

June 10, 2003

**Notice of Convocation of Asahi Kasei Corporation Shareholders**

Notice to Shareholders:

The 112th Ordinary General Meeting of Shareholders of Asahi Kasei Corporation will be convened as described below.

Time: Friday June 27, 2003, 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, 2003

Report of Operating Results for the fiscal year ended March 31, 2003

Statements of Income for the fiscal year ended March 31, 2003

**Proposals:**

- Proposal 1** 112th Appropriation of Retained Earnings
- Proposal 2** Partial Amendment to Articles of Incorporation
- Proposal 3** Approval of Partition Agreement between the Company and Asahi Kasei Fibers Corporation
- Proposal 4** Approval of Partition Agreement between the Company and Asahi Kasei Chemicals Corporation
- Proposal 5** Approval of Partition Agreement between the Company and Asahi Kasei Life & Living Corporation
- Proposal 6** Approval of Partition Agreement between the Company and Asahi Kasei Construction Materials Corporation
- Proposal 7** Approval of Partition Agreement between the Company and Asahi Kasei Homes Corporation
- Proposal 8** Approval of Partition Agreement between the Company and Asahi Kasei Electronics Materials & Devices Corporation
- Proposal 9** Approval of Partition Agreement between the Company and Asahi Kasei Pharma Corporation
- Proposal 10** Election of Directors (4 candidates for election)
- Proposal 11** Election of Statutory Auditor (1 candidate for election)
- Proposal 12** Grant of Retirement Bonuses to Retiring Directors and Statutory Auditor
- Proposal 13** Revision of Amount of Remuneration for Directors

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, 2003.

Nobuo Yamaguchi  
Representative Director, Chairman of the Board

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

## Attachment 1: Materials pertaining to items to be reported

### 1. Balance Sheets as of March 31, 2003 (in millions of yen, fractions of one million omitted)

Assets	
Current assets	417,491
Cash on hand and in banks	61,333
Notes receivable	15,303
Accounts receivable, trade	153,164
Marketable securities	30
Finished products	61,092
Raw materials	12,864
Work in progress	45,589
Supplies	11,227
Prepaid expenses	4,479
Deferred income taxes	17,207
Accounts receivable, other	10,473
Short-term loan receivable	8,348
Advance paid	18,142
Other current assets	3,171
Allowance for doubtful accounts	(4,939)
Fixed assets	599,267
Property, plant and equipment, net of accumulated depreciation	317,763
Buildings	92,273
Structures	29,147
Machinery and equipment	112,651
Vehicles	348
Tools, furniture and fixtures	9,755
Land	55,088
Construction in progress	18,498
Intangible fixed assets	25,422
Software	22,056
Patents rights and others	3,365
Investments and other assets	256,082
Investment securities	106,497
Investments in subsidiaries	88,794
Long-term receivables	10,583
Long-term prepaid expenses	8,679
Deferred income taxes	33,294
Other	9,422
Allowance for doubtful accounts	(1,188)
<b>Total assets</b>	<b>1,016,759</b>

Liabilities	682,257
Current liabilities	320,399
Notes payable	25,785
Accounts payable, trade	82,543
Short-term borrowings	25,398
Commercial papers	10,000
Current portion of bonds	29,000
Accounts payable, other	38,809
Accrued expenses	70,035
Advance received	33,241
Deposits received	5,346
Other current liabilities	239
Long-term liabilities	361,857
Bonds	159,000
Long-term borrowings	56,424
Accrued severance indemnities	136,555
Reserve for directors and statutory auditors retirement bonus	1,466
Customers' guarantee deposits	8,411
Shareholders' equity	334,502
Common stock	103,388
Capital surplus	79,396
Additional paid-in capital	79,396
Earned surplus	152,058
Legal reserve	25,847
Reserve for special depreciation	336
Reserve for fixed assets reduction	21,166
Dividend equalization reserve	7,000
Reserve for retirement allowance	9,555
General reserve	142,000
Undisposed deficit as of the end of the fiscal period	(53,846)
<i>Of which, net loss for the fiscal period:</i>	<i>(67,664)</i>
Net unrealized gains on securities	16,137
Common stock in treasury	(16,478)
Liabilities and shareholders' equity	1,016,759

2. Statements of Income for the Fiscal Year ended March 31, 2003  
(in millions of yen, fractions of one million omitted)

Net sales	906,379
Operating expenses	869,354
Cost of sales	677,556
Selling, general administrative expenses	191,797
Operating profit	37,025
Non-operating income	6,520
Interest and dividend income	3,753
Other	2,767
Non-operating expenses	11,292
Interest expense, discount charge	4,803
Other	6,488
Ordinary profit	32,253
Special gains	61,981
Gain on sale of investment securities	4,611
Gain on sale of property, plant and equipment	1,070
Gain on return of substituted portion of the governmental welfare pension program	56,076
Reversal of provision for doubtful accounts	224
Special losses	208,726
Loss on write-down of investment securities	6,300
Loss on disposal of property, plant and equipment	9,836
Lump-sum recognition of prior years' actuarial differences	120,231
Amortization of net transition amount for employee retirement benefits	13,622
Loss on recision of employee retirement benefit trust	10,637
Loss related to fire at plant facilities	1,831
Restructuring charges	46,265
Loss before income taxes	114,490
Current income taxes	554
Deferred income taxes	(47,379)
Net loss	67,664
Unappropriated retained earnings brought forward from previous period	18,026
Interim dividends	4,207
Undisposed deficit as of the end of the fiscal period	53,846

## Attachment 2: Statement pertaining to Proposal 1

Proposed Appropriation of Retained Earnings (in yen)

Undisposed deficit as of the end of the fiscal period	(53,846,137,966)
Reversal of reserve for special depreciation	73,959,800
Reversal of reserve for retirement allowance	9,555,397,000
Reversal of general reserve	60,000,000,000
Total	15,783,218,834
To be appropriated to:	
Cash dividends (Ordinary dividend per share: 3)	4,203,863,472
Reserve for fixed assets reduction	828,940,773
Total	5,032,804,245
Unappropriated retained earnings carried forward to the next period	10,750,414,589

Note: Interim dividends aggregating ¥4,207,371,657 (¥3 per share) were paid.

