

February 21, 2018
Kuraray Co., Ltd.

Notice Concerning Abolition of Countermeasures (Takeover Defense) in Response to a Large-Scale Purchase of Kuraray Shares

Based on a resolution passed at the Board of Directors' meeting held on April 26, 2007, Kuraray decided to introduce countermeasures (takeover defense; the "Plan") in response to any attempted large-scale purchase of Kuraray shares. The Plan thus came into effect after the Ordinary General Meeting of Shareholders held on June 20, 2007, gave its approval. The Plan has remained in effect since then thanks to the passage of resolutions renewing it at Ordinary General Meetings of Shareholders held on June 19, 2009, June 22, 2012, and March 27, 2015.

As the Plan's expiration date is set to coincide with the closure of the upcoming Ordinary General Meeting of Shareholders scheduled for March 2018, the Company has been discussing whether or not to again renew it. Based on conclusions reached through such discussions, Kuraray hereby announces that the Company has decided to discontinue the Plan, with the Board of Directors passing a resolution to abolish it at a meeting held today.

Having defined "For people and the planet - to achieve what no one else can" as the Kuraray Group's mission, the Company has been implementing "GS-STEP", a medium-term management plan spanning the three-year period from fiscal 2015 to 2017, with the aim of expanding its core businesses and establishing global business foundations. Among its "GS-STEP" initiatives, Kuraray has made notable progress in developing its vinyl acetate business—one of its core businesses—by securing synergies with acquired operations while steadily expanding existing operations.

Kuraray has also established "Kuraray Vision 2026", a long-term vision that defines the ideals to which the Company aspires by 2026, the centennial of its founding. In line with the vision's basic policies, the Company is determined to pursue competitive superiority, expand new business fields, and enhance the comprehensive strengths of the Kuraray Group. These efforts are expected to solidify Kuraray's profit base and help it establish and strengthen its business portfolio while maximizing synergies between Group companies.

In addition, Kuraray considers securing the common interests of shareholders a matter of importance. Because of that, the Company places strong emphasis on maintaining its relationship of trust with stakeholders while employing a long-term perspective in the course of corporate activities. Kuraray is also endeavoring to strengthen its governance structure while steadily implementing management strategies for the entire Group. Kuraray believes that these initiatives will enhance its corporate value, thereby positioning it to secure greater value for shareholders as a whole.

Guided by this belief, Kuraray has engaged in careful discussions to decide whether or not to continue the Plan prior to its expiration in March 2018. Throughout these discussions, the Company gave due consideration to how corporate governance codes are being put into practice at other corporations while referring to the latest trends in takeover defense measures.

Kuraray eventually concluded that in light of recent changes in the operating environment, the Plan is no longer crucial to the Company's operations. Specifically, Kuraray believes that the tightening of regulations under the Financial Instruments and Exchange Law governing large-scale stock purchases obviates the need compelling the Company to introduce the Plan in the first place. Taking these factors into account, Kuraray decided to discontinue the Plan after its expected expiration with the closing of the upcoming Ordinary General Meeting of Shareholders scheduled for March 2018.

Regardless of the Plan's continuation or abolishment, however, Kuraray is committed to doing its utmost to enhance corporate value and shareholders' common interests. Whenever the Company identifies any large-scale purchase of Kuraray shares or an attempt to execute such purchase, it will ask the buyer to provide sufficient information so that shareholders can appropriately judge whether the large-scale purchase is acceptable. Moreover, Kuraray will disclose the opinions of its Board of Directors on this matter while allowing shareholders sufficient time to access and review necessary information before rendering judgment. Kuraray will thus take appropriate measures in connection with any large-scale purchases of its shares in accordance with the Financial Instruments and Exchange Law, the Companies Law and other relevant legal regulations.