

[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 4, 2014

To Our Shareholders:

NOTICE OF CONVOCATION OF THE 92ND ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 92nd 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 in mailing or through Internet. In such case, please kindly see the attached Reference Documents Concerning the General Meeting of Shareholders and exercise your voting rights before 5:30 p.m. on June 25, 2014 (Wednesday, JST).

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 26, 2014 (Thursday, JST)

2. Place of the Meeting: Manyo no Ma Room
3rd Floor
ANA Crowne Plaza Osaka Hotel
1-3-1 Dojimahama, Kita-ku, Osaka

3. Agenda of the Meeting:

Matters for Reporting:

Report on the Business Report, the Consolidated Accounting Documents, the Non-Consolidated Accounting Documents and the report on the Results of the Audits of Consolidated Accounting Documents by the Accounting Auditor and the Board of Corporate Auditors for the 92nd Business Term (from April 1, 2013 to March 31, 2014).

Matters for Resolution:

First Item of Business:	Appropriation of Surplus
Second Item of Business:	Appointment of Nine (9) Directors
Third Item of Business:	Appointment of Two (2) Corporate Auditors
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 -

For those attending, please present Voting Rights Exercise Form (not enclosed in this translation) at the reception desk on arrival at the Meeting. For saving natural resources, please take this notice of convocation with you to the Meeting.

(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 5:30 p.m. on June 25, 2014 (Wednesday, JST).

[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)

Reference Documents Concerning the General Meeting of Shareholders

Items and Matters for Reference

First Item of Business

Appropriation of Surplus

► Matters Concerning the Year-End Dividend

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 business term under review. The Company proposes that the year-end dividend for the business term under review be ¥12. The annual dividend for the business term under review is ¥23 per share, together with the interim dividend of ¥11 per share that was paid in December 2013, and a ¥5 increase per share from the previous business term.

1. Type of Dividend Assets:

Cash

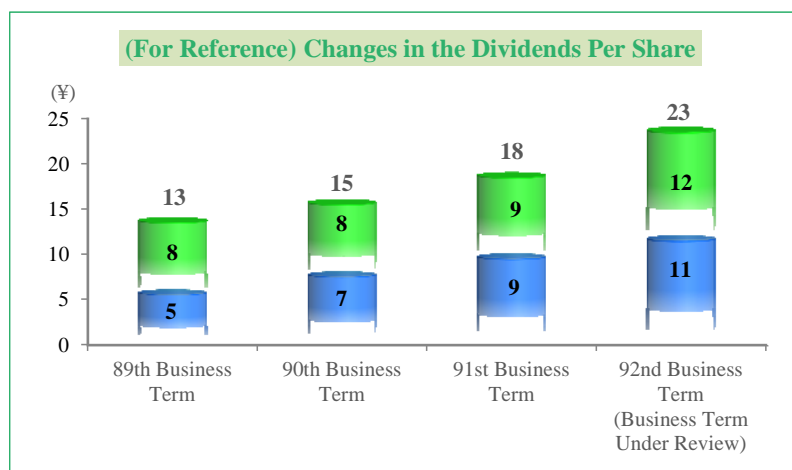
2. Matters Concerning Distribution of Dividend Assets and the Aggregate Amount:

¥12 per share of common stock of the Company

Aggregate amount of dividends: ¥6,114,159,180

3. The Date When Dividends of Retained Earnings Take Effect:

June 27 2014



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 to reinforce the supervising functions for the execution of duties. The candidates of the Directors are as follows.

Two of the nine (9) Directors of the Company are Outside Directors. Each of candidates of the Outside Director meets the conditions of Independent Directors stipulated by Tokyo Stock Exchange, Inc.

Candidate Number 1

Naofumi Negishi (Date of birth: March 19, 1948)



Reappointed

Number of Shares of the Company Owned

173,684 shares

<Career Summary, Position and Duty, and Important Position of Other Organizations Concurrently Assumed>

- Apr. 1971: Joined the Company
- Jun. 2003: Director of the Company
General Manager of Corporate Finance & Accounting and Planning Department
- Apr. 2005: Managing Director of the Company
General Manager of Corporate Finance & Accounting and Planning Department
- Oct. 2007: Managing Director of the Company
In Charge of Corporate Communication Department
General Manager of Corporate Finance & Accounting and Planning Department
- 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
- 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
- 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
- Mar. 2009: President & Representative Director, Chief Executive Officer of the Company
[incumbent]

Candidate Number 2

Teiji Koge (Date of birth: November 14, 1953)



Reappointed

Number of Shares of the Company Owned

93,793 shares

<Career Summary, Position and Duty, and Important Position of Other Organizations Concurrently Assumed>

- Apr. 1976: Joined the Company
- Jun. 2005: Director of the Company
President of Nagoya Sekisui Heim Co., Ltd.
- Oct. 2005: Director of the Company
Head of President's Office of Housing Company
- Apr. 2006: Director of the Company
General Manager of Planning & Control Department of Housing Company
- Apr. 2007: Director of the Company
General Manager of Housing Division and Planning & Control Department of Housing Company
- Jul. 2007: Director of the Company
In Charge of Sales Department, General Manager of Housing Division of Housing Company
- Feb. 2008: Director of the Company
President of Housing Company
In Charge of Sales Department, General Manager of Housing Division
- Apr. 2008: Director of the Company
Managing Executive Officer of the Company
President of Housing Company
- Apr. 2009: Director of the Company
Senior Managing Executive Officer of the Company
President of Housing Company
- Mar. 2014: Director of the Company
Senior Managing Executive Officer of the Company
Head of CSR Department
Head of Corporate Communication Department
[incumbent]

