

May 10, 2006

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Notice Concerning Amendments to the Company's Articles of Incorporation

-This English version is intended for translation purposes only and has no legal effect.
Kuraray Co., Ltd. ("Kuraray" or "the Company") resolved at a meeting of its Board of Directors today (May 10, 2006) to amend the Company's Articles of Incorporation. A proposal will be placed on the agenda of its 125th Annual General Meeting of Shareholders to be held on June 28, 2006. Brief details are as follows.

1. Amendment 1: Amendments in line with the Implementation of the New Corporation Law

Reasons for the Amendments

- (1) Notwithstanding the content of the Company's existing Articles of Incorporation, Kuraray shall add new provisions that clearly identify the establishment of organizations / positions (Article 4), authority for stock certificate issuance (Article 7) and the appointment of a shareholders' register administrator (Article 12, Paragraph 1) in accordance with the implementation of the "Law Concerning Maintenance of Relevant Laws in relation to Implementation of the Corporation Law,"
- (2) Kuraray shall also add new provisions permissible under the new Corporation Law relating to:
 - (a) Restrictions on the execution of shareholder rights excluding economic gain from the Company by shareholders of less than one unit (*tangen*) shares for the purpose of enhancing administrative efficiency (Article 10 — newly revised).
 - (b) The establishment of standards relating to disclosure on the Internet of reference material for General Meetings of Shareholders (Article 17 — newly revised). Under the new

- Corporation Law, reference material for General Meetings of Shareholders disclosed on the Internet is deemed to constitute sufficient and adequate disclosure.
- (c) Resolutions by the Board of Directors (Article 25 — newly revised). In an effort to enhance flexible management, unanimous written or confirmation by electromagnetic recording media of a proposal by directors shall be deemed to constitute a resolution by the Board of Director.
 - (d) Agreements on the limited liability of outside corporate auditors (Article 35 — newly revised) for the purpose of securing capable candidates.
- (3) In addition to the aforementioned new provision, Kuraray shall also review and amend existing provisions in accordance with the implementation of the Corporation Law relating to:
- (a) The method of public notices (Article 5 — newly revised). Currently, public notices are provided through the Nihon Keizai Shimbun. Under the revised provision, the Company shall make its public notices electronically in an effort to enhance efficiency and increase the circulation base.
 - (b) Qualification to existing Article 5 relating to the reduction of the number of authorized shares due to cancellation (Article 6 — newly revised). This qualification shall be deleted pursuant to the Corporation Law.
 - (c) Location of General Meetings of Shareholders (Article 14 Paragraph 2 — newly revised). Currently, the location for the Company's General Meeting of Shareholders is restricted to specified cities and wards. Kuraray shall propose specified prefectures and cities.
 - (d) Conditions in connection with the exercise of voting rights by proxy (Article 19 — newly revised). Under the previous law, the number of proxies attending a General Meeting of Shareholders could be limited to one person. Following implementation of the Corporate Law , however, the number of proxies is to be determined by each company .Accordingly, Kuraray shall limit the number of proxies to one person ,and establish proxy verification methods.
- (4) Other amendments including deletion of unnecessary Articles, correction of wordings and change of numberings as a result of the addition or removal of Articles are also proposed in accordance with the implementation of the Corporation Law.

[Amendment Details]

Please refer to attachment 1.

2. Amendment 2: Increase in the Allowable Number of Issued Shares ***Reasons for the Amendment***

As of the date of this notice, the Company's total number of authorized shares is 700,000,000 shares. The number of shares currently issued and outstanding amounts to 380,000,000-odd shares.

The Kuraray Group formulated a 10-Year Corporate Vision to indicate its long-term direction and its new GS-21 medium-term business plan, a three-year plan from fiscal 2006 to fiscal 2008, which commenced in April 2006. Guided by this plan and vision, the Group is actively pursuing capital expenditure, business collaboration and M&A with the aim of achieving net sales of ¥1 trillion. Given the demand for funds during this period, Kuraray is committed to enhancing agility in its funds procurement and capital strategies while at the same time maintaining flexibility to changes in its operating environment and enhancing its corporate value. In this context, the Company will propose an increased in the allowable number of issued shares to one billion shares.

