

April 27, 2011
Kuraray Co., Ltd.

Notice Concerning the Board of Directors' Resolution for the Issuance of Share Purchase Warrants

Kuraray Co., Ltd. today announced that it passed a resolution at a Board of Directors' meeting held on April 27, 2011 to determine the procedure for the offering and issuance of share purchase warrants to its directors and executive officers. Details are provided as follows in accordance with the rules stipulated in Article 238-1, 238-2 and 240-1 of the Corporation Law.

I. Reason for Offering Share Purchase Warrants as Stock Options

In line with the abolition of the retirement benefit system for Company executives, Kuraray is introducing an alternative system for issuing share purchase warrants in the form of stock options as remuneration to directors and executive officers. The purpose of this system is to improve the Company's performance by raising motivation and morale among directors and executive officers. As a consequence of this new system, Kuraray will issue stock options (share purchase warrants).

II. Items Pertaining to the Offering of Share Purchase Warrants

1. Name of share purchase warrants to be offered

Kuraray Co. Ltd. Share Purchase Warrants issued in May 2011

2. Parties eligible for allotment (hereinafter "Rights Holders") and number of allotted share purchase warrants

Rights Holder	Number of Rights Holders	Number of allotted share purchase warrants
Directors of Kuraray Co., Ltd.	10	123*1
Executive Officers of Kuraray Co., Ltd.*2	14	56

(*1 including the number of units allotted to directors who concurrently serve as executive officers as the executive officers' portion)

(*2excluding those who concurrently serve as directors or work overseas)

3. Total number of allotted share purchase warrants

179 units (the number of shares to be granted per share purchase warrant is 500)

The aforementioned number is a forecast as of the date of the Board of Directors' meeting wherein the resolution was passed. The total number of share purchase warrants to be allotted to directors is to be impartially calculated based upon share prices on the allotment date and may be adjusted or decreased to agree with the Company's annual cap for such allotments of ¥90 million as approved by the resolution of the ordinary general meeting of shareholders.

4. Calculation method of the amount to be paid for share purchase warrants

The amount to be paid for share purchase warrants shall be fairly calculated in accordance with the Black-Scholes Model on the allotment date for relevant share purchase warrants with the proviso that the amount payable by each Rights Holder shall be offset by the Rights Holder's compensation receivable from the Company (an amount equivalent to the aforementioned amount payable), which will be granted on the condition of the Right Holder's subscription to the purchase of share purchase warrants on the allotment date of share purchase warrants.

5. Allotment date of share purchase warrants to be offered

May 19, 2011

6. Details of share purchase warrants

(1) Type and number of shares to be issued upon the exercise of share purchase warrants

The type of shares to be issued upon exercise of share purchase warrants shall be shares of common stock of the Company, and the number of shares to be issued upon the exercise of share purchase warrants shall be 89,500. In the event of the Company's division or consolidation of shares, the number of

allotted shares shall be adjusted in accordance with the formula below provided that such adjustment shall also be made to share purchase warrants remaining unexercised as of the allotment date and that any fractional shares less than one (1) share arising out of such adjustment shall be omitted.

Number of corresponding shares after adjustment = Number of corresponding shares before adjustment x Stock split or reverse stock split ratio

In the event the Company is involved in a merger, corporate spin-off, share exchange or share transfer (hereinafter collectively “Merger and Other Events”); implements the gratis allotment of share purchase warrants; or engages in any other activity that entails an adjustment in the number of shares offered, the Company shall adjust the relevant number of shares in a rational manner, giving due consideration to conditions pertaining to gratis allotment, such as Merger and Other Events.

(2) Amount to be contributed upon the exercise of share purchase warrants to be offered (“Exercising Amount”)

The investment for the exercise of share purchase warrants shall be made in the form of cash and the amount calculated by setting the amount to be paid for one (1) share upon the exercise of each share purchase warrant at one (1) yen. This amount shall be multiplied by the number of shares to be issued.

(3) Exercise period of share purchase warrants to be offered

From May 19, 2011 to May 18, 2026. Because the final day of the exercise period falls on a holiday, it shall be shifted to the working day immediately preceding that day.

(4) Matters concerning capital or capital reserves to be increased when shares are issued upon the exercise of share purchase warrants to be offered

- (a) The amount of capital to be increased when shares are issued upon the exercise of share purchase warrants shall be half the limit of capital increase as calculated in accordance with Article 17, Paragraph 1, of the Corporate Accounting Rules, and any fraction of less than one (1) yen resulting from that calculation shall be rounded up to the nearest whole yen.

- (b) The amount of capital reserve to be increased when shares are issued upon the exercise of share purchase warrants shall be the amount of the limit of capital increase described in (a) above, less the amount of capital to be increased as set out in (a) above.

