

This document is an unofficial excerpt translation of Notice of the 129th Ordinary General Meeting of Shareholders of the Company in the Japanese language. The Company prepared this translation only for the reference and convenience of non-Japanese shareholders. Please note that, in the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Securities Code: 3405

June 2, 2010

To Our Shareholders:

Fumio Ito
President
Kuraray Co., Ltd.
1621, Sakazu, Kurashiki, Okayama, JAPAN
(Tokyo Head Office: 1-1-3 Otemachi,
Chiyoda-ku, Tokyo, JAPAN)

Notice of Convocation of the 129th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 129th Ordinary General Meeting of Shareholders of the Company to be held in accordance with the following schedule.

You may exercise your voting rights either in writing or via the Internet, etc. without attending the meeting. If you do not attend the meeting in person, please review the attached Reference Documents for General Meeting of Shareholders and exercise your voting rights by one of these methods no later than 5:45 p.m. on Wednesday, June 23, 2010.

[Descriptions on voting methods not applicable to non-Japanese residents omitted.]

- 1. Date and Time:** Thursday, June 24, 2010, at 10 a.m.
- 2. Place:** Rose Room, 9th floor, Tokyo Kaikan
2-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo, JAPAN

3. Purposes of the Meeting

Matters to be reported:

Report on the business report, consolidated and non-consolidated financial statements and Audit Report on consolidated financial statements by the Accounting Auditor and the Board of Company Auditors for the 129th fiscal period (from April 1, 2009 to March 31, 2010)

Matters to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Ten (10) Directors
- Proposal No. 3:** Election of One (1) Company Auditor
- Proposal No. 4:** Issue of Share Purchase Warrants as Stock Options

4. Reminders in Convening the Meeting

- 1) If any shareholder has exercised his/her voting rights several times via the Internet, only the final execution shall be deemed as his/her effective exercise of voting rights. The exercise of voting rights by sending the Voting Card shall be treated similarly in case of reissuance thereof. However, only the exercise of voting rights via the Internet shall be deemed effective if any shareholder has exercised his/her voting rights both via the Internet and by sending the Voting Card.
- 2) If any shareholder wishes to split his/her voting rights on any of the proposed matters for resolution, such shareholder must inform the Company of his/her intention in writing to split a vote and the reason therefor at least three days prior to the date of the meeting (by June 20, 2010).

[Reminders in attending the meeting and other descriptions not applicable to non-Japanese residents omitted.]

Documents Attached to the Notice of Convocation of the Ordinary General Meeting of Shareholders

Business Report (From April 1, 2009 to March 31, 2010)

1. Current Situation of the Corporate Group

(1) Progress and Results of Operations

General Situation

The operating environment in the fiscal year ended March 31, 2010 remained unpredictable, though global economy is showing certain recovery from the recessionary phase following the “Lehman shock.” While Kuraray product demand is on a recovery track as a whole, the degree of recovery varies depending on the business and region. Despite the fact that LCD- and LED-related materials fared well, the Fibers and Textiles business have remained weak. From a regional perspective, demand was strong in Asian markets, especially in China.

Since April 2009, Kuraray Group is initiating the “GS-Twins” action plan for venturing out into new growth as it seeks to become a “Specialty Chemical Company with a Global Presence,” which is the aim of its 10-year corporate vision. Under the plan, the Group aims to restore its substantially impaired profit structure in three years time, create and expand new businesses and accelerate its global strategy for core businesses. Thus in the fiscal year under review, we have been particularly focusing on the improvement of our profit structure as the most urgent and high-priority issue and have been making an all-out Group effort to lower fixed costs, reduce capital expenditure and slash inventories.

As a result, the Kuraray Group’s consolidated net sales for the fiscal year ended March 31, 2010 (April 1, 2009 – March 31, 2010) decreased ¥43,897 million, or 11.7%, compared with the previous fiscal year to ¥332,880 million, as affected by the stagnating demand and yen appreciation. On the other hand, operating income increased ¥1,171 million, or 4.0%, to ¥30,451 million, while ordinary income increased ¥2,128 million, or 7.9%, to ¥28,925 million, and net income increased ¥3,331 million, or 25.7%, to ¥16,315 million.

Consolidated business results by quarter are shown in the table below. Although our business performance showed some recovery from the damage sustained by the Lehman shock, full recovery is still some way off. Thus, during the next fiscal year ending March 31, 2011, we will keep focusing on our Group-wide effort for the improvement of our profit structure under the “GS-Twins,” along with positive measures for business expansion and growth.

The period of this fiscal year for the Company’s overseas subsidiaries runs from January 1, 2009 to December 31, 2009.

Consolidated Business Results (by quarter) (¥million)

	Fiscal Year Ended March 31, 2009				Fiscal Year Ended March 31, 2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net Sales	99,950	109,368	92,528	74,929	72,910	84,154	85,588	90,226
Operating Income	11,666	11,606	4,627	1,319	1,730	8,025	9,787	10,875
Ordinary Income	11,228	11,023	3,542	1,003	1,512	7,896	9,240	10,276
Net Income	6,535	6,872	2,705	(3,128)	138	5,082	6,923	4,170

Results by Business Segment

Results by business segment are as follows.

Chemicals and Resins

All businesses in the Chemicals and Resins segment rebounded steadily in Asian markets, including China. Although Europe and the United States remained sluggish during the first part of the period under review, they also showed gradual recovery in the latter part. As a result, sales were ¥202,855 million, down 9.6% year on year, and operating income totaled ¥42,963 million, up 15.9%.

- (i) In the poval/PVB business, revenue declined while earnings increased. Sales of poval resins in Asia

including China rebounded for fiber and textile processing agents and adhesive applications and demand started to pick up in Europe in the latter part of the period under review. Demand for optical-use poval film rebounded to a level exceeding the peak in the first half of fiscal year 2008, thanks to an increase in demand for LCD panels. Annual production capacity in this business expanded from 106 million square meters to 136 million square meters, thanks to the commencement of operation of additional lines at Kurashiki Plant in October 2009 and that at Saijo Plant in March 2010, by which annual production capacity was boosted by 15 million square meters at each plant. Sales of polyvinyl butyral (PVB) film remained sluggish in the construction market in Europe.

- (ii) Business of *EVAL*, an EVOH resin, saw decreases in revenues while earnings remained flat. In Asia, there was further growth in demand for automotive applications in China, while business was steady for food packaging applications in Japan. Demand for both food packaging and automotive applications in the United States and Europe hit the rock bottom during the first part of the period, and is on its way to a gradual recovery.
- (iii) In the methacrylic resin business, revenues were down while earnings remained flat. Demand for molding materials for PC light-guide plates grew, while sheet sales increased for the light-guide plates for LCD TVs equipped with LEDs, but continued to be slack for main applications such as signboard in Japan.
- (iv) In the isoprene business, revenue declined while earnings increased. Sales of *SEPTON* thermoplastic elastomers remained firm while chemicals and fine chemicals staged a recovery in Japan and Asia.

Fibers and Textiles

Recovery was generally slow in the Fibers and Textiles segment where *CLARINO* man-made leather and *VECTRAN* high-strength polyarylate fibers performed particularly poorly. Restructuring is under way in both of these businesses. As a result, total sales in this segment declined 16.8% year on year to ¥79,983 million, resulting in an operating loss of ¥1,736 million (¥883 million operating income in the previous year).

- (i) Although demand for *KURALON* for use in automotive brake hose applications was on a recovery track, that for use as an asbestos substitute in FRC (fiber reinforced cement) suffered from a slow recovery of demand in the construction market.
- (ii) *CLARINO* man-made leather faced a continued severe slowdown for interior applications in the United States and apparel applications in Europe. However, use for school bag applications remained stable, while new environment-friendly man-made leather showed further growth in footwear and other applications. This business segment is undergoing a drastic restructuring, while the Okayama Plant is migrating over to new processes for high value-added products, and production of certain general-purpose products is being shifted over to the joint-venture company in China.
- (iii) The performance of nonwoven fabric (*KURAFLEX*) rallied with higher demand for masks and other hygienic materials for protection against new strains of influenza. Hook and loop fastener (*MAGIC TAPE*) experienced weak demand on the back of distributor's inventory adjustments.
- (iv) *VECTRAN* high-strength polyarylate fibers generally remained weak. Restructuring is under way in this business where demand for main applications such as ropes is experiencing particularly severe downturn.

High-Performance Materials, Medical Products and Others

Sales in this segment declined 11.2% year on year to ¥50,042 million, and operating income slipped 3.1% to ¥4,238 million.

- (i) In the medical products business, dental materials sales remained solid thanks to reinforced sales organizations in the United States and Europe, along with brisk demand for new composite resins. In October 2009, business rights of therapeutic apheresis device business was transferred to Kawasumi Laboratories, Incorporated.

- (ii) Demand for *GENESTAR* heat-resistant polyamide resin grew in LED reflector applications used in TVs, in contrast to the slow recovery in the demand in electric and electronic materials application.
- (iii) The activated carbon business and other businesses remained steady.

Operating Results by Business Segment

	Chemicals and Resins	Fibers and Textiles	High-Performance Materials, Medical Products and Others	Total	Eliminated on Consolidation or Corporate	Consolidated Total
Net sales to outside customers (Millions of yen) [Year-over-year change]	202,855 [(9.6)%]	79,983 [(16.8)%]	50,042 [(11.2)%]	332,880 [(11.7)%]	—	332,880 [(11.7)%]
Operating income (loss) (Millions of yen) [Year-over-year change]	42,963 [15.9%]	(1,736) [-]	4,238 [(3.1)%]	45,465 [7.4%]	(15,014) [15.1%]	30,451 [4.0%]

(2) Capital Expenditures

Major capital expenditures invested during the year under review were as follows:

(i) Major facilities completed during the year

Expansion of production facilities for optical-use POVAL film (Chemicals and Resins Business)

Construction of a new mass production facility for environment responsive man-made leather (Fibers and Textiles Business)

(ii) New establishment, expansion and reinforcement of major facilities during the year

- Kuraray Medical Inc.

