

[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 6, 2007

To Our Shareholders:

NOTICE OF CONVOCATION OF THE 85TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 85th 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, you may exercise your voting rights by choosing either the methods stated below. In such case, please kindly see the attached Reference Documents Concerning the General Meeting of Shareholders below and exercise your voting rights before 5:30 PM on June 27, 2007 (Wednesday).

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

[In case of exercising voting rights via mail]

Please indicate on the Voting Right Exercise Form enclosed herewith your approval or disapproval of each of the items listed thereon and return the form to the Company before the deadline stated above.

[In case of exercising voting rights via the Internet, etc.]

Please access the website for exercising voting rights designated by the Company (<http://www.evotep.jp/>), indicate your approval or disapproval of each of the items by following the guidance on the display after entering the "log-in ID" and "password" shown on the enclosed Voting Right Exercise Form.

The Company cordially requests the shareholders who exercise voting rights via the Internet, etc. to understand the Guidance for the Exercise of Voting Rights via the Internet, etc. below. (omitted)

If voting rights are exercised via both mail and via the Internet, only the vote registered via the Internet will be recognized as valid.

Yours very truly,

By: **NAOTAKE OKUBO**
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 28, 2007 (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. **Agenda of the Meeting:**

Matter for Reporting:

1. Report on the Business Report, the Consolidated Accounting Documents and the Non-Consolidated Accounting Documents for the 85th Business Term (from April 1, 2006 to March 31, 2007).
2. Report on the Results of the Audits of Consolidated Accounting Documents by the Accounting Auditor and the Board of Corporate Auditors.

Matters for Resolution:

- | | |
|----------------------------------|---|
| First Item of Business: | Appropriation of Retained Earnings |
| Second Item of Business: | Partial Amendments to the Articles of Incorporation |
| Third Item of Business: | Appointment of Twenty-One (21) Directors |
| Fourth Item of Business: | Appointment of Two (2) Corporate Auditors |
| Fifth Item of Business: | Provision of Officers' Bonus |
| Sixth Item of Business: | Revision of Amounts of Remunerations to Directors as a Group and Corporate Auditors as a Group |
| Seventh Item of Business: | Issuance of Stock Acquisition Rights under Stock Option Plan |

- End -

The date and time, and place and agenda of the Meeting are as stated above.

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.

If any amendment is made to the Reference Document Concerning the General Meeting of Shareholders and Business Report, Consolidated Accounting Documents and Non-Consolidated Accounting Documents, the amended version shall be posed on the Company's website (<http://www.sekisui.co.jp/>).

**REFERENCE DOCUMENTS CONCERNING
THE GENERAL MEETING OF SHAREHOLDERS**

First Item of Business: Appropriation of Retained Earnings

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 returning of the Company's profits to the shareholders hereafter, the Company will implement stable dividends depending upon business results with a target of a dividend payout ratio of 30% of the consolidated net income. In order to reward the shareholders' support, totally taking into consideration financial conditions and business results for the business term, the Company proposes that the year-end dividend for the business term under review be as follows.

1. Type of dividend assets:

Cash

2. Matters concerning distribution of dividend assets and the aggregate amount:

¥8 per share of common stock of the Company

Aggregate amount of dividends: ¥4,244,271,504

The annual dividend for the business term under review is ¥14 per share, together with the interim dividend of ¥6 per share that was paid in December 2006.

3. The date when dividends of retained earnings take effect:

June 29, 2007

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

The Company proposes to make partial amendments to the Articles of Incorporation as follows:

1. Reason for amendments:

The Company proposes to change Article 22 of the Articles of Incorporation and that the term of office of a Director be one (1) year from two (2) years, in order to further clarify management responsibility of the Company to the shareholders, and quickly respond to changes in management environments.

