

[Translation: Please note that the following purports to be an accurate translation of excerpt contents of the original Japanese document, prepared for foreign shareholders solely as a reference material. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Please also be advised that certain explanations for the domestic voting procedures are omitted or modified in this translation.]

SEKISUI CHEMICAL CO., LTD

Stock Exchange Code: 4204

June 7, 2006

To Our Shareholders:

NOTICE OF CONVOCATION OF THE 84th ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 84th Annual General Meeting of Shareholders of SEKISUI CHEMICAL CO., LTD. (the "Company"), which will be held as described below.

If you are unable to attend the aforesaid meeting, please kindly take appropriate procedures to exercise your voting rights upon the following matters for resolution that can be reviewed in the attached "Reference Materials Concerning Exercise of Voting Rights".

[For Reference Only: REGISTERED SHAREHOLDERS IN JAPAN may exercise voting rights by means of either of the following:

[Voting by postal mail]

Please indicate on the voting right exercise form enclosed herewith your approval or disapproval of the items of business on the agenda and to return to the Company the said form after affixing thereto your seal impression.

[Voting by using Internet, etc.]

Please indicate on the website (<http://www.evotep.jp/>) your approval or disapproval of the items of business on the agenda, according to the website instructions. Access to the website requires a voting right code number and password, both of which are indicated on the voting right exercise form enclosed herein. In exercising voting rights via the Internet, etc., please read, "Notes to the Use of the Exercise of Voting Rights via the Internet, etc." (omitted).

Yours very truly,

By: **NAOTAKE OHKUBO**
President & Representative Director
SEKISUI CHEMICAL CO., LTD.
4-4 Nishitenma 2-chome,
Kita-ku, Osaka 530-8565

PARTICULARS

1. **Date and Time of the Meeting:** 10:00 a.m. on June 29, 2006 (Thursday)
2. **Place of the Meeting:** Employee Hall,
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:

1. Report on the Business Report, the Consolidated Balance Sheet, the Consolidated Statement of Income, the Non-Consolidated Balance Sheet and the Non-Consolidated Statement of Income for the 84th Business Term (from April 1, 2005 to March 31, 2006).
2. Report on the Results of the Audits of Consolidated Accounting Documents by the Accounting Auditors and the Board of Corporate Auditors.
3. Report on the Purchase of Its Own Shares Pursuant to a Resolution of the Board of Directors Authorized under the Articles of Incorporation of the Company.

Matters for Resolution:

- First Item of Business:** Approval of the Proposed Appropriation of Retained Earnings for the 84th Business Term
- Second Item of Business:** Partial Amendments to the Articles of Incorporation
(Details of this Item are provided on page 6 through 15 of the English translation of the Reference Materials Concerning Exercise of the Voting Rights attached hereto.)
- Third Item of Business:** Appointment of Five (5) Directors
- Fourth Item of Business:** Appointment of One (1) Corporate Auditor
- Fifth Item of Business:** Approval of Amount and Contents of Stock Option to be Granted to Directors as Remuneration
- Sixth Item of Business:** Issuance of Stock Acquisition Rights under Stock Option Plan
(Details of this Item are provided on page 19 through 22 of the English translation of the Reference Materials Concerning Exercise of the Voting Rights attached hereto.)

For those attending, please present Voting Rights Exercise Form (not enclosed in this translation) at the reception desk on arrival at the meeting.

Sekisui Chemical Group's products exposition will be held at the showroom on the second floor of Osaka Head Office of the Company. The Company would like you to come on this occasion.

- End -

REFERENCE MATERIALS CONCERNING THE EXERCISE OF VOTING RIGHTS

1. **Total number of voting rights held by all shareholders** 527,667
2. **Items of Business and Matters for Reference**

First Item of Business: Approval of the Proposed Appropriation of Retained Earnings for the 84th Business Term

Details of this Item are set forth in the chart below.

One of the Company's primary policies in management is to increase corporate value, with an emphasis on returning the Company's profits to the shareholders proactively. In connection with return of the Company's profits to the shareholders hereafter, the Company will make stable dividends depending upon business results, by setting 30% of consolidated net profit as a standard. The Company proposes that the dividend for the fiscal year under review be ¥6 per share, increasing by ¥1 per share over the dividend for the previous fiscal year. Since the Company paid ¥5 per share as the interim dividend in December 2005, the total amount of dividend for the fiscal year under review is ¥11 per share.

In addition, the Company proposes that the total amount of bonuses for twenty-one (21) Directors and four (4) Corporate Auditors who were incumbent as of the close of the business term under review be ¥207,900,000 (of which the total amount of bonuses for Corporate Auditors shall be ¥16,700,000).

Details of the proposed appropriation of retained earnings for the fiscal year under review are as follows.

The Proposed Appropriation of Retained Earnings for the 84th Business Term

(in Japanese Yen)

Unappropriated retained earnings for the term under review	13,398,968,478
Reversal of the reserve for special depreciation	17,000,000
<u>Reversal of the advance reserve for depreciation asset</u>	<u>272,000,000</u>
Total	13,687,968,478
Proposed appropriation of the above retained earnings is as follows:	
Dividend	3,180,748,986
(¥6 per share)	
Bonuses for Directors and Corporate Auditors	207,900,000
(Bonuses for Corporate Auditors)	(16,700,000)
Retained earnings to be carried forward to the next term	10,299,319,492

[Note] The Company paid the aggregate amount of ¥2,648,455,070 (¥5 per share) as interim dividends on December 5, 2005.