Construction of new production facilities for dental materials (High-Performance Materials, Medical Products and Others Businesses)

(3) Transfer, Divestiture or Spin-off of Businesses

Nothing important to mention

(4) Transfer of Business from Other Companies

None applicable

(5) Succession of Rights and/or Liabilities regarding Businesses of Other Corporations via Absorption or Divestiture

The Company merged in absorption-type merger with Kuraray Luminas Co., Ltd., a subsidiary of the Company, in February 2010.

(6) Acquisition or Disposition of Equity or Share Purchase Warrants of Other Corporations

Nothing important to mention

(7) Financing

Nothing important to mention

(8) Challenge for the Kuraray Group

The Kuraray Group established “10-Year Corporate Vision” to indicate its long-term direction in 2006 and envisioned increasing net sales toward ¥1 trillion as a specialty chemical corporate group having a global presence.

To achieve that target, the Group has implemented its “GS-21” Medium-term Business Plan, a three-year plan from fiscal 2006 and obtained a certain degree of results, but the profit structure of the Group was significantly hurt by the global economic crisis from the second half of 2008. Accordingly, we are making an all-out Group effort to implement “GS-Twins” Medium-term Action Plan, a three-year plan from fiscal 2009 to 2011 in which we aim at a return to the profit structure which was our target in “GS-21” to take a step toward realizing the “10-Year Corporate Vision” once again.

In “GS-Twins,” we are making efforts toward the top priority issue of improving profit structure, and also toward creating new business and expansion and accelerating the global strategy of our core business for further growth. The Group will return to the profit structure envisioned under the “GS-21” measures and achieve an operating income of ¥50 billion in fiscal 2011, while preparing for sustainable growth as set forth in the “10-Year Corporate Vision.”

The Group believes its technological innovations can provide unique and effective contributions for resolving issues threatening our planet and living environment, including global warming, limited natural resources, insufficient water and food supplies, and environmental pollution. We also work to achieve a harmony with the environment and society in all of our corporate activities. We believe that these perspectives on our role and the contributions we can make to society are what will make it possible for Kuraray to achieve long-term sustainable growth. Each of the new fields on which the Group focuses—the new energy-related business, the aqua business, and the environmentally friendly materials business—is related to the above global issues. We plan to maximize our growth capabilities by leveraging our cultivated technical and market knowledge and harness the value-creation potential of the entire Group as we seek to achieve our net sales target of ¥1 trillion in 2018.

The distribution of profits to shareholders is one of the Company’s top management priorities. Target of profit allocation during the “GS-Twins” Medium-term Action Plan period (fiscal 2009 to 2011) is to achieve 30% or more dividend payout ratio to consolidated net income. At the same time, we aim at increase of the amount of dividends by focusing on the continuous improvement in our business performance.

In addition, in order to enhance the convenience for shareholders and other investors, it was resolved at the meeting of Board of Directors held on April 30, 2010 to decrease the number of shares constituting one share unit from 500 shares to 100 shares, effective as of July 1, 2010.

(9) Changes in Financial Position and Income Summary

Fiscal Period	FY2006 (126th fiscal period)	FY2007 (127th fiscal period)	FY2008 (128th fiscal period)	FY2009 (129th fiscal period) (Year under review)
Net sales (Millions of yen)	385,284	417,601	376,777	332,880
Operating income (Millions of yen)	40,220	48,130	29,280	30,451
Ordinary income (Millions of yen)	36,546	42,817	26,797	28,925
Net income (Millions of yen)	22,412	25,554	12,984	16,315
Earnings per share (Yen)	60.95	72.15	37.29	46.86
Total assets (Millions of yen)	508,694	490,365	471,874	502,815
Net assets (Millions of yen)	358,592	344,833	325,016	337,818

(10) Major Business Lines

Chemicals and Resins	Poval resin and film; PVB resin and film; <i>EVAL</i> ; Isoprene; Fine chemicals; Methacrylic resin; Resin-finished goods
Fibers and Textiles	<i>KURALON</i> ; Man-made leather; Non-woven fabrics; Hook and loop fasteners; Polyester; Textiles
High-Performance Materials, Medical Products and Others	Medical products; High-performance materials; Activated carbon; High-performance membranes; Engineering

(11) Major Subsidiaries

Company Name	Capital	The Company's Equity Position (%) ¹	Major Business Lines
Kuraray Trading Co., Ltd.	2,200 (Millions of yen)	100.00	Exportation, importation and wholesale of textile goods and chemicals
Kuraray Chemical Co., Ltd.	600 (Millions of yen)	100.00	Manufacture and sales of activated carbon and its related products
Kuraray Engineering Co., Ltd.	450 (Millions of yen)	100.00	Plant design and construction
Kuraray Medical Inc.	300 (Millions of yen)	100.00	Manufacture and sales of dental materials and others.
Kuraray Plastics Co., Ltd.	180 (Millions of yen)	100.00	Manufacture and sales of molded rubber and chemicals, resin compounds and laminated products
Kuraray Living Co., Ltd.	101 (Millions of yen)	100.00	Manufacture and sales of packaging materials
Kuraray Techno Co., Ltd.	100 (Millions of yen)	100.00	Entrusted services for operations pertaining to production and logistics and manpower dispatching/recruiting business
Kuraray Kuraflex Co., Ltd.	100 (Millions of yen)	100.00	Manufacture, processing and sales of non-woven fabric products
Kuraray Fastening Co., Ltd.	100 (Millions of yen)	70.00	Manufacture and sales of hook and loop fasteners and related goods
Kuraray Holdings U.S.A., Inc.	55,031 (Thousands of U.S. dollars)	100.00	Holding company and controlling function of U.S. subsidiaries
Kuraray America, Inc. ²	10,102 (Thousands of U.S. dollars)	100.00 (100.00)	Importation, exportation and sales of textile goods and chemicals, manufacture and sales of <i>EVAL</i> resin and the thermoplastic elastomer <i>SEPTON</i> , as well as market development and information collection
Kuraray Europe GmbH	31,189 (Thousands of euros)	100.00	Importation, exportation and sales of textile goods and chemicals, as well as manufacture and sales of Poval resin and PVB resin and film
EVAL Europe N.V. ³	29,747 (Thousands of euros)	100.00 (100.00)	Manufacture and sales of <i>EVAL</i> resin
Kuraray Asia Pacific Pte. Ltd.	27,775 (Thousands of U.S. dollars)	100.00	Manufacture and sales of Poval resin
Kuraray (Shanghai) Co., Ltd.	5,000 (Thousands of U.S. dollars)	100.00	Importation and sales of chemicals

Notes:

1. The figures in parenthesis in the "The Company's Equity Position" refer to the indirect holding ratio.
2. Kuraray America, Inc. is a wholly-owned subsidiary of Kuraray Holdings U.S.A., Inc.
3. EVAL Europe N.V. is a wholly-owned subsidiary of Kuraray Europe GmbH.

(12) Major Operating Bases

[Domestic Bases]

Kuraray Co., Ltd.:
Tokyo Head Office (Chiyoda-ku, Tokyo)
Osaka Head Office (Osaka-city, Osaka)
Kuraray Trading Co., Ltd. (Osaka-city, Osaka)
Kuraray Chemical Co., Ltd. (Osaka-city, Osaka)
Kuraray Engineering Co., Ltd. (Osaka-city, Osaka)
Kuraray Medical Inc. (Chiyoda-ku, Tokyo)
Kuraray Plastics Co., Ltd. (Osaka-city, Osaka)
Kuraray Living Co., Ltd. (Osaka-city, Osaka)
Kuraray Techno Co., Ltd. (Osaka-city, Osaka)
Kuraray Kuraflex Co., Ltd. (Osaka-city, Osaka)
Kuraray Fastening Co., Ltd. (Osaka-city, Osaka)

[Overseas Bases]

Kuraray America, Inc. (Texas, United States)
Kuraray Europe GmbH (Frankfurt, Germany)
Kuraray Asia Pacific Pte. Ltd. (Singapore)
Kuraray (Shanghai) Co., Ltd. (Shanghai, China)

[Domestic Manufacturing Bases]

Kuraray Co., Ltd.:
Kurashiki Plant (Kurashiki-city, Okayama)
Saijo Plant (Saijo-city, Ehime)
Okayama Plant (Okayama-city, Okayama)
Niigata Plant (Tainai-city, Niigata)
Kashima Plant (Kamisu-city, Ibaraki)

[Overseas Manufacturing Bases]

Kuraray America, Inc. (Texas, United States)
Kuraray Europe GmbH (Frankfurt, Germany)
EVAL Europe N.V. (Antwerp, Belgium)
Kuraray Asia Pacific Pte. Ltd. (Singapore)

[R&D Bases]

Kuraray Co., Ltd.:
Kurashiki Research Center (Kurashiki-city, Okayama)
Tsukuba Research Center (Tsukuba-city, Ibaraki)
Kuraray Research and Technical Center, USA (Texas, United States)

(13) Employees

Number of employees: 6,630 persons (a decrease of 231 persons from the end of the previous fiscal period)

Note: The decrease in the number of employees above is principally due to compulsory retirement.

(14) Major Lenders

Nothing important to mention

2. Shares of the Company

- (1) Total Number of Shares Authorized to be Issued: 1,000,000,000 shares
 (2) Total Number of Issued Shares: 382,863,603 shares
 (Including 34,790,071 shares of treasury stock)
 (3) Number of Shareholders as of March 31, 2010: 25,369 persons
 (4) Major Shareholders

Shareholder's Name	Number of Shares Held (Thousands)	Ratio of Capital Contribution (%)
Japan Trustee Services Bank, Ltd. (Trust account)	31,415	9.03
The Master Trust Bank of Japan, Ltd. (Trust account)	27,598	7.93
National Mutual Insurance Federation of Agricultural Co-operatives	13,695	3.94
Nippon Life Insurance Company	13,061	3.75
Meiji Yasuda Life Insurance Company	6,453	1.85
Japan Trustee Services Bank, Ltd. (Trust account 9)	6,415	1.84
The Dai-ichi Mutual Life Insurance Company	5,352	1.54
Mellon Bank Treaty Clients Omnibus	4,639	1.33
Mitsui Sumitomo Insurance Company, Limited	4,500	1.29
SSBT OD05 Omnibus Account China Treaty Clients	3,982	1.14

- Notes: 1 Although the Company owns 34,790,071 shares of treasury stock, it is excluded from the major shareholders listed above. In calculation of the percentage of shares held, the treasury shares of the Company are excluded from the total number of shares issued.
 2 The Dai-ichi Mutual Life Insurance Company reorganized from a mutual life insurance company to a joint stock corporation as of April 1, 2010, and changed its name to The Dai-ichi Life Insurance Company, Limited.

