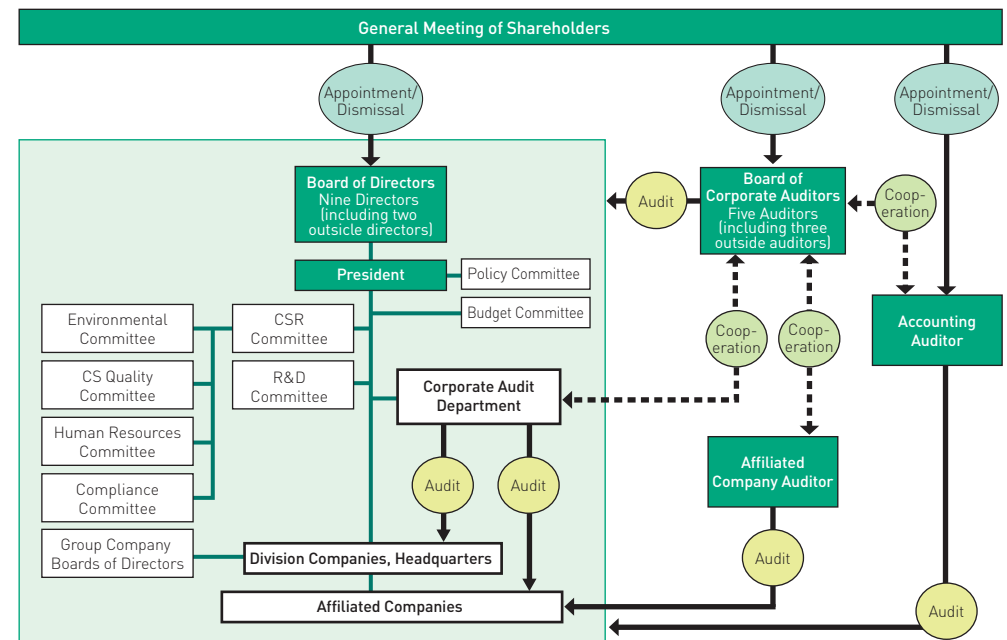
The Board of Corporate Auditors comprises five auditors (including three external auditors) conducting broad audits of the execution of duties by the Board of Directors, all division companies, and headquarters.

Reinforcement of the Internal Control System

In May 2006, the Board of Directors resolved to establish a fundamental policy regarding the construction of an internal control system for ensuring the appropriateness of our business activities. Based on the Group management principles set forth in the Corporate Activity Guidelines, the system establishes close interconnection of the supervision, directives, and communications of the Sekisui Chemical Group companies and charges Sekisui Chemical with the duty to lead, advise, and evaluate the Group companies to ensure appropriate business activities by all Group members.

To further fortify the Group's compliance activities, the CSR Committee headed by president deliberates the Fundamental Compliance Policies with authorization of the Board of Directors. We have also established the position of Chief Compliance Officer (CCO) to act as committee chair, to plan education, training and other compliance-related activities and measures. The system is intended to reinforce our overall compliance activities and further emphasize compliance as a fundamental aspect of our corporate culture.

Corporate Governance System



DIRECTORS, AUDITORS AND OFFICERS



Naotake Okubo
President

Takayoshi Matsunaga
President of High Performance
Plastics Company

Yoshiyuki Takitani
President of Urban Infrastructure &
Environmental Products Company

Teiji Kouge
President of Housing Company

BOARD OF DIRECTORS

- Naotake Okubo**
President and Chief Executive Officer
- Takayoshi Matsunaga**
Director and Senior Managing Executive Officer
- Tetsuji Izu**
Director and Senior Managing Executive Officer
- Yoshiyuki Takitani**
Director and Senior Managing Executive Officer
- Ken Yoshida**
Director and Senior Managing Executive Officer
- Naofumi Negishi**
Director and Senior Managing Executive Officer
- Teiji Kouge**
Director and Managing Executive Officer
- Shigemi Tamura** [Outside Director]
Advisor
Tokyo Electric Power Company
- Toru Tsuji** [Outside Director]
Senior Corporate Advisor
Marubeni Corporation

CORPORATE AUDITORS

- Masashi Takai**
- Eiji Manshou**
- Noriaki Kano** [Outside Auditor]
Professor Emeritus at Tokyo University
of Science
- Tadashi Kunihiro** [Outside Auditor]
Attorney at Law
- Tamio Morimoto** [Outside Auditor]
Certified Public Accountant

CORPORATE OFFICERS
Naotake Okubo

Chief Executive Officer

Housing Company
Teiji Kouge

 Managing Executive Officer
 President of Housing Company

Hidemi Uno

 Managing Executive Officer
 Responsible for Technology
 Head of Technology Department
 Head of International Business Promotion Group

Keiji Kobayashi

 Managing Executive Officer
 Responsible for Sales Division
 Head of Housing Division

Hiroyuki Watanabe

 Executive Officer
 President of Tokyo Sekisui Heim Co., Ltd.
 President of Tokyo Sekisui Fami S Co., Ltd.
 President of Sekisui Heim Real Estate Co., Ltd.

Toshiroh Takeda

 Executive Officer
 Head of CS Promotion & Quality Assurance
 Department

Kazumasa Murakami

 Executive Officer
 President of Sekisui Heim Kyushu Co., Ltd.
 President of Sekisui Fami S Kyushu Co., Ltd.
 President of Kyushu Sekisui Heim Real Estate Co., Ltd.

