

June 5, 2002

Notice of Convocation of Asahi Kasei Corporation Shareholders

Notice to Shareholders:

The 111th Ordinary General Meeting of Shareholders of Asahi Kasei Corporation will be convened as described below.

Time: Thursday June 27, 2002, 10:00 a.m.

Place: 5th floor meeting room, Shin-Dai Building

2-6 Dojimahama 1-chome, Kita-ku, Osaka 530-8205, Japan

Agenda

Reports:

[Balance Sheets as of March 31, 2002](#)

Report of Operating Results for the fiscal year ended March 31, 2002

[Statements of Income for the fiscal year ended March 31, 2002](#)

Proposals:

Proposal 1 111th Appropriation of Retained Earnings**Proposal 2** Partial Amendment to Articles of Incorporation**Proposal 3** Election of Directors (10 candidates for election)**Proposal 4** Election of Statutory Auditors (1 candidate for election)**Proposal 5** Grant of Retirement Bonus to a Retiring Director

Please read the attachments and exhibit accompanying this notice carefully. If you will be unable to attend, please exercise your voting right either by filling in, signing, and returning the enclosed form by post, or by authorizing a shareholder who will be in attendance to exercise your vote by proxy. In order to be effective, forms to exercise voting rights by post must be received no later than June 26, 2002.

Nobuo Yamaguchi

Representative Director, Chairman of the Board

*Note: translation of Japanese document, some notes and reference information omitted.***NEXT**

Attachment 1: Materials pertaining to items to be reported

1. Balance Sheets as of March 31, 2002 (in millions of yen, fractions of one million omitted)

Assets	
Current assets	431,945
Cash on hand and in banks	61,598
Notes receivable	22,219
Accounts receivable, trade	166,083
Marketable securities	29
Finished products	62,130
Raw materials	14,440
Work in progress	47,748
Supplies	12,512
Prepaid expenses	5,164
Deferred income taxes	11,935
Accounts receivable, other	7,905
Short-term loan receivable	5,864
Advance paid	12,321
Other current assets	5,422
Allowance for doubtful accounts	(3,431)
Fixed assets	569,774
Property, plant and equipment, net of accumulated depreciation	328,468
Buildings	96,542
Structures	30,763
Machinery and equipment	118,786
Vehicles	390
Tools, furniture and fixtures	10,661
Land	56,366
Construction in progress	14,957
Intangible fixed assets	19,942
Software	15,890
Patents rights and others	4,051
Investments and other assets	221,363
Investment securities	110,217
Investments in subsidiaries	85,268
Long-term receivables	9,440
Long-term prepaid expenses	8,030
Other	9,602
Allowance for doubtful accounts	(1,196)
Total assets	1,001,719

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Liabilities	578,739
Current liabilities	309,497
Notes payable	25,861
Accounts payable, trade	82,209
Short-term borrowings	1,092
Commercial paper	10,000
Current portion of bonds	52,033
Accounts payable, other	29,805
Accrued expenses	67,900
Advance received	28,254
Deposits received	12,136
Other current liabilities	204
Long-term liabilities	269,242
Bonds	158,000
Long-term borrowings	48,079
Deferred income taxes	16,698
Accrued severance indemnities	34,918
Reserve for directors and statutory auditors retirement bonus	1,359
Customers' guarantee deposits	10,186
Shareholders' equity	422,980
Common stock	103,388
Statutory reserve	105,243
Additional paid-in capital	79,396
Legal reserve	25,847
Retained earnings	202,304
Reserve for special depreciation	406
Reserve for fixed assets reduction	21,276
Dividend equalization reserve	7,000
Reserve for retirement allowance	9,555
General reserve	142,000
Unappropriated retained earnings as of the end of the fiscal period	22,065
(Of which, net income for the fiscal period: 1,028)	
Net unrealized gains on securities	26,124
Common stock in treasury	(14,081)
Liabilities and shareholders' equity	1,001,719

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2. Statements of Income for the Fiscal Year ended March 31, 2002
(in millions of yen, fractions of one million omitted)

Net sales	922,086
Operating expenses	896,926
Cost of sales	693,773
Selling, general administrative expenses	203,153
Operating profit	25,159
Non-operating income	11,808
Interest and dividend income	8,109
Other	3,698
Non-operating expenses	9,002
Interest expense, discount charge	4,483
Other	4,518
Ordinary profit	27,965
Special gains	1,441
Gain on sale of investment securities	998
Gain on sale of property, plant and equipment	231
Reversal of provision for doubtful accounts	211
Special losses	29,781
Loss from devaluation of investment securities	1,641
Loss on disposal of property, plant and equipment	5,106
Contribution to pension plan for amortization of past service costs	17,294
Restructuring charges	5,738
Loss before income taxes	374
Current income taxes	900
Deferred income taxes	(2,303)
Net income	1,028
Unappropriated retained earnings brought forward from previous period	25,365
Interim dividends	4,327
Unappropriated retained earnings as of the end of the fiscal period	22,065

