

Please note that this is the English translation of the original Notice inclusive of Appendix thereto and Reference Materials which are written in Japanese; therefore, in the event of any conflict between the Japanese original Notice inclusive of Appendix thereto and Reference Materials and this English translation, the Japanese original Notice inclusive of Appendix thereto and Reference Materials shall be controlling in all respects.

(TSE Code 4185)

May 22, 2009

Dear Shareholders,

Notice of Convening the 64th Ordinary General Meeting of Shareholders
of
JSR Corporation

We are pleased to announce the convening of the 64th Ordinary General Meeting of Shareholders of JSR Corporation as detailed below:

You are cordially invited to attend the meeting and we do hope you will be able to attend and participate.

If you are unable to attend the meeting in person, please exercise your voting rights, by returning the ballot form or via electromagnetic transmission (Internet, etc.) in accordance with the guide on the next page, after reviewing the “Reference Materials for the General Meeting of Shareholders” attached hereto and indicating your approval or disapproval for each agenda item.

Sincerely,

Mitsunobu Koshiha
President & Representative Director
JSR Corporation
5-6-10, Tsukiji, Chuo-ku, Tokyo

1. **Date and time** June 16, 2009 (Tuesday) 10:00 a.m.
2. **Venue** Conrad Tokyo
Annex 2F, “Kazanami”
1-9-1, Higashi-Shinbashi, Minato-ku, Tokyo, Japan

Please note that the venue for this General Meeting of Shareholders is different from the one we used last year.

3. Agenda

Matters to be Reported

1. Business Report, Consolidated Financial Statements, and Audit Report thereon by the Accounting Auditors and the Board of Corporate Auditors for the 64th Fiscal Term (from April 1, 2008 to March 31, 2009)
2. Financial Statements for the 64th Fiscal Term (from April 1, 2008 to March 31, 2009)

Matters to be Resolved

- Proposal 1. Appropriation of Surplus
- Proposal 2. Partial Amendments to the Articles of Incorporation
- Proposal 3. Election of 9 Directors
- Proposal 4. Election of 3 Corporate Auditors
- Proposal 5. Payment of Bonus to Directors

4. Matters related to exercising your voting rights

- (1) Participating in the General Meeting of Shareholders in person:
Please hand over the ballot form attached hereto at the reception
- (2) By Post:
Please return the ballot form attached hereto after indicating your approval or disapproval so that your ballot reaches us by 5:00 p.m. on Monday, June 15, 2009 (Japan Time).
- (3) Voting via electromagnetic transmission (Internet, etc.) :
Please exercise your voting rights via Internet by accessing our web site for online voting (<http://www.web54.net>) by 5:00 pm on Monday, June 15, 2009 (Japan Time) after reviewing the “Reminders for Exercising Voting Rights via Internet” on page 51 (of this translation).
Please note, however, the above web site for online voting is only available in the Japanese language.
- (4) Exercising your voting rights in duplicate
 - i) If you exercise your voting rights in duplicate by post and via electromagnetic transmission (Internet, etc.), we will treat the voting made via electromagnetic transmission (Internet, etc.) as the effective one
 - ii) If you exercise your voting rights via electromagnetic transmission (Internet, etc.) more than once, we will treat the last voting as the effective one.
- (5) Voting by Proxy
If you would like to exercise your voting rights by proxy, please assign another shareholder of the Company as your proxy and make such proxy submit to the Company a certificate evidencing the power to vote on your behalf.
- (6) Use of Electronic Proxy Voting Platform
If you are a shareholder among institutional investors, you may exercise your voting rights through the Electronic Proxy Voting Platform operated by ICJ Inc. as a way to exercise your voting rights.

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Notice

Should it become necessary to correct the information contained in the materials for the General Meeting of Shareholders, we will post the correction on our web site (<http://www.jsr.co.jp>).

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**(Appendix to the Notice of the 64th Ordinary General Meeting of Shareholders)**

**Business Report**

(from April 1, 2008 to March 31, 2009)

**1. Items related to Current Status of JSR Group**

**(1) Progress and Results of Business**

**Business Environment and Business Performance**

During the fiscal year ended March 31, 2009, the Japanese economy entered into an unprecedented serious recession. The economic outlook grew dim in Japan with growing uncertainties, during the first half of the year, reflecting a slowdown in export growth and a changing trend towards contraction of gross domestic product (GDP) in addition to the concern over the surge in crude oil prices. In the latter half of the year, the global financial crisis caused simultaneous collapse of global stock market and further appreciation of yen and thus adversely affected the real economy and brought drastic slowdown in global economy.

Our major user industries including those of automobile, automotive tires, paper manufacturing, semiconductors and flat panel displays, have been forced to proceed with serious production adjustment facing a steep decline in global demand starting from the latter half of the year.

Under these circumstances, during the first half of the year, JSR Group had made concerted efforts to increase prices to recover the product margins and secure availability of major raw materials with the aim of stabilizing the earnings in petrochemical businesses facing difficult business environments such as continuously soaring major raw material prices caused by steep rises in crude oil prices and restrictions on availability of raw materials due to the cutbacks in ethylene production at ethylene crackers. We also had focused our endeavor, with the aim of achieving further growth of the diversified products businesses, information electronics materials being the core products in this segment, to continuously introduce most advanced materials and expand the businesses in the global market. In the latter half of the year, upon abrupt deterioration in business environment, JSR Group has launched group-wide emergency measures to retain earnings both in petrochemicals and diversified products businesses by way of mainly reducing group-wide fixed costs. The earnings of the group, however, declined significantly due to the sizable reduction in sales resulting from the abrupt and serious decrease in demand.

As a result, JSR Group recorded, on consolidated basis, net sales of 352,502 million yen (a 13.4% decrease over the previous fiscal year), operating income of 30,347 million yen (a 49.4% decrease), ordinary profit of 31,111 million yen (a 44.5% decrease) and net profit of 13,981 million yen (a 62.2% decrease), posting decreases both in sales and profits.

**Segment Information**

**(Elastomer Businesses)**

Domestic sales volume and revenue of general-purpose synthetic rubber such as styrene butadiene rubber (SBR) and polybutadiene rubber (BR) declined from the previous fiscal year because of restrictions on raw materials supply caused by the production adjustments at the ethylene crackers as well as the steep decline in demand following production adjustment of automotive tires despite our efforts in the first half of the year to increase product prices in response to the surge in raw material prices. Sales volume and revenue of nitrile rubber (NBR), ethylene propylene rubber (EPDM), and buthyl rubber (IIR) declined from the previous fiscal year due to the sharp decrease in automobile production from the latter half of the year despite our efforts in the first half of the year to increase product prices in response to the surge in raw material prices. Exports sales volume and revenue of both general-purpose synthetic rubber and functional specialty rubber decreased from the previous fiscal year

reflecting sharp drop in production of automobiles and automotive tires.

Domestic sales volume and revenue of thermoplastic elastomers (TPE) including polybutadiene TPE and styrene butadiene TPE were lower than those of the previous fiscal year due to the decline in demand following the decrease in production of automobiles, major user industries for TPEs, in the latter half of the year despite our efforts to increase product prices in the first half of the year. Export sales volume and revenue also declined from the previous fiscal year reflecting the sharp decrease in demand for polybutadiene TPE in both Europe and Central and South America in the latter half of the year.

As for production capacity, we acquired from DOW Europe the rights to off-take 30,000 tons of S-SBR accounting for 50% of the annual production capacity of its new production line that started commercial production in March 2009. Objectives of the acquisition are to meet the medium term demand growth of solution polymerized SBR (S-SBR) for fuel-efficient and high-performance tires and to diversify supply sources of raw materials. We are determined to enhance our capabilities of supplying high-quality products and further expand our businesses on a global basis by utilizing our facilities both in Japan and Europe.

In order to retain the earnings of the businesses, we have vigorously endeavored to increase sales of high value-added products and actively pursue the E-100 project for cost reduction. In the first half of the year, we made serious efforts to increase product prices to cope with the steep rises in raw material prices and, in the latter half of the year, launched group-wide emergency measures aiming at further reduction in expenses and costs. The profits, however, were considerably lower compared with the previous fiscal year mainly due to the significant decrease in sales volume attributable to the plunge in demand.

As a result of above, consolidated net sales for Elastomer Businesses declined by 8.6% to 117,855 million yen, while operating income decreased by 28.1% to 8,026 million yen.

#### (Emulsion Businesses)

Domestic sales volume and revenue of paper coating lattices, the core products in this segment, were lower than those of the previous fiscal year due to the significant decrease in demand for coated paper from the latter half of the year despite the increase in consumption of lattices following the series of commencement of commercial operations of newly established manufacturing capacities for coated paper in the first half. Sales volume and revenue of acrylic emulsions also decreased mainly due to the decline in demand for adhesives used for construction materials and automobiles from the latter half of the year.

In order to retain the earnings of the businesses, we have vigorously endeavored to actively pursue the E-100 project for cost reduction. In the first half of the year, we made serious efforts to increase product prices to cope with the steep rises in raw material prices and, in the latter half of the year, launched group-wide emergency measures aiming at further reduction in expenses and costs. The profits declined sharply, however, compared with the previous fiscal year mainly because of the large decrease in sales volume attributable to the steep decline in demand.

As a result of the above, consolidated net sales for Emulsion Businesses declined by 13.2% to 23,432 million yen, while operating income decreased by 66.5% to 516 million yen.

#### (Plastics Businesses)

Domestic sales volume and revenue declined from the previous fiscal year due to the sharp decrease in demand for automobiles, construction materials, and consumer electronics in the latter half of the year caused by the decrease in automobile production and housing starts although sales of materials for automotive parts such as ultra-heat resistant ABS and weather-resistant AES and ASA were favorable in the first half. Export sales volume and revenue were slightly higher compared with the previous fiscal year as the increase in sales for amusement products offset the sharp decline in demand from the latter half of the year. However, the degree of increase in export sales was not large enough to cover the decrease in domestic sales. Thus, sales volume and revenue in the plastic businesses decreased from a year earlier. With regard to Techno Polymer Co., Ltd., a core company of plastics businesses of the Company, the Company changed it into a 100% owned subsidiary effective from March 31, 2009 by acquiring a 40% stake Mitsubishi Chemical Corporation had held in it and by dissolving the business alliance with them for the joint venture. We will strive to enhance our plastics businesses through faster managerial decisions and effective allocation of the resources.

In order to retain the earnings of the businesses, we have vigorously endeavored to actively pursue the E-100

project for cost reduction. In the first half of the year, we made serious efforts to increase product prices to cope with the steep rises in raw material prices and, in the latter half of the year, launched group-wide emergency measures aiming at further reduction in expenses and costs. The profits, however, declined from the previous fiscal year mainly due to the significant decrease in sales volume attributable to the plunge in demand.

As a result of the above, consolidated net sales for Plastics Businesses declined by 5.8% to 64,829 million yen while operating income decreased by 56.6% to 1,308 million yen.

#### (Diversified Products Businesses)

Among materials for semiconductors, sales of multi-layered materials showed remarkable growth thanks to demand increase and sales expansion reflecting further penetration of ArF (argon fluoride) immersion lithography. Sales of photoresists, the core products of this segment, declined from the previous fiscal year, however, because of the sharp decrease in demand resulting from poor business performances of some of the major customers in addition to the production cutbacks made at our customers as an adjustment starting from the latter half of the year. On the other hand, we established a branch office in Singapore in September 2008 as our foothold in Southeast Asia for advanced materials namely those for semiconductors. Through such efforts, we will endeavor to further enhance our competitiveness in the area of most advanced materials.

Concerning flat panel display materials, the businesses of liquid crystal display (“LCD”) materials, which initially performed well owing to the expansion of the market for PCs and TVs, have been adversely affected from the middle of the first half by decreasing demand namely for PCs as well as declining product prices caused by reduction in production and softening supply and demand balance of LCD panels. Furthermore, in the latter half of the year, significant adjustments of inventories were carried out at our user industries upon further decline in consumer spending as a result of the global recession. Under these circumstances, sales decreased from the previous fiscal year as a result of the sharp decrease in demand particularly in Japan and Taiwan.

Among optical materials, sales of optical fiber coating materials, the core products of this segment, were lower than those of the previous fiscal year as export demand, which was brisk in the first half of the year, declined in the latter half in addition to lower investment for domestic optical fiber cables. Sales of anti-reflection coating materials and protective coating materials were higher compared with the previous fiscal year as a result of increase in usage in new applications for higher end of the market in parallel with the growing trends towards TVs with higher resolution flat panel displays regardless of the plunge in demand in the latter half of the year. Sales of heat-resistant and transparent resin ARTON™ declined from the previous fiscal year, due to the decrease in demand in the latter half of the year in addition to the intensified competition in the optical film segment, major application for the material although we made a certain progress in plastic and the high-precision processing application.

In order to retain the earnings of the businesses under the growing pressures for reduction in prices of our materials reflecting the steep decline in prices of the final products at our customers end, we have vigorously endeavored to expand sales of diversified products having competitive edges and actively pursue the E-100 project for cost reduction. In the latter half of the year, we launched group-wide emergency measures aiming at further reduction in expenses and costs. The profits, however, declined considerably from the previous fiscal year mainly due to the significant decrease in sales volume attributable to the plunge in demand.

As a result of the above, consolidated net sales for Diversified Products Businesses declined by 19.6% to 146,385 million yen, while operating income decreased by 53.7% to 20,496 million yen.

## **(2) Capital Expenditure**

Major capital expenditures by JSR Group during the fiscal year included a facility for commercial production of electrolyte membranes for fuel cells and a facility for polymers for new lithography materials. Total capital expenditures were approximately 19 billion yen.

## **(3) Fund Raising**

No funds were raised through the issuing of new shares or corporate bonds during the fiscal year. At the end of the fiscal year, the total debt of JSR Group was 15,800 million yen.

#### **(4) Challenges for JSR Group companies**

JSR Group has been pursuing the new mid-term business plan called “JUMP 2010” of which objectives are to realize the goal of becoming the kind of company we like to be in the year 2010, a 4-year period business plan starting from fiscal 2007 as the final stage of the structural business reform we have been promoting since fiscal 2001. In fiscal 2008, which marked the end of the first 2-year sub-period, both sales and profits of the Company were considerably lower than those of our initial projections as unprecedented contraction in global real economy and adverse changes in business environment resulted in sharp decline in sales of both businesses of petrochemical products and diversified products although we have been vigorously launching our group wide emergency measures to retain profit and seriously endeavoring to implement “E-100”, our group wide cost reduction project.

From the fiscal year 2009 onward, the demand in our user industries such as automobiles, automotive tires, paper manufacturing, semiconductors and flat panel displays appear to remain sluggish and it may take long before the recovery.

Under these circumstances and based upon the results of the first 2-year sub-period of “JUMP 2010,” we will substantially revise our numerical targets and action plans for the latter 2-year sub-period starting from 2009 while firmly maintaining our fundamental strategies of “creating a group of future growth businesses as well as increasing earnings from both diversified and petrochemical products businesses”. We will continue our efforts to thoroughly reduce costs and reinforce competitiveness in our basic core businesses of the petrochemical products and the diversified products including semiconductor materials and flat panel display materials. As for the future growth businesses, we will accelerate commercialization of such businesses by treating them as “strategic businesses” and by enhancing organizational structures and allocating of resources.

We will swiftly pursue these policies and proceed with the management of the Company with a sense of promptness so that we could easily get back on a growth track once again when market environment recovers.

In petrochemicals products businesses, such as elastomer, emulsion, and plastics businesses, we will strive to diversify supply sources of raw materials and to globally expand the businesses of the products in which we have competitive edges as well as to reform our business structures in a manner that matches the size of the demand based upon the assumptions that it may take long before the recovery of the demand in our user industries such as automobiles, automotive tires and paper manufacturing and that part of domestic demand will further shift to overseas. As for S-SBR for fuel-efficient and high-performance tires of which demand is expected to continuously grow over a medium term we acquired the rights to off-take 30,000 tons of S-SBR from DOW Europe accounting for 50% of the annual production capacity of its new production line that started commercial production in March 2009. We are determined to further expand our businesses on global basis by utilizing production facilities both in Japan and Europe. In addition, we will make every efforts to boost earnings by drastically reforming the cost structure through reduction of fixed cost including but not limited to streamlining and consolidating production lines and considerable improvement in productivities in addition to vigorously implementing “E-100”, a group wide cost reduction project.

