This document is an unofficial excerpt translation of Notice of the 134th 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
March 5, 2015

To Our Shareholders:

Masaaki 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 134th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 134th 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 Thursday, March 26, 2015.

1. Date and Time: Friday, March 27, 2015, at 10:00 a.m.
(The convocation date is different from that of the previous Ordinary General Meeting of Shareholders (June 20, 2014) because the 134th fiscal period consisted of nine months only due to being the transitional period for the change in the Company's fiscal year-end from March 31 to December 31.)

2. Place: Heian Room, 1F, Main Building, Hotel Okura
2-10-4 Toranomon, Minato-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 134th fiscal period (from April 1, 2014 to December 31, 2014)

Matters to be resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Election of Twelve (12) Directors
Proposal No. 3: Election of One (1) Company Auditor
Proposal No. 4: Approval for Countermeasures (Takeover Defense) in Response to Large-scale Purchases of Kuraray Shares

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 March 23, 2015).

[Descriptions on voting methods, 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

Due to the change in the fiscal year-end, the consolidated financial results for the fiscal year ended December 31, 2014 cover the nine-month period from April 1, 2014 to December 31, 2014 for the Company and subsidiaries that had a fiscal year-end of March 31, and the twelve-month period from January 1, 2014 to December 31, 2014 for subsidiaries with a fiscal year-end of December 31. Where comparisons are made with the previous fiscal year, the rates of change shown are based on the actual results of the previous fiscal year whose figures have been adjusted to the same period as the fiscal year ended December 31, 2014.

Business Report (From April 1, 2014 to December 31, 2014)

1. Current Situation of the Corporate Group

(1) Progress and Results of Operations

General Situation

In the fiscal year ended December 31, 2014, the feared slowdown in the Japanese economy following the increase in the consumption tax rate became apparent. Overseas, while favorable conditions continued in the U.S. economy, recovery stalled in Europe. In addition, a slowdown in growth in China's economy also became clear, and conditions were patchy in other emerging countries. The drop in the price of crude oil at the end of the period had little effect on the Company's results for the fiscal year ended December 31, 2014.

Under these circumstances, the Kuraray Group accelerated the global expansion of its core business to achieve sustained growth while proactively developing new businesses to secure its future growth in the water treatment, environment, energy, optical and electronics fields.

As a result, the Kuraray Group's consolidated net sales for the fiscal year ended December 31, 2014 (April 1, 2014 to December 31, 2014) grew ¥71,483 million, or 21.0%, compared with the previous fiscal year to ¥411,408 million. Operating income increased ¥2,048 million, or 5.4%, to ¥40,298 million, while ordinary income rose ¥1,721 million, or 4.5%, to ¥40,084 million, and net income decreased ¥1,829 million, or 7.9%, to ¥21,296 million.

[Reference] (Unit: Billions of yen, rounded to the nearest hundred million)

	Fiscal 2013 (Adjusted) (April-December)	Fiscal 2014	Change (Adjusted)
Net Sales	339.9	411.4	+21.0%
Operating Income	38.3	40.3	+5.4%
Ordinary Income	38.4	40.1	+4.5%
Net Income	23.1	21.3	-7.9%

Note: Figures for Fiscal 2013 (Adjusted) are unaudited.

Results by Business Segment

Results by business segment are as follows.

Vinyl Acetate

Sales in this segment rose 36.3% year on year to ¥219,041 million, whereas operating income decreased 1.4% to ¥35,724 million. Please note that the results of the glass laminating solutions/vinyls business ("GLS business") of E. I. du Pont de Nemours and Company, which the Company acquired on June 1, 2014, are included in this segment for the seven-month period from June to December 2014.

(i) Sales volume of optical-use PVA film increased due to growth in the number of LCD panels sold and the trend toward larger panels. New production facilities came on line at the Saijo Plant in April. Demand for PVA resin was stagnant in Europe and Asia. PVB film was affected by the ongoing slowdown in the construction materials market in Europe. Sales of water-soluble PVA film grew

favorably on the back of brisk demand. In response, the Company decided to build a new plant in the United States, with start-up scheduled for January 2016.

(ii) Sales of *EVAL* ethylene vinyl alcohol copolymer (EVOH resin) expanded steadily especially in the United States and Asia.

(iii) In the GLS business, the integration of both manufacturing and marketing was completed without problems, but the business was unprofitable due to factors including amortization expenses for goodwill and others.

Isoprene

Sales in this segment increased 6.4% year on year to ¥44,674 million, and operating income increased 23.7% year on year to ¥4,874 million.

(i) In isoprene chemicals, sales of fine chemicals were favorable and sales of *SEPTON* thermoplastic elastomer were firm. Demand for liquid rubber rebounded.

(ii) Sales of *GENESTAR* heat-resistant polyamide resin for LED reflector, connector and automotive applications were all favorable.

Functional Materials

Sales in this segment grew 13.6% year on year to ¥44,037 million, and operating income increased 42.3% year on year to ¥1,523 million.

(i) Methacrylic resin struggled in the first half due to sluggish market conditions, but shifted to growth in income in the second half as demand partly rebounded.

(ii) In the medical business, sales of dental materials were favorable.

(iii) *CLARINO* man-made leather became profitable, showing the effect of the Company's structural improvements such as the transfer of the conventional production process to China.

Fibers and Textiles

Sales of *KURALON* were brisk for automotive brake hose applications as well as for use as an asbestos substitute in fiber-reinforced cement (FRC). Consequently, sales in this segment increased 2.1% year on year to ¥35,385 million, and operating income increased 5.8% to ¥2,250 million.

Trading

Sales were favorable in fiber-related businesses, especially for polyester, and in resin and chemical-related businesses. In addition, the Company expanded its overseas network. As a result, sales in this segment were up 12.7% year on year to ¥91,127 million, and operating income increased 11.9% to ¥2,791 million.

Other Business

Other businesses were firm overall. As a result, segment sales increased 2.7% to ¥51,591 million, and operating income increased 15.1% to ¥1,993 million.

[Reference] (Unit: Billions of yen, rounded to the nearest hundred million)

	Net Sales		Operating Income	
	Fiscal 2013 (Adjusted) (April-December)	Fiscal 2014	Fiscal 2013 (Adjusted) (April-December)	Fiscal 2014
Vinyl Acetate	160.7	219.0 (+36.3%)	36.2	35.7 (-1.4%)
Isoprene	42.0	44.7 (+6.4%)	3.9	4.9 (+23.7%)
Functional Materials	38.8	44.0 (+13.6%)	1.1	1.5 (+42.3%)
Fibers and Textiles	34.7	35.4 (+2.1%)	2.1	2.3 (+5.8%)
Trading	80.9	91.1 (+12.7%)	2.5	2.8 (+11.9%)
Other Business	50.2	51.6 (+2.7%)	1.7	2.0 (+15.1%)
Elimination & Corporate	-67.3	-74.4 (-)	-9.3	-8.9 (-)
Total	339.9	411.4 (+21.0%)	38.3	40.3 (+5.4%)

Note: Figures for Fiscal 2013 (Adjusted) are unaudited.

(2) Capital Expenditures

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

(i) Major facilities completed during the year

・Kuraray Co., Ltd.
Expansion of production facilities for optical-use PVA film for polarized film to annual production capacity of 32 million square meters (Vinyl Acetate Business)

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

・Kuraray America, Inc.
Construction of new production facilities for PVA resin (Vinyl Acetate Business)

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

Nothing important to mention

(4) Transfer of Business from Other Companies

For the purpose of enhancing its Vinyl Acetate Business, the Company acquired from E. I. du Pont de Nemours and Company its group's glass laminating solutions/vinyls business on June 1, 2014.

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

Nothing important to mention

(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

Kuraray is seeking to become "a high-profit specialty chemical company with a global presence" based on its "Long-Term Corporate Vision" indicating the long-term direction of the Group.

To achieve this target, Kuraray had worked on its medium-term management plan "GS-III" since

fiscal 2012 and executed various measures including the acquisition of the glass laminating solutions/vinyls business of E. I. du Pont de Nemours and Company with the primary objectives of "Geographic expansion of core businesses" and "Creation and expansion of new businesses." Kuraray recognizes that it has established a foundation to aim for further business expansion and high profit through these measures. Kuraray has thus set its performance targets for fiscal 2017—i.e., the final year of "GS-STEP", the new three-year medium-term management plan launched in fiscal 2015—to net sales of ¥650 billion, operating income of ¥90 billion, operating income margin of 13.8% and net income per share of ¥163.

The theme of "GS-STEP" is to achieve high profit by steadily executing various measures based on its management strategies. Specifically, Kuraray will achieve high profit by strengthening its competitiveness through measures such as expanding the high-value-added products that are the essence of a specialty chemical company, raising profitability by developing new products and optimizing the product mix, establishing new and improved processes to improve product quality and drastically reduce costs, and strengthening supply chain management.

The Kuraray Group believes that steady execution of "GS-STEP" will lead to the realization of "a high-profit specialty chemical company with a global presence," which it aims to become, as stated in its "Long-Term Corporate Vision."

Furthermore, the distribution of profits to shareholders is one of the Group's top management priorities. In order to protect and enhance its corporate value and shareholders' common interests, we endeavor to ensure appropriate distribution of profits, while giving consideration to generating shareholder returns that reflect management results and securing future growth potential. During the "GS-III" medium-term management plan period (fiscal 2012 to 2014), our target dividend payout ratio relative to consolidated net income was 35% or more. During the period of the new medium-term management plan "GS-STEP" (fiscal 2015 to fiscal 2017), we will seek to achieve a total return ratio relative to consolidated net income of 35% or more and annual dividends per share of ¥36 or higher. In addition, 20 million or more shares of treasury stock held by Kuraray will be retired during fiscal 2015.

(9) Changes in Financial Position and Income Summary

Fiscal Period	FY2011 (131st fiscal period)	FY2012 (132nd fiscal period)	FY2013 (133rd fiscal period)	FY2014 (134th fiscal period) (Year under review)
Net sales (Millions of yen)	368,975	369,431	413,485	411,408
Operating income (Millions of yen)	54,733	49,197	49,545	40,298
Ordinary income (Millions of yen)	53,940	48,590	49,343	40,084
Net income (Millions of yen)	31,469	28,798	29,390	21,296
Net income per share (Yen)	90.35	82.62	83.93	60.77
Total assets (Millions of yen)	523,247	587,254	634,252	691,538
Net assets (Millions of yen)	366,314	401,307	452,459	481,826

Note:
The consolidated reporting period for fiscal 2014 was the twelve-month period from January 1, 2014 to December 31, 2014 for overseas subsidiaries and the nine-month period from April 1, 2014 to December 31, 2014 for the Company and domestic subsidiaries.

(10) Major Business Lines

Vinyl Acetate	Manufacture and sale of PVA resin and film, PVB resin and film, and EVOH resin and film
Isoprene	Manufacture and sale of isoprene chemical products and polyamide resin
Functional Materials	Manufacture and sale of methacrylic resin, medical products, and man-made leather
Fibers and Textiles	Manufacture and sale of PVA fiber, non-woven fabrics, hook and loop fasteners, and polyester fiber
Trading	Exportation, importation and wholesale of textile goods, resins and chemicals
Other Business	Manufacture and sale of activated carbon, high-performance membranes and system for water treatment; 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, resins and chemicals
Kuraray Chemical Co., Ltd.	600 (Millions of yen)	100.00	Manufacture and sale of activated carbon and its related products
The Kurashiki Kokusai Hotel, Ltd.	450 (Millions of yen)	92.00	Management of hotel accommodations and restaurant facility
Kuraray Noritake Dental Inc.	300 (Millions of yen)	66.70	Manufacture and sale of dental materials
Kuraray Plastics Co., Ltd.	180 (Millions of yen)	100.00	Manufacture and sale of molded rubber and chemicals, resin compounds and laminated products
Kuraray Engineering Co., Ltd.	150 (Millions of yen)	100.00	Plant design and construction
Kuraray Living Co., Ltd.	101 (Millions of yen)	100.00	Manufacture and sale 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 sale of non-woven fabric products
Kuraray Fastening Co., Ltd.	100 (Millions of yen)	70.00	Manufacture and sale of hook and loop fasteners and related goods
Kuraray Holdings U.S.A., Inc.	865,031 (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 sale of textile goods, resins and chemicals, manufacture and sale of PVA resin, PVB resin and film, EVOH resin and thermoplastic elastomer
MonoSol, LLC[3.]	59,050 (Thousands of U.S. dollars)	100.00 (100.00)	Manufacture and sale of PVA film for industrial purposes
Kuraray Europe GmbH	31,189 (Thousands of euros)	100.00	Importation, exportation and sale of textile goods and chemicals, as well as manufacture and sale of PVA resin and PVB resin and film
EVAL Europe N.V.[4.]	29,747 (Thousands of euros)	100.00 (100.00)	Manufacture and sale of EVOH resin
Kuraray Asia Pacific Pte. Ltd.	29,775 (Thousands of U.S. dollars)	100.00	Manufacture and sale of PVA resin
Kuraray (Shanghai) Co., Ltd.	8,000 (Thousands of U.S. dollars)	100.00	Importation and sale of resins and chemicals
Kuraray China Co., Ltd.	3,000 (Thousands of U.S. dollars)	100.00	Provision of financing/indirect support functions to Group companies in China, and assistance to Kuraray Group in expanding businesses in China and considering market entry into China
Kuraray Korea Ltd.[5.]	662 (Millions of Korean won)	100.00	Manufacture and sale of PVB film

Notes:

1. The figures in parenthesis in "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. MonoSol, LLC is a wholly-owned subsidiary of MonoSol Holdings, Inc., which is a wholly-owned subsidiary of Kuraray Holdings U.S.A., Inc.
4. EVAL Europe N.V. is a wholly-owned subsidiary of Kuraray Europe GmbH.

