

***Transformation to Holding Company Configuration***

**New Asahi Kasei Group Organization and Structure**

The Board of Directors of Asahi Kasei Corporation (“Asahi Kasei”) today approved, for submission to its regular General Meeting of Shareholders, a program for transformation of the corporate configuration to that of a holding company and seven constituent corporations as of October 1. Under this program, all core businesses are to be transferred to the constituent corporations. A new system of executive officer management will be adopted, the number of board directors will be reduced, and a new Group Advisory Committee will be established, to enhance management speed and transparency.

**Objectives of transformation**

Devolution of the core businesses to the seven constituent corporations will facilitate quick response to changing business environments and clear delineation of authority and responsibility. Management and operation of each constituent corporation will be fast-moving, autonomous, and self-sustaining. As the Asahi Kasei Group holding company, Asahi Kasei Corporation will formulate Group strategy, optimally allocate Group resources, monitor the conduct of Group operations, and conduct Group-level central research and development, with the fundamental objective of increasing Group value.

**Essentials of transformation**

*Schedule*

Approval of Partition Agreements by Board of Directors.....May 9, 2003  
Approval of Partition Agreements by General Meeting of Shareholders.....June 27, 2003  
Date of Partition.....October 1, 2003

*Method of transformation*

To facilitate the transformation to the holding company configuration, Asahi Kasei Corporation will, as the partitioning company, become the holding company and sole shareholder of the seven constituent corporations shown in Table 1, which will collectively be

successor companies. The method of transformation is thus in the category of partition and absorption, under Japanese corporate law.

*Allocation of shares*

All shares issued in conjunction with the partitioning by the constituent corporations as the successor companies will be assigned to Asahi Kasei Corporation as the partitioning company. One of the constituent corporations, Asahi Kasei Homes Corporation, is a long-established wholly-owned subsidiary of Asahi Kasei Corporation, and will issue no new shares.

*Absence of special compensatory measures*

The partitioning will not involve any special compensatory measures such as capital reduction, share cancellation, or partitioning-related grants or subsidies, or related procedures.

*Succession of rights and obligations*

The rights and obligations succeeding to the constituent corporations (the successor companies), other than as provided in the Partition Agreements, will be the contractual status and all assets, liabilities, and rights and obligations relating and incidental to the businesses succeeding thereto, as of the date of partition.

Successor company	Businesses succeeding thereto
Asahi Kasei Fibers Corporation	-Fibers & Textiles IC -Moriyama Office
Asahi Kasei Chemicals Corporation	-Chemicals & Plastics IC -Performance Plastics & Compounds IC -Performance Chemicals IC -Specialty Products & Systems IC -Electric power divisions of Nobeoka Office and Fuji Office
Asahi Kasei Life & Living Corporation	-Fabricated Home Products IC
Asahi Kasei Construction Materials Corporation	-Construction Materials IC
Asahi Kasei Homes Corporation	-Housing IC
Asahi Kasei Electronics Materials & Devices Corporation	-Electronics IC
Asahi Kasei Pharma Corporation	-Health Care IC

IC: Internal company; strategic business unit referred to as “Company” in the current corporate configuration.

*Honoring of accrued debts*

No discontinuity or problem is expected in the payment of debts as they become due on and after the date of partition, as Asahi Kasei Corporation as the holding company and each of the seven constituent corporations will severally possess assets sufficient to secure the payment of all debts succeeding thereto.

## **Corporate profiles**

The basic corporate profiles are shown in Appendix 1, *Corporate Profiles*, for Asahi Kasei Corporation and for the seven constituent corporations in the holding company configuration.

## **Organization and governance**

The organizational structure of the Asahi Kasei Group following its transformation to the holding company configuration is shown in Appendix 2, *Asahi Kasei Group – Holding Company Configuration*.

### *Overview*

Management and oversight will be clearly separated throughout the Asahi Kasei Group. Executive authority and responsibility will be clearly delineated. Management will be fast-moving and transparent, and directed toward heightening corporate value and profitability.

