

[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, 2011

To Our Shareholders:

NOTICE OF CONVOCATION OF THE 89TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our deepest condolences to the victims of the Great East Japan Earthquake. We sincerely wish for a rapid recovery of the affected areas.

You are cordially invited to attend the 89th 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 28, 2011 (Tuesday, JST).

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)

Yours very truly,

By: **NAOFUMI NEGISHI**
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, 2011 (Wednesday, JST)
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:**

Matters for Reporting:

1. Report on the Business Report, the Consolidated Accounting Documents and the Non-Consolidated Accounting Documents for the 89th Business Term (from April 1, 2010 to March 31, 2011).
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: | Appointment of Nine (9) Directors |
| Third Item of Business: | Appointment of One (1) Corporate Auditor |
| Fourth Item of Business: | Issuance of Stock Acquisition Rights under Stock Option Plan |
| Fifth Item of Business: | Renewal of Policy Against Large Purchase of Shares of the Company (Takeover Defense Measure) |

- 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.

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

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

Items and Matters for Reference

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, the Company implements stable dividend policy depending upon business results, with a target of a dividend payout ratio of 30% of the consolidated net income.

Based on this dividend policy, the Company carefully examined the dividend for the fiscal year under review. The Company proposes that the year-end dividend for the business term under review be ¥8, a ¥3 increase per share from that at the end of previous financial year.

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: ¥4,178,767,488

The annual dividend for the business term under review is ¥13 per share, together with the interim dividend of ¥5 per share that was paid in December 2010.

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

June 30, 2011

Second Item of Business: Appointment of Nine (9) Directors

The terms of offices of all directors will expire at the closing of this Annual General Meeting of Shareholders. The Company proposes that nine (9) Directors be appointed.

The candidates of the Directors are as follows:

No	Name (Date of birth)	Career summary, Position and Duty, and Important position of other organizations concurrently assumed	Number of shares of the Company owned
1	Naofumi Negishi (March 19, 1948)	<p>Apr. 1971: Joined the Company</p> <p>Jun. 2003: Director of the Company General Manager of Corporate Finance & Accounting and Planning Department</p> <p>Apr. 2005: Managing Director of the Company General Manager of Corporate Finance & Accounting and Planning Department</p> <p>Oct. 2007: Managing Director of the Company In Charge of Corporate Communication Department General Manager of Corporate Finance & Accounting and Planning Department</p> <p>Apr. 2008: Managing Director of the Company Senior Managing Executive Officer & CFO of the Company In Charge of Corporate Communication Department General Manager of Corporate Finance & Accounting and Planning Department</p> <p>Jun. 2008: Director of the Company Senior Managing Executive Officer & CFO of the Company In Charge of Corporate Communication Department General Manager of Corporate Finance & Accounting and Planning Department</p> <p>Oct. 2008: Vice President & Director of the Company Senior Managing Executive Officer & CFO of the Company In Charge of Corporate Communication Department and Corporate Finance & Accounting and Planning Department</p> <p>Mar. 2009: President & Representative Director, Chief Executive Officer of the Company [incumbent]</p>	105,025 shares
2	Takayoshi Matsunaga (May 11, 1951)	<p>Apr. 1975: Joined the Company</p> <p>Jun. 2002: Director of the Company Senior Vice President of High Performance Plastics Company General Manager of Industrial Tape Division, High Performance Plastics Company</p> <p>Apr. 2004: Director of the Company In Charge of IT-Related Business Unit, High Performance Plastics Company</p> <p>Jun. 2004: Managing Director of the Company In Charge of IT-Related Business Unit, High Performance Plastics Company</p> <p>Apr. 2005: Executive Managing Director of the Company President of High Performance Plastics Company</p>	103,907 shares

No	Name (Date of birth)	Career summary, Position and Duty, and Important position of other organizations concurrently assumed	Number of shares of the Company owned
		<p>Apr. 2008: Executive Managing Director of the Company Senior Managing Executive Officer of the Company President of High Performance Plastics Company</p> <p>Jun. 2008: Director of the Company Senior Managing Executive Officer of the Company President of High Performance Plastics Company [incumbent]</p> <p>(Important position of other organizations concurrently assumed) Director of Sekisui Fuller Co., Ltd. Director of Sekisui America Corporation</p>	
3	Teiji Kouge (November 14, 1953)	<p>Apr. 1976: Joined the Company</p> <p>Jun. 2005: Director of the Company President of Nagoya Sekisui Heim Co., Ltd.</p> <p>Oct. 2005: Director of the Company Head of President's Office of Housing Company</p> <p>Apr. 2006: Director of the Company General Manager of Planning & Control Department of Housing Company</p> <p>Apr. 2007: Director of the Company General Manager of Housing Division and Planning & Control Department of Housing Company</p> <p>Jul. 2007: Director of the Company In Charge of Sales Department, General Manager of Housing Division of Housing Company</p> <p>Feb. 2008: Director of the Company President of Housing Company In Charge of Sales Department, General Manager of Housing Division</p> <p>Apr. 2008: Director of the Company Managing Executive Officer of the Company President of Housing Company</p> <p>Apr. 2009: Director of the Company Senior Managing Executive Officer of the Company President of Housing Company [incumbent]</p>	55,652 shares
4	Hajime Kubo (October 14, 1956)	<p>Apr. 1980: Joined the Company</p> <p>Apr. 2003: General Manager of Packaging Tape Division of High Performance Plastics Company</p> <p>Sep. 2006: General Manager of Business Management Division of High Performance Plastics Company</p> <p>Apr. 2008: Executive Officer of the Company General Manager of Business Management Division of High Performance Plastics Company</p> <p>Jan. 2010: Executive Officer of the Company General Manager of CSR Department</p> <p>Apr. 2010: Executive Officer of the Company In Charge of Corporate Communication Department General Manager of External Affairs Department and CSR Department</p> <p>Jun. 2010: Director of the Company Executive Officer of the Company In Charge of Corporate Communication Department General Manager of External Affairs Department and</p>	22,378 shares

No	Name (Date of birth)	Career summary, Position and Duty, and Important position of other organizations concurrently assumed	Number of shares of the Company owned
		<p>CSR Department Apr. 2011 Director of the Company Managing Executive Officer of the Company In Charge of Corporate Communication Department General Manager of External Affairs Department and CSR Department [incumbent]</p> <p>(Important position of other organizations concurrently assumed) Director of Sekisui America Corporation</p>	
5	Kozo Takami (June 15, 1954)	<p>Apr. 1977: Joined the Company Jan. 2003: General Manager of Environmental Civil Engineering Systems Division, Urban Infrastructure & Environmental Products Company Jun. 2006: Director of the Company General Manager of Environmental Civil Engineering Systems Division, Urban Infrastructure & Environmental Products Company Apr. 2007: Director of the Company In charge of Wood Business Promotion Department, General Manager of Environmental Civil Engineering Systems Division, Urban Infrastructure & Environmental Products Company Mar. 2008: Director of the Company In Charge of Pipeline Renewal Division and Wood Business Promotion Department of Urban Infrastructure & Environmental Products Company Apr. 2008: Director of the Company Executive Officer of the Company In Charge of Pipeline Renewal Division and Wood Business Promotion Department of Urban Infrastructure & Environmental Products Company Jun. 2008: Executive Officer of the Company In Charge of Pipeline Renewal Division and Wood Business Promotion Department of Urban Infrastructure & Environmental Products Company Apr. 2010: Executive Officer of the Company In Charge of Pipeline Renewal Division of Urban Infrastructure & Environmental Products Company Jan. 2011: Managing Executive Officer of the Company Senior Vice President, Assistant to President, In Charge of Pipeline Renewal Division of Urban Infrastructure & Environmental Products Company Mar. 2011: Managing Executive Officer of the Company President of Urban Infrastructure & Environmental Products Company [incumbent]</p> <p>(Important position of other organizations concurrently assumed) Representative Director of SPR Rental Co., Ltd.</p>	33,116 shares