5. Kuraray Korea Ltd. was added as a major subsidiary in the period under review.

(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 Noritake Dental Inc. (Chiyoda-ku, Tokyo)
Kuraray Plastics Co., Ltd. (Osaka-city, Osaka)
Kuraray Engineering 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 China Co., Ltd. (Shanghai, China)
Kuraray India Private Limited (New Delhi, India)
Kuraray South America Ltda. (Sao Paulo, Brazil)
Kuraray (Thailand) Co., Ltd. (Bangkok, Thailand)

[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/North Carolina/West Virginia, United States)
MonoSol, LLC (Indiana, United States and Worcestershire, United Kingdom)
Kuraray Europe GmbH (Frankfurt/Troisdorf, Germany)
EVAL Europe N.V. (Antwerp, Belgium)
OOO TROSIFOL (Nizhnij Novgorod, Russia)
Kuraray Asia Pacific Pte. Ltd. (Singapore)
Kuraray Korea Ltd. (Ulsan, South Korea)

[R&D Bases]
Kuraray Co., Ltd.:
Kurashiki Research Center (Kurashiki-city, Okayama)
Tsukuba Research Center (Tsukuba-city, Ibaraki)
Kuraray Research and Technical Center U.S.A. (Texas, United States)

(13) Employees

Business Segment	Number of Employees	Year-on-year Increase (Decrease)
Vinyl Acetate	3,332	675
Isoprene	790	30
Functional Materials	1,089	15
Fibers and Textiles	1,008	9
Trading	341	38
Other Business	1,514	7
Corporate (Shared)	242	(8)
Total	8,316	766

(14) Major Lenders

Nothing important to mention

(15) Other Significant Matters of the Corporate Group

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 32,283,465 shares of treasury stock)
(3) Number of Shareholders as of December 31, 2014: 43,898 persons
(4) Major Shareholders

Shareholder's Name	Number of Shares Held (Thousands)	Ratio of Capital Contribution (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	23,734	6.77
Japan Trustee Services Bank, Ltd. (Trust account)	22,127	6.31
National Mutual Insurance Federation of Agricultural Co-operatives	11,002	3.14
Nippon Life Insurance Company	10,448	2.98
Trust & Custody Services Bank, Ltd. (Trust collateral account)	7,258	2.07
THE BANK OF NEW YORK MELLON SA/NV 10	6,104	1.74
Meiji Yasuda Life Insurance Company	5,969	1.70
NORTHERN TRUST CO. (AVFC) RE-SSD00	5,532	1.58
BNP Paribas Securities (Japan) Limited	4,391	1.25
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	4,354	1.24

Notes: Although the Company owns 32,283,465 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.

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 December 31, 2014

(i) Share Purchase Warrants
649 units

(ii) Kind and number of share
Common shares: 324,500 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 / Exercise Price per Share	Number of Share Purchase Warrants	Number of Holders
Directors (excluding Outside Directors)	Share Purchase Warrants issued in June 2007 (Stock Options for a Stock Linked Compensation)	June 6, 2007 - June 5, 2022	¥1,318 / ¥1	12 units	3
	Share Purchase Warrants issued in June 2008 (Stock Options for a Stock Linked Compensation)	June 11, 2008 - June 10, 2023	¥1,264 / ¥1	21 units	4
	Share Purchase Warrants issued in June 2009 (Stock Options for a Stock Linked Compensation)	June 10, 2009 - June 9, 2024	¥947 / ¥1	39 units	4
	Share Purchase Warrants issued in June 2010 (Stock Options for a Stock Linked Compensation)	June 10, 2010 - June 9, 2025	¥1,054 / ¥1	38 units	5
	Share Purchase Warrants issued in October 2010	June 25, 2012 - June 24, 2020	Free of charge / ¥1,078	174 units	10
	Share Purchase Warrants issued in May 2011 (Stock Options for a Stock Linked Compensation)	May 19, 2011 - May 18, 2026	¥1,174 / ¥1	70 units	8
	Share Purchase Warrants issued in May 2012 (Stock Options for a Stock Linked Compensation)	May 17, 2012 - May 16, 2027	¥1,046 / ¥1	72 units	8
	Share Purchase Warrants issued in May 2013 (Stock Options for a Stock Linked Compensation)	May 15, 2013 - May 14, 2028	¥1,482 / ¥1	90 units	10
	Share Purchase Warrants issued in May 2014 (Stock Options for a Stock Linked Compensation)	May 15, 2014 - May 14, 2029	¥1,119 / ¥1	99 units	10

Outside Directors	Share Purchase Warrants issued in June 2009 (Stock Options for a Stock Linked Compensation)	June 10, 2009 - June 9, 2024	¥947 / ¥1	2 units	1
	Share Purchase Warrants issued in June 2010 (Stock Options for a Stock Linked Compensation)	June 10, 2010 - June 9, 2025	¥1,054 / ¥1	2 units	1
	Share Purchase Warrants issued in October 2010	June 25, 2012 - June 24, 2020	Free of charge / ¥1,078	20 units	1
	Share Purchase Warrants issued in May 2011 (Stock Options for a Stock Linked Compensation)	May 19, 2011 - May 18, 2026	¥1,174 / ¥1	2 units	1
	Share Purchase Warrants issued in May 2012 (Stock Options for a Stock Linked Compensation)	May 17, 2012 - May 16, 2027	¥1,046 / ¥1	2 units	1
	Share Purchase Warrants issued in May 2013 (Stock Options for a Stock Linked Compensation)	May 15, 2013 - May 14, 2028	¥1,482 / ¥1	2 units	1
	Share Purchase Warrants issued in May 2014 (Stock Options for a Stock Linked Compensation)	May 15, 2014 - May 14, 2029	¥1,119 / ¥1	4 units	2

Notes:

1. The “Transfer Value” and “Exercise Price per Share” show the amount per share.
2. In the issuance of the Stock Options for a Stock Linked Compensation, 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.
3. The above Share Purchase Warrants (Stock Options for a Stock Linked Compensation) include those granted to Directors concurrently serving as executive officers of the Company as compensation to serve as executive officers.
4. The Company Auditors hold no Share Purchase Warrants.

(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
54 units

(ii) Kind and number of Share
Common shares: 27,000 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 / Exercise Price per Share	Number of Share Purchase Warrants	Number of Holders
Executive Officers of the Company	Share Purchase Warrants issued in May 2014 (Stock Options for a Stock Linked Compensation)	May 15, 2014 - May 14, 2029	¥1,119 / ¥1	54 units	15

Notes:

1. The “Transfer Value” and “Exercise Price per Share” show the amount per share.
2. When the Share Purchase Warrants issued in May 2014 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.
3. The above does not include Share Purchase Warrants issued to persons concurrently serving as Directors of the Company.

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 President	Fumio Ito	
Representative Director and Primary Executive Officer	Setsuo Yamashita	Chief Technology Officer, Supervisor of Research and Development Division and New Business Development Division, Kuraray Co., Ltd.
Director and Primary Executive Officer	Keiji Murakami	President of Vinyl Acetate Company, Kuraray Co., Ltd.
Director and Senior Executive Officer	Kazuhiro Tenkumo	President of Fibers and Textiles Company, Supervisor of Osaka Head Office, Kuraray Co., Ltd.
Director and Senior Executive Officer	Yuichi Kawarasaki	Supervisor of Accounting and Finance Division, Kuraray Co., Ltd.
Director and Senior Executive Officer	Kunio Yukiyoshi	Supervisor of Technology Division and Plants in Japan, Kuraray Co., Ltd.
Director and Senior Executive Officer	Nobuo Fujii	Supervisor of General Affairs and HR Division, Purchasing and Logistics Division and Environmental Business Development and Promotion Division, Kuraray Co., Ltd.
Director and Senior Executive Officer	Sadaaki Matsuyama	President of Functional Materials Company, Kuraray Co., Ltd.
Director and Senior Executive Officer	Kazuhiko Kugawa	Vice President of Vinyl Acetate Company, General Manager of EVAL Division, Vinyl Acetate Company, Kuraray Co., Ltd.
Director and Senior Executive Officer	Masaaki Ito	Supervisor of Corporate Management Planning Division and CSR Division, General Manager of Corporate Management Planning Division, Kuraray Co., Ltd.
Director	Takafusa Shioya	President, the Institute for Science of Labour
Director	Tomokazu Hamaguchi	Outside Director, IHI Corporation, Outside Director, East Japan Railway Company Director, FPT CORPORATION
Standing Company Auditor	Yoich Ninagawa	
Standing Company Auditor	Mitsuaki Manabe	
Company Auditor	Mie Fujimoto	Attorney and Partner of Bingham McCutchen Murase, Sakai Mimura Aizawa -Foreign Law Joint Enterprise
Company Auditor	Yoshimitsu Okamoto	
Company Auditor	Mikio Nakura	

Notes:

1. Directors Takafusa Shioya and Tomokazu Hamaguchi are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
2. Company Auditors Mie Fujimoto, Yoshimitsu Okamoto and Mikio Nakura are Outside Company Auditors as stipulated in Article 2, Item 16 of the Companies Act.
3. The Company has registered Directors Takafusa Shioya and Tomokazu Hamaguchi and Company Auditors Mie Fujimoto, Yoshimitsu Okamoto and Mikio Nakura as Independent Directors/Auditors prescribed by Tokyo Stock Exchange, Inc.
4. Standing Company Auditor Mitsuaki Manabe has been engaged in accounting and finance operations of the Company for many years, and therefore has considerable expertise in accounting and finance.
5. As part of CSR activities, the Company pays a membership fee to assist research activities of the Institute for Science of Labour, the annual amount of which is less than one million yen per year. Takafusa Shioya is thus deemed to be sufficiently independent as Outside Director.
6. The Company engages in transactions with the East Japan Railway Company relating to the removal of train facilities, but the annual amount paid by the Company accounts for less than 0.1% of the sales of East Japan Railway Company. Furthermore, there is no special interest between the Company and IHI Corporation or between the Company and FPT CORPORATION. Tomokazu Hamaguchi is thus deemed to be sufficiently independent as Outside Director.
7. There is no special interest between the Company and Bingham McCutchen Murase, Sakai Mimura Aizawa -Foreign Law Joint Enterprise.

8. Company Auditor Hiroki Yamada retired at the conclusion of the 133rd Ordinary General Meeting of Shareholders held on June 20, 2014.

9. Effective on January 1, 2015, the positions of some Directors changed as follows.

Position	Name
Representative Director and Chairman	Fumio Ito
Representative Director and President	Masaaki Ito

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

	Number of persons paid	Amount paid (Millions of yen)
Directors (Including Outside Directors)	12 (2)	361 (18)
Company Auditors (Including Outside Company Auditors)	6 (4)	57 (20)

Notes:

1. In addition to the above amounts, ¥21 million of Share Purchase Warrants as Stock Options for a Stock Linked Compensation were given to ten Directors (including ¥2 million to two Outside Directors) and another ¥30 million of the same to seven Directors concurrently serving as executive officers of the Company as compensation to serve as executive officers as resolved at the meeting of Board of Directors held on April 25, 2014.

2. The number of persons paid mentioned above includes one Company Auditor who retired at the conclusion of the 133rd Ordinary General Meeting of Shareholders held on June 20, 2014.

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 and the 131st Ordinary General Meeting of Shareholders of the Company held on June 22, 2012.

   1) Amount of annual remunerations to Directors — Under ¥800 million

   2) Amount of stock option-based annual remunerations to Directors (aside from 1) above) — Under ¥90 million

   3) Amount of annual remunerations to Company Auditors — Under ¥100 million

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

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

Takafusa Shioya, Director

He attended all 9 meetings of Board of Directors held during the subject fiscal year, and principally expressed his opinions appropriately about the management of the Company based on his deep insight gained at the Economic Planning Agency of Japan and other institutions.

Tomokazu Hamaguchi, Director

He attended 8 out of 9 meetings of Board of Directors held during the subject fiscal year, and principally expressed his opinions appropriately about the management of the Company based on his wealth of experience and broad insight gained as a business entrepreneur.

