

To Shareholders of JSR Corporation

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President and  
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JSR Corporation

### **Supplementary Explanations on the Proposal No. 6 of the 68th Ordinary General Meeting of Shareholders of JSR Corporation**

The Company proposes, in its Proposal No. 6 for the 68th Ordinary General Meeting of Shareholders to be held on June 21st, 2013 (“GMS in 2013”), to partially amend the conditions for exercising stock option rights, namely the commencement date for exercising the stock acquisition rights, granted to its Directors as remuneration in accordance with the resolution of the Proposal No. 5 for the 62nd Ordinary General Meeting of Shareholders held on June 15th, 2007 (“GMS in 2007”).

#### **Details of the Proposal No. 6 of GMS in 2013**

Changes in the commencement date on or after which the recipient of the stock acquisition rights may exercise the rights

- (1) Before amendment:  
the date following the date when the holders of stock acquisition rights serve as neither Directors nor Officers of the Company and in the event that the holders of stock acquisition rights continue to serve as Director or Officers for more than 19 years from the allotment date, the date 2 days and 19 years after the date of allotment
- (2) After amendment:  
the date whichever comes earlier of the either:
  - i) the date following the date when the holders of stock acquisition rights serve as neither Directors nor Officers of the Company or,
  - ii) the date immediately following the date 3 years after the allotment date of the stock acquisition rights in question.

Although the above is the sole purpose of the Proposal, the Company would like to provide you with, in relation to stock acquisition rights in question, supplementary information as detailed in paragraphs 1-7 below on the recipients, the maximum numbers of shares for allotment, numbers of shares allotted in the past, total number of issued shares, Company’s view on the potential dilution, the amount to be paid upon allotment and finally disclosures and references of the relevant resolutions:

#### **Supplementary Information**

##### **1. The recipients of the stock acquisition rights in question**

- (1) Directors of the Company in accordance with the resolutions of GMS in 2007
- (2) Directors of the Company and Officers of the Company, Officers being employees of the Company, in accordance with the resolution of the BOD meetings held in June every year after 2007 (“BOD meetings in June”)
- (3) Neither Outside Directors nor Corporate Auditors have been granted any stock acquisition rights.

##### **2. Maximum number of stock acquisition rights in question to be allotted to Directors and Officers of the Company**

GMS in 2007 approved annual amount for 100 million yen as the maximum amount for stock acquisition rights to be allotted to the Directors as remuneration in addition to the monthly remuneration.

Subject to the resolution of GMS in 2007, at the BOD meetings in June, the Company has resolved, among other conditions for issuance and allotment of the stock acquisition rights in question, the maximum number of the stock acquisition rights to be allotted to its Directors and Officers. In addition, at BOD meetings held in July every year after 2007 (“BOD meetings in July”), the Company has determined the specific numbers of stock acquisition rights to be allotted to Directors and Officers of the Company.

Upon the resolutions of the BOD meetings in June, and BOD meetings in July, the contents of the respective resolutions have been released in the web page of the Company as news release in Japanese Language every year since 2007.

### 3. Numbers of shares allotted to the Directors and Officers of the Company in the past

464,700 shares have been allotted by way of stock acquisition rights in the past 6 years after GMS in 2007 and 564,600 shares in the past 8 years from the first issuance and allotment of stock acquisition rights upon GMS approval in 2005, which respectively represent 0.20% and 0.24% of total number of issued shares of the Company (237,973,205 shares as of March 31st, 2013).

Date of Allotment	fair share price (Black Scholes option price) (JPY/share)	Number of shares allotted			
		to Directors	to Officers	annual total	total in the aggregate
2007/7/10	2,678	30,900	17,600	48,500	48,500
2008/7/15	1,657	46,600	27,300	73,900	122,400
2009/7/14	1,426	58,500	23,400	81,900	204,300
2010/7/13	1,417	61,400	22,800	84,200	288,500
2011/7/12	1,334	35,500	45,500	81,000	369,500
20112/7/10	1,114	38,200	57,000	95,200	464,700

Note : The above table is provided for the convenience of those who could not read our release in the Company’s web page on the resolutions of BOD meetings in July available in Japanese.

### 4. Total number of issued shares of the Company

The Company has used its treasury shares for the exercise of stock acquisition rights allotted to the Directors and Officers and therefore the total number of issued shares of the Company has remained unchanged other than reduction by the cancellation of its treasury shares in February 2113.

Furthermore, the Company intends to maintain the same principle of issuing shares from its treasury shares for the exercise of the stock acquisition rights in the future although the balance of the treasury shares at the end of March 2013 decreased to 515,440 shares as the Company cancelled its 17,911,961 treasury shares in February 2013.

### 5. The Company’s view on the potential dilution

Judging from the above paragraphs 2, 3 and 4, the Company is of the firm opinion that the potential dilution as a result of the exercise of stock acquisition rights in question will not cause any serious issues of dilution to the existing shareholders.

## **6. Amount to be paid upon allotment of stock acquisition rights in question**

In accordance with the resolution of the BOD meetings in June, the amount to be paid by Directors and Officers upon allotment of stock acquisition rights but to be offset by remuneration granted to them should be calculated by using Black-Scholes option model on the allotment date (“fair share price”)

## **7. Disclosures and references of the relevant resolutions for the stock acquisition rights in question**

- (1) Reference for the detailed proposals for GSM in 2007 and 2013

For the details of Proposal No. 5 for GSM in 2007

”Setting the Amount of the Directors’ Remuneration to be Granted as Stock Options”, please refer to the link below :

[http://www.jsr.co.jp/jsr\\_e/news\\_pdf/wn070525e.pdf](http://www.jsr.co.jp/jsr_e/news_pdf/wn070525e.pdf) (pages 46-48)

For the details of Proposal No. 6 for GSM in 2013

“Partial amendments to the conditions for exercising stock option rights granted to Directors as remuneration”, please refer to the link below:

[http://www.jsr.co.jp/jsr\\_e/pdf/ir/sm68th\\_e0.pdf](http://www.jsr.co.jp/jsr_e/pdf/ir/sm68th_e0.pdf) (pages 9-12)

- (2) Resolutions of BOD meetings in June and July

As mentioned in the above 2 and 3, the Company has been disclosing the contents of the resolutions of BOD meetings in June and BOD meetings in July as news release in Japanese Language at its web page since 2007.

- (3) In addition, the Company has provided the information relating to the stock acquisition rights in question in its Business Report attached to the notice of convening of GSM under the title of “Matters related to stock acquisition rights of the Company” and “Amount of remuneration for Directors and Corporate Auditors”

The Company is committed to satisfying its shareholders through improvement in business performances and increasing the value of the Company in medium to long term basis by strengthening motivation and determination of its Directors and Officers and by encouraging them to acquire more shares of the Company during the term of his/her office.

It would, therefore, appreciate your kind understanding and continuing support to the Company.