No	Name (Date of birth)	Career summary, Position and Duty, and Important position of other organizations concurrently assumed	Number of shares of the Company owned
6	Satoshi Uenoyama (Nov. 18, 1953) (Candidate for new Director)	<p>Apr. 1980: Joined the Company</p> <p>Apr. 2005: Deputy General Manager of NBO, General Manager of P2 Business Promotion Department of R&D Technology Center</p> <p>Jan. 2007: Deputy General Manager of NBO, General Manager of P2 Business Promotion Department of R&D Center</p> <p>Oct. 2007: General Manager of NBO, General Manager of P2 Business Promotion Department of R&D Center</p> <p>Apr. 2008: General Manager of NBO of R&D Center</p> <p>Apr. 2009: Executive Officer of the Company Head of R&D Center</p> <p>Apr. 2011: Managing Executive Officer of the Company Head of R&D Center [incumbent]</p> <p>(Important position of other organizations concurrently assumed) President & Representative Director of Sekisui Integrated Research Inc.</p>	25,366 shares
7	Naotake Okubo (March 16, 1940)	<p>Aug. 1962: Joined the Company</p> <p>Jun. 1989: Director of the Company Office Manager of Corporate Development Office</p> <p>Oct. 1989: Director of the Company In Charge of Corporate Purchasing Department and Tokyo Purchasing Department</p> <p>Jan. 1993: Director of the Company In Charge of Corporate Purchasing Department and Tokyo Purchasing Department</p> <p>Jun. 1993: Managing Director of the Company General Manager of Techno-Materials Headquarters</p> <p>Mar. 1997: Managing Director of the Company In Charge of Corporate Planning & Control Office and International Business Department</p> <p>Jun. 1997: Executive Managing Director of the Company In Charge of Corporate Planning & Control Office and International Business Department</p> <p>Jan. 1999: Executive Vice President & Director of the Company</p> <p>Jun. 1999: President & Representative Director of the Company</p> <p>Apr. 2008: President & Representative Director, Chief Executive Officer of the Company</p> <p>Mar. 2009: Chairman of the Board and Representative Director of the Company [incumbent]</p>	220,453 shares
8	Tohru Tsuji (February 10, 1939)	<p>Apr. 1961: Joined Marubeni-Iida Co., Ltd. (currently Marubeni Corporation)</p> <p>Jun. 1991: Director of Marubeni Corporation</p> <p>Apr. 1996: Managing Director of Marubeni Corporation</p> <p>Jun. 1997: Senior Managing Director of Marubeni Corporation</p> <p>Apr. 1999: President and CEO, Director of Marubeni Corporation</p> <p>Apr. 2003: Chairman and Member of the Board of Marubeni</p>	—

No	Name (Date of birth)	Career summary, Position and Duty, and Important position of other organizations concurrently assumed	Number of shares of the Company owned
		<p>Corporation</p> <p>Apr. 2004: Chairman and Member of the Board of Marubeni Corporation</p> <p>Apr. 2008: Senior Corporate Advisor and Member of the Board of Marubeni Corporation</p> <p>Jun. 2008: Senior Corporate Advisor of Marubeni Corporation</p> <p>Jun. 2008: Director of the Company [incumbent]</p> <p>(Important position of other organizations concurrently assumed) Outside Director of Konica Minolta Holdings, Inc.</p>	
9	<p>Toru Nagashima (January 2, 1943)</p> <p>(Candidate for new Director)</p>	<p>Apr. 1965: Joined Teijin Limited</p> <p>Jun. 2000: Director of Teijin Limited</p> <p>Apr. 2001: Director, CMO (Chief Marketing Officer) and General Manager of Corporate Strategy & Planning Office of Teijin Limited</p> <p>Jun. 2001: Managing Director of Teijin Limited</p> <p>Nov. 2001: President & Representative Director, COO (Chief Operating Officer) of Teijin Limited</p> <p>Jun. 2002: CEO (Chief Executive Officer) of Teijin Limited</p> <p>Jun. 2008: Chairman of the Board of Teijin Limited [incumbent]</p> <p>(Important position of other organizations concurrently assumed) Chairman of the Board of Teijin Limited Outside Director of Sojitz Corporation Vice Chairman of Japan Association of Corporate Executives Chairman of The Japan Overseas Enterprises Association</p>	—

- (Notes) 1. Each of the candidates has no interest in the Company.
2. Messrs. Tohru Tsuji and Toru Nagashima are candidates for outside Directors.
3. The special matters to be particularly stated with respect to the candidates for outside Directors are as follows:
- (1) Reasons for the election of candidates for outside Directors:
- 1) Mr. Tohru Tsuji has experiences and achievements as a member of the management of one of Japan's representative general trading companies. The Company, therefore, considers that his advice based on the international experiences and knowledge acquired through managing the general trading company will be useful to promote globalization of the Sekisui Chemical Group, and requests shareholders to appoint him as an outside Director.
 - 2) Mr. Toru Nagashima concurrently assumes the office of Chairman of the Board of Teijin Limited. The Company, therefore, considers that his advice based on the experience and knowledge as a management executive of material industry, especially high performance products, to management will contribute to strengthening the corporate governance of the Company, and requests shareholders to appoint him as an outside Director.
- (2) Outlines of the facts whether any unlawful business was executed, whether any preventive action was taken therefor and whether any countermeasures were taken after an unlawful business was found while the above candidates were in office as outside Directors or outside Corporate Auditors of other companies, if the candidates for outside Directors assumed the office of outside Directors or outside Corporate Auditors of other companies in the last five (5) years:
- Sompo Japan Insurance Inc. ("Sompo Japan"), of which Mr. Tohru Tsuji held the office of outside Corporate Auditor during the period from June 2003 to June 2009, received an administrative order from the Financial Services Agency ("FSA") as of May 25, 2006 to

suspend a part of its business operations pursuant to Article 133 of the Insurance Business Law and to improve business operations pursuant to Article 132(1) of the Insurance Business Law, due to the incidental failure in claim payments and irregularity in connection with the underwriting of liability insurance contracts. Before these facts were found, Mr. Tohru Tsuji stated opinions and made recommendations to the Board of Directors and the Board of Corporate Auditors of Sompo Japan, for the system to comply with the laws and regulations, the strengthened internal audit system and the reporting method of results of internal audit. After these facts were found, he regularly checked the implementation status of the business improvement plan which was submitted by Sompo Japan to the FSA, and at the same time, reported advisable opinions to prevent recurrence of such misconducts at the meetings of the Board of Directors and the regular opinion exchange meetings with representative Directors of Sompo Japan.

(3) Summary of agreement to limit outside Directors' liability:

The Company has entered into an agreement with Mr. Tohru Tsuji limiting his liability to compensate, under Paragraph 1 of Article 423 of the Corporate Law. Furthermore, when the election of Mr. Tohru Tsuji is approved, the Company will continue the agreement to limit outside Directors' liability above. Furthermore, upon election of Mr. Toru Nagashima as Director at this Annual General Meeting of Shareholders, the Company intends to enter into the agreement to limit outside Directors' liability above. The summary of the agreement to limit outside Director's liability is as follows:

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

(4) The number of years after candidate for outside Director assumed the office:

The number of years after Mr. Tohru Tsuji has assumed the office of outside Director of the Company will be three (3) years at the closing of this Annual General Meeting of Shareholders.

4. The Company appointed Mr. Tohru Tsuji as Independent Director pursuant to the rules of Tokyo Stock Exchange, Inc. and Osaka Securities Exchange, Co., Ltd., and notified both Exchanges of the appointment. Furthermore, upon appointment of Mr. Toru Nagashima as Director at this Annual General Meeting of Shareholders, the Company intends to designate him as Independent Director.

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

The term of office of Mr. Tamio Morimoto, Corporate Auditor will expire at the closing of this Annual General Meeting of Shareholders. The Company proposes that one (1) Corporate Auditor be appointed. The Board of Corporate Auditors has given consent to this Item.

The candidate of Corporate Auditor is as follows:

Name (Date of birth)	Career summary, Position and Duty, and Important position of other organizations concurrently assumed	Number of shares of the Company owned
Hirofumi Onishi (January 1, 1946) (Candidate for new Corporate Auditor)	Nov. 1971: Joined Tohmatsu-Aoki Audit Corporation (currently Deloitte Touche Tohmatsu LLC) May 1993: Representative (currently Partner) of Tohmatsu Audit Corporation (currently Deloitte Touche Tohmatsu LLC) Jun. 2001: Chairman of The Japanese Institute of Certified Public Accountants KINKI Chapter Jul. 2001: Vice Chairman of The Japanese Institute of Certified Public Accountants Headquarters Jul. 2004: Auditor of The Japanese Institute of Certified Public Accountants Headquarters Apr. 2006: Professor of Ritsumeikan University Graduate School of Management [incumbent]	—

- (Notes)
1. The candidate has no interest in the Company.
 2. Mr. Hirofumi Onishi is a candidate for outside Corporate Auditor.
 3. The special matters to be particularly stated with respect to the candidate for outside Corporate Auditor is as follows:
 - (1) Reasons for the election of candidate for Corporate Auditor:
The Company requests the shareholders to appoint Mr. Hirofumi Onishi as an outside Corporate Auditor, in order to reflect his opinions based on his high level of knowledge of finance and accounting as a certified public accountant for the Company's audit. Despite the fact that he has not participated in management of company in any capacity other than as an outside officer, we believe that he will duly execute his duties as outside Corporate Auditor due to the above-mentioned reasons.
 - (2) Summary of agreement to limit Corporate Auditor's liability:
In the event that this proposition is approved and resolved, the Company will enter into an agreement with Mr. Hirofumi Onishi limiting his liability to compensate, under Paragraph 1 of Article 423 of the Corporate Law. The summary of the agreement to limit outside Corporate Auditor's liability is as follows:
If outside Corporate Auditor cause damages to the Company due to negligence of duties as Corporate Auditor, but he perform his duties in good faith and he is no material faults, outside Corporate Auditor is liable to the Company up to the amount limited by the minimum amount of liability provided for under Paragraph 1 of Article 425 of the Corporate Law.
 4. Upon appointment of Mr. Mr. Hirofumi Onishi as Corporate Auditor at this Annual General Meeting of Shareholders, the Company intends to designate him as Independent Corporate Auditor pursuant to the rules of Tokyo Stock Exchange, Inc. and Osaka Securities Exchange, Co., Ltd., and notified both Exchanges of the appointment.