Mie Fujimoto, Company Auditor

She attended all 9 meetings of Board of Directors and all 10 meetings of Board of Company Auditors held during the subject fiscal year, and principally made remarks from an expert's perspective based on her wealth of experience gained during her many years of service as an attorney.

Yoshimitsu Okamoto, Company Auditor

He attended all 9 meetings of Board of Directors and all 10 meetings of Board of Company Auditors held during the subject fiscal year, and principally made remarks from an expert's perspective based on his wealth of experience in financial institutions.

Mikio Nakura, Company Auditor

He attended all 6 meetings of Board of Directors and all 7 meetings of Board of Company Auditors held since his appointment to Company Auditor on June 20, 2014, and principally made remarks from an expert's perspective based on his wealth of experience in financial institutions, his broad insight and his track record as outside auditor of other companies.

(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 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: ¥86 million
(ii) Sum of money and other financial profits to be paid by the Company and its subsidiaries: ¥110 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

Seven (7) 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) 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) 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 following 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 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.

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

The Company strived to execute "GS-III," a three-year medium-term management plan for the period of fiscal 2012 to 2014 toward realizing its "Long-Term Corporate Vision" indicating the long-term direction of the Group, and has implemented various measures to make a leap forward to the next stage of growth, based on its principal management strategies in the areas of technological innovation, geographical expansion, utilization of external resources, strengthening of the global business foundation and environmental measures.

(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 through the execution of the following measures:

1. Strengthening of the management supervisory function performed by Outside Directors, and separation of the Directors' responsibilities between management decision-making and the execution of corporate affairs under the executive officer system
2. Improvement of the audit function performed by Outside Company Auditors
3. Establishment of the Management Advisory Committee for the purpose of giving outside experts' advice on the execution of the duties of the President

(iii) Basic Policy of Distribution of Profits to Shareholders

The distribution of profits to shareholders is one of the Group's top management priorities. In order to protect and enhance its corporate value and shareholders' common interests, the Company endeavors to ensure appropriate distribution of profits, while giving consideration to generating shareholder returns that reflect management results and securing future growth potential.

The Company maintained its dividend payout ratio relative to consolidated net income at 35% or more during the execution period of the medium-term management plan "GS-III".

(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

With the approval of the 131st Ordinary General Meeting of Shareholders of the Company held on June 22, 2012, the Company introduced Countermeasures (Takeover Defense) in Response to Large-Scale Purchases of the Company's Shares (the "Plan") as follows 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.

Under the procedures set forth in the Plan (the "Large-scale Share Purchase Rules"), prior to any purchase of shares, issued by the Company, by a purchaser that will cause such purchaser's holding ratio of shares to become 20% or greater (the "Large-scale Share Purchase" and person(s) who commences such Purchase, the "Large-scale Share Purchaser"), 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 Board of Directors will, within the designated evaluation period, summarize its opinion on the Large-scale Share Purchase based on such information and disclose it to the shareholders. At the same time, the Board of Directors will, as necessary, consult and negotiate with the Large-scale Share Purchaser with respect to the conditions and methods of the Large-scale Share Purchase and establish alternative proposals for the shareholders.

If the Large-scale Share Purchaser intends to commence the Large-scale Share Purchase without complying with the Large-scale Share Purchase Rules, the Board of Directors may 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 countermeasures by means of an allotment of Share Purchase Warrants without contribution. Meanwhile, if the Large-scale Share Purchaser commences the Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, the Board of Directors will not, in principle, trigger the countermeasures against such Large-scale Share Purchase, unless the Board of Directors clearly determines that such Large-scale Share Purchase would materially damage the Company's corporate value and shareholder's common interests.

The Board of Directors will make an inquiry to the Special Committee, consisting of Outside Directors and Outside Company Auditors, in advance of triggering the countermeasures regarding the appropriateness of triggering such countermeasures and respect the Special Committee's recommendation to the greatest extent possible. If the Board of Directors calls a meeting to confirm the shareholders' opinion regarding whether or not to trigger the countermeasures based on the

recommendation of Special Committee or the decision of the Board of Directors ("Shareholders' Meeting Confirming Shareholders' Opinion"), the Board of Directors will be subject to the resolution of such Shareholders' Meeting Confirming Shareholders' Opinion.

The effective term of the Plan is from the conclusion of the Company's 131st Ordinary General Meeting of Shareholders held on June 22, 2012 to the conclusion of the Company's 134th Ordinary General Meeting of Shareholders to be held in 2015.

(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 were 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.

* The Company passed a resolution, at the meeting of the Board of Directors held on February 24, 2015, to newly introduce "Countermeasures (Takeover Defense) in Response to Large-scale Purchases of Kuraray Shares" ("New Plan") in place of the Plan which is due to expire at the conclusion of the 134th Ordinary General Meeting of Shareholders to be held on March 27, 2015, conditional upon the approval of the New Plan by a majority vote of shareholders present at said Ordinary General Meeting of Shareholders. For details of the New Plan, please refer to "Proposal No.4: Approval for Countermeasures (Takeover Defense) in Response to Large-scale Purchases of Kuraray Shares" in the Reference Documents for General Meeting of Shareholders in the following pages.

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

[Financial statements omitted. Please refer to our News Release dated February 16, 2015 titled "Business Results for the Fiscal Year Ended December 31, 2014 (Unaudited)."]
URL: http://www.kuraray.co.jp/en/ir/library/pdf/account/150216_en.pdf

Reference Documents for General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

Given that the distribution of profits to shareholders is one of the Group's top management priorities, Kuraray has carried out its medium-term management plan called "GS-III" (fiscal 2012 to 2014), in order to become a high-profit specialty chemical company with a global presence called for in its "Long-Term Corporate Vision." Our profit allocation target during the period was to achieve a dividend payout ratio relative to consolidated net income of 35% or more. The Company has endeavored to ensure appropriate distribution of profits, while giving consideration to generating shareholder returns that reflect management results and securing future growth potential, from a medium- to long-term perspective. 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 ¥27 per share.

Year-end dividends:

(1) Type of dividend property: Cash
(2) The matter regarding the assignment of dividend property and total amount thereof:
¥9 per share of the Company's common stock for a total of ¥3,155,221,242
(3) Effective date of the dividends (payment commencement date): March 30, 2015

Proposal No. 2: Election of Twelve (12) Directors

The term of office of all twelve (12) Directors will expire at the conclusion of this 134th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that twelve (12) 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	Fumio Ito (August 2, 1947)	April 1971 June 2003 June 2004 June 2006 April 2008 January 2015	Entered Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Senior Executive Officer, Kuraray Co., Ltd. Managing Director, Kuraray Co., Ltd. Representative Director and President, Kuraray Co., Ltd. Representative Director and Chairman, Kuraray Co., Ltd. (Current position)	44,800
2	Masaaki Ito (June 23, 1957)	April 1980 April 2010 June 2012 April 2013 June 2013 April 2014 June 2014 January 2015	Entered Kuraray Co., Ltd. General Manager of Methacrylate Division, Chemicals Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Vice President of Functional Materials Company, Kuraray Co., Ltd. Senior Executive Officer, Kuraray Co., Ltd. Supervisor of Corporate Management Planning Division and CSR Division, and General Manager of Corporate Management Planning Division, Kuraray Co., Ltd. Director and Senior Executive Officer, Kuraray Co., Ltd. Representative Director and President, Kuraray Co., Ltd. (Current position)	10,700
3	Setsuo Yamashita (February 3, 1950)	April 1975 June 2009 June 2010 June 2011 April 2012 June 2012 April 2013	Entered Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Director and Executive Officer, Kuraray Co., Ltd. Director and Senior Executive Officer, Kuraray Co., Ltd. Chief Technology Officer, Kuraray Co., Ltd. (Current position) Supervisor of New Business Development Division, Kuraray Co., Ltd. (Current position) Representative Director and Primary Executive Officer, Kuraray Co., Ltd. (Current position) Supervisor of Research and Development Division, Kuraray Co., Ltd. (Current position)	16,400
4	Nobuo Fujii (November 29, 1950)	April 1975 April 2008 June 2010 April 2012 June 2012 April 2013 June 2013 January 2015	Entered Kuraray Co., Ltd. General Manager of Genestar Division, Chemicals and Medical Products Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Supervisor of General Affairs and HR Division, Purchasing and Logistics Division, Global Business Management Division and Overseas Affiliated Companies, and General Manager of Purchasing and Logistics Division, Kuraray Co., Ltd. Senior Executive Officer, Kuraray Co., Ltd. Supervisor of Environmental Business Development and Promotion Division, Kuraray Co., Ltd. (Current position) Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position) Supervisor of Administrative Unit, Kuraray Co., Ltd. (Current position)	12,800

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	Kazuhiro Tenkumo (September 3, 1951)	April 1974 April 2005 June 2007 April 2010 June 2010 October 2011	Entered Kuraray Co., Ltd. President of Fibers and Industrial Materials Company, Fibers and Textiles Sector, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. President of Fibers and Textiles Company, Kuraray Co., Ltd. (Current position) Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position) Supervisor of Osaka Head Office, Kuraray Co., Ltd. (Current position)	24,100
6	Kunio Yukiyoshi (May 2, 1951)	April 1975 April 2010 June 2010 April 2012 June 2012	Entered Kuraray Co., Ltd. General Manager, Kurashiki Plant, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Supervisor of Technology Division (Current position) and Plants in Japan, Kuraray Co., Ltd. (Current position) General Manager of Technology Division, Kuraray Co., Ltd. Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position)	16,800
7	Sadaaki Matsuyama (October 18, 1950)	April 1975 April 2009 June 2010 April 2012 June 2012 April 2013 June 2013	Entered Kuraray Co., Ltd. General Manager of Medical Division, Chemicals and Medical Products Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Representative Director and President of Kuraray Noritake Dental Inc. Senior Executive Officer, Kuraray Co., Ltd. President of Functional Materials Company (Current position) and General Manager of Medical Division, Functional Materials Company, Kuraray Co., Ltd. Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position)	6,500
8	Kazuhiko Kugawa (January 22, 1954)	April 1976 April 2010 June 2012 April 2013 June 2013 June 2014 January 2015	Entered Kuraray Co., Ltd. General Manager of EVAL Division, Resin Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Vice President of Vinyl Acetate Company, Kuraray Co., Ltd. Senior Executive Officer, Kuraray Co., Ltd. Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position) President of Vinyl Acetate Resin Company, Kuraray Co., Ltd. (Current position)	5,200
9*	Yukiatsu Komiya (April 21, 1955)	April 1984 July 2011 June 2012 April 2013 April 2014 June 2014	Entered Kuraray Co., Ltd. General Manager, Kashima Plant, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. General Manager of Isoprene Chemicals Division, Isoprene Company, Kuraray Co., Ltd. President of Isoprene Company, Kuraray Co., Ltd. (Current position) Senior Executive Officer, Kuraray Co., Ltd. (Current position)	8,000

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*	Hiroaya Hayase (February 28, 1956)	April 1980 Entered Kuraray Co., Ltd. April 2012 General Manager of Poval Resin Division, Resin Company, Kuraray Co., Ltd. June 2012 Executive Officer, Kuraray Co., Ltd. April 2013 General Manager of Poval Resin Division and Production and Technology Management Division, Vinyl Acetate Company, Kuraray Co., Ltd. June 2014 Senior Executive Officer, Kuraray Co., Ltd. (Current position) January 2015 President of Vinyl Acetate Film Company, Kuraray Co., Ltd. (Current position)	3,500
11	Takafusa Shioya (May 13, 1941)	April 1966 Entered Economic Planning Agency of Japan ("EPA") July 1990 Director, Minister's Secretariat Division, EPA June 1993 Deputy Director-General, Social Policy Bureau, EPA July 1997 Director-General, Coordination Bureau, EPA June 1998 Administrative Vice-Minister, EPA February 2000 President, National Institute for Research Advancement (NIRA) June 2008 Director, Kuraray Co., Ltd. (Current position) Chairman, Economic Research Association (Important Positions Concurrently Held at Other Entities) President, the Institute for Science of Labour	5,600
12	Tomokazu Hamaguchi (April 20, 1944)	April 1967 Entered Nippon Telegraph and Telephone Public Corporation June 1995 Director, NTT Data Communications Systems Corporation (currently NTT DATA Corporation) June 1997 Executive Director, NTT DATA Corporation June 2001 Representative Director and Senior Executive Vice President, NTT DATA Corporation June 2003 Representative Director and President, NTT DATA Corporation June 2007 Director and Counselor, NTT DATA Corporation June 2009 Counselor, NTT DATA Corporation June 2013 Director, Kuraray Co., Ltd. (Current position) (Important Positions Concurrently Held at Other Entities) Outside Director, IHI Corporation Outside Director, East Japan Railway Company Director, FPT CORPORATION	1,200

(Note) 1. Those marked with an asterisk are new candidates for Directors.

