

Please note that this is an English translation of the original "Notice" which is written in Japanese; therefore, in the event of any conflict between the Japanese original and this English translation, the Japanese original shall be controlling in all respects.

(TSE Code 4185)
May 27, 2010

Dear Shareholders,

Notice of Convening the 65th Ordinary General Meeting of Shareholders
of
JSR Corporation

We are pleased to announce the convening of the 65th 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 Koshiba
President & Representative Director
JSR Corporation
1-9-2, Higashi-Shinbashi
Minato-ku, Tokyo

1. **Date and time** June 18, 2010 (Friday) 10:00 a.m.
2. **Venue** Conrad Tokyo
Annex 2F, "Kazanami"
1-9-1, Higashi-Shinbashi, Minato-ku, Tokyo, Japan

3. Agenda

Matters to be Reported

1. Business Report, Consolidated Financial Statements for the 65th Fiscal Term (from April 1, 2009 to March 31, 2010) and Audit Report thereon by the Accounting Auditors and the Board of Corporate Auditors
2. Non Consolidated Financial Statements for the 65th Fiscal Term (from April 1, 2009 to March 31, 2010)

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 1 Corporate Auditor
- 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 Thursday, June 17, 2010 (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 Thursday, June 17, 2010 (Japan Time) after reviewing the “Reminders for Exercising Voting Rights via Internet” on page 50 (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 be able to 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 “Reference Materials for the General Meeting of Shareholders”, “Business Report”, “Non Consolidated Financial Statements” and “Consolidated Financial Statements”, we will post the correction on our web site (<http://www.jsr.co.jp>).

Please note that this is an English translation of the original "Business Report" which is written in Japanese; therefore, in the event of any conflict between the Japanese original and this English translation, the Japanese original shall be controlling in all respects.

**(Appendix to the Notice of the 65th Ordinary General Meeting of Shareholders)**

**Business Report**

(from April 1, 2009 to March 31, 2010)

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

**(1) Progress and Business Results**

**Business Environment and the Results**

Japan's economy in the current fiscal year ending on March 31, 2010 has slowly headed towards recovery after having bottomed out at the end of the previous fiscal year. This was due to recovery in exports to improving economies in Asia, especially China, as well as the additional effects of economic policies and increase in production, reflecting progress in inventory adjustments. However, there remain concerns, due to factors such as large supply/demand gaps, over continuing low level of capital investment and harsh employment and personal income circumstances. Conditions were still harsh compared to the level before the global economic crisis.

In major user industries of the JSR Group, domestic and foreign economic stimulus packages led to demand in LCD TVs exceeding the previous fiscal year and firm production of flat panel displays. However, annual production of automobiles, automotive tires and semiconductors remained below that of the previous fiscal year, although the production recovered to year-on-year growth during the second half of the current fiscal year.

Looking at raw materials, the prices of naphtha rose at the start of the current fiscal year after a steep decline at the end of the previous fiscal year. In addition, price increases in both utilities and major raw materials for petrochemical products business such as styrene monomer and acrylonitrile adversely affected earnings.

Under these circumstances, in its petrochemical products business, the JSR Group expanded export sales mainly to Asian countries and increased product prices in response to the surge in prices of major raw materials. In its fine chemicals and other products business which focus on information electronics materials, the Group made a serious effort to develop global marketing. In addition, the Group strove to reduce costs across all group companies by taking additional measures to boost earnings mainly through further reduction of fixed costs while firmly proceeding with the Cost-Reduction Plan "E-100 Project". Amidst the global economy still unrecovered to its previous level, however, decrease in demand adversely impacted on the results of the Group.

As a result, sales and profit declined in the current fiscal year; consolidated net sales decreased by 12.0% year-on-year to ¥310,183 million, operating income declined by 33.3% to ¥20,230 million, ordinary income decreased by 28.1% to ¥22,377 million, and current net income decreased by 2.4% to ¥13,644 million.

**Segment Information**

**Elastomers Business**

(Sales of Synthetic Rubber)

With regard to domestic sales of synthetic rubber, net sales of general purpose synthetic rubber such as styrene butadiene rubber and polybutadiene rubber were substantially lower than those of the previous fiscal year as overall demand for automotive tires remained low despite the recent recovery trend. Net sales of special purpose synthetic rubber such as nitrile rubber and ethylene propylene rubber declined

from the previous fiscal year, reflecting lower annual automobile production although production during the second half of the current fiscal year recovered and exceeded the level of the previous fiscal year due to measures such as the introduction of tax incentives for fuel efficient automobiles.

