

July 31, 2012

Kureha Corporation
ITOCHU Corporation
Kuraray Co., Ltd.
Innovation Network Corporation of Japan

Agreement for Capital Participation in Kureha Battery Materials Japan

Kureha Corporation (“Kureha”), ITOCHU Corporation (“Itochu”), Kuraray Co., Ltd. (“Kuraray”) and the Innovation Network Corporation of Japan (“INCJ”) have concluded an agreement intended to further accelerate the growth of Kureha Battery Materials Japan Co., Ltd. (“KBMJ”), Kureha’s subsidiary handling materials for lithium-ion batteries (“LiBs”). Under the agreement between ITOCHU, Kuraray, the INCJ (the “Strategic Partners”) and Kureha, Kuraray and the INCJ will newly acquire equity stakes in KBMJ through participation in a third-party allocation, with the four companies together investing up to ¥20.0 billion in KBMJ.

1. Background to the Capital Participation

KBMJ was jointly established by Kureha and Itochu for the manufacture and sale of CARBOTRON[®] P, a hard carbon anode material for LiBs, and for the sale of LiB binders. The company commenced business operations on October 1, 2011. In December 2011, Kureha and Kuraray agreed to jointly commercialize Biocarbotron, a hard carbon anode material for LiBs derived from plant material. In this process, Kureha and Itochu set to draw on each other’s strengths to support KBMJ as a key player in the rapidly growing field of LiBs material. To do so, the two companies determined that the addition of prestigious strategic partners would further ensure that KBMJ is uniquely positioned to play a leadership role in this exciting new industry.

The INCJ will participate as a shareholder in KBMJ for the purpose of providing fresh growth capital for Kuraray and its innovative businesses. Through this process, KBMJ will strengthen its financial position, and further accelerate growth.

2. Specifics of the Capital Participation and Use of Capital

KBMJ plans to finance up to approximately ¥14.5 billion over the next two years by issuing ordinary shares to Itochu, Kuraray and the INCJ through a third-party allocation, as well as non-voting preferred shares to the INCJ. It has also been agreed that at the same time as the third-party allocation to the Strategic Partners, Kureha will underwrite up to approximately ¥5.5 billion in ordinary shares in KBMJ. This will provide KBMJ with a combined capital financing of up to approximately ¥20.0 billion.

The capital procured by KBMJ will mainly be allocated for capital expenditures to establish a large-scale, stable global supply structure for CARBOTRON[®] P and Biocarbotron, hard carbon anode materials for LiBs.

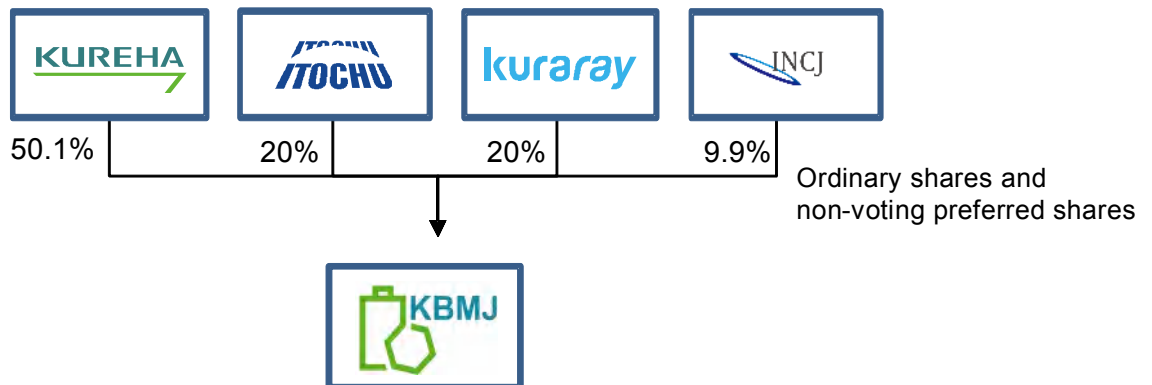
The following table shows the breakdown of the capital participation by the Strategic Partners and Kureha.

	Type of share	Maximum amount (JPY)
INCJ	Ordinary shares and non-voting preferred shares	Approx. 10.0 billion
Itochu	Ordinary shares	Approx. 2.2 billion
Kuraray	Ordinary shares	Approx. 2.2 billion
Total by Strategic Partners		Approx. 14.5 billion
Kureha	Ordinary shares	Approx. 5.5 billion
TOTAL		Approx. 20.0 billion

Total capital participation by the end of August 2012 is expected to be approximately ¥2.0 billion.

3. KBMJ Operating Structure

The ratio of voting rights between Kureha and the Strategic Partners following the capital participation is represented in the chart below. Kureha will retain the majority of voting rights in KBMJ and will manage its business operations. Representatives from the Strategic Partners will be dispatched to KBMJ's Board of Directors to establish an effective and transparent management structure.



Notes to Editors

About Kureha Battery Materials Japan (as of July 31, 2012)

Company name :	Kureha Battery Materials Japan Co., Ltd.
Headquarters :	3-3-2, Nihonbashi-Hamacho, Chuo-ku, Tokyo 103-8552
Capital :	40 million yen
Original shareholders :	Kureha 70%, Itochu 30%
Fiscal year ending :	March
Representative :	Hideo Nakatani, President & Chief Executive Officer (Senior Vice President of KUREHA in charge of Battery Materials Business Division)
Establishment :	April 5, 2011 (Operation started from October 1, 2011)

About the Innovation Network Corporation of Japan (INCJ)

The Innovation Network Corporation of Japan (INCJ) was established by law in 2009. It aims to foster the next generation of businesses through a process known as “open innovation”, meaning encouraging technology and expertise to flow beyond the boundaries imposed by existing organizational structures. It has the capacity to invest a total of ¥2 trillion and its mission is to support industrial renewal in Japan by investing in highly innovative businesses.

The INCJ is run by staff with a diverse range of experience in investment, technology and management. Investments are thoroughly vetted by the INCJ’s Innovation Network Committee to ensure they meet the standards laid out by law and established by the government

The INCJ has to date invested ¥400bn in a total of 27 projects. It conducts “hands-on” investment, developing businesses with advanced underlying technologies through its intellectual property fund, expanding the business activities of venture companies, reorganizing and consolidating businesses with core technology strengths, and encouraging overseas expansion through international acquisitions in such areas as environmental and energy-related electronics and IT, biotechnology and life sciences, and in infrastructure, for example water supply.