3. Share Purchase Warrants, etc., of the Company

(1) Details of Share Purchase Warrants Held by Directors and Company Auditors of the Company as of March 31, 2010

- (i) Share Purchase Warrants
263 units
- (ii) Kind and number of share
Common shares 131,500 shares (500 shares for each Share Purchase Warrant)
- (iii) Number of Share Purchase Warrants held by Directors of the Company

	Designation of Share Purchase Warrants	Exercise Period	Transfer Value	Number of Share Purchase Warrants	Number of Holders
			Exercise Price per Share		
Directors	1st Share Purchase Warrants issued	June 28, 2004	Free of charge	22 units	2
		- June 27, 2012	¥825		
	Share Purchase Warrants issued in June 2007 (Compensation by Share-based Stock Option)	June 6, 2007	¥1,318	53 units	7
		- June 5, 2022	¥1		
	Share Purchase Warrants issued in June 2008 (Compensation by Share-based Stock Option)	June 11, 2008	¥1,264	71 units	7
		- June 10, 2023	¥1		
	Share Purchase Warrants issued in June 2009 (Compensation by Share-based Stock Option)	June 10, 2009	¥947	117 units	9
		- June 9, 2024	¥1		

Notes:

1. The 1st Share Purchase Warrants were issued under the former Commercial Code.
2. The “Transfer Value” and “Exercise Price per Share” show the amount per share.
3. In the issuance of the Share-based Stock Option, the debit based on the above Transfer Value was set off by the credit of remuneration to the Company and there was no payment of money.
4. The Company Auditors hold no Share Purchase Warrants, etc.

(2) Outline of the Share Purchase Warrants Issued to Any Employees of the Company, and Directors, Company Auditors and Employees of Any Subsidiaries during the subject Fiscal Year

- (i) Number of Share Purchase Warrants issued
56 units
- (ii) Kind and number of Share
Common shares 28,000 shares (500 shares for each Share Purchase Warrant)
- (iii) Share Purchase Warrants issued to employees and others of the Company

	Designation of Share Purchase Warrants	Exercise Period	Transfer Value	Number of Share Purchase Warrants	Number of Holders
			Exercise Price per Share		
Employees (Executive Officers) of the Company	Share Purchase Warrants issued in June 2009 (Compensation by Share-based Stock Option)	June 10, 2009	¥947	56 units	15
		- June 9, 2024	¥1		

Notes:

1. The above does not include Share Purchase Warrants, etc. issued to persons concurrently serving as employees and Directors of the Company.
2. The "Transfer Value" and "Exercise Price per Share" show the amount per share.
3. When the Share Purchase Warrants issued in June 2009 were issued, the debit based on the above Transfer Value was set off by the credit of remuneration to the Company and there was no payment of money.

4. Directors and Company Auditors of the Company

(1) Directors and Company Auditors

Position	Name	Assignments in the Company Or Important Positions Concurrently Held at Other Entities, if any
Representative Director and Chairman	Yasuaki Wakui	
Representative Director and President	Fumio Ito	
Director and Primary Executive Officer	Yoichi Ninagawa	Chief Technology Officer, and Chief of New Business Development Division, Technology Division, Environmental Business Development and Promotion Division and Luminas Business Promotion Department, Kuraray Co., Ltd.
Director and Senior Executive Officer	Shiro Kataoka	President of Chemicals and Medical Products Company, Kuraray Co., Ltd.
Director and Senior Executive Officer	Hiroaki Yoshino	President of Fibers and Textiles Company, Kuraray Co., Ltd.
Director and Senior Executive Officer	Toshihide Sakai	Supervisor of Raw Material Department, Machinery and Supplies Department, Logistics Department, Department of Global Business Development, CSR Division and Plants, Kuraray Co., Ltd.
Director and Senior Executive Officer	Kenzo Sawada	President of Specialty Resin and Film Company, Kuraray Co., Ltd.
Director	Kensaku Aomoto	
Director	Takafusa Shioya	
Standing Company Auditor	Junsuke Tanaka	
Standing Company Auditor	Tadahiko Kujime	
Company Auditor	Hiroo Onodera	
Company Auditor	Hiroki Yamada	
Company Auditor	Mie Fujimoto (Autonym: Mie Iwasaki)	Attorney of Sakai Mimura & Aizawa Law Office

Notes:

- Directors Kensaku Aomoto and Takafusa Shioya are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
- Company Auditors Hiroo Onodera, Hiroki Yamada and Mie Fujimoto are Outside Company Auditors as stipulated in Article 2, Item 16 of the Companies Act.
- Standing Company Auditor Tadahiko Kujime has been engaged in accounting and finance operations of the Company for many years, and therefore has considerable expertise in accounting and finance.
- Company Auditor Hiroki Yamada has been engaged in finance and securities operations for many years, and therefore has considerable expertise in finance.
- There is no special interest between the Company and Sakai Mimura & Aizawa Law Office.
- Company Auditor Toshimitsu Kitagawa resigned at the conclusion of the 128th Ordinary General Meeting of Shareholders of the Company held on June 19, 2009.

(2) Total Amounts of Remuneration, etc., Paid to Directors and Company Auditors

	Number of persons paid	Amount paid (Millions of yen)
Directors	9	331
(Including Outside Directors)	(2)	(20)
Company Auditors	6	76
(Including Outside Company Auditors)	(4)	(26)

Notes:

- In addition to the above amounts, ¥55 million of Share Purchase Warrants as stock-option based remunerations were given to nine Directors as resolved at the meeting of Board of Directors held on May 19, 2009.

2. The number of Company Auditors paid mentioned above includes one Outside Company Auditor who retired at the conclusion of the 128th Ordinary General Meeting of Shareholders held on June 19, 2009.
3. Regarding annual remunerations to Directors and Company Auditors of the Company, the following was resolved at the 125th Ordinary General Meeting of Shareholders of the Company held on June 28, 2006.
 - 1) Amount of annual remunerations to Directors Under ¥450 million
 - 2) Amount of stock option-based annual remunerations to Directors Under ¥90 million
(aside from 1) above)
 - 3) Amount of annual remunerations to Company Auditors Under ¥100 million
4. In addition to the above, we paid a total of ¥1 million as retirement benefits for officers to one Outside Company Auditor who retired on June 19, 2009 as resolved at the 125th Ordinary General Meeting of Shareholders of the Company held on June 28, 2006.

(3) Outside Directors and Outside Company Auditors of the Company

(i) Activities of Outside Directors and Outside Company Auditors:

Kensaku Aomoto, Director

He has attended all 15 meetings of Board of Directors held during the subject fiscal year and appropriately expressed his opinions about the operations of the Company based on his wealth of experience and comprehensive insight as a banker.

Takafusa Shioya, Director

He has attended all 15 meetings of Board of Directors held during the subject fiscal year and appropriately expressed his opinions about the operations of the Company based on his deep insight gained during his many years of services at the Economic Planning Agency of Japan and other institutions.

Hiroo Onodera, Company Auditor

He attended all 15 meetings of Board of Directors and all 14 meetings of Board of Company Auditors held during the subject fiscal year, and expressed his opinions from an impartial and comprehensive perspective based on his wealth of experience gained through his engagement in the central bank operations at the Bank of Japan and in the management of business corporations.

Hiroki Yamada, Company Auditor

He has attended all 15 meetings of Board of Directors and all 14 meetings of Board of Company Auditors held during the subject fiscal year, and principally made remarks based on his abundant expertise in financial institutions.

Mie Fujimoto, Company Auditor

She has attended all 11 meetings of Board of Directors and all 10 meetings of Board of Company Auditors since taking office on June 19, 2009, and principally made remarks based on her wealth of experience gained during her many years of service as an attorney.

(ii) Liability limitation of Outside Directors and Outside Company Auditors:

Pursuant to the Articles of Incorporation, the Company has concluded liability limitation agreements with all the Outside Directors and Outside Company Auditors. An outline of the agreements is as follows:

“After the execution of this agreement, the Outside Director and Outside Company Auditor shall assume the liability for damages with regard to the liability stipulated in Article 423, Paragraph 1 of

the Companies Act, within the limitation of the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act; provided that the Outside Director or Outside Company Auditor has executed its duties in good faith without committing gross negligence.”

(iii) Other matters to be stated:

There is no matter other than the above to be stated regarding the Outside Directors and Outside Company Auditors of the Company in accordance with Article 124 of the Ordinance for Enforcement of the Companies Act.

5. Accounting Auditor

(1) Accounting Auditor as of the close of the subject Fiscal Year

PricewaterhouseCoopers Aarata

(2) Amounts of Remunerations, etc., to be Paid to the Accounting Auditor

Remuneration, etc., to be paid to the temporary Accounting Auditor (PricewaterhouseCoopers Aarata) pertaining to the subject fiscal year is as follows:

- (i) Remuneration in compensation for audit pertaining to the Company’s business as set forth in Article 2, Paragraph 1 of the Certified Public Accountant Law: ¥78 million
- (ii) Sum of money and other financial profits to be paid by the Company and its subsidiaries: ¥98 million

Note: The audit agreement entered into between the Accounting Auditor and the Company does not clearly distinguish the amount being derived from the audit under the Companies Act and that being derived from the audit under the Financial Instruments and Exchange Act. Therefore, the amount being derived from the audit under the Financial Instruments and Exchange Act is included in the amount in (i) above.

(3) Accounting Auditor of Certain Subsidiaries

Six (6) of the Company’s major subsidiaries undergo audits (limited to those specified by Japan’s Companies Act or the Financial Instruments and Exchange Act or foreign laws and regulations equivalent to such laws) by audit firms other than the Accounting Auditor of the Company (including those certified with equivalent qualifications from another country)

(4) Policy on Decisions of Dismissal or Non-Reappointment of the Accounting Auditor

The Board of Company Auditors shall dismiss the Accounting Auditor of the Company with a unanimous resolution if it judges that the circumstance of the Accounting Auditor that falls under any of the causes set forth in Article 340, Paragraph 1 of the Companies Act, has taken place, thereby making them difficult to execute appropriate audits.