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

1. Reasons for amendments

By virtue of the enforcement on May 1, 2006 of the “Corporate Law” (Law No. 86 of 2005), the Company proposes to make partial amendments to the Articles of Incorporation as follows:

- (1) The Company proposes to add new Article 4 since if, under the Corporate Law, the Company will have the Board of Directors, Corporate Auditor, the Board of Corporate Auditors and the Accounting Auditor, there should be the provision in its Articles of Incorporation to that effect. Similarly, the Company proposes to add new Article 7 since if, under the Corporate Law, the Company will issue share certificates, there should be the provision in its Articles of Incorporation to that effect;
- (2) The Company proposes to add new Article 10 since it became possible to provide definition of the rights of shareholders owning shares less than one unit;
- (3) The Company proposes to move current Article 7 which provides for record dates for voting rights exercisable at the Annual General Meeting of Shareholders to new Article 15 and to make necessary amendments;
- (4) The Company proposes to add Article 17 since it became possible for the Company to furnish a part of Reference Materials of General Meeting of Shareholders by disclosing them in a method of utilizing the Internet;
- (5) The Company proposes to add Article 27 to introduce resolutions of the Board of Directors in writing or electronic measures so that resolutions of the Board of Directors can be adopted in a timely manner whenever necessary;
- (6) The Company proposes to add Article 34 to enable the outside Corporate Auditors to perform their duties effectively;
- (7) The citations of the Commercial Code included in the current Articles of Incorporation shall be replaced by the relevant provisions of the Corporate Law;
- (8) The wordings of the Commercial Code shall be replaced by the wordings used in the Corporate Law, and other amendments to the descriptions and letters shall be made; and
- (9) As a result of the amendments set forth above, the numbering of provisions shall be changed, and any other necessary amendments to the descriptions and letters shall be made accordingly.

2. Contents of proposed amendments

The details of the amendments are described below:

(Parts proposed to be amended are underlined.)

Current Provisions	After Amendments
<p style="text-align: center;">Chapter I. General Provision</p> <p>Article 1 (Trade Name) The Company shall be called “SEKISUI KAGAKU KOGYO KABUSHIKI KAISHA” which shall be expressed in English as “Sekisui Chemical Co., Ltd.”</p>	<p style="text-align: center;">Chapter I. General Provision</p> <p>Article 1 (Trade Name) (Same as the current provisions)</p> <p><u>2</u> The Company shall be expressed in English as “Sekisui Chemical Co., Ltd.”</p>
<p>Article 2 ~ 3 (Omitted)</p>	<p>Article 2 ~ 3 (Same as the current provisions)</p>
<p>(To be newly established)</p>	<p><u>Article 4 (Organization)</u> <u>The Company shall have the following organizations in addition to the General Meeting of Shareholders and Director:</u> <u>1 the Board of Directors;</u> <u>2 the Corporate Auditors;</u> <u>3 the Board of Corporate Auditors; and</u> <u>4 the Accounting Auditors.</u></p>
<p>Article <u>4</u> (Method of Public Notice) Public notices of the Company shall be made electronically. Provided, however, that if public notice being made electronically is prevented from by any unavoidable event including accidents, public notices shall be given on the <i>Nihon Keizai Shimbun</i>.</p>	<p>Article <u>5</u> (Method of Public Notice) [The proposed change relates only to description in Japanese, which does not affect English translation.]</p>
<p style="text-align: center;">Chapter II. Shares</p> <p>Article <u>5</u> (Total Number of Shares to be issued by the Company) The total number of shares <u>to be issued by the Company</u> shall be 1,187,540,000 shares. <u>Provided, however, that in the event that any of shares is canceled, the number of shares to be issued shall be reduced accordingly.</u></p>	<p style="text-align: center;">Chapter II. Shares</p> <p>Article <u>6</u> (Total Number of Shares That the Company May Issue) The total number of shares <u>that the Company may issue</u> shall be 1,187,540,000 shares.</p>
<p>(To be newly established)</p>	<p><u>Article 7 (Issue of Share Certificates)</u> <u>The Company shall issue share certificates for its shares.</u></p>