Fourth 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 representative directors, certain directors and key employees of certain subsidiaries and affiliated companies of Sekisui Chemical Group, 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 representative directors, certain directors and key employees of certain subsidiaries and affiliated companies of Sekisui Chemical Group, 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:

Representative directors, certain directors and key employees of certain subsidiaries and affiliated companies of Sekisui Chemical Group (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 600,000 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:

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

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

Maximum of 600 (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) Amount to be payment upon issue of stock acquisition rights:

No payment shall be made upon issuance of stock acquisition rights.

(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 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 treasury stocks 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, 2013 to June 30, 2016

(6) Conditions of exercise of stock acquisition rights:

(i) Holders of stock acquisition rights are required to be in the position of Directors, executive officers or employees of the Company or subsidiaries or 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 subsidiaries or the affiliated companies of the Company due to the expiry of the term of office, such person retires from the Company or subsidiaries or the affiliated companies of the Company by the retiring 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 Paragraph 1 of Article 17 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.

Fifth Item of Business: Renewal of Policy Against Large Purchase of Shares of the Company (Takeover Defense Measure)

Sekisui Chemical Co., Ltd. (the “Company”) introduced countermeasures against large-scale acquisitions of the Company shares (hereinafter referred to as “the Current Plan”) with the approval of shareholders of the 86th ordinary general meeting of shareholders held on June 27, 2008.

As the Current Plan will mature at the end of the effective period which is at the close of this 89th ordinary general meeting of shareholders, the Company has made a decision after the deep and careful deliberation taking into consideration the circumstances, etc. following the introduction of the Current Plan, to renew the plan with partial modifications at a meeting of the Board of Directors held on May 16, 2011, subject to the approval with more than a half of the voting rights represented by the shareholders present at the 89th ordinary general meeting of shareholders. (such modified Plan will be referred to as “this Plan”) Notice thereof is hereby given as follows:

Summaries of the modifications of the Current Plan in connection with this renewal are as follows:

- (1) The maximum number of days during which period the Company requests large-scale Purchaser to provide additional Information shall be specified 60 days. The maximum number of days for the independent committee evaluation period shall be specified 60 days (or 90 days in the case of a tender offer bid consideration of which is other than cash). Those modifications are made with a view to managing this Plan without delay and preventing the period during which responding to Purchase Proposal from prolonging beyond reasonable extent.
- (2) Various requirements in this Plan were rearranged with certain deletion. The requirements under which triggering the defense measure is deemed reasonable, are made definitely specified, and the phrase such as “essential value” and others which can be considered as abstract terms are deleted.
- (3) Other modifications resulting from the arrangement and revision of the related laws such as the law relating to dematerialization of shares, etc. are made herein.

1. Basic policy toward any person(s) who should have control in determining the Company's policy toward its finance and business

The Company whose shares are listed on the financial instrument exchange respects any free transaction of shares of the Company in the market. Accordingly, it should be left finally to shareholders' judgment on whether or not the proposal for a large purchase of shares of the Company, which would transfer the control of the Company. However, among large purchase actions or proposals for a large purchase of shares of a listed company, there are such actions or proposals as deviate in the light of the purpose and method employed, obviously disregarding enhancement of corporate value and common interest of shareholders of the company, for example, an action or proposal in which the purchaser's profit would be the sole purpose; an action or proposal which will *de fac-to* force shareholders to sell shares; an action or proposal in which the company and shareholders have not been provided reasonably enough time and information to investigate details of the large purchase and present an alternative plan for the large purchase of shares to be prepared by the board of directors, which would obviously prejudice the long-term shareholder value of the company. The Company designed a strategy so as to enhance the corporate value of the Company and in turn protect long- and medium-term common interest of shareholders, and disclosed and explained to shareholders the summary thereof. The Company recognized that it is one of the important duties imposed on the Board of Directors of the Company to protect long-term common interest of shareholders from abusive and inappropriate purchase action as stated above. The Company believes that it is necessary to have established specified rules relating to a large purchase action or proposal for the purchase.

2. Measures to Facilitate Realization of the Basic Policy

For the purpose of enhancing the corporate value and in turn common interest of shareholders in the long- and medium- term, the Company has already designed and carried out the following medium-term management plan. Realization of the basic policy stated in paragraph 1 above and execution of the management plan are combined in the same root. Management of the Company realizes this medium-term management plan so that the Company group would develop substantially, for which purpose the establishment of the minimum rules enabling shareholders to make reasonable judgment based on sufficient information in case of a large purchase action against the Company's shares will facilitate common interest of shareholders.

(1) Measures to Enhance the Corporate Value through Medium-term Management Plan, "GS21-SHINKA"

The Company designed a medium-term management plan, "GS21-SHINKA" for the period from the fiscal year commencing April 2009 to fiscal year commencing April 2013. In "GS21-SHINKA" for the purpose of realizing a newly designed "Group Vision" (Table 1.), each business segment shall grow and be renovated principally in the areas of "frontier 7" (seven areas, namely remodeling, pipe rehabilitation, water infrastructure overseas, functional materials, AT (automotive materials), IT (electronic materials) and MD (medical)), which had been developed at a high rate through cultivation of growing frontiers so that the Company group will further develop (evolutionally and innovatively).

Table 1. “Group Vision” (established in 2009)

Sekisui Chemical Group will continue to develop the frontiers of “Creation of Housing/ Social Infrastructure” and “Chemical Solutions,” utilizing its prominent technology and quality, thereby contributing to people’s lives around the world and the global environment.

This medium-term management plan consists of the earlier part of two years during which the Company will conquer the depression triggered by the “Lehman Shock” and recover profitability, and the later part of three years during which the Company would achieve the expansion of profit along with the planned picture. The Company targets to reach ¥80 billion of operating profit for the year commencing April 2013, the final year of the medium-term management plan.

Furthermore, in March 2011 the Company designs “GS-*SHINKA!* 2nd stage, rolling plan” for the later three year period and tries to brush up strategy and measure.

The details are principally as follows:

1) Growing Measure is promoted by three business segments in the two business areas

The Company group directs two business areas, “creation of housing/ social infrastructure” and “chemical solutions” as shown in the “Group Vision” above. In addition, each business is vertically divided into three, “basic business”, “frontier 7” and “next generation business”. The target of each section so created is definitively set forth (Figure 1).

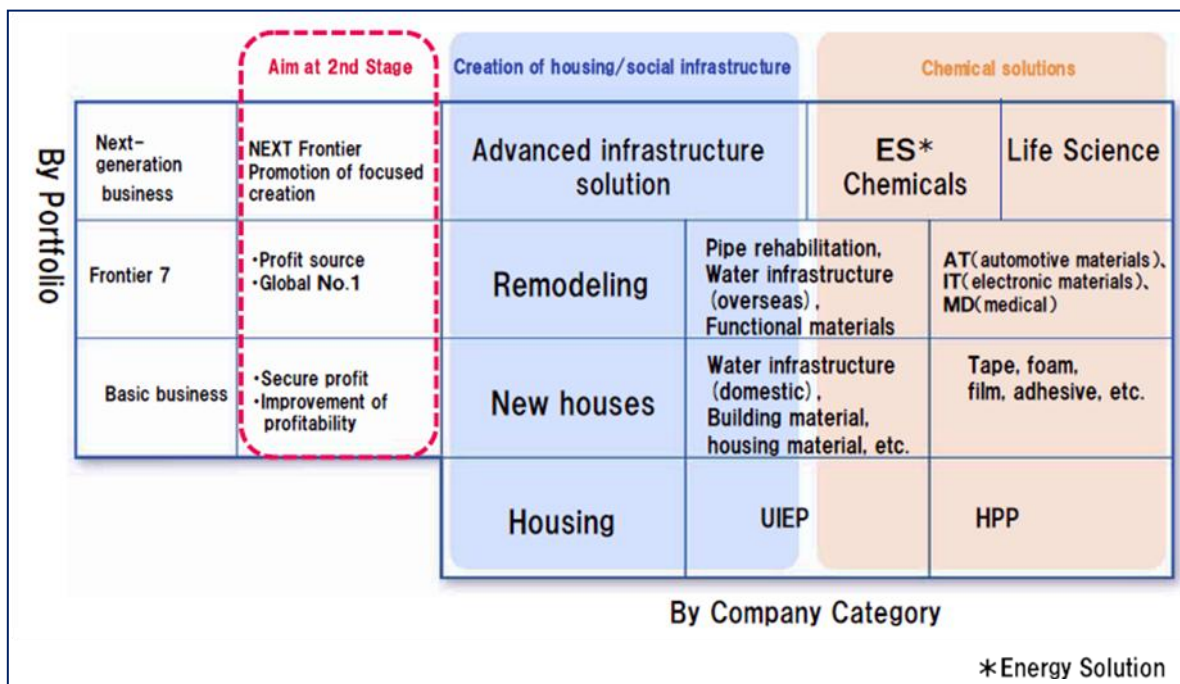
In the rolling plan, enhancement of profitability and steady increase of income will be targeted in “basic business”, and “frontier 7” would be a principal pillar of the Company group in terms of operating income, targeting to become globally No. 1 company, and its operating income aiming to account for 60% of the Company group operating income. In “next generation business”, the direction will be squeezed through selection and concentration, and the cultivation of next frontier will be challenged.