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

1. Total number of shareholder voting rights: 1,385,476
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). Despite the severe net results for the period, in consideration for the importance of long-term, stable dividends it has been determined that ¥3 per share is the appropriate dividend for the term, to be enabled through reversal of *reserve for retirement allowance* and partial reversal of *general reserve*. (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: Reversal of *reserve for special depreciation* is 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 following amendments relate to the transformation to a holding company/constituent corporations corporate structure and the associated changes in management configuration.

- Objects and Purposes:

The amendment of Article 2 reflects the objects and purposes of the company in its role as a holding company in the new corporate structure, and reflects changes in the scope of business operations.

- Convener and Chair of General Meeting of Shareholders:

The amendment of Article 12 reflects a realignment of the roles of the Chairman of the Board and the President. The President will convene and chair General Meetings of Shareholders, a role which is presently charged to the Chairman of the Board.

- Number of Directors:

The amendment of Article 15 will reduce the maximum number of Directors from forty-five to fifteen as the Board of Directors is revitalized in its new role of corporate

oversight and determination of Group strategy to swiftly respond to changes in the operating environment.

- Term of Office of Directors:

The amendment of Article 17 will reduce the term of office of Directors from two years to one year, for greater clarity of management responsibility and enhanced response to changes in the operating environment. The addition of Article 37 confirms that the term of office of Directors holding office prior to the close of this General Meeting remains two years.

- Mitigation of Liability of Directors and Statutory Auditors:

To enable Directors and Statutory Auditors to perform their duties with greater assurance, and to engender an environment conducive to the inclusion of outside Directors, the addition of Article 23-2 and Article 31-2 will provide for the adoption by resolution of the Board of Directors of indemnity of Directors and Statutory Auditors from liability arising from acts in good faith and excepting gross negligence, the amount of exclusion from indemnity being in accord with legal mandates. Provision is also made for the conclusion of agreements between the company and outside directors concerning indemnity from liability arising from acts in good faith and excepting gross negligence, the amount of liability being in accord with legal mandates.

The Board of Statutory Auditors unanimously endorsed the proposition of this amendment to the Articles of Incorporation at this General Meeting of Shareholders.

The following revisions are made pursuant to amendments to the Commercial Code implemented in Law No. 128 of 2001, Law No. 149 of 2001, and Law No. 44 of 2002.

- Provisions Related to Convertible Debentures:

Article 36 is deleted as new legal provisions for Debentures with Rights to Subscribe for New Shares and the completion of redemption of all issued convertible debentures have rendered it obsolete. With the deletion of the present Article 36, the present Article 37 is renumbered to Article 36.

- Term of Office of Statutory Auditors:

The amendment of Article 26 will lengthen the term of office of Statutory Auditors to four years as newly mandated by revision of the Commercial Code. The addition of Article 38 confirms that the term of office of Statutory Auditors holding office prior to the close of this General Meeting remains three years.

- Loss of Share Certificates:

Article 9 Clause 3 is amended to provide for a registry of lost share certificates in accord with new legal provisions for nullification of share certificates.

- Special Resolution:

Article 13 Clause 2 is amended to change the quorum required for passage of a Special Resolution as specified in the Commercial Code from a simple majority to one-third of shareholder voting rights as newly provided for by revision of the Commercial Code, in order to cope with decreasing rates of exercise of voting rights

resulting from factors including the changing profile of shareholders.

Proposed Amendment to Articles of Incorporation

Note: Newly added Article 37 to be deleted upon the expiration of the term of office of all Directors holding office prior to the close of this General Meeting; similarly, newly added Article 38 to be deleted upon the expiration of the term of office of all Statutory Auditors holding office prior to the close of this General Meeting.

(changes underlined)

Excerpts from Articles of Incorporation (as of June 27, 2002)	To be amended as below:
<p>Article 2 (Objects and Purposes) The objects and purposes of the Company shall be to engage in the following and related businesses.</p> <p>1. Manufacture, processing, purchase, and sale of the following products:</p> <p><i>[items 1 (a) through 1 (d) unchanged]</i></p> <p>(e) Seasonings, <u>frozen foods</u>, processed foods, food additives, <u>food ferments</u>, liquors, <u>beverages</u>, fodder, and additives to fodder</p> <p><i>[items 1 (f) through 7 unchanged]</i></p> <p>8. Management of <u>department stores</u>, <u>supermarkets</u>, <u>restaurants</u>, warehouses, freight agencies, travel agencies, indemnity insurance agencies, life insurance solicitation, and employment agencies</p> <p><i>[items 9 through 10 unchanged]</i></p>	<p>Article 2 (Objects and Purposes) The objects and purposes of the Company shall be to engage in the following and related businesses, <u>and, by virtue of ownership of shares or holdings therein, to oversee and control the business operations of domestic or foreign companies engaged in the following and related businesses, and to perform functions related thereto.</u></p> <p>1. Manufacture, processing, purchase, and sale of the following products:</p> <p><i>[items 1 (a) through 1 (d) unchanged]</i></p> <p>(e) Seasonings, processed foods, food additives, liquors, fodder, and additives to fodder</p> <p><i>[items 1 (f) through 7 unchanged]</i></p> <p>8. Management of warehouses, freight agencies, travel agencies, indemnity insurance agencies, life insurance solicitation, and employment agencies</p> <p><i>[items 9 through 10 unchanged]</i></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>(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, <u>and the Registry of Lost Share Certificates</u>, 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 12 (Convener and Chair)</p> <p>(1) The General Meeting of Shareholders shall be convened and chaired by the Representative Director and <u>Chairman</u>.</p> <p>(2) <u>Should the office of the Representative Director and Chairman be vacant or should the Representative Director and Chairman be prevented from convening or chairing the General Meeting of Shareholders, it shall be convened or chaired by the Representative Director and President, and should the Representative Director and President be prevented from convening or chairing the General Meeting of Shareholders, then a Director shall be appointed by resolution of the Board of Directors to do so.</u></p>	<p>Article 12 (Convener and Chair)</p> <p>(1) The General Meeting of Shareholders shall be convened and chaired by the Representative Director and <u>President</u>.</p> <p>(2) Should the Representative Director and President be prevented from convening or chairing the General Meeting of Shareholders, then a Director shall be appointed by resolution of the Board of Directors to do so.</p>