An executive officer system of management will be implemented in the holding company and each of the constituent corporations. Authority and responsibility for the management of each constituent corporation will be held by the president and the other executive officers of that corporation. Authority and responsibility for the management of the holding company and the Group will be held by the president and the other executive officers of the holding company. The president of the holding company will oversee the executive management and performance of the presidents and their constituent corporations. The holding company board of directors will oversee the executive management and performance of the holding company president and the Group.

For both the holding company and the constituent corporations, the number of board directors and executive officers will be as small as possible. In all cases, the term of office will be one year, and management results and performance will be reviewed each fiscal year. A Group Advisory Committee will be established; it will include outside advisors, and reflect their advice in its basic pursuit of enhancing and enriching corporate governance and transparency.

### *Holding company management configuration*

#### **Board of Directors**

The holding company Board of Directors will oversee Group management, and deliberate and decide basic Group policy and strategy, and substantive proposals by the Strategic Management Council. The holding company's chairman will preside at its board meetings, and the number of its board directors will be approximately ten and generally as small as possible.

### **Strategic Management Council**

The Strategic Management Council, which will replace the present Executive Council of Asahi Kasei Corporation, will deliberate and decide on substantive matters relating to the operation of the holding company and the Group. The holding company president will preside. It will consist of constituent members nominated by the holding company president and approved by the holding company Board of Directors, from among the holding company executive officers and the constituent corporation presidents, and observers including a representative of the Board of Corporate Auditors and other persons as nominated by the holding company president. Its decisions will be made by the holding company president, after deliberation by the attending constituent members.

### **Group Advisory Committee**

The Group Advisory Committee will be the advisory body to the holding company Board of Directors, and will be composed of the chairman and the president of the holding company, outside advisors, and, where necessary, internal advisors.

### ***Constituent corporation management configuration***

The board of directors of each constituent corporation will deliberate and decide particularly substantive matters relating to its management, with its primary focus on those of a legal nature. The constituent company president will preside.

The constituent corporation Executive Council will deliberate and decide on substantive matters relating to its management. Its constituent members will be the constituent company president, who will preside, constituent company board directors and executive officers, and others as nominated by the constituent company president. One or more constituent company auditors will attend as observers.

### ***Group coordination and synergy***

The Group Executives Council will conduct the dissemination of substantive Group information and exchange of Group information, and deliberate matters requiring coordination among the holding company and the constituent corporations. Its constituent members will be the holding company president and the constituent corporation presidents, and executive officers of the holding company and the constituent corporations as nominated by the holding company president. A representative of the holding company Board of Auditors, and other persons as nominated by the holding company president, will attend as observers.

## **Appendix 1. Corporate Profiles**

### **1. Asahi Kasei Corporation.**

Basic profile (as of 31 March 2003 unless otherwise indicated)

Founding	21 May 1931
Home office	2-6 Dojimahama 1-chome, Kita-ku, Osaka, Japan
President	Kazumoto Yamamoto (Shiro Hiruta, from 1 April 2003)
Paid-in capital	103,388 million yen
Issued shares	1,442,616 thousand
Shareholders' equity	334,502 million yen
Total assets	1,016,759 million yen
Fiscal year	1 April to 31 March
Employees	11,659 (1,400 after transformation to holding company)

Summary of results, FY2000 to FY2002 (in millions of yen unless otherwise indicated)

Year ended	31 March 2001	31 March 2002	31 March 2003
Net sales	990,430	922,086	906,359
Operating profit	57,927	25,159	37,025
Ordinary profit	56,345	27,965	32,253
Net income (loss)	11,710	1,028	(67,664)
Net income (loss) per share, yen	8.12	0.72	(48.25)
Dividend per share, yen	6	6	6
Total assets per share, yen	312.50	300.67	238.71

### **2. Constituent corporations, after the transformation to a holding company configuration except where otherwise indicated.**

#### **Asahi Kasei Fibers Corporation**

Main businesses	Roica™ polyurethane fibers, Eltas™ spunbonds, Lamous™ artificial suedes, Bemliese™ cupro nonwovens, AsahiBemberg™ cupro fibers, Leona™ nylon 66 fibers, polyester filaments.
Home office	2-6 Dojimahama 1-chome, Kita-ku, Osaka, Japan
President	Masaki Sakamoto
Paid-in capital	3,000 million yen (10 million yen as of 31 March 2003)
Total assets	89,400 million yen (13 million yen as of 31 March 2003)
Employees	1,500 (none as of 31 March 2003)
Shareholder	Asahi Kasei Corporation