In diversified products businesses, information electronics materials being the core products in this segment, our major user industries such as semiconductors and flat panel displays have been forced to proceed with large scaled production adjustments in response to the serious recession from the latter half of the year. Furthermore, production at our user industries is expected to even contract in the fiscal 2009. Under these circumstances, we recognize semiconductors materials businesses and flat panel displays materials businesses as those among basic core businesses and will make our efforts to reduce costs and reinforce competitiveness of the businesses. To accomplish these challenges, we are committed to optimize the cost involved in the business to the extent justifiable by the size of the market by slashing fixed costs through restructuring of the manufacturing division and reducing expenses in the sales, administrative, and R&D divisions in addition to actively implementing the cost reduction project E-100. Furthermore, we are determined to expand the businesses by way of increasing sales in emerging Asian markets by effectively utilizing our overseas business bases in South Korea, Taiwan and Singapore and by developing and creating new materials and new markets in the peripheral segments by exploiting our most advanced technologies.

Moreover, we have defined five areas of businesses as “strategic businesses,” among our future growth businesses such as new materials for high-precision processing, environment and energy, bio and medical care,

functional chemicals, and information and telecommunications and we are determined to make every effort to accelerate commercialization of these businesses. During the first 2-year sub-period of “JUMP 2010,” we have achieved a certain fruits from our efforts mentioned above in the areas of optical films and lithium ion capacitors; the Company has completed establishing production capacity at the Yamanashi headquarter plant at JM Energy Corporation, a wholly-owned subsidiary of the Company in the lithium ion capacitor business, in November 2008 and a construction of the facility for production of hydrocarbon electrolyte films for fuel cells at its Yokkaichi Plant in February 2009. We will endeavor to accelerate commercialization of the businesses by prioritizing the allocation of the resources and by exploiting our materials and technologies of precision processing where we have competitive edges.

Furthermore, in order to materialize our objectives, we will accelerate implementation of our programs of personnel education and training to strengthen organizational skills in accordance with the policies of encouraging each of the employees to undertake self-motivated educational efforts.

The Company established its “Basic Policy on the Internal Control System” in accordance with the Corporation Law, and has been making efforts to strengthen and enforce its internal control. We have been striving for ensuring the effectiveness of internal control and further improvement through regular internal audit and examination by the Audit Office to monitor propriety and legal conformity of business conduct by each division of the Company and JSR Group.

With regard to the internal control system to ensure appropriateness of financial reporting as set out under the Financial Instruments and Exchange Law, we will continue committing ourselves to further strengthen the system through proper operation and management.

Moreover, in order to fulfill our corporate social responsibility (CSR), we have been steadily pursuing our activities for Responsible Care and corporate ethics promotions under the CSR Conference. We have further strengthened our efforts for CSR in June 2008 by broadening the responsibilities of the CSR Conference by adding 2 new committees of “Risk Management Committee” and “Social Contribution Committee” to those existing “Responsible Care Promotion Committee and “Corporate Ethics Committee” under the CSR Conference.

#### **(5) Development of Assets and Business Results**

| Category             |             | 61st Term<br>(FY 2005) | 62nd Term<br>(FY 2006) | 63rd Term<br>(FY 2007) | 64th Term<br>(FY 2008) |
|----------------------|-------------|------------------------|------------------------|------------------------|------------------------|
| Sales                | (¥ million) | 338,159                | 365,831                | 406,967                | 352,502                |
| Net profit           | (¥ million) | 30,554                 | 33,654                 | 36,994                 | 13,981                 |
| Net profit per share | (¥)         | 119.63                 | 133.10                 | 147.26                 | 56.36                  |
| Total Assets         | (¥ million) | 381,096                | 408,949                | 416,950                | 339,497                |

(Notes)

1. Both sales and net profit for the 61st Term increased with higher sales in each business.
2. Both sales and net profit for the 62nd Term increased with higher sales in both Elastomers and Diversified businesses.
3. Both sales and net profit for the 63rd Term increased with higher sales in each business.
4. Results for the 64th Term are as shown in the “Progress and Results of Businesses” in (1) above.

**(6) Principal Subsidiaries and Affiliates (as of March 31, 2009)**

1) Principal Subsidiaries

| Company Name                              | Capital         | Shareholding ratio | Main business                                                                   |
|-------------------------------------------|-----------------|--------------------|---------------------------------------------------------------------------------|
| ELASTOMIX Co., Ltd.                       | ¥415 million    | 98.5 %             | Production and sale of carbon master batches and rubber compounds               |
| Kyushu Gomu Kako Co., Ltd.                | ¥90 million     | 85 (15)            | Production and sale of carbon master batches and rubber compounds               |
| JSR AMERICA, INC.                         | US\$1,200,000   | 100                | Procurement and sale of synthetic rubber and plastics                           |
| ELASTOMIX (THAILAND) CO., LTD.            | Baht 75,000,000 | 25 (50)            | Production and sale of carbon master batches and rubber compounds               |
| ELASTOMIX (FOSHAN) CO., LTD.              | US\$3,500,000   | - (100)            | Production and sale of carbon master batches and rubber compounds               |
| Emulsion Technology Co., Ltd.             | ¥168 million    | 100                | Production and sale of latex compounds                                          |
| Techno Polymer Co., Ltd.                  | ¥3,000 million  | 100                | Production, processing and sale of plastics                                     |
| JAPAN COLORING CO., LTD.                  | ¥280 million    | 75 (25)            | Production and sale of plastics color compounds                                 |
| EXCEL TOKAI CO., LTD.                     | ¥50 million     | 100                | Production and sale of plastics extrusions                                      |
| TECHNO POLYMER HONG KONG CO., LTD.        | HK\$2,500,000   | - (100)            | Procurement and sale of plastics                                                |
| Techno Polymer (Thailand) Co., Ltd.       | Baht 8,010,000  | - (49)             | Procurement and sale of plastics                                                |
| Techno Polymer (Shanghai) Co., Ltd.       | US\$ 200,000    | - (100)            | Procurement and sale of plastics                                                |
| TECHNO POLYMER AMERICA, INC.              | US\$ 300,000    | - (100)            | Procurement and sale of plastics                                                |
| Shanghai Rainbow Color Plastics Co., Ltd. | ¥700 million    | - (60)             | Production and sale of plastics color compounds                                 |
| JSR Micro Kyushu Co., Ltd.                | ¥300 million    | 100                | Production and sale of semiconductor materials and flat panel display materials |
| JSR MICROTECH INC.                        | ¥50 million     | 100                | Production and sale of IC testing fixtures                                      |
| D-MEC LTD.                                | ¥65 million     | 100                | Sale of solid modeling systems and optically-hardened resins                    |
| JSR Optech Tsukuba Co., Ltd.              | ¥50 million     | 100                | Production, processing, and sale of optical fiber coating materials             |

| Company Name               | Capital              | Shareholding ratio | Main business                                                                                          |
|----------------------------|----------------------|--------------------|--------------------------------------------------------------------------------------------------------|
| JSR Micro N.V.             | EUR<br>11,155,000    | 100 %              | Production and sale of semiconductor materials                                                         |
| JSR Micro, Inc.            | US\$<br>21,700,000   | 78.1 (21.9)        | Production and sale of semiconductor materials                                                         |
| JSR Micro Korea Co., Ltd.  | KRW<br>2,000 million | 100                | Production and sale of flat panel display materials and semiconductor materials                        |
| JSR Micro Taiwan Co., Ltd. | NT\$200 million      | 100                | Production and sale of flat panel display materials                                                    |
| JSR LOGISTICS CO., LTD.    | ¥170 million         | 100                | Transportation, warehousing, and delivery management                                                   |
| JSR ENGINEERING CO., LTD.  | ¥180 million         | 100                | Engineering and consultation for chemical engineering equipment                                        |
| Nichigo Kogyo Co., Ltd.    | ¥50 million          | 50                 | Product packaging, civil engineering, and construction                                                 |
| JSR Trading Co. Ltd.       | ¥480 million         | 100                | Procurement and sale of chemicals, etc.                                                                |
| JSR Service Co., Ltd.      | ¥10 million          | 100                | Non-life insurance agency, management of company welfare facilities, accounting services on commission |
| JNT SYSTEM Co., Ltd.       | ¥200 million         | 100                | Computer software development, sales, and servicing                                                    |

(Notes)

- Figures in brackets under the shareholding ratio column represent shareholding ratio owned by our subsidiaries.
- The Company increased its shareholding ratio of Tecno Polymer Co., Ltd. from 60% to 100% on March 31, 2009 in order to strengthen its plastics businesses.
- The Company increased its shareholding ratio of JNT SYSTEM Co., Ltd. from 62% to 100% on March 31, 2009 in order to make the subsidiary focus and concentrate on internal businesses among JSR group companies.
- The Company sold entire shares of EXCEL TOKAI CO., LTD. it owned on April 1, 2009.
- Techno Polymer Co., Ltd. (100% of which shares are owned by the Company) owns 100% of the shares of TECHNO POLYMER HONG KONG CO., LTD., Techno Polymer (Shanghai) Co., Ltd. and TECHNO POLYMER AMERICA, INC. respectively and owns 49% of the shares of Techno Polymer (Thailand) Co., Ltd.  
Each of Techno Polymer Co., Ltd. and JAPAN COLORING CO., LTD. (75% of which shares are owned by our company) owns 30% of the shares of Shanghai Rainbow Color Plastics Co., Ltd. respectively  
ELASTOMIX Co., Ltd. (98.5% of which shares are owned by the Company) owns 50% of the shares of ELASTOMIX (THAILAND) CO., LTD. and 100% of ELASTOMIX (FOSHAN) CO., LTD. respectively.

## 2) Principal Affiliates

| Company Name                                | Capital               | Shareholding ratio | Main business                                                                                                                                                |
|---------------------------------------------|-----------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Japan Butyl Co., Ltd.                       | ¥3,168 million        | 50 %               | Production and sales of butyl rubber                                                                                                                         |
| Kumho Polychem Co., Ltd.                    | KRW<br>21,500 million | 50                 | Production, purchasing and sale of ethylene propylene rubber (EPDM)                                                                                          |
| KRATON JSR ELASTOMERS K.K.                  | ¥1,500 million        | 50                 | Production and sale of thermoplastics elastomers (TPE)                                                                                                       |
| JAPAN FINE COATINGS Co., Ltd.               | ¥92 million           | 50                 | Sales of coating materials for optical fibers                                                                                                                |
| TIANJIN KUO CHENG RUBBER INDUSTRY CO., LTD. | US\$2,200,000         | 27(23)             | Production and sale of carbon master batches and rubber compounds                                                                                            |
| Tri Chemical Laboratories Inc.              | ¥741 million          | 20                 | Research, development, production and sale of high purity chemical products used in materials for semi-conductors, optical fibers, and solar batteries, etc. |

(Notes)

- Figures in brackets under the shareholding ratio column represent shareholding ratio owned by our subsidiaries.
- ELASTOMIX Co., Ltd. (98.5% of which shares are owned by the Company) owns 23% of the shares of TIANJIN KUO CHENG RUBBER INDUSTRY CO., LTD.
- The Company acquired the shares of Tri Chemical Laboratories Inc. up to 20% in order to enhance business alliance with them.

## (7) Major Business Activities (as of March 31, 2009)

Manufacturing and sales of the following products

| Business Segments      |                                | Products / Materials                                                                                                                 |
|------------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Petrochemical Products | Elastomers                     | General purpose synthetic rubber, specialty rubber, thermoplastic elastomers (TPEs), carbon master batches, rubber compounds, etc.   |
|                        | Emulsions                      | Paper coating latex, general purpose industrial latex, acrylic emulsion, latex compounds, etc.                                       |
|                        | Plastic                        | ABS resin, AES resin, AS resin, ASA resin, and colored plastics compounds                                                            |
| Diversified business   | Semiconductor materials        | Photoresists, CMP materials, packaging materials, multi-layered materials, etc.                                                      |
|                        | Flat panel display materials   | Color liquid crystal display (LCD) materials, plasma display panel (PDP) materials, etc.                                             |
|                        | Optical materials              | Optical fiber coating materials, functional coating materials, anti-reflection film, heat-resistant transparent resin and film, etc. |
|                        | Performance chemical materials | Highly functional coating materials, high performance dispersants, functional particles for industrial use, bio-medical materials    |
|                        | Others                         | Chemical products and other chemicals, IC testing fixtures, packing materials, etc.                                                  |

**(8) Sales Offices, Plants, and other facilities (as of March 31, 2009)**

1) The Company

|                          |                                            |                                               |                  |
|--------------------------|--------------------------------------------|-----------------------------------------------|------------------|
| Head Office              | 5-6-10, Tsukiji, Chuo-ku, Tokyo            |                                               |                  |
| Tokyo Branch Office      | 1-9-2, Higashi-Shinbashi, Minato-ku, Tokyo |                                               |                  |
| Business & Sales Offices | Nagoya Branch                              | Nagoya, Aichi                                 |                  |
|                          | Kyushu Sales Office                        | Saga, Saga                                    |                  |
| Plants                   | Yokkaichi Plant                            | Yokkaichi, Mie                                |                  |
|                          | Chiba Plant                                | Ichihara, Chiba                               |                  |
|                          | Kashima, Plant                             | Kamisu, Ibaraki                               |                  |
| Research Institutes      | Yokkaichi Research Center                  | Polymer Research Laboratories                 | Yokkaichi, Mie   |
|                          |                                            | Fine Electronic Research Laboratories         | Yokkaichi, Mie   |
|                          |                                            | Display Research Laboratories                 | Yokkaichi, Mie   |
|                          |                                            | Semiconductor Materials Research Laboratories | Yokkaichi, Mie   |
|                          |                                            | Performance Materials Research Laboratories   | Yokkaichi, Mie   |
|                          | Precision Processing Center                | Precision Processing Research Laboratories    | Yokkaichi, Mie   |
|                          | Tsukuba Research Laboratories              |                                               | Tsukuba, Ibaraki |
| Overseas                 | Switzerland Branch                         | Switzerland                                   |                  |
|                          | Shanghai Office                            | China                                         |                  |
|                          | Taiwan Office                              | Taiwan                                        |                  |
|                          | Singapore Office                           | Singapore                                     |                  |

Notes :

1. On January 5, 2009, the Company established Tokyo Branch Office, to which it transferred the functions of its head office.
2. Effective from April 1, 2009, 5 research laboratories in Yokkaichi Research Center (Polymer Research Laboratories, Fine Electronic Research Laboratories, Display Research Laboratories, Semiconductor Materials Research Laboratories and Performance Materials Research Laboratories) have been reorganized into 3 research laboratories and 1 development department. (Performance Polymer Research Laboratories, Fine Electronic Research Laboratories, Display Research Laboratories and Performance Plastics Development Department)
3. On September 1, 2008, the Company established Singapore Office.