<p>Article 13 (Method of Resolution)</p> <p>Resolutions of a General Meeting of Shareholders shall be adopted by a majority of voting rights of shareholders present at the meeting except as otherwise provided by law or ordinance or by these Articles of Incorporation.</p>	<p>Article 13 (Method of Resolution)</p> <p>(1) Resolutions of a General Meeting of Shareholders shall be adopted by a majority of voting rights of shareholders present at the meeting except as otherwise provided by law or ordinance or by these Articles of Incorporation.</p> <p>(2) <u>Resolutions of a General Meeting of Shareholders as set forth in Article 343 of the Commercial Code shall be adopted by two-thirds or more of the voting rights of shareholders present who hold one-third or more of the shareholder voting rights.</u></p>
<p>Article 15 (Number of Directors)</p> <p>The Company shall have <u>forty-five (45)</u> or less Directors.</p>	<p>Article 15 (Number of Directors)</p> <p>The Company shall have <u>fifteen (15)</u> or less Directors.</p>
<p>Article 17 (Term of Office of Directors)</p> <p>The term of office of a Director shall expire at the close of the Ordinary General Meeting of Shareholders concerning the last business term to end within <u>two years</u> after his assumption of office.</p>	<p>Article 17 (Term of Office of Directors)</p> <p>The term of office of a Director shall expire at the close of the Ordinary General Meeting of Shareholders concerning the last business term to end within <u>one year</u> after his assumption of office.</p>

<p style="text-align: center;"><i>[no corresponding article]</i></p>	<p><u>Article 23-2 (Indemnity of Directors from Liability)</u></p> <p>(1) <u>The Company may, by resolution of the Board of Directors, indemnify Directors from liability arising in relation to acts set forth in Article 266 Paragraph 1 Item (5) of the Commercial Code, in accord with the minimum exclusion from indemnification stipulated by law.</u></p> <p>(2) <u>The Company may conclude an agreement with an outside Director limiting the outside Director's liability arising in relation to acts set forth in Article 266 Paragraph 1 Item (5) of the Commercial Code. The amount of the outside Director's liability based on such an agreement shall be an amount previously stipulated of at least 10 million yen, or the minimum amount stipulated by law, whichever is higher.</u></p>
<p>Article 26 (Term of Office of Auditors)</p> <p>The term of office of an Auditor shall expire at the close of the Ordinary General Meeting of Shareholders concerning the last business term to end within <u>three</u> years after his assumption of office.</p>	<p>Article 26 (Term of Office of Auditors)</p> <p>The term of office of an Auditor shall expire at the close of the Ordinary General Meeting of Shareholders concerning the last business term to end within <u>four</u> years after his assumption of office.</p>
<p style="text-align: center;"><i>[no corresponding article]</i></p>	<p><u>Article 31-2 (Indemnity of Auditors from Liability)</u></p> <p><u>The Company may, by resolution of the Board of Directors, indemnify Auditors from liability in accord with the minimum exclusion from indemnification stipulated by law.</u></p>

<p><u>Article 36 (Conversion of Convertible Debentures and Dividends, etc.)</u></p> <p><u>The dividends and interim dividends as provided for in Article 34 hereof on shares issued through conversion of convertible debentures shall be paid as if such conversion had been made on April 1 when the request for such conversion was made during the period from April 1 to September 30 and on October 1 when the request for such conversion was made during the period from October 1 to March 31 of the following year.</u></p>	<p><i>[deleted]</i></p>
<p>Article 37 (Transfer Agent for Foreign Currency Debentures)</p> <p><i>[unchanged]</i></p>	<p>Article 36 (Transfer Agent for Foreign Currency Debentures)</p> <p><i>[unchanged]</i></p>
<p><i>[no corresponding article]</i></p>	<p><u>Article 37 (Interim Measure Related to Term of Office of Directors)</u></p> <p><u>Irrespective of the provisions of Article 17, the term of office of Directors elected at the Ordinary General Meeting of Shareholders convened on June 27, 2002 shall expire at the close of the Ordinary General Meeting of Shareholders convened concerning the fiscal year ending March 31, 2004.</u></p>
<p><i>[no corresponding article]</i></p>	<p><u>Article 38 (Interim Measure Related to Term of Office of Auditors)</u></p> <p><u>Irrespective of the provisions of Article 26, the term of office of Auditors holding office prior to the close of the Ordinary General Meeting of Shareholders convened concerning the fiscal year ending March 31, 2003 shall be three years as formerly provided.</u></p>

### **Proposal 3 Approval of Partition Agreement between the Company and Asahi Kasei Fibers Corporation**

#### Reasons for partition and absorption, requirement for approval

The Board of Directors has determined that a transformation of the corporate configuration to that of a holding company and seven constituent corporations as wholly owned subsidiaries comprising all core operations will engender the optimal Group management structure for the attainment of a high-earnings business portfolio which is less susceptible to changes in market conditions, with clear delineation of authority and responsibility and quick response by each operation to changing business environments.