#### Asahi Kasei Chemicals Corporation

Main businesses	Organic and inorganic industrial chemicals, synthetic resins, synthetic rubber, high-compound fertilizers, coating materials, latexes, pharmaceutical and food additives, explosives, photopolymers and platemaking systems, separation and ion-exchange membranes, systems, and equipment.
Home office	1-2 Yuraku-cho 1-chome, Chiyoda-ku, Tokyo, Japan
President	Taketsugu Fujiwara
Paid-in capital	3,000 million yen (10 million yen as of 31 March 2003)
Total assets	361,200 million yen (14 million yen as of 31 March 2003)
Employees	4,500 (none as of 31 March 2003)
Shareholder	Asahi Kasei Corporation

#### Asahi Kasei Life & Living Corporation

Main businesses	Saran™ wrap, Ziploc™, plastic films, sheets, and foams
Home office	1-2 Yuraku-cho 1-chome, Chiyoda-ku, Tokyo, Japan
President	Yoshihiro Nohmura
Paid-in capital	3,000 million yen (10 million yen as of 31 March 2003)
Total assets	37,200 million yen (11 million yen as of 31 March 2003)
Employees	800 (none as of 31 March 2003)
Shareholder	Asahi Kasei Corporation

#### Asahi Kasei Construction Materials Corporation

Main businesses	Hebel™ autoclaved lightweight concrete, construction piles, Neoma™ foam and other heat insulation, artificial fishreefs
Home office	5-5 Shibadaimon 2-chome, Minato-ku, Tokyo, Japan
President	Yoichi Saji
Paid-in capital	3,000 million yen (800 million yen as of 31 March 2003)
Total assets	43,800 million yen (12,707 million yen as of 31 March 2003)
Employees	1,300 (352 as of 31 March 2003)
Shareholder	Asahi Kasei Corporation

### Asahi Kasei Homes Corporation

<b>Main businesses</b>	<b>Design, supervision, and contracting for Hebel Haus™ homes and Hebel Maison™ condominiums and apartments; condominium and apartment operation; home renovation; realty; urban development</b>
<b>Home office</b>	<b>3-1 Nishi-shinjuku 2-chome, Shinjuku-ku, Tokyo, Japan</b>
<b>President</b>	<b>Toshiaki Okamoto</b>
<b>Paid-in capital</b>	<b>3,250 million yen (3,250 million yen as of 31 March 2003)</b>
<b>Total assets</b>	<b>128,300 million yen (44,541 million yen as of 31 March 2003)</b>
<b>Employees</b>	<b>3,800 (2,664 as of 31 March 2003)</b>
<b>Shareholder</b>	<b>Asahi Kasei Corporation</b>