In addition, should there be a case where the Accounting Auditor is evaluated based on their independency, integrity, or efficiency as the Accounting Auditor, and, without the existence of a fact that may fall under any statutory causes for dismissal, it is deemed necessary to appoint an Accounting Auditor who could be expected to perform more appropriate audits, the Board of Directors shall, upon consent or request of the Board of Company Auditors, make necessary decisions so as to make their dismissal or non-reappointment a matter for resolution at an Ordinary General Meeting of Shareholders.

(5) Other Matters to Be Stated

There is no matter other than the above to be stated regarding the Accounting Auditor of the Company in accordance with Article 126 of the Ordinance for Enforcement of the Companies Act.

6. Systems to Ensure Compliance of the Directors' Execution of Duties with Laws, Regulations and the Articles of Incorporation and Other Systems to Ensure the Propriety of Business Operations

The Kuraray Group recognizes that establishing and operating internal controls are important management tasks to be addressed, and the Board of Directors of the Company has determined the "Basic Policy for establishment of internal Control Systems" and subsequently continues to establish relevant internal systems, under the supervision of the Directors, starting with establishment of evaluation of internal controls corresponding to Financial Instruments and Exchange Act. The outline of the Basic Policy is described below.

(Compliance and Risk Management)

- We decide and disseminate compliance-related policies, and establish compliance-related departments/sections and the CSR Committee to operate integrated risk management systems as a corporate group.
- We establish internal control systems pertaining to financial reporting to ensure the fairness and propriety of our financial reports by stipulating operating standards and rules as a corporate group.

(Efficient Execution of Duties and Storage and Management of Information)

- We disseminate the management policies by seeking approvals by and reporting to the Board of Directors, the Executive Committee and other appropriate in-house organs and appropriately manage operating results by leveraging the medium-term business plan and the annual business plan.
- We pursue efficient management through in-house companies which have authority and responsibility for business operations and other internal entities in the head office, research laboratories, plants, etc.
- The minutes of and materials used at principal meetings, as well as information and reports relating to the execution of business operations, shall be appropriately kept and managed according to the internal document management rules.

(Internal Control of the Kuraray Group)

- We determine the group management policies in the medium-term business plan and the annual business plan. We also establish departments/sections to control the Kuraray Group companies and operate groupwide operations more appropriately and efficiently as a corporate group.

(Systems to Ensure Effective Execution of Company Auditors' Duties)

- For the purpose of allowing Company Auditors to effectively audit the execution of duties by Directors, we assign dedicated staff who work to assist the Company Auditors' audits under the direction of the Company Auditors.
- The President of the Company shall have periodic meetings with the Company Auditors to discuss various matters and shall endeavor to improve the environment in which the Company Auditors can easily collaborate with outside experts and other internal audit organizations.
- Directors and employees report, upon the request of the Company Auditors, on important matters of corporate management and business operations and the progress of the execution of business affairs.

(Monitoring)

- The Office of Internal Auditors, a body directly reporting to the President, shall be engaged in the internal audits of the Kuraray Group companies.

7. Summary of the Basic Policy regarding the Control of the Company's Management

(1) Summary of the Basic Policy regarding Persons Controlling the Company's Decisions over Financial and Business Affairs

Recently, the structure of Japanese corporate society has undergone drastic changes. For example, the dissolution of share cross-holding is occurring more frequently. Furthermore, the concept that the company owners are shareholders and that management should consider shareholders' opinions has become widespread. Meanwhile, the stock market and corporate society have deepened their understanding with respect to corporate acquisitions. Under these circumstances, it has become obvious that large-scale purchases of shares may be undertaken "hostilely" and suddenly without benefiting from sufficient discussion, or a process of agreement, with the management of the target company. Of course, the Company acknowledges that even such hostile large-scale purchases of shares may contribute to an enhancement of corporate value and the shareholders' common interests depending on the specific conditions and method, etc. of such purchases. So long as the Company is a stock company (*kabushiki kaisha*) whose shares are publicly traded on the capital markets, the Company believes that each shareholder should ultimately determine whether to accept a proposal for the purchases of the Company's shares.

However, it cannot be denied that some of the unilateral large-scale purchases of shares as described above may materially damage the Company's corporate value and the shareholders' common interests if, for example, (i) the shareholders do not receive sufficient information regarding such purchases and will effectively be forced to sell their shares; (ii) the shareholders are not given enough time to consider the conditions, method, etc. of such purchases and the Board of Directors is not given enough time to present alternative proposals, etc.; or (iii) the large-scale purchasers do not intend to manage the Company in a reasonable and serious manner, etc.

The Company believes that the person controlling the Company's decisions over financial and business affairs should be someone who fully understands the corporate philosophy of the Company and its important management resources from which the Company's corporate value is generated. Moreover, such person should sincerely intend to protect and enhance the Company's corporate value and the shareholders' common interests for both the medium and long-term. Therefore, the Company has decided that any person who commences a large-scale purchase of shares that may materially damage the Company's corporate value or the shareholders' common interests as described above will be deemed to be inappropriate as a person controlling the Company's decisions over financial and business affairs.

(2) Summary of Efforts Contributing to the Realization of the Basic Policy

The Company has undertaken and will undertake various efforts to enhance its corporate value and its shareholders' common interests, including the below-described matters, taking into consideration that a stable and sustainable enhancement of its corporate value should be treated as a top priority for the purpose of enhancing its shareholders' common interests. The Company believes that by enhancing its corporate value and its shareholders' common interests and appropriately reflecting such enhancement in its share value, it will be difficult for a third party to implement a large-scale purchase of shares which may materially damage the Company's corporate value or the shareholders' common interests as described above. Therefore, the Company believes that these efforts will contribute to the realization of the Basic Policy regarding Persons Controlling the Company's Decisions over Financial and Business Affairs described in Section (1) above (the "Basic Policy").

(i) Reinforcement and Expansion of Businesses in Accordance with the Medium-Term Business Plan

"GS-Twins," which commenced in fiscal 2009 (from fiscal 2009 to 2011), is an action plan in order to restore the profitability materially hurt by the global economic crisis within the 3 year period and to become a specialty chemical company with a presence as set forth in the "10-Year Corporate Vision" of fiscal 2006 which presented what the Company should be in the future. Under the "GS-Twins," the Company will address the measures as described below. For details of the GS-Twins measures, please see the Company's press release dated on April 30, 2009.

[http://www.kuraray.co.jp/en/release/2009/pdf/090430_3.pdf]

(a) Improvement of profit structure

The Company will continue to;

- i) improve the business portfolio (reduction of and withdrawal from less profitable business field);
- ii) make effective investments in facilities (selection of investment projects);
- iii) improve cash flow (reduction of inventory);
- iv) improve break-even point through thorough reduction of expenses and costs (particularly reduction of the fixed cost); and
- v) downsize its organization and optimize its personnel.

(b) Creation and expansion of new business

The Company will invest its management resources into the highlighted fields in which its technological potential is maximized and create an environmental-oriented business.

- i) In environmental areas:
water treatment business – sewage treatment and recycling, recovery of valuable resources in the sludge
- ii) In energy areas:
new energy – solar energy (an encapsulation element of solar panels, etc.)
– hydrogen energy (element of fuel cells, etc.)
- iii) In optical and electronic business areas:
illumination parts, transparent conductive films, etc.

(c) Acceleration of global strategy for core businesses

In the internationally competitive core material businesses, such as the vinyl acetate business, the Company will regionally further expand its business by mergers and acquisitions, accelerating development in the emerging economic market and attacking the existing markets that the Company has not already exploited.

The Company will, through the 3-year execution of the above-mentioned measures, return to the profit structure envisioned under the “GS-21” Medium-term Business Plan (fiscal year 2006 to 2008) measures, and prepare for sustainable growth as set forth in the “10-Year Corporate Vision.”

(ii) Establishment of a Corporate Governance System

An effective corporate governance system ensuring the efficiency and fairness of management enables the Company to maintain appropriate relationships with various stakeholders and to fulfill its responsibility to society. The Company understands that this measure, continually and in the long-term, enhances its corporate value and shareholders’ common interests, and therefore, contributes to the realization of the Basic Policy as described in Section (1) above. Based on such understanding, the Company has established a corporate governance system as described below:

(a) Directors and organizational bodies related to executing corporate affairs

In order to promote flexible management decision-making, the Company prescribed the number of directors to be ten (10) or less and their term of office to be one (1) year for the purpose of clarifying responsibility to the Company’s shareholders. The Company appointed two (2) outside directors who supervise management from an independent third party standpoint. In addition, the Company adopted a performance-linked compensation plan and a stock option plan that reinforce the directors’ incentives for improving shareholders’ interests.

Moreover, the Company adopted an executive officer system that clearly divides the directors’ responsibility between management decision-making and supervising, and the execution of corporate affairs. The executive officers (whose term of office: is one (1) year) are the chief executives of each company, division and main functional body and are responsible for their operation and business performance.

(b) Company Auditors

The Company has five (5) Company Auditors, three (3) of which are Independent Outside Company Auditors.

(c) Management Advisory Committee

The Company established the Management Advisory Committee, which is responsible for giving advice from the viewpoints of complying with laws, protecting shareholders' rights and ensuring management transparency.

The Management Advisory Committee has seven (7) permanent members which include four (4) members who are persons with external knowledgeable and have strong experience in corporate management and corporate legal affairs. The Committee meets regularly and advises the President on important management policies or challenges, questions of whether the President should resign, the selection of successor candidates, compensation of the President, etc.

(iii) Basic Policy of Distribution of Profits to Shareholders

The distribution of profits to shareholders is one of management's primary objectives. In order to enhance its corporate value and shareholders' common interests, the Company endeavors to ensure appropriate distribution of profits, in consideration of management results and securing growth potential in the future.