The legal category of the method to be utilized to implement the transformation to a holding company/constituent corporation configuration is that of Corporate Partition and Absorption as specified in the Commercial Code. To execute this transformation, the adoption of Proposal 3 through Proposal 9 are necessitated by provisions of the Commercial Code which require approval of Partition Agreements by a General Meeting of Shareholders. These seven proposals correspond to the seven core business segments which are to succeed to Asahi Kasei Fibers Corporation, Asahi Kasei Chemicals Corporation, Asahi Kasei Life & Living Corporation, Asahi Kasei Construction Materials Corporation, Asahi Kasei Homes Corporation, Asahi Kasei Electronics Materials & Devices Corporation, and Asahi Kasei Pharma Corporation as constituent operating companies in the holding company configuration.

The Board of Directors recommends that the Partition Agreement below be adopted to effect partition of all operations of the company's Fibers & Textiles internal company business unit and Moriyama Office, and their succession by Asahi Kasei Fibers Corporation, a wholly owned subsidiary of the company.

#### Abstract of Partition Agreement

This Agreement is made by and between Asahi Kasei Corporation ("AKC") and Asahi Kasei Fibers Corporation ("AKFC") on May 9, 2003 with regard to succession of all business relating to the Fiber & Textiles internal company business unit and the Moriyama Office of AKC ("Subject Business") to AKFC by using "partition and absorption" under the Commercial Code of Japan ("Subject Partition").

**Purpose:** AKC shall partition Subject Business and AKFC shall succeed the same.

**Number of newly issued shares and allocation:** AKFC shall issue 8,000 common shares at Subject Partition and allocate all shares to AKC.

**Amount of increased shareholders' equity:** The amount of shareholders' equity of AKFC which will be increased by Subject Partition shall be 2,990,000,000 Japanese Yen, so that the amount of shareholders' equity of AKFC after Subject Partition shall be

3,000,000,000 Japanese Yen.

Rights and obligations succeeded: The rights and obligations which AKFC will succeed from AKC shall be as follows:

- (1) All assets and liabilities relating to Subject Business as of the date of Subject Partition and rights and obligations pertinent thereto, except for land, notes, bonds, commercial papers, trademarks incorporating all or part of AKC's company name, and certain other agreed exceptions;
- (2) All contractual status relating to Subject Business and all rights and obligations arisen from these contracts;
- (3) Employment contracts with all employees who belong to, and principally engage in, Subject Business; and
- (4) Labor arrangement which AKC and its labor union separately agree to succeed.

Shareholders meetings in which partition is approved: AKC and AKFC shall hold general meetings of their shareholders on June 27, 2003 and June 24, 2003, respectively, and seek resolution on approval of this Agreement and related matters as necessary for Subject Partition. In the event that approval is not obtained at both the general meeting of AKC shareholders and the general meeting of AKFC shareholders, this Agreement shall be invalid.

Date of partition: The date of Subject Partition shall be October 1, 2003.

For AKC:

Shiro Hiruta  
President  
Asahi Kasei Corporation

For AKFC:

Masaki Sakamoto  
President  
Asahi Kasei Fibers Corporation

#### Prospects for performance of obligations

It has been determined that the terms of the Partition Agreements between the company and each successor company and the outlook for operating performance ensure that each party will maintain sufficient means to provide for full discharge of all debts and liabilities maturing or arising on and after the date of partition.

## **Proposal 4 Approval of Partition Agreement between the Company and Asahi Kasei Chemicals Corporation**

### Reasons for partition and absorption, requirement for approval

As described in Proposal 3. The Board of Directors recommends that the Partition Agreement below be adopted to effect partition of all operations of the company's Chemicals & Plastics, Performance Plastics & Compounds, Performance Chemicals, and Specialty Products & Systems internal company business units and the electric power divisions of the company's Nobeoka and Fuji Offices, and their succession by Asahi Kasei Chemicals Corporation, a wholly owned subsidiary of the company.

### Abstract of Partition Agreement

This Agreement is made by and between Asahi Kasei Corporation ("AKC") and Asahi Kasei Chemicals Corporation ("AKCC") on May 9, 2003 with regard to succession of all business relating to the Chemicals & Plastics, Performance Plastics & Compounds, Performance Chemicals, and Specialty Products & Systems Internal Companies and the electric power divisions of the Nobeoka Office and Fuji Office of AKC ("Subject Business") to AKCC by using "partition and absorption" under the Commercial Code of Japan ("Subject Partition").

Purpose: AKC shall partition Subject Business and AKCC shall succeed the same.

Number of newly issued shares and allocation: AKCC shall issue 20,000 common shares at Subject Partition and allocate all shares to AKC.

Amount of increased shareholders' equity: The amount of shareholders' equity of AKCC which will be increased by Subject Partition shall be 2,990,000,000 Japanese Yen, so that the amount of shareholders' equity of AKCC after Subject Partition shall be 3,000,000,000 Japanese Yen.

Rights and obligations succeeded: The rights and obligations which AKCC will succeed from AKC shall be as follows:

- (1) All assets and liabilities relating to Subject Business as of the date of Subject Partition and rights and obligations pertinent thereto, except for land, notes, bonds, commercial papers, trademarks incorporating all or part of AKC's company name, and certain other agreed exceptions;
- (2) All contractual status relating to Subject Business and all rights and obligations arisen from these contracts;
- (3) Employment contracts with all employees who belong to, and principally engage in, Subject Business; and
- (4) Labor arrangement which AKC and its labor union separately agree to succeed.