2) Principal Subsidiaries and Affiliates

| Business Segments    | Company                                      | Location of Head Office |
|----------------------|----------------------------------------------|-------------------------|
| Elastomer Business   | ELASTOMIX Co., Ltd.                          | Yokkaichi, Mie          |
|                      | Kyushu Gomu Kako Co., Ltd.                   | Tosu, Saga              |
|                      | JSR AMERICA, INC.                            | United States           |
|                      | Japan Butyl Co., Ltd.*                       | Kawasaki, Kanagawa      |
|                      | Kumho Polychem Co., Ltd.*                    | South Korea             |
|                      | KRATON JSR ELASTOMERS K.K.*                  | Minato-ku, Tokyo        |
|                      | ELASTOMIX (THAILAND) CO., LTD.               | Thailand                |
|                      | ELASTOMIX (FOSHAN) CO., LTD.                 | China                   |
|                      | TIANJIN KUO CHENG RUBBER INDUSTRY CO., LTD.* | China                   |
| Emulsion Business    | Emulsion Technology Co., Ltd.                | Yokkaichi, Mie          |
| Plastic Business     | Techno Polymer Co., Ltd.                     | Chuo-ku, Tokyo          |
|                      | JAPAN COLORING CO., LTD.                     | Yokkaichi, Mie          |
|                      | EXCEL TOKAI CO., LTD.                        | Gotenba, Shizuoka       |
|                      | TECHNO POLYMER HONG KONG CO., LTD.           | Hong Kong               |
|                      | Techno Polymer (Thailand) Co., Ltd.          | Thailand                |
|                      | Techno Polymer (Shanghai) Co., Ltd.          | China                   |
|                      | TECHNO POLYMER AMERICA, INC.                 | United States           |
|                      | Shanghai Rainbow Color Plastics Co., Ltd.    | China                   |
| Diversified Business | JSR Micro Kyushu Co., Ltd.                   | Saga, Saga              |
|                      | JSR MICROTECH INC.                           | Hidaka, Saitama         |
|                      | D-MEC LTD.                                   | Minto-ku, Tokyo         |
|                      | JSR Optech Tsukuba Co., Ltd.                 | Tsuchiura, Ibaraki      |
|                      | JSR Micro N.V.                               | Belgium                 |
|                      | JSR Micro, Inc.                              | United States           |
|                      | JSR Micro Korea Co., Ltd.                    | South Korea             |
|                      | JSR Micro Taiwan Co., Ltd.                   | Taiwan                  |
|                      | JAPAN FINE COATINGS Co., Ltd.*               | Tsuchiura, Ibaraki      |
|                      | Tri Chemical Laboratories Inc. *             | Uenohara, Yamanashi     |
|                      | JSR LOGISTICS CO., LTD.                      | Yokkaichi, Mie          |
|                      | JSR ENGINEERING CO., LTD.                    | Yokkaichi, Mie          |
|                      | Nichigo Kogyo Co., Ltd.                      | Kamisui, Ibaraki        |
|                      | JSR Trading Co. Ltd.                         | Minato-ku, Tokyo        |
|                      | JSR Service Co., Ltd.                        | Minato-ku, Tokyo        |
| JNT SYSTEM Co., Ltd. | Chuo-ku, Tokyo                               |                         |

(Note) \* Denotes principal affiliates

(9) Employees (as of March 31, 2009)

|                  |                                      |
|------------------|--------------------------------------|
| No. of employees | Increase/decrease from previous term |
| 5,256            | +134                                 |

**(10) Major Lenders (as of March 31, 2009)**

| Lenders                                | Outstanding amount of loans |
|----------------------------------------|-----------------------------|
|                                        | ¥ million                   |
| Mizuho Corporate Bank, Ltd.            | 4,055                       |
| Sumitomo Mitsui Banking Corporation    | 3,845                       |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 3,843                       |

**2 Shares of the Company (as of March 31, 2009)**

|                                                    |             |
|----------------------------------------------------|-------------|
| (1) Total number of shares authorized to be issued | 696,061,000 |
| (2) Total number of issued shares                  | 255,885,166 |
| (3) One unit of shares                             | 100         |
| (4) Number of shareholders                         | 25,491      |
| (5) Major Shareholders                             |             |

| Name of shareholder                                                                                        | Investments in the Company |                    |
|------------------------------------------------------------------------------------------------------------|----------------------------|--------------------|
|                                                                                                            | Number of shares held      | Shareholding Ratio |
|                                                                                                            | '000 shares                | %                  |
| Bridgestone Corporation                                                                                    | 40,866                     | 16.73              |
| Japan Trustee Services Bank, Ltd. (trust account)                                                          | 11,280                     | 4.61               |
| Japan Trustee Services Bank, Ltd. (trust account 4G)                                                       | 11,278                     | 4.61               |
| The Master Trust Bank of Japan, Ltd. (trust account for Retirement Allowance of Mitsubishi Chemical Corp.) | 9,888                      | 4.04               |
| The Master Trust Bank of Japan, Ltd. (trust account)                                                       | 9,247                      | 3.78               |
| Mizuho Corporate Bank, Ltd.                                                                                | 8,925                      | 3.65               |
| Nippon Life Insurance Company                                                                              | 5,998                      | 2.45               |
| The Chase Manhattan Bank 385036                                                                            | 4,897                      | 2.00               |
| Meiji Yasuda Life Insurance Company                                                                        | 4,034                      | 1.65               |
| The Melon Bank NA as Agent for its Client Melon Omnibus US Pension                                         | 3,842                      | 1.57               |

(Notes)

1. The numbers in the columns under "Number of shares held" are rounded down to thousands of shares.
2. The Company that owns treasury shares of 11,648,666 is excluded from in the above table of the major shareholders.
3. The shareholding ratio is calculated by using the number of shares 244,236,500 shares (the number equals to that Total number of issued shares minus that of treasury shares (11,648,666 shares) and rounded down to two decimal places.

### 3. Matters Related to stock acquisition rights of the Company (as of March 31, 2009)

#### (1) Stock acquisition rights held by the Directors and Corporate Auditors of the Company at the end of the current fiscal term

| Description              | Name of stock acquisition rights (issuing date)                                    | The number of stock acquisition rights | Class and number of shares to be issued upon exercising the rights | Amount to be paid per share for exercising the rights | Period for exercising stock acquisition rights | Number of holders |
|--------------------------|------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------|-------------------|
| Directors of the Company | JSR Corporation Stock acquisition rights for 2005 (June 17, 2005)                  | 344 units                              | Ordinary shares 34,400 shares                                      | 1 yen                                                 | From June 18, 2005 to June 17, 2025            | 9                 |
|                          | JSR Corporation Stock acquisition rights for 2006 (for Directors) (August 1, 2006) | 199 units                              | Ordinary shares 19,900 shares                                      | 1 yen                                                 | From August 2, 2006 to June 16, 2026           | 7                 |
|                          | JSR Corporation Stock acquisition rights for 2006 (for Officers) (August 1, 2006)  | 23 units                               | Ordinary shares 2,300 shares                                       | 1 yen                                                 | From August 2, 2006 to June 16, 2026           | 2                 |
|                          | JSR Corporation Stock acquisition rights for 2007 (July 10, 2007)                  | 309 units                              | Ordinary shares 30,900 shares                                      | 1 yen                                                 | From July 11, 2007 to July 10, 2027            | 9                 |
|                          | JSR Corporation Stock acquisition rights for 2008 (July 15, 2007)                  | 466 units                              | Ordinary shares 46,600 shares                                      | 1 yen                                                 | From July 16, 2008 to July 15, 2028            | 9                 |
| Corporate Auditor        | JSR Corporation Stock acquisition rights for 2005 (June 17, 2005)                  | 24 units                               | Ordinary shares 2,400 shares                                       | 1 yen                                                 | From June 18, 2005 to June 17, 2025            | 1                 |
|                          | JSR Corporation Stock acquisition rights for 2006 (for Directors) (August 1, 2006) | 15 units                               | Ordinary shares 1,500 shares                                       | 1 yen                                                 | From August 2, 2006 to June 16, 2026           | 1                 |

(Note) The Company has not issued stock acquisition rights to its Corporate Auditors as compensation for exercising duties as Corporate Auditors.

The stock acquisition rights held by a Corporate Auditor indicated in the table above were issued to the Corporate Auditor when he held office as a Director of the Company.

#### (2) Stock acquisition rights issued to employees during the current fiscal term

| Qualified individuals   | Name of stock acquisition rights (issuing date)                   | The number of stock acquisition rights | Class and number of shares to be issued upon exercising the rights | Amount to be paid per share for exercising the rights | Period for exercising stock acquisition rights | Number of employees issued |
|-------------------------|-------------------------------------------------------------------|----------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------|----------------------------|
| Officers of the Company | JSR Corporation Stock acquisition rights for 2008 (July 15, 2008) | 273 units                              | Ordinary shares 27,300 shares                                      | 1 yen                                                 | From July 16, 2008 to July 15, 2028            | 13                         |

#### 4. Matters Related to Directors and Corporate Auditors

##### (1) Directors and Corporate Auditors of the Company (as of March 31, 2009)

| Position                                             | Name              | Responsibilities and representation for other companies                                                                                                                      |
|------------------------------------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| President and Representative Director                | Yoshinori Yoshida | (Representation of other companies)<br>President, Japan Butyl Co., Ltd.                                                                                                      |
| Executive Vice President and Representative Director | Tadahiko Ito      | Petrochemicals Sector including Plastics,<br>(Representation of other companies)<br>President, KRATON JSR ELASTOMERS K.K.                                                    |
| Senior Managing Director                             | Tsugio Haruki     | Accounting and Finance, Corporate Communications, CSR, and Logistics                                                                                                         |
| Senior Managing Director                             | Mitsunobu Koshiba | Fine Chemicals Sector and Safety Environmental Affairs                                                                                                                       |
| Managing Director                                    | Seiichi Hasegawa  | Strategic Planning,<br>Group Companies Coordination,<br>Information Technology, and Purchasing<br>(Representation of other companies)<br>President, Tobu Butadiene Co., Ltd. |
| Managing Director                                    | Masaki Hirose     | Human Resources,<br>General Affairs, and Legal                                                                                                                               |
| Managing Director                                    | Hozumi Sato       | Research & Development,<br>Businesses Development,<br>and Precision Processing                                                                                               |
| Director                                             | Yasuki Sajima     | Fine Chemicals Sector as assistant Director                                                                                                                                  |
| Director                                             | Koichi Kawasaki   | Manufacturing & Technologies, Product Safety & Quality Assurance, and ,as assistant Director,<br>Petrochemicals Sector                                                       |
| Full-time Corporate Auditor                          | Fumio Ozaki       |                                                                                                                                                                              |
| Full-time Corporate Auditor                          | Nobuo Bessho      |                                                                                                                                                                              |
| Full-time Corporate Auditor                          | Kunihiro Fukasawa |                                                                                                                                                                              |
| Corporate Auditor                                    | Kenji Ito         |                                                                                                                                                                              |

(Notes)

1. Kunihiro Fukasawa and Kenji Ito, Corporate Auditors, are Outside Corporate Auditors.
2. Kenji Ito, a Corporate Auditor, is a certified public accountant, having sufficient knowledge of financing and accounting.
3. The following Director(s) and/or Corporate Auditor(s) retired or resigned from their office during the current term (titles as of the time of retirement or resignation):

Corporate Auditor: Akira Nozawa (Mr Nozawa concurrently served as Officer of Bridgestone Corporation during his term as Corporate Auditor of the Company and resigned on August 15, 2008)

4. Reference: Officers of the Company (as of March 31, 2009)

| Position       | Name                | Responsibilities and Title                                                                            |
|----------------|---------------------|-------------------------------------------------------------------------------------------------------|
| Senior Officer | Yasuki Sajima *     | General Manager,<br>Electronic Materials Businesses                                                   |
| Senior Officer | Koichi Kawasaki*    | General Manager, Elastomers Businesses and<br>General Manager Emulsions Businesses                    |
| Senior Officer | Tomokazu Ito        | President, Techno Polymer Co., Ltd.                                                                   |
| Senior Officer | Akira Tsuji         | President, Emulsion Technology Co., Ltd.                                                              |
| Senior Officer | Goro Miyabe         | President, JM Energy Corporation                                                                      |
| Senior Officer | Eitaro Nakamura     | President, ELASTOMIX Co., Ltd. and<br>Chairman, JSR Group Companies Pension Fund.                     |
| Senior Officer | Hisao Hasegawa      | Plant Manager, Yokkaichi Plant and Chairman,<br>JSR Health Insurance Association                      |
| Senior Officer | Toshiyuki Fujimoto  | General Manager, Purchasing Dept.                                                                     |
| Senior Officer | Atsushi Kumano      | General Manger, Yokkaichi Research Center,<br>and General Manager, Display Research<br>Laboratories   |
| Officer        | Shin-ichiro Iwanaga | General Manager, Tsukuba Research<br>Laboratories                                                     |
| Officer        | Yoshiyuki Ohashi    | President, JSR Micro Taiwan, Co., Ltd.                                                                |
| Officer        | Takashi Wakabayashi | General Manger, Accounting and Finance Dept.                                                          |
| Officer        | Tatsushi Kawai      | Representative Director, Vice President,<br>Kumho Polychem Co., Ltd.                                  |
| Officer        | Takashi Ukachi      | General Manager, Optical Materials Businesses,<br>and President, D-MEC LTD.                           |
| Officer        | Nobuo Kawahashi     | General Manager, Display Materials Businesses<br>and General Manager, New FPD Materials<br>Businesses |

\* Denotes officers that concurrently serve as Directors

(2) Amount of remuneration for Directors and Corporate Auditors

| Classification                                                                  | Director |                  | Corporate Auditor |                  |
|---------------------------------------------------------------------------------|----------|------------------|-------------------|------------------|
|                                                                                 | Number   | Amount           | Number            | Amount           |
|                                                                                 | (people) | (¥ million/year) | (people)          | (¥ million/year) |
| Monthly remuneration based on resolution of the general meeting of shareholders | 9        | 338              | 5                 | 96               |
| (for Outside Directors and Outside Corporate Auditors)                          | (-)      | (-)              | (3)               | (25)             |
| Bonus for this fiscal term                                                      | 9        | 85               | -                 | -                |
| (for Outside Directors and Outside Corporate Auditors)                          | (-)      | (-)              | (-)               | (-)              |
| Stock Option as Remuneration to Directors                                       | (9)      | 78               | -                 | -                |
| (for Outside Directors and Outside Corporate Auditors)                          | (-)      | (-)              | (-)               | (-)              |
| Total                                                                           | 9        | 501              | 5                 | 96               |
| (for Outside Directors and Outside Corporate Auditors)                          | (-)      | (-)              | (3)               | (25)             |

(Notes)

- The maximum monthly remuneration for Directors was set at ¥30 million per month by a resolution of the 44th Ordinary General Meeting of Shareholders held on June 29, 1989.
- The maximum monthly remuneration for Corporate Auditors was set at ¥10 million per month by a resolution of the 60th Ordinary General Meeting of Shareholders held on June 17, 2005.
- The amount for bonus is subject to approval on the Proposal 5 of the agenda at this Ordinary General Meeting of Shareholders.
- The amounts in the “Stock Option as Remuneration to Directors” column in the above table are those of the fair value of the stock acquisition rights issued to the Directors of the Company as remuneration and recorded as expenses for the current fiscal term.
- The above figures do not include the salaries for the employee portion of the Directors who concurrently serve as employees.
- As Mr. Akira Nozawa resigned from office as Corporate Auditor on August 15, 2008, the numbers of Corporate Auditors and Outside Corporate Auditors on March 31 2009 were 4 (instead of 5 as indicated in the table above) and 2 (instead of 3 as indicated in the table above) respectively.
- There are no remunerations for Directors and Corporate Auditors, other than those stated in the table above table, paid during the current fiscal term or recognized as payable in relation to the current fiscal term.  
 Provided, however, as payment of retirement compensation for Directors and Corporate Auditors in relation to abolishing retirement compensation system was resolved and approved at the 60th Ordinary General Meeting of Shareholders held on June 17, 2005, there will be payment of such retirement compensation payable to the relevant Director and/or Corporate Auditor on the day when he actually retires from his office. The amount reserved for such compensation is 763 million yen in aggregate for 7 Directors (none for Outside Directors) and 5 million yen for 1 Outside Corporate Auditor, which is recorded as long term account payable in the balance sheet of the Company.
- The above figures are rounded down to one million yen.

### (3) Matters related to Outside Directors and Outside Corporate Auditors

#### 1) Concurrent serving of Outside Corporate Auditors as Executive Directors of other companies

| Name              | Position                    | Concurrent duties and the place of concurrent serving                                                                                                                                                  |
|-------------------|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kunihiro Fukasawa | Full-time Corporate Auditor | None                                                                                                                                                                                                   |
| Akira Nozawa      | Corporate Auditor           | Mr. Nozawa concurrently serves as an Officer of Bridgestone Corporation. Bridgestone is our major business partner and a major shareholder, falling under the category of specially related companies. |
| Kenji Ito         | Corporate Auditor           | None                                                                                                                                                                                                   |

(Note) Mr. Akira Nozawa, Corporate Auditor, resigned on August 15, 2008.

