This document is an unofficial excerpt translation of Notice of the 135th 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 7, 2016

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 135th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 135th 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 Monday, March 28, 2016.

1. Date and Time: Tuesday, March 29, 2016, at 10:00 a.m.

2. Place: Banquet room TSURU, 1F, Main Building, Hotel New Otani, 4-1, Kioi-cho, Chiyoda-ku, Tokyo, JAPAN

3. Purposes of the Meeting

Matters to be reported:

Report on the business report, consolidated and non-consolidated financial statements and Audit Report on consolidated financial statements by the Accounting Auditor and the Board of Company Auditors for the 135th fiscal period (from January 1, 2015 to December 31, 2015)

Matters to be resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Partial Amendments to the Articles of Incorporation
Proposal No. 3: Election of Twelve (12) Directors
Proposal No. 4: Election of Two (2) Company Auditors

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 therefore at least three (3) days prior to the date of the meeting (by March 25, 2016).

[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

From the fiscal year ended December 31, 2014 (April 1, 2014 to December 31, 2014), the Company changed its fiscal year-end from March 31 to December 31. As the periods of the fiscal year under review (from January 1, 2015 to December 31, 2015) and the previous fiscal year to be compared (from April 1, 2014 to December 31, 2014) differ due to the change, where comparisons are made with the previous fiscal year, the rates of change are shown based on the actual results of the previous fiscal year whose figures have been adjusted to the same period (from January 1, 2014 to December 31, 2014) as the fiscal year under review.

Business Report (From January 1, 2015 to December 31, 2015)

1. Current Situation of the Kuraray Group

(1) Progress and Results of Operations

General Situation

In the fiscal year ended December 31, 2015, there was weakness in some sectors of the Japanese economy, with delays in recovery of personal consumption and capital investment, but a moderate recovery trend continued. In the global economy, although the U.S. economy was healthy, with steady employment conditions and personal consumption, the outlook in Europe was unclear as the recovery in business conditions lacked force. A slowdown trend in the Chinese economy further strengthened toward the end of the fiscal year, and there was an increase in the number of emerging countries where growth weakened. A decline in raw material and fuel costs associated with the drop in crude oil prices that has been ongoing since the end of the fiscal year ended December 31, 2014 inevitably led to selling price adjustments in some businesses, but exerted a positive effect on the Company's results for the fiscal year ended December 31, 2015.

Under these circumstances, the Kuraray Group has been successively implementing business strategies outlined in "GS-STEP", its medium-term management plan that started in the fiscal year under review, to realize "a high-profit specialty chemical company with a global presence."

Regarding results of operations for the fiscal year ended December 31, 2015, net sales increased ¥36,752 million, or 7.6%, compared with the previous fiscal year to ¥521,721 million; operating income increased ¥14,694 million, or 28.6%, to ¥66,077 million; ordinary income increased ¥13,574 million, or 26.6%, to ¥64,535 million; and net income increased ¥8,294 million, or 30.2%, to ¥35,749 million.

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

	Same period of the previous year	Fiscal 2015	Change (%)
Net Sales	485.0	521.7	+7.6%
Operating Income	51.4	66.1	+28.6%
Ordinary Income	51.0	64.5	+26.6%
Net Income	27.5	35.7	+30.2%

Note: Figures for the same period of the previous year are unaudited.

Results by Business Segment

Results by business segment are as follows.

Vinyl Acetate

Major Business Lines:	Manufacture and sale of PVA resin and film, PVB resin and film, and EVOH resin and film

Sales in this segment increased 15.6% year on year to ¥274,746 million, and operating income rose 20.7% year on year to ¥55,740 million.

(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. Sales of PVA resin were generally favorable. Sales of PVB film to China and South America were sluggish, but other regions made up for the shortfall. Sales of water-soluble PVA film grew favorably on the back of brisk demand.

(ii) Sales of *EVAL* ethylene vinyl alcohol copolymer (EVOH resin) were favorable for both automotive gas tanks and food packaging applications.

Isoprene

Major Business Lines:	Manufacture and sale of isoprene chemical products and polyamide resin

Sales in this segment decreased 1.3% year on year to ¥54,985 million, and operating income increased 8.1% year on year to ¥6,922 million.

(i) In isoprene chemicals, sales of fine chemicals, *SEPTON* thermoplastic elastomer and liquid rubber were affected by the slowdown in the Chinese economy.

(ii) Sales of *GENESTAR* heat-resistant polyamide resin expanded favorably for automotive applications, but sales for LED reflector and connector applications were substantially affected by the slowdown in the Chinese economy.

Functional Materials

Major Business Lines:	Manufacture and sale of methacrylic resin, medical products, and man-made leather

Sales in this segment grew 5.7% year on year to ¥56,879 million, and operating income increased 185.0% year on year to ¥5,564 million.

(i) Methacrylic resin sales were favorable due to factors including a shift toward highly functional products, despite a drop in demand for certain resin applications.

(ii) In the medical business, sales expanded with the contribution of the launch of the new dental material products.

(iii) For *CLARINO* man-made leather, profit grew with brisk sales of products made with both the conventional and the new production process.

Fibers and Textiles

Major Business Lines:	Manufacture and sale of PVA fiber, non-woven fabrics, hook and loop fasteners, and polyester fiber

Sales of *KURALON* were brisk, due in part to a shift to high-value-added applications, which compensated for sluggish sales of consumer goods and materials and other products. As a result, sales in this segment decreased 2.7% year on year to ¥46,344 million, and operating income increased 43.1% year on year to ¥4,108 million.

Trading

Major Business Lines:	Exportation, importation and wholesale of textile goods, resins and chemicals

Sales were generally firm in chemical-related businesses. In fiber-related businesses, an increase in overseas processing expenses due to the depreciation of the yen was covered by expanded sales of high-performance materials. As a result, sales in this segment increased 0.3% year on year to ¥119,640 million, and operating income increased 0.1% to ¥3,882 million.