Shareholders meetings in which partition is approved: AKC and AKCC shall hold general meetings of their shareholders on June 27, 2003 and June 24, 2003, respectively, and seek resolution on approval of this Agreement and related matters as necessary for Subject Partition. In the event that approval is not obtained at both the general meeting of AKC shareholders and the general meeting of AKCC shareholders, this Agreement shall be invalid.

Date of partition: The date of Subject Partition shall be October 1, 2003.

For AKC:

Shiro Hiruta  
President  
Asahi Kasei Corporation

For AKCC:

Taketsugu Fujiwara  
President  
Asahi Kasei Chemicals Corporation

Prospects for performance of obligations

As described in Proposal 3.

### **Proposal 5 Approval of Partition Agreement between the Company and Asahi Kasei Life & Living Corporation**

Reasons for partition and absorption, requirement for approval

As described in Proposal 3. The Board of Directors recommends that the Partition Agreement below be adopted to effect partition of all operations of the company's Fabricated Home Products internal company business unit, and their succession by Asahi Kasei Life & Living Corporation, a wholly owned subsidiary of the company.

Abstract of Partition Agreement

This Agreement is made by and between Asahi Kasei Corporation ("AKC") and Asahi Kasei Life & Living Corporation ("AKLLC") on May 9, 2003 with regard to succession of all business relating to the Fabricated Home Products internal company business unit of AKC ("Subject Business") to AKLLC by using "partition and absorption" under the Commercial Code of Japan ("Subject Partition").

Purpose: AKC shall partition Subject Business and AKLLC shall succeed the same.

Number of newly issued shares and allocation: AKLLC shall issue 24 common shares

at Subject Partition and allocate all shares to AKC.

Amount of increased shareholders' equity: The amount of shareholders' equity of AKLLC which will be increased by Subject Partition shall be 2,990,000,000 Japanese Yen, so that the amount of shareholders' equity of AKLLC after Subject Partition shall be 3,000,000,000 Japanese Yen.

Rights and obligations succeeded: The rights and obligations which AKLLC will succeed from AKC shall be as follows:

- (1) All assets and liabilities relating to Subject Business as of the date of Subject Partition and rights and obligations pertinent thereto, except for land, notes, bonds, commercial papers, trademarks incorporating all or part of AKC's company name, and certain other agreed exceptions;
- (2) All contractual status relating to Subject Business and all rights and obligations arisen from these contracts;
- (3) Employment contracts with all employees who belong to, and principally engage in, Subject Business; and
- (4) Labor arrangement which AKC and its labor union separately agree to succeed.

Shareholders meetings in which partition is approved: AKC and AKLLC shall hold general meetings of their shareholders on June 27, 2003 and June 24, 2003, respectively, and seek resolution on approval of this Agreement and related matters as necessary for Subject Partition. In the event that approval is not obtained at both the general meeting of AKC shareholders and the general meeting of AKLLC shareholders, this Agreement shall be invalid.

Date of partition: The date of Subject Partition shall be October 1, 2003.

For AKC:

Shiro Hiruta

President

Asahi Kasei Corporation

For AKLLC:

Yoshihiro Nohmura

President

Asahi Kasei Life & Living Corporation

Prospects for performance of obligations

As described in Proposal 3.

## **Proposal 6 Approval of Partition Agreement between the Company and Asahi Kasei Construction Materials Corporation**

### Reasons for partition and absorption, requirement for approval

As described in Proposal 3. The Board of Directors recommends that the Partition Agreement below be adopted to effect partition of all operations of the company's Construction Materials internal company business unit, and their succession by Asahi Kasei Construction Materials Corporation, a wholly owned subsidiary of the company.

### Abstract of Partition Agreement

This Agreement is made by and between Asahi Kasei Corporation ("AKC") and Asahi Kasei Construction Materials Corporation ("AKCMC") on May 9, 2003 with regard to succession of all business relating to the Construction Materials internal company business unit of AKC ("Subject Business") to AKCMC by using "partition and absorption" under the Commercial Code of Japan ("Subject Partition").

Purpose: AKC shall partition Subject Business and AKCMC shall succeed the same.

Number of newly issued shares and allocation: AKCMC shall issue 1,400,000 common shares at Subject Partition and allocate all shares to AKC.

Amount of increased shareholders' equity: The amount of shareholders' equity of AKCMC which will be increased by Subject Partition shall be 2,200,000,000 Japanese Yen, so that the amount of shareholders' equity of AKCMC after Subject Partition shall be 3,000,000,000 Japanese Yen.

Rights and obligations succeeded: The rights and obligations which AKCMC will succeed from AKC shall be as follows:

- (1) All assets and liabilities relating to Subject Business as of the date of Subject Partition and rights and obligations pertinent thereto, except for land, notes, bonds, commercial papers, trademarks incorporating all or part of AKC's company name, and certain other agreed exceptions;
- (2) All contractual status relating to Subject Business and all rights and obligations arisen from these contracts;
- (3) Employment contracts with all employees who belong to, and principally engage in, Subject Business; and
- (4) Labor arrangement which AKC and its labor union separately agree to succeed.

Shareholders meetings in which partition is approved: AKC and AKCMC shall hold general meetings of their shareholders on June 27, 2003 and June 24, 2003, respectively, and seek resolution on approval of this Agreement and related matters as necessary for

Subject Partition. In the event that approval is not obtained at both the general meeting of AKC shareholders and the general meeting of AKCMC shareholders, this Agreement shall be invalid.

Date of partition: The date of Subject Partition shall be October 1, 2003.

For AKC:

Shiro Hiruta  
President  
Asahi Kasei Corporation

For AKCMC:

Yoichi Saji  
President  
Asahi Kasei Construction Materials Corporation

Prospects for performance of obligations

As described in Proposal 3.