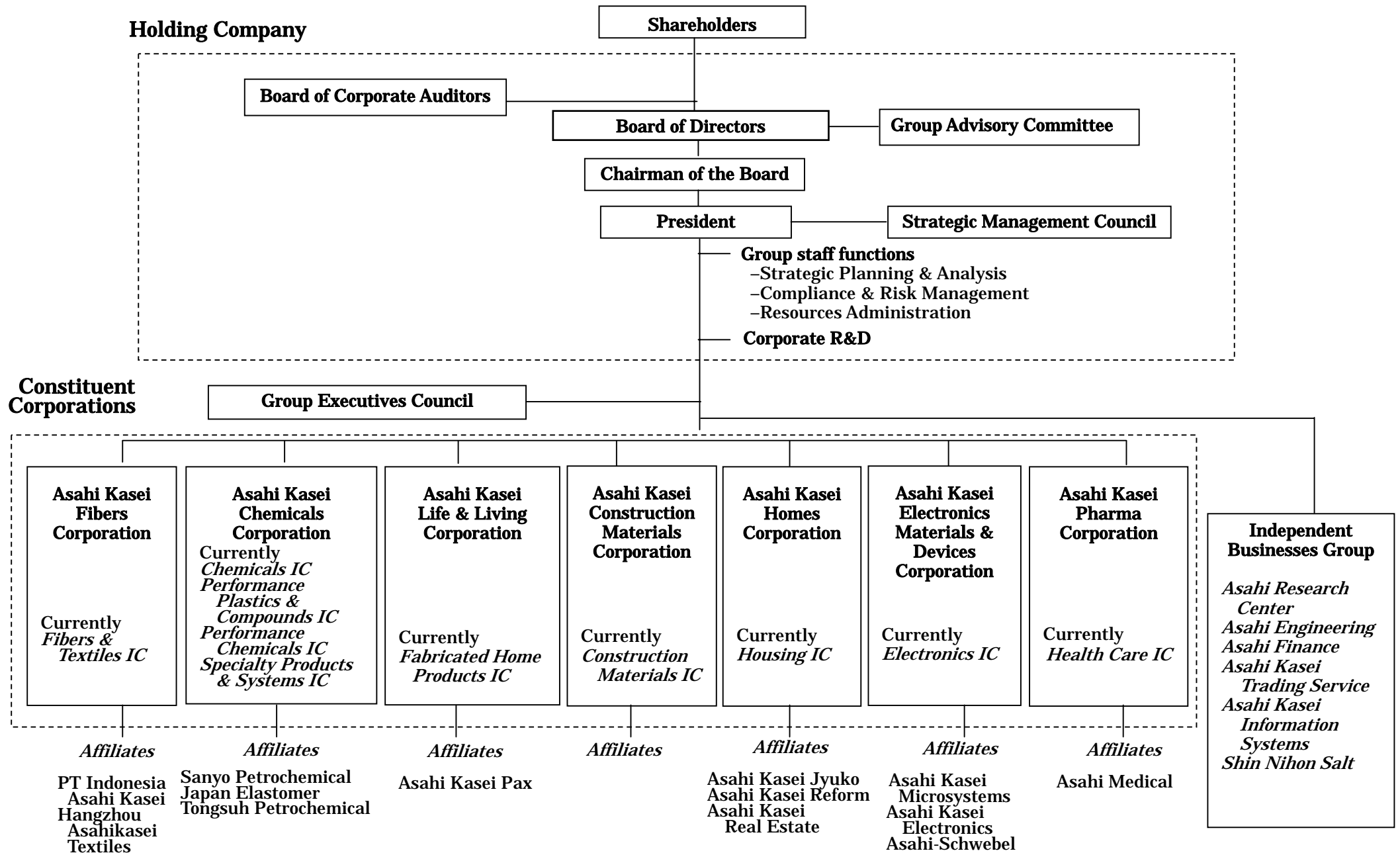
### Asahi Kasei Electronics Materials & Devices Corporation

<b>Main businesses</b>	<b>Pimel™ photosensitive polyimide resins, Sunfort™ photosensitive dry-film resist, Hall elements, LSIs, glass fiber fabrics for printed circuit boards</b>
<b>Home office</b>	<b>2-1 Kinshi 3-chome, Sumida-ku, Tokyo, Japan</b>
<b>President</b>	<b>Makoto Konosu</b>
<b>Paid-in capital</b>	<b>3,000 million yen (10 million yen as of 31 March 2003)</b>
<b>Total assets</b>	<b>42,500 million yen (11 million yen as of 31 March 2003)</b>
<b>Employees</b>	<b>400 (none as of 31 March 2003)</b>
<b>Shareholder</b>	<b>Asahi Kasei Corporation</b>

### Asahi Kasei Pharma Corporation

<b>Main businesses</b>	<b>Pharmaceuticals, pharmaceutical intermediates, feed additives, diagnostics, dialysers and other medical devices</b>
<b>Home office</b>	<b>9-1 Kanda Mitoshiro-cho, Chiyoda-ku, Tokyo, Japan</b>
<b>President</b>	<b>Yasuaki Nakaoka</b>
<b>Paid-in capital</b>	<b>3,000 million yen (30 million yen as of 31 March 2003)</b>
<b>Total assets</b>	<b>71,300 million yen (172 million yen as of 31 March 2003)</b>
<b>Employees</b>	<b>1,900 (none as of 31 March 2003)</b>
<b>Shareholder</b>	<b>Asahi Kasei Corporation</b>

**Appendix 2. Asahi Kasei Group – Holding Company Configuration**



IC: Internal company business unit