(Note) 2. No special interests exist between the Company and any of the above candidates.

(Note) 3. Both Mr. Takafusa Shioya and Mr. Tomokazu Hamaguchi are candidates for Outside Directors.

(Note) 4. Matters relevant to candidates for Outside Directors

(1) Reasons for selecting the candidates for Outside Directors

(i) The reason for selecting Mr. Takafusa Shioya as the candidate for Outside Director is based on the judgment that his wealth of experience and broad 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 management. 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 the management of the Company because of the reasons mentioned above. As part of CSR activities, the Company pays a membership fee to assist the research activities of the Institute for Science of Labour, the annual amount of which is less than one million yen per year. Mr. Takafusa Shioya is thus deemed to be sufficiently independent as Outside Director.

(ii) The reason for selecting Mr. Tomokazu Hamaguchi as the candidate for Outside Director is based on the judgment that his wealth of experience and broad insight gained as a management executive of NTT DATA Corporation would allow him to provide opinions and suggestions that would be useful for helping further improve the Company's corporate governance. The Company engages in transactions with the East Japan Railway Company relating to the removal of train facilities, but the annual amount paid by the Company accounts for less than 0.1% of the sales of East Japan Railway Company. Furthermore, there is no special interest between the Company and IHI Corporation or between the Company and FPT CORPORATION. Mr. Tomokazu Hamaguchi is thus deemed to be sufficiently independent as Outside Director.

(2) Regarding contracts for limitation of liability

The Company has entered into a contract with both Mr. Takafusa Shioya and Mr. Tomokazu Hamaguchi for limitation of liability to the effect that their liabilities 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 their reappointment is approved, such contract is planned to be continued.

(3) Term of office of Outside Director

(i) Mr. Takafusa Shioya is currently Outside Director of the Company and his term of office will be six years and nine months at the conclusion of this 134th Ordinary General Meeting of Shareholders.

(ii) Mr. Tomokazu Hamaguchi is currently Outside Director of the Company and his term of office will be one year and nine months at the conclusion of this 134th 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.

(Note) 5. The Company has registered both Mr. Takafusa Shioya and Mr. Tomokazu Hamaguchi as Independent Directors/Auditors prescribed by Tokyo Stock Exchange, Inc. and plans to continue registering them as Independent Directors/Auditors if their reappointment is approved.

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

The term of office of Company Auditor Mitsuaki Manabe will expire at the conclusion of this 134th 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
Keiji Murakami (November 22, 1950)	April 1973	Entered Kuraray Co., Ltd.	18,800
	June 2006	Executive Officer, Kuraray Co., Ltd.	
	April 2010	President of Resin Company, Kuraray Co., Ltd.	
	June 2010	Director and Senior Executive Officer, Kuraray Co., Ltd.	
	April 2013	President of Vinyl Acetate Company, Kuraray Co., Ltd.	
	June 2013	Director and Primary Executive Officer, Kuraray Co., Ltd. (Current position)	
	January 2015	Assistant to the President, Kuraray Co., Ltd. (Current position)	

(Note) 1. Mr. Keiji Murakami is a new candidate for Company Auditor.

(Note) 2. No special interests exist between the Company and Mr. Keiji Murakami.

Proposal No. 4: Approval for Countermeasures (Takeover Defense) in Response to Large-scale Purchases of Kuraray Shares

The Company obtained the approval of shareholders concerning the introduction of the response measures (the "Current Plan") to large-scale purchases of the Company's shares to prevent vexatious purchases thereof, which was the Company's effort to protect and enhance its corporate value and the common interests of its shareholders, at the Company's 131st Ordinary Shareholders' Meeting held on June 22, 2012, and introduced the Current Plan as of the same date.

Thereafter, continuing to observe the progress of revision of the Financial Instruments and Exchange Act and related cabinet orders and ministerial ordinances, and based on recent developments of understanding of takeover defense, the Company has reviewed the Current Plan in furtherance of protection and enhancement of its corporate value and the common interests of its shareholders.

As a result of such discussion, at the meeting of the Board of Directors of the Company held on February 24, 2015, the Company decided to newly introduce the "Countermeasures (Takeover Defense) in response to Large-scale Purchases of the Company's shares" (the "New Plan"), which is the partial amendment to the Current Plan, in place of the Current Plan which will expire at the close of this Ordinary General Meeting of Shareholders.

The New Plan will become effective upon approval of a majority of the voting rights represented by the shareholders present at this Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that the introduction of the New Plan be approved.

The New Plan limits the period within which the Large-scale Share Purchaser (as defined in Section III, Paragraph 1 below) is required by the Board of Directors to provide information to a maximum of sixty (60) business days, in principle, in order to ensure the prompt implementation of the Large-scale Share Purchase Rules (as defined in Section III, Paragraph 2.(2)(i) below). In addition, the New Plan sets forth that, if the Board of Directors has passed a resolution to trigger the countermeasures upon the Special Committee's recommendation, the Board of Directors must promptly disclose the content of such resolution to the shareholders. Other than those, there is no substantial change from the content of the Current Plan.

The details of the Basic Policy and the New Plan are as follows:

I. The 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, any person who commences a large-scale purchase of shares that may materially damage the Company's corporate value and the shareholders' common interests as described above will be deemed by the Company to be inappropriate as a person controlling the Company's decisions over financial and business affairs.

II. 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 and 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 (the "Basic Policy") described in Section I above.

1. Reinforcement and Expansion of Businesses in Accordance with the Medium-Term Management Plan

The Company's core competence (core competitive superiority) is its highly original technology in the fields of polymer chemistry, synthetic chemistry, textile engineering and the peripheral areas thereof and its ability to develop an application to match its technology with the market needs. Taking a stance to contribute to society through our business activities and endeavoring to be a pioneer at all times, which have been reflected in our corporate culture since our incorporation "For the society and people, we do something which other people cannot do.", the Company has continuously produced a unique product family leading the global market in many fields, primarily in vinyl acetate and isoprene which are the core business of the Company. These products include high-performance resin and films, chemical products, synthetic fiber, man-made leather, medical products and environment-related products. It is indispensable that we continue to invest resources from a long-term standpoint into developing unique technology and launching pioneering businesses. No one can rival us in terms of our accumulation of highly original technologies and our know-how acquired throughout the process, the knowledge and information in the specific market acquired through our persistent efforts of development, deep confidential relationships with customers built by resolving problems over the years, and qualified personnel who are experts in their specialized fields. These strengths further improve the Company's core competitive superiority. The Company considers the core competence, which is now and will continue to be unique to us, to be our important management resources from which corporate value is generated.

In order to develop the core competence to the utmost extent and to enhance the corporate value and shareholders' common benefits, the Company believes that it will be required to engage in research and development activities and exploitation of markets from a middle and long-term

perspective and to realize sustainable growth by taking measures in a timely manner in accordance with the market trends.

Since 1984, the Company has made efforts to strengthen and expand its business through the establishment and implementation of medium-term management plans.

In recent years, the Company had been promoting its medium-term management plan, "GS-III," a three-year plan covering fiscal years 2012 to 2014, toward achieving its "Long-Term Corporate Vision," which indicates the Company's targeted long-term direction, and implemented the following measures for the "geographic expansion of core businesses" and "creation and expansion of new business" as its primary objectives. As a result of the execution of these measures, the Company is deemed to have laid the foundation to seek further business expansion and higher profits.

(1) Expansion of core businesses regions and domains

■ **Four-point global rollout of the vinyl acetate derivatives business: Acquisitions and construction of production bases**

- Invested in PVA production capacity expansion in Europe and in new PVA plant in North America
- Invested in *EVAL* production capacity expansion in North America
- Invested in optical-use PVA film production capacity expansion in Japan
- Invested in PVB film production capacity expansion in Europe
- Acquired MonoSol, LLC and invested in water-soluble PVA film production capacity expansion
- Acquired glass laminating solutions/vinyls business (GLS) of DuPont (Production bases: United States, Europe, Asia)

■ **Global expansion of isoprene business**

- Started feasibility studies for construction of new overseas plants for isoprene and *GENESTAR*

■ **Expansion of business fields**

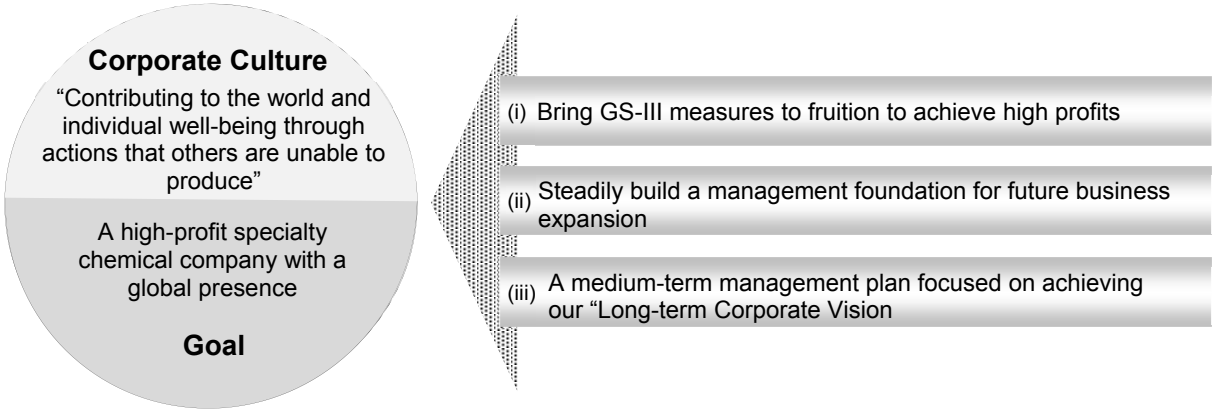
- Expanded the dental materials business through integration of Noritake Dental Supply Co., Ltd.

(2) Creation and expansion of new business

- Launched new grade of *GENESTAR* for LED reflectors
- Made progress in customer evaluations of new liquid farnesene rubber (LFR)
- Invested in production capacity expansion of *VECSTAR* liquid crystalline polymer film for high-speed printed circuit boards
- Invested in new plant for *BIOCARBOTRON* anode material for lithium-ion batteries
- Invested in Vitriflex, Inc., which develops ultra-barrier films

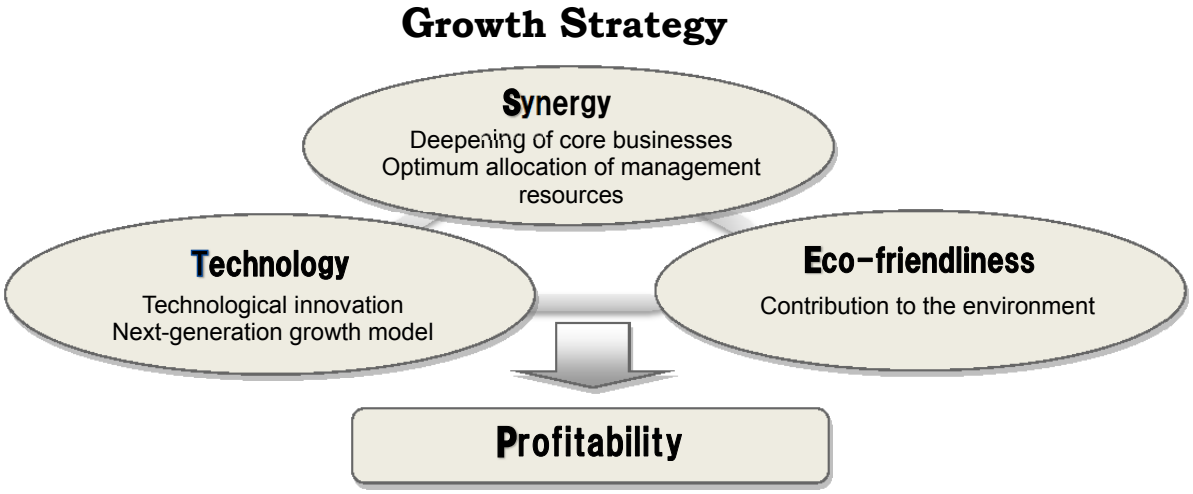
(1) Efforts to enhance corporate value through new medium-term management plan "GS-STEP"

The Company launched its new medium-term management plan "GS-STEP" for implementation over the three years from fiscal years 2015 to 2017 to become a "high-profit specialty chemical company with a global presence" as declared in its "Long-Term Corporate Vision". In the new medium-term management plan "GS-STEP", the Company will achieve high profit by bringing various measures implemented during the period of the previous medium-term management plan "GS-III" to fruition and by steadily building a management foundation for business expansion, and will steadily execute various strategies for further growth.



(2) Main management strategy in new medium-term management plan "GS-STEP"

The new medium-term management plan was named "GS-STEP", based on our intention to formulate an action plan that would serve as a steady step towards achieving our "Long-term Corporate Vision". "GS-STEP" represents the Company's management strategy of the "GS-STEP" period, i.e., **G**rowth **S**trategy with **S**ynergy, **T**echnology, **E**co-friendliness and **P**rofitability.