#### 2) Major activities during the current fiscal term

| Name              | Position                    | Major activities                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kunihiro Fukasawa | Full-time Corporate Auditor | Mr. Fukasawa participated in all 22 meetings of the Board of Directors and in all 17 meetings of the Board of Corporate Auditors the current fiscal term, and made comments necessary for agenda and discussions as required from time to time, using his range of finance and accounting knowledge which he cultivated when working in a bank.                                                |
| Akira Nozawa      | Corporate Auditor           | Mr. Nozawa participated in 8 of 9 meetings of the Board of Directors and in all 9 meetings of the Board of Corporate Auditors held during the term of his office as an Corporate Auditor and made comments necessary for agenda and discussions as required from time to time, using his range of finance and accounting knowledge which he cultivated when working at a business corporation. |
| Kenji Ito         | Corporate Auditor           | Mr. Ito participated in 21 of 22 meetings of the Board of Directors and in all 17 meetings of the Board of Corporate Auditors the current fiscal term and made comments necessary for agenda and discussions as required from time to time, using his professional knowledge as a certified public accountant.                                                                                 |

**(4) Directors and Corporate Auditors of the Company after the closing date of the current fiscal term**

The following are Directors and Corporate Auditors of the Company effective from April 1, 2009 after organizational changes made on the day.

Directors and Corporate Auditors of the Company (as of April 1, 2009)

| Position                                             | Name              | Responsibilities and representation for other companies                                                                                                              |
|------------------------------------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chairman and Representative Director                 | Yoshinori Yoshida | (Representation of other companies)<br>President, Japan Butyl Co., Ltd.                                                                                              |
| President and Representative Director                | Mitsunobu Koshiba | General Management of the Company and Strategic Businesses                                                                                                           |
| Executive Vice President and Representative Director | Tadahiko Ito      | Petrochemicals Sector including Plastics, and Safety Environmental Affairs<br>(Representation of other companies)<br>President, KRATON JSR ELASTOMERS K.K.           |
| Senior Managing Director                             | Tsugio Haruki     | CSR,<br>Accounting, Finance,<br>and Corporate Communications,                                                                                                        |
| Managing Director                                    | Seiichi Hasegawa  | Procurement, Logistics,<br>Group Companies Coordination,<br>and Information Technology<br>(Representation of other companies)<br>President, Tobu Butadiene Co., Ltd. |
| Managing Director                                    | Masaki Hirose     | Corporate Planning,<br>Human Resources,<br>and General Affairs, and Legal                                                                                            |
| Managing Director                                    | Hozumi Sato       | Research & Development,<br>Precision Processing,<br>and Strategic Businesses as assistant Director                                                                   |
| Director                                             | Yasuki Sajima     | Fine Chemicals Sector                                                                                                                                                |
| Director                                             | Koichi Kawasaki   | Manufacturing & Technologies,<br>Product Safety & Quality Assurance,<br>and Petrochemicals Sector                                                                    |
| Full-time Corporate Auditor                          | Fumio Ozaki       |                                                                                                                                                                      |
| Full-time Corporate Auditor                          | Nobuo Bessho      |                                                                                                                                                                      |
| Full-time Corporate Auditor                          | Kunihiro Fukasawa |                                                                                                                                                                      |
| Corporate Auditor                                    | Kenji Ito         |                                                                                                                                                                      |

(Note) Kunihiro Fukasawa and Kenji Ito, Corporate Auditors, are Outside Corporate Auditors.

(Reference) Officers of the Company (as of April 1, 2009)

| Position       | Name                | Responsibilities and Title                                                           |
|----------------|---------------------|--------------------------------------------------------------------------------------|
| Senior Officer | Yasuki Sajima *     | General Manager, Electronic Materials Businesses                                     |
| Senior Officer | Koichi Kawasaki*    | General Manager, Petrochemical Businesses                                            |
| Senior Officer | Tomokazu Ito        | President, Techno Polymer Co., Ltd.                                                  |
| Senior Officer | Akira Tsuji         | President, Emulsion Technology Co., Ltd.                                             |
| Senior Officer | Goro Miyabe         | President, JM Energy Corporation                                                     |
| Senior Officer | Eitaro Nakamura     | President, ELASTOMIX Co., Ltd. and Chairman, JSR Group Companies Pension Fund        |
| Senior Officer | Hisao Hasegawa      | Plant Manager, Yokkaichi Plant and Chairman, JSR Health Insurance Association        |
| Senior Officer | Toshiyuki Fujimoto  | Vice President, JSR Trading Co., Ltd.                                                |
| Senior Officer | Atsushi Kumano      | General Manger, Yokkaichi Research Center                                            |
| Officer        | Shin-ichiro Iwanaga | General Manager, Tsukuba Research Laboratories                                       |
| Officer        | Yoshiyuki Ohashi    | President, JSR Micro Taiwan, Co., Ltd.                                               |
| Officer        | Takashi Wakabayashi | General Manger, Business Planning Dept., Opt-Electronics Materials Division          |
| Officer        | Tatsushi Kawai      | Representative Director, Vice President, Kumho Polychem Co., Ltd.                    |
| Officer        | Takashi Ukachi      | President, JAPAN FINE COATINGS Co., Ltd. and President, JSR Optech Tsukuba Co., Ltd. |
| Officer        | Nobuo Kawahashi     | Deputy General Manager, Electronic Materials Businesses                              |

\* Denotes Officers that concurrently serve as Directors

## 5. Accounting Auditor

(1) **Name** KPMG AZSA & Co.

### (2) Amount of remuneration for Accounting Auditor for the current fiscal term

1) Amount of remuneration as an Accounting Auditor of the Company  
Amount of remuneration for businesses under Paragraph 1 of Article 2 of the Certified Public Accountant Law ; ¥51 million

2) Total amount of remuneration to be paid by the Company and its subsidiaries; ¥60 million  
(Note)

In the contract for auditing services between the Company and the Accounting Auditor, no apparent distinction with regard to audit remuneration is made between audits under the Corporation Law and audits under the Securities and Exchange Law. Since it is virtually impossible to make a distinction between the two, the figure for remunerations paid in 1) above includes that under the Securities and Exchange Law.

### (3) Policies for determining dismissal or non reappointment of Accounting Auditor

The Board of Corporate Auditors of the Company may dismiss an Accounting Auditor when such Accounting Auditor is deemed to have fallen under any of the items in Paragraph 1 of Article 340 of the Corporation Law and upon the consent of all the Corporate Auditors. In the event of such dismissal, the Corporate Auditor appointed by the Board of Corporate Auditors shall report such dismissal and the reasons for it at the first general meeting of shareholders held after the dismissal.

## 6. Structures to Ensure Propriety of Business Conduct

The Board of Directors of the Company made a resolution with regard to the structures to ensure propriety of business conduct of the company as detailed below;

### (1) Basic policies for management

The Company holds and relies on the following corporate philosophy and management policies for managing and conducting its businesses.

#### Corporate philosophy:

“Materials Innovation”

By offering new materials and through their value, contribute to the realization of a wealthy human society (people, society, and environment)

#### Management policies:

- Persistently challenge “revolution”, constantly “evolve” globally and strive towards technology oriented company.
- Pursue efficient management, transparency, and wholesomeness, and strive towards a company trusted by stakeholders.
- Practice Responsible Care for the future of the world.

### (2) Structures to ensure that execution of duties of Directors and employees complies with the laws and ordinances and the Articles of Incorporation

- 1) Under the rules of the Board of Directors and other relevant rules, the Board of Directors monitors the execution of duties of Directors, as well as makes decisions on important management matters of the Company and on fundamental management matters of JSR group companies consisting of those whose parent company under the Corporation Law is the Company (inclusive of the Company as “JSR Group”).
- 2) The Company has established CSR Conference chaired by the Director in charge and consisting of four committees such as Corporate Ethics Committee, Responsible Care Promotion Committee, Risk Management Committee, and Social Contribution Committee, which directs and supervises the activities

to ensure and promote CSR of JSR Group including compliance with laws, ordinances and other rules.

- 3) The Company established “JSR Group Principles of Corporate Ethics” as a code of conduct for the Directors and employees of JSR Group, which JSR Group endeavors to make thoroughly understood and penetrated among their respective Directors and employees by continual education and promotion under the supervision of the Corporate Ethics Committee.
- 4) The Company has established and has been managing and maintaining the internal control system to ensure appropriateness of its financial report in accordance with the Financial Instruments and Exchange Law.
- 5) The Company has established Audit Office, independent from the business execution divisions, in order to monitor and internally audit the effectiveness of the internal control system.
- 6) The Company has established a consulting and reporting channel so that the Directors, Auditors and employees can report to the Corporate Ethics Committee directly or through designated external hotlines including outside attorneys (which may be done anonymously) when they become aware of internal actions that violate or are likely to violate the compliance rules. The Company ensures that the whistle-blower suffers no disadvantage as a result of such reporting.
- 7) The Company’s basic principle against the anti-social forces is to cut off all relationships including but not limited to any of business transactions with such forces. The management and the entire organization of the Company shall resolutely and firmly reject any claims or requirements made by anti-social forces in collaboration with external entities such as the police forces.

### **(3) Structures to ensure efficient execution of duties of Directors**

- 1) The Board of Directors holds regular meetings on monthly basis in principle and ad hoc basis if required in order to consider and resolve important matters relating to the execution of businesses as well as to monitor and supervise the execution of duties of Directors.  
Management Committee consisting of the Directors holds meetings on weekly basis in principle for the purpose of ensuring timely and prompt decisions and enhancing efficient business management and considers, directs and/or receives reports well in advance on the matters relating to the fundamental management policies, managerial guidelines, management plans and/or major business issues arising from business divisions. After consideration by the Management Committee, major issues will be brought up to the Board of Directors for resolution while the rest will be determined by the President.
- 2) The Company has established its medium-term business plan “JUMP 2010” incorporating possible changes in business environment in the future, of which implementation plans has been broken down into corporate annual targets and budget. Each of the business divisions will make its action plans and pursue its action plans to achieve the objectives.
- 3) The Company has been vigorously promoting the cost reduction project “E-100” to achieve leaner cost structures and enhance competitiveness in the entire supply chain from materials procurement and manufacturing to delivery of the products in the whole Group.
- 4) The Company has shortened the tenure of office of Directors from two years to one year so that the Company can quickly cope with the ever-changing business environment.
- 5) The Company has adopted Officer system in order to clearly distinguish the functions of managerial decision-making and monitoring from those of business execution as well as to enhance respective functions. Further, all members of the Directors, Senior Officers, Officers and Full Time Corporate Auditors hold Directors and Officers Meeting on monthly basis in principle with the aim of receiving reports on the status of the business execution at business divisions, enhancing awareness on the major issues, and sharing information through communication.

### **(4) Structures for loss and risk management and other rules**

- 1) The Company has continually monitored the risks associated with the execution and progress of the businesses by way of consideration and receipt of reports thereon at the meetings of the Board of Directors, Management Committee, and/or Directors and Officers Meeting as mentioned above and other important meetings as well as controlling budget.
- 2) As for the major risks other than those described in the preceding paragraph 1), Risk Management Committee chaired by the Director responsible for CSR determines appropriate countermeasures in relation to the degree of visible or potential risks, as well as enhances preparation and implementation of the risk management plans made by the relevant Committees (Corporate Ethics Committee, Responsible

Care Promotion Committee) or by individual business divisions, or proceeds company-wide risk management activities.

- 3) In the event of serious crisis, the “Emergency Headquarters” (“Anti-Disaster Headquarters” in the case of accidents or disaster) directed by the President will be set up in order to proceed necessary crisis management in accordance with the “Risk Control Manual.”

#### **(5) Structures for maintenance and management of information relating to execution of duties of Directors**

The Company has, in accordance with the relevant laws and “Rules for Documents and Information Management”, been properly maintaining the relevant documents and/or those in electromagnetic forms in relation to the execution of duties of Directors such as minutes of meetings of the shareholders, the Board of Directors, Management Committees, and authorization documents so as to make such documents easily accessible by the Directors and Corporate Auditors of the Company.

#### **(6) Structures to ensure propriety of business conduct of the Group**

- 1) The Company has established a “Guideline for Group Companies Management” to proceed management of JSR Group excluding the Company (“Group Companies”). Each of important management decisions on of Group Companies needs relevant approval by the Board of Directors of the Company and/or the Management Committee in accordance with the rules of the Company.
- 2) Group Company Coordination Department in charge of management of Group Companies and relevant business divisions of the Company are responsible for the administration and management of respective Group Companies, while other corporate functional departments such as Safety Environmental Affairs, Accounting, Finance, and General Affairs and Legal Department provide common support and services to Group Companies.
- 3) The Company has established “JSR Group Corporate Ethics Guideline” to ensure and promote the status of compliance with the laws and other rules through JSR Group wide activities.
- 4) The Audit Office regularly conducts internal audit at Group Companies to monitor the effectiveness of the internal control systems.

#### **(7) Matters related to audit by Corporate Auditors**

- 1) Matters related to employees assisting Corporate Auditors and ensuring his/her independence  
The Company has appointed a personnel whose responsibilities are to assist Corporate Auditors. Any personnel decisions on such assistant are subject to prior consultation and approval by the Board of Corporate Auditors as well as Corporate Auditors evaluate performance of such assistant.
- 2) Structures for Corporate Auditors to receive reports from Directors and employees of the Company and other reports
  - i. The Company ensures that Corporate Auditors can review major decisions of the execution of duties of Directors by ensuring their participation to the meetings of the Board of Directors and Management Committee and the circulation of authorization documents.
  - ii. The Audit Office regularly reports the results of internal auditing to the Corporate Auditors.
  - iii. The Corporate Auditors may ask, as they deem it necessary, Directors, business divisions, and group companies to submit reports on the business operations.
- 3) Other structures to ensure effectiveness of auditing by Corporate Auditors  
The Corporate Auditors maintains cooperation and communication from time to time with relevant parties such as the Audit Office, the Accounting Auditors, corporate auditors of JSR Group and the department responsible for management of JSR Group.

## Consolidated Balance Sheet

(in millions of yen, as of March 31, 2009)

| Items                                       | Amount         | Items                                        | Amount         |
|---------------------------------------------|----------------|----------------------------------------------|----------------|
| <b>Assets</b>                               |                | <b>Liabilities</b>                           |                |
| <b>Current Assets</b>                       | <b>190,463</b> | <b>Current Liabilities</b>                   | <b>76,169</b>  |
| Cash & deposits                             | 16,909         | Notes & accounts payable                     | 39,635         |
| Notes & accounts receivable<br>(net amount) | 52,782         | Short-term loan                              | 14,339         |
| Marketable securities                       | 21,492         | Others                                       | 22,194         |
| Inventories                                 | 76,955         |                                              |                |
| Others                                      | 22,323         | <b>Fixed Liabilities</b>                     | <b>21,342</b>  |
|                                             |                | Allowance for employees' retirement benefits | 14,820         |
|                                             |                | Allowance for environmental costs            | 3,204          |
|                                             |                | Others                                       | 3,316          |
|                                             |                | <b>Total Liabilities</b>                     | <b>97,511</b>  |
| <b>Fixed Assets</b>                         | <b>149,034</b> | <b>Net Assets</b>                            |                |
| <b>Tangible fixed assets</b>                | <b>91,476</b>  | <b>Shareholders' equity</b>                  | <b>244,797</b> |
| Buildings & structures                      | 29,289         | Common shares                                | 23,320         |
| Machinery, equipment & vehicles             | 32,590         | Capital surplus                              | 25,179         |
| Land                                        | 16,869         | Retained earnings                            | 218,515        |
| Construction in progress                    | 4,097          | Treasury shares                              | (22,216)       |
| Others                                      | 8,628          |                                              |                |
| <b>Intangible fixed assets</b>              | <b>6,723</b>   | <b>Valuation and translation adjustments</b> | <b>(3,900)</b> |
|                                             |                | Net unrealized holding gain on securities    | 645            |
| <b>Investments &amp; other assets</b>       | <b>50,834</b>  | Foreign currency translation adjustments     | (4,546)        |
| Investment securities                       | 23,558         | <b>Stock acquisition rights</b>              | <b>310</b>     |
| Long term loan                              | 4,927          | <b>Minority interest</b>                     | <b>778</b>     |
| Deferred tax assets                         | 8,703          |                                              |                |
| Others                                      | 13,644         | <b>Total Net Assets</b>                      | <b>241,985</b> |
| <b>Total Assets</b>                         | <b>339,497</b> | <b>Total Liabilities/Net Assets</b>          | <b>339,497</b> |

(Note) Amounts less than ¥1 million are rounded off.