Other Business

Major Business Lines:	Manufacture and sale of activated carbon, high-performance membranes and system for water treatment; Engineering

Due in part to the contribution of the engineering business, sales of other businesses were firm, despite the impact of the slowdown in the Chinese economy on some businesses. As a result, segment sales increased 1.3% year on year to ¥69,601 million, and operating income increased 6.7% to ¥2,773 million.

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

	Net Sales			Operating Income		
	Same period of the previous year	Fiscal 2015	Change (%)	Same period of the previous year	Fiscal 2015	Change (%)
Vinyl Acetate	237.6	274.7	+15.6%	46.2	55.7	+20.7%
Isoprene	55.7	55.0	-1.3%	6.4	6.9	+8.1%
Functional Materials	53.8	56.9	+5.7%	2.0	5.6	+185.0%
Fibers and Textiles	47.7	46.3	-2.7%	2.9	4.1	+43.1%
Trading	119.2	119.6	+0.3%	3.8	3.9	+0.1%
Other Business	68.7	69.6	+1.3%	2.6	2.8	+6.7%
Elimination & Corporate	-97.8	-100.5	-	-12.5	-12.9	-
Total	485.0	521.7	+7.6%	51.4	66.1	+28.6%

Note: Figures for the same period of the previous year 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 America, Inc.
Construction of new production facilities for PVA resin (Vinyl Acetate Business)

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

・Kuraray Co., Ltd.
Expansion of production facilities for optical-use PVA film for polarized film to annual production capacity of 20 million square meters (Vinyl Acetate Business)

・EVAL Europe N.V.
Expansion of production facilities for *EVAL* (Vinyl Acetate Business)

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

Nothing important to mention

(4) Transfer of Business from Other Companies

None applicable

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

Nothing important to mention

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

- With the purpose of acquiring Plantic Technologies Limited, a company operating the biomass-derived barrier film business, and its subsidiaries, the Company acquired all of its shares that were held by Gordon Merchant No. 2 Pty Ltd as of April 2, 2015, and made it a subsidiary.
- The Company sold the shares of Kureha Battery Materials Japan Co., Ltd., a company handling materials for lithium-ion secondary batteries, to Kureha Corporation as of December 21, 2015 to dissolve the joint venture.

(7) Financing

Nothing important to mention

(8) Challenge for the Kuraray Group

The Company continues to move toward the realization of its "Long-Term Corporate Vision," which indicates the long-term direction the Kuraray Group will pursue, and will aim to realize "a high-profit specialty chemical company with a global presence."

The Kuraray Group has set net sales of ¥650 billion, operating income of ¥90 billion, an operating income margin of 13.8% and net income per share of ¥163 as performance targets for the fiscal year ending December 31, 2017, the final year of "GS-STEP", the three-year medium-term management plan which started in the fiscal year ended December 31, 2015.

The Kuraray Group has been promoting the following five main management strategies under "GS-STEP".

(i) Deeping of core businesses

Increase competitive advantages by producing results from the effects of investments including business acquisitions and production capacity expansion for a more solid foundation in business where Kuraray products are number one in market share or the only ones of their kind. In addition, lay the groundwork for further growth.

(ii) Technological innovation

Create new business by using highly distinctive, original Kuraray technologies and accelerating their rollout to new domains and technologies. In addition, establish new and improved processes to achieve overwhelming superiority in product quality and cost.

(iii) Next-generation growth model

Work to expand into new business domains by making more effective use of external resources, including M&As and alliances. In addition, take on the challenge of establishing an innovative business model for corporate activities including research and development, technical services, manufacturing and sales, and indirect operations.

(iv) Optimum allocation of management resources

Raise the quality of global management through the optimal allocation and proactive use of management resources such as the expanded bases and human resources resulting from the integration of GLS business and other initiatives.

(v) Contribution to the environment

Expand provision of products that contribute to the global environment. In addition, use production processes that reduce environmental load.

The theme of the medium-term management plan “GS-STEP” is to achieve high profit by steadily executing various measures based on its management strategies.

As for specific measures for the first year of “GS-STEP”, the Kuraray Group proactively made capital investments for the next stage of growth under “GS-STEP” including investments in *EVAL* in Belgium and optical-use PVA film in Saijo in vinyl acetate-related businesses. The Kuraray Group also promoted Group-wide measures to generate synergy with the businesses it has acquired, including the GLS business and Plantic Technologies Limited. In addition, the Kuraray Group worked to strengthen core businesses, including studies of its new plant for future business expansion in the isoprene business. It also focused on development of a new production process for *KURALON* and the launch and sales of various new products. On the other hand, construction was delayed in some cases, such as at a new PVA resin plant in the U.S., but the Kuraray Group was able to favorably expand results in the fiscal year ended December 31, 2015 as the first year of “GS-STEP”, backed by factors in the external environment such as the depreciation of the yen in currency translation and decreased raw material and fuel costs associated with the drop in crude oil prices.

In the operating environment in the fiscal year ending December 31, 2016, the Kuraray Group will continue to enjoy low raw material and fuel costs, but economic conditions are becoming increasingly unclear. Under these circumstances, it will be necessary to ascertain market trends and other changes more rapidly than before. In such an environment, the Kuraray Group aims to accelerate the generation of synergy with the businesses it has acquired and further expand its core businesses. Moreover, in all its businesses, the Kuraray Group will raise quality and cost competitiveness while strengthening its management base in ways including global utilization of IT and human resources. The Kuraray Group will also begin studies of innovations to build a growth strategy for the future.

The Kuraray Group believes that implementing these measures without delay to increase profitability 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.

The distribution of profits to shareholders is one of the Group’s top management priorities. In order to secure 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-STEP” medium-term management plan period (from the fiscal year ended December 31, 2015 to the fiscal year ending December 31, 2017), the Company has set total return ratio relative to net income attributable to owners of the parent[Note] of 35% or more and annual dividends per share of ¥36 or higher. As for the retirement of treasury stock scheduled within the fiscal year ended December 31, 2015, 28 million shares were retired in June 2015.