<Important Position of Other Organizations Concurrently Assumed>

Director of SEKISUI AMERICA CORPORATION

Candidate Number 3

Kozo Takami (Date of birth: June 15, 1954)



Reappointed

Number of Shares of the Company Owned

77,422 shares

<Career Summary, Position and Duty, and Important Position of Other Organizations Concurrently Assumed>

- Apr. 1977: Joined the Company
- Jun. 2006: Director of the Company
General Manager of Environmental Civil Engineering Systems Division of 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 of 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 and 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
- Jun. 2011: Director of the Company
Managing Executive Officer of the Company
President of Urban Infrastructure & Environmental Products Company
- Apr. 2012: Director of the Company
Senior Managing Executive Officer of the Company
President of Urban Infrastructure & Environmental Products Company
[incumbent]

Candidate Number 4

Hajime Kubo (Date of birth: October 14, 1956)



Reappointed

Number of Shares of the Company Owned

61,863 shares

<Career Summary, Position and Duty, and Important Position of Other Organizations Concurrently Assumed>

- Apr. 1980: Joined the Company
- Apr. 2008: Executive Officer of the Company
General Manager of Administrative Management & Control Department of High Performance Plastics Company
- Jan. 2010: Executive Officer of the Company
General Manager of CSR Department
- Apr. 2010: Executive Officer of the Company
In Charge of Corporate Communication Department
General Manager of External Affairs Department and CSR Department
- Jun. 2010: Director of the Company
Executive Officer of the Company
In Charge of Corporate Communication Department
General Manager of External Affairs Department and 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
- Jan. 2012: Director of the Company
Managing Executive Officer of the Company
General Manager of CSR Department and Corporate Communication Department
- Apr. 2012: Director of the Company
Managing Executive Officer of the Company
In Charge of Legal Department
General Manager of CSR Department and Corporate Communication Department
- Apr. 2013: Director of the Company
Managing Executive Officer of the Company
General Manager of CSR Department and Corporate Communication Department
- Mar. 2014: Director of the Company
Managing Executive Officer of the Company
Responsible for Corporate Finance Accounting Department
Head of Business Planning Department
- Apr. 2014: Director of the Company
Senior Managing Executive Officer of the Company
Responsible for Corporate Finance Accounting Department
Head of Business Planning Department
[incumbent]

<Important Position of Other Organizations Concurrently Assumed>

Director of Sekisui Seikei, Ltd.
President of SEKISUI AMERICA CORPORATION
President of SEKISUI EUROPE B.V.

Candidate Number 5**Satoshi Uenoyama** (Date of birth: November 18, 1953)

<Career Summary, Position and Duty, and Important Position of Other Organizations Concurrently Assumed>

- Apr. 1980: Joined the Company
- Apr. 2009: Executive Officer of the Company
Head of R&D Center
- Apr. 2011: Managing Executive Officer of the Company
Head of R&D Center
- Jun. 2011: Director of the Company
Managing Executive Officer of the Company
Head of R&D Center
- Apr. 2014: Director of the Company
Senior Managing Executive Officer of the Company
Head of R&D Center
[incumbent]

Reappointed

Number of Shares of the Company Owned

59,851 shares

<Important Position of Other Organizations Concurrently Assumed>

President & Representative Director of Sekisui Integrated Research Inc.

Candidate Number 6**Shunichi Sekiguchi** (Date of birth: June 13, 1955)

<Career Summary, Position and Duty, and Important Position of Other Organizations Concurrently Assumed>

- Apr. 1978: Joined the Company
- Apr. 2008: Executive Officer of the Company
General Manager of Living Environment Division and Head of Diversified Business Group of Housing Company
- Aug. 2009: Executive Officer of the Company
General Manager of Living Environment Division, Head of Diversified Business Group and General Manager of Urban Development Promotion Division of Housing Company
- Apr. 2010: Executive Officer of the Company
General Manager of Living Environment Division and Head of Diversified Business Group of Housing Company
- Jul. 2010: Executive Officer of the Company
General Manager of Living Environment Division of Housing Company
- Jan. 2013: Executive Officer of the Company
Responsible for Public Relations & External Relations Department, General Manager of Living Environment Division and Head of President Office of Housing Company
- Apr. 2013: Managing Executive Officer of the Company
Responsible for Public Relations & External Relations Department, Head of Sales Management Division and Head of President Office of Housing Company
- Jan. 2014: Managing Executive Officer of the Company
Responsible for Public Relations & External Relations Department and Head of President Office of Housing Company
- Mar. 2014: Managing Executive Officer of the Company
President of Housing Company
[incumbent]

Newly Appointed

Number of Shares of the Company Owned

63,594 shares

Candidate Number 7

Keita Kato (Date of birth: January 11, 1958)



Newly Appointed

**Number of Shares of the
Company Owned**

32,019 shares

<Career Summary, Position and Duty, and Important Position of Other Organizations Concurrently Assumed>

- Apr. 1980: Joined the Company
- Apr. 2008: Executive Officer of the Company
Head of Interlayer Film Division of High Performance Plastics Company
- Jul. 2011: Executive Officer of the Company
Head of New Business Promotion Division of High Performance Plastics Company
- Mar. 2013: Executive Officer of the Company
Head of New Business Promotion Division and Head of Research & Development Institute of High Performance Plastics Company
- Oct. 2013: Executive Officer of the Company
Head of Research & Development Institute of High Performance Plastics Company
- Mar. 2014: Managing Executive Officer of the Company
President of High Performance Plastics Company
[incumbent]



Reappointed

Number of Shares of the Company Owned

0 share

<Number of Years in Office of the Company>

3 years

(At the closing of this Annual General Meeting of Shareholders)