Shunichi Sekiguchi

 Executive Officer
 Head of Living Environment Division
 Head of Diversified Business Group

**Urban Infrastructure & Environmental
Products Company**
Yoshiyuki Takitani

 Senior Managing Executive Officer
 President of Urban Infrastructure & Environmental
 Products Company

Yoshikazu Marushita

 Managing Executive Officer
 Responsible for Overseas Operation and Composite
 Products & Materials Division

Tatsuo Sudou

 Executive Officer
 Responsible for Sales and Housing Materials &
 Equipment Business

Kozo Takami

 Executive Officer
 Responsible for Civil Engineering Systems Division
 and Wood Business Promotion Department

Yasuo Yamabe

 Executive Officer
 Responsible for Research & Development
 Head of Industrial Pipes & Materials Division

Masaru Teramae

 Executive Officer
 Head of Technology & CS Promotion Department

Torao Ishii

 Executive Officer
 Head of Building Materials Business

Takao Miyake

 Executive Officer
 Head of Water Supply & Drainage System Division

High Performance Plastics Company
Takayoshi Matsunaga

 Senior Managing Executive Officer
 President of High Performance Plastics Company

Yuji Enatsu

 Managing Executive Officer
 Responsible for Automotive Related Business Units
 Head of International Business Department

Toshio Uesaka

 Managing Executive Officer
 Responsible for BD Related Business Units

Mutsumi Fukuda

 Executive Officer
 Responsible for Medical Related Business Units
 Head of Medical Products Division
 President of Sekisui Medical Co., Ltd.

Akira Nakasuga

 Executive Officer
 Responsible for Research & Development

Takeshi Inoue

 Executive Officer
 Responsible for IT Related Business Units
 Head of New Business Promotion Division

Hajime Kubo

 Executive Officer
 Head of Administrative Management & Control
 Department
 Head of General Affairs & Human Resources
 Department

Keita Kato

 Executive Officer
 Head of Interlayer Film Division

Headquarters
Tetsuji Izu

 Senior Managing Executive Officer
 CCO
 Responsible for External Relations Department
 Head of CSR Department

Ken Yoshida

 Senior Managing Executive Officer
 CTO
 R&D Center Head

Naofumi Negishi

 Senior Managing Executive Officer
 CFO
 Responsible for Corporate Communication
 Department
 Head of Corporate Finance, Accounting and Planning
 Department

Hideo Tagashira

 Senior Managing Executive Officer
 Head of Business Planning Department

Kiyotaka Tsuji

 Executive Officer
 Head of Legal Department

RESEARCH & DEVELOPMENT / INTELLECTUAL PROPERTY

The Sekisui Chemical Group is fortifying its earning power and cultivating growth businesses by promoting the innovations achieved in the pursuit of prominence. Improving the value of our R&D and the intellectual property it produces is indispensable to maintaining our prominence and is of paramount importance to our management strategy.

R&D Strategy

The Sekisui Chemical R&D System

The Group pursues development of advanced technologies not only through in-house development but also through collaboration with academia, as well as business alliances. We are engaged in a wide spectrum of R&D from basic research to production management technologies in core areas determined by each of the three division Companies to generate groundbreaking products that will stimulate potential customer needs.

We established the headquarters-controlled R&D Planning Group in the R&D and Technology Center to fortify our capabilities to anticipate and plan development of the next-generation technologies that will create new business fields for the Group. In addition, the R&D and Technology Center's Product Development Innovation Center is focused on promoting and strengthening product development, the fundamental activity of a manufacturer. The center acts as a collection center for production technologies and promotes the introduction and full application of these technologies at the production site. Specifically, the center aims to elicit the full potential of innovative ideas by planning the improvement of technological capabilities at production sites and dispatching quality, industrial, and value engineering specialists to implement the strategies.

We are working to establish this system, which firmly centers the development of prominent products on a framework of respect for the customer (zero quality defects and claims), respect for the employee (zero accidents) and respect for the environment (zero waste), as our fundamental business model.

Company R&D Details and Cost

The Sekisui Chemical Group engages in a wide spectrum of R&D utilizing cutting-edge technology from basic research and applied technology to new business creation and development focused on achieving the individual objectives of each of the Housing, Urban Infrastructure & Environmental Products, and High Performance Plastics division Companies.

In fiscal year 2007, the Group invested ¥25,739 million in R&D. The details and cost of the R&D activities for each division are the following.

1. Housing Company

The Housing Company's mission is to provide environment-friendly housing that can be lived in safely and comfortably for at least 60 years. Based on this policy, in the new housing construction field, the Company develops new products and fundamental technologies for steel-framed and wooden-framed unit houses, and in the refurbishing field develops refurbishing technology and products to strengthen existing housing structures.

In fiscal year 2007, the Housing Company introduced the Domani Comfatic new line of steel-framed unit housing featuring a pillarless design and attic space converted into an extra room, the compact three-story Desio BR featuring the new bioresist external wall and a skip tower rising up to six floors, the Parfait Master Design 2.0 offering a higher level of air-tightness and heat-insulation for the Parfait line of energy-saving homes, as well as the Letoit 07 Model group home housing complex designed specifically to meet rental occupant needs. The company also developed and launched the GAIASS hybrid seismic absorption system for enhancing home earthquake resistance. The 2x6 constructed wooden frame "Grand Toyou Piache" unit housing featuring a factory-assembled first-floor tile wall and second-floor timber wall with a panorama court.

In the refurbishing field, the Housing Company expanded its menu of products designed to meet homeowner needs with the launch of a solar power generation system for the Toyon home line, the development of a retrofit Warm Factory (under-floor heat storage system), and a line of compact sanitary refurbishment products.

The Housing Company utilized ¥4,586 million for R&D expenses in fiscal year 2007.

2. Urban Infrastructure & Environmental Products

The Urban Infrastructure & Environmental Products (UIEP) Company develops new piping and housing material products via cooperation between the UIEP's Kyoto Research & Development Laboratory and each of its business segments. The Kyoto Laboratory and new business project groups also conduct R&D and commercialization viability research for new business creation.

R&D achievements in fiscal year 2007 in the water supply systems business included the successful development of the world's first fire-resistant PVC pipe, which was introduced as a commemorative product celebrating the 55th year of the Eslon Pipe. This innovative technology was also the basis for the development and marketing of the all-plastic, fire-resistant Eslon VP and fire-resistant pipe joints. The company plans to expand its product range to include water drainage and air vent pipes for office buildings, apartments, and other large-scale structures.

