

[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 3, 2015

To Our Shareholders:

NOTICE OF CONVOCATION OF THE 93RD ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 93rd 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 24, 2015 (Wednesday, JST).

Yours very truly,

By: **TEIJI KOGE**
President and Representative Director
SEKISUI CHEMICAL CO., LTD.
4-4 Nishitemma 2-Chome,
Kita-ku, Osaka 530-8565

PARTICULARS

1. Date and Time of the Meeting: 10:00 a.m. on June 25, 2015 (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 93rd Business Term (from April 1, 2014 to March 31, 2015).

Matters for Resolution:

First Item of Business: Appropriation of Surplus
Second Item of Business: Partial Amendments to the Articles of Incorporation
Third Item of Business: Appointment of Nine (9) Directors
Fourth Item of Business: Appointment of Two (2) Corporate Auditors
Fifth Item of Business: Issuance of Stock Acquisition Rights under Stock Option Plan

- 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 24, 2015 (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 ¥14. The annual dividend for the business term under review is ¥27 per share, together with the interim dividend of ¥13 per share that was paid in December 2014, and a ¥4 increase per share from the previous business term.

1. Type of Dividend Assets:

Cash

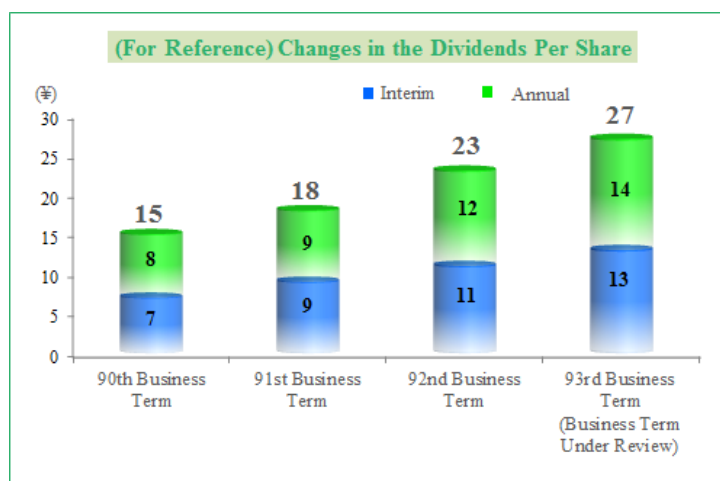
2. Matters Concerning Distribution of Dividend Assets and the Aggregate Amount:

¥14 per share of common stock of the Company

Aggregate amount of dividends: ¥6,998, 944, 680

3. The Date When Dividend of Retained Earnings Takes Effect:

June 26, 2015



Partial Amendments to the Articles of Incorporation

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

1. Reason for amendments:

- (1) In 2014, the Company Group has initiated its medium-term management plan titled “SHINKA!-Advance 2016,” which sets the objective to achieve the operating profit of 100 billion yen and the ROE (Return on Equity) of 10% or higher in 2016, and we aim to improve the corporate value by promoting “SHINKA Business Models” with an emphasis on the key themes of change, co-creation, and the localization of “prominent business models.”

In this context, the Housing Company has decided to make a full-scale entry into the business of serving elderly people, and we would like to sort out the matters relating to our purposes and make a change to the business purposes, according to the current status of the Company and its subsidiaries.

- (2) In order to enhance the flexibility of the operations of the general meeting of shareholders, we would like to make a necessary change to the matters pertaining to the chairperson.
- (3) Pursuant to the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014), which took effect on May 1, 2015, the scope of the executives with whom liability limitation agreements can be concluded has been changed, and liability limitation agreements can now be concluded with Non-Executive Directors; accordingly, we would like to make necessary changes.

The Board of Auditors has given consent to the submission of the proposal to amend Article 27.

2. Contents of amendments

The specific contents of the amendments are as follows.

(The underlines indicate the amended parts.)

Current Articles of Incorporation	Proposed amendments
(Purposes) Article 2 The business purposes of the Company are as follows: 1. - 22. (Omitted) 23. To run sports, cultural, training, accommodation, medical care, <u>and elder care facilities</u> , to run botanical gardens, amusement parks, parking lots, and restaurants, as well as to engage in hot spring water supply business and act as a travel agency; 24. - 28. (Omitted) 29. <u>To run in-home service business and business for assistance for in-home nursing-care, clerical work for filing elderly care insurance claims, survey and consulting business concerning medical care and nursing care, and designated home-visit nursing care business;</u>	(Purposes) Article 2 The business purposes of the Company are as follows: 1. - 22. (No change) 23. To run sports, cultural, training, accommodation, and medical care facilities, to run botanical gardens, amusement parks, parking lots, and restaurants, as well as to engage in the hot spring water supply business and act as a travel agency; 24. - 28. (No change) 29. <u>To run businesses for the sale, survey and consulting of services and products related to livelihood support, long-term care, nursing care, and welfare, and other related businesses, and businesses for the establishment, operation, and management of facilities and housing for elderly people,</u>