Current Provisions	After Amendments
<p>Article <u>5-2</u> (<u>Purchase of the Shares of the Company</u>)</p> <p>The Company may <u>purchase</u> its own shares upon a resolution of the Board of Directors pursuant to the provisions of <u>Article 211-3, Paragraph 1, Item 2</u> of the Commercial Code.</p>	<p>Article <u>8</u> (<u>Acquisition of the Shares of the Company</u>)</p> <p>The Company may <u>acquire</u> its own shares upon a resolution of the Board of Directors pursuant to the provision of <u>Article 165, Paragraph 2</u> of the Corporate Law.</p>
<p>Article <u>6</u> (<u>Number of shares per one unit (1 tan-gen)</u> and non-issuance of share certificates for shares constituting less than one unit)</p> <p>Number of shares of the Company per one unit (<u>1 tan-gen</u>) shall be 1,000 shares.</p> <p>The Company shall not issue share certificates for shares constituting less than one unit (<u>1 tan-gen</u>). However if otherwise provided by the Share Handling Regulations, such share certificates may be issued.</p>	<p>Article <u>9</u> (<u>Number of Shares Constituting One Unit and Non-issuance of Share Certificates for Shares Constituting Less Than One Unit</u>)</p> <p>Number of shares of the Company constituting one unit shall be 1,000 shares.</p> <p><u>2 Notwithstanding Article 7</u>, the Company shall not issue share certificates <u>for</u> shares constituting less than one unit. However if otherwise provided by the Share Handling Regulations, such share certificates may be issued.</p>
<p>(To be newly established)</p>	<p>Article <u>10</u> (<u>Right of the Holders of Shares Less Than One Unit</u>)</p> <p><u>A shareholder of the Company (including a beneficial shareholder, the same shall be applied hereinafter) can not exercise rights other than the following rights in connection with shares constituting less than one unit:</u></p> <p><u>1 Rights set forth in each Item of Article 189, Paragraph 2 of the Corporate Law;</u></p> <p><u>2 Rights to request pursuant to Article 166, Paragraph 1 of the Corporate Law;</u></p> <p><u>3 Right of allotment of offered shares or stock acquisition rights in proportion to the number of shares held by the shareholder; and</u></p> <p><u>4 Rights to request pursuant to the following Article.</u></p>
<p>Article <u>6-2</u> (<u>Additional Purchase of less than one unit Shares</u>)</p> <p>A shareholder of the Company <u>who has less than one unit shares (including beneficial shareholders, the same shall be applied hereinafter)</u> may request, pursuant to the Share Handling Regulations, the Company to sell a specified number of shares to constitute one unit if added on the shares owned by the shareholder.</p>	<p>Article <u>11</u> (<u>Additional Purchase of Less Than One Unit Shares</u>)</p> <p>A shareholder of the Company may request, pursuant to the Share Handling Regulations, the Company to sell a specified number of shares to constitute one unit if added on the shares owned by the shareholder.</p>

Current Provisions	After Amendments
<p><u>Article 7 (Record date)</u> <u>The Company shall deem shareholders stated or recorded in the last shareholders' register as at the close of business of March 31 of each year as the shareholders entitled to exercise the rights pertaining to the shares at the Annual General Meeting of Shareholders held for the business term so closed.</u> <u>Except in the cases described in the foregoing paragraph, or otherwise described in this Articles of Incorporation, whenever necessary, in accordance with a resolution of the Board of Directors and upon giving public notice in advance, shareholders or registered pledgees stated or recorded in the Registers as at the close of business on the specified date shall be deemed as the shareholders or registered pledgees entitled to exercise rights pertaining to the shares.</u></p>	<p>(To be deleted)</p>
<p><u>Article 8 (Transfer agent)</u> <u>The Company shall have a transfer agent with respect to its shares. The transfer agent of the Company and its place of business shall be selected by a resolution of the Board of Directors and shall be made public by public notice.</u> <u>The shareholders' register, etc. and register of loss of share certificates of the Company shall be kept at the place of business of the transfer agent and the registration of the transfer of shares, the purchase and additional purchase of shares constituting less than one unit (1 <i>tan-gen</i>) and other matters relating to shares shall be handled by the transfer agent.</u></p>	<p><u>Article 12 (Share Registrar)</u> <u>The Company shall appoint a share registrar.</u> <u>2 The appointment of the share registrar and designation of the place of business shall be determined by a resolution of the Board of Directors and public notice thereof shall be made.</u> <u>3 The preparation and retention of the Register of Shareholders of the Company (including the Register of Beneficial Shareholders, the same shall be applied hereinafter), the register of stock acquisition rights, the register of lost share certificates, and other affairs relating to the Register of Shareholders shall be entrusted to the share registrar, but not handled by the Company.</u></p>
<p><u>Article 9 (Share Handling Regulations)</u> <u>Denomination of share certificates, registration of transfer of shares of the Company, purchase and additional purchase of shares representing less than one unit (1 <i>tan-gen</i>) and other matters concerning the handling of shares and handling fees shall be governed by the Share Handling Regulations established by the Board of Directors.</u></p>	<p><u>Article 13 (Share Handling Regulations)</u> <u>The handling of, and handling fees for shares of the Company shall be governed, in addition to the applicable laws and regulations and this Articles of Incorporation, by the Share Handling Regulations established by the Board of Directors.</u></p>