The Company's profit structure has been significantly hurt by the global economic crisis in and after the second half of fiscal year 2008. As described in Paragraph (i) above, the Company commenced the "GS-Twins" action plan, as a measure to repair quickly the depressed earnings. Under this plan, the Company's dividend policy is to maintain a payout ratio of 30% or higher of the consolidated net income.

From a middle and long-term perspective, the Company will endeavor to ensure appropriate distribution of profits, in consideration of management results and securing growth potential in the future.

(3) Effort to Prevent Decisions concerning the Company's Financial and Business Affairs from Being Controlled by Inappropriate Persons in light of the Basic Policy

The Company decided, at the meeting of Board of Directors held on April 30, 2009 to introduce Countermeasures (Takeover Defense) in Response to Large-Scale Purchases of the Company's Shares (the "Plan") summarized as follows, on condition that the Plan was approved by a majority of the voting rights of shareholders present at the 128th Ordinary General Meeting of Shareholders of the Company held on June 19, 2009 in order to prevent vexatious purchases of the Company's shares, which was the Company's effort to protect and enhance its corporate value and the common interests of its shareholders. The Plan was approved and resolved at the above-mentioned General Meeting of Shareholders with a majority of the voting rights of shareholders present. The Plan was resolved by an affirmative vote of all Directors of the Company, including two (2) Outside Directors at the aforementioned meeting of Board of Directors. All Company Auditors of the Company including three (3) Outside Company Auditors were present at the said meeting of Board of Directors and agreed to the Plan.

For more details of the Plan, please refer to the Website of the Company (<http://www.kuraray.co.jp/en/release/2009/pdf/090430.pdf>).

(i) Large-scale Share Purchase Triggering Countermeasures

Under the Plan, countermeasures may be triggered if any transaction falling under the following items (a) or (b) or any similar transaction is carried out (such transactions being referred to as a "Large-scale Share Purchase"):

- (a) Any purchase of share certificates, etc. issued by the Company, by a holder that will cause such holder's holding ratio of share certificates, etc., to become 20% or greater.

- (b) Any tender offer for share certificates, etc., issued by the Company that will cause the total of an offeror's holding ratio of share certificates, etc. and the aggregate holding ratio of share certificates of person(s) in special relationship, to become 20% or greater.
- (ii) Request to Large-scale Share Purchaser for Provision of Information
 - (a) Submission of a Statement of Intention

Prior to initiating a Large-scale Share Purchase, a purchaser and a purchase offeror (collectively, the "Large-scale Share Purchaser") will be required to submit a statement of intention to the Company containing a pledge by the Large-scale Share Purchaser to comply with the procedures set forth in the Plan (the "Large-scale Share Purchase Rules"), outline of the Large-scale Share Purchaser and other specified matters.

- (b) Provision of Information for a Large-scale Share Purchase

Within ten (10) business days from the receipt of the Statement of Intention described in paragraph (a) above, the Board of Directors will send list specifying the information regarding the purpose, method and substance etc., of the Large-scale Share Purchase to be provided by the Large-scale Share Purchaser.

Based on the list, the Large-scale Share Purchaser will be required to provide the Board of Directors with necessary and sufficient information for the shareholders' determination and for the Board of Directors' evaluation and examination etc. of the Large-scale Share Purchase (the "Large-scale Share Purchase Information").

The Board of Directors will disclose to the shareholders all or part of the fact of the submission of the Statement of Intention and the information provided by the Large-scale Share Purchaser if the Board of Directors determines it is appropriate for the shareholders to make their decision in a timely and appropriate manner.

In addition, if the Board of Directors objectively and reasonably determines that the information provided by the Large-scale Share Purchaser is sufficient as the Large-scale Share Purchase Information and the Large-scale Share Purchaser has completely provided the Large-scale Share Purchase Information, the Board of Directors will promptly give notice (the "Notice of Completion of Information Provision") to the Large-scale Share Purchaser thereof and disclose such fact to the shareholders.

- (iii) The Board of Directors Evaluation Period, etc.

After giving the Notice of Completion of Information Provision, the Board of Directors will fix the period to evaluate and examine the conditions and method of the Large-scale Share Purchase (the "Board of Directors Evaluation Period") up to sixty (60) days (in the case of a purchase of all of the Company's shares via a tender offer that limits the purchase price to cash (Japanese Yen)) or ninety (90) days (in other cases of Large-scale Share Purchases). If there is an unavoidable reason, the Board of Directors of the Company may extend the Board of Directors Evaluation Period by up to thirty (30) days.

During the Board of Directors Evaluation Period, the Board of Directors will carefully reach its opinion on the Large-scale Share Purchase from the perspective of protecting and enhancing the Company's corporate value and the shareholders' common interests, and provide on a timely basis the substance of such opinion to the Large-scale Share Purchaser and, at the same time, disclose it to the shareholders in an appropriate manner. The Board of Directors will, as necessary, consult and negotiate with the Large-scale Share Purchaser with respect to the conditions and method of the Large-scale Share Purchase and establish alternative proposals for the shareholders.

The Large-scale Share Purchaser may initiate a Large-scale Share Purchase only after the expiration of the Board of Directors Evaluation Period. If a Shareholders' Meeting Confirming Shareholders' Opinion is called, see Paragraph (iv)(c) below.

(iv) Response Policy upon the Commencement of a Large-scale Share Purchase

- (a) Cases where the Large-scale Share Purchaser commences the Large-scale Share Purchase without complying with the Large-scale Share Purchase Rules

(A) Triggered by Recommendation of Special Committee

If the Large-scale Share Purchaser commences, or intends to commence, the Large-scale Share Purchase without complying with the Large-scale Share Purchase Rules, the Board of Directors may, regardless of the actual conditions and method, etc. of such Large-scale Share Purchase, deem such Large-scale Share Purchase to be a hostile takeover that might materially damage the Company's corporate value and shareholders' common interests and trigger the necessary and appropriate countermeasures.

In such case, as described in Paragraph (vi)(a) below, the Board of Directors must make an inquiry to the Special Committee, in advance of triggering the countermeasures, regarding the appropriateness of triggering such countermeasures. Upon such inquiry, the Special Committee may obtain, as necessary, advice from the financial advisors, legal counsel, certified public accountants and other external experts who are independent of the Board of Directors (collectively, the "External Experts"), and make recommendations to the Board of Directors with respect to the appropriateness of triggering the countermeasures. The Board of Directors must respect the Special Committee's recommendation to the greatest extent possible in making a decision on whether or not to trigger the countermeasures.

(B) Triggered by Resolution of Shareholders' Meeting Confirming Shareholders' Opinion

Notwithstanding (A) above, if the Special Committee recommends the calling of a shareholders' meeting to confirm the shareholders' opinion regarding the appropriateness of triggering the countermeasures (the "Shareholders' Meeting Confirming Shareholders' Opinion"), the Board of Directors may call a Shareholders' Meeting Confirming Shareholders' Opinion and confirm the shareholders' opinion regarding whether or not to trigger the countermeasures.

- (b) Cases where the Large-scale Share Purchaser commences the Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules

(A) Triggered by Recommendation of Special Committee

If the Large-scale Share Purchaser commences, or intends to commence, the Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, even if the Board of Directors objects to such Large-scale Share Purchase, the Board of Directors will not, in principle, trigger the countermeasures against such Large-scale Share Purchase.

However, in the case that is deemed to be commenced by a "green mailer," or that the method of the Large-scale Share Purchase proposed by the Large-scale Share Purchaser is likely to restrict the shareholders' opportunity or liberty to make decisions and effectively forces them to sell their share certificates, etc. of the Company in a detrimental process, such as the "two-phase acquisition," if the Board of Directors clearly determines that such Large-scale Share Purchase would materially damage the Company's corporate value and shareholders' common interests, the Board of Directors may trigger the necessary and appropriate countermeasures to protect and enhance the Company's corporate value and shareholders' common interests.

In such case, as described in Paragraph (vi)(a) below, the Board of Directors must make an inquiry to the Special Committee, in advance of triggering the countermeasures regarding the appropriateness of triggering such countermeasures. The Special Committee may obtain, as necessary, advice from the External Experts and make recommendations to the Board of Directors with respect to the appropriateness of triggering the countermeasures. The Board of Directors must respect the Special Committee's recommendation to the greatest extent possible in making a decision on whether or not to trigger the countermeasures.

(B) Triggered by Resolution of Shareholders' Meeting Confirming Shareholders' Opinion

Notwithstanding (A) above, if the Special Committee recommends the calling of a Shareholders' Meeting Confirming Shareholders' Opinion, the Board of Directors may call a Shareholders' Meeting Confirming Shareholders' Opinion and confirm the shareholders' opinion regarding whether or not to trigger the countermeasures. In addition, without such recommendation of the Special Committee, if the Board of Directors determines it appropriate to confirm shareholders' opinion regarding whether or not to trigger the countermeasures, the Board of Directors may call a Shareholders' Meeting Confirming Shareholders' Opinion and confirm the shareholders' opinion regarding whether or not to trigger the countermeasures.

(c) Handling of Case Where Shareholders' Meeting Confirming Shareholders' Opinion is Called

If the Board of Directors calls a Shareholders' Meeting Confirming Shareholders' Opinion, the Board of Directors will be subject to the resolution of the Shareholders' Meeting Confirming Shareholders' Opinion regarding the appropriateness of triggering the countermeasures.

If the Board of Directors determines to call a Shareholders' Meeting Confirming Shareholders' Opinion, the Large-scale Share Purchaser may not initiate the Large-scale Share Purchase before such Shareholders' Meeting Confirming Shareholders' Opinion adjourns.

(v) Substance of Countermeasures

The Board of Directors will trigger an allotment of share purchase warrants (the "Share Purchase Warrants") without contribution to all its shareholders as a countermeasure to be taken in accordance with the Plan.

In the case where the Company allots the Share Purchase Warrants without contribution as countermeasures against a Large-scale Share Purchase, the Share Purchase Warrants shall be allotted to the shareholders of the Company at a ratio of one (1) Share Purchase Warrant per one (1) ordinary share of the Company held. Regarding the Share Purchase Warrants, discriminatory conditions for the exercise thereof will be scheduled to be stipulated for the Large-scale Share Purchaser, etc. to be disqualified for exercising such conditions as an ineligible person. Also, discriminatory conditions for the exercise of the Share Purchase Warrants will be scheduled to be stipulated that the Company may acquire the Share Purchase Warrants held by a person other than the above ineligible person and deliver the ordinary shares of the Company equivalent to the number of subject shares per Share Purchase Warrant to him/her in exchange for the Share Purchase Warrants so acquired. Moreover, if the Company acquires the Share Purchase Warrants held by an ineligible person, no cash will be offered in exchange for the Share Purchase Warrants.