<Number of Attendance of the Board of Directors Meetings of the Company>

16 out of 17 Board of Directors meetings

(Attendance rate: 94.1%)

(The business term under review)

<Career Summary, Position and Duty, and Important Position of Other Organizations Concurrently Assumed>

- 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, COO (Chief Operating Officer) of Teijin Limited
- Jun. 2002: President & Representative Director, CEO (Chief Executive Officer) of Teijin Limited
- Jun. 2008: Chairman of the Board of Teijin Limited
- Jun. 2011: Director of the Company [incumbent]
- Apr. 2013: Senior Advisor, Member of the Board of Teijin Limited
- Jun. 2013: Senior Advisor of Teijin Limited [incumbent]

<Important Position of Other Organizations Concurrently Assumed>

- Senior Advisor, Member of the Board of Teijin Limited
- Outside Director of Sojitz Corporation
- Outside Director of Kao Corporation
- Vice Chairman of Japan Association of Corporate Executives

<Reasons for Election of the Candidate for Outside Director>

The Company considers that Mr. Nagashima's advice based on the affluent experience and rich knowledge accumulated through engagement in a management executive of basic materials industry, especially high performance products, to the Company will contribute to strengthening the corporate governance of the Company. While the Company has business with Teijin Limited ("Teijin"), net sales of Teijin Limited to the Company represented less than 0.01% of the Company's total net sales; and net sales of the Company to Teijin represented less than 0.01% of total net sales of Teijin, in each case for the business year last closed. Accordingly, independence of Outside Directorship is sufficiently secured.



Reappointed

Number of Shares of the Company Owned

0 share

<Number of Years in Office of the Company>

1 year
(At the closing of this Annual General Meeting of Shareholders)

<Number of Attendance of the Board of Directors Meetings of the Company>

11 out of 13 Board of Directors meetings
(Attendance rate: 84.6%)

(The business term under review)

After the assumption of office on Jun. 26, 2013

<Career Summary, Position and Duty, and Important Position of Other Organizations Concurrently Assumed>

- May 1972: Joined Mitsukoshi, Ltd.
 Feb. 2003: Executive Officer, General Manager of Operations Department of Mitsukoshi, Ltd.
 Mar. 2004: Senior Executive Officer, General Manager of Corporate Planning Division of Mitsukoshi, Ltd.
 Mar. 2005: Managing Executive Officer, General Manager of Business Planning Division of Mitsukoshi, Ltd.
 May 2005: President and Representative Director, Executive Officer, General Manager of Business Planning Division of Mitsukoshi, Ltd.
 Feb. 2006: President and Representative Director, Executive Officer of Mitsukoshi, Ltd.
 Apr. 2008: President and Representative Director, Executive Officer of Isetan Mitsukoshi Holdings, Ltd.
 Feb. 2012: Chairman and Representative Director, Executive Officer of Isetan Mitsukoshi Holdings Ltd.
 [incumbent]
 Apr. 2012: Chairman and Representative Director, Executive Officer of Isetan Mitsukoshi, Ltd.
 [incumbent]
 Jun. 2013: Director of the Company
 [incumbent]

<Important Position of Other Organizations Concurrently Assumed>

Chairman and Representative Director, Executive Officer of Isetan Mitsukoshi Holdings Ltd.

Chairman and Representative Director, Executive Officer of Isetan Mitsukoshi, Ltd.

<Reasons for Election of the Candidate for Outside Director>

Mr. Kunio Ishizuka has insight and experiences as a management executive of retail and service industry since he is chairman of the board and representative executive officer of Isetan Mitsukoshi Holdings Limited and chairman of the board and representative executive officer of Isetan Mitsukoshi Ltd. ("Isetan Mitsukoshi"). The Company considers that Mr. Ishizuka's advice based on the affluent experience and rich knowledge accumulated through a management executive of retail and service industry, to the Company will contribute to strengthening the corporate governance of the Company. While the Company has business with Isetan Mitsukoshi, net sales of Isetan Mitsukoshi to the Company represented less than 0.01% of the Company's total net sales; and net sales of the Company to Isetan Mitsukoshi represented less than 0.01% of total net sales of Isetan Mitsukoshi, in each case for the business year last closed. Accordingly, independence of Outside Directorship is sufficiently secured.

- (Notes)
1. Each of the candidates has no interest with the Company.
 2. Limiting Liability Agreement:
In the light of enabling Mr. Toru Nagashima and Mr. Kunio Ishizuka to discharge their duties in full as expected, the Company has entered into an agreement with Mr. Nagashima and Mr. Ishizuka limiting their liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which his liability for compensations is limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that this Item of Business is approved, the Company will continue the limiting liability agreement with Mr. Nagashima and Mr. Ishizuka.
 3. The Company appointed Mr. Nagashima and Mr. Ishizuka as Independent Directors pursuant to the rules of Tokyo Stock Exchange, Inc. and notified the Exchange of the appointment.

Appointment of Two (2) Corporate Auditors

The term of office of Mr. Shuichi Shino and Mr. Tadashi Kunihiro Corporate Auditors will expire at the closing of this Annual General Meeting of Shareholders.

The Company proposes that two (2) Corporate Auditors be appointed.

Mr. Ozawa Tetsuo, candidate for Outside Corporate Auditor meets the conditions of Independent Corporate Auditors stipulated by Tokyo Stock Exchange, Inc. and Osaka Stock Exchange Co., Ltd.

The Board of Corporate Auditors has given consent to this Item.