In the plant materials business, the company commenced operations of a new production facility for industrial pipe materials and valves at the Taiwan plant and began marketing activities. The company is expanding its line-up of products to meet growing worldwide demand for new facilities in the IT-related devices field and the chemical and sewage treatment plant fields.

In the urban infrastructure composite materials business, the company increased its production capacity in the Chinese market with the construction of new production line for fiber-reinforced foamed urethane (FFU) at Xinjiang Yongchang-Sekisui Composites Co., Ltd., in Shanghai and commenced deliveries of sleepers for use in subway railway systems.

In the environmental civil engineering systems (pipe restoration) operation, the company continued development of new PVC materials, lining profiles, and winding devices to meet the widening range of market needs. Development and marketing also continued for the company's Sewage Pipe Renewal (SPR) method for reinforcing underground pipe infrastructure and for a high-speed winding system to shorten the time required for pipe restoration operations.

In the housing materials business, the company launched sales of the phenol foam high-performance insulation material Phenova Board as a special commemorative product in celebration of the 50 years in the construction materials business. The company is developing thermal insulation products for both the housing and non-housing construction markets with the aim of establishing the operation as the third business pillar with the rain gutter and exterior products businesses. The company also developed a low expansion and contraction all-resin rain gutter for large non-housing structures.

In new business fields, the company began market development for condensation preventive materials for various applications, such as electric power distribution panels. New products developed and marketed during the year included the Geo-REX, a compact, lightweight and high-precision heavy metals measuring device, and "ROBARIER", a humidity controlling substance developed from the company's unique inorganic carbon material technology.

The UIEP Company utilized ¥5,669 million for R&D expenses in fiscal year 2007.

3. High Performance Plastics Company

The High Performance Plastics (HPP) Company promotes the concerted development of new products, materials and production technologies in the areas of high-performance materials, molding/processing products, and medical-related products through coordination between each of its business segments and the HPP Company's Research & Development Institute.

Key R&D activities in the electronics materials operation in fiscal year 2007 included substantial progress in the development of adhesive sheet for semiconductor chip applications and steady advances in the heat-resistant Selfa back grind tape for the semiconductor solutions business. In materials for liquid crystal displays (LCD), the Company introduced optical film for LCD TVs and continued development of new spacers usable in new LCD TV production methods and new sealants for non-LCD display applications. New medical-related products released during the year in the three focus segments of infectious diseases, blood clotting, and diabetes in the diagnostic agents field. The company also received manufacturing approval for the medical industry's only diagnostic agent for oxidized low-density lipoprotein (LDL), which is an important indicator of coronary health risk.

In the pharmacokinetic research business, which provides comprehensive drug development support operations for pharmaceutical companies, the company commenced Japan's first Good Laboratory Practices (GLP) compliant nuclear receptor analysis service supporting diagnostic drug R&D for adult-onset diseases and similar disorders.

In the automotive materials field, the company applied its unique extrusion manufacturing process to develop and market a better looking foam with increased molding and processing capabilities and continued making steady progress toward developing a noise-insulation interlayer film suitable for the increasingly larger surface areas of automobile windshields. In the functional building materials field, the company marketed a photovoltaic sealant film and is drawing steady demand for its growing line of products.

The HPP Company utilized ¥11,355 million for R&D expenses in fiscal year 2007.

4. Other Businesses

The core R&D facility for the Other Business segment is the R&D and Technology Center New Business Office (NBO), which conducts R&D and development for new business directions. The NBO's P2 Business Promotion Department is conducting business development centered on applications for atmospheric pressure plasma surface treatment systems for film, which is rapidly becoming a standard technology in various manufacturing processes for large flat panel display substrates. The department is examining and assessing numerous etching, ashing, and other cleaning methods for applications in dry cleansing and specialized surface treatment processes. The Business Promotion Department is focusing on development of unique materials centered on cutting-edge IT and energy-related materials and has submitted several new materials to clients for trial assessment.

Other Businesses utilized ¥4,127 million for R&D expenses in fiscal year 2007.

Development of human resources and benefits related to R&D

The Group has established the Great Invention Award to acknowledge researchers and engineers that have created highly unique & innovative inventions with potential to become profitable technologies and products. The award and the accompanying monetary endowment is one way the Group shows its recognition and appreciation of its talented researchers and engineers.

The Group has also established a Specialist Position system to recognize and reward researchers and engineers with highly specialized skills. The system selects exceptional individuals who have been recognized as possessing highly advanced skills and appoints them to uniquely defined specialist positions. The system promotes ongoing development and aims to cultivate outstanding researchers and engineers recognized both inside and outside the company. As of July 2008, 34 people hold specialist positions.

High Growth Business Fields x Enhancement and Application of Technologies x Core Technologies = Creation of Premium Businesses

High Growth Business Fields	Methods for Strengthening Technology and Promoting its Application	Core Technologies
Energy conserving/ generating housing Refurbishing	Utilization of unit construction technology <ul style="list-style-type: none"> •Incorporating LCC and environment-friendly concepts in new house proposals •Presenting housing performance by simulation technologies •Improving design, planning and installation capability in refurbishing •The unit-home reuse system 	Housing Company <ul style="list-style-type: none"> •Environmentally-conscious technology •Building structure, method technology •Production, installation technology •Refurbishing, remodeling technology
High-performance pipes/ building materials Environmental solutions Comprehensive piping solutions	<ul style="list-style-type: none"> •Sophistication of function and system •Development of environmentally-conscious products •Development of low-cost installation technology 	Urban Infrastructure & Environmental Products Company <ul style="list-style-type: none"> •PVC, olefin materials, molding technology •Piping diagnostics and aged pipe restoration technologies •Recycle and reuse technology of wood and plastics •Composite material technology •Water circulation technology
Automotive materials (AT) IT-related materials (IT) Medical products (MD)	<ul style="list-style-type: none"> •Proposal of technological solutions with technology package 	High Performance Plastics Company <ul style="list-style-type: none"> •Fine particle technology •Precise molding technology •Adhesion control technology •Body composition analyzed technology
Semiconductor manufacturing equipment-related	<ul style="list-style-type: none"> •Innovation of semiconductor manufacturing process 	<ul style="list-style-type: none"> •Atmospheric-pressure plasma

Intellectual Property Strategy

Intellectual property strategy objectives and fundamental policy

The intellectual property cultivated from our R&D activities is an important management resource that underpins the Group's growth and revenues and contributes to optimizing corporate value. Intellectual property strategy is vital to the group because it maximizes our technological prominence. In the Principles on Intellectual Property formulated in March 2005, the Group clearly stated that the objective of our intellectual property management is to contribute to our growth and to increase our corporate value through encouraging the creation, protection, and utilization of intellectual property, which should be achieved by respecting our own intellectual property and that of others, and by clearly laying out our approach towards intellectual property management. This management mandate is underpinned by our fundamental policy of ensuring business competitiveness by acquiring highly beneficial patents.

