

June 8, 2010

Kuraray Co., Ltd.

**Supplementary Document Regarding “Proposal No. 4: Issue of Share Purchase Warrants as Stock Options” for the 129th Ordinary General Meeting of Shareholders**

This document is intended as a supplementary explanation of “Proposal No. 4: Issue of Share Purchase Warrants as Stock Options” (the “Proposal”) in the Notice of Convocation of the 129th Ordinary General Meeting of Shareholders, which was mailed on June 2, 2010.

Kuraray Co., Ltd. (the “Company”) intends to bring the Proposal before the upcoming general meeting of shareholders for the purpose of enhancing the Company’s corporate value, by encouraging the ambition and enhancing the morale of the Group’s directors, employees, etc. toward the improvement of business performance from the same perspective as shareholders.

As noted in Reference Documents for General Meeting of Shareholders, the persons eligible to receive allotments of share purchase warrants as stock options are “Directors, Executive Officers, Advisers, Full-time Counselors and employees (including employees on contract) of the Company as well as Directors, Executive Officers, and employees of the subsidiaries of the Company,” all of whom directly participate in the Group’s management and business activities and are able to contribute to the enhancement of its corporate value. It goes without saying that no outside third parties are included among the eligible persons. Included among the eligible persons are the following two individuals – one Adviser and one Full-time Counselor – who play important roles in the management of the Company.

<Adviser (*Soudanyaku*) – Hiroto Matsuo>

Since joining the Company in 1958, Mr. Matsuo has broadly participated in management as head of the textiles and chemical products businesses. He assumed the post of President in 1993, became Chairman in 2000, and Adviser in 2006. Mr. Matsuo currently plays an important role related to the Company’s management as a member of the Management Advisory Committee, including offering advice to the President regarding management policies, important management issues, questions of whether the President should resign, the selection of successor candidates and compensation of the President, etc.

<Full-Time Counselor (*Joukin-komon*) – Kenzo Sawada (scheduled to assume office on June 24, 2010)>

Mr. Sawada joined the Company in 1970. In addition to having worked in the core Poval and EVAL businesses, he has a wealth of overseas experience. Mr. Sawada was named an Executive Officer in 2004 and Director and Senior Executive Officer in 2008, and in April 2010 was designated as the Supervisor of Overseas Affiliated Companies. Mr. Sawada is scheduled to assume the position of Full-time Counselor on June 24, 2010. Mr. Sawada currently plays an important role in enhancing the efficient management of overseas affiliated companies and the Company and in promoting the smooth and swift implementation of overseas business strategies, and will continue in this role after assuming the position of Full-time Counselor.

The Proposal is being made to the upcoming general meeting of shareholders for the purpose of enhancing corporate value, by encouraging the ambition and enhancing the morale of Group’s directors, employees, etc. toward the improvement of business performance, to restore the profit structure that was severely damaged by the global economic crisis and to start on a path of new growth under the “GS-Twins” Medium-Term Action Plan (covering fiscal years 2009 – 2011). The Medium-Term Action Plan was formulated during the crisis triggered by the Lehman Brothers bankruptcy and numerical targets were not initially included, but given the improvement made to the profit structure in fiscal 2009, a new target of ¥50 billion in operating income for fiscal 2011 was included in the Business Results for the Year Ended March 31, 2010, released on April 30, 2010. The stock options are therefore being granted in the expectation that all persons involved in the Group’s operations will work together for the enhancement of its corporate value from the same perspective as shareholders, and endeavor to achieve this target.

It would be greatly appreciated if you could give full consideration to this matter.

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