Candidate Number 1

Takayoshi Matsunaga (Date of birth: May 11, 1951)



<Career Summary, Position and Duty, and Important Position of Other Organizations Concurrently Assumed>

- Apr. 1975: Joined the Company
- Jun. 2002: Director of the Company
Senior Vice President of High Performance Plastics Company
General Manager of Industrial Tape Division of High Performance Plastics Company
- Apr. 2004: Director of the Company
In Charge of IT-Related Business Unit of High Performance Plastics Company
- Jun. 2004: Managing Director of the Company
In Charge of IT-Related Business Unit of High Performance Plastics Company
- Apr. 2005: Executive Managing Director of the Company
President of High Performance Plastics Company
- Apr. 2008: Executive Managing Director of the Company
Senior Managing Executive Officer of the Company
President of High Performance Plastics Company
- Jun. 2008: Director of the Company
Senior Managing Executive Officer of the Company
President of High Performance Plastics Company
- Mar. 2014: Director of the Company
CEO's special mission
[incumbent]

Newly Appointed

Number of Shares of the Company Owned

142,000 shares



Newly Appointed

Number of Shares of the Company Owned

0 share

<Career Summary, Position and Duty, and Important Position of Other Organizations Concurrently Assumed>

Apr. 1973: Admitted to the bar
 Joined Tokyo Fuji Law Office
 [incumbent]

<Important Position of Other Organizations Concurrently Assumed>

Outside Corporate Auditor of LAWSON, INC.
 Outside Corporate Auditor of CEMEDINE CO., LTD.

<Reasons for Election of the Candidate for Outside Corporate Auditor>

Mr. Tetsuo Ozawa has a legal perspective and wide range of knowledge about risk management and mainly in the field of corporate law as an attorney-in-law. With a view to enable them to reflect on audit of the Company, the Company asks shareholders to appoint him as Outside Corporate Auditor.

Mr. Ozawa has not engaged in management of companies other than as outside director or outside corporate auditor, the Company believes that he will be able to discharge duly duties for the reason aforesaid.

(Notes)

1. The candidates have no interest with the Company.
2. Limiting Liability Agreement:
 In the light of enabling Outside Corporate Auditor to discharge his duties in full as expected, the Company enters into an agreement with him/her limiting the liability to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which his/her liability for compensations is limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that this Item of Business is approved, the Company is scheduled to enter into the above Limiting Liability Agreement with Mr. Tetsuo Ozawa.
3. In the event that this Item of Business is approved, the Company will appoint Mr. Ozawa Tetsuo as Independent Corporate Auditor pursuant to the rules of Tokyo Stock Exchange, Inc. and notified the Exchange of the appointment.

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 Companies Act, issue stock acquisition rights under a stock option plan to representative directors, a certain portion of directors and key employees of subsidiaries and representative directors of four (4) affiliated companies (of which the Company holds more than 35 % voting rights) 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, a certain portion of directors and key employees of subsidiaries and representative directors of four (4) affiliated companies (of which the Company holds more than 35% voting rights) 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. Furthermore, the grant to representative directors of affiliated companies is based upon the reason the directors have substantial influence on business performance of Sekisui Chemical Group in terms of consolidated management point of view.

2. Grantees of stock acquisition rights to be allotted

Representative directors, a certain portion directors and key employees of subsidiaries and representative director of the four (4) affiliated companies (of which the Company holds more than 35% voting rights) 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:

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

(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 paid 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 the “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 trading 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, 2016 to June 30, 2019
- (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.

Renewal of Policy Against Large Purchase of Shares of the Company (Takeover Defense Measure)

The Company adopted “countermeasures against large-scale acquisitions of the Company shares” (hereinafter referred to as “the Current Plan”) with the approval of shareholders of the 86th annual general meeting of shareholders held on June 27, 2008, and renewed the Current Plan with partial amendments with the approval of shareholders of the 89th annual general meeting of shareholders held on June 29, 2011. The effective period of the Current Plan will expire at the conclusion of the 92nd annual general meeting of shareholders to be held on June 26, 2014.

After in-depth and careful deliberations taking into consideration of state of things surrounding the Company following the introduction of the Current Plan, the Company has made a decision to renew the plan at the Board of Directors meeting held on May 15, 2014, subject to the approval with majority of the voting rights of the shareholders present at the 92nd annual general meeting of shareholders.

Please be advised that while the Company made partial revisions at the renewal in terms of the Company’s efforts on corporate value enhancement and expression of measures on a pro forma basis, there has been no substantive revision of the Current Plan.

The following describes the basis for the renewal.

<Basis for the renewal of the Current Plan>

The Current Plan had been approved with the supermajority of the shareholder votes at its introduction in 2008 and at the renewal in 2011. The Company has conducted multi-perspective deliberations with respect to propriety of its renewal of the Current Plan.

As a result of such deliberations, the Company has decided to renew the Current Plan for another three years if it could obtain shareholders’ approval at the upcoming 92nd annual general meeting of shareholders based on the convincing assumption that the Current Plan provided a certain effective contribution to the Company’s sustainable corporate value development and it could continue to serve to protect the interests of minority shareholders and thus contribute to the common interests of shareholders.

The Company has developed, through its program of corporate governance enhancement, a strong corporate governance framework with two highly independent Outside Directors and three highly independent Outside Corporate Auditors which can develop and implement management plan for sustainable corporate value enhancement. As a result, the Company was able to outperform the targets of its Midterm Management Plan called “GS21-SHINKA! 1st Stage” for the 3 fiscal years ended March 2011, and “GS21-SHINKA! 2nd Stage” for the 3 fiscal years ended March 2014.

The Company believes that setting the certain rule for informed judgment against large-scale acquisitions of the Company shares which would change corporate control helped the Company to concentrate on the execution of the Midterm Management Plan and attributed to the achievement of the targets. The Company’s financial performance has been clearly reflected on its stock performance which can be described as significant outperformance over the stock index of the Tokyo Stock Exchange during the period from the announcement of the last renewal of the Current Plan until the end of the fiscal year 2013.