**Consolidated Statement of Income**  
(from April 1, 2008 to March 31, 2009)

(in millions of yen)

| Items                                                        | Amount         |
|--------------------------------------------------------------|----------------|
| <b>Net Sales</b>                                             | <b>352,502</b> |
| <b>Cost of sales</b>                                         | <b>263,018</b> |
| <b>Gross profit on sales</b>                                 | <b>89,484</b>  |
| <b>Selling, general and administrative expenses</b>          | <b>59,136</b>  |
| <b>Operating income</b>                                      | <b>30,347</b>  |
| <b>Non-operating income</b>                                  | <b>4,981</b>   |
| Interest received                                            | 700            |
| Dividends received                                           | 528            |
| Investment income according to equity method                 | 1,149          |
| Others                                                       | 2,601          |
| <b>Non-operating expenses</b>                                | <b>4,217</b>   |
| Interest expenses                                            | 270            |
| Foreign exchange loss                                        | 993            |
| Depreciation                                                 | 1,091          |
| Others                                                       | 1,862          |
| <b>Ordinary profit</b>                                       | <b>31,111</b>  |
| <b>Extraordinary profit</b>                                  | <b>398</b>     |
| Gains on sales of fixed asset                                | 398            |
| <b>Extraordinary losses</b>                                  | <b>10,707</b>  |
| Impairment loss                                              | 6,042          |
| Loss on revaluation of investment securities                 | 1,887          |
| Loss on revaluation of inventories                           | 1,685          |
| Others                                                       | 1,091          |
| <b>Pre-tax net profit</b>                                    | <b>20,803</b>  |
| <b>Income tax, residential tax and enterprise tax</b>        | <b>6,217</b>   |
| <b>Adjustments of income tax</b>                             | <b>(76)</b>    |
| <b>Minority interest income of consolidated subsidiaries</b> | <b>681</b>     |
| <b>Net profit</b>                                            | <b>13,981</b>  |

(Note) Amounts less than ¥1 million are rounded off.

**Consolidated Statement of Changes in Net Assets**  
(from April 1, 2008 to March 31, 2009)

(in millions of yen)

|                                                   | Shareholders' equity |                 |                   |                 |                            |
|---------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                   | Common shares        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance as of March 31, 2008                      | 23,320               | 25,179          | 212,503           | (13,623)        | 247,379                    |
| Changes during the consolidated fiscal year       |                      |                 |                   |                 |                            |
| Dividends from surplus                            |                      |                 | (7,959)           |                 | (7,959)                    |
| Net profit                                        |                      |                 | 13,981            |                 | 13,981                     |
| Acquisition of Treasury Shares                    |                      |                 |                   | (8,611)         | (8,611)                    |
| Disposal of Treasury Shares                       |                      |                 | (10)              | 17              | 7                          |
| Net changes other than shareholders' equity       |                      |                 |                   |                 |                            |
| Total changes during the consolidated fiscal year | —                    | —               | 6,011             | (8,593)         | (2,581)                    |
| Balance as of March 31, 2009                      | 23,320               | 25,179          | 218,515           | (22,216)        | 244,797                    |

|                                                   | Valuation and translation adjustments     |                                         | Stock acquisition rights | Minority interest | Total net assets |
|---------------------------------------------------|-------------------------------------------|-----------------------------------------|--------------------------|-------------------|------------------|
|                                                   | Net unrealized holding gain on securities | Foreign currency translation adjustment |                          |                   |                  |
| Balance as of March 31, 2008                      | 4,806                                     | 352                                     | 193                      | 4,929             | 257,662          |
| Changes during the consolidated fiscal year       |                                           |                                         |                          |                   |                  |
| Dividends from surplus                            |                                           |                                         |                          |                   | (7,959)          |
| Net profit                                        |                                           |                                         |                          |                   | 13,981           |
| Acquisition of treasury shares                    |                                           |                                         |                          |                   | (8,611)          |
| Disposal of treasury shares                       |                                           |                                         |                          |                   | 7                |
| Net changes other than shareholders' equity       | (4,161)                                   | (4,898)                                 | 116                      | (4,151)           | (13,094)         |
| Total changes during the consolidated fiscal year | (4,161)                                   | (4,898)                                 | 116                      | (4,151)           | (15,676)         |
| Balance as of March 31, 2009                      | 645                                       | (4,546)                                 | 310                      | 778               | 241,985          |

(Note) Amounts less than ¥1 million are rounded off.

## Notes on Consolidated Financial Statements

### 1. Notes on significant matters serving as the basis for the production of consolidated accounting statements

#### (1) Matters related to the scope of consolidated accounting

##### 1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 28 companies

Names of consolidated subsidiaries:

ELASTOMIX Co., Ltd., Kyushu Gomu Kako Co., Ltd.,  
JSR AMERICA, INC.,  
ELASTOMIX (THAILAND) CO., LTD., ELASTOMIX (FOSHAN) CO., LTD.,  
Emulsion Technology Co., Ltd.,  
Techno Polymer Co., Ltd., JAPAN COLORING CO., LTD., EXCEL TOKAI CO., LTD.,  
TECHNO POLYMER HONG KONG CO., LTD., Techno Polymer (Thailand) Co., Ltd.,  
Techno Polymer (Shanghai) Co., Ltd., TECHNO POLYMER AMERICA, INC.,  
Shanghai Rainbow Color Plastics Co., Ltd.,  
JSR Micro Kyushu Co., Ltd., JSR MICROTECH INC.,  
D-MEC LTD., JSR Optech Tsukuba Co., Ltd., JSR Micro N.V., JSR Micro, Inc.,  
JSR Micro Korea Co., Ltd., JSR Micro Taiwan Co., Ltd.,  
JSR LOGISTICS CO., LTD., JSR ENGINEERING CO., LTD., Nichigo Kogyo Co., Ltd.,  
JSR Trading Co., Ltd., JSR Service Co., Ltd., and  
JNT SYSTEM Co., Ltd.

##### 2) Name of major non-consolidated subsidiaries etc.

Name of major non-consolidated subsidiaries:

Techno Polymer Shanghai Technical Development Co., Ltd. etc.

Reasons for exclusion from the scope of consolidation:

Non-consolidated subsidiaries are excluded from the scope of application of consolidated accounting as their net assets, sales, net profit or loss (the amount corresponding to equity), retained earnings (the amount corresponding to equity), etc. are all small in scale, and, even when combined, they do not have significant effect on consolidated accounting statements.

#### (2) Matters related to application of the equity method

##### 1) Number of affiliates and names of major companies to which the equity method is applied ;

Number of affiliates to which the equity method is applied : 6 companies

Names of major companies to which the equity method is applied:

Japan Butyl Co., Ltd., Kumho Polychem Co., Ltd., KRATON JSR ELASTOMERS K.K.,  
JAPAN FINE COATINGS Co., Ltd., TIANJIN KUO CHENG RUBBER INDUSTRY CO., LTD.,  
and Tri Chemical Laboratories, Inc.

We included, effective from the current consolidated fiscal year, Tri Chemical Laboratories Inc. within the scope of the major companies to which equity method is applied as we newly acquired the shares thereof.

##### 2) Names of non-consolidated subsidiaries and affiliates to which the equity method is not applied

Names of major companies:

Non-consolidated subsidiaries: Techno Polymer Shanghai Technical Development Co., Ltd. etc.,  
Affiliated companies: Tobu Butadiene Co., Ltd., etc.

Reason for non-application of the equity method: Non-consolidated subsidiaries (Techno Polymer Shanghai Technical Development Co., Ltd. etc.) and affiliated companies (Tobu Butadiene Co., Ltd., etc.) are excluded from the scope of application of the equity method as they are small in scale from the perspectives of consolidated net profit or loss and retained earnings, etc. and, even when combined, they do not have significant effect on consolidated accounting statements.

##### 3) Matters to be specially mentioned concerning the procedure for application of the equity method

Of the companies to which the equity method is applied, we used the accounting statements covering the business year of the company if accounting closing date of the company differs from the consolidated account closing date.

(3) Matters related to the business year of consolidated subsidiaries, etc.

Of consolidated subsidiaries, the end of the business year of the following 8 companies is December 31;  
JSR AMERICA, INC., ELASTOMIX (THAILAND) CO., LTD.,  
ELASTOMIX (FOSHAN) CO., LTD., TECHNO POLYMER HONG KONG CO., LTD.,  
Techno Polymer (Thailand) Co., Ltd., Techno Polymer (Shanghai) Co., Ltd.,  
TECHNO POLYMER AMERICA, INC., and Shanghai Rainbow Color Plastics Co., Ltd.

On production of the consolidated accounting statements, we used the accounting statements as of the account closing date mentioned above. With respect to significant transactions arising prior to the consolidated account closing date, we made the adjustment required in consolidated accounting.

We changed, effective from the current consolidated fiscal year, the accounting closing date of JSR Micro, NV., from the 31st day of December to the 31st day of March.

## 2. Matters related to accounting standards

(1) Standards and methods of valuation applicable to significant assets

1) Securities

Other securities:

Securities carrying market value ... Valued by market method based on fair market value prevailing on the account closing date. Any valuation difference is recorded directly in shareholders' equity, and the cost of sale of relevant securities was calculated on the basis of moving average method.

Securities not carrying market value ... Valued by cost method based on moving average method or by depreciation cost method.

2) Derivatives

Valued by market method

3) Inventories

Mainly stated at cost based on gross average method (devaluated book value on the balance sheet in the event of lower profitability)

(2) Standard and method of depreciation applicable to significant depreciable assets

1) Tangible fixed assets (excluding lease assets)

The declining-balance method (straight-line method in part) is applied for depreciation.

The straight line method is applied, however, to the buildings (excluding accessory equipment) acquired on or after April 1, 1998.

As for the useful life and the residual value, the same standards are applied as those stipulated in the corporate tax law.

2) Intangible fixed assets (excluding lease assets)

The straight-line method is applied.

As for the useful life, the same standards are applied as those stipulated in the corporate tax law.

However, Goodwill is depreciated in the straight line-method (5 years) while the costs of software for the Company's own use are amortized over the estimated useful life (5 years) using the straight-line method.

3) Lease assets

Lease assets concerning finance lease transactions other than those in which leasehold ownership is deemed to have moved to the lessee

The straight-line method is applied with the lease terms being useful life and no residual value. However, similar methods to those used for ordinary lease transactions are applied to finance lease transactions other than those in which leasehold ownership is deemed to have moved to the lessee that commenced on or before March 31, 2008.

(3) Standards applicable to reporting of significant reserves

1) Allowance for doubtful accounts

In order to prepare for loss on claims, the amount is determined and reported on the basis of actual past losses in the case of general claims, and on the basis of anticipated unrecoverable amounts in the case of certain specified claims such as those involving the risk of loss.

2) Allowance for Directors' and Corporate Auditors' bonuses

In order to prepare for payment of Directors' and Corporate Auditors' bonuses, the amount that is deemed to have accrued at the close of the current consolidated fiscal year is reported on the basis of anticipated amounts.

3) Allowance for employees' retirement benefits

In order to prepare for payment of employees' retirement benefits, the amount that is deemed to have accrued at the close of the current consolidated fiscal year is reported on the basis of anticipated amounts of retirement benefits obligations and annuity assets as of the close of the current consolidated fiscal year. Mathematical variances in the retirement benefits accounting system are treated as one lump-sum expense during the term immediately following the accounting term in which they accrue.

We have reported the amount proportionally divided by the straight-line method over a fixed period (3 years) within employees' average remaining service period at the time of cost emergence as past service liability.

4) Allowance for environmental costs

We have recorded our estimate of the cost of disposing of polychlorinated biphenyl (PCB) and other materials.

(4) Other significant matters serving as the basis for the production of consolidated accounting statements

1) Hedge accounting

A special-measures treatment is applied to interest rate swap transactions if the requirements for special-measures treatment are fulfilled.

2) Accounting treatment method applicable to consumption tax, etc.

The accounting treatment of the consumption tax and the local consumption tax is based on the tax exclusion method.

(5) Matters related to valuation of assets and liabilities of consolidated subsidiaries

In the valuation of assets and liabilities of consolidated subsidiaries, we apply the mark to market method.

(6) Changes in significant matters serving as the basis for the production of consolidated accounting statements

1) Application of accounting standard for evaluation of inventories

Previously inventories held for sales purposes were mainly stated at cost based on gross average method. However, following the application of the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan ("ASBJ") Statement No. 9, July 5, 2006) from the current consolidated fiscal year, inventories are mainly stated at cost based on gross average method (with regard to amounts stated in the balance sheet, the method of book value devaluation based on decline in profitability is used), and disposal of inventories, which was previously recognized as non-operating expenses, is now recognized as cost of sales.

As a result of this change, operating income decreased by 2,859 million yen compared with the figures under the previous method, while ordinary profit declined by 248 million yen and pre-tax net profit

decreased by 1,934 million yen respectively.

2) Application of accounting standard for lease transactions

Previously finance lease transactions other than those in which leasehold ownership is deemed to have moved to the lessee were accounted for by a method similar to that applied to lease transactions. However, following the application of the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, final revision on March 30, 2007) and the “Guidance on the Accounting Standard for Lease Transactions (ASBJ Guidance No. 16, final revision on March 30, 2007) from the current consolidated fiscal year, finance lease transactions other than those in which leasehold ownership is deemed to have moved to the lessee are now accounted for by a method that conforms to that applied to sales transactions.

The impact of the application of this standard on profit and loss is insignificant.

However, finance lease transactions other than those in which leasehold ownership is deemed to have moved to the lessee that commenced prior to the commencement date of the application of the Accounting Standard for Lease Transactions are accounted for by a method similar to that applied to lease transactions.

3) Application of the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

The “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18, May 17, 2006) was applied effective from the current consolidated fiscal year, and necessary revisions upon consolidated settlement of accounts were made.

The impact of the application of this standard on profit and loss is insignificant.

(Additional Information)

The Company and its consolidated subsidiaries changed useful life for depreciation for part of machinery and equipment effective from the current consolidated fiscal year in accordance with the “Ministry of Finance Ordinance regarding statutory useful life of depreciable assets”(amendment effective from April 30, 2008)

The impact of these changes on profit and loss is insignificant.