Note: In accordance with the revision of “Accounting Standard for Consolidated Financial Statements,” the presentation of “net income” before the revision has been changed to “net income attributable to owners of the parent.” The Company will apply the revision to its consolidated financial statements from fiscal 2016 onward, but since it is during the period of “GS-STEP” medium-term management plan, it is presented as “net income attributable to owners of the parent.”

(9) Changes in Financial Position and Income Summary

Fiscal Period	FY2012 (132nd fiscal period)	FY2013 (133rd fiscal period)	FY2014 (134th fiscal period)	FY2014 (Adjusted)	FY2015 (135th fiscal period) (Year under review)
Net sales (Millions of yen)	369,431	413,485	411,408	484,969	521,721
Operating income (Millions of yen)	49,197	49,545	40,298	51,382	66,077
Ordinary income (Millions of yen)	48,590	49,343	40,084	50,961	64,535
Net income (Millions of yen)	28,798	29,390	21,296	27,454	35,749
Net income per share (Yen)	82.62	83.93	60.77	78.42	101.84
Total assets (Millions of yen)	587,254	634,252	691,538	691,538	701,770
Net assets (Millions of yen)	401,307	452,459	481,826	481,826	503,589

Notes:

1. 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.
2. FY2014 (Adjusted) means that the figures for the previous fiscal year have been adjusted to the same period (from January 1, 2014 to December 31, 2014) as the fiscal year under review. Figures for FY2014 (Adjusted) are unaudited.

(10) 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.	662 (Millions of Korean won)	100.00	Manufacture and sale of PVB film
Plantic Technologies Limited[5.]	131,511 (Thousands of AUS dollars)	100.00	Manufacture and sale of biomass-derived *PLANTIC* 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. Plantic Technologies Limited was added as a major subsidiary in the period under review.

(11) 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)
Plantic Technologies Limited (Victoria, Australia)

[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)

(12) Employees

Business Segment	Number of Employees	Year-on-year Increase (Decrease)
Vinyl Acetate	3,458	126
Isoprene	795	5
Functional Materials	1,087	(2)
Fibers and Textiles	1,044	36
Trading	291	(50)
Other Business	1,488	(26)
Corporate (Shared)	242	0
Total	8,405	89

(13) Major Lenders

Nothing important to mention

(14) Other Significant Matters of the Kuraray Group

The Company determined to carry out a merger to absorb its subsidiary Bio Hard Carbon Co., Ltd. with April 1, 2016 as the effective date.

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: 354,863,603 shares
(Including 3,658,647 shares of treasury stock)

(Note) As a result of retiring the treasury stock on June 30, 2015, total number of issued shares decreased by 28,000,000 shares compared to the end of the previous fiscal year-end.

(3) Number of Shareholders as of December 31, 2015: 48,652 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)	25,566	7.28
Japan Trustee Services Bank, Ltd. (Trust account)	21,358	6.08
National Mutual Insurance Federation of Agricultural Co-operatives	11,002	3.13
Nippon Life Insurance Company	10,448	2.98
THE BANK OF NEW YORK MELLON SA/NV 10	6,308	1.80
Meiji Yasuda Life Insurance Company	5,969	1.70
NORTHERN TRUST CO. (AVFC) RE-SSD00	5,713	1.63
STATE STREET BANK WEST CLIENT-TREATY 505234	5,481	1.56
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	5,307	1.51
Trust & Custody Services Bank, Ltd. (Trust collateral account)	5,204	1.48

Note: In calculation of "Ratio of Capital Contribution", the treasury shares of the Company (3,658,647 shares) 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, 2015

(i) Share Purchase Warrants
582 units

(ii) Kind and number of share
Common shares: 291,000 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	8 units	1
	Share Purchase Warrants issued in June 2008 (Stock Options for a Stock Linked Compensation)	June 11, 2008 - June 10, 2023	¥1,264 / ¥1	15 units	2
	Share Purchase Warrants issued in June 2009 (Stock Options for a Stock Linked Compensation)	June 10, 2009 - June 9, 2024	¥947 / ¥1	33 units	2
	Share Purchase Warrants issued in June 2010 (Stock Options for a Stock Linked Compensation)	June 10, 2010 - June 9, 2025	¥1,054 / ¥1	32 units	3
	Share Purchase Warrants issued in October 2010	June 25, 2012 - June 24, 2020	Free of charge / ¥1,078	106 units	6
	Share Purchase Warrants issued in May 2011 (Stock Options for a Stock Linked Compensation)	May 19, 2011 - May 18, 2026	¥1,174 / ¥1	53 units	6
	Share Purchase Warrants issued in May 2012 (Stock Options for a Stock Linked Compensation)	May 17, 2012 - May 16, 2027	¥1,046 / ¥1	57 units	6
	Share Purchase Warrants issued in May 2013 (Stock Options for a Stock Linked Compensation)	May 15, 2013 - May 14, 2028	¥1,482 / ¥1	77 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	87 units	10
	Share Purchase Warrants issued in February 2015 (Stock Options for a Stock Linked Compensation)	February 17, 2015 - February 16, 2030	¥1,352 / ¥1	76 units	10

	Designation of Share Purchase Warrants	Exercise Period	Transfer Value / Exercise Price per Share	Number of Share Purchase Warrants	Number of Holders
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
	Share Purchase Warrants issued in February 2015 (Stock Options for a Stock Linked Compensation)	February 17, 2015 - February 16, 2030	¥1,352 / ¥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
21 units

(ii) Kind and number of Share
Common shares: 10,500 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 February 2015 (Stock Options for a Stock Linked Compensation)	February 17, 2015 - February 16, 2030	¥1,352 ¥1	21 units	9

Notes:

1. The “Transfer Value” and “Exercise Price per Share” show the amount per share.
2. When the Share Purchase Warrants issued in February 2015 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 Chairman	Fumio Ito	
Representative Director and President	Masaaki 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	Nobuo Fujii	Supervisor of Administrative Unit and Environmental Business Development and Promotion Division, 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	Kunio Yukiyoshi	Supervisor of Technology Division and Plants in Japan, 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	President of Vinyl Acetate Resin Company, Kuraray Co., Ltd.
Director and Senior Executive Officer	Yukiatsu Komiya	President of Isoprene Company, Kuraray Co., Ltd.
Director and Senior Executive Officer	Hiroaya Hayase	President of Vinyl Acetate Film Company, Kuraray Co., Ltd.
Director	Takafusa Shioya	
Director	Tomokazu Hamaguchi	Outside Director, IHI Corporation Outside Director, East Japan Railway Company Director, FPT CORPORATION
Standing Company Auditor	Yoichi Ninagawa	
Standing Company Auditor	Keiji Murakami	
Company Auditor	Mie Fujimoto	Attorney and Partner of TMI Associates Outside Audit & Supervisory Board Member, SEIKAGAKU CORPORATION
Company Auditor	Yoshimitsu Okamoto	Standing Corporate Auditor (Outside Corporate Auditor), Defactostandard, Ltd.
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. Company Auditor Yoshimitsu Okamoto has been engaged in financial securities business for many years, and therefore has considerable expertise in finance and accounting.
4. 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.
5. The Company engages in transactions with the East Japan Railway Company relating to the use of train ancillary facilities, but the annual amount paid by the Company accounts for less than 0.1% of the sales of East Japan Railway Company. In addition, 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.
6. There is no special interest between the Company and TMI Associates or between the Company and SEIKAGAKU CORPORATION. Ms. Mie Fujimoto is thus deemed to be sufficiently independent as Outside Company Auditor.
7. There is no special interest between the Company and Defactostandard, Ltd. Mr. Yoshimitsu Okamoto is thus deemed to be sufficiently independent as Outside Company Auditor.

(2) Liability Limitation Agreements of Directors and 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."

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

	Number of persons paid	Amount paid (Millions of yen)
Directors (Including Outside Directors)	14 (2)	539 (24)
Company Auditors (Including Outside Company Auditors)	6 (3)	77 (27)

Notes:

1. In addition to the above amounts, ¥39 million of Share Purchase Warrants as Stock Options for a Stock Linked Compensation were given to twelve (12) Directors (including ¥2 million to two Outside Directors) and another ¥21 million of the same to nine (9) 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 January 21, 2015.
2. The number of persons paid mentioned above includes two (2) Directors and one (1) Company Auditor who retired at the conclusion of the 134th Ordinary General Meeting of Shareholders held on March 27, 2015.
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

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

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

	Attendance at Meetings of Board of Directors and Meetings of Board of Company Auditors	Activities
Director Takafusa Shioya	Meetings of Board of Directors 100% (14/14 meetings)	He principally expressed his opinions as necessary about the management of the Company based on his deep insight gained at the Economic Planning Agency of Japan and other institutions.
Director Tomokazu Hamaguchi	Meetings of Board of Directors 100% (14/14 meetings)	He principally expressed his opinions as necessary about the management of the Company based on his abundant experience and broad insight gained as a business entrepreneur.
Company Auditor Mie Fujimoto	Meetings of Board of Directors 100% (14/14 meetings) Meetings of Board of Company Auditors 100% (14/14 meetings)	She principally made remarks from an expert's perspective based on her broad experience gained during her many years of service as an attorney.
Company Auditor Yoshimitsu Okamoto	Meetings of Board of Directors 100% (14/14 meetings) Meetings of Board of Company Auditors 100% (14/14 meetings)	He principally made remarks from an expert's perspective based on his broad experience in financial institutions.
Company Auditor Mikio Nakura	Meetings of Board of Directors 79% (11/14 meetings) Meetings of Board of Company Auditors 86% (12/14 meetings)	He principally made remarks from an expert's perspective based on his abundant experience in financial institutions, his broad insight and his track record as outside auditor of other companies.

(ii) 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: ¥81 million
(ii) Sum of money and other financial profits to be paid by the Company and its subsidiaries: ¥108 million

Notes:

1. The Board of Company Auditors has given consent to the remuneration, etc., to be paid to the Accounting Auditor as stipulated in Article 399, Paragraph 1 of the Companies Act, as a result of examining the validity in the content, auditing time, quotation for auditing, etc. with regard to the auditing schedule for the fiscal year under review given by the Accounting Auditor.
2. 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

Eight (8) 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 all Company Auditors judge that the Accounting Auditor falls under any of the Items set forth in Article 340, Paragraph 1 of the Companies Act, thereby making them difficult to execute appropriate audits. In addition, the Board of Company Auditors shall decide on the dismissal or non-reappointment of the Accounting Auditor as a proposal to be submitted to an Ordinary General Meeting of Shareholders, should there be a case where it is deemed necessary to appoint an Accounting Auditor who could be expected to perform more appropriate audits upon evaluation based on their independency, integrity, or efficiency as the Accounting Auditor, other than the existence of a fact that may fall under any statutory causes for dismissal.

(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 the Propriety of Business Operations

(1) 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 Board of Directors of the Company has resolved as follows concerning the Basic Policy for Establishment of Internal Control System to ensure the propriety of business operations of the Kuraray Group.