Under the situation above, the Company has launched the new Midterm Management Plan “SHINKA!-Advance 2016” in April 2014 and proposing a renewal of the Current Plan toward the achievement of Consolidated Net Sales of 1,250 billion Japanese Yen, Consolidated Operating Income of 100 billion Yen, and Return On Equity of 10% or more. The renewal of this Plan is proposed to the 92nd Annual General Meeting of Shareholders of the Company.

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 midterm 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 purchase.

2. Initiatives to Facilitate Realization of the Basic Policy

For the purpose of enhancing the corporate value and in turn common interest of shareholders in the midterm, the Company has already designed and carried out the following Midterm 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 Midterm Management Plan so that the Company group would develop continuously 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 Midterm Management Plan, “SHINKA!-Advance 2016”

The Company is carrying out Midterm Management Plan, “SHINKA1-Advance 2016” for the three years from the fiscal year 2014 to fiscal year 2016.

1) Overall summary

“SHINKA1-Advance 2016” consists of “three business models, SHINKA” and “CSR SHINKA” as its basic strategy. The three business models are “Core business SHINKA” (change of business models of

existing businesses), “Frontier SHINKA” (opening new markets and new fields, through “Co-Creation”) and “Global SHINKA” (accelerate adoption to local society), to continually change the business model, focus on the long term, and be involved in new innovations so that continued growth of the total Company group is intended to be attained.

“CSR SHINKA” aims to invigorate the personnel and organizations that support the three business models, SHINKA, and to evolve CSR management.

2) Objectives

The current Midterm Management Plan intends to improve management efficiency and enhance shareholders’ interests. The Company deems that Operating Income and Net Sales essentially reflecting results of operation are important management indexes. In addition, with addition of Return on Equity (ROE), the Company set forth targets, Consolidated Net Sales of 1,250 billion Japanese Yen, Consolidated Operating Income of 100 billion Yen and ROE of 10% or more for the fiscal year ended March 2017

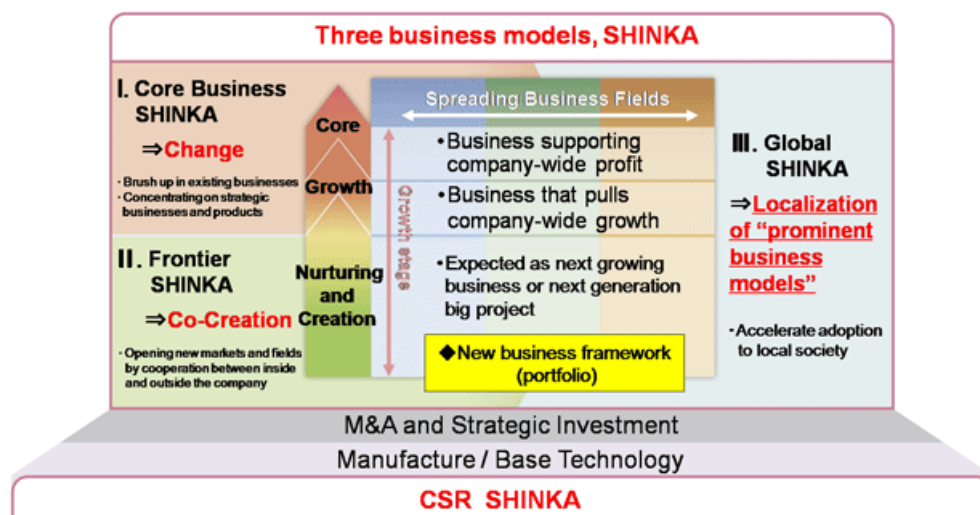
< Consolidated Basis Objectives >

Target	FY2013 Results	FY2016 Target
Net sales	1,110.8 billion yen	1,250 billion yen
Operating profits	82.5 billion yen	100 billion yen
ROE	9.4%	10.0% min.

3) Basic Strategy and a New Business Framework

① Overall Image

In proceeding of the three business models, SHINKA, the Company plans for sustainable growth across the entire Company group by advancing suitable involvement commensurate with the extent of growth in each business. In particular, the Company would like to bootstrap growth across the entire group by actively investing management resources in the eight "Growing 8" growth businesses, and in the nurturing and creation of business through "Co-Creation".



② Business Portfolio

Eight outstanding growing business areas ((1) Renovation for SEKISUI HEIM Owners, (2) Housing Assets Management, (3) Living/Social Infrastructure stocks, (4) Overseas Water-Infrastructure, (5) Functional Infrastructure Materials, (6) Materials for a comfortable ride, (7) Materials for mobile devices and (8) Diagnostic systems) are defined as “Growing 8” so that a Total Net Sales is intended to reach 430 billion Yen for the fiscal year ending March 2017, the final fiscal year of the Midterm Management Plan. Furthermore, actively enforcing cooperation between inside and outside the Company, and nurturing and creation of business through “Co-Creation,” we intend to bootstrap growth across the entire Company Group.

