

December 25, 2009

Kuraray Co., Ltd.

Notice Concerning the Merger of a Consolidated Subsidiary Kuraray Luminas Co., Ltd.,

Kuraray Co., Ltd. has resolved at its meeting of the Board of Directors held on December 25, 2009 to merge with Kuraray Luminas Co., Ltd., a wholly-owned consolidated subsidiary developing inorganic EL (electroluminescence) materials and light-emitting elements.

As this merger is absorption of a wholly-owned subsidiary, some information and details are omitted from disclosure.

1. Purpose of the merger

Kuraray Co., Ltd. absorbs Kuraray Luminas Co., Ltd. for the purpose of accelerating development of inorganic EL technology by utilizing Kuraray's development technology and sharing information on market trends.

2. Overview of the merger

(1) Schedule of the merger

Meeting of the Board approving the merger	December 25, 2009
Conclusion of the merger agreement	December 25, 2009
Effective date of merger	February 1, 2010
Registration of merger	February 15, 2010 (scheduled)

(Note) Meetings of the respective general shareholders meetings shall not be held to approve the merger agreement because it is a merger for Kuraray Co., Ltd as stipulated in Section 3 of Article 796 of the Companies Act and a merger for Kuraray Luminas Co., Ltd. as stipulated in Section 1 of Article 784 of the Companies Act.

(2) Method of Merger

Kuraray Co., Ltd., as a surviving company, shall absorb Kuraray Luminas Co., Ltd., which will be subsequently dissolved.

(3) Details of allotment related to the merger

Not applicable.

(4) Handling of the absorbed company's share options and bonds with share options

Not applicable.

3. Overview of the companies (As of March 31, 2009)

	Surviving Company	Absorbed Company
1. Name	Kuraray Co., Ltd.	Kuraray Luminas Co., Ltd.
2. Address	1621, Sakazu, Kurashiki, Okayama	1-1-3, Otemachi, Chiyoda-ku, Tokyo
3. Representative's name and title	Fumio Ito, Representative Director and President	Toshiaki Sato, Representative Director and President
4. Field of business	Manufacture and sale of chemicals and resins, fibers and textiles, and other products	Development of inorganic EL light emitting materials and elements, and other products
5. Share capital	88,955 million yen	400 million yen
6. Date of Incorporation	June 1926	April 2006
7. Number of issued shares	382,863,000 shares	100 shares
8. End of fiscal year	March 31	March 31

9. Major shareholders and holding ratios	Japan Trustee Services Bank, Ltd. (Trust Account) 9.26% The Master Trust Bank of Japan, Ltd. (Trust Account) 7.09%	Kuraray Co., Ltd. 100%
10. Business results and financial condition (Units: millions of yen. Excluding items of special note.)		
	Kuraray Co., Ltd. (consolidated)	Kuraray Luminas Co., Ltd. (non-consolidated)
Fiscal year	Year Ended March 31, 2009	Year Ended March 31, 2009
Net assets	325,016	(1,250)
Total assets	471,874	4
Net assets per share (yen)	924.48	(12,501,871.00)
Sales	376,777	—
Operating income or operating loss	29,280	(577)
Ordinary income	26,797	(584)
Net income	12,984	(585)
Net income per share (yen)	37.29	(5,856,677.48)

(Note) The surviving company is subject to regulations on consolidated dividends.

#### 4. Circumstances after the merger

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| (1) Trade name:                          | Kuraray Co., Ltd.   |
| (2) Field of businesses:                 | Manufacture and sale of chemicals and resins, fibers and textiles, and other products         |
| (3) Head office address:                 | 1621, Sakazu, Kurashiki, Okayama  |
| (4) Representative's name and title:     | Fumio Ito, Representative Director and President  |
| (5) Share Capital:                       | 88,955 million yen  |
| (6) End of fiscal year:                  | March 31  |
| (7) Effect of the merger on performance: | The merger will have only a minimal effect on both consolidated and non-consolidated results. |