(5) Conditions for exercise of share purchase warrants

- (a) The Rights Holder may exercise the right only on or within the 10 days immediately following the date when he or she loses his or her position as both director and executive officer of the Company (hereinafter the “Commencement Date of the exercise period”).
- (b) Notwithstanding (a) above, if the Commencement Date of the exercise period of the Rights Holder does not fall on or before April 19, 2026, the Rights Holder may exercise his or her rights from the working day immediately following the last day of work through the expiration date of the period as stipulated in (3) above.
- (c) In the event of the gratis awarding of share purchase warrants due to a resolution by the general meeting of shareholders or a Board of Directors’ meeting in accordance with the conditions described in (6) below, the Rights Holder shall exercise the rights granted thereby within a period prescribed by the Board of Directors, which will not correspond with the date of the gratis awarding of share purchase warrants.
- (d) In the case of the Rights Holder’s demise, the legal heir shall exercise said Right Holder’s rights in accordance with the terms and conditions of the Allotment of Share Purchase Warrants Agreement stipulated as follows in (e).
- (e) Other terms and conditions for exercising share purchase warrants shall be prescribed in the Allotment of Share Purchase Warrants Agreement made and entered into by Kuraray and the Rights Holder.

(6) Conditions for acquiring share purchase warrants

Should it be resolved that the Company will engage in a merger, absorb another company’s division, establish a new division or company in a way that would entail the dissolution or division of its own operations, enter into a share exchange or implement a share transfer wherein it becomes a wholly owned subsidiary through the Company’s general meeting of shareholders (or

upon approval from the Company's Board of Directors' meeting when a general meeting of shareholders' resolution is not necessary), the Company may itself acquire all share purchase warrants outstanding as of the date prescribed by the Company's Board of Directors' meeting.

(7) Restriction on the transfer of share purchase warrants

The acquisition of share purchase warrants by transfer shall require approval of the Company's Board of Directors.

(8) Policy concerning the details of invalidating of share purchase warrants and the delivery of share purchase warrants of a Restructured Company undergoing Organizational Restructuring

Upon merger (limited to cases wherein the Company becomes a dissolving company), the absorption of another company's division, the establishment of a new company or division, entry into a share exchange or the implementation of a transfer of shares of the Company to another entity (hereinafter collectively referred to as "Organizational Restructuring"), the Company shall deliver share purchase warrants as per a corporation described in Article 236, Paragraph 1, Items 8.1 through 8.5 of the Corporation Law of Japan (hereinafter "Restructured Company") and in accordance with the following terms and conditions pertaining to the Rights Holders of share purchase warrants remaining unexercised immediately before the Organizational Restructuring takes effect (hereinafter "Remaining Share Purchase Warrants"). In such a case, the Remaining Share Purchase Warrants shall cease to be effective and the Restructured Company shall newly issue share purchase warrants. However, the foregoing shall apply only to cases in which the delivery of share purchase warrants of the Restructured Company is in accordance with the following terms and conditions as provided for in the relevant agreements or plans pertaining to the merger, new company establishment, the absorption of another company's division, the establishment of a new company or division, entry into a share exchange or the implementation of a transfer of shares.

- (a) Number of share purchase warrants of the Restructured Company to be delivered

The Company shall deliver share purchase warrants, the number of which shall equal the number of share purchase warrants held by the Rights Holder of the Remaining Share Purchase Warrants.

- (b) Type of shares of the Restructured Company to be issued upon the exercise of share purchase warrants

Shares of common stock of the Restructured Company

- (c) Number of shares of the Restructured Company to be issued upon the exercise of share purchase warrants

To be decided upon application, *mutatis mutandis*, of item (1) above, taking into consideration the terms and conditions of the Organizational Restructuring, and so on.

- (d) Amount to be contributed upon the exercise of share purchase warrants

The amount to be contributed upon the exercise of each share purchase warrant shall be one (1) yen per share of the Restructured Company to be delivered upon the exercise of each share purchase warrant, multiplied by the number of shares of the Restructured Company issued upon the exercise of the relevant share purchase warrants as determined in accordance with (c) above.

- (e) Exercise period of share purchase warrants

From the later of the commencement dates of the exercise period of share purchase warrants as set out in item (3) above, or the day on which the Organizational Restructuring becomes effective through the expiration date of the exercise period of share purchase warrants as set out in item (3) above.

- (f) Matters concerning capital or capital reserve to be increased when shares are issued upon the exercise of share purchase warrants

To be decided by a resolution upon application, *mutatis mutandis*, of item (4) above.

- (g) Restriction on transfer of share purchase warrants

To acquire share purchase warrants by transfer shall require the approval of the Board of Directors of the Restructured Company.

(h) Conditions for acquiring share purchase warrants

To be decided by a resolution upon application, mutatis mutandis, of item (6) above.

(i) Other conditions for exercise of share purchase warrants

To be decided by a resolution upon application, mutatis mutandis, of item (5) above.

(9) Arrangement of handling of fractional shares resulting from exercise of share purchase warrants

In the event the shares to be delivered to the Rights Holder include fractional shares, such number of fractional shares shall be disregarded.