(vi) System for Ensuring the Reasonableness and Fairness of the Plan

(a) Establishment of the Special Committee and Inquiry Procedures, etc.

In order to ensure the reasonableness and fairness of i) the decision of the Board of Directors whether or not to trigger the countermeasures against a Large-scale Share Purchase, and ii) the Plan, the Company will establish a special committee (the "Special Committee") that is independent from the Board of Directors. The members of the Special Committee will consist of three (3) or more people and be appointed from Outside Directors and Outside Company Auditors.

For the Board of Directors to trigger the countermeasures, it must make an inquiry to the Special Committee, in advance of triggering the countermeasures regarding the appropriateness of triggering such countermeasures. Upon such inquiry, the Special Committee may obtain, as necessary, advice from External Experts and make recommendations to the Board of Directors with respect to the appropriateness of triggering the countermeasures. The Board of Directors must respect the Special Committee's recommendation to the greatest extent possible in making a decision on whether or not to trigger the countermeasures. However, as described in Paragraph (iv) above, the Board of Directors may call a Shareholders' Meeting Confirming Shareholders' Opinion and confirm the shareholders' opinion regarding whether or not to trigger the countermeasures against the Large-scale Share Purchaser.

In addition to the above-mentioned inquiry, the Board of Directors will examine any effect on the Company's corporate value and the shareholders' common interest that might be caused by the Large-scale Share Purchase based on the information provided by the Large-scale Share Purchaser and other information. Based on such considerations, the Board of Directors will decide whether or not to trigger the countermeasures.

Moreover, the Board of Directors may at its discretion make an inquiry to the Special Committee with respect to any issue other than the appropriateness of extension of the Board of Directors Evaluation Period, the appropriateness of triggering the countermeasures or maintaining the triggered countermeasures as mentioned above, if i) the Board of Directors questions whether the information provided by the Large-scale Share Purchaser is sufficient to meet the Large-scale Share Purchase Information requirements; ii) the Board of Directors formulates an alternative proposal to the shareholders; or iii) for any other issues, the Board of Directors determines it necessary. Upon such inquiry, the Special Committee will obtain, as necessary, advice from External Experts, examine the inquired matters and make a recommendation to the Board of Directors. The Board of Directors must respect such recommendation of the Special Committee to the greatest extent possible.

(b) Effective Term of the Plan and Respect for Shareholder's Decisions regarding the Continuance, Abolishment or Modification of the Plan

The effective term of the Plan is from the conclusion of the Company's 128th Ordinary General Meeting of Shareholders held on June 19, 2009 to the conclusion of the Company's 131st Ordinary General Meeting of Shareholders to be held in 2012.

Even before expiration of such effective term, if i) the Company's shareholders' meeting approves a proposal to abolish or modify the Plan or ii) the Board of Directors resolves to abolish the Plan, the Plan will be abolished or modified at the time of such approval or resolution.

The Board of Directors may modify the Plan, subject to the Special Committee's approval, i) to the extent such modification is consistent with the Basic Policy or ii) to the extent such modification is deemed reasonably necessary as a result of a) any amendment of the Companies Act, the Financial Instruments and Exchange Act and other applicable laws or regulations, or rules of relevant financial instruments exchanges, or a change in the interpretation or operation of any of the foregoing, or b) any change in tax systems, court ruling and so on.

If the Plan is abolished or modified, the Company will promptly disclose the fact of such abolishment or modification, the substance of the modification in the case of a modification, and any other matter the Board of Directors determines appropriate in accordance with applicable laws and the rules of the relevant financial instruments exchanges.

(vii) Effect upon Shareholders and Investors

(a) Effect of Plan Introduction on Shareholders and Investors

At the time the Plan is introduced, no Share Purchase Warrants will be allotted without contribution. Accordingly, the legal rights and economic interests concerning the Company's shares held by shareholders and investors will not be directly or specifically affected.

(b) Effect upon Shareholders and Investors When Share Purchase Warrants Are Allotted without Contribution

If the Board of Directors decides to trigger the countermeasures and resolves to allot the Share Purchase Warrants without contribution to all Company shareholders, the Share Purchase Warrants will be allotted without contribution to all shareholders recorded in the latest shareholder register as of the date separately specified, at a ratio of one (1) Share Purchase Warrant per one (1) Company share held. Under this system of countermeasures, at the time of allotment without contribution, although the economic value per Company share held by each shareholder and investor will be diluted, the economic value of all Company's shares held by each shareholder and investor will not be diluted, and

the voting rights per share of the Company's shares will also not be diluted. Therefore, we do not expect any countermeasure to directly or specifically affect the legal rights or economic interests of all Company's shares held by each shareholder and investor.

Even in the case where the Board of Directors resolves to allot the Share Purchase Warrants without contribution as a countermeasure, if the Board of Directors discontinues or withdraws the countermeasures, please note that, because the economic value per Company share held by each shareholder and investor will not be diluted, the investors who traded the Company's shares under the expectation of such dilution may suffer a loss due to a change in the share price.

If the Share Purchase Warrants are allotted with discriminatory conditions for their exercise by holders or when acquired by the Company, it is anticipated that the legal rights, etc. of the Large-scale Share Purchaser will be diluted upon such exercise or acquisition. However, even in such case, we do not expect that the legal rights, etc. or economic interests of all Company's shares held by shareholders and investors other than the Large-scale Share Purchaser will be directly or specifically affected.

(4) Judgment of the Board of Directors on the Efforts in Section (2) above

The Company has undertaken the efforts described in Section (2) above to enhance its corporate value and its shareholders' common interests, taking into consideration that a stable and sustainable enhancement of its corporate value should be treated as a top priority for the purpose of enhancing its shareholders' common interests. The Company believes that, by enhancing its corporate value and its shareholders' common interests and appropriately reflecting such enhancement in its share value, it will be difficult for a third party to implement a Large-scale Share Purchase which may materially damage the Company's corporate value or the shareholders' common interests. Therefore, the Company believes that the efforts in Section (2) above are in line with the Basic Policy in Section (1) above without damaging the shareholders' common interests or aiming to maintain the officers' positions.

(5) Judgment of the Board of Directors on the Efforts in Section (3) above

The efforts in Section (3) above prescribes that countermeasures will be triggered against a Large-scale Share Purchaser who refuses the request for sufficient information and an adequate period of time for examining, etc. such information, and a Large-scale Share Purchaser who may conduct or intend to conduct a Large-scale Share Purchase that would materially damage the Company's corporate value or the shareholders' common interests. Thus, the efforts described in Section (3) above will prevent such Large-scale Share Purchaser from conducting a Large-scale Share Purchase, and will prevent the Company's decisions over financial and business affairs from being controlled by inappropriate persons in light of the Basic Policy described at Section (1) above. Moreover, the efforts in Section (3) above will be introduced as a countermeasure against a Large-scale Share Purchaser, which enables the shareholders, in advance, to receive any necessary information with respect to the Large-scale Share Purchase proposed by a Large-scale Share Purchaser and to ensure there is adequate time to evaluate and examine, etc. the substance of the Large-scale Share Purchase, for the purpose of protecting and enhancing the Company's corporate value and the shareholders' common interests. Furthermore, the Company ensures various systems and procedures such as, i) the respect for the Company's shareholders' opinion, ii) the establishment of reasonably objective conditions and, iii) the establishment of the Special Committee, in order to prevent the Board of Directors from arbitrarily triggering any countermeasures and to ensure the reasonableness of the efforts in Section (3) above.

Accordingly, the Company believes that the efforts in Section (3) above are in line with the Basic Policy in Section (1) above without damaging the shareholders' common interests or aiming to maintain the Directors' positions.

(Note) In this business report, italicized product names are trademarks of the Kuraray Group.

[Financial statements omitted. Please refer to our News Release dated April 30, 2010 titled "Business Results for the Year Ended March 31, 2010 (unaudited)."]

URL: <http://www.kuraray.co.jp/en/ir/library/pdf/account/100430.pdf>

Reference Documents for General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Company positions the distribution of profits to shareholders as one of management primary issues. The global economic crisis that began in September 2008 significantly damaged Kuraray's earnings structure. To quickly revive it, Kuraray is currently carrying out its Medium-term Action Plan called "GS-Twins" (fiscal year 2009 to 2011). Target of profit allocation during the period is to achieve 30% or more dividend payout ratio to consolidated net income. At the same time, we aim at increase of the amount of dividends by focusing on the continuous improvement in our business performance. Based on this policy, we hereby propose a year-end dividend payment for the fiscal year as follows.

If this proposal is approved, the total amount of dividends for the fiscal year, aggregated with the interim dividend, will be ¥16 per share.