Furthermore, an increase in the allowable number of issued shares may result in providing additional alternatives to the Company in the event of a hostile takeover that would damage its corporate value.

[Amendment Details]

Please refer to attachment 2.

3. Schedule

Date of the General Meeting of Shareholders to consider proposed amendments to the Company's Articles of Incorporation: June 28, 2006 (Wednesday)

Effective date of the amendments to the Company's Articles of Incorporation: June 28, 2006 (Wednesday)

Attachment 1: Amendments in line with the Implementation of the New Corporation Law (Amended sections are underlined)

Present Articles of Incorporation	Proposed Amendments
<p>Chapter 1: General Rules</p> <p>(Trade Name) Article 1 (Omitted)</p> <p>(Purpose) Article 2 (Omitted)</p> <p>(Location of Principal Office) Article 3 (Omitted)</p> <p style="text-align: center;">(New)</p> <p>(Method of Public Notice) Article 4 <u>Public notices given by the Company shall be carried in the Nihon Keizai Shimbun.</u></p> <p>Chapter 2: Shares (Number of Authorized Shares) Article 5 <u>The total number of shares authorized to be issued by the Company shall be seven hundred million (700,000,000). If any issued shares are canceled, the corresponding number of authorized shares shall be reduced.</u></p> <p style="text-align: center;">(New)</p> <p>(Acquisition of Treasury Stock) Article 6 In accordance with <u>Article 211.3 Paragraph 1.2 of the Commercial Code of Japan</u>, the Company shall be allowed to <u>purchase treasury stock after a resolution of the Board of Directors.</u></p> <p>(The Number of Shares per Unit (<i>tangen</i>) and the Non Issuance of Share Certificates of less than One Unit (<i>tangen</i>) Article 7 The number of <u>shares per unit (<i>tangen</i>)</u> of the Company shall be five hundred (500) shares. The Company shall not issue share certificates for less than one unit (<i>tangen</i>) (hereinafter</p>	<p>Chapter 1: General Rules</p> <p>(Trade Name) Article 1 (Unchanged)</p> <p>(Purpose) Article 2 (Unchanged)</p> <p>(Location of Principal Office) Article 3 (Unchanged)</p> <p><u>(Organizations / Positions)</u> <u>Article 4</u> <u>The Company shall establish the following organizations:</u> (1) <u>Board of Directors</u> (2) <u>Auditor</u> (3) <u>Board of Auditors</u> (4) <u>Accounting Auditor</u></p> <p>(Method of Public Notice) Article 5 <u>The Company shall make its public notices electronically. However, in the event that public notices cannot be made electronically due to an accident or some other unavoidable circumstance, public notices shall be carried in the Nihon Keizai Shimbun.</u></p> <p>Chapter 2: Shares (Allowable Number of Issued Shares) Article 6 <u>The total number of shares that can be issued by the Company shall be seven hundred million (700,000,000) shares.</u> (Qualification deleted)</p> <p><u>(Stock Certificate Issuance)</u> <u>Article 7</u> <u>The Company shall be allowed to issue stock certificates.</u></p> <p>(Acquisition of Company Shares) Article 8 In accordance with <u>Article 165.2 of the Corporation Law</u>, the Company shall be allowed to <u>acquire its own shares through a resolution of the Board of Directors.</u></p> <p>(The Number of One Unit (<i>tangen</i>) Shares and the Non Issuance of Share Certificates of less than One Unit (<i>tangen</i>) Article 9 The number of <u>one unit (<i>tangen</i>) shares</u> of the Company shall be five hundred (500) shares. <u>2. Regardless of the stipulation in Article 7, the Company shall not issue share certificates for</u></p>