Current Provisions	After Amendments
<p>Chapter III. General Meeting of Shareholders</p> <p>Article <u>10</u> (Convocation) <u>An</u> Annual General Meeting of Shareholders of the Company shall be convened in June of each year and an Extraordinary General Meeting of Shareholders may be convened when necessary.</p>	<p>Chapter III. General Meeting of Shareholders</p> <p>Article <u>14</u> (Convocation) (Same as the current provisions)</p>
<p>(To be newly established)</p>	<p><u>Article 15 (Record date of an Annual General Meeting of Shareholders)</u> <u>Record date of the voting rights exercisable at an Annual General Meeting of Shareholders shall be March 31st of each year.</u></p>
<p>Article <u>11</u> (Chairman) The Director and President shall convene a General Meeting of Shareholders and act as Chairman thereat. Provided, however, if by an accident the Director and President is prevented to act, another Director shall take his/her place by the resolution of the Board of Directors.</p>	<p>Article <u>16</u> (Chairman) [The proposed change relates only to description in Japanese, which does not affect English translation.]</p>
<p>(To be newly established)</p>	<p><u>Article 17 (Disclosure of Reference Materials of a General Meeting of Shareholders via Internet and Deemed Providing thereof)</u> <u>In convening a General Meeting of Shareholders, the Company may deem information concerning matters required to be described or presented in the reference materials of the General Meeting of Shareholders, business reports, non-consolidated financial statements and consolidated financial statements to be provided to shareholders of the Company / if and when such information is disclosed in a manner using the Internet pursuant to the Ordinances of the Ministry of Justice.</u></p>
<p>Article <u>12</u> (Exercise of voting right by proxy) A shareholder may exercise his/her voting right by proxy who is a shareholder having a voting right to the Company. In that case the shareholder or proxy must submit at each general meeting of shareholders a written document to the Company certifying the proxy's authority.</p>	<p>Article <u>18</u> (Exercise of voting right by proxy) A shareholder may exercise his/her voting right by proxy, the shareholder shall through another shareholder with voting right of the Company. In that case the shareholder or proxy must submit at each general meeting of shareholders a written document to the Company certifying the proxy's authority.</p>

Current Provisions	After Amendments
<p>Article <u>13</u> (Manner of Adopting Resolutions) Unless otherwise provided for in laws, ordinances or these Articles of Incorporation, resolutions of the general meeting of shareholders shall be <u>adopted</u> by a majority of the votes of the shareholders present. <u>Special</u> resolutions as provided for in <u>Article 343 of the Commercial Code</u> shall be <u>adopted</u> at a general meeting of shareholders at which shareholders holding one-third (1/3) or more of voting rights of all the shareholders shall be present, by affirmative vote of two-thirds (2/3) or more of the voting rights <u>of the</u> shareholders so present.</p>	<p>Article <u>19</u> (Manner of Adopting Resolutions) Unless otherwise provided for in Laws ordinance the Articles of Incorporation, resolutions of the General Meeting of Shareholders shall be <u>made</u> by a majority of the votes of the shareholders <u>who can exercise his/her voting right</u> present. Resolutions as provided for in <u>Article 309, Paragraph 2 of the Corporate Law</u> shall be <u>made</u> at a General Meeting of Shareholders at which shareholders holding one-third (1/3) or more of the voting rights of all shareholders <u>who can exercise voting rights</u> shall be present, by affirmative vote of two-thirds (2/3) or more of the voting rights <u>held by</u> shareholders so present.</p>
<p>Chapter IV. Directors and Board of Directors</p> <p>Article <u>14</u> (Number of Directors) The Company shall have three (3) or more Directors. If the Director resigns as his or her office as Director during the term, a substituted Director shall be elected. However the Company may adjourn the election of the substituted Director or not conduct the election by a resolution of the Board of Directors, unless otherwise the number of Directors is lower than the statutory number of Directors.</p>	<p>Chapter IV. Directors and Board of Directors</p> <p>Article <u>20</u> (Number of Directors) (Same as the current provisions)</p> <p><u>2</u> [The proposed change relates only to description in Japanese, which does not affect English translation.]</p>
<p>Article <u>15</u> (Appointment of Directors) Directors shall be elected at the General Meeting of Shareholders. Appointment of Directors shall <u>require the presence of shareholders who holds shares entitled to exercise voting rights equivalent to one third or more of the total number of voting rights owned by all shareholders.</u> Cumulative voting shall not be <u>adopted for resolutions for the appointment of Directors.</u> (To be newly established)</p>	<p>Article <u>21</u> (Appointment of Directors) (Same as the current provisions)</p> <p><u>2</u> A resolution for <u>appointment</u> of Directors shall be <u>made at a General Meeting of Shareholders at which shareholders holding one-third (1/3) or more of the voting rights of all shareholders who can exercise voting rights shall be present, by an affirmative vote of majority of the voting rights held by shareholders so present.</u></p> <p><u>3</u> Cumulative voting shall not be adopted for the <u>appointment of Directors.</u></p>