2) Development toward the picture targeted by “three *SHINKA*”

In this medium-term management plan, for the purpose of realizing “Group Vision” by which to transform the Company to “outstanding, high profitable premium company”, in each business segment, the Company will take measures to grow and innovate on the basis of the fundamental strategy for three *SHINKA* (development, evolution and innovation), including “frontier”, “manufacturing development” and “human resources”.

In the rolling plan, these three *SHINKA* will be further brushed up so that each of the business models would be targeted to be innovated.

Figure 1. Framework for planned actions



1. Frontier SHINKA

The Company will promote innovation of market on the basis of three pillars, “global development”, “value chain development” and “development of potential segment” and continue to cultivate frontier.

<①Global development>

The Company will cultivate a new market with its outstanding products and technology in the global market which is the largest frontier, and aims to increase yearly overseas sales to ¥300 billion.

- Expansion of sales of pipe rehabilitation business by strengthened constructing partners in Europe and the United States.
- Pursuit of synergy affected by three business bases system consisting of the United States, Europe and Asia in medical business.
- Strengthening cost competitiveness acquired through the pursuit of optimum global allocation in automotive materials business.

<②Value chain development>

Incorporating vertically and horizontally the chains crossing in the all processes existing in the customer circulating type housing business and pipe rehabilitation business, each consisting of the process in the earlier period (planning and examination) and the process in the later period (construction and repair), the business areas will be expanded to include the peripheral domains.

- Evolution of the value chain relating to customer circulation type housing business.
- Firm establishment of the stock business (strengthening evolution of pipe rehabilitation business) through evolution of value chain.
- Complex of value chain development in the strategic business areas.

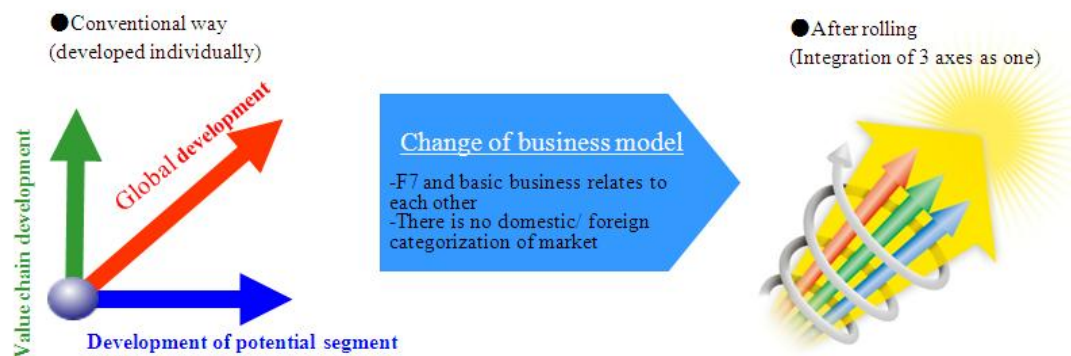
<③Development of potential segment >

Even in a matured market, recognizing that a new demand would be created, we try to cultivate a new growing market with key concepts such as “environment”, “stock” and “energy”.

- Expansion of market share of newly built detached houses in the field of environmentally advanced houses.
- Social infrastructure, renewal of existing constructions, cultivation of demands for earthquake-proof construction and the like.
- Cultivation of new energy field such as products related to saving energy, solar power system equipped houses and the like.

In the rolling plan, each of “global development”, “value chain” and “development of potential segment” will be carried out mutually in the related manner, but not independently, so that the business models would be renovated dynamically (Figure 2).

Figure 2. Integration of 3 business axes as one



2. SHINKA for Manufacture

The Company aims to materialize development by technology innovation and evolution by the strength on manufacturing. In the rolling plan, targeted figures have been reviewed.

- Ultimate costs saving attained through conversion of raw materials and processes.
- Productivity to be doubled with higher degree of automation.
- Restructure of manufacturing system.
- Evolution of conventional “innovation for manufacturing” activities.

3. SHINKA for Human Resources

The Company will promote the innovation of human resources who are able to realize the planned picture of targeted business so that human resources of the Company group would be strengthened. In the rolling plan, targeted figure for each of the measures is reviewed.

- Education and training of human resources so as to actively perform globally.
- Raising human resources so as to become professionals.
- Creation of working places where a wide variety of human resources actively perform duties.

3) Financial strategy

The Company's financial strategy is based on its basic policy by which the corporate value of the Company will be enhanced, which is one of the most important issues on management, and return of profit to shareholders will be actively performed. Under this policy, with respect to return of profit to shareholders, the stable dividend policy reflecting result of operation for the fiscal year concerned is carried out with a target of 30% consolidated payout ratio. Retained earnings will be appropriated to R&D, capital investment, strategic investment, investment and financing and the like, as funds necessitated for future corporate value enhancement.

Investment will be consummated to the extent of operating cash flow, and according to the Company's policy, emphasis is placed on strategic investment in the area expected to grow. Strategic investment consists of capital investment of indispensable equipment for growth hereafter and establishment of the business structure system overseas.

(billion yen)

	FY 2008	FY 2010	FY 2013
Net Sales	934.2	915.4	1,120.0
Housing	424.4	418.6	500.0
UIEP *1	225.2	195.5	240.0
HPP *2	262.6	281.6	360.0
Others	21.8	19.5	20.0
Operating Profit	33.5	49.3	80.0
Housing	17.1	24.3	34.0
UIEP	1.6	1.5	15.0
HPP	15.7	24.3	36.0
Others	-0.9	-0.9	-5.0
Operating Profit Ratio	3.6%	5.4%	7.1%
Overseas Net Sales	151.5	180.0	300.0

*1 UIEP: Urban Infrastructure & Environmental Products

*2 HPP: High Performance Plastics

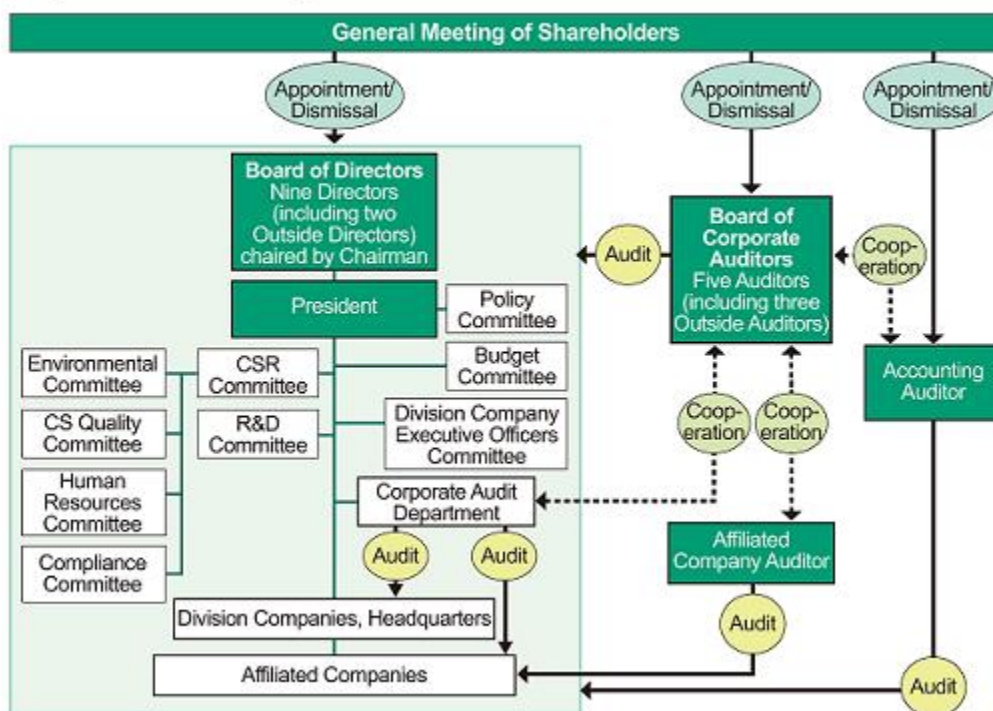
(2) Measures to Strengthen Corporate Governance

The business environment surrounding the Company encountered a substantial turning point in which globalization was accelerated and housing starts decreased. It became indispensable to establish the fundamental measures, including those immediately to cope with new business opportunity, those to establish a system to compete with competitors, and those to manage increased risks. Under these circumstances, the Company embodied the management idea and corporate conduct guideline, and deems it important task on management to strengthen the corporate governance with a view to promoting to increase the corporate value of the whole Company group, and makes clear the supervisory function and business executing function of the Company so that the Company exerts efforts to enhance transparency and fairness of management and pursuit swift decision making.