<p>“fractional unit”). However, doing so is not prohibited by the Rules Concerning the Handling of Shares.</p> <p>(New)</p>	<p>less than <u>one unit (<i>tangen</i>) shares</u> (hereinafter “fractional unit”). However, doing so is not prohibited by the Rules Concerning the Handling of Shares.</p> <p><u>(Rights of Holders of Fractional Unit Shares)</u></p> <p><u>Article 10</u></p> <p><u> Holders of shares in the Company less than one unit (<i>tangen</i>) shares (including beneficiary shareholders) shall only be allowed to exercise the following rights:</u></p> <ol style="list-style-type: none"> <u>(1) Rights stipulated in Article 189.2 of the Corporation Law.</u> <u>(2) Right to receive an allotment of offered shares and the right to receive an allotment of share subscription rights according to the number of shares held, and</u> <u>(3) Right to make a request in accordance with the following condition.</u>
<p><u>(Record Date)</u></p> <p><u>Article 8</u></p> <p><u>The Company shall deem shareholders who have voting rights and whose names are registered or recorded in the register of shareholders as of the Company’s fiscal year-end to be shareholders entitled to exercise shareholders’ rights at the Annual General Meeting of Shareholders.</u></p> <p><u>In addition to the preceding and other than stipulated in the Articles of Incorporation, whenever necessary, the Company may, upon giving prior public notice, deem the shareholders or pledges whose names are registered or recorded in the register of shareholders as of a certain fixed date to be shareholders or pledges entitled to exercise their rights.</u></p>	<p>(Deleted)</p>
<p><u>(Make-Up Purchase of Fractional Unit Shares)</u></p> <p><u>Article 9</u></p> <p><u>Any shareholder who has a fractional unit of shares of the Company is entitled to request the Company to sell to the shareholder such an amount of shares that would make the total of the shares sold and the fractional unit of shares equal <u>one unit (<i>tangen</i>) of shares.</u></u></p>	<p><u>(Make-Up Purchase of Fractional Unit Shares)</u></p> <p><u>Article 11</u></p> <p><u>Any shareholder who has a fractional unit of shares of the Company is entitled to request the Company to sell to the shareholder such an amount of shares that would make the total of the shares sold and the fractional unit of shares equal <u>one unit (<i>tangen</i>) shares.</u></u></p>
<p><u>(Transfer Agent)</u></p> <p><u>Article 10</u></p> <p><u>The Company shall appoint a transfer agent for the transfer of the Company’s shares.</u></p> <p><u>The transfer agent and its business office shall be determined after a resolution of the Board of Directors and shall be announced by public notice.</u></p> <p><u>The shareholders’ list and the registration list of lost shares shall be kept in the business office of the transfer agent. The Company shall require the transfer agent to handle all proceedings relating to the registration of transfer of shares, repurchase or sale of fractional unit shares and other stock-related</u></p>	<p><u>Shareholders’ Register Administrator</u></p> <p><u>Article 12</u></p> <p><u>The Company shall appoint an administrator of the shareholders’ register.</u></p> <ol style="list-style-type: none"> <u>2. The administrator of the shareholders’ register and its business office shall be determined by a resolution of the Board of Directors and announced by public notice.</u> <u>3. The establishment and maintenance of the shareholders’ register (including beneficiary shareholders), share subscription rights register and lost shares register shall be entrusted to the administrator of the shareholders’ register.</u>