**Proposal 7 Approval of Partition Agreement between the Company and Asahi Kasei Homes Corporation**

Reasons for partition and absorption, requirement for approval

As described in Proposal 3. The Board of Directors recommends that the Partition Agreement below be adopted to effect partition of all operations of the company's Housing internal company business unit, and their succession by Asahi Kasei Homes Corporation, a wholly owned subsidiary of the company.

Abstract of Partition Agreement

This Agreement is made by and between Asahi Kasei Corporation ("AKC") and Asahi Kasei Homes Corporation ("AKHC") on May 9, 2003 with regard to succession of all business relating to the Housing internal company business unit of AKC ("Subject Business") to AKHC by using "partition and absorption" under the Commercial Code of Japan ("Subject Partition").

Purpose: AKC shall partition Subject Business and AKHC shall succeed the same.

Number of newly issued shares and allocation: AKHC shall issue no shares at Subject Partition.

Amount of increased shareholders' equity: The shareholders' equity of AKHC will not

be increased by Subject Partition, so that the amount of shareholders' equity of AKHC after Subject Partition shall remain 3,250,000,000 Japanese Yen.

Rights and obligations succeeded: The rights and obligations which AKHC will succeed from AKC shall be as follows:

- (1) All assets and liabilities relating to Subject Business as of the date of Subject Partition and rights and obligations pertinent thereto, except for land, notes, bonds, commercial papers, trademarks incorporating all or part of AKC's company name, and certain other agreed exceptions;
- (2) All contractual status relating to Subject Business and all rights and obligations arisen from these contracts with the exception of all employment contracts with employees assigned to AKC's Housing internal company business unit.

Shareholders meetings in which partition is approved: AKC and AKHC shall hold general meetings of their shareholders on June 27, 2003 and June 24, 2003, respectively, and seek resolution on approval of this Agreement and related matters as necessary for Subject Partition. In the event that approval is not obtained at both the general meeting of AKC shareholders and the general meeting of AKHC shareholders, this Agreement shall be invalid.

Date of partition: The date of Subject Partition shall be October 1, 2003.

For AKC:

Shiro Hiruta

President

Asahi Kasei Corporation

For AKHC:

Toshiaki Okamoto

President

Asahi Kasei Homes Corporation

Prospects for performance of obligations

As described in Proposal 3.

## **Proposal 8 Approval of Partition Agreement between the Company and Asahi Kasei Electronics Materials & Devices Corporation**

### Reasons for partition and absorption, requirement for approval

As described in Proposal 3. The Board of Directors recommends that the Partition Agreement below be adopted to effect partition of all operations of the company's Electronics internal company business unit, and their succession by Asahi Kasei Electronics Materials & Devices Corporation, a wholly owned subsidiary of the company.

### Abstract of Partition Agreement

This Agreement is made by and between Asahi Kasei Corporation ("AKC") and Asahi Kasei Electronics Materials & Devices Corporation ("AKEMDC") on May 9, 2003 with regard to succession of all business relating to the Electronics internal company business unit of AKC ("Subject Business") to AKEMDC by using "partition and absorption" under the Commercial Code of Japan ("Subject Partition").

Purpose: AKC shall partition Subject Business and AKEMDC shall succeed the same.

Number of newly issued shares and allocation: AKEMDC shall issue 200 common shares at Subject Partition and allocate all shares to AKC.

Amount of increased shareholders' equity: The amount of shareholders' equity of AKEMDC which will be increased by Subject Partition shall be 2,990,000,000 Japanese Yen, so that the amount of shareholders' equity of AKEMDC after Subject Partition shall be 3,000,000,000 Japanese Yen.

Rights and obligations succeeded: The rights and obligations which AKEMDC will succeed from AKC shall be as follows:

- (1) All assets and liabilities relating to Subject Business as of the date of Subject Partition and rights and obligations pertinent thereto, except for land, notes, bonds, commercial papers, trademarks incorporating all or part of AKC's company name, and certain other agreed exceptions;
- (2) All contractual status relating to Subject Business and all rights and obligations arisen from these contracts;
- (3) Employment contracts with all employees who belong to, and principally engage in, Subject Business; and
- (4) Labor arrangement which AKC and its labor union separately agree to succeed.

Shareholders meetings in which partition is approved: AKC and AKEMDC shall hold general meetings of their shareholders on June 27, 2003 and June 24, 2003, respectively, and seek resolution on approval of this Agreement and related matters as necessary for

Subject Partition. In the event that approval is not obtained at both the general meeting of AKC shareholders and the general meeting of AKEMDC shareholders, this Agreement shall be invalid.

Date of partition: The date of Subject Partition shall be October 1, 2003.

For AKC:

Shiro Hiruta  
President  
Asahi Kasei Corporation

For AKEMDC:

Makoto Konosu  
President  
Asahi Kasei Electronics Materials & Devices Corporation

Prospects for performance of obligations

As described in Proposal 3.

**Proposal 9 Approval of Partition Agreement between the Company and Asahi Kasei Pharma Corporation**

Reasons for partition and absorption, requirement for approval

As described in Proposal 3. The Board of Directors recommends that the Partition Agreement below be adopted to effect partition of all operations of the company's Health Care internal company business unit and Ohito Office, and their succession by Asahi Kasei Pharma Corporation, a wholly owned subsidiary of the company.

Abstract of Partition Agreement

This Agreement is made by and between Asahi Kasei Corporation ("AKC") and Asahi Kasei Pharma Corporation ("AKPC") on May 9, 2003 with regard to succession of all business relating to the Health Care internal company business unit and the Ohito Office of AKC ("Subject Business") to AKPC by using "partition and absorption" under the Commercial Code of Japan ("Subject Partition").

Purpose: AKC shall partition Subject Business and AKPC shall succeed the same.

Number of newly issued shares and allocation: AKPC shall issue 60,000 common shares at Subject Partition and allocate all shares to AKC.