2. Details of proposed amendments

The details of the amendments are described below:

(Parts proposed to be amended are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>Article 22 (Term of Office of Directors) The term of office of a Director shall expire at the closing of the Annual General Meeting of Shareholders held for the last business term that ends within <u>two (2) years</u> after he/she was appointed. <u>2 The term of office of a Director appointed to fill a vacancy or due to increase of the prescribed number of Directors shall be up to the expiration of term of office of the incumbent Directors.</u></p>	<p>Article 22 (Term of Office of Directors) The term of office of a Director shall expire at the closing of the Annual General Meeting of Shareholders held for the last business term that ends within <u>one (1) year</u> after he/she was appointed. (To be deleted)</p>

Third Item of Business: Appointment of Twenty-One (21) Directors

The terms of office of all Directors of the Company will expire at the closing of this Annual General Meeting of Shareholders. Therefore, it is proposed that twenty-one (21) Directors be appointed.

The candidates of the Directors are as follows:

No	Name (Date of birth)	Career summary, Position and Duty, and Representation of Other Companies	Number of shares of the Company owned
1	Naotake Okubo (March 16, 1940)	<p>Aug. 1962: Joined the Company</p> <p>Apr. 1988: Office Manager of Corporate Development Office</p> <p>Jun. 1989: Director</p> <p>Oct. 1989: In Charge of Corporate Purchasing Department and Tokyo Purchasing Department, Office Manager of Corporate Development Office</p> <p>Jan. 1993: In Charge of Corporate Purchasing Department and Tokyo Purchasing Department, General Manager of Techno-Materials Headquarters</p> <p>Jun. 1993: Managing Director General Manager of Techno-Materials Headquarters</p> <p>Mar. 1997: In Charge of Corporate Planning & Control Office and International Business Department</p> <p>Jun. 1997: Executive Managing Director</p> <p>Jan. 1999: Executive Vice President</p> <p>Jun. 1999: President of the Company [incumbent]</p>	189,242 shares
2	Itsuro Togo (September 16, 1948)	<p>Apr. 1971: Joined the Company</p> <p>Apr. 2002: General Manager of Housing Division, Housing Company</p> <p>Jun. 2002: Director</p> <p>Apr. 2004: Head of President's Office, General Manager of Housing Division, Housing Company</p> <p>Jun. 2004: Managing Director Head of President's Office, Housing Company</p> <p>Apr. 2005: Executive Managing Director President of Housing Company [incumbent]</p>	58,020 shares

No	Name (Date of birth)	Career summary, Position and Duty, and Representation of Other Companies	Number of shares of the Company owned
3	Takayoshi Matsunaga (May 11, 1951)	<p>Apr. 1975: Joined the Company</p> <p>Mar. 2002: Manager of Industrial Tape Division, High Performance Plastics Company</p> <p>Jun. 2002: Director Senior Vice President of High Performance Plastics Company, General Manager of Industrial Tape Division</p> <p>Apr. 2004: Responsible for IT-Related Business Unit, High Performance Plastics Company</p> <p>Jun. 2004: Managing Director</p> <p>Apr. 2005: Executive Managing Director President of High Performance Plastics Company</p> <p>Apr. 2007: President of High Performance Plastics Company Responsible for Building-Related Business Unit [incumbent]</p>	47,762 shares
4	Tetsuji Izu (April 26, 1944)	<p>Apr. 1971: Joined the Company</p> <p>Jan. 1999: Manager of Human Resources & Labor Relations Department</p> <p>Jun. 1999: Director</p> <p>Apr. 2001: In Charge of Nara Business Office</p> <p>Apr. 2002: General Manager of Corporate Strategy Department</p> <p>Apr. 2004: General Manager of Corporate Strategy Department, General Affairs & Human Resources Department, Responsible for Sekisui's overall compliance issues</p> <p>Jun. 2004: Managing Director</p> <p>Apr. 2005: General Manager of General Affairs & Human Resources Department and Environmental Management Department, Responsible for Sekisui's overall compliance, environmental, and CSR issues</p> <p>Jul. 2006: Executive Managing Director</p> <p>Jan. 2007: Responsible for Sekisui's overall CS and compliance issues, and Legal Department General Manager of CSR Department [incumbent]</p>	45,458 shares
5	Hideo Tagashira (January 7, 1955)	<p>Apr. 1977: Joined the Company</p> <p>Oct. 2001: General Manager of Water Supply and Drainage System Division, Urban Infrastructure & Environmental Products Company</p> <p>Jun. 2004: Director Responsible for Pipe & Related Products, General Manager of Water Supply and Drainage System Division, Urban Infrastructure & Environmental Products Company</p> <p>Oct. 2004: Responsible for Pipe & Related Products, Urban Infrastructure & Environmental Products Company</p> <p>Apr. 2005: Managing Director President of Urban Infrastructure & Environmental Products Company</p> <p>Jul. 2006: Executive Managing Director [incumbent]</p>	42,475 shares