(i) Systems to ensure compliance of execution of duties of Directors and employees with laws, regulations and the Articles of Incorporation

a. The Board of Directors, based on the Articles of Incorporation, Regulations of Board of Directors, and other internal regulations, will make decisions concerning important management items of the Kuraray Group, in addition to supervising the execution of duties by Directors and Executive Officers. To strengthen the supervisory functions of the Board of Directors, Outside Directors will be elected.
b. The Management Advisory Council will be established, comprised of outside experts with broad experience in corporate management and corporate law, and it will provide advice on the execution of duties of the President from the viewpoint of complying with laws and regulations, protecting shareholder rights, and ensuring transparency of management.
c. To promote corporate activities from the standpoint of CSR, a CSR Committee will be established at the management level, and the subordinate bodies of the Social and Economic Subcommittee, Environmental and Industrial Safety Subcommittee, and Risk Management and Compliance Subcommittee will be established.
d. Policies regarding compliance with laws and regulations will be defined as The Kuraray Group Code of Conduct, and systematic development and operation of a compliance structure will be conducted as the Kuraray Group.
e. In order to discover unfair and illegal actions and unethical actions within the Kuraray Group at an early stage and aim for independent resolution, a Kuraray Group Employee Counseling Room (Internal Reporting System) will be established.
f. The Internal Auditors Office, in compliance with the Internal Audit Regulations, will audit the conditions of business execution within the Kuraray Group.
g. Based on the Financial Instruments and Exchange Act, an internal control system will be established to ensure propriety of financial reporting, and will be operated appropriately.
h. The Kuraray Group Code of Conduct will prescribe that the Kuraray Group will deal with Anti-social forces and groups in a firm manner, and will not have any association with such forces and groups, thoroughly disseminating the rules throughout the Group.

(ii) Systems concerning storage and management of information regarding execution of duties of Directors

Records regarding execution of duties of Directors such as approval documents, request documents, etc., and minutes and materials of General Meetings of Shareholders, Meetings of Board of Directors, and other main meetings will be stored and managed appropriately in accordance with laws and regulations and internal regulations.

(iii) Regulations and other systems regarding management of risk of loss

a. Based on the Group Risk Management Regulations, systematic risk management will be conducted throughout the Group.
b. Based on the Company Emergency Headquarters Operational Regulations, in the event of a significant crisis regarding the business activities of the Kuraray Group, the Company Emergency Headquarters will be established headed by the President to deal with the issue.
c. Assuming a significant crisis such as a large-scale natural disaster, etc., a business continuity plan (BCP) will be defined on a per-division basis to minimize any interruption of business, and the BCP will be reviewed regularly.

(iv) Systems to ensure efficient execution of duties by Directors

a. For decisions made by the President or requests of approvals by the Board of Directors regarding significant management items of the Kuraray Group, preemptive deliberations will be held by the Executive Committee and various committees, aiming for swift management decision-making and efficient business execution.
b. Authority to operate businesses as managers of Companies, Divisions, and key organizations will be delegated to Executive Officers, etc., appointed by the Board of Directors, and execution of business at each organization will be made in an appropriate and efficient manner.

(v) Systems to ensure the propriety of business operations at the corporate group, composed of the Company and subsidiaries
a. Business operation of each Kuraray Group company will be conducted according to the management policies of the Group as a whole, as defined in the medium-term management plan and annual management plan. Based on the Domestic Affiliated Companies Management Standards and the Overseas Affiliated Companies Management Standards, each Kuraray Group company will seek approval and report to the Board of Directors or Executive Committee of the Company concerning important items.
b. Decision-making standards will be defined for each Kuraray Group company within the Domestic Affiliated Companies Management Standards and the Overseas Affiliated Companies Management Standards, and will be managed appropriately and efficiently. Additionally, to promote unified operations through aiming for communication of views within the Kuraray Group, a liaison meeting will be held as required between the President of the Company and the Presidents of each Kuraray Group company.
c. Based on The Kuraray Group Code of Conduct, the system will be put in place to enable appropriate execution of duties by Directors and employees of each Kuraray Group company. In addition, officers will be seconded from the Company to each Kuraray Group company, to supervise business execution by Directors and employees of each company, and the Internal Auditors Office will conduct internal audits in accordance with the Internal Audit Regulations.

(vi) Independence from Directors of employees assisting the duties of Company Auditors and items regarding ensuring the effectiveness of instructions given to these employees
Staff for Company Auditor will be assigned to assist the duties of Company Auditors. Staff for Company Auditor will receive direction and orders from Company Auditors, and concerning personnel affairs and salary of Staff for Company Auditor, decisions will be made after deliberations between the Director supervising personnel affairs and the Company Auditor.

(vii) Systems regarding reporting to Company Auditors of the Company and systems to ensure persons who make reports do not receive detrimental treatment as a result of making a report
a. Company Auditors will attend Meetings of Board of Directors and receive reports concerning conditions of business execution at the Company and each Kuraray Group company through liaison meetings, etc., with Presidents of significant subsidiaries.
b. The Internal Auditors Office will periodically report to the Board of Company Auditors concerning conditions of internal audits at the Company and each Kuraray Group company.
c. Upon discovering important issues regarding significant violations of laws and regulations or other compliance issues, Directors and officers of the Company and each Kuraray Group company will swiftly report to Company Auditors. Company Auditors may request reports regarding these items as required from employees of the Company and Kuraray Group companies.
d. Regarding persons who make the above reports, internal regulations will stipulate that persons who make reports do not receive detrimental treatment on the grounds of making the report.

(viii) Items regarding prepayment of expenses, procedures for reimbursement, and policies regarding processing of other expenses and liabilities arising from execution of duties by Company Auditors
When Company Auditors request prepayment or reimbursement, etc., for expenses arising during the course of execution of duties, unless the contents are especially unreasonable, payment will be processed without delay.

(ix) Other systems to ensure that audits by Company Auditors are made effectively
In order to exchange opinions regarding challenges facing the Company, important audit issues, etc., Company Auditors will periodically meet with the Representative Directors, and implement interviews with Directors, Executive Officers, and important employees.

(2) Summary of operations of the systems

The Company develops and operates an internal control system based on the above basic policy. A summary of key developments and operations during the fiscal year under review is as follows.

(i) Compliance
a. The Corporate Statements have been formulated to serve as guidance for global group management, and dissemination activities were made to both domestic and overseas Group companies.
b. The Compliance Handbook was updated to apply universally to both domestic and overseas Group companies.
c. The Internal Auditors Office implemented audits for the Kuraray Group in accordance with the Internal Audit Regulations, and the results were reported to the President and the Board of Company Auditors.