Deepening of core businesses	▸ Vinyl acetate: Produce results from effects of M&A and other investment ▸ Isoprene: Lay the groundwork for further growth
Technological innovation	▸ Establish new products/applications/processes ▸ Create new businesses
Next-generation growth model	▸ Expand into new business domains through alliances and M&A ▸ Establish an innovative business model
Optimum allocation of management resources	▸ Allocate management resources optimally around the world ▸ Proactively use overseas personnel
Contribution to the environment	▸ Expand range of products that contribute to the global environment ▸ Use production processes that reduce environmental load

(3) Performance targets

The new medium-term management plan aims to generate net sales and operating income in the amount of 650 billion yen and 90 billion yen, respectively, in fiscal year 2017—the final year of the plan.

<Performance targets>

	FY2014* (adjusted forecast)	FY2017 target (GS-STEP)
Net sales	515 billion yen	650 billion yen
Operating income	54 billion yen	90 billion yen

* To make a comparison with "GS-STEP", financial forecast is calculated by adjusting the consolidation period to the twelve-month period from April 2014 to March 2015.

(4) Achieving high profits

The Company believes that its primary objective in the new medium-term management plan is to achieve high profits through steadily executing various measures that will lead to enhancement of its competitiveness. As indicators of high profits sought by the Company, importance will be placed on operating income margin and net earnings per share: the Company will aim to achieve an operating income margin of 13.8% and net earnings per share of 163 yen for fiscal year 2017.

● **Enhance competitiveness**	● **Increase the operating income margin**	● **Increase net earnings per share**
- Increase high-value-added products - Develop new brands and optimize brand mix - Improve product quality and drastically reduce costs - Supply chain management	FY2017 target: 13.8% +3.3% FY2014 forecast: 10.5% (April 2014-March 2015)*	FY2017 target: 163 yen +74 yen FY2014 forecast: 89 yen (April 2014-March 2015)*

* For fiscal year 2014, financial forecast is calculated by adjusting the consolidation period to the twelve-month period from April 2014 to March 2015.

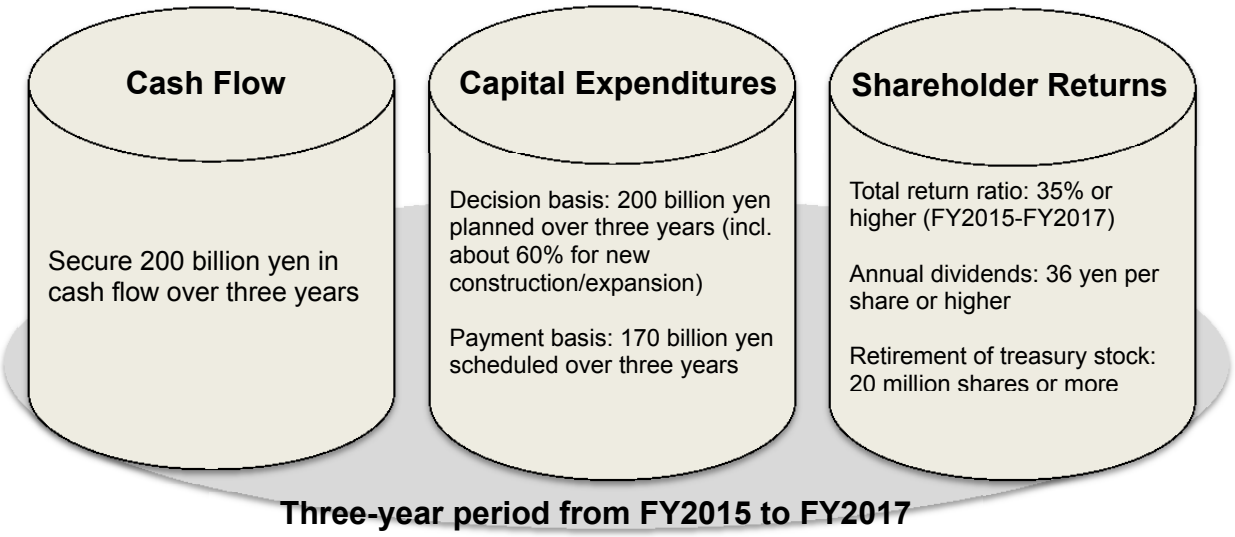
(5) Investment approach

As for investments, the Company plans to determine capital expenditures in the amount of 200 billion yen over the three-year "GS-STEP" period, and allocate 120 billion yen (i.e., 60% of said 200 billion yen) to investments to construct new plants and expand existing plants for future growth. Since there is time lag between the determination and actual payment of capital expenditures, the Company plans to use 170 billion yen to pay for capital expenditures during this period. The Company expects to secure 220 billion yen in cash flow over the three-year period, of which 170 billion yen is planned to be applied to the payment of said capital expenditure.

In regards to shareholder returns during the three-year "GS-STEP" period, the Company will set the total return ratio at 35% or higher and annual dividends per share at 36 yen or higher.

In addition, 20 million or more shares of treasury stock held by the Company will be retired during fiscal year 2015.

The Company is committed to generating stable shareholder returns from the cash flow it has secured, and improving its corporate value in a sustained manner in the medium and long run, by striving to achieve sustained growth on a group-wide scale through the reinvestment of funds into its businesses.



2. Establishment of a Corporate Governance System

In addition to the above-described measures, as part of the efforts to contribute to the realization of the Basic Policy described in Section I above, the Company has established a corporate governance system. An effective corporate governance system ensuring the efficiency and fairness of management enables the Company to make decisions in a transparent, fair, speedy and resolute manner, 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 I above. Based on such understanding, the Company has established a corporate governance system as described below:

(1) Directors and organizational bodies related to executing corporate affairs:

In order to prepare for the enhancement of the foundation of our global management and the development of our business, the Company set the maximum number of directors to twelve (12). Moreover, the Company prescribed 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.

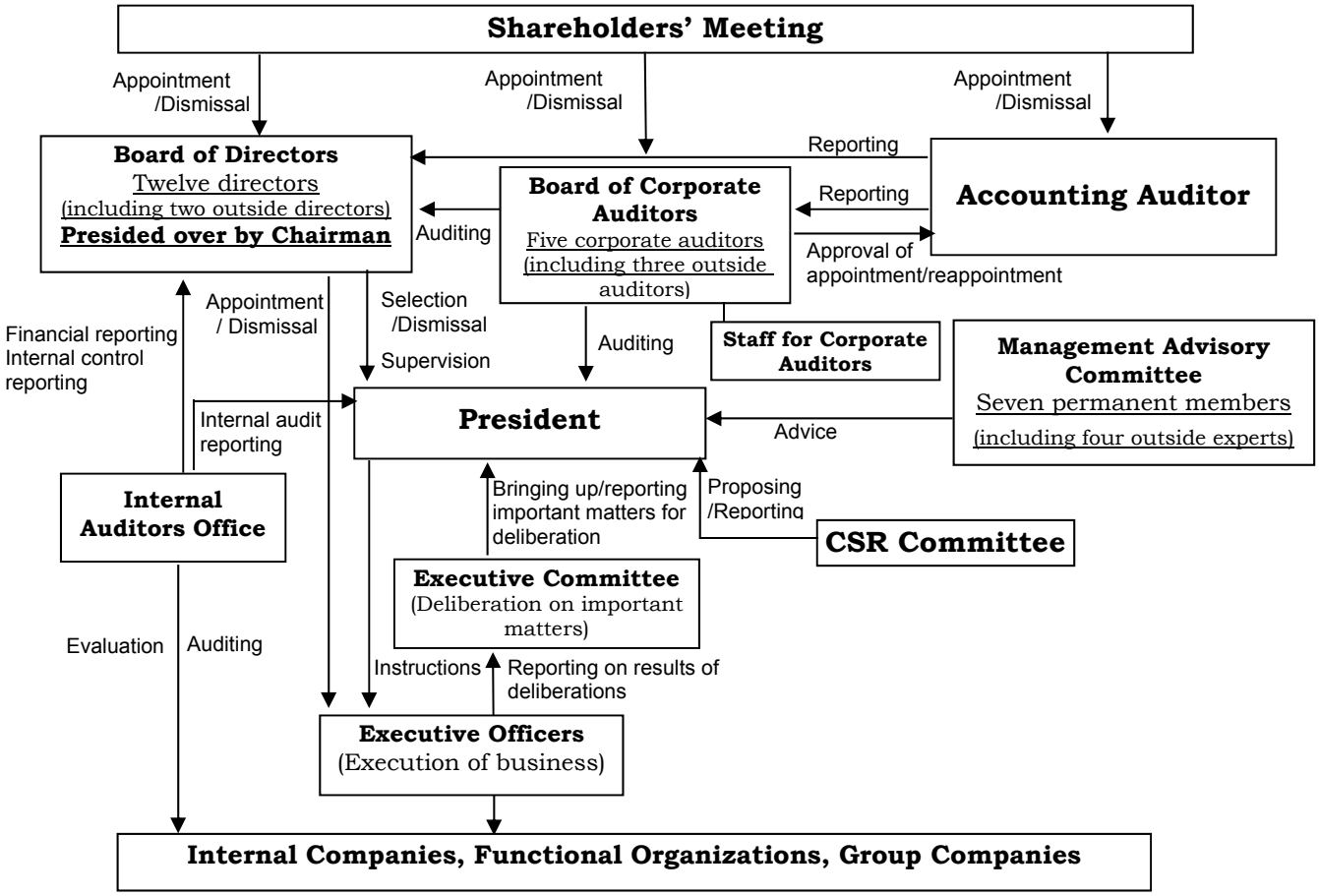
(2) Company auditors

The Company has five (5) company auditors, three (3) of which are appointed as outside company auditors from independent third parties.

(3) Management Advisory Committee

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

The Management Advisory Committee has seven (7) permanent members, among which four (4) members 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.



3. 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. Specifically, the Company has targeted a dividend payout ratio of 35% or higher of the consolidated net income and has increased the dividend due to continued improvement of business performance. Annual dividend per share has increased from 9 yen for the fiscal year 2002 to 36 yen for the fiscal year 2013 (the annual dividend per share for the fiscal year 2014 is scheduled to be 27 yen as it consists of nine months only).

As described in Paragraph 1 above, the Company commenced the "GS-STEP," a medium-term management plan which has duration of three years. In regards to the distribution of profits during this

period, the Company will set the total return ratio at 35% or higher of the consolidated net income and annual dividends per share at 36 yen or higher. From a middle and long-term perspective, the Company will endeavor to ensure appropriate return of profits, in consideration of management results and securing growth potential in the future.

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

1. Purpose of Introduction of the New Plan

The Company will introduce the New Plan to protect and enhance its corporate value and its shareholders' common interests. The details of the Company's position regarding the introduction of the New Plan are described below.

As described in Section II above, the Company has made various efforts to enhance the Company's corporate value and the shareholders' common interests. The Company group consists of many affiliated companies and its business field covers a wide range of businesses primarily in vinyl-acetate and isoprene which are the core business of the Company. These businesses include high-performance resin and films, chemical products, synthetic fiber, man-made leather, medical products, and environmental-related products, etc.

If the Company is offered a purchase proposal from a purchaser, it would be extremely difficult for the shareholders to appropriately determine, in a short period of time, whether to accept the proposed purchase with a comprehensive understanding of a) the Company's corporate value based on its various efforts to enhance its corporate value and shareholders' common interests, and the status of each business; and b) the specific conditions, method, etc. of the proposed purchase. Therefore, in order for the shareholders to appropriately determine whether to accept such proposed purchase, the Company considers it necessary for the shareholders to receive sufficient information including not only information provided unilaterally by the purchaser but also information provided by the Board of Directors which is responsible for the management of the Company and is familiar with the Company's businesses and the details of the above-described efforts and the Board of Directors' opinion regarding the purchase proposal. In addition, the Company believes that it is indispensable to ensure that there is adequate time for the shareholders to carefully consider this information. From the viewpoint of protecting and enhancing the Company's corporate value and the shareholders' common interests, if the Company determines it necessary to modify or improve the conditions and method of the purchaser's purchase proposal, the Company shall negotiate the conditions and method of the proposal with the purchaser and present an alternative proposal, etc. Thus, it should be necessary to allow the necessary time therefor.

Furthermore, the Board of Directors will evaluate and examine the conditions and method, etc. of the proposed purchase, including the Company's management policy, etc. proposed by the purchaser after the purchase and other related matters. As a result of such evaluation and examination, if the purchaser's proposal is determined to be materially adverse to the Company's corporate value and the shareholders' common interests because (i) the purchaser intends to purchase the shares of the Company and manage the Company as a major shareholder in a vexatious manner strictly for its own benefit; (ii) the purchaser effectively forces the shareholders to sell their shares or (iii) enough time is not ensured for the shareholders to examine the conditions and method, etc. of the proposed purchase or for the Board of Directors to present alternative proposals, then the Company considers it necessary to trigger necessary and appropriate countermeasures against such purchase.