No	Name (Date of birth)	Career summary, Position and Duty, and Representation of Other Companies	Number of shares of the Company owned
6	Yoshiyuki Takitani (February 24, 1949)	<p>Apr. 1971: Joined the Company</p> <p>Mar. 2001: Department Manager of Development Department, Housing Company</p> <p>Jun. 2001: Director</p> <p>Apr. 2002: Head of President's Office of Housing Company</p> <p>Apr. 2004: General Manager of CS & Quality Management Department and Corporate Communication Department Responsible for Sekisui's overall CS issues</p> <p>Jun. 2004: Managing Director</p> <p>Apr. 2005: General Manager of Corporate Management Strategy Department and Corporate Communication Department</p> <p>Jan. 2007: Responsible for Corporate Communication Department General Manager of Corporate Management Strategy Department [incumbent]</p>	40,377 shares
7	Ken Yoshida (May 23, 1951)	<p>Apr. 1974: Joined the Company</p> <p>Mar. 2001: General Manager of Research & Development Institute, High Performance Plastics Company</p> <p>Jun. 2002: Director Senior Vice President of High Performance Plastics Company</p> <p>Apr. 2003: Head of R&D Technology Center</p> <p>Jun. 2004: Managing Director [incumbent]</p> <p>Apr. 2005: General Manager of CS & Quality Management Department, Head of R&D and Technology Center, Responsible for Sekisui's overall CS issues</p> <p>Jan. 2007: CTO Head of R&D Center [incumbent]</p>	62,531 shares
8	Naofumi Negishi (March 19, 1948)	<p>Apr. 1971: Joined the Company</p> <p>Apr. 2002: Group Leader of Corporate Finance & Accounting and Corporate Planning</p> <p>Apr. 2003: General Manager of Corporate Finance, Accounting and Planning Department</p> <p>Jun. 2003: Director</p> <p>Apr. 2005: Managing Director [incumbent]</p> <p>(Representation of Other Companies) President of Sekisui America Corporation President of Sekisui Europe B.V.</p>	35,609 shares

No	Name (Date of birth)	Career summary, Position and Duty, and Representation of Other Companies	Number of shares of the Company owned
9	Yuji Enatsu (June 7, 1953)	<p>Apr. 1976: Joined the Company</p> <p>Jun. 2001: General Manager of S-Lec Film (Interlayer Film) Division, High Performance Plastics Company</p> <p>Jun. 2004: Director Responsible for Automotive-Related Business Units, General Manager of S-Lec Film (Interlayer Film) Division, High Performance Plastics Company</p> <p>Sep. 2006: Responsible for Automotive-Related Business Unit, General Manager of International Business Department, High Performance Plastics Company [incumbent]</p> <p>(Representation of Other Companies) President of Sekisui Chemical Australia PTY. LTD.</p>	28,757 shares
10	Yoshikazu Marushita (December 27, 1949)	<p>Apr. 1974: Joined the Company</p> <p>Mar. 2001: Senior Manager of Composite Pipe, Civil Engineering System Division, Urban Infrastructure & Environmental Products Company</p> <p>Jan. 2003: General Manager of Reinforced Plastic Pipe Division, Urban Infrastructure & Environmental Products Company</p> <p>Jun. 2005: Director Responsible for Pipe & Related Products, General Manager of Reinforced Plastic Pipe Division, Urban Infrastructure & Environmental Products Company</p> <p>Apr. 2006: Responsible for Overseas Operation, Industrial Materials & Pipes Division, and Composite Products & Material Division, Urban Infrastructure & Environmental Products Company [incumbent]</p> <p>(Representation of Other Companies) President of Sekisui (Qingdao) Plastic Co., LTD.</p>	25,903 shares
11	Toshio Uesaka (March 8, 1952)	<p>Apr. 1977: Joined the Company</p> <p>Oct. 2000: General Manager of Fine Chemical Division, High Performance Plastics Company</p> <p>Mar. 2003: General Manager of Research & Development Institute, High Performance Plastics Company</p> <p>Jun. 2005: Director Responsible for IT-Related Business Units, High Performance Plastics Company, Head of Research & Development Institute</p> <p>Apr. 2006: Responsible for IT-Related Business Units, High Performance Plastics Company [incumbent]</p>	20,903 shares
12	Hidemi Uno (August 13, 1953)	<p>Apr. 1978: Joined the Company</p> <p>Apr. 2002: General Manager of Production & Purchasing Department, Housing Division, Housing Company</p> <p>Jun. 2005: Director Responsible for Technology, General Manager of Technology Department, Housing Company [incumbent]</p>	15,607 shares