For the purpose of making further clear responsibilities of management to shareholders, the term of office of Directors of the Company was shortened to one year from two years at the 85th ordinary general meeting of shareholders held on June 28, 2007. Furthermore, with a view to enabling each company of the Company group immediately to comply with changes in business environment of each company, the executive officer system was introduced to the Company on April 2008 and executive officers were elected to exclusively engage in business execution. In addition, in order to continuously increase the corporate value of the Company group, to secure the transparency and fairness of management and to strengthen the supervisory function of the Board of Directors of the Company, two Outside Directors were elected and the number of Directors increased to nine (9) at the 86th ordinary general meeting of shareholders held on June 27, 2008. By virtue of these, a duty of the Board of Directors is now definite and is deemed an organization supervising both a high level of management decision and conditions of business execution.

Furthermore, to secure the independency of Outside Director, the Regulations of Outside Directors of the Company provides that no candidate for Outside Director shall be nominated from among large shareholders of the Company or persons of the main trading partners of the Company.

Corporate Governance System



3. Details of this Plan

(1) Purpose of Introducing this Plan

This Plan is introduced to enable shareholders to secure necessary and sufficient time and information required for shareholders to make an appropriate judgment, securing an opportunity to discuss and negotiate with the persons conducting the large purchase action (hereinafter referred to as “Large Purchaser”) for the purpose of securing and enhancing the corporate value and in turn common interest of shareholders in the event that a large purchase action of shares and the like of the Company or any other equivalent action or any proposal therefor (hereinafter referred to as collectively “Purchase”) is conducted. This Plan prevents any inappropriate person(s) in the light of the basic policy stated in paragraph 1 above from having control in determining the Company’s policy toward its finance and business although, at present moment, no third party has submitted to the Company any specific proposal for a large purchase action of shares and the like of the Company.

The status of large shareholders of the Company as at March 31, 2011 is stated in Attachment 1 (Page 18).

(2) Procedure for this Plan

1) Large Purchase Action subject to this Plan

“Large Purchase Action” subject to this Plan is action falling under item (a) or (b) below (other than those actions approved in advance by the Board of Directors of the Company):

- (a) Any holding of shares¹ and the like of the Company, as a result of which a holding ratio² of the holder³ is 20% or more.
- (b) With respect to shares and the like⁴ of the Company, a tender offer bid⁵ as a result of which the ratio of holding shares and the like⁶ together with the holding ratio by specially related persons⁷ is 20% or more.

2) Establishment of Independent Committee

In connection with triggering or not triggering the measure authorized to the Board of Directors of the Company under the laws and ordinances or the Articles of Incorporation of the Company, including *gratis* allotment of stock acquisition rights, for the purpose of eliminating any arbitrary judgment from the Board of Directors of the Company and securing objectiveness and reasonableness, an independent committee is established independent from the Board of Directors of the Company pursuant to the regulations of the independent committee provided for by the Board of Directors. The summary of the

¹ This is defined in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Law. Unless otherwise defined below, the same will apply.

² This is defined in Article 27-23, paragraph 4.

³ This means the holder as defined in Article 27-23, paragraph 3.

⁴ This is defined in Article 27-2, paragraph 1.

⁵ This is defined in Article 27-2, paragraph 6.

⁶ This is defined in Article 27-2, paragraph 8. The same will be applicable below.

⁷ This means the specially related person(s) defined in Article 27-2, paragraph 7; provided, however, that the person stated in the same paragraph, item 1 is excluded from the person stated in Article 3, paragraph 2 of the Cabinet Order relating to disclosure of tender offer bid of shares and the like by person other than the issuing company.

regulations of the independent committee is set forth in Attachment 2 (Page 19). The independent committee consists of three or more members, who are elected from outside Director or outside Corporate Auditor by the Board of Directors. The names and carriers of the members of the independent committee at the renewal, are stated on Attachment 3 (Page 21).

3) Request for submission of Purchase Statement and Large Purchase Information to Large Purchaser

Prior to conducting a large purchase action, Large Purchaser shall submit to the Board of Directors a document in the form designated by the Company stating the name, address, the law under which it was incorporated, the name of representative, the address in Japan to contact, the summary of the large purchase action and a letter of commitment to comply with the procedure provided for by this Plan in Japanese (hereinafter referred to as “Purchase Statement”) in connection with commencing the large purchase action.

Thereafter, Large Purchaser shall submit to the Board of Directors of the Company information necessary and sufficient in writing in Japanese (hereinafter referred to as “Large Purchase Information”) for shareholders to make judgment and for the independent committee and the Board of Directors to form opinions. Since the details of the large purchase action deviate according to the attributes of Large Purchaser and the details of the large purchase action, the Board of Directors of the Company will make and present to Large Purchaser a list of Large Purchase Information not later than 10 business days following the receipt of Purchase Statement.

Although the details of the Large Purchase Information deviate according to the attributes of Large Purchaser and the purpose and details of the Large Purchase Action, a part of the general items are as follows:

- ① Details of Large Purchaser and its group (joint holder (defined in the Financial Instruments and Exchange Law, Article 27-23, paragraph 5, including that deemed as joint holder under the same Article, paragraph 6), specially related person and fund (in the case of funds, including each member and other constituents), including specified names, details of business, capital structure, details of finance, result of operation, career of the representative and key management, whether or not violation of laws and ordinances in the past and the details thereof and any pending dispute, and the like).
- ② Purpose of Purchase, the manner and details (including, kind and amount of consideration for Purchase, timing of Purchase, structure of the related transactions, legality of the manner in which Purchase is conducted, probability of Purchase to be conducted, and the like).
- ③ Basis on which consideration for Purchase is calculated and method of calculation.
- ④ How to finance the funds for Purchase (specified name of fund provider (including any substantial provider), method of finance and details of the related transactions).
- ⑤ Management policy, business plan, capital policy and dividend policy of the Company following Purchase and policy for treatment of employees of the Company, business partners including customers and interested parties to the Company including creditors and the like.
- ⑥ Whether or not communications with any third party in connection with Purchase and in case of communication made with any third party, details thereof.

In the event that the Board of Directors of the Company reasonably determined that Large Purchase Information provided to the Company is insufficient, upon specifying a reasonable period (provided, however, that the period shall be not longer than 60 days following the day on which Large Purchase

Information was first received) it will demand Large Purchaser to provide additional information to the extent that Large Purchase Information has been fully provided. In this event, Large Purchaser shall be required to submit additionally required Large Purchase Information in writing by the end of the period specified.

In the event that the Board of Directors of the Company received the aforesaid information from Large Purchaser, it shall immediately deliver such information to the independent committee.

The Board of Directors of the Company will disclose to shareholders information relating to Purchase Statement and Large Purchase Information provided by Large Purchaser to the extent deemed necessary by the Company for shareholders to make judgment at the time deemed appropriate by the Board of Directors of the Company.

4) Independent Committee's Demand for Provision of Information to the Board of Directors of the Company

In the event that Large Purchaser has provided Purchase Statement and Large Purchase Information, the independent committee may demand the Board of Directors of the Company to provide an opinion relating to the details of Large Purchase Action and the supporting materials, alternative plan, other information and materials and the like the independent committee deems necessary during a period the independent committee reasonably deems necessary to prepare and deliver (not later than 30 days following the time when the Board of Directors of the Company received a proposal in writing relating to Large Purchase Action specifying such details as the Board of Directors of the Company or the independent committee deems to cover all of Large Purchase Information (hereinafter referred to as "Purchase Proposal").

5) Examination and Evaluation and the like by the independent committee

In the event that the Board of Directors of the Company received Purchase Statement and Purchase Proposal, regardless of whether or not it received demand for submission of information stated in paragraph 4) above from the independent committee, it shall immediately deliver Purchase Proposal to the independent committee. After delivering, when the Board of Directors of the Company deems relevant, it immediately disclose to shareholders the fact of such delivery, the summary of Purchase Proposal, the commencement day and proposed closing day of the independent committee's evaluation period as stated below and such other items as the Board of Directors deems appropriate.