The Board of Directors decided to introduce the New Plan against a purchaser and purchase offeror (collectively, the "Large-scale Share Purchaser") to prevent purchases that would materially damage the Company's corporate value and the shareholders' common interests, which will permit shareholders, in advance, to receive any necessary information with respect to a purchase proposed by

the Large-scale Share Purchaser and ensure there is sufficient time to evaluate and examine, etc. the substance of the information.

Although the Company will request that a Large-scale Share Purchaser who intends to conduct the Large-scale Share Purchase (as defined in Paragraph 2(1) below; the same applies hereinafter) provide sufficient information and an adequate period of time for examining, etc. such information, such Large-scale Share Purchaser might refuse such request. The Large-scale Share Purchaser may, in fact, conduct or intend to conduct a Large-scale Share Purchase that would materially damage the Company's corporate value and the shareholders' common interests. In those situations, the New Plan prescribes that countermeasures will be triggered against such Large-scale Share Purchaser. Thus, the New Plan will prevent such Large-scale Share Purchaser from conducting a Large-scale Share Purchase. The introduction of the New Plan constitutes an effort to prevent the Company's decisions over financial and business affairs from being controlled by inappropriate persons in light of the Basic Policy described in Section I above.

Naturally, in order to introduce the New Plan, it is desirable to confirm the shareholders' opinions thereto. For this purpose, the Company has determined to introduce the New Plan on condition that the New Plan is approved by a majority of the shareholders present at the Ordinary Shareholders' Meeting.

At the time the Board of Directors decided to introduce the New Plan, there was no indication that any specific third party has offered the Board of Directors a Large-scale Share Purchase proposal. For the Company's major shareholders, please see Exhibit 1.

2. The New Plan's Content

(1) Large-scale Share Purchase Triggering Countermeasures

Under the New Plan, countermeasures may be triggered if any transaction falling under the following items (a) or (b) or any similar transaction is carried out, or is intended to be carried out (excluding those approved in advance by the Board of Directors; such transactions being referred to as a "Large-scale Share Purchase"):

(a) Any purchase of share certificates, etc.[1] issued by the Company by a holder[2] that will cause such holder's holding ratio of share certificates, etc.[3] to become 20% or greater.

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1 The term "share certificates, etc." refers to "share certificates, etc." as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act unless otherwise specified (including the share and the other rights of which certificates are not issued). If the Companies Act, the Financial Instruments and Exchange Act or any rule, cabinet order, cabinet office ordinance or ministerial ordinance relating thereto (collectively, the "Acts") are amended (including a change of the name of the Acts and formulation of new Acts which replace the old Acts), the provisions and terms of the Acts referred to by the New Plan shall be deemed to be replaced with the provisions and terms of the Acts which effectively succeed to the provisions and terms of the amended Acts, unless otherwise specified by the Board of Directors.

2 The term "holder" refers to "holder" as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act and includes a person who is included as a holder pursuant to Paragraph 3 of the same article, unless otherwise specified.

3 The term "holding ratio of share certificates, etc." refers to "holding ratio of share certificates, etc." as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act unless otherwise specified. For the purpose of calculating each holding ratio of share certificates, etc., the latest annual securities report, quarterly securities report and share buyback report may be referred to with respect to the "total number of issued shares" (as defined in the same Paragraph of the Financial Instruments and Exchange Act unless otherwise specified).

(b) Any tender offer[4] for share certificates, etc.[5] issued by the Company that will cause the total of an offeror's holding ratio of share certificates, etc.[6] subject to the tender offer and the aggregate holding ratio of share certificates of person(s) in special relationship[7] to become 20% or greater.

(2) Request to Large-scale Share Purchaser for Provision of Information

(i) Submission of a Statement of Intention

Unless approved by the Board of Directors in advance, prior to initiating a Large-scale Share Purchase, a Large-scale Share Purchaser will be required to submit a statement of intention (the "Statement of Intention") to the Company containing a pledge by the Large-scale Share Purchaser to comply with the procedures set forth in the New Plan (the "Large-scale Share Purchase Rules") in implementing the Large-scale Share Purchase and other specified matters.

The Statement of Intention shall address the following matters:

(a) Name and address or location, governing law, name of representative, contact address in Japan, corporate purpose, outline of business and outline of major shareholders or capital contributors (the top ten by number of shares held or capital contribution ratio) of the Large-scale Share Purchaser;

(b) Outline of the Large-scale Share Purchase (including class and number of share certificates, etc. of the Company that the Large-scale Share Purchaser intends to acquire through the Large-scale Share Purchase, and the outline of the purpose of the Large-scale Share Purchase, for example, acquisition of control or participation in management, net investment or investment for policy considerations, transfer of the share certificates, etc. of the Company to any third party after the Large-scale Share

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4 The term "tender offer" refers to "the tender offer" as defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act unless otherwise specified.

5 The term "share certificates, etc." as used for cases under item (b) refers to "share certificates, etc." as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act (including the share and other rights of which certificates are not issued.).

6 The term "holding ratio of share certificates, etc." refers to "holding ratio of share certificates, etc." as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act unless otherwise specified. For the purpose of calculating the holding ratio of share certificates, etc., the latest annual securities report, quarterly securities report and share buyback report may be referred to with respect to the "total number of voting rights" (as defined in the same Paragraph of the Financial Instruments and Exchange Act unless otherwise specified).

7 The term "person(s) in a special relationship" refers to "person(s) in a special relationship" as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. However, with respect to those listed in Item 1 of said Paragraph, those mentioned in Article 3, Paragraph 2 of the Cabinet Office Ordinance Concerning Disclosure of Tender Offer of Share Certificates, etc. by Non-Issuer (*Hakkoshaigai no Mono ni Yoru Kabuken-to no Kokai-kaitsuke no Kaiji ni Kansuru Naikakufu-rei*) shall be excluded unless otherwise specified.

Purchase or act of making important suggestion, etc.[8] or if there is any other purpose, such fact and outline. If there are multiple purposes, all of the purposes should be stated.);

(c) Number of share certificates, etc. of the Company currently held by the Large-scale Share Purchaser and the status of trading by the Large-scale Share Purchaser of the share certificates, etc. of the Company for the sixty (60) days prior to the submission of the Statement of Intention; and

(d) A pledge to comply with the Large-scale Share Purchase Rules.

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

After the submission of the Statement of Intention described in paragraph (i) above, 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") according to the following procedures.

Within ten (10) business days[9] from (excluding the first day) the receipt of the Statement of Intention described in paragraph (i) above, the Board of Directors will send a list specifying the information to be initially provided (the "Large-scale Purchase Information List") at the contact address in Japan described in paragraph (i), item (a) above.

The specific substance of information to be provided will differ depending on the attributes of the Large-scale Share Purchaser and the conditions and method, etc. of the Large-scale Share Purchase. In principle, the information described in the following paragraph will be a part of the Large-scale Purchase Information List. The specific substance of information to be contained in the Large-scale Purchase Information List shall be determined by the Board of Directors at its reasonable discretion, in light of the conditions and method of such Large-scale Share Purchase.

(A) Information Concerning the Large-scale Share Purchaser

Particulars of the Large-scale Share Purchaser and its group.

(B) Specific Substance of the Large-scale Share Purchase

1) The purpose, method and substance of the Large-scale Share Purchase.

2) The details of the purchase price under the Large-scale Share Purchase, and the calculation basis and circumstances of purchase price.

3) If there is contact with any third party in connection with the Large-scale Share Purchase, the counterparty and substance of such contact.

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8 The term "act of making important suggestion, etc." refers to "act of making important suggestion, etc." as defined in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act, Article 14-8-2, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act and Article 16 of the Cabinet Office Ordinance concerning Disclosure of Large Holding of Share Certificates, etc. (*Kabuken-to no Tairyo-hoyu no Jokyo no Kaiji ni Kansuru Naikakufu-rei*) unless otherwise specified.

9 The term "business day" means a day other than the days numerated in each item of Article 1, Paragraph 1 of the Act Concerning Holidays of Administrative Agencies unless otherwise specified.

4) The status of raising the necessary funds for the Large-scale Share Purchase and an outline of the party providing such funds.

5) If the Large-scale Share Purchaser executed any lease agreement, pledge agreement, sell-back agreement, agreement to complete a reserved sale or other important agreements or arrangements with a third party regarding the share certificates, etc. held by the Large-scale Share Purchaser (collectively, the "Pledge Agreements"), the substance of the Pledge Agreements.

6) If the Large-scale Share Purchaser intends to execute any Pledge Agreement or other agreements with a third party with respect to the share certificates, etc. to be purchased by the Large-scale Share Purchaser after the Large-scale Share Purchase, the substance of the Pledge Agreement.

7) If the purpose of the Large-scale Share Purchase is the acquisition of control or participation in management, the method of acquisition of control, or participation in management of the Company and its group as contemplated after the completion of the Large-scale Share Purchase; and the management policy after the acquisition of control or the plan after participation in management.

   If the Large-scale Share Purchaser intends to carry out organizational restructuring, etc., that might materially change or affect the management policy of the Company and its group, the substance and necessity thereof.

8) If the purpose of the Large-scale Share Purchase is net investment or investment for policy considerations, the policy of holding or the sale of the share certificates, etc. and the policy of exercising voting rights after the Large-scale Share Purchase, as well as the reasons therefor. If the Large-Scale Share Purchase is conducted as an investment to consider a long-term capital alliance, the necessity thereof.

9) If the purpose of the Large-scale Share Purchase is to conduct an act of making an important suggestion, etc. or there is possibility of conducting an act of making an important suggestion, etc. after the Large-scale Share Purchase, the substance of such suggestion.

10) If the Large-scale Share Purchaser intends to acquire additional share certificates, etc. after the Large-scale Share Purchase, the reason and substance thereof.

11) Policies regarding the treatment of employees, business partners, customers, local communities, etc. as contemplated after the completion of the Large-scale Share Purchase.

12) If the Large-scale Share Purchaser engages in businesses similar to those of the Company and its group, an opinion as to the legality under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade or other foreign competition laws post-Large-scale Share Purchase.

If the Board of Directors objectively and reasonably determines that the information initially provided by the Large-scale Share Purchaser in accordance with the Large-scale Share Purchase Information List is not sufficient for the shareholders to make an informed decision, nor for the Board of Directors to complete its evaluation and examination, etc. in light of the

conditions and method of such Large-scale Share Purchase, the Large-scale Share Purchaser will be required to provide such supplementary information as is requested by the Board of Directors. In order to ensure the prompt implementation of the Large-scale Share Purchase Rules, if the information required by the Company is not submitted even after sixty (60) business days counting from the day on which the Large-scale Purchase Information List is sent (excluding the first day) (the "Information Request Period"), the Board of Directors must terminate communication with the Large-scale Share Purchaser concerning the provision of the Large-scale Share Purchase Information, and the Board of Directors must commence evaluation and examination, etc. However, if an extension is requested by the Large-scale Share Purchaser based on reasonable grounds or if it is deemed necessary by the Board of Directors in consideration of such matters as the nature, scale, etc. of the Large-scale Share Purchase and the specific status of the provision of Large-scale Share Purchase Information, the Information Request Period may be extended by up to thirty (30) business days (excluding the first day), in which case the Board of Directors must explain to the Special Committee the necessity and reasons for the extension of the Information Request Period and make an inquiry to the Special Committee about the appropriateness of such extension, and respect the Special Committee's recommendation to the greatest extent possible.

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 necessary for the shareholders to make their decision in a timely and appropriate manner.

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 Purchase Information is complete as provided, 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) Language

The Large-scale Share Purchaser will be required to submit the Statement of Intention described in paragraph (i) above and provide the Large-scale Share Purchase Information described in paragraph (ii) above in Japanese.

(3) The Board of Directors Evaluation Period, etc.

After giving the Notice of Completion of Information Provision, or after the lapse of the Information Request Period, the Board of Directors will fix the period reasonably necessary for the Board of Directors to evaluate and examine the conditions and method of the Large-scale Share Purchase, to consult and negotiate with the Large-scale Share Purchase, to formulate its opinion regarding the Large-scale Share Purchase and to establish alternative proposals (the "Board of Directors Evaluation Period"), up to the periods set forth in item (i) or (ii) below (in each case, excluding the initial day), in accordance with the substance of the Large-scale Share Purchase, taking into consideration the level of difficulty in formulating an opinion and establishment of alternative proposals, etc.

(i) 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): up to sixty (60) days.

(ii) In the case of Large-scale Share Purchases other than that mentioned in item (i) above: up to ninety (90) days.