Current Provisions	After Amendments
<p>Article <u>16</u> (Term of Office of Directors) The term of office of a Director shall expire at the closing of the Annual General Meeting of Shareholders <u>for the settlement of accounts of the last business term within two (2) years after his/her assumption of the office.</u> The term of office of a Director appointed to fill a vacancy or increase the number of Directors shall <u>expire at the same time as incumbent Directors.</u></p>	<p>Article <u>22</u> (Term of Office of Directors) The term of office of a Director shall expire at the closing of the Annual General Meeting of Shareholders <u>held for the last business term that ends within two (2) years after he/she was appointed.</u> <u>2</u> The term of office of a Director appointed to fill a vacancy or <u>due to increase of the prescribed</u> number of Directors shall <u>be up to the expiration of term of office of the incumbent Directors.</u></p>
<p>Article <u>17</u> (Representative Directors) <u>Directors to represent the Company shall be determined by a resolution of the Board of Directors.</u></p>	<p>Article <u>23</u> (Representative Directors) <u>The Board of Directors shall appoint Representative Directors by its resolution.</u></p>
<p>Article <u>18</u> (Directors with Special Titles and Counselors) The Board of Directors may determine Director and Chairman, Director and President, Director and Vice President, Senior Managing Director and Managing Directors by its resolution. The Board of Directors may determine Counselor(s).</p>	<p>Article <u>24</u> (Directors with Special Titles and Counselors) [The proposed change relates only to description in Japanese, which does not affect English translation.] <u>2</u> [The proposed change relates only to description in Japanese, which does not affect English translation.]</p>
<p>Article <u>19</u> (Board of Directors) Board of Directors shall determine, in addition to the matters provided particularly in the laws and regulations or the Articles of Incorporation, the principal conduct of affairs of the Company. The matters related to a Board of Directors shall be governed by the Regulation of the Board of Director established by a Board of Directors.</p>	<p>Article <u>25</u> (Board of Directors) (Same as the first paragraph of the current provisions) <u>2</u> (Same as the later paragraph of the current provisions)</p>
<p>Article <u>20</u> (Convention and Resolution of the Board of Directors) Notice of convocation of a Meeting of the Board of Directors shall be given to each Director and Corporate Auditor three (3) days prior to the date fixed for such meeting. However the above period may be shortened in case of emergency. When all Directors and Corporate Auditors give unanimous consent, a Meeting of Board of Directors may be held without the procedure to convene. Resolution of the Board of Directors shall be adopted by a majority of Directors present, a quorum of which shall be a majority of Directors.</p>	<p>Article <u>26</u> (Convention and Resolution of the Board of Directors) [The proposed change relates only to description in Japanese, which does not affect English translation.] <u>2</u> [The proposed change relates only to description in Japanese, which does not affect English translation.] <u>3</u> [The proposed change relates only to description in Japanese, which does not affect English translation.]</p>

Current Provisions	After Amendments
(To be newly established)	<p><u>Article 27 (Omission of Resolution of the Board of Directors)</u> <u>The Company may deem a proposal for resolution to be approved by a resolution of the Board of Directors, if all Directors give unanimous consent to the proposal in writing or via electronic measures. However the foregoing shall not be applicable in the event that Corporate Auditor(s) dissent(s).</u></p>
<p>Chapter V. Corporate Auditors and the Board of Corporate Auditors</p> <p>Article <u>21</u> (Number of Corporate Auditors) The Company shall have not less than three (3) Corporate Auditors. The provision of Paragraph 2, <u>Article 14</u>, shall be applied <i>mutatis mutandis</i> to the Corporate Auditors.</p>	<p>Chapter V. Corporate Auditors and the Board of Corporate Auditors</p> <p>Article <u>28</u> (Number of Corporate Auditors) (Same as the current provisions)</p> <p><u>2</u> The provision of Paragraph 2, <u>Article 20</u> shall be applied <i>mutatis mutandis</i> to the Corporate Auditors.</p>
<p>Article <u>22</u> (Appointment of Corporate Auditors) Corporate Auditors shall be appointed at the General Meeting of Shareholders. Appointment of Corporate Auditors shall <u>require the presence of shareholders who holds equivalent to one third (1/3) or more of the voting rights owned by all shareholders.</u></p>	<p>Article <u>29</u> (Appointment of Corporate Auditors) (Same as the current provisions)</p> <p><u>2 A resolution for appointment of Corporate Auditors shall be made at a General Meeting of Shareholders at which shareholders holding one-third (1/3) or more of the voting rights of all shareholders who can exercise voting rights shall be present, by an affirmative vote of majority of the voting rights held by shareholders so present.</u></p>
<p>Article <u>23</u> (Term of office of Corporate Auditors) The term of office of Corporate Auditors shall expire at the <u>close</u> of the Annual General Meeting of Shareholders <u>relating to the closing of accounts last to occur within four (4) years after their assumption of office.</u> The terms of office of Corporate Auditors <u>elected to fill vacancies created by the retirement of Corporate Auditors before the expiration of their term of office shall expire at the original maturity of the term of office of the retired Corporate Auditor.</u></p>	<p>Article <u>30</u> (Term of office of Corporate Auditors) The term of office of Corporate Auditor shall expire at the <u>closing</u> of the Annual General Meeting of Shareholders <u>held for the last business term that ends within four (4) years after he/she was appointed.</u> <u>2</u> The term of office of a Corporate Auditor <u>appointed to fill a vacancy caused by retirement of another Corporate Auditor before the expiration of his/her term of office, shall expire at the original maturity of the term of office of the retired Corporate Auditor.</u></p>
<p>Article <u>24</u> (Full -time Corporate Auditors) <u>Corporate Auditors shall determine Full-time Corporate Auditors through resolution by Corporate Auditors.</u></p>	<p>Article <u>31</u> (Full-time Corporate Auditors) <u>The Board of Corporate Auditors shall appoint Full-time Corporate Auditors by its resolution.</u></p>