<p><u>matters.</u></p> <p>(Rules Concerning the Handling of Shares) Article <u>11</u> In addition to the items outlined in this chapter, the class of the Company's share certificates, <u>registration of transfer of shares</u>, repurchase and sale of fractional units if shares and other stock-related matters shall be governed by rules concerning the handling of shares established by a resolution of the Board of Directors.</p> <p>Chapter 3: General Meeting of Shareholders</p> <p>(Convening a General Meeting of Shareholders) Article <u>12</u> The Annual General Meeting of Shareholders shall be held in June each year. An Extraordinary General Meeting of Shareholders may be held at any time deemed necessary. 2. General meeting of shareholders may be held at <u>the Company's principal office, in the city of Osaka, Chuo ward in Tokyo or in adjoining areas.</u></p> <p>(New)</p> <p>(Chairman of General Meetings of Shareholders) Article <u>13</u> The President <u>shall act as chairman</u> of any General Meeting of Shareholders. In the event the President is unable to act as Chairman, one of the other directors in order of priority predetermined by a resolution of the Board of Directors <u>shall act as chairman</u> of such a meeting.</p> <p>(New)</p> <p>(Methods for Making Resolutions) Article <u>14</u> <u>Normal</u> resolutions at General Meetings of Shareholders shall be adopted by a majority of the votes of <u>shareholders</u> present.</p>	<p>(Rules Concerning the Handling of Shares) Article <u>13</u> In addition to the items outlined in this chapter, the class of the Company's share certificates, <u>changes in items recorded in the shareholders' register</u>, repurchase and sale of fractional units if shares and other stock-related matters shall be governed by rules concerning the handling of shares established by a resolution of the Board of Directors.</p> <p>Chapter 3: General Meeting of Shareholders</p> <p>(Convening a General Meeting of Shareholders) Article <u>14</u> (Unchanged)</p> <p>2. General meeting of shareholders may be held <u>in Osaka, Tokyo or Okayama Prefecture.</u></p> <p>(<u>Base Date for the Annual General Meeting of Shareholders</u>) Article <u>15</u> <u>The base date for voting right eligibility at the Annual General Meeting of Shareholders is March 31 each year.</u></p> <p>(<u>Convener</u> and Chairman of General Meetings of Shareholders) Article <u>16</u> The President <u>shall convene</u> any General Meeting of Shareholders and shall act as chairman. 2. In the event the President is unable <u>to convene</u> and act as Chairman, one of the other directors in order of priority predetermined by a resolution of the Board of Directors <u>shall convene</u> and shall act as chairman of such a meeting.</p> <p>(<u>Provision of Shareholders' Meeting Reference Material on the Internet</u>) Article <u>17</u> <u>When convening a General Meeting of Shareholders, the Company shall use the Internet to provide shareholders with information regarding those items that must be contained in the General Meeting of Shareholders documents, business reports, account statements and consolidated account statements in accordance with the relevant Ministry of Justice ordinance.</u></p> <p>(Methods for Making Resolutions) Article <u>18</u> <u>Unless otherwise provided by law or ordinance or these Articles of Incorporation, resolutions</u></p>
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<p>Pursuant to the regulations set forth in <u>Article 343 of the Commercial Code of Japan</u>, <u>special resolutions</u> of General Meetings of Shareholders shall be adopted by a two-thirds or greater vote of shareholders, provided that one-third or more of the <u>total shareholders</u> are in attendance.</p> <p>(Exercising Voting Right by Proxy) Article <u>15</u> The shareholder may exercise his or her voting right at any General Meeting of Shareholders through a legal proxy, who shall be <u>another</u> shareholder having a voting right of the Company.</p> <p>(Minutes) Article <u>16</u> <u>The proceedings at each Shareholder Meeting shall be recorded in the minutes, which shall bear the name and seal of the chairman and directors present and shall be kept accordingly.</u></p> <p>Chapter 4: Directors and Board of Directors</p> <p>(Number of Directors) Article <u>17</u> The number of directors shall not exceed ten (10).</p> <p>(Election) Article <u>18</u> All directors shall be elected at the General Meeting of Shareholders. For the election of directors, <u>shareholders holding one-third or more of the shares</u> of the total number of voting rights shall be present and resolutions shall be adopted by a majority of the votes of shareholders present. Cumulative voting shall not be used for the election of directors.</p> <p>(Term of Office) Article <u>19</u> The term of office for directors shall expire at the close of the Annual General Meeting of Shareholders <u>for the last closing of accounts</u> within one (1) year <u>after the assumption of office.</u></p> <p>(Compensation) Article <u>20</u> Compensation paid to directors shall be <u>determined after</u> a resolution at the General Meeting of Shareholders.</p>	<p>of General Meetings of Shareholders shall be adopted based on a majority vote of the shareholders <u>with voting rights</u> present at the meeting.