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Attachment 2: Statement pertaining to Proposal 1

Proposed Appropriation of Retained Earnings (in yen)

Unappropriated retained earnings as of the end of the fiscal period	22,065,746,234
Reversal of reserve for special depreciation	70,119,500
Reversal of reserve for fixed assets reduction	110,738,329
Total	22,246,604,063
To be appropriated to:	
Cash dividends (Ordinary dividend per share: 3)	4,220,411,991
Unappropriated retained earnings carried forward to the next period	18,026,192,072

Note: Interim dividends aggregating ¥4,327,843,449 (¥3 per share) were paid.

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**Exhibit 1: Reference materials pertaining to
proposals pending shareholder vote for adoption**

1. Total number of shareholder voting rights: 1,389,359

2. Proposals pending shareholder vote, related notes and information

Proposal 1 [Appropriation of Retained Earnings](#)

The Board of Directors recommends that retained earnings be appropriated as shown in the statement of *Proposed Appropriation of Retained Earnings* (see [Attachment 2](#)). With consideration given to results for the period and the operating environment, it has been determined that ¥3 per share is the appropriate dividend for the term. (An interim dividend of ¥3 per share was implemented; this proposal would bring the total dividend for the fiscal year to ¥6 per share.)

Note: Reversals of *reserve for special depreciation* and *reserve for fixed assets reduction* are implemented in accord with regulations specified in the Special Taxation Measures Law.



Proposal 2 Partial Amendment to Articles of Incorporation

The Board of Directors recommends that the Articles of Incorporation be amended as shown in *Proposed Amendment to Articles of Incorporation* (below).

Reasons for amendment:

- The revision of Article 2 will expand the objects and purposes of the company to enable an expansion of the scope of business operations.
- The following revisions are made pursuant to amendments to the Commercial Code implemented in Law No. 79 of 2001 and Law No. 128 of 2001.
 1. Item 1 of Article 6 is deleted due to the elimination of “par value” shares as a legal class of shares.
 2. Though the English is unchanged, the term “share unit” in Articles 6, 9, and 10 is changed in the Japanese from *tan'i* to *tangen* due to the legal elimination of the *tan'i* share unit system and its replacement with the new *tangen* share unit system. The new Article 7 is added, and Articles 16 and 25 are revised, pursuant to the new share unit system.
 3. The present Article 7 is deleted pursuant to an amendment to the law regulating retirement of shares.
 4. The term “recorded” in Articles 8, 33, and 34 is changed in the Japanese from *kisai* (implying “in writing”) to *kisai mata wa kiroku* (not limited to “in writing”) to enable electronic recording of relevant documents.

Proposed Amendment to Articles of Incorporation (changes underlined)

Excerpts from Articles of Incorporation (as of January 1, 2001)	To be amended as below:
Article 2 (Objects and Purposes) The objects and purposes of the Company shall be to engage in the following and do all matters related thereto. <i>[items 1 through 8 unchanged]</i> <i>[no corresponding item]</i> <u>9.</u> Power supply.	Article 2 (Objects and Purposes) The objects and purposes of the Company shall be to engage in the following and do all matters related thereto. <i>[items 1 through 8 unchanged]</i> <u>9. Collection, transportation, treatment, and recycling of industrial waste and other wastes.</u> <u>10.</u> Power supply.



