

January 28, 2011

Company Name: Kuraray Co., Ltd.  
Representative: Fumio Ito, Representative Director and President  
Securities Code No.: 3405  
Listings: First Section, Tokyo Stock Exchange  
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**Notice Concerning Taking over a part of  
a Consolidated Subsidiary's Business**

Kuraray announces its decision to take over a part of the business that will be separated from its wholly owned consolidated subsidiary, Kuraray Medical Inc. (hereinafter "Kuraray Medical"), as of April 1, 2011.

**1. Reasons for the Separation**

To enhance Kuraray Medical's flexibility and competitiveness as an operating company specializing in the dental materials business, Kuraray will take over all of Kuraray Medical's assets, liabilities, rights and obligations (including those related to Kuraray Medical's artificial bone graft business), except for those related to dental materials.

**2. Overview of Separation**

**(1) Separation schedule**

Board of Directors' Meeting to approve the separation agreement	January 28, 2011
Execution of the separation agreement	January 28, 2011
Date of separation (effective date)	April 1, 2011

\* Pursuant to the relevant provisions of Companies Act, the separation will be carried out without the approval of the General Meeting of Shareholders of either company.

**(2) Method of the separation**

Kuraray Medical will separate a part of its business and Kuraray will take over a part of the business.

**(3) Allocation of shares**

Since Kuraray Medical is wholly owned subsidiary of Kuraray, there will be no allocation of shares or issues of other compensation undertaken for the separation.

**(4) Treatment of Kuraray Medical's share purchase warrants or bonds with share purchase warrants**

Kuraray Medical has not issued share purchase warrants or bonds with share purchase warrants.

(5) Increase in share capital, etc

The separation does not entail a capital increase.

(6) Rights and obligations to be taken over by Kuraray

On the effective date of the separation, Kuraray shall take over those of Kuraray Medical's assets, debts and other rights and obligations relating to the separated business (including those related to Kuraray Medical's artificial bone graft business).

(7) Prospects of paying debt obligation

Kuraray believes that both companies can pay the debt obligations that will come due after the separation.

3. Overview of Kuraray and Kuraray Medical (as of March 31, 2010)

(1) Company name	Kuraray Co., Ltd.	Kuraray Medical Inc.
(2) Location	Sakazu 1621, Kurashiki City, Okayama Prefecture, 710-8622, Japan	Sakazu 1621, Kurashiki City, Okayama Prefecture, 710-8622, Japan
(3) Representative	Representative Director and President Fumio Ito	Representative Director and President Sadaaki Matsuyama
(4) Principal businesses	Manufacture and sale of chemicals and resins, fibers and textiles	Manufacture and sale of dental materials, etc.
(5) Capital	¥88,955 million	¥300 million
(6) Date established	June 24, 1926	June 21, 2001
(7) Shares issued	382,863,603	800
(8) Financial year-end	March 31	March 31
(9) Major shareholders and their holdings	Japan Trustee Service Bank, Ltd. (Trust account)8.21% The Master Trust Bank of Japan, Ltd. (Trust account): 7.21%	Kuraray Co., Ltd. 100%
(10) Net assets	¥337,818 million (consolidated)	¥6,715 million (non-consolidated)
(11) Total assets	¥502,815 million (consolidated)	¥10,677 million (non-consolidated)
(12) Net assets per share	¥961.24 (consolidated)	¥8,394,694.37 (non-consolidated)

(13) Net sales	¥332,880 million (consolidated)	¥5,898 million (non-consolidated)
(14) Operating income	¥30,451 million (consolidated)	¥692.0 million (non-consolidated)
(15) Ordinary income	¥28,925 million (consolidated)	¥681.0 million (non-consolidated)
(16) Net income	¥16,315 million (consolidated)	¥540.0 million (non-consolidated)
(17) Net income per share	¥46.86 (consolidated)	¥675,146.12 (non-consolidated)

(1) **Businesses to be taken over by Kuraray**

All of Kuraray Medical's assets, debts and other rights and obligations, excluding those related to dental materials (but including those related to Kuraray Medical's artificial bone graft business)

(2) **Results of the business to be taken over (as of March 31, 2010)**

	Fiscal year ended March 31, 2010 Separated business (a)	Fiscal year ended March 31, 2010 Kuraray (b)	Ratio (a ÷ b)
Net sales	¥0	¥332,880 million	0%

(3) **Assets and liabilities to be taken over (as of March 31, 2010)**

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	¥4,589 million	Current liabilities	¥1,145 million
Fixed assets	¥3,018 million	Fixed liabilities	¥837 million
Total	¥7,607 million	Total	¥1,982 million

4. **Status of the successor company**

(1) **Company name** KURARAY CO., LTD.

(2) **Registered office** Sakazu 1621, Kurashiki City, Okayama Prefecture 710-8622, Japan

(3) **Representative** Representative Director and President Fumio Ito

(4) **Principal business** Production and sale of chemicals and resins, fibers and textiles and other materials

(5) **Capital** ¥88.95 billion

(6) **Financial year-end** March 31

5. **Outlook**

Kuraray expects the separation to have no material effect on either its consolidated or non-consolidated performance.