### 3. Notes on consolidated balance sheet

(1) Assets pledged and claims related thereto

|                             |                                              |                 |
|-----------------------------|----------------------------------------------|-----------------|
| Assets pledged              | Tangible fixed assets                        | ¥ 10,912million |
| Claims related to the above | Long-term loan (debt from bank transactions) | ¥1 million      |

(2) Allowance for doubtful accounts directly deducted from assets

|                                                                                    |             |
|------------------------------------------------------------------------------------|-------------|
| Current Assets; Notes account receivable (net amount)                              | ¥553million |
| Investments and other assets; long term loan (debt arising from bank transactions) | ¥147million |

(3) Accumulated depreciation on tangible fixed assets (including accumulated impairment loss):  
¥288,462million

(4) Guarantee obligations

|           |             |
|-----------|-------------|
| Employees | ¥ 77million |
| Total     | ¥ 77million |

#### 4. Notes on consolidated statement of income

##### (1) Amount reported as impairment loss

| Description                                                          | Place           | Type                              | Impairment loss in millions of yen |
|----------------------------------------------------------------------|-----------------|-----------------------------------|------------------------------------|
| Manufacturing facilities for heat resistant and transparent plastics | Ichihara, Chiba | Buildings and structures          | 454                                |
|                                                                      |                 | Machinery, equipment and vehicles | 1,950                              |
|                                                                      |                 | Others                            | 101                                |
|                                                                      | Yokkaichi, Mie  | Buildings and structures          | 781                                |
|                                                                      |                 | Machinery, equipment and vehicles | 1,921                              |
|                                                                      |                 | Others                            | 235                                |
| Manufacturing facilities for plastics                                | Satte, Saitama  | Buildings and structures          | 256                                |
|                                                                      |                 | Machinery, equipment and vehicles | 245                                |
|                                                                      |                 | Others                            | 96                                 |

#### 5. Notes on consolidated statement of changes in net assets

(1) Class and number of issued shares at the end of the current consolidated fiscal year:  
255,885,166 ordinary shares

(2) Matters related to dividends from surplus

##### 1) Amount of dividends paid

| Resolution                                                | Class of shares | Total amount of dividends (million yen) | Dividends per share (yen) | Record date        | Effective date of dividends |
|-----------------------------------------------------------|-----------------|-----------------------------------------|---------------------------|--------------------|-----------------------------|
| Ordinary General Meeting of Shareholders on June 13, 2008 | Ordinary shares | 4,003                                   | 16                        | March 31, 2008     | June 16, 2008               |
| Board of Directors Meeting on October 27, 2008            | Ordinary shares | 3,955                                   | 16                        | September 30, 2008 | November 27, 2008           |
| Total                                                     |                 | 7,959                                   | 32                        |                    |                             |

2) Dividends of which record dates belong to the current consolidated fiscal year and of which effective date of dividends falls after the end of the current consolidated fiscal year

The Company shall place the following item concerning term-end dividends as appropriation of surplus on the agenda of the Ordinary General Meeting of Shareholders scheduled for convening on June 16, 2009.

|                                          |                   |
|------------------------------------------|-------------------|
| Item related to ordinary share dividends |                   |
| Dividends in total                       | ¥ 3,907million    |
| Source of dividends                      | Retained earnings |
| Amount per share                         | ¥16               |
| Record date                              | March 31, 2009    |
| Effective date of dividends              | June 17, 2009     |

(3) Class and number of shares to be issued or transferred upon exercise of the stock acquisition rights at the end of the current consolidated fiscal year

3,900 ordinary shares

#### 6. Notes on per-share information

|                      |         |
|----------------------|---------|
| Net assets per share | ¥986.33 |
| Net profit per share | ¥56.36  |

**Balance Sheet**  
(as of March 31, 2009)

(in millions of yen)

| Items                                           | Amount         | Items                                                      | Amount          |
|-------------------------------------------------|----------------|------------------------------------------------------------|-----------------|
| <b>Assets</b>                                   |                | <b>Liabilities</b>                                         |                 |
| <b>Current Assets</b>                           | <b>148,988</b> | <b>Current Liabilities</b>                                 | <b>62,981</b>   |
| Cash & deposits                                 | 2,341          | Accounts payable                                           | 30,137          |
| Notes receivable                                | 1,922          | Short-term loan                                            | 13,663          |
| Accounts receivable<br>(net amount)             | 40,243         | Accrued amounts payable                                    | 3,948           |
| Marketable securities                           | 21,492         | Accrued expenses                                           | 7,927           |
| Finished products & Goods                       | 43,370         | Deposit from subsidiaries<br>& affiliates                  | 6,977           |
| Work in process                                 | 1,791          | Other current liabilities                                  | 326             |
| Raw materials & Supplies                        | 11,989         |                                                            |                 |
| Accrued revenue                                 | 16,688         | <b>Fixed Liabilities</b>                                   | <b>17,617</b>   |
| Short term loan to<br>subsidiaries & affiliates | 7,255          | Long-term loan                                             | 1,500           |
| Deferred tax assets                             | 1,167          | Allowance for employees'<br>retirement benefits            | 11,976          |
| Other current assets                            | 724            | Allowance for<br>environmental costs                       | 2,954           |
|                                                 |                | Other long-term liabilities                                | 1,186           |
| <b>Fixed Assets</b>                             | <b>141,261</b> | <b>Total Liabilities</b>                                   | <b>80,598</b>   |
| <b>Tangible fixed assets</b>                    | <b>66,952</b>  | <b>Net Assets</b>                                          |                 |
| Buildings                                       | 17,014         | <b>Shareholders' equity</b>                                | <b>208,681</b>  |
| Structures                                      | 4,416          | <b>Common shares</b>                                       | <b>23,320</b>   |
| Machinery & equipment                           | 22,172         | <b>Capital surplus</b>                                     | <b>25,179</b>   |
| Vehicles                                        | 64             | Capital reserve                                            | 25,179          |
| Tools, furniture & fixtures                     | 7,487          | <b>Retained earnings</b>                                   | <b>182,398</b>  |
| Land                                            | 14,567         | Profit reserve                                             | 3,710           |
| Construction in progress                        | 1,229          | Other retained earnings                                    |                 |
|                                                 |                | Reserve for special<br>depreciation                        | 237             |
| <b>Intangible fixed assets</b>                  | <b>5,213</b>   | Reserve for advanced<br>depreciation.                      | 3,761           |
| Goodwill                                        | 651            | Reserve for special<br>account for special<br>depreciation | 556             |
| Software                                        | 1,239          | Separate reserve                                           | 42,431          |
| Others                                          | 3,323          | Retained earnings<br>carried forward                       | 131,701         |
|                                                 |                | <b>Treasury shares</b>                                     | <b>(22,216)</b> |
| <b>Investments &amp; other assets</b>           | <b>69,064</b>  | <b>Valuation and translation<br/>adjustments</b>           | <b>658</b>      |
| Investment securities                           | 16,030         | Net valuation gains on<br>securities                       | 658             |
| Securities of subsidiaries &<br>affiliates      | 20,039         |                                                            |                 |
| Equity in affiliates                            | 64             | <b>Stock acquisition rights</b>                            | <b>310</b>      |
| Long-term loans to<br>subsidiaries & affiliates | 17,765         | <b>Total Net Assets</b>                                    | <b>209,650</b>  |
| Long term prepaid expenses                      | 7,904          |                                                            |                 |
| Deferred tax assets                             | 5,513          | <b>Total Liabilities &amp;<br/>Net Assets</b>              | <b>290,249</b>  |
| Others                                          | 1,777          |                                                            |                 |
| <b>Total Assets</b>                             | <b>290,249</b> |                                                            |                 |

(Note) Amounts less than ¥1 million are rounded off.

**Statement of Income**  
(from April 1, 2008 to March 31, 2009)

(in millions of yen)

| Items                                                 | Amount         |
|-------------------------------------------------------|----------------|
| <b>Net Sales</b>                                      | <b>230,952</b> |
| <b>Cost of sales</b>                                  | <b>170,795</b> |
| <b>Gross profit on sales</b>                          | <b>60,156</b>  |
| <b>Selling, general and administrative expenses</b>   | <b>39,707</b>  |
| <b>Operating income</b>                               | <b>20,448</b>  |
| <b>Non-operating income</b>                           | <b>6,753</b>   |
| Interest received                                     | 405            |
| Dividends received                                    | 3,884          |
| Others                                                | 2,463          |
| <b>Non-operating expenses</b>                         | <b>4,424</b>   |
| Interest expenses                                     | 256            |
| Loss on foreign exchange                              | 1,717          |
| Depreciation                                          | 1,091          |
| Others                                                | 1,358          |
| <b>Ordinary profit</b>                                | <b>22,777</b>  |
| <b>Extraordinary profit</b>                           | <b>398</b>     |
| Gain on selling fixed assets                          | 398            |
| <b>Extraordinary losses</b>                           | <b>10,043</b>  |
| Impairment loss                                       | 5,444          |
| Loss on revaluation of investment securities          | 2,574          |
| Loss on revaluation of inventories                    | 1,500          |
| Others                                                | 524            |
| <b>Net profit before taxes</b>                        | <b>13,132</b>  |
| <b>Income tax, residential tax and enterprise tax</b> | <b>3,928</b>   |
| <b>Adjustments of income tax</b>                      | <b>(653)</b>   |
| <b>Net profit</b>                                     | <b>9,858</b>   |

(Note) Amounts less than ¥1 million are rounded off.

## Statement of Changes in Net Assets

(from April 1, 2008 to March 31, 2009)

(in millions of yen)

|                                                                                     | Shareholders' equity |                 |                   |                                  |                                   |                                                       |                  |         |                                   |       |
|-------------------------------------------------------------------------------------|----------------------|-----------------|-------------------|----------------------------------|-----------------------------------|-------------------------------------------------------|------------------|---------|-----------------------------------|-------|
|                                                                                     | Common shares        | Capital surplus | Retained earnings |                                  |                                   |                                                       |                  |         |                                   | Total |
|                                                                                     |                      | Capital reserve | Profit reserve    | Other retained earnings          |                                   |                                                       |                  |         | Retained earnings carried forward |       |
|                                                                                     |                      |                 |                   | Reserve for special depreciation | Reserve for advanced depreciation | Reserve for special account for advanced depreciation | Separate reserve |         |                                   |       |
| Balance as of March 31, 2008                                                        | 23,320               | 25,179          | 3,710             | 467                              | 3,727                             | 143                                                   | 42,431           | 130,029 | 180,509                           |       |
| Changes during fiscal term                                                          |                      |                 |                   |                                  |                                   |                                                       |                  |         |                                   |       |
| Dividends from surplus                                                              |                      |                 |                   |                                  |                                   |                                                       |                  | (7,959) | (7,959)                           |       |
| Net Profit                                                                          |                      |                 |                   |                                  |                                   |                                                       |                  | 9,858   | 9,858                             |       |
| Reversal of reserve for special depreciation                                        |                      |                 |                   | (241)                            |                                   |                                                       |                  | 241     | —                                 |       |
| Provision of reserve for special depreciation                                       |                      |                 |                   | 10                               |                                   |                                                       |                  | (10)    | —                                 |       |
| Reversal of reserve for advanced depreciation of fixed assets                       |                      |                 |                   |                                  | (251)                             |                                                       |                  | 251     | —                                 |       |
| Provision of reserve for advanced depreciation of fixed assets                      |                      |                 |                   |                                  | 286                               |                                                       |                  | (286)   | —                                 |       |
| Reversal of reserve for special account for advanced depreciation of fixed assets   |                      |                 |                   |                                  |                                   | (143)                                                 |                  | 143     | —                                 |       |
| Provisions of reserve for special account for advanced depreciation of fixed assets |                      |                 |                   |                                  |                                   | 556                                                   |                  | (556)   | —                                 |       |
| Acquisition of treasury shares                                                      |                      |                 |                   |                                  |                                   |                                                       |                  |         | —                                 |       |
| Disposal of treasury shares                                                         |                      |                 |                   |                                  |                                   |                                                       |                  | (10)    | (10)                              |       |
| Net changes other than shareholders' equity                                         |                      |                 |                   |                                  |                                   |                                                       |                  |         |                                   |       |
| Total changes during fiscal term                                                    | —                    | —               | —                 | (230)                            | 34                                | 413                                                   | —                | 1,671   | 1,888                             |       |
| Balance as of March 31, 2009                                                        | 23,320               | 25,179          | 3,710             | 237                              | 3,761                             | 556                                                   | 42,431           | 131,701 | 182,398                           |       |

|                                                                                    | Shareholders' equity |                            | Valuation and translation adjustments | Stock acquisition rights | Total net assets |
|------------------------------------------------------------------------------------|----------------------|----------------------------|---------------------------------------|--------------------------|------------------|
|                                                                                    | Treasury shares      | Total shareholders' equity | Net valuation gains on securities     |                          |                  |
| Balance as of March 31, 2008                                                       | (13,623)             | 215,386                    | 4,748                                 | 193                      | 220,329          |
| Changes during fiscal term                                                         |                      |                            |                                       |                          |                  |
| Dividends from surplus                                                             |                      |                            | (7,959)                               |                          | (7,959)          |
| Net profit                                                                         |                      |                            | 9,858                                 |                          | 9,858            |
| Reversal of reserve for special depreciation                                       |                      |                            | —                                     |                          | —                |
| Provision of reserve for special depreciation                                      |                      |                            | —                                     |                          | —                |
| Reversal of reserve for advanced depreciation of fixed assets                      |                      |                            | —                                     |                          | —                |
| Provision of reserve for advanced depreciation of fixed assets                     |                      |                            | —                                     |                          | —                |
| Reversal of reserve for special account for advanced depreciation of fixed assets  |                      |                            | —                                     |                          | —                |
| Provision of reserve for special account for advanced depreciation of fixed assets |                      |                            | —                                     |                          | —                |
| Acquisition of treasury shares                                                     | (8,611)              | (8,611)                    |                                       |                          | (8,611)          |
| Disposal of treasury shares                                                        | 17                   | 7                          |                                       |                          | 7                |
| Net changes other than shareholders' equity                                        |                      |                            | (4,089)                               | 116                      | (3,973)          |
| Total changes during fiscal term                                                   | (8,593)              | (6,705)                    | (4,089)                               | 116                      | (10,678)         |
| Balance as of March 31, 2009                                                       | (22,216)             | 208,681                    | 658                                   | 310                      | 209,650          |

(Note) Amounts less than ¥1 million are rounded off.

## Notes on Financial Statements

### 1. Notes on matters related to the significant accounting policy

#### (1) Standards and methods of valuation applicable to assets

##### 1) Securities

Shares of subsidiaries and affiliates: Stated by cost method based on moving average method

Other securities:

|                                  |       |                                                                                                                                                                                                                                                            |
|----------------------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Securities carrying market value | ..... | Valued by market method based on fair market value prevailing on the accounting closing date. Any valuation difference is recorded directly in net assets, and the cost of sale of relevant securities was computed on the basis of moving average method. |
|----------------------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                      |       |                                                                                      |
|--------------------------------------|-------|--------------------------------------------------------------------------------------|
| Securities not carrying market value | ..... | Valued by cost method based on moving average method or by depreciation cost method. |
|--------------------------------------|-------|--------------------------------------------------------------------------------------|

##### 2) Derivatives

Valued by market method

##### 3) Inventories

Stated at cost based on gross average method (devaluated book value on the balance sheet in the event of lower profitability)

#### (2) Methods of depreciation applicable to fixed assets

##### 1) Tangible fixed assets

The declining-balance method is applied for depreciation.

The straight line method is applied, however, to the buildings (excluding accessory equipment) acquired on or after April 1, 1998.

As for the useful life and the residual value, the same standards are applied as those stipulated in the corporate tax law.

##### 2) Intangible fixed assets

The straight-line method is applied.

As for the useful life, the same standards are applied as those stipulated in the corporate tax law.

However, Goodwill is depreciated in the straight line-method (5 years) while the costs of software for the Company's own use are amortized over the estimated useful life (5 years) using the straight-line method.

#### (3) Standards applicable to reporting of reserves

##### 1) Allowance for doubtful accounts

In order to prepare for loss on claims, the amount is determined and reported on the basis of actual past losses in the cases of general claims, and on the basis of anticipated unrecoverable amounts in the cases of certain specified claims such as those involving the risk of loss.

##### 2) Allowance for Directors' and Corporate Auditors' bonuses

In order to prepare for payment of Directors' and Corporate Auditors' bonuses, the amount that is deemed to have accrued at the close of the current fiscal term is reported on the basis of anticipated amounts.

##### 3) Allowance for employees' retirement benefits

In order to prepare for payment of employees' retirement benefits, the amount that is deemed to have accrued at the close of the current fiscal term is reported on the basis of anticipated amounts of retirement benefits obligations and annuity assets as of the close of the current fiscal term.

Any mathematical variances are treated as one lump-sum expense during the term immediately following the accounting term in which they accrue.

We have reported the amount proportionally divided by the straight-line method over a fixed period (3 years) within employees' average remaining service period at the time of cost emergence as past service liability.

4) Allowance for environmental costs

We have recorded our estimate of the cost of disposing of polychlorinated biphenyl (PCB) and other materials.

(4) Other significant matters serving as the basis for the production of accounting statements

1) Hedge accounting

Allotting treatment is applied to currency swap transactions if the requirements for allotting treatment are fulfilled, and special-measures treatment is applied to interest rate swap transactions if the requirements for special-measures treatment are fulfilled.

2) Accounting treatment method applicable to consumption tax, etc.

The accounting treatment of the consumption tax and the local consumption tax is based on the tax exclusion method.

(5) Changes in accounting policies

1) Application of accounting standard for evaluation of inventories

Previously inventories held for sales purposes were mainly stated at cost based on gross average method. However, following the application of the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan ("ASBJ") Statement No. 9, July 5, 2006) from this fiscal term, inventories are mainly stated at cost based on gross average method (with regard to amounts stated in the balance sheet, the method of book value devaluation based on decline in profitability is used), and disposal of inventories, which was previously recognized as non-operating expenses, is now recognized as cost of sales.

As a result of this change, operating income decreased by 2,243 million yen and pre-tax net profit by 1,500 million yen respectively compared with the figures under the previous method.

2) Application of accounting standard for lease transactions

Previously finance lease transactions other than those in which leasehold ownership is deemed to have moved to the lessee were accounted for by a method similar to that applied to lease transactions. However, following the application of the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, final revision on March 30, 2007) and the "Guidance on the Accounting Standard for Lease Transactions (ASBJ Guidance No. 16, final revision on March 30, 2007) from the current fiscal term finance lease transactions other than those in which leasehold ownership is deemed to have moved to the lessee are now accounted for by a method that conforms to that applied to sales transactions.