During the Board of Directors Evaluation Period, the Board of Directors will evaluate and examine the conditions and method, etc. of the Large-scale Share Purchase from the perspective of protecting and enhancing the Company's corporate value and the shareholders' common interests, based on the information provided by the Large-scale Share Purchaser. The Board of Directors will carefully reach its opinion 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.

If there is an unavoidable reason that prevents the Board of Directors from completing its evaluation and examination, its consultation and negotiation with the Large-scale Share Purchaser, its formulation of the opinion regarding the Large-scale Share Purchase or its establishment of alternative proposals for the shareholders, as described above, during the Board of Directors Evaluation Period, the Board of Directors will explain to the Special Committee the necessity and reasons for extension of the Board of Directors Evaluation Period and make inquiry to the Special Committee about the appropriateness of such extension, and may then extend the Board of Directors Evaluation Period by up to the period reasonably determined to be necessary, respecting the Special Committee's recommendation to the greatest extent possible. However, the extension may be made only once, and the period of extension is no longer than thirty (30) days (excluding the first day). If the Board of Directors resolves to extend the Board of Directors Evaluation Period, the Company will disclose the specific length of the resolved extension period and the reason for the extension to the shareholders in accordance with applicable laws and regulations and rules of the relevant financial instruments exchange in a timely and appropriate manner.

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 (4)(i)(C) below.

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

(i) Conditions for Triggering Countermeasures

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

(A-1) 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 the shareholders' common interests and trigger the necessary and appropriate countermeasures (for their specific substance, see paragraph (ii) below) to protect and enhance the Company's corporate value and the shareholders' common interests.

In such case, as described in Paragraph 3.(1)(ii) 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. If the Board of Directors has passed a resolution to trigger the countermeasures, the Board of Directors must promptly disclose the content of such resolution to the shareholders.

(A-2) Triggered by Resolution of Shareholders' Meeting Confirming Shareholders' Opinion

Notwithstanding (A-1) 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

(B-1) 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. Individual shareholders will decide whether they accept the Large-scale Share Purchaser's proposal for the Large-scale Share Purchase based on the information provided by Large-scale Share Purchaser and the Board of Directors' opinion or alternative proposal, etc. thereto.

However, even in the case that the Large-scale Share Purchaser commences, or intends to commence, the Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, if the Board of Directors clearly determines that such Large-scale Share Purchase would materially damage the Company's corporate value and the shareholders' common interests, the Board of Directors may trigger the necessary and appropriate countermeasures (for the specific substance, see paragraph (ii) below) to protect and enhance the Company's corporate value and the shareholders' common interests.

Specifically, this may be the case if it is objectively and reasonably determined that the Large-scale Share Purchase falls under any of those listed in Exhibit 2 and, as a result, the Large-scale Share Purchase causes irreparable damage to the Company or effectively forces the shareholders to sell their shares of the Company.

In addition, the Board of Directors will not trigger the countermeasures against a Large-scale Share Purchase only by reason that it falls under any of those listed in Exhibit 2 as a matter of form. The Board of Directors will trigger the countermeasures against a Large-scale Share Purchase only if it is clearly determined that the Company's corporate value and the shareholders' common interests would be materially damaged.

In such case, as described in Paragraph 3.(1)(ii) 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. If the Board of Directors has passed a resolution to trigger the countermeasures, the Board of Directors must promptly disclose the content of such resolution to the shareholders.

(B-2) Triggered by Resolution of Shareholders' Meeting Confirming Shareholders' Opinion

Notwithstanding (B-1) 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 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. If the Shareholders' Meeting Confirming Shareholders' Opinion is not called, as described in paragraph (3) above, the Large-scale Share Purchase may be initiated after the expiration of the Board of Directors Evaluation Period.

(ii) Substance of Countermeasures

The Board of Directors will trigger an allotment of share options *(shinkabu-yoyakuken)* (the "Share Options") without contribution to all its shareholders as a countermeasure to be triggered in accordance with Paragraph (i), Item (A) or (B) above.

The outline of the Share Options is as set forth in Exhibit 3.

The Company intends to file a shelf registration statement for the Share Options in order to ensure that the allotment of the Share Options without contribution to all its shareholders as a countermeasure will be efficiently triggered.

3. System for Ensuring the Reasonableness and Fairness of the New Plan

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

(i) Establishment of the Special Committee

The Board of Directors will make a final decision on (a) whether or not to extend the Board of Directors Evaluation Period, (b) whether or not to trigger the countermeasures, and (c) whether the triggered countermeasures are to be maintained (however, if a Shareholders'

Meeting Confirming Shareholders' Opinion is called, subject to a resolution of such meeting). In order to ensure the reasonableness and fairness of such decision and the New 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. At the time of introduction of the New Plan, the three (3) members of the Special Committee will be: Mr. Takafusa Shioya, Mr. Tomokazu Hamaguchi and Ms. Mie Fujimoto. A brief personal history of each member is set forth in Exhibit 4 "Brief History of Members of Special Committee."

(ii) Procedures for Triggering the Countermeasures

For the Board of Directors to trigger the countermeasures, it must follow the procedures below to ensure the reasonableness and fairness of its decision.

First, 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 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 2.(4)(i) 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.

(iii) Other Inquiries to the Special Committee

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 Information Request Period, 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 (x) 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; (y) the Board of Directors formulates an alternative proposal to the shareholders; or (z) 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.

(2) Confirmation of Shareholders' Opinion

(i) Confirmation of Shareholders' Opinion regarding Introduction of the New Plan

In order to confirm the shareholders' opinion regarding introduction of the New Plan, the Board of Directors resolved that it would submit a proposal for introduction of the New Plan to the Ordinary Shareholders' Meeting and that the New Plan would be introduced on the condition that the proposal is approved by a majority of the voting rights of shareholders

present at such meeting. Accordingly, if a majority of the voting rights of the shareholders present at the Ordinary Shareholders' Meeting do not agree to the introduction of the New Plan, the New Plan will not be introduced and the Current Plan will terminate upon the expiration of its effective term.

(ii) Confirmation of Shareholders' Opinion regarding Triggering of the Countermeasures

As described in Paragraph 2.(4)(i) above, in the specified cases, in advance of triggering 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.

(3) Advice from External Experts

The Board of Directors shall obtain advice from External Experts, in the cases where (x) the Board of Directors deliberates and makes decisions regarding (a) the specific substance of information to be contained in the Large-scale Purchase Information List, (b) whether information provided by the Large-scale Share Purchaser is sufficient to meet the Large-scale Share Purchase Information requirements, (c) fixing the Board of Directors Evaluation Period, (d) the appropriateness of extension of the Board of Directors Evaluation Period, (e) the appropriateness of triggering the countermeasures or (f) the appropriateness of maintaining the triggered countermeasures; (y) the Board of Directors evaluates and examines the conditions and method, etc. of the Large-scale Share Purchase; or (z) for any other issues the Board of Directors determines it necessary, in order to ensure the reasonableness and fairness of such decision and the New Plan.

(4) Discontinuance or Withdrawal of Triggered Countermeasures

Even if the Board of Directors has triggered the countermeasures based on the New Plan, if (a) the Large-scale Share Purchaser discontinues or withdraws the Large-scale Share Purchase; or (b) the facts, etc. on which the Board of Directors based its decision to trigger the countermeasures change and the Board of Directors determines that it is inappropriate to maintain such countermeasures from the viewpoint of protecting and enhancing the Company's corporate value and the shareholders' common interests, the Board of Directors must examine the appropriateness of maintaining the countermeasures and make an inquiry to the Special Committee again regarding the appropriateness of maintaining the countermeasures, presenting specific circumstances described in (a) or (b) above. Upon such inquiry, the Special Committee will obtain, as necessary, advice from External Experts and examine the appropriateness of maintaining the countermeasures and make recommendations to the Board of Directors. 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 maintain the countermeasures.

If, based on the Special Committee's recommendation as mentioned above, the Board of Directors determines that it would be inappropriate to maintain the countermeasures from the viewpoint of protecting and enhancing the Company's corporate value and the shareholders' common interests, the Board of Directors will discontinue or withdraw the triggered countermeasures and promptly disclose such fact.

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

The effective term of the New Plan will expire on the closure of the 137th Ordinary Shareholders' Meeting to be held in 2018. However, the New Plan will be introduced on the condition that the New Plan is approved by a majority of voting rights of shareholders present

at the Ordinary Shareholders' Meeting. If a majority of voting rights of shareholders present at the Ordinary Shareholders' Meeting do not agree to the New Plan, the New Plan will not be introduced.

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

The Board of Directors may modify the New Plan, subject to the Special Committee's approval, 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, or court ruling.

The Company will deliberate and resolve to continue, abolish or modify the New Plan at each Board of Directors' meeting held immediately after the closing of the Company's Ordinary Shareholders' Meeting in 2016 and thereafter.

If the New 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.

4. Reasonableness of the New Plan

(1) The New Plan Fully Satisfies the Requirements of the Guidelines for Takeover Defense Measures, etc.

The New Plan fully satisfies the following three principles set forth under the "Guidelines Regarding Takeover Defenses for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" *(Kigyo-kachi/Kabunushi-kyodo no Rieki no Kakuho mataha Kojo no Tame no Baishu-boei-saku ni Kansuru Shishin)* jointly released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005: (i) the principle of the protection and enhancement of corporate value and shareholders' common interests; (ii) the principle of the prior disclosure and shareholders' opinion; and (iii) the principle of the securing of necessity and reasonableness. In addition, the New Plan reflects the "Takeover Defense Measures in Light of Recent Environmental Changes" released by the Corporate Value Study Group on June 30, 2008 and other recent discussions concerning takeover defense measures such as expressing clearly that the Board of Directors reasonably decides the specific substance of information to be provided by Large-scale Purchaser and that the Board of Directors will not trigger the countermeasures merely because the Large-scale Share Purchase falls under a certain matter of form, but rather, only if it is clearly determined that the Company's corporate value and the shareholders' common interests would be materially damaged. Furthermore, the New Plan is in accordance with the purposes of rules on introduction of takeover defense measures established by the Tokyo Stock Exchange.

(2) Introduction of the New Plan to Protect and Enhance Corporate Value and Shareholders' Common Interests

As described in Paragraph 1. above, for the purpose of protecting and enhancing the Company's corporate value and the shareholders' common interests, the New Plan will be introduced as a response measure 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.

(3) Respect for the Company's Shareholders' Opinion (Resolution of a Shareholders' Meeting and Sunset Clause)

In order to ensure the New Plan reflects the shareholders' opinion, the Company will introduce the New Plan on the condition that the New Plan is approved by a majority of the voting rights of the shareholders present at an Ordinary Shareholders' Meeting.

As described in Paragraph 2.(4)(i) above, under specified circumstances, in advance to triggering the countermeasures, the Board of Directors may call a Shareholders' Meeting Confirming Shareholders' Opinion and confirm shareholders' opinion regarding whether or not to trigger such countermeasures.

As described in Paragraph 3.(5) above, the effective term of the New Plan will expire upon the closure of the Company's 137th Ordinary Shareholders' Meeting in 2018. Even before expiration of such effective term, (i) if a Company's shareholders' meeting approves a proposal to abolish or modify the New Plan; or (ii) if the Company's Board of Directors' resolves to abolish the New Plan, the New Plan will be abolished or modified at the time of such approval or resolution.

In addition, the term of office of a Company director is one (1) year. Even before the expiration of the effective term of the New Plan, the shareholders will be able to express their opinion through the appointment of directors.

Therefore, the introduction, abolishment or modification of the New Plan, or triggering the countermeasures is designed to fully reflect the shareholders' opinion.

(4) Establishment of Reasonably Objective Conditions

As described in Paragraph 2.(4)(i) above, the New Plan is established in such a way that it will not be triggered unless reasonable and objective conditions have been satisfied, and therefore, ensures a structure to prevent the Board of Directors from arbitrarily triggering countermeasures.

(5) Establishment of the Special Committee

As described in Paragraph 3.(1)(i) above, in introducing the New Plan, the Company will establish the Special Committee, which is independent from the Board of Directors, in order to ensure (x) the reasonableness and fairness of Board of Directors' decisions on: (a) whether or not to extend the Board of Directors Evaluation Period; (b) whether or not to trigger the countermeasures, and (c) whether or not to maintain the triggered countermeasures, and (y) the reasonableness and fairness of the New Plan.

This structure ensures the Board of Directors will be prevented from arbitrarily operating the New Plan or triggering the countermeasures.

(6) No Dead-Hand Takeover Defense Measures, etc.

As described in Paragraph 3.(5) above, the New Plan may, at any time, be abolished by the Board of Directors consisting of directors elected at a Company shareholders' meeting. Therefore, the New Plan is not a dead-hand takeover defense measure (a takeover defense measure that cannot prevent triggering the countermeasures even if a majority of the members of the board of directors are replaced). In addition, given that the term of office of the Company director is one (1) year, the New Plan is not a takeover defense measure that takes more time to prevent triggering the countermeasures because the members of the board of directors cannot be replaced at once.