(ii) Risk management
a. The Group Risk Management Regulations were updated, and self-assessment of risks was implemented once again at each domestic and overseas organization.
b. Drills, etc., were conducted assuming multiple plants being affected by a large-scale natural disaster, and emergency response systems were confirmed.
c. The BCP (business continuity plan for disasters) was confirmed and operational regulations were developed.

(iii) Audit systems of Company Auditors
The Board of Company Auditors' Regulations, etc., were updated, and efforts were made to enrich systems to support audits.

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

In order to become a "high-profit specialty chemical company with a global presence" as set out in the "Long-Term Corporate Vision" that indicates the long-term direction of the Company, the Company will work on its three-year plan covering the fiscal year ended December 31, 2015 to the fiscal year ending December 31, 2017, the medium-term management plan "GS-STEP". With the principal management strategies of deepening core businesses, technological innovation, a next-generation growth model, optimum allocation of management resources, and contribution to the environment, the Company will achieve high profitability 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 base for business expansion, and will execute various strategies for further growth.

(ii) Establishment of a Corporate Governance System

Building an effective corporate governance system ensuring efficiency and fairness in management enables the Company to make rapid and drastic decisions in a transparent and fair manner, maintain appropriate relationships with various stakeholders, and to fulfill its responsibility to society. The Company believes that it will continually and in the long-term enhance 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 an understanding, the Company has established a corporate governance system through the implementation 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.

In regards to shareholder returns during the medium-term management plan "GS-STEP" period, the Company will set the total return ratio relative to net income attributable to owners of the parent at 35% or more and annual dividends per share at ¥36 or higher.

(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 134th Ordinary General Meeting of Shareholders of the Company held on March 27, 2015, 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 134th Ordinary General Meeting of Shareholders held on March 27, 2015 to the conclusion of the Company's 137th Ordinary General Meeting of Shareholders to be held in 2018.

(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.

(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 9, 2016 titled "Business Results for the Fiscal Year Ended December 31, 2015 (Unaudited)."]
URL: http://www.kuraray.co.jp/en/ir/library/pdf/account/160209_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, the Company carries out its medium-term management plan called "GS-STEP" (fiscal 2015 to 2017), in order to become a high-profit specialty chemical company with a global presence called for in its "Long-Term Corporate Vision." With increase in distribution of profits through continued improvement in business performance as its basic policy, our profit allocation target during the period is to achieve a total return ratio relative to net income attributable to owners of the parent of 35% or more and annual dividend per share of ¥36 or higher. Going forward, 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, 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 ¥40 per share.

Year-end dividends:

(1) Type of dividend property: Cash
(2) The matter regarding the assignment of dividend property and total amount thereof:
¥22 per share of the Company's common stock for a total of ¥7,726,509,032
(3) Effective date of the dividends (payment commencement date): March 30, 2016

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

As a result of the promulgation of the "Act on Partial Revision to the Companies Act" (Act No. 90 of 2014) on May 1, 2015, the scope of Directors and Company Auditors who can enter into liability limitation contracts has been changed. Accordingly, necessary amendments are proposed to be made to Article 28 and Article 35 of the current Articles of Incorporation.

Each of all the Company Auditors has given prior consent to the amendments to Article 28 of the Articles of Incorporation.

2. Details of the amendments

Details of the proposed amendments are as follows:

(The underlined portions are to be amended.)

Current Articles of Incorporation	Proposed Amendments
CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS	CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS
Article 28. (Contracts for Limitation of Liability for Outside Directors)	Article 28. (Contracts for Limitation of Liability for Directors)
Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company may enter into contracts with Outside Directors which limit their liability arising out of negligence of their duties; provided, however, that the maximum liability amount limited by such contracts shall be the amount stipulated in laws and regulations.	Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company may enter into contracts with Directors (excluding Executive Directors, etc.) which limit their liability arising out of negligence of their duties; provided, however, that the maximum liability amount limited by such contracts shall be the amount stipulated in laws and regulations.
CHAPTER V. COMPANY AUDITORS AND BOARD OF COMPANY AUDITORS	CHAPTER V. COMPANY AUDITORS AND BOARD OF COMPANY AUDITORS
Article 35. (Contracts for Limitation of Liability of Outside Company Auditors)	Article 35. (Contracts for Limitation of Liability of Company Auditors)
Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company may enter into contracts with Outside Company Auditors which limit the liability arising out of negligence of their duties; provided, however, that the maximum liability amount limited by such contracts shall be the amount stipulated in laws and regulations.	Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company may enter into contracts with Company Auditors which limit the liability arising out of negligence of their duties; provided, however, that the maximum liability amount limited by such contracts shall be the amount stipulated in laws and regulations.

Proposal No. 3: Election of Twelve (12) Directors

The term of office of all twelve (12) Directors will expire at the conclusion of this 135th 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, Positions and Areas of Responsibility		Number of Company Shares Held
1	Fumio Ito (August 2, 1947) Reappointed	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)	48,200
Reasons for nomination as the candidate for Director Mr. Fumio Ito has seven (7) years of managing experience as the President of the Company, and has been working since assuming office of Chairman in January 2015 to establish a corporate governance system to ensure efficient and fair management, and the Company may expect his continued contribution to its management.				
2	Masaaki Ito (June 23, 1957) Reappointed	April 1980 June 2012 June 2013 June 2014 January 2015	Entered Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. Senior Executive Officer, Kuraray Co., Ltd. Director and Senior Executive Officer, Kuraray Co., Ltd. Representative Director and President, Kuraray Co., Ltd. (Current position)	14,500
Reasons for nomination as the candidate for Director Mr. Masaaki Ito has led the management of the Group as the President since assuming office in January 2015, and has been contributing to the further development of the Group through implementing various measures under the medium-term management plan, and the Company may expect his continued contribution to its management.				
3	Sadaaki Matsuyama (October 18, 1950) Reappointed	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)	7,600
Reasons for nomination as the candidate for Director Mr. Sadaaki Matsuyama has a wealth of business experience in the man-made leather business and medical business, etc., and also has been playing an important role as Director in the Group's management since assuming office in June 2013, and the Company may expect his continued contribution to its management.				