Year-end dividends:

- (1) Type of dividend property: Cash
- (2) The matter regarding the assignment of dividend property and total amount thereof:
¥8 per share of the Company's common stock for a total of ¥2,784,588,256
- (3) Effective date of the dividends (payment commencement date): June 25, 2010

Proposal No. 2: Election of Ten (10) Directors

The term of office of the current nine (9) Directors, Yasuaki Wakui, Fumio Ito, Yoichi Ninagawa, Shiro Kataoka, Hiroaki Yoshino, Toshihide Sakai, Kenzo Sawada, Kensaku Aomoto and Takafusa Shioya will expire at the conclusion of this 129th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that ten (10) Directors be elected. The candidates for the Directors are as follows:

No.	Name (Date of Birth)	Brief Personal History; and Positions and Areas of Responsibility in the Company as Director (Important Positions Concurrently Held at Other Entities, if any)	Number of Company Shares Held
1	Yasuaki Wakui (December 4, 1942)	April 1965 Entered Kuraray Co., Ltd. June 1996 Director, Kuraray Co., Ltd. June 1999 Managing Director, Kuraray Co., Ltd. June 2000 Representative Director and President, Kuraray Co., Ltd. April 2008 Representative Director and Chairman, Kuraray Co., Ltd. (Current position)	93,000
2	Fumio Ito (August 2, 1947)	April 1971 Entered Kuraray Co., Ltd. June 2003 Executive Officer, Kuraray Co., Ltd. June 2004 Senior Executive Officer, Kuraray Co., Ltd. June 2006 Managing Director, Kuraray Co., Ltd. April 2008 Representative Director and President, Kuraray Co., Ltd. (Current position)	25,500
3	Yoichi Ninagawa (July 20, 1946)	April 1971 Entered Kuraray Co., Ltd. June 2003 Executive Officer, Kuraray Co., Ltd. June 2004 Senior Executive Officer, Kuraray Co., Ltd. June 2006 Managing Director and Senior Executive Officer, Kuraray Co., Ltd. April 2008 Chief Technology Officer, Kuraray Co., Ltd. (Current position) June 2008 Director and Primary Executive Officer, Kuraray Co., Ltd. (Current position) Chief of Environment and Industrial Safety Management Center April 2009 Chief of New Business Development Division, Chief of Technology Division, Chief of Environmental Business Development and Promotion Division February 2010 Chief of Luminas Business Promotion Department (Current position) April 2010 Chief of Technology and Development Unit (Current position)	23,500
4	Shiro Kataoka (October 16, 1948)	April 1971 Entered Kuraray Co., Ltd. June 2003 Executive Officer, Kuraray Co., Ltd. April 2004 President of Poval Company, Kuraray Co., Ltd. June 2004 Senior Executive Officer, Kuraray Co., Ltd. April 2006 General Manager, Poval Resin Division, Specialty Resin and Film Company, Kuraray Co., Ltd. June 2006 Director and Senior Executive Officer, Kuraray Co., Ltd. April 2007 President of Specialty Resin and Film Company, Kuraray Co., Ltd. June 2007 Managing Director and Senior Executive Officer, Kuraray Co., Ltd. April 2008 President of Chemicals and Medical Products Company, Kuraray Co., Ltd. June 2008 Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position) April 2010 Supervisor of Administrative Unit (Current position), Supervisor of Plants in Japan (Current position)	17,450

No.	Name (Date of Birth)	Brief Personal History; and Positions and Areas of Responsibility in the Company as Director (Important Positions Concurrently Held at Other Entities, if any)	Number of Company Shares Held
5	Keiji Murakami (November 22, 1950)	<p>April 1973 Entered Kuraray Co., Ltd.</p> <p>April 2005 President of EVAL Company, Specialty Resin and Film Sector, Kuraray Co., Ltd.</p> <p>April 2006 General Manager, EVAL Division, Specialty Resin and Film Company, Kuraray Co., Ltd.</p> <p>June 2006 Executive Officer, Kuraray Co., Ltd. (Current position)</p> <p>April 2010 President of Resin Company, Kuraray Co., Ltd. (Current position)</p>	3,500
6	Kazuhiro Tenkumo (September 3, 1951)	<p>April 1974 Entered Kuraray Co., Ltd.</p> <p>April 2005 President of Fibers and Industrial Materials Company, Fibers and Textiles Sector, Kuraray Co., Ltd.</p> <p>April 2006 General Manager, Fibers and Industrial Materials Division, Fibers and Textiles Company, Kuraray Co., Ltd.</p> <p>June 2007 Executive Officer, Kuraray Co., Ltd. (Current position)</p> <p>April 2010 President of Fibers and Textiles Company, Kuraray Co., Ltd. (Current position)</p>	14,500
7	Yasuhiro Yamamoto (February 4, 1949)	<p>April 1972 Entered Kuraray Co., Ltd.</p> <p>April 2004 General Manager, Chemicals Division, Chemicals Company, Kuraray Co., Ltd.</p> <p>April 2005 General Manager, Chemicals Division, Chemicals Company, Chemicals and Medical Products Sector, Kuraray Co., Ltd.</p> <p>April 2006 General Manager, Chemicals Division, Chemicals Company, Kuraray Co., Ltd.</p> <p>April 2007 General Manager, Isoprene Chemicals Division, Chemicals and Medical Products Company, Kuraray Co., Ltd.</p> <p>June 2007 Executive Officer, Kuraray Co., Ltd. (Current position)</p> <p>April 2008 General Manager, Methacrylate Division, Chemicals and Medical Products Company, Kuraray Co., Ltd.</p> <p>April 2010 President of Chemicals Company, Kuraray Co., Ltd. (Current position)</p>	2,500
8	Setsuo Yamashita (February 3 1950)	<p>April 1975 Entered Kuraray Co., Ltd.</p> <p>April 2004 General Manager, Technology Development Center, Environment and Technology Division, Kuraray Co., Ltd.</p> <p>April 2005 General Manager, Technology Development Center, Technology Division, Kuraray Co., Ltd.</p> <p>April 2006 General Manager, Technology Development Center, Environmental, Industrial Safety and Technology Division, Kuraray Co., Ltd.</p> <p>April 2007 General Manager, Technology Development Center, Technology Division, Kuraray Co., Ltd.</p> <p>April 2008 General Manager, Kurashiki Plant, Kuraray Co., Ltd.</p> <p>June 2009 Executive Officer, Kuraray Co., Ltd. (Current position)</p> <p>April 2010 General Manager, New Business Development Division, Technology and Development Unit, Kuraray Co., Ltd. (Current position)</p>	5,000
9	Kensaku Aomoto (December 21 1940)	<p>April 1963 Entered The Export-Import Bank of Japan (“EIB”)</p> <p>June 1989 Director General, Loan Department IV, EIB</p> <p>April 1991 Director General, Policy Planning and Coordination Department, EIB</p> <p>October 1993 Resident Executive Director for Europe, the Middle East and Africa, EIB</p> <p>January 1995 Senior Executive Director, EIB</p> <p>June 1998 Deputy Governor, EIB</p> <p>June 2000 President (Chief Executive Officer), Japan Institute for Overseas Investment</p> <p>January 2005 Counselor, Mitsui & Co., Ltd. Counselor, Mitsui Oil Exploration Co., Ltd.</p> <p>June 2008 Director, Kuraray Co., Ltd. (Current position)</p> <p>January 2009 Councilor, Mitsui & Co., Ltd. Energy Business Unit I, Energy Business Unit II Infrastructure Projects Business Unit (Current position)</p>	2,416

No.	Name (Date of Birth)	Brief Personal History; and Positions and Areas of Responsibility in the Company as Director (Important Positions Concurrently Held at Other Entities, if any)	Number of Company Shares Held
10	Takafusa Shioya (May 13, 1941)	<p>April 1966 Entered Economic Planning Agency of Japan (“EPA”)</p> <p>July 1987 Director, Commercial Policy Division, Industrial Policy Bureau, Ministry of International Trade and Industry (“MITI”)</p> <p>July 1990 Director, Minister’s Secretariat Division, EPA</p> <p>June 1993 Deputy Director-General, Social Policy Bureau, EPA</p> <p>June 1995 Director-General, Planning-Coordination Bureau, National Land Agency</p> <p>July 1997 Director-General, Coordination Bureau, EPA</p> <p>June 1998 Administrative Vice-Minister, EPA</p> <p>February 2000 President, National Institute for Research Advancement (NIRA)</p> <p>May 2005 Management Committee Member, International Research Center for Japanese Studies, Inter-University Research Institutes Corporation</p> <p>April 2008 Visiting Professor of J. F. Oberlin University (Current position)</p> <p>June 2008 Director, Kuraray Co., Ltd. (Current position)</p> <p>Chairman, Economic Research Association (Current position)</p>	0

- (Note) 1. No special interests exist between the Company and any of the above candidates.
- (Note) 2. Both Mr. Kensaku Aomoto and Mr. Takafusa Shioya are candidates for Outside Directors.
- (Note) 3. Matters relevant to candidates for Outside Directors
- (1) Reasons for selecting the candidates for Outside Directors
 - (i) The reason for selecting Mr. Kensaku Aomoto as the candidate for Outside Director is based on the judgment that his wealth of experience and comprehensive insight gained through his international banking and bank management roles at The Export-Import Bank of Japan would allow him to provide objective opinions and suggestions that are useful for the Company’s operation.
 - (ii) The reason for selecting Mr. Takafusa Shioya as the candidate for Outside Director is based on the judgment that his wealth of experience and comprehensive insight gained through economic administration and other roles at the Economic Planning Agency of Japan and other institutions would allow him to provide objective opinions and suggestions that are useful for the Company’s operation. Though he has never been directly engaged in corporate management, it is the Company’s judgment that he is well prepared for properly exercising his duties as Outside Director such as advising accurately on operation of the Company because of the reasons mentioned above.
 - (2) Regarding contracts for limitation of liability
The Company has entered into contracts with both Mr. Kensaku Aomoto and Mr. Takafusa Shioya for limitation of liability to the effect that their liability for damages under Article 423, Paragraph 1 of the Companies Act shall be limited to the minimum liability amount prescribed in applicable laws and regulations, and if the reappointment of both of them is approved, such contracts are planned to be continued.
 - (3) Term of office of Outside Director
Both Mr. Kensaku Aomoto and Mr. Takafusa Shioya are currently Outside Directors of the Company and their term of office will be two years at the conclusion of this 129th Ordinary General Meeting of Shareholders.
 - (4) There is nothing other than the above to be stated regarding the candidates for Outside Directors of the Company pursuant to Article 74, Paragraph 4 of the Ordinance for Enforcement of the Companies Act.

Proposal No. 3: Election of One (1) Company Auditor

The term of office of the Company Auditor Hiroo Onodera will expire at the conclusion of this 129th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that one (1) Company Auditor be elected.

The Board of Company Auditors has given prior consent to this Proposal.

The candidate for the Company Auditor is as follows.

Name (Date of Birth)	Brief Personal History; and Positions in the Company as Auditor (Important Positions Concurrently Held at Other Entities, if any)	Number of Company Shares Held
Hiroo Onodera (July 12, 1940)	November 1990 Branch Manager, Sendai Branch, Bank of Japan June 1992 Senior Managing Director, Wakamoto Pharmaceutical Co., Ltd. June 2000 Representative Director and President, Shin-ei Co., Ltd. October 2001 Advisor on Financial and Economic Matters, Prefectural Committee for Financial Services Information of Tokyo (Current position) June 2006 Company Auditor, Kuraray Co., Ltd. (Current position)	0

(Note) 1. No special interests exist between the Company and Mr. Hiroo Onodera.