5. Effect upon Shareholders and Investors

(1) Effect of New Plan Introduction on Shareholders and Investors

At the time the New Plan is introduced, no Share Options 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.

(2) Effect upon Shareholders and Investors When Share Options Are Allotted without Contribution

If the Board of Directors decides to trigger the countermeasures and resolves to allot the Share Options without contribution to all Company shareholders, the Share Options will be allotted without contribution to all shareholders recorded in the latest shareholder register as of the Allotment Date (as defined in Paragraph 1 of Exhibit 3), at a ratio of one (1) Share Option per one (1) Company share held. Under this system of countermeasures, at the time of the 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 Options without contribution as a countermeasure, if the Board of Directors discontinues or withdraws the countermeasures triggered in accordance with the procedures, etc. described in Paragraph 3.(4) above, 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 Options 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.

(3) Necessary Procedures for Shareholders in Connection with the Allotment of the Share Options without Contribution

No other procedure for the application of an allotment of the Share Options is required because, as of the effective date of the allotment of the Share Options without contribution, the shareholders recorded in the latest shareholder register as of the Allotment Date will automatically receive the Share Options.

Shareholders may be required to exercise the Share Options to acquire new shares within a specified period (in such case, payment of a specified amount is required). In that case, the Company will publicly announce the details of the procedures in a timely and appropriate manner in accordance with any applicable laws or rules of financial instruments exchanges.

6. Other Matters

The New Plan was resolved by an affirmative vote of all directors of the Company, including two (2) outside directors at a meeting of the Board of Directors held on February 24, 2015. At such meeting, all company auditors of the Company, including three (3) outside company auditors agreed to the New Plan.

[End of document]

Exhibit 1

The Status of the Shares of the Company (as of December 31, 2014)

1. Total number of shares authorized to be issued：1,000,000,000 shares
2. Total number of shares issued：382,863,603 shares
3. Major shareholders：

Name	Number of shares held (thousand shares)	Percentage of Shares held(%)
The Master Trust Bank of Japan, Ltd. (Trust account)	23,734	6.77
Japan Trustee Services Bank, Ltd. (Trust account)	22,127	6.31
National Mutual Insurance Federation of Agricultural Co-operatives	11,002	3.14
Nippon Life Insurance Company	10,448	2.98
Trust & Custody Services Bank, Ltd. (Trust collateral account)	7,258	2.07
THE BANK OF NEW YORK MELLON SA NV/10	6,104	1.74
Meiji Yasuda Life Insurance Company	5,969	1.70
NORTHERN TRUST CO. (AVFC) RE-SSD00	5,532	1.58
BNP Paribas Securities (Japan) Limited	4,391	1.25
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	4,354	1.24

(Note) In calculation of the percentage of shares held, the treasury shares (32,283,465 shares) of the Company are excluded from the total number of shares issued.

[End of document]

Exhibit 2

Types of Share Purchases that are Deemed to Materially Damage the Company's Corporate Value and the Shareholders' Common Interests

(1) The Large-scale Share Purchaser conducts or intends to conduct the purchase of share certificates, etc. of the Company solely for the purpose of boosting the share price and thereafter cause parties concerning to the Company to purchase such shares (so called "green mailer").

(2) The Large-scale Share Purchaser purchases the share certificates, etc. of the Company for the purpose of temporarily controlling the Company's management and thereby transferring assets of the Company or its group companies (including intellectual property rights, know-how, confidential corporate information, key business partners, customers or similar assets necessary for the Company's and its group companies' business operations) to itself or its group companies, etc.

(3) The Large-scale Share Purchaser purchases the share certificates, etc. of the Company for the purpose of diverting the assets of the Company or its group companies as collateral or repayment resources to meet the obligations of the Large-scale Share Purchaser or its group companies, etc. after the Large-scale Share Purchaser acquires the control over the Company.

(4) The Large-scale Share Purchaser purchases the share certificates, etc. of the Company for the purpose of temporarily controlling the management of the Company and thereby causes the Company or its group companies to sell or otherwise dispose of highly-valued assets, such as real property or securities, etc., that are not currently related to the business of the Company or its group companies and (x) causes the Company temporarily to distribute greater dividends from the gains of such disposals, or (y) sells its share certificates, etc. at an inflated price caused by such temporarily higher dividends.

(5) The conditions (including, without limitation, the type, amount and calculation basis of the purchase price, the specific substance of other conditions such as timing and manner of purchase, existence or non-existence of illegality, the plausibility, etc. of such purchase) of the Large-scale Share Purchase for the share certificates, etc. of the Company proposed by the Large-scale Share Purchaser are substantially inadequate or inappropriate.

(6) 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" (which means an acquisition of shares, including tender offers, under which the purchaser does not offer to acquire all shares in the initial acquisition and sets unfavorable acquisition conditions or does not set clear conditions for the second stage).

(7) The acquisition of control of the Company by the Large-scale Share Purchaser is likely to materially damage the Company's important management resources from which its corporate value is generated (such as highly original technologies and know-how, knowledge and information in the specific markets, deep confidential relationships with customers built over the years, and qualified personnel who are experts in their specialized field, see Section II 1. above for details) and thereby materially damage the Company's corporate value and the shareholders' common interests.

[End of document]

Exhibit 3

Outline of the Share Options

1. Total Number of Allotted Share Options

The total number of allotted Share Options shall be the same number as the total number of the latest issued ordinary shares of the Company (excluding the number of ordinary shares of the Company held by itself at the time) as of the date separately specified by the Board of Directors (the "Allotment Date") in the board resolution for allotment of the Share Options without contribution (the "Resolution of an Allotment of the Share Options without Contribution").

2. Shareholders Eligible for Allotment

The Share Options shall be allotted to shareholders recorded in the Company's latest shareholder register as of the Allotment Date at a ratio of one (1) Share Option per one (1) ordinary share of the Company held (excluding ordinary shares of the Company held by itself at the time).

3. Effective Date of Allotment of the Share Options without Contribution

The effective date of an allotment shall be separately specified by the Board of Directors in the Resolution of an Allotment of the Share Options without Contribution.

4. Class and Number of Shares Subject to the Share Options

The class of shares subject to the Share Options is the Company's common shares. The number of shares subject to one (1) Share Option is one (1) share (the "Number of Subject Shares"). However, if the Company carries out a stock split or stock consolidation, the Number of Subject Shares shall be adjusted as necessary.

5. Substance and Value of Assets Contributed upon the Exercise of the Share Options

The capital contribution to be made upon the exercise of a Share Option shall be cash, and the amount of the capital contribution to be made upon the exercise of a Share Option shall be the amount separately specified by the Board of Directors in the Resolution of an Allotment of the Share Options without Contribution, which will be an amount of not less than one (1) yen.

6. Restriction on the Transfer of Share Options

The transfer of the Share Options will be subject to the Board of Directors' approval.

7. Conditions for the Exercise of Share Options

The following persons will not be able to exercise any Share Options (those mentioned in items (1) through (6) are collectively referred to as the "Ineligible Person"):

(1) Specified large holder[10];

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[10] The term "specified large holder" means a person who is a holder of share certificates, etc. of the Company and whose holding ratio of share certificates, etc. of the Company is 20% or more, or a person who is determined to be a specified large holder by the Board of Directors. However, the specified large holder shall not include (x) any person whose acquisition and holding of the share certificates, etc. of the Company is determined by the Board of Directors not to be in conflict with the Company's corporate value and shareholders' common shares; and (y) any other person as separately specified by the Board of Directors in the Resolution of an Allotment of the Share Options without Contribution.

(2) Joint holder[11] of the specified large holder;

(3) Specified large-scale purchaser[12];

(4) Person having a special relationship with a specified large-scale purchaser;

(5) Person who acquires or succeeds to the Share Options from a person falling under any of items (1) through (4) above without the approval of the Board of Directors; or

(6) An affiliate[13] of any person falling under any of items (1) through (5) above.

The details of the conditions for exercising Share Options shall be specified separately in the Resolution of an Allotment of the Share Options without Contribution.

8. The Company's Acquisition of Share Options

On a day separately specified by the Board of Directors, the Company may acquire the Share Options held by a person other than an Ineligible Person and deliver the ordinary shares of the Company equivalent to the Number of Subject Shares per Share Option to him/her in exchange for the Share Options so acquired. If the Company acquires the Share Options held by an Ineligible Person, no cash will be offered in exchange for the Share Options. The details of the conditions for the acquisition of the Share Options shall be separately specified in the Resolution of an Allotment of the Share Options without Contribution.

9. Acquisition of Share Options without Contribution in the Case of a Discontinuance, etc. of the Countermeasures

If the Board of Directors resolves to discontinue or withdraw the countermeasures triggered or as otherwise prescribed in the Resolution of an Allotment of the Share Options without Contribution, the Company will be entitled to acquire all of the Share Options without contribution.

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11 The term "joint holder" refers to the "joint holder" as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act and includes a person who is deemed to fall under the joint holder pursuant to paragraph 6 of the same article unless otherwise specified.

12 The term "specified large-scale purchaser" means (x) a person who makes a public announcement of purchase, etc. (as set forth in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same applies hereinafter) of share certificates, etc. (as set forth in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same applies hereinafter) issued by the Company through a tender offer and whose holding ratio of share certificates, etc. after such purchase, etc. is 20% or more together with those of a person having a special relationship with such person or (y) a person who is determined to be a specified large-scale purchaser by the Board of Directors. However, the specified large-scale purchaser shall not include (a) any person whose acquisition and holding of the share certificates, etc. of the Company is determined by the Board of Directors to not be in conflict with the Company's corporate value and shareholders' common shares and (b) any other person as separately specified by the Board of Directors in the Resolution of an Allotment of the Share Options without Contribution.

13 The term "affiliate" of any person means a person deemed by the Board of Directors to substantially control, be controlled by, or be under such common control with such person (including any person who is deemed by the Board of Directors to be an affiliate) or a person deemed by the Board of Directors to act in concert with such person. The term "control" means to "control the determination of the financial and business policies" (as set forth in Article 3, Paragraph 3 of the Enforcement Regulations of the Companies Act) of other company or entity.

10. Exercise Period, etc. of Share Options

The exercise period and other necessary matters regarding the Share Options shall be determined separately by the Board of Directors in the Resolution of an Allotment of the Share Options without Contribution.

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Exhibit 4

Brief History of Member of Special Committee

1. Takafusa Shioya

April 1966	Entered Economic Planning Agency of Japan ("EPA")
July 1990	Director, Minister's Secretariat Division, EPA
June 1993	Deputy Director-General, Social Policy Bureau, EPA
July 1997	Director-General, Coordination Bureau, EPA
June 1998	Administrative Vice-Minister, EPA
February 2000	President, National Institute for Research Advancement
June 2008	Director of the Company (outside director) (current position) and Chairman, Economic Research Association
October 2009	President, the Institute for Science of Labour (current position)

* Mr. Takafusa Shioya has no special interests in or with the Company.
* As part of CSR activities, the Company pays a membership fee to assist activities of the Institute for Science of Labour, the annual amount of which is less than one million yen.

2. Tomokazu Hamaguchi

April 1967	Joined Nippon Telegraph & Telephone Public Corporation
June 1995	Senior Vice President, NTT Data Communications Systems Corporation (currently NTT DATA Corporation)
June 1997	Executive Vice President, NTT DATA Corporation
June 2001	Senior Executive Vice President, NTT DATA Corporation
June 2003	President & CEO, NTT DATA Corporation
June 2007	Director & Senior Corporate Advisor, NTT DATA Corporation
April 2008	Board Director, IHI Corporation (outside director) (Current position)
June 2009	Senior Corporate Advisor, NTT DATA Corporation
June 2010	Director, East Japan Railway Company (outside director) (Current position)
June 2013	Director, Kuraray Co., Ltd. (Current position)
October 2014	Director, FPT CORPORATION (Current position)

* Mr. Tomokazu Hamaguchi has no special interests in or with the Company.
* There is no special relationship between the Company and IHI Corporation or FPT CORPORATION.
* The Company engages in transactions with the East Japan Railway Company relating to the removal of train facilities, but the transactions are minimal in that the annual amount paid by the Company accounts for less than 0.1% of the sales of East Japan Railway Company.

3. Mie Fujimoto

April 1993	Registered as an attorney-at-law (Daini Tokyo Bar Association)
April 1993	Entered New Tokyo Sogoh Law Offices (currently Bingham McCutchen Murase, Sakai Mimura Aizawa-Foreign Law Joint Enterprise)
January 2003	Became a partner of New Tokyo International Law Office (currently Bingham McCutchen Murase, Sakai Mimura Aizawa-Foreign Law Joint Enterprise) (current position)
June 2009	Company Auditor (outside company auditor) (current position)

* Ms. Mie Fujimoto has no special interests in or with the Company.
* There is no special relationship between the Company and Bingham McCutchen Murase, Sakai Mimura Aizawa-Foreign Law Joint Enterprise.

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