Concerning export sales of synthetic rubber, net sales grew substantially year-on-year as a result of the efforts by the Group to expand exports of general-purpose synthetic rubber to Asian countries such as China where there are high growth rates of automobile production.

(Sales of TPEs)

For Thermoplastic Elastomers (TPEs) such as polybutadiene and styrene and butadiene TPEs, net sales were the same as those in the previous fiscal year since, despite low sales during the first half of the fiscal year, demand for automobile applications and shoe sole applications in Europe and South America became robust during the second half.

(Measures for Improving Earnings)

In regard to earnings, the Group has vigorously made efforts to reduce costs through the promotion of the Cost-Reduction Plan "E-100 Project," along with the additional measures to boost earnings mainly through further reduction of fixed costs. Efforts to increase product prices were also made in response to higher raw materials prices. Despite the recent signs of improvement in earnings reflecting gradual recovery in overall demand, the business recorded an operating deficit as a result of decline in profit margins caused by significant decrease in demand especially in the first half as well as inevitable production adjustments.

As a result, consolidated net sales in the elastomers segment declined by 11.2% year-on-year to ¥104,605 million, with a decrease in operating income by ¥8,530 million year-on-year, leading to a deficit of ¥504 million.

## **Emulsion**

(Sales of Emulsion Products)

For paper coating latex (PCL), the main product of this segment, the drop in production of coated paper contributed to a substantial decline in net sales year-on-year. Net sales of latex for other industrial use were much lower than those of the previous fiscal year due to sluggish domestic demand for construction and automobiles, despite steady exports mainly to China and Taiwan.

(Measures for Improving Earnings)

In regard to earnings, the Group has vigorously made efforts to reduce costs through the promotion of the Cost-Reduction Plan "E-100 Project," along with the additional measures to boost earnings mainly through further reduction of fixed costs. Efforts to increase product prices were also made in response to higher raw materials prices. Despite these efforts, demand declined substantially and profits fell far below those of the previous fiscal year.

As a result, in the emulsions segment, consolidated net sales declined by 27.5% year-on-year to ¥16,997 million with operating income declining by 46.2% year-on-year to ¥277 million.

## **Plastics**

(Sales of Plastics)

In the domestic market, net sales year-on-year were lower as a result of dull performance by user industries as a whole, including lower overall annual sales for automobiles despite a recent trend of recovery and low demand for building materials and in the entertainment sector. In the export market, net sales were substantially lower as sales for automobile use declined on annual basis despite recent trend of recovery. In addition, low demand both for office appliances and in entertainment sector resulted in a substantial decline in net sales year-on-year.

(Measures for Improving Earnings)

With regard to earnings, the Group has vigorously made efforts to reduce costs through the promotion of the Cost-Reduction Plan "E-100 Project," along with additional measures to boost earnings mainly through further reduction of fixed costs. Efforts to increase product prices were also made in response to higher raw materials prices. Despite these efforts, substantial drop in demand combined with the impact of the appreciation of the Japanese yen did not make up for the decline in profit margins, which lead to an operating deficit.

As a result, consolidated net sales in the plastics segment declined by 25.9% year-on-year to ¥48,041 million with a decrease in operating income by ¥1,311 million leading to a deficit of ¥3 million.

## **Fine Chemicals and Other Products**

(Sales of Semiconductor Material)

With regard to semiconductor materials, annual net sales during the whole fiscal year were lower compared with the previous fiscal year although there have been clear signs of recoveries in the sales of ArF (Argon Fluoride) photoresists, packaging materials, and CMPs, reflecting increasingly visible recovery trends in demand for semiconductors, especially those for laptop computers and smart phones, in Japan, Asia and the U.S.

A new plant for advanced lithography materials began operating at Yokkaichi Plant, which commenced commercial production of ArF photoresists in November 2009. This will enable the Group to firmly enhance its competitive edge not only by meeting higher demand for ArF photoresists arising from the full scale launch of 40 nanometer generation semiconductor processes, but also by satisfying requirement from customers for higher quality and by strengthening its capabilities to efficiently and stably supply products .