We also are continuing to aggressively implement the company-wide Intellectual Property Management Midterm Plan adopted in February 2006. The plan is based on three fundamental guiding principles: 1) conducting prior evaluation of the competitiveness of large-scale research themes through patent information studies, 2) acquiring highly beneficial patents as a source of business competitiveness, and 3) conducting thorough inventory of overseas rights, increasing the number of new patent applications overseas, and developing intellectual property policies tailored to each region to prevent technology leakage. We are aiming to fulfill these objectives in fiscal year 2008, the plan's final year.

Framework promoting the intellectual property strategy and major activities

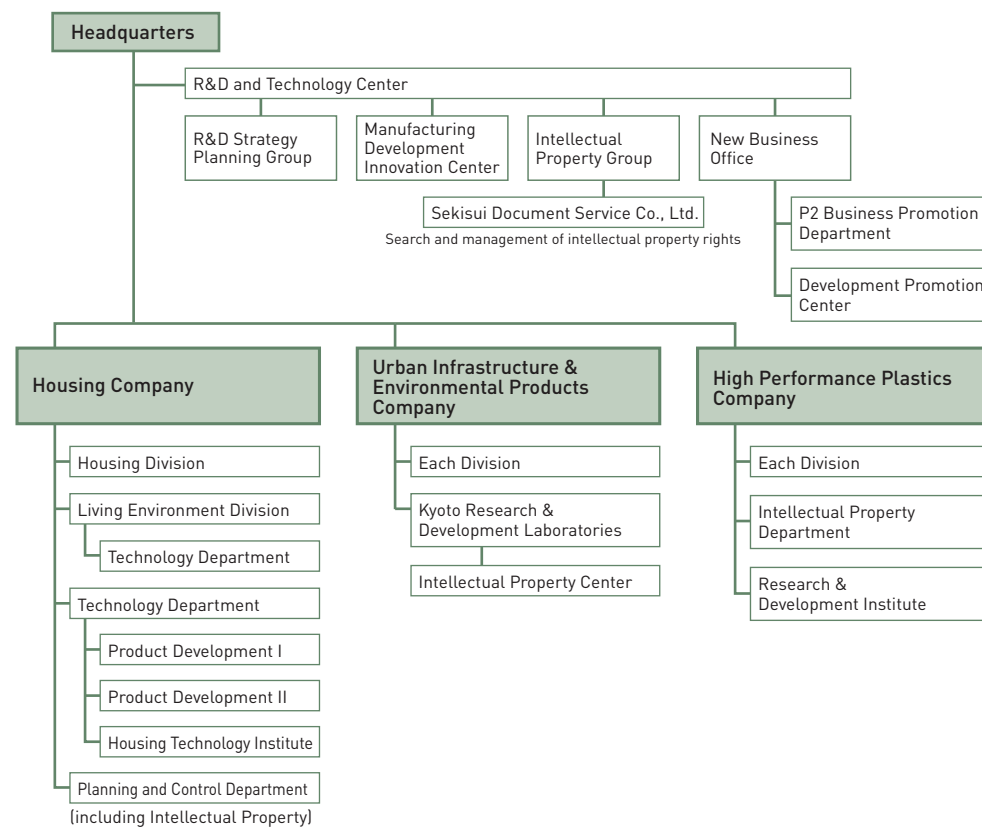
The Group advances a uniform intellectual property strategy through intellectual property divisions at the headquarters and each division Company, at all levels from the planning of basic strategy to the acquisition, management, and utilization of patents.

Each Company's intellectual property and R&D divisions hold periodic Intellectual Property Strategy Review Committee meetings to review the orientation of its individual intellectual property strategies. In addition, the Intellectual Property Group at the headquarters supports each Company from the perspective of the company-wide business strategy to optimize the intellectual property portfolio.

The Group also proactively cooperates and seeks the advice of patent agents, lawyers and other external

experts regarding the acquisition, management, and utilization of intellectual property to ensure each step is conducted in an appropriate manner. The Group is actively working with specialists in both Japan and overseas with the aim of further expanding our global business.

R&D and Intellectual Property Management System



MAJOR CONSOLIDATED SUBSIDIARIES AND AFFILIATES (As of March 31, 2008)