<Growing8>

(1) Renovation for SEKISUI HEIM Owners	(2) Housing Assets Management	(3) Living/ Social Infrastructure stocks	(4) Overseas Water-Infrastructure
Renovation/ remodeling and maintenance for SEKISUI HEIM owners	Real estate business including leased assets management, mediation, etc.	Management of public and private infrastructure	Pipeline rehabilitation in developed countries and new construction of water infrastructure in emerging countries
(5) Functional Infrastructure Materials	(6) Materials for a comfortable ride	(7) Materials for mobile devices	(8) Diagnostic systems
Resin material for heat-resistant piping material, heat-resistant material, etc.	Materials contributing to improvement of cabin inside environment of vehicles, etc.	Materials for mobile terminals	Test drugs, apparatus, and equipment of clinical laboratory tests

③ Global Development

The Company plans not only to further reinforce and expand the core businesses (interlayer films, foam, etc.), which businesses are being developed globally through product “prominence”, but also to accelerate rollout through “localization of prominence” centering on the following five growing business models that need to be applied to local societies to expand so that the Company aims to attain overseas Net Sales of 330 billion Yen for the fiscal year ended March 2017, the final year of the Midterm Management Plan.

<5 Businesses Planning to Accelerate Application to Local Society (Localization of Prominence)>

Business	Theme
Thai housing	Increased distribution route by adopting local specifications and cooperation with local developers
Asian water-infrastructure	Package order reception model rolled out locally.
Pipeline rehabilitation	Reinforced rollout in each area : EU, USA, Asia
Diagnostic systems	Accelerating rollout of Diagnostic reagents and devices
Functional infrastructure materials	Construction of supply system to respond to Asian demand for chlorinated polyvinyl chloride (CPVC), etc.

4) Investment Ideas

The ideas is to appropriate 180 billion Yen from cash acquired during the three years from fiscal year 2014 to fiscal year 2016 to investment, 100 billion Yen of which will be distributed for strategic investments for “Growing 8” and “Co-Creation” themes, etc. In addition, the Company will also discuss implementing stable shareholder returns.

5) Evolvement of CSR management

Upon planning sustainable growth for the Company group, the Company plan to strengthen CSR management, which is the basis of growth. Consequently, the Company redefined the "3S Principle" company creed and the group principle, which are the starting point for being "true Sekisui Chemical", and then the Company determined "CSR SHINKA" as the basic strategy of the new Midterm Management Plan. To be involved in all types of policies centering on the Group, Global, and Communications.

Group: Further permeation of CSR management into the entire Sekisui Chemical Group
 Global: Share values to solve issues globally
 Communication: Improving corporate value through expanding dialogue with stakeholders

[Group Principle]

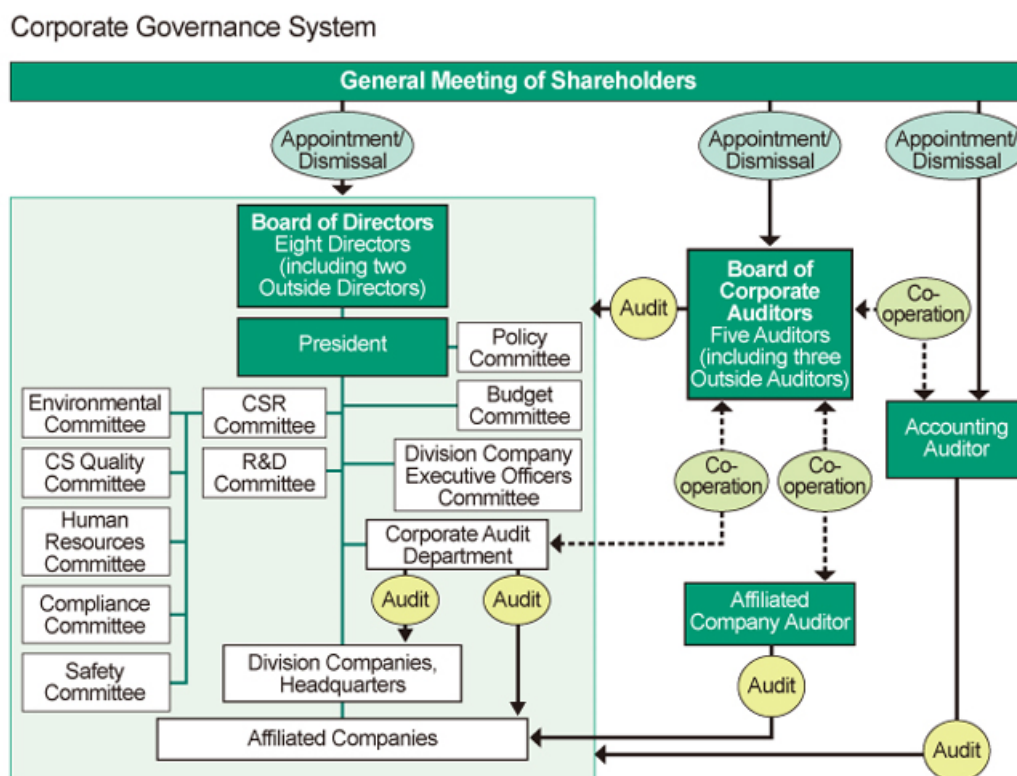
[3S Principle]



(2) Measures to Strengthen Corporate Governance

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 annual general meeting of shareholders held on June 28, 2007. Furthermore, with a view to enabling each company of the Company group promptly to deal with changes in business environment of each company, the executive officer system was introduced to the Company on April 1, 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 highly independent Outside Directors were elected and the number of Directors changed to 10 or less at the 86th annual general meeting of shareholders held on June 27, 2008. By virtue of these, a duty of the Board of Directors is clearly defined and is deemed an organization controlling 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 provide 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.



(3) Active Shareholders Return Policy

The finance policy of the Company places it 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. A total dividend for the fiscal year ended March 31, 2014 is scheduled 23 Yen per share, by 5 Yen per share increase over the previous fiscal year.

Moreover, internal reserve, as necessary funds for future enhancement of the corporate value, will be invested toward research and development, equipment investment, strategic investment and securities investments and lending.