(Sales of Flat Panel Displays Materials)

With respect to materials for FPD's (Flat Panel Displays), net sales exceeded the level of the previous fiscal year due to higher demand for LCD panels for TVs boosted by domestic and foreign economic stimulus policies and to the steady demand for laptop computers as a result of the introduction of new OS (Operating System) despite declining trend of price of LCD panels. At a consolidated subsidiary, JSR Micro Kyushu Co., Ltd., the Group completed an expansion of a production facility for advanced LCD materials in August 2009 and started commercial production in April 2010 after a successful trial production and obtaining customer approval. The Group is committed to meeting growing demand for LCD materials by effectively utilizing this new plant together with its Yokkaichi Plant, JSR Micro Korea, and JSR Micro Taiwan.

(Sales of Optical Materials)

With regard to optical materials, the business of optical fiber coating materials, the mainstream product of this segment, of which sales were steady overall due to strong export demand for optical fibers to China and other emerging markets, despite weak demand from domestic optical fiber cables. Anti-reflective coating materials and protective coating materials were increasingly adopted in high value-added applications following the trend towards flat screen TVs with higher definition panels. ARTON® resin (heat-resistant transparent resin) saw more intense competition in the optical film sector, but was steady in resin sales and the precision processing sector. For optical materials as a whole, net sales increased year-on-year.

(Progress of Strategic Businesses)

JSR has specified the sectors in which large future growth is expected as "strategic businesses" namely, precision materials and processing, medical care related materials, as well as environment and energy, and has been enhancing structure to promote these businesses.

The strategic businesses are producing solid results. During the current fiscal year, JSR launched a new series of high-luminance LED related materials under the name of LUMILON™, such as encapsulants, highly refractive coatings and insulation materials; JSR also started marketing commercial

samples of touch panel sheets/films for mobile terminals and touch panel PCs; and there is a growing acceptance and adoption of binder materials for lithium ion batteries both in the domestic and foreign markets.

(Measures for Improving Earnings)

With regard to earnings, the JSR Group has vigorously made efforts to reduce costs through the promotion of the Cost-Reduction Plan "E-100 Project," along with additional measures to boost earnings mainly through further reduction of fixed costs. Despite these efforts, profits were the same as in the previous fiscal year due to weak demand, the appreciation of the yen, and higher costs involved in the strategic businesses which receive priority allocation of resources.

As a result, consolidated net sales in the fine chemicals and other products segment declined by 4.0% year-on-year to ¥140,539 million, with an annual decrease in operating income by 0.2% to ¥20,460 million.

## **(2) Capital Expenditures**

Major capital expenditures by the JSR Group during the current fiscal year included a new production facility of advanced lithography materials and an expansion of a production capacity of advanced LCD materials (JSR Micro Kyushu, Co., Ltd.). Total capital expenditures were approximately 17,700 million yen.

## **(3) Fund Procuring**

No funds were procured through the issuing of new shares or corporate bonds during the current fiscal year. At the end of the current fiscal year, the total debt for the JSR Group was approximately 15,600 million yen.

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

(Review of the Current Fiscal Year)

The JSR Group has been implementing the four-year mid-term business plan "JUMP2010," starting from fiscal 2007, to reach its vision of what the business of the Group should be by 2010, as the final stage of the structural business reform it has been pursuing since fiscal 2002. Facing the global economic crisis which began two years ago, at the start of the current fiscal year, the Group revised its numerical targets and action plan for the two years in the second half of "JUMP2010."

In the current fiscal year, in the petrochemical products business, the Group strove to expand export sales and increased prices in response to higher prices of major raw materials. In its fine chemicals and other products business, in which information electronics materials are the core products in this segment, the Group strove to develop global marketing. In addition to steadily promoting the Cost-Reduction Plan "E-100 Project," it has been pursuing, the Group took additional measures to boost earnings mainly through further reduction of reducing fixed costs. These initiatives helped to produce net sales and profits which both exceeded the revised plan.