Consolidated Subsidiaries

		Capital	Percentage of Shares Held	Activities
Housing				
Hokkaido Sekisui Heim Co., Ltd.	Japan	JPY200 million	100.0%	Construction of unit housing and real estate sales
Sekisui Heim Tohoku Co., Ltd.	Japan	JPY300 million	100.0%	Construction of unit housing and real estate sales
Sekisui Heim Shinetsu Co., Ltd.	Japan	JPY300 million	100.0%	Construction of unit housing and real estate sales
Gunma Sekisui Heim Co., Ltd.	Japan	JPY200 million	100.0%	Construction of unit housing and real estate sales
Tokyo Sekisui Heim Co., Ltd.	Japan	JPY400 million	100.0%	Construction of unit housing and real estate sales
Sekisui Heim Chubu Co., Ltd.	Japan	JPY300 million	100.0%	Construction of unit housing and real estate sales
Sekisui Heim Kinki Co., Ltd.	Japan	JPY400 million	100.0%	Construction of unit housing and real estate sales
Sekisui Heim Chugoku Co., Ltd.	Japan	JPY300 million	100.0%	Construction of unit housing and real estate sales
Shikoku Sekisui Heim Co., Ltd.	Japan	JPY100 million	100.0%	Construction of unit housing and real estate sales
Sekisui Heim Kyushu Co., Ltd.	Japan	JPY300 million	100.0%	Construction of unit housing and real estate sales
Hokkaido Sekisui Fami S Co., Ltd.	Japan	JPY20 million	100.0%	Expansion and refurbishment of unit housing
Sekisui Fami S Tohoku Co., Ltd.	Japan	JPY100 million	100.0%	Expansion and refurbishment of unit housing
Sekisui Fami S Shinetsu Co., Ltd.	Japan	JPY20 million	100.0%	Expansion and refurbishment of unit housing
Gunma Sekisui Fami S Co., Ltd.	Japan	JPY20 million	100.0%	Expansion and refurbishment of unit housing
Tokyo Sekisui Fami S Co., Ltd.	Japan	JPY50 million	100.0%	Expansion and refurbishment of unit housing
Sekisui Fami S Chubu Co., Ltd.	Japan	JPY50 million	100.0%	Expansion and refurbishment of unit housing
Sekisui Fami S Kinki Co., Ltd.	Japan	JPY50 million	100.0%	Expansion and refurbishment of unit housing
Sekisui Fami S Chugoku Co., Ltd.	Japan	JPY30 million	100.0%	Expansion and refurbishment of unit housing
Shikoku Sekisui Fami S Co., Ltd.	Japan	JPY10 million	100.0%	Expansion and refurbishment of unit housing
Sekisui Fami S Kyushu Co., Ltd.	Japan	JPY50 million	100.0%	Expansion and refurbishment of unit housing
Sekisui Interior Co., Ltd.	Japan	JPY50 million	100.0%	Sales of interior design plans
Sekisui Exterior Co., Ltd.	Japan	JPY50 million	100.0%	Construction of building exteriors
Sekisui Heim Real Estate Co., Ltd.	Japan	JPY200 million	100.0%	Real estate brokerage and apartment leasing & management

Consolidated Subsidiaries

		Capital	Percentage of Shares Held	Activities
Gunma Sekisui Heim Real Estate Co., Ltd.	Japan	JPY10 million	100.0%	Real estate brokerage and apartment leasing & management
Nagoya Sekisui Heim Real Estate Co., Ltd.	Japan	JPY20 million	100.0%	Real estate brokerage and apartment leasing & management
Osaka Sekisui Heim Real Estate Co., Ltd.	Japan	JPY100 million	100.0%	Real estate brokerage and apartment leasing & management
Sekisui Estate Chugoku Co., Ltd.	Japan	JPY10 million	100.0%	Real estate brokerage and apartment leasing & management
Kyushu Sekisui Heim Real Estate Co., Ltd.	Japan	JPY10 million	100.0%	Real estate brokerage and apartment leasing & management
Kitanihon Sekisui Industry Co., Ltd.	Japan	JPY100 million	100.0%	Production and sales of materials for unit housing
Higashinohon Sekisui Industry Co., Ltd.	Japan	JPY100 million	100.0%	Production and sales of materials for unit housing
Kanto Sekisui Industry Co., Ltd.	Japan	JPY100 million	100.0%	Production and sales of materials for unit housing
Tokyo Sekisui Industry Co., Ltd.	Japan	JPY300 million	100.0%	Production and sales of materials for unit housing
Chubu Sekisui Industry Co., Ltd.	Japan	JPY100 million	100.0%	Production and sales of materials for unit housing
Kansai Sekisui Industry Co., Ltd.	Japan	JPY300 million	100.0%	Production and sales of materials for unit housing
Chugoku Sekisui Industry Co., Ltd.	Japan	JPY100 million	100.0%	Production and sales of materials for unit housing
Nishinohon Sekisui Industry Co., Ltd.	Japan	JPY100 million	100.0%	Production and sales of materials for unit housing
Sekisui Board Co., Ltd.	Japan	JPY100 million	100.0%	Production and sales of materials for unit housing
Sekisui Global Trading Co., Ltd.	Japan	JPY100 million	100.0%	Import of lumber for housing
Sekisui Heim Supply Co., Ltd.	Japan	JPY50 million	100.0%	Trading of construction materials and equipment & devices for housing

Urban Infrastructure & Environmental Products

Sekisui Aqua Systems Co., Ltd.	Japan	JPY200 million	78.9%	Production, processing and sales of water supply and drainage systems for industrial plant construction and water tanks
Sekisui Aqua Tec Co., Ltd.	Japan	JPY30 million	78.9%	Assembly and sales of panel-tanks and water tank maintenance
Vantec Co., Ltd.	Japan	JPY600 million	100.0%	Production and sales of piping and injection molded products
Teibutsu Co., Ltd.	Japan	JPY20 million	100.0%	Sales of molded resin products
Sekisui Home Techno Co., Ltd.	Japan	JPY360 million	100.0%	Sales and installation of equipment and devices for housing
Sekisui Chemical Hokkaido Co., Ltd.	Japan	JPY200 million	100.0%	Production, processing and sales of molded resin products and construction materials