3. Details of this Plan

(1) Purpose of Introducing this Plan

This Plan is purported 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, 2014 is stated in Attachment 1.

(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 ratio³ of the holder² 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 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

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

³ This is defined in Article 27-23, paragraph 4.

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.

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 regulations of the independent committee is set forth in Attachment 2. 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 initially, are stated on Attachment 3.

3) Request for submission of Purchase Statement and Large Purchase Information against 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 Action 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 no 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 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 from the Board of Directors of the Company (if the independent committee demanded the Board of Directors of the Company for the submission of information as stated in paragraph above), the independent committee will make judgment on recommendation to the Board of Directors of the Company of whether or not the counter measure (the details of which are stated 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 immediately make judgment on whether or not the counter 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 counter 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 counter measure.

Upon reviewing Purchase Proposal, the independent committee made judgment that Purchase Proposal fell under either of the requirements allowing the counter measure to be triggered stated in paragraph (3) below, it will make recommendation the Board of Directors of the Company to trigger the counter 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 counter measure.

Upon reviewing Purchase Proposal, the independent committee made judgment that Purchase Proposal did not fall under any of the requirements allowing the counter 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 counter 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 counter measure regardless of whether or not the independent committee evaluation period ended.

③ Recommendation of Cessation and the like of Counter Measure Triggered

After the independent committee recommended to trigger the counter 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 counter 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 counter 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 counter 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 counter 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 counter 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 Counter 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 counter 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 counter 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 Director 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 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 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 facto* 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 destroy the confidence between the Company and other shareholders of the Company, employees, business partners including customers, interested parties including creditors of the Company, which are indispensable for continuous enhancement of 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 prejudiced.

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 or even if 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), the independent committee deemed it reasonably insufficient or Large Purchaser otherwise violated the procedure provided for in this Plan, the Company will make the *gratis* allotment of stock acquisition rights provided for in (4) below upon resolution of the Board of Directors of the Company as stated in paragraph (2) 7) above.

(4) Outline of the Counter Measure (*gratis* allotment of stock acquisition rights)

In the event that the Board of Directors of the Company received recommendation on whether or not to trigger the counter measure, the Company may make *gratis* allotment of stock acquisition rights upon resolution of the Board of Directors of the Company after fully taking into consideration the recommendation. The summary of stock acquisition rights is stated in Attachment 4.

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 counter measure.

(5) Effective Period and Abolishment of this Plan

The effective period of this Plan will terminate at the close of the 95th Ordinary General Meeting of Shareholders scheduled to be held in June 2017. 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.

The Board of Directors of the Company will immediately disclose the abolishment in case of abolishment of this Plan.

* The procedure of this Plan is stated in the flowchart in Attachment 5.

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 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, ① securing the corporate value and shareholders' common interests, ② the prior disclosure and the principle of upholding the shareholders' intent, and ③ the necessity and suitability principle, 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 three or more members, in the light of enabling fair and neutral judgment to be made, who are independent from management which excuses management of the Company and have not any special relationship with the Company such as outside Director or outside Corporate Auditor. 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 counter 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 counter 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 counter 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 or purchase shares of the Company on the assumption that the economic value per share of the Company would be diluted, might 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 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 therefor 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, 2014 are as follows:

1. Total number of shares issued: 532,507,285 shares
(including 22,994,020 treasury stock)
2. Major shareholders:

Name of shareholders	Number of Shares Held (Thousands)	Percentage of Ownership (%)
Asahi Kasei Corporation	31,039	6.09
Sekisui House, Ltd.	25,592	5.02
The Dai-ichi Life Insurance Company, Limited	19,681	3.86
Japan Trustee Services Bank, Ltd. (Trust Account)	16,415	3.22
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,375	3.01
Tokio Marine & Nichido Fire Insurance Co., Ltd.	13,937	2.73
State Street Bank and Trust Company 505225	12,776	2.50
Northern Trust Co. (AVFC) Re15pct Treaty Account	9,813	1.92
Employees Stock Ownership Plan of the Company	9,579	1.88
The Chase Manhattan Bank N.A. London Securities Lending Omnibus Account	7,992	1.56
Total	162,202	31.83

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 stock, to the total number of shares issued.
3. The number of treasury stock is 22,994 thousand, representing 4.31% of 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 counter 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 held 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 and outside Corporate Auditors, 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 Annual General Meeting of Shareholders held with respect to the fiscal year ended within one year after the appointment of the member, but can be 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 of this Plan;
 - ④ 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. Toru Nagashima

(Brief profile)

Born in January 2, 1943

Apr. 1965 Joined Teijin Limited

Jun. 2000 Director of Teijin Limited

Jun. 2001 Managing Director of Teijin Limited

Nov. 2001 President & Representative Director, 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

Jun. 2011 Outside Director of the Company (present post)

Apr. 2013 Senior Advisor, Member of the Board of Teijin Limited

Jun. 2013 Senior Advisor of Teijin Limited (present post)

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

* While there are business transactions between the Company and Teijin Limited (“Teijin”), net sales of Teijin to the Company represented less than 0.01% of the Company’s total net sales; and net sales of the Company to Teijin represented less than 0.01% of total net sales of Teijin, in each case as of last fiscal year, therefore not falling under the category of primary business partners.

(Name) Mr. Kunio Ishizuka

(Brief profile)

Born in September 11, 1949

May 1972 Joined Mitsukoshi, Ltd.

Feb. 2003 Executive Officer, General Manager of Operations Department, Mitsukoshi, Ltd.

Mar. 2004 Senior Executive Officer, General Manager of Corporate Planning Division, Mitsukoshi, Ltd.