(Strategies for the Next Fiscal Year Commencing on April 1, 2010)

The next fiscal year commencing on April 1, 2010 is the final year of "JUMP2010. In accordance with its basic strategies of "creating a group of future growth businesses as well as increasing earnings from both the fine chemicals and other products and petrochemical products businesses", the JSR Group is determined to globally develop core businesses such as petrochemical products, semiconductor materials, and flat panel display materials, focusing on emerging markets which are showing rapid growth. Particularly for the Chinese market which is growing remarkably fast, the Group is committed to enforcing a marketing organization based on its Chinese subsidiary JSR (Shanghai) Co., Ltd. (JSR Shanghai) established in March 2010, to quickly satisfy requirements and supply high quality products to customers in

the continuously growing Chinese market. In addition, for the purpose of further improving earnings, the Group will strive to enhance its competitive edge on a global basis, by way of steadily realizing cost reduction measures such as the "E-100 Project".

At the beginning of the current fiscal year, JSR specified the sectors where large future growth is expected as "strategic businesses", namely, precision materials and processing, medical care related materials, as well as environment and energy, and prioritized the allocation of resources into these businesses. The Group will accelerate the establishment of these businesses by further strengthening the allocation of resources in these segment and utilizing these materials and precision processing technologies where we have competitive edge.

The JSR Group is striving to combine its strengths to achieve its goals, by solidly advancing these initiatives and accelerating its return to a growth track.

In the next fiscal year, the Group will create its next mid-term business plan aiming at continuous growth from the next fiscal year onwards, considering the business environment up to the year 2030 and establish a long term vision to achieve its goals in 2020.

As the impact of global environmental issues has become increasingly important, the JSR Group will establish management policies for environmental issues to be built in the next mid-term business plan by reviewing the risks and business opportunities involved therein in order to enable the Group to cope with such issues.

#### (Challenges for Petrochemical Products Business)

Among the major user industries for the petrochemical products business sector, such as automobiles and automotive tires, there are concerns that large growth cannot be expected in years to come and that long-term stagnation will occur. However, it is expected that needs for high-value-added materials that contribute to the reduction of environmental impact will grow, and that a continuous expansion in emerging markets mainly in China will be seen. In regard to the management of major raw material supplies, there are also concerns about constrained availability caused by consolidations of domestic ethylene crackers.

Amidst this awareness of business environment, the JSR Group will strive to expand global sales of highly competitive products having originality and technical edge, and to optimize the supply chain of its products. Specifically, by utilizing Dow Europe GmbH, from which JSR obtained capacity rights for 30,000 tons, the Group will further strengthen the growing sales of solution polymerization SBR (S-SBR) for fuel efficient and high performance tires for users in Europe and Asia. To respond to the increased demand for butyl rubber (IIR) used for the inner tubes of large-sized automotive tires for vehicles such as buses and trucks, as well as radial tires for vehicles, JSR has decided to increase the production capacity of IIR by 18,000 tons at Japan Butyl Co., Ltd., an equity method affiliate. This increase in production capacity is set to be complete by the end of 2010. The Group will strive to make this capacity enhancement functional and effective.

In expanding and emerging markets, especially the Chinese market, the Group will endeavor to strengthen marketing activities by effectively utilizing JSR Shanghai, and to further expand sales.

In regard to ensuring the stable supply of raw materials, the Group will focus on securing new raw material sources from overseas.

To further enhance profitability, the Group will continue to put effort into promoting the "E-100 Project," along with drastic cost-structure reforms, such as reducing fixed costs, and remarkable improvement in productivity, including the integration of production lines.

#### (Challenges for Fine Chemicals and Other Products Business)

##### -- Core Businesses --

Looking at major user industries of the core businesses of the JSR Group in fine chemicals and other products business, such as information electronics, the semiconductor and flat panel display industries are expected to mark a fast overall global growth as there will be a growing demand especially in emerging countries for the final products with semiconductors or flat panel displays. On the other hand, it appears that, while there are increasing needs for value added materials through development and progress in new technologies, there are clear declining trends towards lower prices as a result of increasing commoditization

of digital technologies.

Based on this understanding of the business environment, the Group is committed to expanding its product lines to meet new needs utilizing cutting-edge technologies for the businesses of such as semiconductor materials and flat panel display materials, as well as to actively expanding in emerging markets, especially China. The Group is working to expand the semiconductor materials business by launching new products such as next generation lithography materials and the flat panel display materials business by introducing new alignment films to satisfy customer requirements. In the Chinese market, the Group is establishing a strongly localized marketing organization with JSR Shanghai as its base, and is developing the organization to supply high quality products. To meet the trend towards lower prices, JSR is cutting business costs and boosting its competitive strength by further promoting the "E-100 Project," optimizing its globally expanding production bases, and globalizing raw material procurement, etc.