Consolidated Subsidiaries

		Capital	Percentage of Shares Held	Activities
Toto Sekisui Co., Ltd.	Japan	JPY50 million	100.0%	Production, processing and sales of molded resin products
Hokkaido Sekisui Shoji Co., Ltd.*1	Japan	JPY32 million	100.0%	Sales of molded resin products
Tohoku Sekisui Shoji Co., Ltd.	Japan	JPY30 million	100.0%	Sales of molded resin products
Tokyo Sekisui Shoji Co., Ltd.	Japan	JPY150 million	100.0%	Sales of molded resin products
Chubu Sekisui Shoji Co., Ltd.	Japan	JPY30 million	100.0%	Sales of molded resin products
Kinki Sekisui Shoji Co., Ltd.	Japan	JPY70 million	100.0%	Sales of molded resin products
Chu-Shikoku Sekisui Shoji Co., Ltd.	Japan	JPY30 million	100.0%	Sales of molded resin products
Sanin Sekisui Shoji Co., Ltd.	Japan	JPY30 million	100.0%	Sales of molded resin products
Watanabe Sansho Co., Ltd.*1	Japan	JPY45 million	83.7%	Sales and processing of molded resin tubes, corrosion-resistant devices and plant materials
M&S Pipe Systems Co., Ltd.	Japan	JPY20 million	51.0%	Consulting on production and distribution of pipes and joints
Kyushu Sekisui Kenzai Co., Ltd.	Japan	JPY40 million	100.0%	Sales of rain gutters
Okayama Sekisui Industry Co., Ltd.	Japan	JPY100 million	100.0%	Production, processing and sales of fireproof construction materials and equipment & devices for housing
Shikoku Sekisui Industry Co., Ltd.	Japan	JPY100 million	100.0%	Production, processing and sales of molded resin products
Kyushu Sekisui Industry Co., Ltd.	Japan	JPY130 million	100.0%	Production, processing and sales of molded resin products and construction materials
Sekisui Roof System Co., Ltd.	Japan	JPY100 million	100.0%	Development, production and sales of roofing materials
Sekisui Roof Tech Co., Ltd.	Japan	JPY10 million	100.0%	After-sale maintenance of roofing materials
Nippon No-Dig Technology Co., Ltd.	Japan	JPY60 million	100.0%	Construction and equipment rental for civil engineering projects
Ritto Sekisui Industry Co., Ltd.	Japan	JPY10 million	100.0%	Production and sales of molded resin pipes and joints
Ryuseki Jubi Co., Ltd.	Japan	JPY40 million	100.0%	Production and processing of molded resin products
Kleerdex Company, LLC.	U.S.	USD100 thousand	100.0%	Production and sales of PVC sheeting for molding
Allen Extruders, LLC.	U.S.	USD27,000 thousand	100.0%	Production and sales of ABS sheeting for molding

*1 Capital rounded down to the nearest million yen.

Consolidated Subsidiaries

		Capital	Percentage of Shares Held	Activities
Sekisui SPR Americas, LLC.	U.S.	USD1,000 thousand	100.0%	Production, sales and processing of materials for pipe restoration (SPR method), pipe survey and diagnosis
Eslon B.V.	Netherlands	EUR363 thousand	100.0%	Production and sales of PVC rain gutters and other construction materials
Sekisui Refresh Co., Ltd.	Korea	KRW3,000 million	51.0%	Production and sales of lining profile pipe for pipe restoration
Yongchang Sekisui Composites Co., Ltd.	China	RMB148,086 thousand	62.4%	Production and sales of strengthened plastic piping (fiber reinforced plastic mortar pipes) and synthetic wood products (fiber-reinforced foam urethane)
Sekisui (Qingdao) Plastic Co., Ltd.	China	RMB50,076 thousand	90.0%	Production and sales of high function water system pipes
Sekisui Industrial Piping Co., Ltd.	Taiwan	TWD456,000 thousand	90.0%	Production and sales of plastic valves, industrial pipes and joints
Wuxi SSS-Diamond Plastics Co., Ltd.	China	RMB33,107 thousand	51.0%	Production of polyethylene electrofusion joints

High Performance Plastics

Sekisui Techno Molding Co., Ltd.	Japan	JPY200 million	100.0%	Production, processing and sales of compound resin molded products
Sekisui Film Co., Ltd.	Japan	JPY350 million	100.0%	Production, processing and sales of polyethylene tubes and films
Senseki Kako Co., Ltd.	Japan	JPY20 million	100.0%	Production and processing of polyethylene films
Hiroseki Kako Co., Ltd.	Japan	JPY30 million	100.0%	Production and processing of polyethylene films
Sekisui Film Kyushu Co., Ltd.	Japan	JPY50 million	100.0%	Production, processing and sales of polyethylene tubes and films
Kaseki Kako Co., Ltd.	Japan	JPY10 million	100.0%	Production and processing of polyethylene films
Sekisui Fuller Co., Ltd.	Japan	JPY400 million	50.0%	Production and sales of adhesive materials
Daiichi Pure Chemicals Co., Ltd.*1*2	Japan	JPY1,275 million	100.0%	Production and sales of diagnostics and research use testing drugs
Sekisui Polymatech Co., Ltd.	Japan	JPY50 million	100.0%	Processing and sales of plastic films and foam plastic products
Sekisui Signsystem Co., Ltd.	Japan	JPY40 million	100.0%	Processing and sales of marking films
Sekisui Techno Shoji Higashi Nihon Co., Ltd.	Japan	JPY50 million	100.0%	Sales of compound resin products
Sekisui Techno Shoji Nishi Nihon Co., Ltd.	Japan	JPY50 million	100.0%	Sales of compound resin products
Sekisui Medical Denshi Co., Ltd.	Japan	JPY30 million	100.0%	Production of electronics-use devices

*1 Capital rounded down to the nearest million yen.

*2 On April 1 2008, the medical business of Sekisui Chemical Co., Ltd. was spun off and merged with Daiichi Pure Chemicals Co., Ltd.; the combined firm was renamed Sekisui Medical Co., Ltd.