Current Articles of Incorporation	Proposed amendments
30. (Omitted)	<u>and other related businesses;</u> 30. (No change)
(Chairperson) Article 15 The <u>President and</u> Director shall act as chairperson of the General Meeting of Shareholders. In case the <u>President and</u> Director is unable to act, one of the other Directors shall act as chairperson in precedence as previously determined by the Board of Directors.	(Chairperson) Article 15 A <u>Representative</u> Director shall act as the chairperson of the General Meeting of Shareholders. In cases where the <u>Representative</u> Director is unable to act, one of the other Directors shall act as the chairperson in precedence as previously determined by the Board of Directors.
(Liability Limitation Agreement with <u>Outside</u> Directors) Article 27 The Company may enter into a liability limitation agreement with each of the <u>outside</u> Directors to limit his or her liabilities for damages under Article 423, Paragraph 1 of the Companies Act; provided, however, that the limit of the liabilities for damages under such agreements shall be the minimum amount of liabilities of damages prescribed by law.	(Liability Limitation Agreement with Directors) Article 27 The Company may enter into a liability limitation agreement with each of the Directors (<u>excluding those who are Executive Directors, etc.</u>) to limit his or her liability for damages under Article 423, Paragraph 1 of the Companies Act; provided, however, that the limit of the liability for damages under such agreements shall be the minimum amount of liability for damages prescribed by law.
(Liability Limitation Agreement with <u>Outside</u> Corporate Auditors) Article 34 The Company may enter into a liability limitation agreement with each of the <u>outside</u> Corporate Auditors to limit his or her liabilities for damages under Article 423, Paragraph 1 of the Companies Act; provided, however, that the limit of the liabilities for damages under such agreements shall be the minimum amount of liabilities of damages prescribed by law.	(Liability Limitation Agreement with Corporate Auditors) Article 34 The Company may enter into a liability limitation agreement with each of the Corporate Auditors to limit his or her liability for damages under Article 423, Paragraph 1 of the Companies Act; provided, however, that the limit of the liability for damages under such agreements shall be the minimum amount of liability for damages prescribed by law.

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 and 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

182,335 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 and Representative Director, Chief Executive Officer of the Company
- Mar. 2015: Chairman of the Board and Representative Director of the Company [incumbent]

Candidate Number 2

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



Reappointed

Number of Shares of the Company Owned

107,450 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
- Mar. 2015: President and Representative Director, Chief Executive Officer of the Company
[incumbent]

Candidate Number 3**Hajime Kubo** (Date of birth: October 14, 1956)

Reappointed

Number of Shares of the Company Owned

67,237 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
- Mar. 2015: Director of the Company
Senior Managing Executive Officer of the Company
Responsible for Corporate Finance Accounting Department
Head of Business Planning Department
Head of CSR Department
Head of Corporate Communication Department
- Apr. 2015: Director of the Company
Senior Managing Executive Officer of the Company
President of Urban Infrastructure & Environmental Products Company
[incumbent]

Candidate Number 4

Satoshi Uenoyama (Date of birth: November 18, 1953)



Reappointed

**Number of Shares of the
Company Owned**

75,585 shares

<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]

<Important Position of Other Organizations Concurrently Assumed>

President & Representative Director of Sekisui Integrated Research Inc.

Candidate Number 5

Shunichi Sekiguchi (Date of birth: June 13, 1955)



Reappointed

Number of Shares of the Company Owned

67,559 shares

<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
- Jun. 2014: Director of the Company
Managing Executive Officer of the Company
President of Housing Company
- Apr. 2015: Director of the Company
Senior Managing Executive Officer of the Company
President of Housing Company
[incumbent]

Candidate Number 6**Keita Kato** (Date of birth: January 11, 1958)

Reappointed

Number of Shares of the Company Owned

45,707 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
- Jun. 2014: Director of the Company
Managing Executive Officer of the Company
President of High Performance Plastics Company
- Apr. 2015: Director of the Company
Senior Managing Executive Officer of the Company
President of High Performance Plastics Company
[incumbent]

<Important Position of Other Organizations Concurrently Assumed>

Director of Sekisui Fuller Company Ltd.