Current Provisions	After Amendments
<p>Article <u>25</u> (Regulations of the Board of Corporate Auditors) The matters related to a Board of Corporate Auditors shall be governed by the Regulation of the Board of Corporate Auditors established by a Board of Corporate Auditors.</p>	<p>Article <u>32</u> (Regulations of the Board of Corporate Auditors) (Same as the current provisions)</p>
<p>Article <u>26</u> (Convocation and Resolution of the Board of Corporate Auditors) Notice of convocation of a Meeting of the Board of Corporate Auditors shall be given to each Corporate Auditor three (3) days prior to the date fixed for such meeting. Provided, however, that the above period may be shortened in case of emergency. When all Corporate Auditors give unanimous consent, a meeting of the Board of Corporate Auditors may be held without the procedure to convene. Unless otherwise provided by laws and regulations, a resolution of the Board of Corporate Auditors shall be <u>determined</u> by a majority of Corporate Auditors present.</p>	<p>Article <u>33</u> [The proposed change relates only to description in Japanese, which does not affect English translation.]</p>
<p>(To be newly established)</p>	<p><u>Article 34 (Agreement to Limit Liability of Outside Corporate Auditors)</u> <u>The Company may enter into an agreement between Outside Corporate Auditor to the effect that the liability provided by Article 423, Paragraph 1 of the Corporate Law shall be limited when the requirements provided by the applicable laws and regulations are met. The maximum amount of liability under the agreement shall be the minimum amount of liability stipulated by the applicable laws and regulations.</u></p>
<p>Chapter VI. Accounting</p> <p>Article <u>27</u> (Business year <u>and Settlement</u>) The business year of the Company shall commence on April 1st of each year and end on March 31st of following year <u>and the settlement shall be made at the end of business year.</u></p>	<p>Chapter VI. Accounting</p> <p>Article <u>35</u> (Business Year) The business year of the Company shall <u>be one (1) year</u> commencing from on April 1st of each year and ending on March 31st of the following year.</p>
<p>Article <u>28</u> (<u>Dividends</u>) <u>Dividends shall be paid to shareholders or pledges who are stated or recorded on the last shareholders' register on March 31st of each year.</u></p>	<p>Article <u>36</u> (<u>Record date of Distribution of Surplus</u>) <u>Record date of year-end dividends of the Company shall be March 31st of each year.</u></p>

Current Provisions	After Amendments
<p>Article <u>29</u> (Interim dividends) By resolution of the Board of Directors, the Company may make <u>a cash distribution (interim dividends) in accordance with the provisions of Article 293-5 of the Commercial Code to the shareholders or registered pledgees who are stated or recorded in the last register of shareholders as of September 30 of each year.</u></p>	<p>Article <u>37</u> (Interim dividends) <u>By resolution of the Board of Directors, the Company may make Interim dividends to shareholders as of September 30th of each year.</u></p>
<p>Article <u>30</u> (Period of limitation of dividends, etc.) If <u>any dividend or any interim dividend under the preceding Article</u> remains unreceived upon the expiration of three (3) full year from the day on which the payment is tendered, the Company shall be <u>relieved of</u> the obligation to pay any such <u>dividend or interim dividend.</u></p>	<p>Article <u>38</u> (Period of limitation of dividends, etc.) If <u>dividends in cash</u> remains unreceived upon the expiration of three (3) full years from the day on which the payment is tendered, the Company shall be <u>exempt from</u> the obligation to pay such <u>amount.</u></p>

Third Item of Business: Appointment of Five (5) Directors

The terms of office of Messrs. Toyoo Manabe, Gen Endo, Tomohiko Yasuda, Eiji Manshou and Hiroshi Matsubara as Directors of the Company will expire at the close of this Annual General Meeting of Shareholders. Therefore, it is proposed that five (5) new Directors be appointed. Pursuant to the provisions of the Articles of Incorporation of the Company, the terms of office of Directors to be appointed at this Annual General Meeting of Shareholders shall expire at the same time when the terms of office of other incumbent Directors will expire.

The candidates of new Directors are as follows:

No	Name (Date of birth)	Career summary (Representation of Other Companies)	Number of shares of the Company owned
1	Keiji Kobayashi (June 21, 1949)	Apr. 1973: Joined the Company Apr. 2001: President of Hokkaido Sekisui Heim Co., Ltd. President of Hokkaido Sekisui Fami S Co., Ltd. President of Kitanihon Sekisui Industry Co., Ltd. Apr. 2006: General Manager of Living Environment Division, Housing Company [incumbent]	13,180 shares
2	Tatsuo Sudo (January 27, 1952)	Apr. 1974: Joined the Company Apr. 2001: General Manager of Kinki Branch Office, Urban Infrastructure & Environmental Products Company Apr. 2004: General Manager of Tokyo Branch Office, Urban Infrastructure & Environmental Products Company Apr. 2006: Head of Sales and Marketing Department in Urban Infrastructure & Environmental Products Company, In charge of Water Supply and Drainage System Division and Building Materials Division [incumbent]	10,000 shares
3	Mutsumi Fukuda (October 3, 1951)	Apr. 1977: Joined the Company Mar. 2001: General Manager of Medical Division, High Performance Plastics Company [incumbent] Apr. 2006: In charge of Medical Related Business Unit, High Performance Plastics Company [incumbent] (Representation of Other Companies) President of Sekisui Medical Denshi Co., Ltd. President of BEIJING SEKISUI TRANK MEDICAL TECHNOLOGY CO., LTD.	15,000 shares