<p><u>Article 6 (Par Value of Shares and Number of Shares in Each Share Unit)</u></p> <p>(1) <u>All par value shares to be issued by the Company shall have a par value of fifty yen (¥50) per share.</u></p> <p>(2) The number of shares in each share unit of the Company shall be one thousand (1,000).</p>	<p><u>Article 6 (Number of Shares in Each Share Unit)</u></p> <p style="text-align: center;"><i>[item 1 deleted]</i></p> <p>The number of shares in each <u>share unit</u> of the Company shall be one thousand (1,000).</p>
<p><u>Article 7 (Retirement of Shares)</u></p> <p><u>The Company may, by resolution of the Board of Directors, purchase and retire the shares issued by the Company up to one hundred and forty-four million (144,000,000) shares.</u></p>	<p style="text-align: center;"><i>[deleted]</i></p>
<p style="text-align: center;"><i>[no corresponding article]</i></p>	<p><u>Article 7 (Non-issuance of Share Certificates in Less than One Share Unit)</u></p> <p><u>The Company shall not issue share certificates with respect to a number of shares smaller than one share unit, except as provided for by the Share Handling Regulations.</u></p>
<p><u>Article 8 (Record Date)</u></p> <p>(1) Shareholders who may exercise shareholder rights at the Ordinary General Meeting of Shareholders shall be those shareholders recorded in the Registers of Shareholders and Beneficial Shareholders (hereinafter collectively referred to as “shareholders”) as of the last day of each business term.</p> <p>(2) In other instances, the Company may as necessary designate by resolution of the Board of Directors, with prior public notice, additional dates for determination of shareholders or their registered pledgees recorded in the Registers of Shareholders and Beneficial Shareholders, who may exercise relevant rights as shareholders or pledgees.</p>	<p><u>Article 8 (Record Date)</u></p> <p>(1) Shareholders who may exercise shareholder rights at the Ordinary General Meeting of Shareholders shall be those shareholders <u>recorded</u> in the Registers of Shareholders and Beneficial Shareholders (hereinafter collectively referred to as “shareholders”) as of the last day of each business term.</p> <p>(2) In other instances, the Company may as necessary designate by resolution of the Board of Directors, with prior public notice, additional dates for determination of shareholders or their registered pledgees <u>recorded</u> in the Registers of Shareholders and Beneficial Shareholders, who may exercise relevant rights as shareholders or pledgees.</p>



<p>Article 9 (Transfer Agent)</p> <p>(1) The Company shall have a transfer agent for share handling.</p> <p>(2) The transfer agent and location of its office shall be decided by resolution of the Board of Directors and public notice thereof shall be given.</p> <p>(3) The Registers of Shareholders and Beneficial Shareholders of the Company shall be maintained at the office of the transfer agent. Registration of a transfer in the Register of Shareholders, purchases of shares in less than one share unit, receipt of the Register of Beneficial Shareholders, and all other businesses relating to shares shall be handled by the transfer agent.</p>	<p>Article 9 (Transfer Agent)</p> <p style="text-align: center;"><i>[unchanged]</i></p> <p style="text-align: center;"><i>[unchanged]</i></p> <p>(3) The Registers of Shareholders and Beneficial Shareholders of the Company shall be maintained at the office of the transfer agent. Registration of a transfer in the Register of Shareholders, purchases of shares in less than one <u>share unit</u>, receipt of the Register of Beneficial Shareholders, and all other businesses relating to shares shall be handled by the transfer agent.</p>
<p>Article 10 (Share Handling Regulations)</p> <p>Classes of share certificates of the Company, registration of a transfer in the Register of Shareholders, purchases of shares in less than one share unit, receipt of the Register of Beneficial Shareholders, and other procedures concerning share handling and handling charges shall be in accordance with the Share Handling Regulations established by the Board of Directors.</p>	<p>Article 10 (Share Handling Regulations)</p> <p>Classes of share certificates of the Company, registration of a transfer in the Register of Shareholders, purchases of shares in less than one <u>share unit</u>, receipt of the Register of Beneficial Shareholders, and other procedures concerning share handling and handling charges shall be in accordance with the Share Handling Regulations established by the Board of Directors.</p>
<p>Article 16 (Election of Directors)</p> <p>(1) Directors shall be elected by a majority of the votes of the shareholders at a General Meeting of Shareholders at which shareholders <u>holding one third (1/3) or more of the issued and outstanding voting shares</u> of the Company are present or represented by proxy.</p> <p>(2) Cumulative voting shall not be employed in such elections of Directors.</p>	<p>Article 16 (Election of Directors)</p> <p>(1) Directors shall be elected by a majority of the votes of the shareholders at a General Meeting of Shareholders at which shareholders <u>who have one third (1/3) or more of the voting rights of the shareholders</u> of the Company are present or represented by proxy.</p> <p style="text-align: center;"><i>[unchanged]</i></p>



<p>Article 25 (Election of Auditors)</p> <p>Auditors shall be elected by a majority of the votes of the shareholders at a General Meeting of Shareholders at which shareholders <u>holding one third (1/3) or more of the issued and outstanding voting shares</u> of the Company are present or represented by proxy.</p>	<p>Article 25 (Election of Auditors)</p> <p>Auditors shall be elected by a majority of the votes of the shareholders at a General Meeting of Shareholders at which shareholders <u>who have one third (1/3) or more of the voting rights of the shareholders</u> of the Company are present or represented by proxy.</p>
<p>Article 33 (Dividends)</p> <p>Dividend shall be paid to shareholders or their registered pledgees recorded in the Registers of Shareholders and Beneficial Shareholders as of the last day of each business term.</p>	<p>Article 33 (Dividends)</p> <p>Dividend shall be paid to shareholders or their registered pledgees <u>recorded</u> in the Registers of Shareholders and Beneficial Shareholders as of the last day of each business term.</p>
<p>Article 34 (Interim dividends)</p> <p>The Company may, by resolution of the Board of Directors, pay to the shareholders or their registered pledgees recorded in the Registers of Shareholders and Beneficial Shareholders as of September 30 of each year, money as provided for in Article 293-5 of the Commercial Code.</p>	<p>Article 34 (Interim dividends)</p> <p>The Company may, by resolution of the Board of Directors, pay to the shareholders or their registered pledgees <u>recorded</u> in the Registers of Shareholders and Beneficial Shareholders as of September 30 of each year, money as provided for in Article 293-5 of the Commercial Code.</p>