Mar. 2005 Managing Executive Officer, General Manager of Business Planning Division, Mitsukoshi, Ltd.

May 2005 President and Representative Director, General Manager of Business Planning Division, Mitsukoshi, Ltd.

Feb. 2006 President and Representative Director, Mitsukoshi, Ltd.

Apr. 2008 President and Representative Director, Isetan Mitsukoshi Holdings, Ltd.

Feb. 2012 Chairman, Representative Director, Executive Officer, Isetan Mitsukoshi Holdings Ltd. (present post)

Apr. 2012 Chairman, Representative Director, Executive Officer, Isetan Mitsukoshi, Ltd. (present post)

Jun. 2013 Outside Director of the Company (present post)

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

* There are no business transactions between the Company and Isetan Mitsukoshi Holdings Ltd.. While there are business transactions between the Company and Isetan Mitsukoshi, Ltd. (“Isetan Mitsukoshi”), net sales of Isetan Mitsukoshi to the Company represented less than 0.01% of the Company’s total net

sales; and net sales of the Company to Isetan Mitsukoshi represented less than 0.01% of total net sales of Isetan Mitsukoshi, in each case as of last fiscal year, therefore not falling under the category of primary business partners.

(Name) Mr. Tetsuo Ozawa

(Brief profile)

Born in June 28, 1947

Apr. 1973 Admitted to the bar. Joined Tokyo Fuji Law Office (present post)

Jun. 2014 To be outside Corporate Auditor of the Company

- * There are no special interests between Mr. Ozawa and the Company.
- * There is no legal advisory contract between the Company and Mr. Ozawa, neither Tokyo Fuji Law Office.

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 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 after the effective date, 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 One (1) Yen 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.

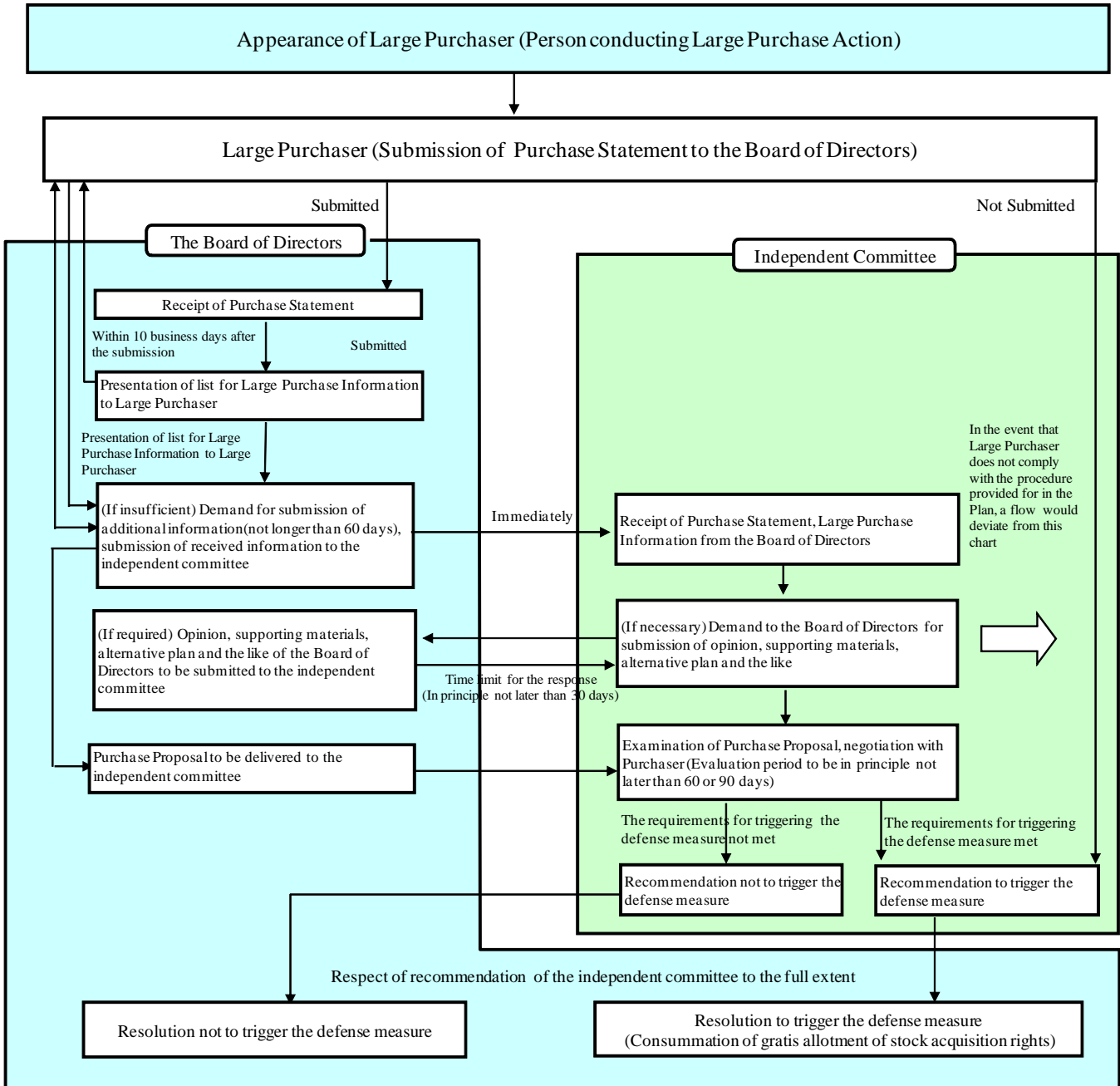
(6) Acquisition of Stock Acquisition Rights by the Company

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 of the Company**



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