Not later than 60 days (in the case of a tender offer bid for all the shares and the like of the Company the consideration of which is cash in Japanese yen only) or 90 days (in the case of Large Purchase Action other than stated above) (hereinafter referred to as "the independent committee evaluation period") after the time when the independent committee received information and materials and the like from Large Purchaser and (if it demanded for the submission of information as stated in paragraph 4) above), the independent committee will make judgment on recommendation to the Board of Directors of the Company of whether or not the defense measure (the details of which are stated in paragraph (4) below) should be triggered. In order for the independent committee to make judgment so as to secure to facilitate the corporate value of the Company and in turn common interest of shareholders, the independent committee may obtain at the cost of the Company advices from independent third parties (including financial advisers, certified public accountant, lawyer, consultant and any other professional).

From the viewpoint of securing and enhancing the corporate value and in turn common interest of shareholders, the independent committee will directly or through the Board of Directors discuss and negotiate with Large Purchaser if any necessity arises to have the details of Large Purchase Action improved.

6) Recommendation of the independent committee

During, or after the elapse of, the independent committee evaluation period, the independent committee will promptly make judgment on whether or not the defense measure be triggered in accordance with the following standards and make the recommendation thereon to the Board of Directors of the Company. Large Purchaser shall not commence Large Purchase Action before the Board of Directors of the Company resolved not to trigger the defense measure upon receipt of recommendation from the independent committee.

In either of the following cases, the independent committee will disclose to shareholders the details of the recommendation and other matters judged by the independent committee immediately after the judgment.

① In the event that the independent committee recommends to trigger the defense measure.

Upon reviewing Purchase Proposal, the independent committee made judgment that Purchase Proposal fell under either of the requirements allowing the defense measure to be triggered stated in paragraph (3) below, it will make recommendation the Board of Directors of the Company to trigger the defense measure regardless of whether or not the independent committee evaluation period ended.

② In the event that the independent committee recommends not to trigger the defense measure.

Upon reviewing Purchase Proposal, the independent committee made judgment that Purchase Proposal did not fall under any of the requirements allowing the defense measure to be triggered stated in paragraph (3) below or it did fall under either of the requirements but it is not appropriate to trigger the defense measure, or in the event that the Board of Directors of the Company did not provide opinion and information and materials as stated in paragraph 4) above the independent committee had demanded the Board of Directors of the Company to provide within the period specified, it will make recommendation to the Board of Directors of the Company not to trigger the defense measure regardless of whether or not the independent committee evaluation period ended.

③ Recommendation of Cessation and the like of Defense Measure Triggered

After the independent committee recommended to trigger the defense measure, in the event that Large Purchaser withdrew Large Purchase Action or Large Purchase Action was not contemplated, or in the event that the independent committee recognized changes in the factual conditions on which the judgment had been made, or the subject fact to be untrue, and as a result, the independent committee changed to judgment that neither of the requirements to allow the defense measure to be triggered as stated in paragraph (3) below was met, the independent committee will newly make recommendation to the Board of Directors of the Company to suspend to trigger the defense measure.

7) Resolution of the Board of Directors of the Company

The Board of Directors of the Company will immediately make resolution on whether or not finally to trigger the defense measure upon respecting the aforesaid recommendation of the independent

committee to the full extent. In the event that the Board of Directors of the Company made resolution, it will immediately disclose details of the resolution and other items the Board of Directors of the Company deems necessary.

Furthermore, in the event that stock acquisition rights were *gratis* allotted to shareholder as a result of triggering the defense measure, but the independent committee made recommendation provided for in paragraph 6) ③ above, the Board of Directors of the Company may determine to suspend to trigger the defense measure as follows:

- ① If it is before the effective date of *gratis* allotment of stock acquisition rights, the Board of Directors of the Company will cease *gratis* allotment of stock acquisition rights.
- ② If it is after the effective date of *gratis* allotment of stock acquisition rights but before the commencement date of the exercise period, the Board of Directors of the Company will acquire free of charge stock acquisition rights.

(3) Requirement for Triggering Defense Measure

1) In the event that procedure provided for in this Plan is complied with.

In the event that the procedure provided for in this Plan is complied with, the defense measure will in principle not be triggered. However, even if the procedure is complied with, in the event that the details of Purchase Proposal by Large Purchaser fall under either of the requirements below and it is reasonable to trigger the defense measure, upon resolution stated in paragraph (2) 7) above, *gratis* allotment of stock acquisition rights as stated in paragraph (4) below or any other measure will be taken by Directors of the Company so authorized under the laws and ordinances or the Articles of Incorporation of the Company.

- ① Purchase which would obviously prejudice the corporate value and in turn common interest of shareholders of the Company in the light of the purpose of takeover and management policy and the like following the takeover (for example, actions stated below).
 - A. Action to demand the Company to buy back shares and the like of the Company at high price after buying up shares and the like of the Company.
 - B. Action to manage the Company for the benefits of Purchaser at the cost of the Company such as acquiring important assets and the like of the Company by virtue of temporarily controlling the management of the Company.
 - C. Action to make use of assets of the Company group for the security of Large Purchaser's and its group's liabilities or the source of fund for repayment of their debts.
 - D. Action to cause the Company to dispose of expensive assets and the like not directly related to the business of the Company group by virtue of temporary control of management of the Company and pay temporarily high dividend with such proceeds or sell out shares at ceiling price at a targeted opportunity at which share price suddenly sharply arises due to temporary high return.
- ② Purchase which will *de fac-to* force shareholders to sell shares such as coercive Purchase consisting of two stages (i.e., at the first stage the entire Company's shares are not solicited for Purchase, but at the second stage, Purchase will be consummated at less favorable or unspecified conditions to shareholders, including a tender offer bid); and
- ③ Purchase which may fundamentally disrupt the confidence between the Company and

interested parties such as other shareholders of the Company, employees, business partners including customers, creditors of the Company, that are indispensable for sustainable enhancement of the long-term shareholder value of the Company, so that the corporate value and in turn common interest of shareholders of the Company might substantially be disrupted

2) In the event that procedure provided for in this Plan is not complied with.

In the event that Large Purchaser has not provided Large Purchase Information and that Large Purchaser has provided Large Purchase Information (including a case in which information has been provided upon additional demand for submission of information by the Board of Directors of the Company), that are reasonably deemed by the Board of Directors insufficient or Large Purchaser otherwise violated the procedure provided for in this Plan, the Company will trigger the defense measure upon resolution of the Board of Directors of the Company as stated in paragraph (2) 7) above.

(4) Details of Defense Measure (*gratis* allotment of stock acquisition rights and the like)

In the event that the Board of Directors of the Company received recommendation on whether or not to trigger the defense measure, the Company may make *gratis* allotment of stock acquisition rights or any other measure which is authorized to be taken by Directors of the Company under the laws and ordinances or the Articles of Incorporation of the Company upon resolution of the Board of Directors of the Company fully taking into consideration the recommendation. In the event that stock acquisition rights are *gratis* allotted upon actually triggering the defense measure, the summary of stock acquisition rights is stated in Attachment 4 (page 23).

In the event that stock acquisition rights are *gratis* allotted, the exercise period, exercising conditions and terms of acquisition may be set forth taking into consideration expected effect as triggering the defense measure.

(5) Effective Period, Abolishment and Amendment of this Plan

The effective period of this Plan will terminate at the close of the 92nd Ordinary General Meeting of Shareholders scheduled to be held in June 2014. However, in the event that resolution abolishing this Plan is adopted at the General Meeting of Shareholders of the Company or at the Board of Directors of the Company in accordance with recommendation of the independent committee prior to the end of such effective period, this Plan will be abolished pursuant to such resolution at the time the resolution is adopted. Accordingly, it is possible to abolish this Plan in accordance with shareholders' intention.

Furthermore, the Board of Directors of the Company may review or amend this Plan in accordance with recommendation of the independent committee or may take any other measure to prevent any inappropriate person(s) from controlling in determining the Company's policy toward its finance and business. The Board of Directors of the Company will immediately disclose the abolishment in case of abolishment of this Plan and details of changes and other items in case of changes of this Plan.

* The procedure of this Plan is stated in the flowchart in Attachment 5 (page 25).

4. Reasonableness of this Plan

Since the Company incorporated the following points into this Plan upon consideration, the Company believes that this Plan conforms to the corporate value and in turn common interest of

shareholders of the Company along with the basic policy stated in paragraph 1 above and does not intend to have the Company's directors and executive officers to maintain their positions.

(1) Reflection of the shareholders intent

This Plan will be renewed upon approval of shareholders at this General Meeting of Shareholders. As stated in paragraph 3 (5) above, even before the termination of the effective period, in the event that this Plan is abolished by resolution at the General Meeting of Shareholders of the Company, this Plan will be abolished pursuant to such resolution at such time. Accordingly, the intent of shareholders will fully be upheld.

(2) The Plan meeting the requirements provided by the guidelines and the like relating to the Defense Measure

The Plan satisfies all three principles; namely, ①Principle of protecting and enhancing corporate value and the interests of shareholders as a whole, ②Principle of prior disclosure and shareholder' will, and ③Principle of ensuring the necessity and reasonableness, which are provided in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. Also, the Plan is in accordance with the idea shown in the "Takeover Defense Measures in Light of Recent Environmental Changes" published by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry on June 30, 2008. Furthermore, this Plan conforms to the purport provided for in regulations of the Tokyo Stock Exchange, Inc. relating to introduction of defense measures.