Amount of increased shareholders' equity: The amount of shareholders' equity of AKPC

which will be increased by Subject Partition shall be 2,970,000,000 Japanese Yen, so that the amount of shareholders' equity of AKPC after Subject Partition shall be 3,000,000,000 Japanese Yen.

Rights and obligations succeeded: The rights and obligations which AKPC will succeed from AKC shall be as follows:

- (1) All assets and liabilities relating to Subject Business as of the date of Subject Partition and rights and obligations pertinent thereto, except for land, notes, bonds, commercial papers, trademarks incorporating all or part of AKC's company name, and certain other agreed exceptions;
- (2) All contractual status relating to Subject Business and all rights and obligations arisen from these contracts;
- (3) Employment contracts with all employees who belong to, and principally engage in, Subject Business; and
- (4) Labor arrangement which AKC and its labor union separately agree to succeed.

Shareholders meetings in which partition is approved: AKC and AKPC shall hold general meetings of their shareholders on June 27, 2003 and June 24, 2003, respectively, and seek resolution on approval of this Agreement and related matters as necessary for Subject Partition. In the event that approval is not obtained at both the general meeting of AKC shareholders and the general meeting of AKPC shareholders, this Agreement shall be invalid.

Date of partition: The date of Subject Partition shall be October 1, 2003.

For AKC:

Shiro Hiruta  
President  
Asahi Kasei Corporation

For AKPC:

Yosuke Matsumura  
President  
Asahi Kasei Pharma Corporation

Prospects for performance of obligations

As described in Proposal 3.

## Proposal 10 Election of Directors

The term of office of the following 20 Directors shall expire at the close of this Ordinary General Meeting of Shareholders: Kazumoto Yamamoto, Shiro Hiruta, Toshiaki Okamoto, Shinya Miyasaka, Yosuke Matsumura, Toru Okano, Tadashi Ikegami, Tadashi Sasaki, Ichiro Ito, Yuji Tsuchiya, Nobuaki Tanaka, Yasuaki Nakaoka, Mikio Wakabayashi, Kunio Kohga, Yoshihiro Nohmura, Yoichi Saji, Kenji Nakamae, Masaki Sakamoto, Tsutomu Katsumata, and Makoto Konosu. In addition, the following 7 persons shall resign from the office of Director at the close of this Ordinary General Meeting of Shareholders: Tetsuo Tokunaga, Hiroshi Susumago, Hideaki Kawamura, Ryoji Horinaka, Kenichi Shibukawa, Takeshi Kondo, and Taketsugu Fujiwara.

The Board of Directors recommends that the following 4 candidates be elected Directors:

Candidate No.	Name, date of birth	Asahi Kasei shares held	Career summary
1	Shiro Hiruta, December 20, 1941	44,000	<ul style="list-style-type: none"><li>• April 1964: joined Asahi Kasei</li><li>• June 1997: elected Director</li><li>• June 1999: appointed Managing Director</li><li>• June 2001: appointed Senior Managing Director</li><li>• June 2002: appointed Executive Vice President</li><li>• April 2003: appointed President and Representative Director*</li></ul>
2	Shinya Miyasaka, March 30, 1940	33,120	<ul style="list-style-type: none"><li>• April 1963: joined Asahi Kasei</li><li>• June 1993: elected Director</li><li>• June 1998: appointed Managing Director</li><li>• June 2001: appointed Senior Managing Director*</li></ul>
3	Ichiro Ito, July 6, 1942	12,000	<ul style="list-style-type: none"><li>• April 1966: joined Asahi Kasei</li><li>• June 2001: elected Director</li><li>• February 2003: appointed Managing Director*</li></ul>
4	Kunio Kohga, October 17, 1943	24,000	<ul style="list-style-type: none"><li>• April 1968: joined Asahi Kasei</li><li>• June 1997: elected Director*</li></ul>

\* Position held at present

## **Proposal 11 Election of Statutory Auditor**

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

Note: Prior agreement of the Board of Statutory Auditors has been obtained regarding the submission of this proposal.

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

Note: Mr. Hidefumi Sakamoto is a candidate for an External Statutory Auditor as stipulated in Paragraph 1 of Article 18 of the Audit Special Exceptions Law.

Name, date of birth	Asahi Kasei shares held	Career summary
Hidefumi Sakamoto, January 28, 1936	2,120	<ul style="list-style-type: none"><li>• March 1963: Completion of training at Judicial Research and Training Institute</li><li>• April 1963: Registered as Attorney at Law; joined Miyake &amp; Partners Attorney at Law</li><li>• April 1985: Vice-Chairman, Osaka Bar Association</li><li>• April 1997: Vice-Chairman, Japan Federation of Bar Associations; Chairman, Osaka Bar Association</li><li>• May 2002: Representative Partner of Miyake &amp; Partners Attorney at Law*</li></ul>

\* Position held at present

## Proposal 12 Grant of Retirement Bonus to Retiring Directors and Statutory Auditor

The following 23 persons shall retire from the office of Director at the close of this Ordinary General Meeting of Shareholders: Kazumoto Yamamoto, Tetsuo Tokunaga, Hiroshi Susumago, Toshiaki Okamoto, Yosuke Matsumura, Toru Okano, Tadashi Ikegami, Tadashi Sasaki, Yuji Tsuchiya, Nobuaki Tanaka, Yasuaki Nakaoka, Mikio Wakabayashi, Hideaki Kawamura, Ryoji Horinaka, Kenichi Shibukawa, Yoshihiro Nohmura, Takeshi Kondo, Taketsugu Fujiwara, Yoichi Saji, Kenji Nakamae, Masaki Sakamoto, Tsutomu Katsumata, and Makoto Konosu. Yasuo Murata shall retire from the office of Statutory Auditor at the close of this Ordinary General Meeting of Shareholders.