The impact of the application of this standard on profit and loss is insignificant.

Finance lease transactions other than those in which leasehold ownership is deemed to have moved to the lessee that commenced before the start of the initial year of the application of the Accounting Standard for Lease Transactions are accounted for by a method similar to that applied to lease transactions

(Additional Information)

The Company changed useful life for depreciation for part of machinery and equipment effective from the current fiscal term in accordance with the "Ministry of Finance Ordinance regarding statutory useful life of depreciable assets" (amendment effective from April 30, 2008). The impact of these changes on profit and loss is insignificant.

## 2. Notes on balance sheet

|                                                                                                |                                                             |                 |
|------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------|
| (1) Assets pledged and claims related thereto                                                  |                                                             |                 |
| Assets pledged                                                                                 | Tangible fixed assets                                       | ¥10,912 million |
| Liabilities related to the above                                                               | Long-term loan (liabilities arising from bank transactions) | ¥ 1million      |
| (2) Allowance for doubtful accounts directly deducted from assets                              |                                                             |                 |
| Current Assets; Notes account receivable (net amount)                                          |                                                             | ¥11million      |
| Investments and other assets, Others                                                           |                                                             | ¥133million     |
| (3) Accumulated depreciation on tangible fixed assets (including accumulated impairment loss): |                                                             | ¥235,103million |
| (4) Claims to/from subsidiaries and affiliated companies                                       |                                                             |                 |
| Short-term monetary claims to affiliates                                                       |                                                             | ¥ 28,794million |
| Long-term monetary claims to affiliates                                                        |                                                             | ¥ 17,765million |
| Short-term monetary obligation from affiliates                                                 |                                                             | ¥23,708 million |
| (5) Guarantee obligations                                                                      |                                                             |                 |
| Employees                                                                                      |                                                             | ¥ 77million     |
| Others (1 company)                                                                             |                                                             | ¥ 0million      |
| Total                                                                                          |                                                             | ¥ 78million     |

## 3. Notes on statement of income

|                                                         |                 |
|---------------------------------------------------------|-----------------|
| Transactions with subsidiaries and affiliated companies |                 |
| Sales                                                   | ¥ 71,705million |
| Amount for goods purchased                              | ¥ 39,276million |
| Other trade transactions                                | ¥ 15,035million |
| Interest received                                       | ¥ 554million    |
| Dividends received                                      | ¥3,374million   |
| Interest expenses                                       | ¥ 55million     |

## 4. Note on statement of changes in net assets

Class and number of treasury shares at the end of the current fiscal term: 11,648,666 ordinary shares

## 5. Note on tax effect accounting

Allowance for employees' retirement benefits were a major cause of deferred tax assets.  
Reserve for advanced depreciation of fixed assets etc. were major causes of deferred tax liabilities.

## 6. Note on fixed assets used under lease

In addition to fixed assets reported in the balance sheet, certain equipment and fixtures are used according to financial lease agreements that exclude ownership transfer.

## 7. Notes on transactions with related parties

### (1) Subsidiaries, affiliated companies, etc.

| Attribute  | Name of the company        | Voting rights ownership rate (%) | Contents of relationship       |                                                   | Contents of transactions                          | Transaction amount (million yen) | Item                                          | Term-end balance (million yen) |
|------------|----------------------------|----------------------------------|--------------------------------|---------------------------------------------------|---------------------------------------------------|----------------------------------|-----------------------------------------------|--------------------------------|
|            |                            |                                  | Directors serving concurrently | Business relationship                             |                                                   |                                  |                                               |                                |
| Subsidiary | Techno Polymer Co., Ltd.   | 100                              | None                           | Provision of loans                                | Provision of loans (Note 1)                       | 2,330                            | Long-term loans to subsidiaries & affiliates. | 3,800                          |
| Subsidiary | ELASTOMIX Co., Ltd         | 98.5                             | None                           | Deposit from subsidiary                           | Deposit from subsidiaries and affiliates (Note 2) | 233                              | Deposit from subsidiaries                     | 3,074                          |
| Subsidiary | JSR Micro Korea Co., Ltd.  | 100                              | None                           | Sales of our products and provision of loans      | Sale of products (Note 3)                         | 18,393                           | Accounts receivable                           | 5,429                          |
|            |                            |                                  |                                |                                                   | Provision of loans (recovery) (Note 1)            | (1,249)                          | Long-term loans to subsidiaries & affiliates. | 3,065                          |
| Subsidiary | JSR Micro Taiwan Co., Ltd. | 100                              | None                           | Sales of our products and supply of raw materials | Provision of loans (Note 1)                       |                                  | Long-term loans to subsidiaries & affiliates  | 5,738                          |
| Subsidiary | JM Energy Corporation      | 100                              | None                           | Provision of loans                                | Provision of loans (Note 1)                       | 3,000                            | Long-term loans to subsidiaries & affiliates  | 3,000                          |
| Affiliate  | KRATON JSR ELASTOMERS K.K. | 50                               | 3                              | Toll manufacturing of elastomer products          | Purchase of products (Note 4)                     | 10,867                           | . Accounts payable                            | 4,219                          |

Terms and conditions of transactions and the policy for determining the terms and conditions, etc.

(Notes)

1. Interest rates on loans are determined through negotiation considering prevailing interest rates in financial market.
2. Interest rates on deposit are determined through negotiation considering prevailing interest rates in financial market.
3. Terms and conditions for the sale of the products are determined through negotiation based considering full cost of the products and market prices.
4. Terms and conditions for the purchase of elastomers products are determined through negotiation based upon our preferable prices offered after considering the full cost and market prices
5. Transaction amounts do not include consumption tax, etc. Term-end balances include consumption tax, etc.



Copy of Audit Report on Consolidated Financial Statements from Accounting Auditors

**Accounting Auditors' Report**

May 7, 2009

To: Board of Directors  
JSR Corporation

KPMG AZSA & Co.

|                                  |                             |                           |
|----------------------------------|-----------------------------|---------------------------|
| Designated and Operating Partner | Certified Public Accountant | Teruo Iida (seal)         |
| Designated and Operating Partner | Certified Public Accountant | Shin-nosuke Yamada (seal) |
| Designated and Operating Partner | Certified Public Accountant | Masayuki Kasai(seal)      |

Pursuant to Paragraph 4 of Article 444, of the Corporation Law, we have audited the Consolidated Financial Statements of JSR Corporation, covering the consolidated fiscal year commencing on April 1, 2008 and ending on March 31, 2009, namely the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes on consolidated accounting. The responsibility for preparing these Consolidated Financial Statements rests with the management of JSR Corporation, while our responsibility as accounting auditor lies in expressing our opinions on such Consolidated Financial Statements.

We have conducted the above audit in accordance with auditing standards that are generally accepted in Japan. The said auditing standards demand that a reasonable assurance be obtained that the Consolidated Financial Statements are free of any material misstatement. Our audit was on a test basis and included an examination of the overall presentation of the Consolidated Financial Statements, including an evaluation of the accounting policies adopted by the management of JSR Corporation and how they were applied and an assessment of the estimates made by the management. In our judgment, we have acquired a reasonable basis for expressing our opinions as a result of the audit described above.

We find that the above Consolidated Financial Statements are in accordance with the corporate accounting standards that are generally accepted in Japan, and present fairly the assets and profits/losses of the Group, which consists of JSR Corporation and its consolidated subsidiaries, for the consolidated fiscal year under review in every important respect.

There is no conflict of interest between the Company and ourselves that should be described pursuant to the provisions of the Certified Public Accountants Law.

Copy of Audit Report from Accounting Auditors

**Accounting Auditors' Report**

May 7, 2009

To: Board of Directors  
JSR Corporation

KPMG AZSA & Co.

|                                  |                             |                           |
|----------------------------------|-----------------------------|---------------------------|
| Designated and Operating Partner | Certified Public Accountant | Teruo Iida (seal)         |
| Designated and Operating Partner | Certified Public Accountant | Shin-nosuke Yamada (seal) |
| Designated and Operating Partner | Certified Public Accountant | Masayuki Kasai(seal)      |

Pursuant to Section 1 of Paragraph 2 of Article 436 of the Corporation Law, we have audited the Financial Statements of JSR Corporation, covering its 64th Fiscal Term commencing on April 1, 2008 and ending on March 31, 2009, namely the balance sheet, statement of income, statement of changes in net assets, notes on non-consolidated accounting, and the supplementary statements. The responsibility for preparing these Financial Statements and the supplementary statements thereto rests with the management of JSR Corporation, while our responsibility as accounting auditor lies in expressing our opinions on such Financial Statements and the supplementary statements.

We have conducted the above audit in accordance with auditing standards that are generally accepted in Japan. The said auditing standards demand that a reasonable assurance be obtained that the Financial Statements and the supplementary statements are free of any material misstatement. Our audit was on a test basis and included an examination of the overall presentation of the Financial Statements and the supplementary statements, including an evaluation of the accounting policies adopted by the management of JSR Corporation and how they were applied and an assessment of the estimates made by the management. In our judgment, we have acquired a reasonable basis for expressing our opinions as a result of the audit described above.

We find that the above Financial Statements and the supplementary statements are in accordance with the corporate accounting standards that are generally accepted in Japan, and present fairly the assets and profits/losses for the consolidated fiscal year under review in every important respect.

There is no conflict of interest between the Company and ourselves that should be described pursuant to the provisions of the Certified Public Accountants Law.

## Audit Report

The Board of Corporate Auditors, with regard to the execution of duties of the Directors during the 64th fiscal term commencing on April 1, 2008 and ending on March 31, 2009, has discussed and prepared its audit report as described below based upon audit reports prepared by each of the Corporate Auditors;

### 1. Methods and contents of the audits by Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors established an audit policy, assigned responsibilities to each Corporate Auditor in carrying out audits, and received reports from each Corporate Auditor on the implementation and the results thereof. In addition, the Board of Corporate Auditors received reports and, when necessary, requested explanation from Directors, other executives and Accounting Auditors concerning the execution of their duties.

Each Corporate Auditor, in accordance with the audit standards for Corporate Auditors and the relevant audit policies established by and the responsibilities assigned by the Board of Corporate Auditors, communicated with Directors, internal Audit Office, employees and other parties in order to collect information and develop an optimum audit environment. At the same time, each Corporate Auditor attended the Board of Directors meetings and other important meetings, received reports from Directors employees and other parties on execution of their duties, requested reports and explanations from them when necessary, reviewed important documents including those subject to executive approval, and examined the status of business operations as well as the assets at the head office and other major business offices. In addition, each Corporate Auditor reviewed the contents of the resolution of the Board of Directors on establishment of structures to ensure compliance of Directors' execution of duties with laws and ordinances and Articles of Incorporation and as well as to secure propriety of the conducting businesses of the Company, as set forth under the Paragraphs 1 and 3 of Article 100 of the Enforcement Regulations of the Corporation Law, and monitored the implementation status of such structures established based upon such resolutions. With regard to subsidiaries of the Company, each Corporate Auditor strove to communicate well and exchange information with directors and corporate auditors of the subsidiaries, received reports from subsidiaries on their businesses whenever necessary. Through these methods, each Corporate Auditor examined the business report of the Company and the supplementary statements for the fiscal term under review.

In addition, each Corporate Auditor has monitored and verified Accounting Auditors' independence and propriety in implementing their auditing, received reports on their execution of duties and requested explanation from them when necessary. Each Corporate Auditor received a notice from the Accounting Auditors that the "the system for ensuring Accounting Auditors' appropriate execution of duties" (in each terms, the Article 131 of the Corporation Accounting Regulations) has been developed in accordance with the "the Standards on Quality Control Concerning Audit" (established by the Business Accounting Council on October 28, 2005). Through these methods, each Corporate Auditors reviewed the non-consolidated financial statements (the balance sheet, the statement of income, the statement of changes in net assets, and notes on non-consolidated accounting) and their supplementary statements as well as the consolidated financial statements (the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets, and notes on consolidated accounting), for the fiscal term under review.

### 2. Audit results

#### (1) Results of audit on business report and other documents

- a. We have found that the business report and its supplementary statements fairly represents the status of the Company in accordance with the laws and ordinances, and the Articles of Incorporation.
- b. With regard to the execution of duties of the Directors, we have found neither misconduct nor material matters in violating laws and ordinances or the Articles of Incorporation
- c. We have found that the contents of the resolutions of the Board of Directors regarding the structures for internal control are fair and proper. We also have found nothing to be specifically addressed concerning the execution of duties of Directors in relation to the structures for internal control.

(2) Results of audit on non-consolidated financial statements and the supplementary statements  
We find the methods and the conclusions of the audit by KPMG AZSA & Co. to be fair and proper.

(3) Consolidated Financial Statements  
We find the methods and the conclusions of the audit by KPMG AZSA & Co. to be fair and proper.

May 8, 2009

Board of Corporate Auditors, JSR Corporation

|                                               |                   |        |
|-----------------------------------------------|-------------------|--------|
| Full-time Corporate Auditor                   | Fumio Ozaki       | (seal) |
| Full-time Corporate Auditor                   | Nobuo Bessho      | (seal) |
| Full-time Corporate Auditor (outside auditor) | Kunihiro Fukasawa | (seal) |
| Corporate Auditor (outside auditor)           | Kenji Ito         | (seal) |

## Reference

(1) Consolidated Cash Flow Statement (from April 1, 2008 to March 31, 2009)

(in millions of yen)

| Cash Flow from Operating Activities | Cash Flow from Investment Activities | Cash Flow from Financial Activities | Balance of Cash or its equivalent at the end of the current consolidated fiscal year |
|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------------------------------------------------------|
| 33,920                              | (36,464)                             | (19,152)                            | 37,125                                                                               |

(2) Segment Information (from April 1, 2008 to March 31, 2009)

(in millions of yen)

|                  | Elastomers Business | Emulsion Business | Plastics Business | Diversified Business |
|------------------|---------------------|-------------------|-------------------|----------------------|
| Sales            | 117,855             | 23,432            | 64,829            | 146,385              |
| Operating Profit | 8,026               | 516               | 1,308             | 20,496               |

Please note that this is the English translation of the original Notice inclusive of Appendix thereto and Reference Materials which are written in Japanese; therefore, in the event of any conflict between the Japanese original Notice inclusive of Appendix thereto and Reference Materials and this English translation, the Japanese original Notice inclusive of Appendix thereto and Reference Materials shall be controlling in all respects.

## **Reference Materials for the General Meeting of Shareholders**

### **Agenda and Referential Materials**

#### **Proposal 1. Appropriation of Surplus**

The Company considers it vitally important to improve corporate performance on a long-term basis by strengthening R&D from a long-term view point and enhancing competitiveness through development of new businesses. Our basic policy for dividends is, based upon the above understanding, sustaining stable dividends on a long-term basis while further distributing profits in accordance with the growth of its consolidated results.

The Company comprehensively determines the dividends while maintaining consistency with internal reserves required for future business developments. The internal reserve will be used for research and development and strategic investment for new growth, and the Company endeavors to return profits to shareholders by increasing the corporate value and also using the internal reserve to obtain treasury shares in the longer run.

The Company would like to propose, despite the very difficult and adverse business environment it is now facing, the following year-end dividends after thorough consideration of the points mentioned above.