(Note) 2. Mr. Hiroo Onodera is a candidate for Outside Company Auditor.

(Note) 3. Matters relevant to candidate for Outside Company Auditor

(1) Reasons for selecting the candidate for Outside Company Auditor

The reason for selecting Mr. Hiroo Onodera as the candidate for Outside Company Auditor is based on the judgment that his wealth of experience and comprehensive insight gained through his engagement in the central bank operations at the Bank of Japan and in the management of business corporations would allow him to appropriately execute the audit of the Company.

(2) Regarding contracts for limitation of liability

The Company has entered into a contract with Mr. Hiroo Onodera for limitation of liability to the effect that his liability for damages under Article 423, Paragraph 1 of the Companies Act shall be limited to the minimum liability amount prescribed in applicable laws and regulations, and if the reappointment of him is approved, the contract is planned to be continued.

(3) Term of office of Outside Company Auditor

Mr. Hiroo Onodera is currently an Outside Company Auditor of the Company and his term of office will be four years at the conclusion of this 129th Ordinary General Meeting of Shareholders.

(4) There is nothing other than the above to be stated regarding the candidate for Outside Company Auditor of the Company pursuant to Article 76, Paragraph 4 of the Ordinance for Enforcement of the Companies Act.

Proposal No. 4: Issue of Share Purchase Warrants as Stock Options

It is hereby proposed that the Company be authorized to issue the following Share Purchase Warrants as stock options to Directors, employees, etc. of the Company and its subsidiaries, pursuant to Articles 236, 238 and 239 of the Companies Act, and to delegate the determination of the terms and conditions of the offer thereof to the Board of Directors of the Company.

Issue of Share Purchase Warrants to Directors constitutes compensation to Directors. Although ¥450 million was approved as the upper limit of the annual compensation to Directors of the Company, along with ¥90 million separate annual limit for compensation in the form of stock options, at the 125th Ordinary General Meeting of Shareholders held on June 28, 2006, it is also proposed that the issue of Share Purchase Warrants as compensation to Directors aside from those compensation be approved.

The amount of Share Purchase Warrants issued as compensation to Directors of the Company shall be calculated based on the amount of the fair value per unit of Share Purchase Warrants as at the date of allotment, multiplied by the total number of Share Purchase Warrants issued to the ten (10) Directors of the Company to whom Share Purchase Warrants will be allotted (on the assumption that Proposal No. 2 is approved as proposed, while the current number of Directors of the Company is nine (9)). Fair value per unit of Share Purchase Warrants as at the date of allotment shall be based on fair valuation calculated by the Black-Scholes model using the market price thereof as at the date of allotment, the exercise price thereof, etc.

1. Reason for the necessity to offer Share Purchase Warrants on particularly favorable conditions

The Company, with the “GS-Twins” Medium-term Action Plan, is aiming to restore its profit structure that has been severely undermined by the impact of the global economic crisis, and to step forward for the new growth. By issuing Share Purchase Warrants at this point in time that we have got through the first year under the “GS-Twins” and successfully secured the initial foothold, we are aiming to encourage the ambition and enhance the morale of Directors, employees, etc. of the Company and its subsidiaries towards the improvement of business performance, as well as to promote enhancement of the enterprise value of the Company, for its accomplishment of the “GS-Twins”.

2. Terms and conditions of issue of Share Purchase Warrants

(1) Persons to whom Share Purchase Warrants will be allotted

Directors, Executive Officers, Advisers, Full-time Counselors and employees (including employees on contract; hereinafter the same shall apply) of the Company as well as Directors, Executive Officers, and employees of the subsidiaries of the Company

(2) Class and number of shares to be issued upon exercise of Share Purchase Warrants

Not exceeding 4,900,000 shares of common stock of the Company in total. Out of this, the upper limit of the total number of shares to be issued upon exercise of Share Purchase Warrants allotted to Directors of the Company shall be 120,000 shares. However, these numbers shall be adjusted accordingly in case the number of shares to be issued upon exercise of Share Purchase Warrants is adjusted as provided for below.

The number of shares to be issued upon exercise of each unit of Share Purchase Warrants shall be 500.

If the Company splits its common stock (including allotment of its common stock without compensation; hereinafter the same shall apply as far as split of its common stock is concerned) or consolidates its common stock, the number of shares to be issued upon exercise of each unit of Share Purchase Warrants shall be adjusted according to the following formula; provided, however, that such adjustment shall be made only to those remain unexercised at the time of such adjustment and; provided, further, that if any fraction less than one share arises as a result of such adjustment,

such fraction shall be discarded.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split (or consolidation)}$$

Besides the above, in case the Company carries out a merger, share exchange or share transfer or the like that makes it necessary to adjust the number of shares after the date of allotment, the number of shares may be adjusted within a reasonable range.

(3) Total number of Share Purchase Warrants to be issued

Not exceeding 9,800 in total. Out of this, the upper limit of Share Purchase Warrants allotted to Directors of the Company shall be 240.

(4) Requirement of cash payment for Share Purchase Warrants

No cash payment is required for Share Purchase Warrants.

(5) Value of the assets to be contributed upon exercise of Share Purchase Warrants

The amount of the assets to be contributed upon exercise of Share Purchase Warrants shall be the amount obtained by multiplying the amount to be paid in for each share to be issued upon exercise of such Share Purchase Warrant (hereinafter referred to as the “Exercise Price”), and the number of shares to be issued upon exercise of such Share Purchase Warrants. Exercise Price shall be whichever higher of (i) the average (any fraction less than one yen will be rounded up) of the closing prices of the common stock of the Company in the regular trading on the Tokyo Stock Exchange (including indication of any bid or offer, hereinafter referred to as the “Closing Price”) for 30 consecutive trading days (excluding days on which there is no Closing Price) from the beginning of 45 trading days period preceding the date of allotment of Share Purchase Warrants, multiplied by 1.05 (any fraction less than one yen will be rounded up), or (ii) the Closing Price on the date of allotment of Share Purchase Warrants (if there is no Closing Price on such date, the Closing Price on the trading day closest to the date of allotment on which the Closing Price is quoted).

If the Company splits or consolidates its common stock after the date of allotment of Share Purchase Warrants, the Exercise Price shall be adjusted according to the following formula, and any fraction less than one yen resulting from this adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

In addition, in case the Company issues new shares or disposes of its treasury common stock at a price lower than the then current market value after the date of allotment of Share Purchase Warrants (excluding the case where such lower price is resulted from the exercise of Share Purchase Warrants), the Exercise Price shall be adjusted according to the following formula, where any resultant fraction less than one yen shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of issued and outstanding shares} + \frac{\text{Number of new shares} \times \text{Amount paid per share}}{\text{Share price before issue of new shares}}}{\text{Number of issued and outstanding shares} + \text{Number of new shares}}$$

In the above formula, “Number of issued and outstanding shares” means the total number of issued shares of common stock of the Company excluding the number of treasury common stock held by the Company. In the event of disposition of treasury common stock, “Number of new shares” shall be read as “Number of shares of treasury stock disposed of.”

Besides the above, in case the Company carries out a merger, share exchange or share transfer or

the like that makes it necessary to adjust the Exercise Price after the date of allotment, the Exercise Price may be adjusted within a reasonable range.

(6) Exercise period of Share Purchase Warrants

From June 25, 2012 to June 24, 2020

(7) Conditions for exercise of Share Purchase Warrants

- 1) Any person exercising Share Purchase Warrants shall be Director, Company Auditor, Executive Officer, Advisor, Full-time Counselor or employee of the Company or its subsidiaries at the time of such exercise; provided, however, that a person who held a position of Director, Company Auditor, Executive Officer or Associate Executive Officer of the Company or President of a subsidiary of the Company may exercise Share Purchase Warrants even after retirement from such position.
- 2) Share Purchase Warrants shall not be offered for pledge, inherited or disposed of in any other way.

(8) Matters concerning increase in capital and capital reserve by the issue of shares upon exercise of Share Purchase Warrants

- 1) Amount of increase in capital by issuing shares upon exercise of Share Purchase Warrants shall be half of the upper limit of capital increase as calculated pursuant to the provisions of Article 17, Paragraph 1 of Company Accounting Regulations, where any resultant fraction less than one yen shall be rounded up.
- 2) Amount of increase in capital reserve by issuing shares upon exercise of Share Purchase Warrants shall be the upper limit of capital increase as described in 1) above less the amount of increase in capital set out therein.

(9) Reasons and conditions for the acquisition and cancellation of Share Purchase Warrants

- 1) In case that a resolution for the approval of any merger agreement under which the Company is dissolved, or any absorption-type demerger (kyushu-bunkatsu) agreement or incorporation-type demerger (shinsetsu-bunkatsu) plan in which the Company will be a split company, or any share exchange agreement or share transfer plan in which the Company will be a wholly-owned subsidiary of another company is adopted at a General Meeting of Shareholders of the Company (or at a meeting of the Board of Directors of the Company if resolution at a General Meeting of Shareholders is not required), the Company may acquire and cancel all Share Purchase Warrants outstanding as at the date specifically determined by the Board of Directors of the Company without any compensation therefor.
- 2) In case that a person who received allotment of Share Purchase Warrants ceases to fulfill the conditions of (7) 1) above or otherwise loses the ability to exercise Share Purchase Warrants for whatever reason before exercising Share Purchase Warrants, the Company may acquire and cancel such Share Purchase Warrants without any compensation therefor.

(10) Restriction on the acquisition of Share Purchase Warrants by transfer

Any acquisition of Share Purchase Warrants by transfer shall require an approval of the Board of Directors of the Company by its resolution.

(11) Other details of Share Purchase Warrants

Other description, conditions of the offer and details of Share Purchase Warrants shall be determined by the meeting of the Board of Directors to determine conditions of the offer of Share Purchase Warrants, as well as by the "Agreement for Granting Share Purchase Warrants."