</p> <p>2. Pursuant to the regulations set forth in <u>Article 309 Paragraph 2 of the Corporation Law</u>, resolutions General Meetings of Shareholders shall be adopted by a two-thirds or greater vote of shareholders <u>with voting rights</u>, provided that one-third or more of total shareholders <u>with voting rights</u> are in attendance.</p> <p>(Exercising Voting Right by Proxy) Article <u>19</u> <u>A</u> shareholder may exercise his or her voting right through a legal proxy, who shall be <u>one (1)</u> other shareholder in the Company. <u>2. In this case, a document certifying the authority to vote as a proxy for another shareholder must be submitted by the shareholder or proxy to the Company prior to each General Meeting of Shareholders.</u></p> <p>(Deleted)</p> <p>Chapter 4: Directors and Board of Directors</p> <p>(Number of Directors) Article <u>20</u> (Unchanged)</p> <p>(Election) Article <u>21</u> All directors shall be elected at the General Meeting of Shareholders. Directors shall be selected by a majority vote of shareholders with voting rights, provided that <u>at least one-third of the total shareholders with voting rights</u> are in attendance. 2. Cumulative voting shall not be used for the election of directors.</p> <p>(Term of Office) Article <u>22</u> The term of office for directors shall expire at the close of the Annual General Meeting of Shareholders <u>for the end of the business year that falls</u> within one (1) year <u>after the selection of the director.</u></p> <p>(Compensation <u>and Other Benefits</u>) Article <u>23</u> Compensation paid to directors shall <u>consist of bonuses and other benefits from the Company in consideration of the execution of duties</u> (hereinafter referred to as “compensation”) and <u>determined by</u> a resolution at the General Meeting of Shareholders.</p>
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<p>(Notification of Board of Directors' Meetings) Article <u>21</u> A notice of a Board of Directors' Meeting shall be sent to each director and auditor at least three (3) days prior to the meeting. However, <u>this</u> can be reduced in the event of emergency.</p> <p style="text-align: center;">(New)</p>	<p>(Notification of Board of Directors' Meetings) Article <u>24</u> A notice of a Board of Directors' Meeting shall be sent to each director and auditor at least three (3) days prior to the meeting. However, this <u>period</u> can be reduced in the event of emergency.</p> <p><u>(Resolutions of the Board of Directors without Meetings)</u> Article <u>25</u> <u>Matters that require resolution at a meeting of the Board of Directors may be resolved without holding a meeting if all directors who are entitled to vote for the resolution express unanimitously in writing or in electromagnetic recording media their consent or approval on such matters and there is no objection from auditors> in this event, such unanimous consent or approval shall be deemed as if a resolution was effectively adopted at a meeting of the Board of Directors.</u></p>
<p>(Regulations of the Board of Directors) Article <u>22</u> Matters concerning the Board of Directors shall be dealt with in compliance with the rules determined by the Board of Directors, unless otherwise provided for by laws or ordinances or these Articles of Incorporation.</p>	<p>(Regulations of the Board of Directors) Article <u>26</u> (Unchanged)</p>
<p>(Representative Director) Article <u>23</u> The Company shall select a representative director by a resolution of the Board of Directors.</p>	<p>(Representative Director) Article <u>27</u> The Company shall select a representative director <u>from among its directors</u> by a resolution of the Board of Directors.</p>
<p>(Directors with Special Titles) Article <u>24</u> <u>Following</u> a resolution by the Board of Directors, the Company may <u>appoint</u> one (1) Chairman of the Board, one (1) President and one (1) or more Vice Chairmans, Vice Presidents, Senior Managing Directors and Managing Directors from among the Company's directors.</p>	<p>(Directors with Special Titles) Article <u>28</u> <u>Pursuant to</u> a resolution by the Board of Directors, the Company may <u>select</u> one (1) Chairman of the Board, one (1) President and one (1) or more Vice Chairmans, Vice Presidents, Senior Managing Directors and Managing Directors from among the Company's directors.</p>
<p>Chapter 5: Auditors and the Board of Auditors</p>	<p>Chapter 5: Auditors and the Board of Auditors</p>
<p>(Number of Auditors) Article <u>25</u> The number of auditors shall not exceed five (5).</p>	<p>(Number of Auditors) Article <u>29</u> (Unchanged)</p>
<p>(Election) Article <u>26</u> All auditors shall be elected at the General Meeting of Shareholders. For the election of auditors, <u>shareholders holding one-third or more of the shares</u> of the total number of voting rights shall be present and resolutions shall be adopted by a majority of the votes of</p>	<p>(Election) Article <u>30</u> All auditors shall be elected at the General Meeting of Shareholders. Auditors shall be selected by a majority vote of shareholders with voting rights, provided that <u>at least one-third of the total shareholders with voting rights</u> are in attendance.</p>