- (1) Matters related to an allotment of dividends properties to shareholders and the amount  
The Company would like to provide ¥16 per ordinary share of the Company, with the total amount of ¥3,907,784,000.  
As a result, the dividends including the interim dividends will be ¥32 per share, with the total amount of ¥7,863,476,416.
- (2) Effective Date of dividends from surplus  
June 17, 2009

#### **Proposal 2. Partial Amendments to the Articles of Incorporation**

##### 1. Reasons for the revisions

- (1) As the “Law for Partial Amendment to the Law Concerning Book-Entry Transfer of Corporate Bonds and Other Securities for the Purpose of Rationalizing the Settlement of Trades of Stocks and Other Securities” (Law No. 88 of 2004) (“Settlement Rationalization Law”) took effect on January 5, 2009 and a full transition was made to a book-entry transfer system concerning shares of listed companies, the Company proposes the following amendments to its Articles of Incorporation to delete provisions relating to share certificates and to make other necessary changes:
  - i) In accordance with Paragraph 1 of Article 6 of the Supplemental Provisions of Settlement Rationalization Law, a resolution for the amendment of the Articles of Incorporation to abolish the provisions for issuance of share certificates is deemed to have been made upon the effective date described in the paragraph above, and the Company therefore proposes to reflect such amendment in its Articles of Incorporation as well as to delete the current provisions for issuance of share certificates for fractional unit shares and regulations for the register of lost share certificates (Article 7, Paragraph 2 of Article 9 and Paragraph 3 of Article 12 of the current Articles of Incorporation).  
Notwithstanding the above, as the Company needs to prepare and maintain the register of lost share certificates for one year from the day following the effective date of the Settlement Rationalization Law, the Company proposes to newly establish, as transitional measures, necessary provisions in the

- Supplementary Provisions of its Articles of Incorporation (Article 1 and Article 2 of the Supplementary Provisions in the proposed draft of the amendment).
- ii) As “the Law on Custody and Transfer of Share Certificates, etc.” (Law No. 30, 1984) was abolished pursuant to Article 2 of the Supplemental Provisions of the Settlement Rationalization Law, the Company proposes to delete provisions for beneficiary shareholders and the beneficiary shareholder register (Article 10 and Paragraph 3 of Article 12 of the current Articles of Incorporation)
  - iii) In order to clearly state that the procedures relating to exercising the rights are provided in the Rules for Handling Shares of the Company, the Company proposes to make necessary amendments. (Article 11 of the current Articles of Incorporation)
  - iv) In addition, the Company proposes to make necessary adjustments to the numbers of the Articles reflecting the amendments described in the paragraphs above.
- (2) For the purposes of enhancing the head office functions in relation to expansion of its businesses and improving the office environment to achieve greater efficiency in operations, the Company transferred its head office functions from Chuo-ku, Tokyo to Minato-ku, Tokyo as of January 5, 2009. Accordingly, the Company proposes to change its location of head office provided in the Articles of Incorporation from Chuo-ku, Tokyo to Minato-ku, Tokyo.

## 2. Details of the Amendments

The details of the Amendments are as follows:

(Underlines indicate amended sections)

| Current Articles of Incorporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(Location of Head Office)<br/>Article 3.<br/>The head office of the Company shall be located in <u>Chuo-ku, Tokyo, Japan.</u></p> <p>Article 4. through Article 6. (Text Omitted)</p> <p><u>(Issuance of Share Certificates)</u><br/><u>Article 7.</u><br/><u>The Company shall issue share certificates for the shares of the Company.</u></p> <p>(Purchase of Its Own Shares)<br/>Article <u>8.</u> (Text omitted)</p> <p>(Amount of Unit Shares <u>and Non-Issuance of Share Certificates for Fractional Unit Shares</u>)<br/>Article <u>9.</u><br/>The Unit Shares of the Company shall be one hundred (100) shares.<br/><u>2. Notwithstanding Article 7 above, the Company shall not issue any share certificates for fractional unit shares.</u></p> <p>(Rights of Fractional Unit Shares)<br/>Article <u>10.</u><br/>Shareholders of the Company (<u>including beneficial shareholders, the same will apply hereinafter</u>) may not exercise any other rights than those stated below, in regard to fractional unit shares.<br/>(1) The rights stipulated in each of the items of Paragraph 2 of Article 189 of the Corporation Law;</p> | <p>(Location of Head Office)<br/>Article 3.<br/>The head office of the Company shall be located in <u>Minato-ku, Tokyo, Japan.</u></p> <p>Article 4. through Article 6. (Text unchanged)</p> <p>(Deleted)</p> <p>(Purchase of Its Own Shares)<br/>Article <u>7.</u> (Text unchanged)</p> <p>(Amount of Unit Shares)<br/>Article <u>8.</u><br/>The Unit Shares of the Company shall be one hundred (100) shares.<br/>(Paragraph 2. Deleted)</p> <p>(Rights of Fractional Unit Shares)<br/>Article <u>9.</u><br/>Shareholders of the Company may not exercise any other rights than those stated below, in regard to fractional unit shares.<br/>(1) through (3) (Text unchanged)</p> |

| Current Articles of Incorporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(2) The rights to claim as stipulated in each of the items of Paragraph 1 of Article 166 of the Corporation Law;</p> <p>(3) The right to receive the allotment of offered shares and rights to subscribe for new shares proportionate to the number of shares held by the respective shareholder;</p> <p>(Rules for Handling Shares)<br/>Article <u>11</u>.<br/>Procedures for handling shares of the Company and fees thereof shall be, other than those provided for by laws and ordinances, or by these Articles of Incorporation, set forth in the Rules for Handling Shares established by the Board of Directors.</p> <p>(Shareholder Register Administrator)<br/>Article <u>12</u>.<br/>The Company shall have a shareholder register administrator.<br/>2. The shareholder register administrator and its business office shall be determined by the resolution of the Board of Directors and shall be announced by public notice.<br/>3. The preparation and maintenance of the shareholder register of the Company <u>(including the beneficiary shareholder register, the same will apply hereafter)</u>, the register for stock acquisition rights <u>and the register of lost share certificates</u> and other affairs in connection with such register shall be entrusted to the shareholder register administrator and shall not be handled by the Company.</p> <p>Article <u>13</u> through Article <u>37</u> (Text omitted)</p> <p>(Added)</p> | <p>(Rules for Handling Shares)<br/>Article <u>10</u>.<br/>Procedures <u>for exercising the rights of the shareholders and other procedures</u> for handling shares of the Company and fees thereof shall be, other than those provided for by laws and ordinances, or by these Articles of Incorporation, set forth in the Rules for Handling Shares established by the Board of Directors.</p> <p>(Shareholder Register Administrator)<br/>Article <u>11</u>.<br/>The Company shall have a shareholder register administrator.<br/>2. The shareholder register administrator and its business office shall be determined by the resolution of the Board of Directors and shall be announced by public notice.<br/>3. The preparation and maintenance of the shareholder register of the Company <u>and</u> the register for stock acquisition rights and other affairs in connection with such registers shall be entrusted to the shareholder register administrator and shall not be handled by the Company.</p> <p>Article <u>12</u> through Article <u>36</u> (Text unchanged)</p> <p><b><u>SUPPLEMENTARY PROVISIONS</u></b></p> <p><b><u>Article 1.</u></b><br/><u>Preparation and maintenance of the register of lost share certificates of the Company and other affairs relating to the register of lost share certificates shall be handled by the shareholder register administrator and not by the Company.</u></p> <p><b><u>Article 2.</u></b><br/><u>These Supplementary Provisions are effective until January 5, 2010, and shall be deleted as of January 6, 2010.</u></p> |

### Proposal 3. Election of 9 Directors

Since the tenures of all nine (9) current Directors will expire at the close of this general meeting of shareholder, it is proposed that nine (9) Directors be newly elected.

The candidates for Directors are as follows:

| No. | Name<br>(Date of Birth)                  | Brief personal record, position, responsibilities,<br>and representation of other companies                                                                                                                                                                                                                                                | Number of<br>the shares<br>of the<br>Company<br>owned |
|-----|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| 1   | Yoshinori Yoshida<br>(December 18, 1939) | Apr. 1964 Joined JSR<br>Jun. 1988 Director<br>Jun. 1993 Managing Director<br>Jun. 1997 Senior Managing Director<br>Jun. 1998 Vice President<br>Jun. 2001 President<br>Apr. 2009 Chairman (current position)<br>(Representation of other companies)<br>President, Japan Butyl Co., Ltd.                                                     | 33,256                                                |
| 2   | Mistunobu Koshiba<br>(November 9, 1955)  | Oct. 1981 Joined JSR<br>Jun. 2004 Director<br>Jun. 2005 Senior Officer, General Manager, Electronic Materials<br>Jun. 2006 Managing Director<br>Jun. 2008 Senior Managing Director<br>Apr. 2009 President (current position)<br>currently responsible for General Management of the<br>Company and Strategic Businesses                    | 15,800                                                |
| 3   | Tsugio Haruki<br>(July 27, 1946)         | Apr. 1969 Joined JSR<br>Jun. 1998 Director<br>Jun. 2002 Managing Director<br>Jun. 2007 Senior Managing Director (current position)<br>currently responsible for CSR, Accounting, Finance, and<br>Corporate Communications                                                                                                                  | 31,185                                                |
| 4   | Seiichi Hasegawa<br>(July 3, 1947)       | Apr. 1970 Joined JSR<br>Jun. 1999 Director<br>Jun. 2002 Managing Director (current position)<br>currently responsible for Procurement, Logistics, Group<br>Companies Coordination, and Information Technology,<br>(Representation of other companies)<br>President, Tobu Butadiene Co., Ltd.                                               | 23,100                                                |
| 5   | Masaki Hirose<br>(July 25, 1948)         | Apr. 1971 Joined JSR<br>Jun. 2002 Director<br>Jun. 2005 Senior Officer,<br>General Manager, Human Resources<br>Jun. 2006 Director,<br>Senior Officer,<br>General Manager, Human Resources<br>Jun. 2007 Managing Director (current position)<br>currently responsible for Corporate Planning, Human<br>Resources, General Affairs and Legal | 12,522                                                |

| No. | Name<br>(Date of Birth)                 | Brief personal record, position, responsibilities,<br>and representation of other companies                                                                                                                                                                                                                                                                                                                     | Number of<br>the shares<br>of the<br>Company<br>owned |
|-----|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| 6   | Hozumi Sato<br>(May 17, 1952)           | Apr. 1977 Joined JSR<br>Jun. 2004 Director<br>Jun. 2005 Senior Officer,<br>Jun. 2006 Director,<br>Senior officer,<br>General Manager, Yokkaichi R&D Center<br>Jun. 2007 Managing Director (current position)<br>currently responsible for Research & Development,<br>Precision Processing,<br>And Strategic Businesses(as assistant director)                                                                   | 7,700                                                 |
| 7   | Yasuki Sajima<br>(August 26, 1950)      | Apr. 1974 Joined JSR<br>Jun. 2005 Senior Officer(current position),<br>currently responsible as General Manager, Electronic<br>Materials Businesses<br>Jun. 2007 Director (current position),<br>currently responsible for Fine Chemicals Sector                                                                                                                                                                | 4,350                                                 |
| 8   | Koichi Kawasaki<br>(April 20, 1957)     | Apr. 1983 Joined JSR<br>Jun. 2005 Officer,<br>General Manager, Manufacturing & Technology Dept.<br>Jun. 2007 Director, (current position)<br>currently responsible for Manufacturing & Technologies,<br>Product Safety & Quality Assurance, and Petrochemicals<br>Sector (as assistant Director) and<br>Senior Officer (current position) currently responsible as<br>General Manager, Petrochemical Businesses | 4,400                                                 |
| 9   | Hisao Hasegawa (*)<br>(August 13, 1949) | Apr. 1974 Joined JSR<br>Jun. 2001 General Manager, Process Development Center,<br>Manufacturing Technology Group,<br>Jun. 2006 Senior Officer (current position)<br>currently responsible as Plant Manager, Yokkaichi Plant,<br>and Chairman, JSR Health Insurance Association.                                                                                                                                 | 7,500                                                 |

(Notes)

1. No conflict of interest exists between the Director candidates and the Company.
2. (\*) denotes a candidate for a newly elected Director
3. (current position) indicate his latest position at which he has been staying up to now.

#### Proposal 4. Election of 3 Corporate Auditors

As Mr. Akira Nozawa resigned from his office on August 15, 2008 and as Messrs. Fumio Ozaki and Kunihiro Fukasawa resigned from their office at the close of this general meeting of shareholders respectively, it is proposed that three (3) Corporate Auditors be elected..

The Board of Corporate Auditors has consented to the submission of this proposal in advance.

The candidates for Corporate Auditor are as follows:

| No. | Name<br>(Date of Birth)             | Brief personal record, position, responsibilities,<br>and representation on other companies                                                                                                                                                                                                                                                                                                                                        | Number of<br>the shares of<br>the Company<br>owned |
|-----|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| 1   | Yoshio Tamaki<br>(October 1, 1948)  | Apr. 1971 Joined JSR<br>Jun. 2002 General Manager, Logistics Dept.<br>Jun. 2003 President, JSR LOGISTICS CO., LTD.<br>Oct. 2005 General Manger, Audit Office (current position)                                                                                                                                                                                                                                                    | 4,000                                              |
| 2   | Hiroichi Uekusa<br>(June 28, 1952)  | Apr. 1977 Registered as Attorney at Law (current position)<br>Apr. 2004 Deputy Chairman, The Tokyo Bar Association<br>Executive Governor, The Japan Federation of Bar Associations<br>Apr. 2005 Professor, University of Tsukuba Law School<br>(current position)<br>May 2008 Chairman, Legal Apprentice Training Committee,<br>The Japan Federation of Bar Associations                                                           | 0                                                  |
| 3   | Nobuko Kato<br>(September 30, 1950) | Mar. 1973 Joined Bridgestone Tire Co., Ltd. (currently<br>Bridgestone Corporation)<br>Apr. 2002 General Manager, Research and Development<br>Division, Research Department,<br>Bridgestone Corporation<br>Jul. 2007 Fellow, Central Research and Development Center,<br>Bridgestone Corporation<br>Mar. 2009 Executive Senior Fellow,<br>Central Research and Development Center,<br>Bridgestone Corporation<br>(current position) | 0                                                  |

(Notes)

1. No conflict of interest exists between each of the candidate for Corporate Auditor and the Company.
2. Mr. Uekusa and Ms Kato are candidates for Outside Corporate Auditors.
3. The reason we chose Mr. Uekusa as a candidate for Outside Corporate Auditor is that Mr. Uekusa would certainly enhance and strengthen the auditing functions of the Company judging from the range of his professional knowledge and vast experience which he cultivated as a Lawyer. For this reason, we believe he will appropriately perform his duties and responsibilities as a Corporate Auditor although he has not been involved in the management of the companies.
4. Ms. Kato is an Executive Senior Fellow, of which status is equivalent to Officer, Central Research and Development Center of Bridgestone Corporation which falls under the category of specially related companies (major customers) under the Corporation Law. The reasons we chose Ms. Kato as a candidate for Outside Corporate Auditor are that Ms. Kato would certainly enhance and strengthen the auditing functions of the Company judging from the range of her professional knowledge in R&D and business management in elastomers.

#### Proposal 5. Payment of Bonus to Directors

The Company would like to pay, considering the business performance of the Company for the current fiscal term, bonuses to nine Directors incumbent as of the end of the current fiscal term in a total amount for ¥ 85 million.

## Reminders for Exercising Voting Rights via Internet

Dear shareholders,

You may exercise your voting rights via Internet solely by accessing our web site designed for online voting (<http://www.web54.net>). Please check the items listed below when exercising your voting rights via Internet.

Please also note that you need, for online voting, “Voting Code” and “Password” indicated in the right part of the ballot form.

### ■ Treatment of votes made via Internet

1. If you exercise your voting rights via Internet more than once, we will treat the last voting as effective one.
2. If you exercise your voting rights in duplicate by post and via Internet, we will treat the vote made via Internet as effective one.
3. When you exercise your voting rights via Internet, please complete your voting by 5:00 pm on Monday, June 15, 2009 (Japan Time) for our convenience for counting votes.

### ■ Remarks on the Password

1. Please securely keep your Password until the close of the Ordinary General Shareholders Meeting as the Password can prove your legitimacy as a shareholder of the Company. In addition, we will be unable to answer any inquiries relating to the Password by phone etc.
2. The access to the web site for online voting will be locked if you enter wrong Password a certain times, in such an event, please follow the instructions to be provided on the screen.

### ■ System Requirements for Online Voting

1. The following system environments are required for accessing our web site for online voting;
  - (1) The resolution rate of the screen shall be higher than 800 (horizontal) x 600 (vertical) (SVGA)
  - (2) Microsoft® Internet Explorer Ver.5.01SP2 or later and Adobe® Acrobat® Reader™ Ver.4.0 or later, or Adobe® Reader® Ver6.0 or later must be installed in your PC.
2. You, as a user of online voting system, will have to bear all of the costs related to connecting to your Internet provider, as well as communication charges for accessing the web site for online voting.
3. Your cellular phone cannot be used as terminal for accessing web site for online voting.