Consolidated Subsidiaries		Capital	Percentage of Shares Held	Activities
Naseki Seimitsukako Co., Ltd.	Japan	JPY10 million	100.0%	Production and processing of compound resin molded products
Sekisui Amagasaki Kako Co., Ltd.	Japan	JPY20 million	100.0%	Production and processing of compound resin products
Sekisui Musashi Kako Co., Ltd.	Japan	JPY25 million	100.0%	Production and processing of polyolefin film products and adhesive tapes
Sekisui Minakuchi Kako Co., Ltd.	Japan	JPY10 million	100.0%	Production and processing of interlayer films and resins
Sekisui Voltek, LLC.	U.S.	USD41,788 thousand	100.0%	Production and sales of polyolefin foam products
Sekisui Voltek California Inc.	U.S.	USD600 thousand	100.0%	Sales of polyolefin foam products
Sekisui TA Industries, LLC.	U.S.	USD7,000 thousand	100.0%	Production and sales of adhesive tapes
Sekisui S-Lec America, LLC.	U.S.	USD1,765 thousand	100.0%	Production and sales of polyvinyl butyral interlayer films
Sekisui Products, LLC.	U.S.	USD2,037 thousand	100.0%	Import and export of plastic products
Sekisui S-Lec Mexico S.A. de C.V.	Mexico	MXN32,836 thousand	70.9%	Production and sales of polyvinyl butyral interlayer films
Sekisui S-Lec B.V.	Netherlands	EUR11,345 thousand	100.0%	Production and sales of resin for, and products of, polyvinyl butyral interlayer films
Sekisui-Alveo B.V.	Netherlands	EUR1,361 thousand	100.0%	Production of polyolefin foam products
Sekisui Alveo Ltd.	U.K.	GBP7,100 thousand	100.0%	Production of polyolefin foam products
Sekisui Alveo AG	Switzerland	CHF21,000 thousand	100.0%	Sales of polyolefin foam products
Sekisui Alveo S.p.A.	Italy	EUR103 thousand	100.0%	Sales of polyolefin foam products
Sekisui Alveo S.a.r.L.	France	EUR8 thousand	100.0%	Sales of polyolefin foam products
Sekisui-Alveo S.A.	Spain	EUR60 thousand	100.0%	Sales of polyolefin foam products
Sekisui Alveo (Benelux) B.V.	Netherlands	EUR18 thousand	100.0%	Sales of polyolefin foam products
Sekisui Alveo G.m.b.H.	Germany	EUR26 thousand	100.0%	Sales of polyolefin foam products
Sekisui Chemical G.m.b.H.	Germany	EUR665 thousand	100.0%	Import and export of plastic products
Sekisui S-Lec (Thailand) Co., Ltd.	Thailand	THB430,000 thousand	100.0%	Production and sales of polyvinyl butyral interlayer films
Thai Sekisui Foam Co., Ltd.	Thailand	THB450,000 thousand	91.1%	Production and sales of polyolefin foam products
Sekisui Pilon Pty. Ltd.	Australia	AUD1,257 thousand	100.0%	Production and sales of polyolefin foam products
Sekisui Korea Co., Ltd.	Korea	KRW250 million	100.0%	Sales of plastic products; technology services

Consolidated Subsidiaries

		Capital	Percentage of Shares Held	Activities
YoungBo Chemical Co., Ltd.	Korea	KRW10,000 million	52.3%	Production and sales of polyolefin foam products
Muhan Co., Ltd.	Korea	KRW300 million	34.0%	Processing and sales of polyolefin foam products
YoungBo HPP (Langfang) Co., Ltd.	China	RMB51,857 thousand	52.3%	Production and sales of polyolefin foam products
Shanghai Sekisui-Holy Plastics Co., Ltd.	China	RMB41,398 thousand	51.0%	Production and sales of polyolefin foam
Sekisui S-Lec (Suzhou) Co., Ltd.	China	RMB103,465 thousand	100.0%	Production and sales of polyvinyl butyral interlayer films
Beijing Sekisui Trank Medical Technology Co., Ltd.	China	RMB96,671 thousand	85.0%	Production and sales of medical equipment
Sekisui High Performance Packaging (Langfang) Co., Ltd.	China	RMB15,726 thousand	100.0%	Production of adhesive tapes
Sekisui (Shanghai) International Trading Co., Ltd.	China	RMB1,655 thousand	100.0%	Import and export of plastic products
Sekisui (Hong Kong) Ltd.	Hong Kong	HKD300 thousand	100.0%	Import and export of plastic products
Sekisui Chemical (Taiwan) Co., Ltd.	Taiwan	TWD5,000 thousand	100.0%	Import and export of plastic products
Sekisui Chemical Singapore (Pte.) Ltd.	Singapore	SGD70 thousand	100.0%	Import and export of plastic products

Others

Sekisui Seikei Industry Co., Ltd.	Japan	JPY450 million	100.0%	Production, processing and sales of molded resin products
Sekisui Engineering Co., Ltd.	Japan	JPY80 million	100.0%	Factory automation system construction
Hinomaru Co., Ltd.*1	Japan	JPY672 million	88.9%	Sales of fertilizers, agricultural materials and molded resin products
Tokuyama Sekisui Industry Co., Ltd.	Japan	JPY1,000 million	70.0%	Production and sales of PVC resins and medical equipment
Sekisui Kosan Co., Ltd.	Japan	JPY1,000 million	100.0%	Management of company housing
Sekisui Accounting Center Co., Ltd.	Japan	JPY20 million	100.0%	Accounting and finance services; financing services for affiliated companies
Sekisui Insurance Service Co., Ltd.	Japan	JPY30 million	100.0%	Agent for life and non-life insurance
Sekisui America Corporation	U.S.	USD8,421 thousand	100.0%	Holding company
Sekisui Europe B.V.	Netherlands	EUR135 thousand	100.0%	Capital raising; holding company

*1 Capital rounded down to the nearest million yen.

Affiliates

		Capital	Percentage of Shares Held	Activities
Sekisui Plastics Co., Ltd.	Japan	JPY16,533 million	23.8%	
Sekisui Jushi Corp.	Japan	JPY12,334 million	24.2%	
Ibaraki Sekisui Heim Co., Ltd.	Japan	JPY105 million	40.0%	
Tochigi Sekisui Heim Co., Ltd.	Japan	JPY80 million	40.0%	
Sekisui Heim Tokai Co., Ltd.	Japan	JPY198 million	36.3%	
Sekisui Heim Sanyo Co., Ltd.	Japan	JPY100 million	43.3%	
Sekisui Heim Higashishikoku Co., Ltd.	Japan	JPY100 million	25.0%	
Kagawa Sekisui Heim Co., Ltd.	Japan	JPY100 million	37.5%	

STOCK INFORMATION

Sekisui Chemical Co., Ltd.