No.	Name (Date of Birth)	Brief Personal History, Positions and Areas of Responsibility		Number of Company Shares Held
4	Kazuhiko Kugawa (January 22, 1954) Reappointed	April 1976 April 2010 June 2012 April 2013 June 2013 June 2014 January 2015 January 2016	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. Supervisor of Corporate Management Planning Office (Current position) and Administrative Unit, Kuraray Co., Ltd. (Current position)	11,600
Reasons for nomination as the candidate for Director Mr. Kazuhiko Kugawa has a wealth of business experience in corporate management planning and the vinyl acetate business, etc., and also has been playing an important role as Director in the Group's management since assuming office in June 2014, and the Company may expect his continued contribution to its management.				
5	Hiroaya Hayase (February 28, 1956) Reappointed	April 1980 April 2012 June 2012 April 2013 June 2014 January 2015 March 2015 January 2016	Entered Kuraray Co., Ltd. General Manager of Poval Resin Division, Resin Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. General Manager of Poval Resin Division and Production and Technology Management Division, Vinyl Acetate Company, Kuraray Co., Ltd. Senior Executive Officer, Kuraray Co., Ltd. President of Vinyl Acetate Film Company, Kuraray Co., Ltd. (Current position) Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position) President of Vinyl Acetate Resin Company, Kuraray Co., Ltd. (Current position)	7,200
Reasons for nomination as the candidate for Director Mr. Hiroaya Hayase has a wealth of business experience in the production technology field and vinyl acetate business, etc., and also has been playing an important role as Director in the Group's management since assuming office in March 2015, and the Company may expect his continued contribution to its management.				
6	Yukiatsu Komiya (April 21, 1955) Reappointed	April 1984 July 2011 June 2012 April 2013 April 2014 June 2014 March 2015 January 2016	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. Senior Executive Officer, Kuraray Co., Ltd. Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position) Supervisor of Research and Development Division (Current position), and New Business Development Division, Kuraray Co., Ltd. (Current position)	8,200
Reasons for nomination as the candidate for Director Mr. Yukiatsu Komiya has a wealth of business experience in the research and development field and chemicals business, etc., and also has been playing an important role as Director in the Group's management since assuming office in March 2015, and the Company may expect his continued contribution to its management.				

No.	Name (Date of Birth)	Brief Personal History, Positions and Areas of Responsibility		Number of Company Shares Held
7	Kazuhiro Nakayama (January 1, 1956) Newly appointed	April 1980 April 2012 June 2012 April 2013 April 2014 January 2016	Entered Kuraray Co., Ltd. General Manager, Kurashiki Plant, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. (Current position) General Manager of Overseas Business Division, Vinyl Acetate Company, Kuraray Co., Ltd. General Manager of Technology Division, Kuraray Co., Ltd. Supervisor of Technology Division (Current position), Environmental Business Development and Promotion Division (Current position), and Plants in Japan, Kuraray Co., Ltd. (Current position)	11,000
Reasons for nomination as the candidate for Director Mr. Kazuhiro Nakayama has a wealth of business experience in the production technology field and overseas plant start-up, etc., and also has been contributing to the development of the Group as Executive Officer since assuming office in June 2012, and the Company may expect his further contribution to its management.				
8	Kenichi Abe (May 3, 1956) Newly appointed	April 1980 April 2012 June 2012 April 2013 January 2016	Entered Kuraray Co., Ltd. General Manager of Corporate Management Planning Division, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. (Current position) General Manager of New Business Development Division, Kuraray Co., Ltd. President of Isoprene Company, Kuraray Co., Ltd. (Current position)	15,100
Reasons for nomination as the candidate for Director Mr. Kenichi Abe has a wealth of business experience in the elastomer business and new business development, etc., and also has been contributing to the development of the Group as Executive Officer since assuming office in June 2012, and the Company may expect his further contribution to its management.				
9	Yoshimasa Sano (April 12, 1956) Newly appointed	April 1980 April 2010 June 2012 April 2014 January 2016	Entered Kuraray Co., Ltd. General Manager of Elastomer Division, Chemicals Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. (Current position) General Manager of Methacrylate Division, Functional Materials Company, Kuraray Co., Ltd. (Current position) Vice President of Functional Materials Company, Kuraray Co., Ltd. (Current position)	9,100
Reasons for nomination as the candidate for Director Mr. Yoshimasa Sano has a wealth of business experience in the vinyl acetate business and chemicals business, etc., and also has been contributing to the development of the Group as Executive Officer since assuming office in June 2012, and the Company may expect his further contribution to its management.				
10	Hitoshi Toyoura (November 18, 1958) Newly appointed	April 1982 April 2010 June 2013 January 2015 March 2015 January 2016	Entered Kuraray Co., Ltd. General Manager of Fibers and Industrial Materials Division, Fibers and Textiles Company, Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd. (Current position) General Manager of Consumer Goods and Materials Division, Fibers and Textiles Company, Kuraray Co., Ltd. Representative Director and President of Kuraray Fastening Co., Ltd. (Current position) President of Fibers and Textiles Company (Current position), and Supervisor of Osaka Head Office, Kuraray Co., Ltd. (Current position)	7,000
Reasons for nomination as the candidate for Director Mr. Hitoshi Toyoura has a wealth of business experience in the fibers and textiles business in general, and also has been contributing to the development of the Group as Executive Officer since assuming office in June 2013, and the Company may expect his further contribution to its management.				