No	Name (Date of birth)	Career summary (Representation of Other Companies)	Number of shares of the Company owned
4	Kouzo Takami (June 15, 1954)	Apr. 1977: Joined the Company Mar. 2001: Senior Manager of Civil Engineering Systems Division, Urban Infrastructure & Environmental Products Company Jan. 2003: General Manager Environmental Civil Engineering Systems Division, Urban Infrastructure & Environmental Products Company [incumbent] (Representation of Other Companies) President of Nippon No-Dig Technology Co., Ltd. President of SEKISUI REFRESH CO., LTD. Chairman of SEKISUI SPR AMERICAS,LLC.	10,000 shares
5	Akira Nakasuga (September 19, 1955)	Apr. 1980: Joined the Company Apr. 2001: Head of Minase Research Laboratories, Research & Development Institute, High Performance Plastics Company Apr. 2006: In charge of Research & Development, High Performance Plastics Company, Head of Research & Development Institute [incumbent]	10,000 shares

Fourth Item of Business: Appointment of One (1) Corporate Auditor

The term of office of Mr. Yoshiharu Takahashi as Corporate Auditor of the Company will expire at the close of this Annual General Meeting of Shareholders. Therefore, it is proposed that one (1) new Corporate Auditor be appointed. The Board of Corporate Auditors has given a consent to this Item.

The candidate of new Corporate Auditor is as follows:

Name (Date of birth)	Career summary (Representation of Other Companies)	Number of shares of the Company owned
Tadashi Kunihiro (November 29, 1955)	Apr. 1986: Registered as a lawyer Jan. 1994: Opened T. Kunihiro & Co., [incumbent]	-

[Note] Mr. Tadashi Kunihiro is a candidate of the outside Corporate Auditor of the Company.

Fifth Item of Business: Approval of Amount and Contents of Stock Option to be Granted to Directors as Remuneration

It is proposed that the Company will, pursuant to Paragraph 1 of Article 361 of the Corporate Law, grant stock acquisition rights to Directors of the Company as Remuneration in the aggregate amount of up to ¥100,000,000 per annum. If the Third Item of Business above is approved, the number of Directors who are entitled to such stock acquisition rights will be 21.

1. Purpose for issuance of stock acquisition rights

The Company will issue stock acquisition rights to grant incentives to Directors in order to improve business results and increase corporate value and to raise morale for the business operation with an emphasized consideration toward shareholders.

2. Details of stock acquisition rights to be granted

(1) Class and number of shares to be allotted for stock acquisition rights

The number of stock acquisition rights to be granted: Maximum of 235.

The shares to be allotted for stock acquisition rights: Maximum of 235,000 common stocks of the Company.

The number of shares to be allotted for one stock acquisition right: 1,000 shares.

In case the Company makes a stock split or stock consolidation of its outstanding shares and therefore it is appropriate to change the number of shares to be allotted for a stock acquisition right, the Company shall make adjustments necessary therefor.

(2) Value of assets to be contributed upon exercise of stock acquisition rights

The amount to be paid upon exercise of each stock acquisition right shall be the amount to be paid for a share set forth below, multiplied by the number of shares to be allotted for one stock acquisition right set forth (1) above.

The amount to be paid for a share shall be an amount which is the average of the closing prices of the Company's shares of common stock on the Tokyo Stock Exchange on each day (other than any days on which no sale is reported) of the month immediately preceding the month to which the date of the issuance of stock acquisition rights belongs, 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 issuance of stock acquisition rights (or the latest available closing price reported if no trading is made on such date), then such closing price reported on such date shall be the amount to be paid.

In case the Company makes a stock split or stock consolidation of its outstanding shares and

therefore it is appropriate to change the number of shares to be allotted for a stock acquisition right, the Company shall make adjustments necessary therefor. Any amount less than one yen arising out of such adjustment shall be rounded upward to the nearest yen.

(3) Exercise period of stock acquisition rights

From July 1, 2008 to June 30, 2011

(4) Conditions of exercise of stock acquisition rights

(i) Grantees are required to be in the position of Directors or employees of the Company or the affiliated companies of the Company 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 Director of the Company or the affiliated companies of the Company for the expiry of the term of office or any other justifiable reasons.

(ii) No pledge on, or disposition of, stock acquisition rights shall be created or made.

(iii) Other conditions of exercise of stock acquisition rights shall be determined in accordance with the agreement with respect to the granting of stock acquisition rights to be entered into between the Company and each of the Grantees, pursuant to a resolution of the Board of Directors.

(5) Transfer restrictions on stock acquisition rights

Transfer of stock acquisition rights shall require approval of the Board of Directors of the Company.

(6) Details of stock acquisition rights other than the above shall be determined by a resolution of the Board of Directors to determine the terms and conditions of stock acquisition rights.