No	Name (Date of birth)	Career summary, Position and Duty, and Representation of Other Companies	Number of shares of the Company owned
13	Teiji Kouge (November 14, 1953)	<p>Apr. 1976: Joined the Company</p> <p>Jul. 2001: Executive Managing Director of Nagoya Sekisui Heim Co., Ltd.</p> <p>Apr. 2003: President of Nagoya Sekisui Heim Co., Ltd.</p> <p>Jun. 2005: Director</p> <p>Oct. 2005: Head of Housing Company President's Office</p> <p>Apr. 2006: General Manager of Planning & Control Department, Housing Company</p> <p>Apr. 2007: General Manager of Housing Division and Planning & Control Department, Housing Company [incumbent]</p>	19,607 shares
14	Keiji Kobayashi (June 21, 1949)	<p>Apr. 1973: Joined the Company</p> <p>Apr. 2001: President of Hokkaido Sekisui Heim Co., Ltd. President of Hokkaido Sekisui Fami S Co., Ltd. President of Kitanihon Sekisui Industry Co., Ltd.</p> <p>Apr. 2006: General Manager of Living Environment Division, Housing Company</p> <p>Jun. 2006: Director [incumbent]</p>	20,463 shares
15	Tatsuo Sudou (January 27, 1952)	<p>Apr. 1974: Joined the Company</p> <p>Apr. 2001: General Manager of Kinki Branch Office, Urban Infrastructure & Environmental Products Company</p> <p>Apr. 2004: General Manager of Tokyo Branch Office, Urban Infrastructure & Environmental Products Company</p> <p>Apr. 2006: Responsible for Sales and Water Supply & Drainage Systems, and Building Materials Business, Urban Infrastructure & Environmental Products Company</p> <p>Jun. 2006: Director</p> <p>Apr. 2007: Responsible for Sales and Water Supply & Drainage Systems, Building Materials Business, and Housing Materials & Equipment, Urban Infrastructure & Environmental Products Company [incumbent]</p>	11,817 shares
16	Mutsumi Fukuda (October 3, 1951)	<p>Apr. 1977: Joined the Company</p> <p>Mar. 2001: General Manager of Medical Division, High Performance Plastics Company</p> <p>Apr. 2006: Responsible for Medical-Related Business Unit, General Manager of Medical Products Division, High Performance Plastics Company</p> <p>June. 2006: Director [incumbent]</p> <p>(Representation of Other Companies) President of Sekisui Medical Denshi Co., Ltd.</p>	17,817 shares

