

Sekisui House to separate remodeling operations into subsidiary

At a board meeting on October 6, 2004, Sekisui House, Ltd. (“Sekisui House”) decided to separate the remodeling operations of Sekisui House into Sekisui House Remodeling, Ltd. (“Sekisui House Remodeling”) a wholly owned new subsidiary. The separation is scheduled for February 1, 2005. Details are as follows.

1. Purpose of separation

Sekisui House has been expanding its sales bases and increasing personnel as part of measures to strengthen its remodeling operations. However, in order to promote further expansion and reinforcement of this business area, management believes it is necessary to take steps such as clarifying responsibilities, improving speed in decision-making, and developing a personnel system more closely aligned with the business structure.

2. Schedule (planned)

Early December, 2004:	Meeting of Board of Directors to approve separation contract
Early December, 2004:	Signing of separation contract
February 1, 2005:	Date of separation
February 1, 2005:	Registration of separation

Although details regarding which specific assets and amounts will be transferred to Sekisui House Remodeling are still to be confirmed, separation will be accomplished using the simple corporation separation method in line with Article 374-22 of the Commercial Code. This initiative will be implemented without obtaining approval at a general shareholders’ meeting of Sekisui House.

3. Separation method

(1) Sekisui House will effect a simple corporation separation, and Sekisui House Remodeling will be the company that succeeds business by separation.

(2) Reason for adopting separation method

Remolding operations are positioned as one of Sekisui Houses’ core businesses, and the use of this corporate separation method allows Sekisui House to retain management control of the business after the separation. Moreover, because a construction company license is required to operate in the remodeling business, an assimilation separation method is being adopted with Sekisui House Remodeling—which is currently in the process of applying for this license—as the succeeding company.

4. Outline of succeeding business

	Sekisui House, Ltd. (Parent Company)	Sekisui House Remodeling, Ltd. (Succeeding Company)
Business activities	Design and construction of prefabricated housing; housing subdivisions; real estate sales, leasing, and brokerage; related activities	Operations related to the contract, design and construction of housing remodeling (scheduled to commence after obtaining construction company license)
Date of establishment	August 1, 1960	September 17, 2004
Head office	1-1-88 Oyodonaka, Kita-ku, Osaka	1-1-90 Oyodonaka, Kita-ku, Osaka
Representative	Isami Wada, President	Tetsuhiro Kamae, President
Paid-in capital	¥186,554 million	¥100 million
Total outstanding shares	709,385,078 shares	2,000 shares
Shareholders' equity	¥630,786 million	¥100 million
Total assets	¥1,030,003 million	¥100 million
Fiscal year end	January 31	January 31
Number of employees	13,928	4
Major customers	General Customers	General Customers (planned)
Major shareholders and shareholding ratios	Sekisui Chemical Co., Ltd. 21.43%	Sekisui House, Ltd. 100.00%
	Japan Trustee Services Bank, Ltd. 5.62%	
	The Chase Manhattan Bank N.A. London 4.80%	
	The Master Trust Bank of Japan, Ltd. 4.78%	
	Nomura Securities Co., Ltd. 4.73%	
	Dai-ichi Mutual Life Insurance Company 2.26%	
	BNP Paribas Securities (Japan) Limited 2.05%	
	UFJ Bank Limited 1.95%	
	Sumitomo Mitsui Banking Corporation 1.44%	
	Sekisui House Employees' Stockholding 1.38%	
Main banks	UFJ Bank Limited Sumitomo Mitsui Banking Corporation Resona Bank, Limited	UFJ Bank Limited
Relationship with Sekisui House	Capital	Wholly owned subsidiary of Sekisui House
	Personnel	All managers and employees of remodeling operations will continue in the succeeding company.

*Figures for Sekisui House are as of January 31, 2004; figures for Sekisui House Remodeling, Ltd. are as of establishment on September 17, 2004.



Three-year summary of business performance

Millions of yen	Sekisui House, Ltd. (Parent Company)		
	January 31, 2002	January 31, 2003	January 31, 2004
Financial years ended:			
Net sales	1,118,898	1,052,558	1,055,027
Operating income	66,106	58,564	65,868
Recurring income	65,244	55,564	65,554
Net income	(91,918)	30,196	33,580
Net income per share	(¥127.30)	¥42.58	¥47.69
Full-year dividend per share	¥18.00	¥18.00	¥18.00
Shareholders' equity per share	¥842.51	¥864.37	¥906.85

*No business results are recorded for Sekisui House Remodeling, Ltd. as a full fiscal period of operations has not yet been completed.

5. Details of Business to be separated

(1) Description of business

Remodeling operations managed by sales offices under the control of the Remodeling Project Headquarters of Sekisui House.

(2) Net sales for the fiscal year ended January 31, 2004 of the operating division being separated.

Millions of yen			
	Operations being separated (a)	Sekisui House business results (b)	Ratio (a/b) %
Net sales	31,624	1,055,027	3.0%

Further details will be announced upon as they become available.

* * * * *

For further information, please contact:

Mr. Hidehiro Yamaguchi
 Head of Public Relations Department
 Sekisui House, Ltd.
 Tel: 06-6440-3021 Fax: 06-6440-3331
 Email: info-ir@qz.sekisuihouse.co.jp