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

It is proposed that the Company will, pursuant to the provisions of Articles 236, 238 and 239 of the Corporate Law, issue stock acquisition rights under a stock option plan to executive employees of the Company, and representative directors, a part of directors and executive employees of the affiliated companies of the Company, and delegate the determination of the terms and conditions thereof to the Board of Directors of the Company.

1. Purpose for issuing stock acquisition rights

The Company will issue stock acquisition rights under a stock option plan to grant incentives to executive employees of the Company, and representative directors, a part of directors and executive

employees of the affiliated companies of the Company in order to improve business results and increase corporate value and to raise morale for the business operation with an emphasized consideration toward shareholders.

2. Grantees of stock acquisition rights to be allotted:

Executive employees of the Company, and representative directors, a part of directors and executive employees of the affiliated companies of the Company (hereinafter referred to as the “Grantees”)

3. Details of stock acquisition rights

(1) Class and number of shares to be allotted for stock acquisition rights

Maximum of 1,000,000 shares of common stock of the Company.

In case the Company makes a stock split or stock consolidation of its outstanding shares, the number of shares to be allotted for a stock acquisition right shall be adjusted in accordance with the formula set forth below. Provided, however, that such adjustment shall be made solely to the number of shares to be allotted for a stock acquisition right which have not yet been exercised at the time of such stock split or consolidation, and that any fractional shares less than one share arising out of such adjustment shall be disregarded:

$$\begin{array}{rclcl} \text{Number of shares} & = & \text{Number of shares} & \times & \text{Percentages of stock split} \\ \text{after adjustment} & & \text{before adjustment} & & \text{(or stock consolidation)} \end{array}$$

(2) Aggregate number of stock acquisition rights to be issued:

Maximum of 1,000 (The number of shares to be allotted for a stock acquisition right shall be 1,000 shares.). Provided, however, that in case the Company makes a stock split or stock consolidation as set forth in (1) above, the same adjustment shall be made.

(3) Issue price of a stock acquisition right:

Free of charge.

(4) Value of assets to be contributed upon exercise of each stock acquisition right

The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount to be paid for a share upon exercise of exercise of each stock acquisition right (hereinafter referred to as “exercise price”), multiplied by the number of shares to be allotted.

The exercise price shall be an amount which is the average of the closing prices of the Company’s shares of common stock on the Tokyo Stock Exchange on each day (other than any days on which no sale is reported) of the month immediately preceding the month to which the date of the issuance of stock acquisition rights belongs, 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 issuance of stock acquisition rights (or the latest available closing price reported if no trading is made on such date), then such closing price reported on such date shall be the amount to be paid.

In case the Company shall make a stock split or stock consolidation of its outstanding shares after the issuance of a stock acquisition right, the exercise price 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:

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Percentages of stock split or stock consolidation}}$$

Furthermore, in case the Company issues new shares or disposes of its own shares at a price less than the current market price (except where shares are issued upon exercise of stock acquisition rights), the exercise price 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:

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares issued} + \frac{\text{Number of shares newly issued} \times \text{Amount paid per share newly issued}}{\text{Current market price before issuance of new shares}}}{\text{Number of shares issued} + \text{Number of shares newly issued}}$$

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. In case of disposal of treasury stock, the “Number of shares newly issued” shall be read as the “Number of treasury stock to be disposed of.”

In addition, the Company shall make adjustments to the extent reasonable, if adjustments of exercise price will be necessary due to occurrence of unavoidable events after the allotment date of stock acquisition rights including where the Company carries out allotment to holders of common stocks of other class of shares without any charge, or the Company shall distribute shares of other company to common stocks of the Company as dividends in kinds.

(5) Exercise period of stock acquisition rights:

From July 1, 2008 to June 30, 2011

(6) Conditions of exercise of stock acquisition rights:

(i) Grantees are required to be in the position of Directors or employees of the Company or the affiliated companies of the Company 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 director of the Company or the affiliated companies of the Company due to the expiry of the term of office, such person retires from the Company or the affiliated companies of the Company by the age limit, or for any other justifiable reasons.

(ii) No pledge on, or disposition of, stock acquisition rights shall not be created or made.

(iii) Other conditions of the exercise of stock acquisition rights shall be determined in accordance with the agreement with respect to the granting of stock acquisition rights to be entered into between the Company and each of the Grantees, pursuant to a resolution of the Board of Directors.

(7) Transfer restrictions on stock acquisition rights:

Transfer of stock acquisition rights shall require approval of the Board of Directors of the Company.

(8) Amount of stated capital or capital reserve to be increased by issuance of shares upon exercise of stock acquisition rights

(i) The amount of stated capital to be increased by issuance of shares upon exercise of stock acquisition rights shall be half of the maximum amount of increase of stated capital, etc. calculated pursuant to Article 40, Paragraph 1 of the Accounting Rules for Corporation, and any amount less than one yen arising out of such calculation shall be rounded upward to the nearest yen.

(ii) The amount of stated capital to be increased by issuance of shares upon exercise of stock acquisition rights shall be the amount obtained by deducting the amount of increase of stated capital as set forth in the above (i) from the maximum amount of increase of stated capital, etc. as set forth in the above (i).

(9) Details of stock acquisition rights other than the above shall be determined by a resolution of the Board of Directors to determine the terms and conditions of stock acquisition rights.