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Proposal 3 Election of Directors

The term of office of the following 11 Directors shall expire at the close of this Ordinary General Meeting of Shareholders: Nobuo Yamaguchi, Tetsuo Tokunaga, Hiroshi Susumago, Masamichi Sato, Mitsuo Kohno, Yoshiki Ueoka, Hideaki Kawamura, Ryoji Horinaka, Kenichi Shibukawa, Takeshi Kondo, and Taketsugu Fujiwara.

The Board of Directors recommends that the following 10 candidates be elected Directors:

Candidate No.	Name, date of birth	Asahi Kasei shares held	Career summary
1	Nobuo Yamaguchi, December 23, 1924	55,000	<ul style="list-style-type: none"> • April 1952: joined Asahi Kasei • June 1976: elected Director • November 1978: appointed Managing Director • June 1981: appointed Representative Director*, Executive Vice President • April 1992: appointed Director and Chairman*
2	Tetsuo Tokunaga, May 30, 1936	43,600	<ul style="list-style-type: none"> • April 1961: joined Asahi Kasei • June 1990: elected Director • June 1994: appointed Managing Director • June 1997: appointed Representative Director*, Senior Managing Director • June 1998: appointed Executive Vice President*
3	Hiroshi Susumago, February 18, 1939	48,000	<ul style="list-style-type: none"> • April 1964: joined Asahi Kasei • June 1992: elected Director • June 1996: appointed Managing Director • June 1998: appointed Senior Managing Director • June 2001: appointed Representative Director*, Executive Vice President*
4	Masamichi Sato, October 3, 1939	31,000	<ul style="list-style-type: none"> • April 1964: joined Asahi Kasei • June 1996: elected Director • June 2001: appointed Managing Director*
5	Mitsuo Kohno, November 4, 1941	20,000	<ul style="list-style-type: none"> • April 1964: joined Asahi Kasei • June 1996: elected Director • June 2001: appointed Managing Director*
6	Hideaki Kawamura, March 4, 1941	31,175	<ul style="list-style-type: none"> • April 1965: joined Asahi Kasei • June 1998: elected Director*
7	Ryoji Horinaka, September 21, 1941	40,000	<ul style="list-style-type: none"> • April 1965: joined Asahi Kasei • June 1998: elected Director*
8	Kenichi Shibukawa, September 7, 1943	15,000	<ul style="list-style-type: none"> • April 1967: joined Asahi Kasei • June 1998: elected Director*
9	Takeshi Kondo, November 8, 1944	42,536	<ul style="list-style-type: none"> • April 1967: joined Asahi Kasei • June 2000: elected Director*
10	Taketsugu Fujiwara, February 19, 1947	11,000	<ul style="list-style-type: none"> • April 1969: joined Asahi Kasei • June 2000: elected Director*

* Position held at present



Proposal 4 Election of Statutory Auditor

The term of office of Katsuaki Tsuzuki as Statutory Auditor shall expire at the close of this Ordinary General Meeting of Shareholders.

The Board of Directors recommends that the following candidate be elected Statutory Auditor:

Name, date of birth	Asahi Kasei shares held	Career summary
Katsuaki Tsuzuki, August 6, 1938	34,000	<ul style="list-style-type: none">• April 1962: joined Asahi Kasei• June 1991: elected Statutory Auditor• June 1993: elected Director• June 1996: appointed Managing Director• June 1998: appointed Senior Managing Director• June 1999: elected Statutory Auditor*

* Position held at present

Proposal 5 Grant of Retirement Bonus to a Retiring Director

The term of office of Yoshiki Ueoka as Director shall expire at the close of this Ordinary General Meeting of Shareholders. In recognition of the services he performed in the office of Director, the Board of Directors recommends that a retirement bonus be granted to him in an appropriate amount in accord with the company's standards. It is proposed that a determination of the specific amount, time, and method of this grant be entrusted to the Board of Directors.

Name	Career summary
Yoshiki Ueoka	<ul style="list-style-type: none">• June 1996: elected Director*

* Position held at present