(3) Placing emphasis on judgment of independent outside persons

In connection with the introduction of this Plan, for the purpose of excluding arbitrary judgment by the Board of Directors of the Company and enabling substantial judgment duly to be made on behalf of shareholders on implementing this Plan, the independent committee is established. The independent committee is composed of outside Director(s), outside Corporate Auditor(s) and knowledgeable outside expert(s). The summary of judgment rendered by the independent committee will be disclosed to shareholders so that this Plan will be operated with transparency.

(4) Reasonable and objective requirements being set forth

As stated in paragraph 3 (3) above, this Plan is designed so as not to allow defense measure to be triggered unless the reasonable and specified objective requirements have been satisfied with. Accordingly, it is ensured that the Board of Directors of the Company is prevented from arbitrarily triggering the defense measure.

(5) Defense Measure not falling under dead-hand type or slow-hand type take-over defense policy

As stated in paragraph 3 (5) above, since the Board of Directors composed of Directors elected at the General Meeting of Shareholders of the Company may abolish at any time the defense measure, so that Large Purchaser may appoint Directors at the General Meeting of Shareholders of the Company and, then this Plan may be abolished through resolution of the Board of Directors of the Company constituted by such Directors. Accordingly, it is not a dead-hand type take-over defense policy (a defense measure

which cannot be prevented from triggering even if the majority of members of the board are changed). Since the term of Directors of the Company is one year, it is not a slow-hand type take-over defense policy (a defense measure which takes a prolonged time to prevent triggering because all Directors cannot be changed at once).

5. Influence affecting Shareholders

(1) Influence affecting Shareholders and Investors when this Plan is Introduced

When this Plan is renewed, the *gratis* allotment of stock acquisition rights has not been made. Accordingly, the rights and economic value of the shareholders and investors are not directly affected in any respect.

(2) Influence affecting shareholders if *Gratis* Allotment of Stock Acquisition Rights is Made

In the event that the Board of Directors of the Company adopts resolution to make any *gratis* allotment of stock acquisition rights, stock acquisition rights will be allotted *gratis* to shareholders in the rate of one stock acquisition right per share of common stock of the Company held. In the event that shareholders acquire stock acquisition rights on the date designated by the Company and the Company delivers shares of the Company to shareholders in exchange for stock acquisition rights, shareholders will receive shares of the Company without payment of any cash equivalent to the exercise price, which are consideration for the acquisition of stock acquisition rights by the Company. Accordingly, no dilution of shares held by shareholders occurs.

The Company will disclose information necessary for shareholders in the procedure of triggering this Plan, but notwithstanding that resolution for *gratis* allotment of stock acquisition rights was adopted and after stock acquisition rights had been *gratis* allotted, the independent committee recommended to suspend to trigger the defense measure and the like, in which case the Company may acquire free of charge stock acquisition rights without delivering shares to holders of stock acquisition rights prior to the date preceding the commencement date of the exercise period. In such case, the economic value per share of the Company is not diluted, but investors who consummated to sell shares of the Company on the assumption that the economic value per share of the Company would be diluted, would incur losses and damages arising from fluctuation of the stock price.

(3) Procedure requiring shareholders to follow in connection with *gratis* allotment of stock acquisition rights

1) Allotment procedure for stock acquisition rights

Since shareholders who have entered into or recorded in the shareholders' register or the beneficial shareholders' register become holders of stock acquisition rights as a matter of course on the effective date of the *gratis* allotment of stock acquisition rights, no procedure for application therefore is required to follow.

2) Procedure to acquire stock acquisition rights by the Company

The Company may acquire stock acquisition rights in exchange for delivery of shares of the Company on the date designated by the Company upon notice or public notice to holders of stock acquisition rights based on resolution of the Board of Directors of the Company. In such case, shareholders

will receive in principle one share per stock acquisition right without paying cash equivalent to the exercise price (in this case, certain specified shareholders may be required to submit document in the form specified by the Company undertaking that the shareholders do not fall under the specified large holders of shares.) In addition, the Company will make disclosure or notice in details with respect to a method of allotment, manner of transfer of registration and a method of acquisition of stock acquisition rights by the Company after *gratis* allotment of stock acquisition rights is adopted. Accordingly, shareholders are requested to confirm the details of the disclosure or notice.

End

Major Shareholders of the Company

The status of major shareholders of the Company as at March 31, 2011 are as follows:

1. Total number of shares issued: 539,507,285 shares
(including 17,161,349 treasury stock)
2. Major shareholders:

Name of shareholders	Number of Shares Held (thousands)	Percentage of Ownership (%)
Asahi Kasei Corporation	31,039	5.94
Japan Trustee Services Bank, Ltd. (Trust Account)	26,492	5.07
The Dai-ichi Life Insurance Company, Limited	26,181	5.01
Sekisui House, Ltd.	25,592	4.89
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,327	4.46
Japan Trustee Services Bank, Ltd. (Trust Account 9)	19,164	3.66
Tokio Marine & Nichido Fire Insurance Co., Ltd.	15,927	3.04
Employees Stock Ownership Plan	10,612	2.03
JP Morgan Chase Bank 385164	9,704	1.85
State Street Bank and Trust Company 505223	8,485	1.62
Total	196,525	37.62

Notes:

1. Number of shares are indicated disregarding any amount less than thousand.
2. The percentage of ownership represents a percentage of the number of shares, after deducting the number of treasury shares, to the total number of shares issued.
3. The number of treasury stock is 17,161 thousand, representing 3.18% as against the total number of shares issued.

Summary of Regulations for Independent Committee

1. Purpose and the like of establishing a committee

In the event that the Board of Directors of the Company makes judgment on whether the defense measure (i.e., this Plan) to be triggered or not to be triggered against Large Purchase Action of shares and the like of the Company, for the purpose of asking an opinion of an organization independent from the Board of Directors of the Company, the independent committee shall be established by resolution of the Board of Directors of the Company after this Plan is approved at the General Meeting of Shareholders of the Company.

2. Composition of the independent committee

Members of the independent committee will be elected from outside Directors, outside Corporate Auditors and knowledgeable outside experts well informed person, who satisfy requirements for independence provided for by the Board of Directors of the Company. The number of members of the independent committee will be three or more.

3. Term of office of members

The term of office of members of the independent committee shall terminate at the close of a meeting of the Board of Directors of the Company held immediately after the Ordinary General Meeting of Shareholders held with respect to the fiscal year ended within one year after the appointment of the member, but freely reappointed. In the event that the term of office of members terminates but no resolution with respect thereto is adopted by the Board of Directors, the members will be deemed reelected by the Board of Directors.

4. Authority and responsibility of the independent committee

(1) The independent committee may demand, from time to time, the Board of Directors of the Company to submit an opinion on details of Large Purchase Action and the supporting materials, an alternative plan and such other information as the independent committee deems necessary.

(2) The independent committee will make determination on the following items and recommend the Board of Directors of the Company with respect to the matters so determined together with the reasons. Members of the independent committee and Directors of the Company are required to make decision from the viewpoint of whether or not to facilitate the corporate value and in turn common interest of shareholders of the Company, but not for the purpose that they or any third parties including management of the Company would principally get personal benefits.

- ① Consummation or no consummation of *gratis* allotment of stock acquisition rights;
- ② Cessation of *gratis* allotment of stock acquisition rights;
- ③ Abolishment or change of this Plan;
- ④ Introduction of any other measure than this Plan to prevent inappropriate person who should not have control in determining the policy toward the Company's finance and business in the light of the basic policy:

- ⑤ Such other matters as the Board of Directors of the Company asks the independent committee to make advices.

(3) In addition to above, the independent committee will conduct following items.

- ① Determination on whether or not Large Purchase Action falls under this Plan;
- ② Determination of information to be delivered to the independent committee by Large Purchaser and the Board of Directors of the Company;
- ③ Scrutiny and Examination of Large Purchase Action by Large Purchaser;
- ④ Discussion and negotiation with Large Purchaser;
- ⑤ Instruction to the Board of Directors of the Company to examine and present an alternative plan for enhancing the corporate value of the Company;
- ⑥ In addition, such matters as the independent committee may conduct under this Plan;
- ⑦ In addition, such matters as the Board of Directors of the Company determined to enable the independent committee to conduct.

(4) The independent committee may obtain at the Company's costs advices from independent third parties (including financial advisor, certified public accountant, lawyer, consultant and other professionals).

5. Convocation and resolution of the independent committee

- (1) Any member of the independent committee may convene the independent committee in the case of Large Purchase Action is conducted or at any time.
- (2) A meeting of the independent committee will be held with the attendance of all members and resolution of the independent committee will be adopted unanimously by the members present; provided, however, that in an inevitable case, a majority of the members will attend the meeting and resolution will be adopted unanimously by the attendants.