Candidate Number 7**Yoshiyuki Hirai** (Date of birth: February 4, 1963)

Newly Appointed

Number of Shares of the Company Owned

14,954 shares

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

- Apr. 1985: Joined the Company
- Mar. 2009: Head of Foam Division of High Performance Plastics Company
- Apr. 2014: Executive Officer of the Company
Head of Foam Division of High Performance Plastics Company
- Apr. 2015: Executive Officer of the Company
Responsible for CSR Promotion Department
Head of Business Strategy Department
[incumbent]

<Important Position of Other Organizations Concurrently Assumed>

Director of Sekisui Seikei, Ltd.



Reappointed

Number of Shares of the Company Owned

0 shares

<Number of Years in Office of the Company>

4 years

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

<Number of Attendance of the Board of Directors Meetings of the Company>18 out of 18 Board of Directors meetings
(Attendance rate: 100%)

(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 of Teijin Limited
 Outside Director of Kao Corporation
 Chairman of Things and Systems Association

<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 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 shares

<Number of Years in Office of the Company>

2 years

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

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

18 out of 18 Board of Directors meetings

(Attendance rate: 100%)

(The business term under review)

<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 the 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

At the closing of this Annual General Meeting of Shareholders, the term of office of Mr. Hirofumi Onishi, Corporate Auditor will expire, and Mr. Hiroshi Osada, Corporate Auditor, will resign his office.

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

Both Mr. Yasuhiro Nishi and Mr. Kazuyuki Suzuki, candidates for Outside Corporate Auditors, meet the conditions of independent executives stipulated by the Tokyo Stock Exchange, Inc.

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

Candidate Number 1

Yasuhiro Nishi (Date of birth: June 25, 1948)Candidate for
Outside Corporate Auditor

Newly Appointed

Number of Shares of the
Company Owned

0 shares

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

Apr. 1973: Joined Tohmatsu & Aoki Audit Corporation (Current name: Deloitte Touche Tohmatsu LLC)
(Resigned in Jan. 1984)

Nov. 1975: Registered as a certified public accountant

Feb. 1984: Opened Yasuhiro Nishi Certified Public Accountants' Office
(Closed in Nov. 1999)

Nov. 1999: Representative Partner (Current name: Partner) of Tohmatsu Audit Corporation (Current name: Deloitte Touche Tohmatsu LLC)
(Resigned in Dec. 2010)

Jan. 2011: Opened Yasuhiro Nishi Certified Public Accountants' Office
Representative of Yasuhiro Nishi Certified Public Accountants' Office
[incumbent]

<Important Position of Other Organizations Concurrently Assumed>

Representative of Yasuhiro Nishi Certified Public Accountants' Office
Outside Corporate Auditor of Kirindo Holdings Co., Ltd.

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

Mr. Nishi is qualified as a certified public accountant, and the Company asks shareholders to appoint him as an Outside Corporate Auditor so that he can reflect his profound knowledge about finance and accounting in the auditing of the Company.

Mr. Nishi has not engaged in the management of companies other than as an outside executive, the Company believes that he will be able to duly discharge his duties for the aforementioned reasons.

Candidate Number 2

Kazuyuki Suzuki (Date of birth: August 12, 1950)

Candidate for
Outside Corporate Auditor



Newly Appointed

Number of Shares of the
Company Owned

0 shares

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

- Apr. 2000: Professor Graduate School of Informatics and Engineering Department of Systems Engineering and Graduate School of Informatics and Engineering of University of Electro-Communications
- Oct. 2009: Chairman of Japanese Society for Quality Control, Incorporated Association (Currently General Incorporated Association) (Resigned in Oct. 2011)
- Apr. 2010: Professor of Graduate School of Informatics of University of Electro-Communications [incumbent]
- Jun. 2012: Chairman of Reliability Engineering Association of Japan (Resigned in Jun. 2014)

<Important Position of Other Organizations Concurrently Assumed>

Professor of Graduate School of Informatics of University of Electro-Communications

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

Mr. Suzuki possesses profound knowledge and extensive experience on quality control and reliability engineering, and the Company asks shareholders to appoint him as an Outside Corporate Auditor so that he can reflect his knowledge and experience in the auditing of the Company.

Mr. Suzuki has not engaged in the management of companies other than as an outside executive, the Company believes that he will be able to duly discharge his duties for the aforementioned reasons.

(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. Yasuhiro Nishi and Mr. Kazuyuki Suzuki.
3. In the event that this Item of Business is approved, the Company will appoint Mr. Yasuhiro Nishi and Mr. Kazuyuki Suzuki as Independent Corporate Auditors 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% and less than 50% 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% and less than 50% 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 directors of the four (4) affiliated companies (of which the Company holds more than 35% and less than 50% 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, 2017 to June 30, 2020
- (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.

-End-