Head Office:	4-4, Nishitenma 2-chome, Kita-ku, Osaka
Tokyo Head Office:	3-17, Toranomom 2-chome, Minato-ku, Tokyo
Founded:	March 3, 1947
Paid-in Capital:	¥100,002,375,657
Authorized:	1,187,540,000 shares
Issued:	539,507,285 shares
Listings:	Common stock listed on the Tokyo Stock Exchange and the Osaka Securities Exchange

Number of Shareholders: 26,646

Manager of the Register of shareholders: Mitsubishi UFJ Trust and Banking Corporation

Transfer Agency: Mitsubishi UFJ Trust and Banking Corporation
Osaka Corporate Agency Division
1-5, Doujimahama 1-Chome, Kita-ku, Osaka 530-0004

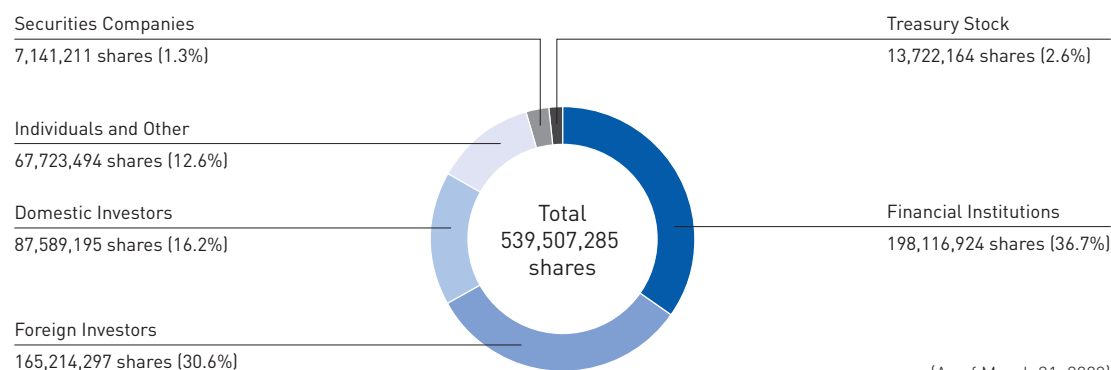
Transfer Agency Branches: Mitsubishi UFJ Trust and Banking Corporation
Branches Nationwide
Nomura Securities Co., Ltd Branches Nationwide

Major Shareholders:

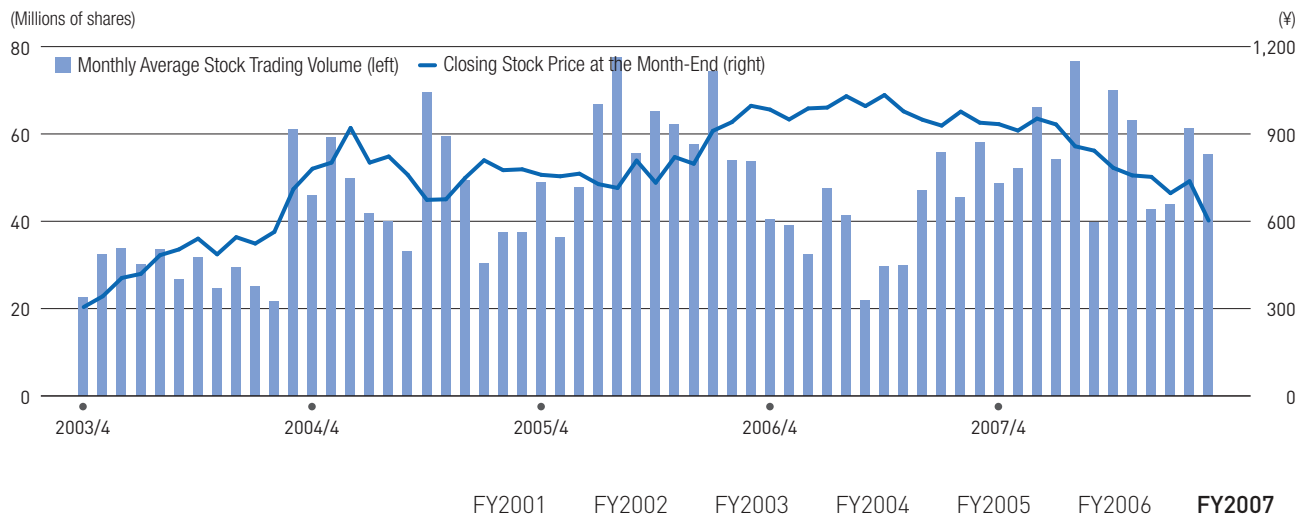
Name of shareholder	State of investments		The Company's investments in these companies	
	Number of Shares Held (Thousands)	Percentage of Ownership (%)	Number of Shares Held (Thousands)	Percentage of Ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,122	5.7	—	—
Asahi Kasei Corporation	31,039	5.7	1,716	0.12
The Dai-ichi Mutual Life Insurance Company	26,181	4.8	—	—
Sekisui House, Ltd.	25,592	4.7	72,168	10.17
Japan Trustee Services Bank, Ltd. (Trust Account)	21,911	4.0	—	—
Tokio Marine & Nichido Fire Insurance Co., Ltd.	15,927	2.9	—	—
The Chase manhattan Bank NA London (SL omnibus account)	15,212	2.8	—	—
State Street Bank and Trust Company	12,715	2.3	—	—
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	9,255	1.7	—	—
Employees Stock Ownership Plan	7,721	1.4	—	—

Note: Sekisui Chemical Co., Ltd. holds 13,722 thousand shares of treasury stock

Breakdown of Shareholders:



[As of March 31, 2008]

SEKISUI CHEMICAL STOCK PRICE AND TRADING VOLUME

Additional information
(Sekisui Chemical Co., Ltd.):

Price range of common stock (yen)

High	¥ 543	¥ 444	¥ 724	¥ 930	¥1,017	¥1,094	¥1,006
Low	300	268	268	621	653	855	570
Market value (billions of yen)	200.7	151.1	383.6	420.3	537.9	506.6	325.3