<p>shareholders present.</p> <p>(Term of Office) Article <u>27</u> The term of office for auditors shall expire at the close of the Annual General Meeting of Shareholders <u>for the last closing of accounts within four (4) years after the assumption of office.</u></p> <p>(Compensation) Article <u>28</u> <u>Compensation</u> paid to auditors shall be determined by a resolution at the General Meeting of Shareholders.</p> <p>(Notification of Board of Auditors' Meetings) Article <u>29</u> A notice of a Board of Directors' Meeting shall be sent to each auditor at least three (3) days prior to the meeting. However, <u>this</u> can be reduced in the event of emergency.</p> <p>(Regulations of the Board of Auditors) Article <u>30</u> Matters concerning the Board of Auditors shall be dealt with in compliance with the rules determined by the Board of Auditors, unless otherwise provided for by laws or ordinances or these Articles of Incorporation.</p> <p style="text-align: center;">(New)</p> <p>Chapter 6: Accounting</p> <p>(Business Term) Article <u>31</u> <u>The business term of the Company shall end on March 31 annually.</u></p> <p>(Dividends) Article <u>32</u> <u>Dividends shall be paid to those shareholders or registered pledges noted or recorded in the shareholders' list as of the closing date of each accounting term.</u></p> <p>(Interim Dividends) Article <u>33</u> Following a resolution of the Board of Directors, the Company may pay an interim dividend (distribute money under Article 293.5 of the Commercial Code of Japan) to</p>	<p>(Term of Office) Article <u>31</u> The term of office for auditors shall expire at the close of the Annual General Meeting of Shareholders <u>for the end of the business year that falls within four (4) years after the selection of the auditor.</u></p> <p>(Compensation and Other Benefits) Article <u>32</u> <u>Compensation and other benefits</u> paid to auditors shall be determined by a resolution at the General Meeting of Shareholders.</p> <p>(Notification of Board of Auditors' Meetings) Article <u>33</u> A notice of a Board of Auditors' Meeting shall be sent to each auditor at least three (3) days prior to the meeting. However, <u>this period</u> can be reduced in the event of emergency.</p> <p>(Regulations of the Board of Auditors) Article <u>34</u> (Unchanged)</p> <p>(<u>Agreements on Limitations for the Liability of Outside Auditors</u>) Article <u>35</u> <u>In accordance with Article 427 paragraph 1 of the Corporation Law, the Company may enter into agreements with outside auditors to limit their liability for damages caused by negligence in executing their duties. However, liabilities for damages based on this agreement will be the amount stipulated by law.</u></p> <p>Chapter 6: Accounting</p> <p>(Business Year) Article <u>36</u> <u>The business year for the Company is the one year period from April 1 to March 31 of the following year.</u></p> <p>(Base Date for Dividends) Article <u>37</u> <u>The base date for the Company's year-end dividend is March 31 each year, determined by a resolution of the Board of Directors</u></p> <p>(Interim Dividends) Article <u>38</u> <u>Based on</u> a resolution of the Board of Directors, the Company may distribute an interim dividend <u>with a base date</u> of September 30 each year.</p>
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<p>shareholders or registered pledges noted or recorded in the shareholders' list as of September 30, each year.</p> <p>(Limitation Period for the Payment of Dividends) Article <u>34</u></p> <p>The Company shall be exempted from the liability to pay <u>dividends</u> if and when said dividends remain unclaimed after three (3) years from the date on which such dividends were declared and became due and payable.</p>	<p>(Limitation Period for the Payment of Dividends) Article <u>39</u></p> <p>The Company shall be exempted from the liability to pay dividends if and when <u>dividends payable in the form of cash</u> remain unclaimed after three (3) years from the date on which such dividends were declared and became due and payable.</p>
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Attachment 2: Amendment to the Allowable Number of Issued Shares
(Amended sections are underlined)

Present Articles of Incorporation (Note)	Proposed Amendments
<p>(Allowable Number of Issued Shares) Article 6</p> <p>The total number of shares that can be issued by the Company shall be <u>seven hundred million (700,000,000) shares.</u></p>	<p>(Allowable Number of Issued Shares) Article 6</p> <p>The total number of shares that can be issued by the Company shall be <u>one billion (1,000,000,000) shares.</u></p>

Note: The wording for Article 6 is subject to approval of the amendment to the Company's Articles of Incorporation in accordance with the implementation of the Corporation Law outline in Attachment 1.