No.	Name (Date of Birth)	Brief Personal History, Positions and Areas of Responsibility	Number of Company Shares Held
11	Tomokazu Hamaguchi (April 20, 1944) Reappointed Outside Director Independent Director	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	2,000
Reasons for nomination as the candidate for Director Reasons for nominating Mr. Tomokazu Hamaguchi as the candidate for Outside Director are 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 use of train ancillary 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.			
12	Jun Hamano (February 27, 1951) Newly appointed Outside Director Independent Director	April 1974 Entered Economic Planning Agency of Japan ("EPA") July 1999 Director, Minister's Secretariat Division, EPA July 2004 Director General for Economic and Fiscal Management, Cabinet Office July 2006 Vice-Minister for Policy Coordination, Cabinet Office July 2008 Director General, Cabinet Office July 2009 Vice-Minister, Cabinet Office January 2012 Adviser to the Cabinet Office April 2013 Adviser to DENTSU INC. (Current position) June 2014 Director, Ohara HealthCare Foundation (Current position) (Important Positions Concurrently Held at Other Entities) President, The Ohara Memorial Institute for Science of Labour	0
Reasons for nomination as the candidate for Director Reasons for nominating Mr. Jun Hamano as the candidate for Outside Director are 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 the Cabinet Office 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 Ohara Memorial Institute for Science of Labour, the annual amount of which is less than ¥1 million per year. Mr. Jun Hamano is thus deemed to be sufficiently independent as Outside Director.			

(Note) 1. No special interests exist between the Company and any of the above candidates.

(Note) 2. Mr. Hitoshi Toyoura is scheduled to resign as Representative Director and President of the Company's subsidiary, Kuraray Fastening Co., Ltd. as of March 14, 2016.

(Note) 3. Both Mr. Tomokazu Hamaguchi and Mr. Jun Hamano are candidates for Outside Directors.

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

(1) Regarding contracts for limitation of liability

(i) The Company has entered into a contract with Mr. Tomokazu Hamaguchi for limitation of liability to the effect that his 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 his reelection is approved, such contract is planned to be continued.

(ii) The Company plans to enter into a contract with Mr. Jun Hamano for limitation of liability to the effect that his 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.

(2) Term of office of Outside Director

Mr. Tomokazu Hamaguchi is currently Outside Director of the Company and his term of office will be two (2) years and nine (9) months at the conclusion of this 135th Ordinary General Meeting of Shareholders.

(Note) 5. The Company has registered Mr. Tomokazu Hamaguchi as Independent Director/Auditor prescribed by Tokyo Stock Exchange, Inc. and plans to continue registering him as Independent Director/Auditor if his reelection is approved.

(Note) 6. The Company plans to register Mr. Jun Hamano as Independent Director/Auditor prescribed by Tokyo Stock Exchange, Inc.

Proposal No. 4: Election of Two (2) Company Auditors

The terms of office of Company Auditors Yoichi Ninagawa and Yoshimitsu Okamoto will expire at the conclusion of this 135th Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that two (2) Company Auditors be elected.

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

The candidates for the Company Auditors are as follows.

No.	Name (Date of Birth)	Brief Personal History and Positions in the Company as Auditor		Number of Company Shares Held
1	Kunio Yukiyoshi (May 2, 1951) Newly appointed	April 1975 June 2010 April 2012 June 2012 January 2016	Entered Kuraray Co., Ltd. Executive Officer, Kuraray Co., Ltd Supervisor of Technology Division and Plants in Japan, and General Manager of Technology Division, Kuraray Co., Ltd. Director and Senior Executive Officer, Kuraray Co., Ltd. (Current position) Assistant to the President, Kuraray Co., Ltd. (Current position)	19,000
	Reasons for nomination as the candidate for Company Auditor Reasons for nominating Mr. Kunio Yukiyoshi as the candidate for Company Auditor are because, drawing on his many years of experience in serving various key roles related to production technology and plant management, etc. of the Company, he has gained broad insight in the Company's management in general. Therefore, it is expected that he can contribute to ensuring the soundness of the Company's management by providing audits from a neutral and objective perspective.			
2	Yoshimitsu Okamoto (October 21, 1948) Reappointed Outside Company Auditor Independent Company Auditor	July 1971 June 1990 January 1994 April 2001 August 2005 January 2010 June 2012 (Important Positions Concurrently Held at Other Entities) Standing Company Auditor (Outside Company Auditor), Defactostandard, Ltd.	Entered Sumitomo Bank Managing Director, Sumitomo Finance International plc, London General Manager, Business Development Department, SB Leasing Company, Limited Director and General Manager, Finance and Accounting Department, SB Auto Leasing Company Limited. Outside Company Auditor, Mazda Auto Leasing Company, Limited Standing Company Auditor (Outside Company Auditor), Goldman Sachs Asset Management Co., Ltd. Auditor, Japan Railway Construction, Transport and Technology Agency Company Auditor, Kuraray Co., Ltd (Current position)	0
	Reasons for nomination as the candidate for Company Auditor Reasons for nominating Mr. Yoshimitsu Okamoto as the candidate for Outside Company Auditor are because he has a wealth of experience at financial institutions, broad insight in management in general, as well as track records at other companies as outside auditors, and the Company believes that he is appropriate as Outside Company Auditor. No special interests exist between the Company and Defactostandard, Ltd. Mr. Yoshimitsu Okamoto is thus deemed to be sufficiently independent as Outside Company Auditor.			

(Note) 1. No special interests exist between the Company and any of the above candidates.

(Note) 2. Mr. Yoshimitsu Okamoto is a candidate for Outside Company Auditor.

(Note) 3. The Company has entered into a contract with Mr. Yoshimitsu Okamoto for limitation of liability to the effect that his 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 his reelection is approved, such contract is planned to be continued. Subject to the approval and resolution of the Proposal No. 2 "Partial Amendments to the Articles of Incorporation," the Company plans to enter into the same liability limitation contract with Mr. Kunio Yukiyoshi.

(Note) 4. Mr. Yoshimitsu Okamoto is currently Outside Company Auditor of the Company and his term of office will be three (3) years and nine (9) months at the conclusion of this 135th Ordinary General Meeting of Shareholders.

(Note) 5. The Company has registered Mr. Yoshimitsu Okamoto as Independent Director/Auditor prescribed by Tokyo Stock Exchange, Inc. and plans to continue registering him as Independent Director/Auditor if his reelection is approved.