In recognition of the services they performed in the offices of Director and Statutory Auditor, the Board of Directors recommends that retirement bonuses be granted to them in appropriate amounts in accord with the company's standards. It is proposed that determination of the specific amounts, times, and methods of grants regarding service as Director be entrusted to the Board of Directors, and that determination of the specific amount, time, and method of the grant regarding service as Statutory Auditor be entrusted to deliberation among the Statutory Auditors.

Name	Career summary
Kazumoto Yamamoto	<ul style="list-style-type: none"><li>• June 1983: elected Director</li><li>• June 1987: appointed Managing Director</li><li>• June 1991: appointed Senior Managing Director</li><li>• June 1993: appointed Senior Managing Director and Representative Director</li><li>• June 1995: appointed Executive Vice President and Representative Director</li><li>• June 1997: appointed President and Representative Director</li><li>• April 2003: appointed Vice Chairman of the Board*</li></ul>
Tetsuo Tokunaga	<ul style="list-style-type: none"><li>• June 1990: elected Director</li><li>• June 1994: appointed Managing Director</li><li>• June 1997: appointed Senior Managing Director and Representative Director</li><li>• June 1998: appointed Executive Vice President and Representative Director</li><li>• April 2003: appointed Executive Vice President*</li></ul>
Hiroshi Susumago	<ul style="list-style-type: none"><li>• June 1992: elected Director</li><li>• June 1996: appointed Managing Director</li><li>• June 1998: appointed Senior Managing Director</li><li>• June 2001: appointed Executive Vice President and Representative Director</li><li>• April 2003: appointed Executive Vice President*</li></ul>
Toshiaki Okamoto	<ul style="list-style-type: none"><li>• June 1993: elected Director</li><li>• June 1996: appointed Managing Director</li><li>• June 1998: appointed Senior Managing Director</li><li>• June 2002: appointed Executive Vice President and Representative Director</li><li>• April 2003: appointed Executive Vice President*</li></ul>

Yosuke Matsumura	<ul style="list-style-type: none"> <li>• June 1995: elected Director</li> <li>• June 1998: appointed Managing Director</li> <li>• June 2001: appointed Senior Managing Director*</li> </ul>
Toru Okano	<ul style="list-style-type: none"> <li>• June 1995: elected Director</li> <li>• June 1998: appointed Managing Director</li> <li>• June 2001: appointed Senior Managing Director*</li> </ul>
Tadashi Ikegami	<ul style="list-style-type: none"> <li>• June 1995: elected Director</li> <li>• June 2001: appointed Managing Director*</li> </ul>
Tadashi Sasaki	<ul style="list-style-type: none"> <li>• June 1997: elected Director</li> <li>• June 2001: appointed Managing Director*</li> </ul>
Yuji Tsuchiya	<ul style="list-style-type: none"> <li>• June 1989: elected Director</li> <li>• June 1994: appointed Managing Director</li> <li>• June 1996: appointed Senior Managing Director</li> <li>• June 1997: appointed Senior Managing Director and Representative Director</li> <li>• June 1998: appointed Executive Vice President and Representative Director</li> <li>• June 2002: appointed Director*</li> </ul>
Nobuaki Tanaka	<ul style="list-style-type: none"> <li>• June 1993: elected Director</li> <li>• June 1997: appointed Managing Director</li> <li>• June 1998: appointed Senior Managing Director</li> <li>• June 2002: appointed Director*</li> </ul>
Yasuaki Nakaoka	<ul style="list-style-type: none"> <li>• June 1999: elected Director*</li> </ul>
Mikio Wakabayashi	<ul style="list-style-type: none"> <li>• June 1997: elected Director*</li> </ul>
Hideaki Kawamura	<ul style="list-style-type: none"> <li>• June 1998: elected Director*</li> </ul>
Ryoji Horinaka	<ul style="list-style-type: none"> <li>• June 1998: elected Director*</li> </ul>
Kenichi Shibukawa	<ul style="list-style-type: none"> <li>• June 1998: elected Director*</li> </ul>
Yoshihiro Nohmura	<ul style="list-style-type: none"> <li>• June 1999: elected Director*</li> </ul>
Takeshi Kondo	<ul style="list-style-type: none"> <li>• June 2000: elected Director*</li> </ul>
Taketsugu Fujiwara	<ul style="list-style-type: none"> <li>• June 2000: elected Director*</li> </ul>
Yoichi Saji	<ul style="list-style-type: none"> <li>• June 2001: elected Director*</li> </ul>
Kenji Nakamae	<ul style="list-style-type: none"> <li>• June 2001: elected Director*</li> </ul>
Masaki Sakamoto	<ul style="list-style-type: none"> <li>• June 2001: elected Director*</li> </ul>
Tsutomu Katsumata	<ul style="list-style-type: none"> <li>• June 2001: elected Director*</li> </ul>
Makoto Kohnosu	<ul style="list-style-type: none"> <li>• June 2001: elected Director*</li> </ul>
Yasuo Murata	<ul style="list-style-type: none"> <li>• June 1997: elected Statutory Auditor*</li> </ul>

\* Position held at present

### **Proposal 13** Revision of Amount of Remuneration for Directors

Presently, remuneration for Directors is ¥90 million or less per month as approved at the 100th Ordinary General Meeting of Shareholders held June 27, 1991. The Board of Directors recommends revising this amount to ¥30 million or less per month, conditional on the approval of Proposal 2 which would reduce the maximum number of Directors from forty-five to fifteen. As before, for persons serving as both Director and employee, remuneration for service as Director is not inclusive of remuneration for duties performed in the capacity of employee.

Note: With the approval of Proposal 10, the number of Directors in office would decrease to seven from the present thirty.