No	Name (Date of birth)	Career summary, Position and Duty, and Representation of Other Companies	Number of shares of the Company owned
17	Kouzo Takami (June 15, 1954)	Apr. 1977: Joined the Company Mar. 2001: Senior Manager of Civil Engineering System Planning, Civil Engineering Systems Division, Urban Infrastructure & Environmental Products Company Jan. 2003: General Manager of Environmental Civil Engineering Systems Division, Urban Infrastructure & Environmental Products Company Jun. 2006: Director Apr. 2007: Department Manager of Wood Business Promotion Department, General Manager of Environmental Civil Engineering Systems Division, Urban Infrastructure & Environmental Products Company [incumbent]	12,817 shares
18	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, Head of Research & Development Institute, High Performance Plastics Company Jun. 2006: Director [incumbent]	11,817 shares
19	Yasuo Yamabe (October 6, 1950)	Apr. 1975: Joined the Company Mar. 2001: Senior Manager of Building Pipes & Fittings Business Unit, Water Supply & Drainage Systems Division, Urban Infrastructure & Environmental Products Company Jan. 2003: General Manager of Industrial Materials & Pipes Division, Urban Infrastructure & Environmental Products Company [incumbent] (Representation of Other Companies) President of Sekisui Sanideng Co., LTD.	14,000 shares
20	Hiroyuki Watanabe (February 12, 1955)	Apr. 1978: Joined the Company Apr. 2002: General Manager of Marketing Department, Housing Division, Housing Company Apr. 2003: General Manager of Chubu Sales Headquarters, Housing Company Apr. 2005: General Manager of Tokyo Sales Headquarters, Housing Company [incumbent]	14,000 shares
21	Takeshi Inoue (August 28, 1955)	Apr. 1980: Joined the Company Mar. 2002: General Manager of Synthetic Resins Production Department, Shiga-Minakuchi Plant, High Performance Plastics Company Mar. 2003: General Manager of Fine Chemicals Division, High Performance Plastics Company [incumbent]	50,000 shares

[Note] Each of the candidates have no interest in the Company.

Fourth Item of Business: Appointment of Two (2) Corporate Auditors

The term of office of Mr. Noriaki Kano, Corporate Auditor, will expire at the closing of this Annual General Meeting of Shareholders. The Company proposes to increase one (1) Corporate Auditor in order to further improve the audit system, and that two (2) Corporate Auditors be appointed. The Board of Corporate Auditors has given consent to this Item.

The candidates of new Corporate Auditors are as follows:

No	Name (Date of birth)	Career summary, Position and Duty, and Representation of Other Companies	Number of shares of the Company owned
1	Noriaki Kano (April 29 1940)	Oct. 1982: Professor at Tokyo University of Science Oct. 2000: President of The Japanese Society for Quality Control Nov. 2002: Chairman of Asian Network for Quality Jun. 2003: Corporate Auditor Jun. 2006: Professor Emeritus at Tokyo University of Science [incumbent]	20,000 shares
2	Tamio Morimoto (January 14, 1941)	Apr. 1964: Joined Toyobo Co., LTD. (former Kureha Boseki Co., LTD.) Aug. 1968: Joined Ernst & Young ShinNihon (former Tomishima Accounting Firm) May 2000: Director of Ernst & Young ShinNihon (former Century Ota Showa & Co.) Jun. 2005: Retired Ernst & Young ShinNihon [incumbent]	1,000 shares

- [Notes]
1. Each of the candidates have no interest in the Company.
 2. Messrs. Noriaki Kano and Tamio Morimoto are candidates for external Corporate Auditors.
 3. Matters to be particularly mentioned concerning the candidates for external Corporate Auditors are as follows:
 - (1) Reasons for appointment of the candidates:
 - (i) Mr. Noriaki Kano has largely contributed to the progress and development of quality control inside and outside Japan. The Company requests the shareholders to appoint him as an external Corporate Auditor, to enable him to reflect his experience, cultivated from his career as a quality control professional, and deep insight on customer-oriented management on the Company's audit.
 - (ii) Mr. Tamio Morimoto is a certified public accountant. The Company requests the shareholders to appoint him as an external Corporate Auditor, to enable him to reflect his affluent experiences and knowledge of financing and accounting on the Company's audit.
 - (2) Regarding whether any unlawful business was executed, whether any preventive action was taken therefor and whether any countermeasures were taken after an unlawful business was discovered while the above candidates were in office as Corporate Auditors of the Company:

During the term of Mr. Noriaki Kano in office as Corporate Auditor, The Japan Fair Trade Commission implemented an on-the-spot inspection of the Company in accordance with Article 47-1(4) of the Antimonopoly Law, for suspicion of being a part of a cartel to fix the prices of selling polyethylene gas pipes and rehabilitation pipes to gas companies.