Members of Independent Committee

(Name) Mr. Tohru Tsuji

(Brief profile)

Born in February 10, 1939

Apr. 1961 Joined Marubeni-Iida Co., LTD. (Currently Marubeni Corporation)
 Jun. 1991 Director of Marubeni Corporation
 Apr. 1996 Managing Director of Marubeni Corporation
 Jun. 1997 Senior Managing Director of Marubeni Corporation
 Apr. 1999 President and CEO, Director of Marubeni Corporation
 Apr. 2003 Chairman and CEO, Member of the Board Marubeni Corporation
 Apr. 2004 Chairman, Member of the Board Marubeni Corporation
 Apr. 2008 Senior Corporate Advisor, Member of the Board Marubeni Corporation
 Jun. 2008 Senior Corporate Advisor of Marubeni Corporation (present post)
 Jun. 2008 Outside Director of the Company (present post)

* There are no special interests between Mr. Tsuji and the Company.

* While there are business transactions between the Company and Marubeni Corporation, the amount of sales and amount of purchase to Marubeni Corporation accounted for less than 0.2% of the total amount of each Company's sales and purchase, therefore not falling under the category of primary business partners.

(Name) Mr. Toru Nagashima

(Brief profile)

Born in January 2, 1943

Apr. 1965 Joined Teijin Limited
 Jun. 2000 Director of Teijin Limited
 Apr. 2001 Director, CMO (Chief Marketing Officer) and
 General Manager of Corporate Strategy & Planning Office of Teijin Limited
 Jun. 2001 Managing Director of Teijin Limited
 Nov. 2001 President & Representative Director and COO (Chief Operating Officer) of Teijin
 Limited
 Jun. 2002 CEO (Chief Executive Officer) of Teijin Limited
 Jun. 2008 Chairman of the Board of Teijin Limited (present post)
 Jun. 2011 To be outside Director of the Company

* There are no special interests between Mr. Nagashima and the Company.

* There is no business transaction between the Company and Teijin Limited,

(Name) Mr. Tadashi Kunihiro

(Brief profile)

Born in November 29, 1955

Apr. 1986 Registered as a lawyer

Jan. 1994 Established T. Kunihiro & Co. (present post)

Jun. 2006 Outside Corporate Auditor of the Company (present post)

* There are no special interests between Mr. Kunihiro and the Company.

* There is no legal advisory contract between the Company and T. Kunihiro & Co., a law firm established by Mr. Kunihiro.

Summary of Stock Acquisition Rights

1. Determination of the matters related to *gratis* allotment of stock acquisition rights

(1) Details and number of stock acquisition rights

The details of stock acquisition rights shall be based on the statement in paragraph 2 below and the number of stock acquisition rights shall be the same as the total number of shares issued of the Company (excluding treasury stock) at the end of a certain date determined by the Board of Directors of the Company (hereinafter referred to as the “allotment date”).

(2) Shareholders to whom allotment is made

Stock acquisition rights will be allotted to shareholders who have entered into or been recorded in the register of shareholders of the Company at the rate of one stock acquisition right per share of the Company; provided, however, that no stock acquisition rights will be allotted to treasury stock.

(3) Effective date of *gratis* allotment of stock acquisition rights

The date will be separately determined by the Board of Directors of the Company.

2. Details of stock acquisition rights

(1) Number of shares to be issued upon the exercise of stock acquisition rights

The number of shares issued upon exercise of a stock acquisition right will be one (1) share of common stock of the Company (hereinafter referred to as the “Specified Number of Shares”); provided, however, that if the Company makes any stock split or stock consolidation, the necessary adjustments shall be made.

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

An amount of assets to be contributed upon exercise of stock acquisition right will be an amount not less than Yen one (1) to be determined by the Board of Directors of the Company.

(3) Exercise period of stock acquisition rights

The exercise period will commence the effective date of the *gratis* allotment of stock acquisition rights or a date separately determined by the Board of Directors of the Company and end such date after one (1) month to three (3) months as separately determined by the Board of Directors of the Company; provided, however, that if acquired by the Company pursuant to paragraph (6) below, the exercise period will end the business date preceding the date on which stock acquisition rights are acquired.

(4) Conditions on exercise of stock acquisition rights

Conditions on exercise of stock acquisition rights may be provided for. Such conditions include, but not limited to, a condition that shareholders belonging to the specified shareholders group including Large Purchaser are prohibited to exercise stock acquisition rights. Details shall be separately determined by the Board of Directors of the Company.

(5) Restriction on transfer of stock acquisition rights

Acquisition by transfer of stock acquisition rights shall be subject to approval of the Board of Directors of the Company.

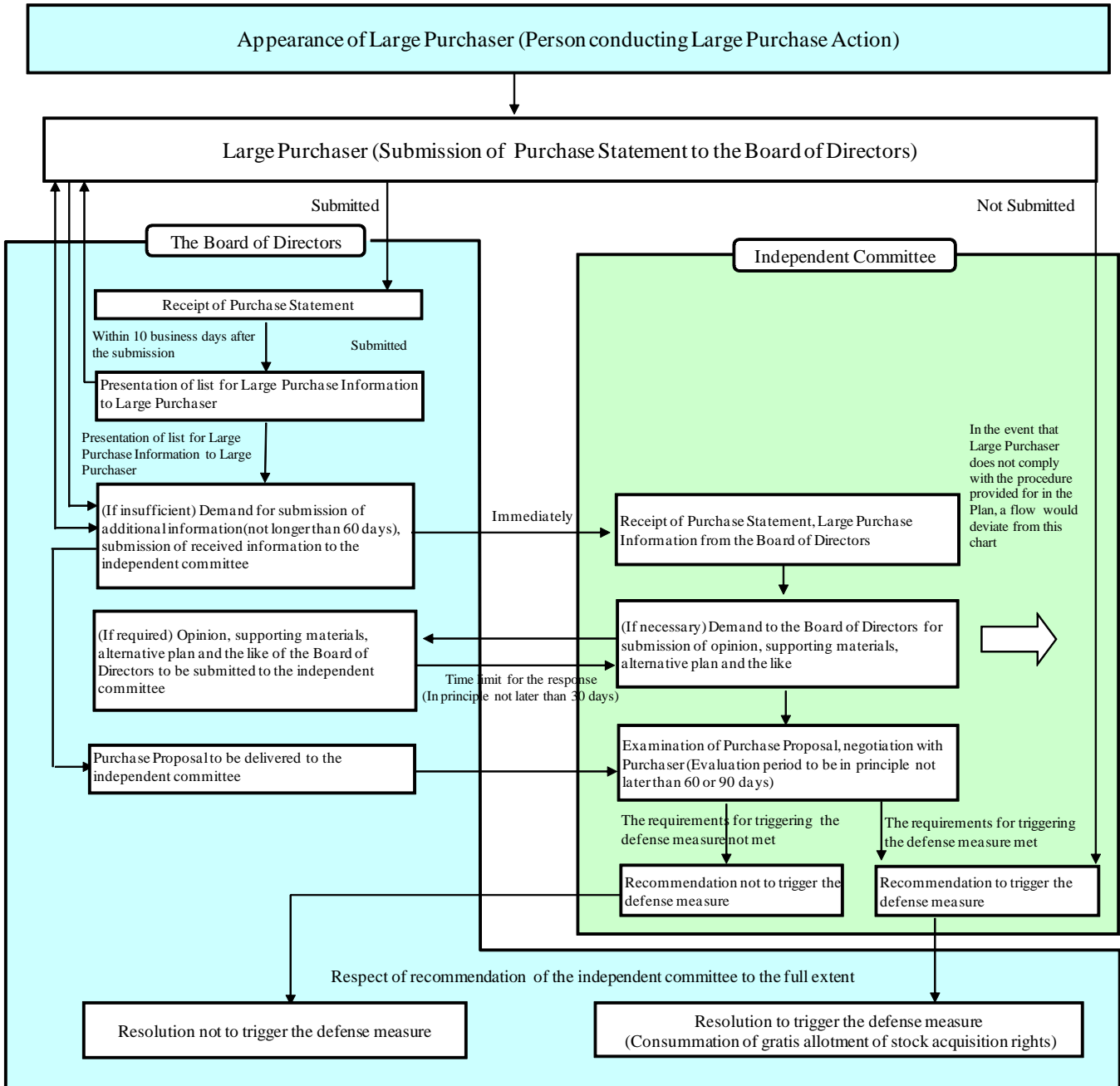
(6) Acquisition of Stock Acquisition Rights by the Company

Conditions on acquisition of stock acquisition rights by the Company may be provided for. Such conditions include, but not limited to, a condition that the Company may deliver the Specified Number of Shares in exchange for one (1) stock acquisition right held by person other than shareholders belonging to the specified shareholders group including Large Purchaser. Details shall be separately determined by the Board of Directors of the Company.

(7) Other

Any other necessary matters will be separately determined by the Board of Directors of the Company.

**Flowchart of Procedure relating to Large Purchase Action
of shares and the like of the Company**



End