Mr. Noriaki Kano always called attention to comply with the laws and regulations by presenting his opinions at the Board of Directors from customer-oriented perspective. In addition, after the start of the aforesaid investigation, as a member of the Board of Corporate Auditors, he fulfilled his duties by, among other things, giving recommendations to establish an investigation committee that would include outside third parties.
 - (3) Reasons why the Company considers that the candidates for external Corporate Auditors will appropriately implement their duties as external Corporate Auditors, even if such candidates have not been engaged in corporate management in any capacity other than as external directors or external corporate auditors:
 - (i) Mr. Noriaki Kano has achievements in the quality control area, broad overseas experience and a high degree of knowledge concerning customer-oriented management. Accordingly, the Company considers

that he will appropriately implement the duties of an external Corporate Auditor.

- (ii) Mr. Tamio Morimoto is familiar with corporate financing and accounting as a certified public accountant and has a high degree of knowledge concerning corporate management. Accordingly, the Company considers that he will appropriately implement the duties of an external Corporate Auditor.
- (4) If the candidates are the current Corporate Auditors of the Company, the total years after their assumption of office:

The term of Mr. Noriaki Kano, Corporate Auditor, will have been four (4) years at the closing of this Annual General Meeting of Shareholders.

- (5) Summary of agreement to limit external Corporate Auditors' liability:

The Company has entered into an agreement with Mr. Noriaki Kano to limit the amount required to indemnify the Company for damages as provided for under Article 423, Paragraph 1 of the Corporate Law. When his reappointment in this item is approved, the Company will maintain the above agreement with him to limit his liability. Also, when Mr. Tamio Morimoto is appointed as the Corporate Auditor, the Company will enter into an agreement with him to the same effect. The summary of the agreement to limit external Corporate Auditors' liability is as follows:

If external Corporate Auditors cause damages to the Company due to negligence of duties as Corporate Auditors, but they perform their duties in good faith and there are no material faults, external Corporate Auditors are liable to the Company up to the amount limited by the minimum amount of liability provided for under Article 425, Paragraph 1 of the Corporate Law.

Fifth Item of Business: Provision of Officers' Bonus

Taking into consideration the business results for the business term under review, among other things, the Company proposes to pay the officers' bonus to twenty-one (21) Directors and four (4) Corporate Auditors in office as of March 31, 2007, in the aggregate amount of ¥227,190,000 (a bonus to Directors as a group amounting to ¥210,990,000 and a bonus to Corporate Auditors as a group amounting to ¥16,200,000). The Company also proposes that the amount to be paid to each Director be entrusted to the Board of Directors and to each Corporate Auditor be entrusted to determination among the Corporate Auditors.

Sixth Item of Business: Revision of Amounts of Remunerations to Directors as a Group and Corporate Auditors as a Group

The monthly remuneration to Directors of the Company as a group was approved as "an amount not exceeding ¥50,000,000 per month" at the 82nd Annual General Meeting of Shareholders held on June 29, 2004, while the monthly remuneration to Corporate Auditors as a group was approved as "an amount not exceeding ¥7,000,000 per month" at the 72nd Annual General Meeting of Shareholders held on June 29, 1994, and they are still applicable so far.

Upon the enforcement of the Corporate Law, the term "remuneration" is redefined under Article 361, Paragraph 1 and Article 387, Paragraph 1 of the Corporate Law as remunerations as consideration for the performance of the duties as Directors and Corporate Auditors, that include bonuses to Directors and Corporate Auditors, and stock acquisition rights, etc. to be granted to Directors. Accordingly, taking into consideration expanding business results in the future by promoting the Company's mid-term management vision and further improved audit system, it is proposed that the aggregate amount of remunerations hereinafter to the Directors as a group be revised and increased to an amount not exceeding ¥1,100,000,000 per year and to Corporate Auditors as a group to an amount not exceeding ¥120,000,000 per year. The aggregate amount of remunerations to the Directors as a group does not include salary and bonus to be paid to the position of employee who concurrently holds the office of Director. The number of the Directors currently in office is twenty-one (21) and the number of the Corporate Auditors currently in office is four (4) (including two external Corporate Auditors). When the Fourth Item and Fifth Item are approved as originally proposed, the number of the Directors will be twenty-one (21), and the number of the Corporate Auditors will be five (5) (including three (3) external Corporate Auditors), respectively.

Seventh 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 each 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 each 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 each 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 500,000 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:

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

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

Maximum of 500 (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 the exercise price will be necessary due to any 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, 2009 to June 30, 2012

(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 reserve 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.