-- Strategic Businesses--

The JSR Group will further focus on the strategic allocation of resources, and utilize superior materials and precision processing technologies to accelerate the development of these strategic businesses into a third source of earnings, alongside the petrochemical products business and the information electronics materials business.

Specifically, the Group will accelerate the establishment of the precision materials and processing business, such as touch panel sheets/films. In the medical care related business, the Group will work toward solid progress by building business infrastructure in areas such as immunodiagnostic agents and reagents, based on particle technologies. The Group will work to further expand the environment and energy business by solidly developing a wide range of uses, such as battery materials and LED materials. JM Energy Corporation, a consolidated subsidiary, is developing lithium ion capacitor devices, which are increasingly used in devices which compensate for a momentary drop in voltage and power failures; JSR will develop further uses and strive to expand the business globally.

(Other Corporate Challenges)

-- Personnel Training --

With regard to the development of human resources, the JSR Group recognizes that personnel training is a high priority issue necessary for the company's sustainability and long-term development. The Group will accelerate the measures necessary for strengthening organizational skills of its employees with the policy to encourage self motivated educational efforts. In addition, *diversity* and *work-life management* are themes being promoted across the entire group to enhance flexibility within the organization by utilizing diverse personnel and values arising from the trend of qualitative and quantitative changes in the labor force reflecting the trend of an aging population and low birth rate .

-- Internal Control --

In accordance with the Companies Act, the JSR Group has established "A Basic Policy Regarding the Internal Control System" and is working towards enhancing and reinforcing internal control. During the current fiscal year, JSR enhanced its effectiveness of management, function of internal control and governing management by enhancing and securing independency and professional business skills of the auditors by way of newly appointing a lawyer as an outside corporate auditor in addition to a certified public accountant, etc. The Group will continue to make efforts to strengthen and improve corporate governance, as well as maintain credibility of financial reports, with the aim to improve and reinforce internal control.

-- CSR --

The JSR Group believes it should carry out Corporate Social Responsibility (CSR) and has implemented corporate ethics actions, responsible care, risk management and social contribution activities under CSR Conference. In particular, as part of the chemical industry, JSR regards the environment and safety to be key issues underlying management, and aims to effectively promote this across the entire company. The Group will strive to raise this level of awareness, enhancing CSR activities which correspond to diverse values. In addition, in April 2009, JSR participated in the "Global Compact", a policy initiative for businesses operated by the United Nations. The Company acknowledges this participation as declaration of a global company to internationally practice responsible business conduct and will actively pursue CSR activities, meeting diverse values as well as requirements for safety and the environment.

## (5) Development of Assets and Business Results

| Category             |             | 62nd Term<br>(FY 2006) | 63rd Term<br>(FY 2007) | 64th Term<br>(FY 2008) | 65th Term<br>(FY 2009) |
|----------------------|-------------|------------------------|------------------------|------------------------|------------------------|
| Sales                | (¥ million) | 365,831                | 406,967                | 352,502                | 310,183                |
| Net profit           | (¥ million) | 33,654                 | 36,994                 | 13,981                 | 13,644                 |
| Net profit per share | (¥)         | 133.10                 | 147.26                 | 56.36                  | 55.87                  |
| Total Assets         | (¥ million) | 408,949                | 416,950                | 339,497                | 373,565                |

(Notes)

1. Both sales and net profit for the 62nd Term increased with higher sales in both Elastomers and Diversified businesses.
2. Both sales and net profit for the 63rd Term increased with higher sales in each business.
3. Both sales and net profit for the 64th Term decreased with lower sales in every business.
4. Results for the 65th Term are as shown in the “Progress and Results of Businesses” in (1) above.

## (6) Principal Subsidiaries and Affiliates (as of March 31, 2010)

### 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               |
| JSR AMERICA, INC.                         | US\$1,200,000   | 100                | Procurement and sale of synthetic rubber and plastics                           |
| ELASTOMIX (THAILAND) CO., LTD.            | Baht 75,000,000 | 75 (50)            | Production and sale of carbon master batches and rubber compounds               |
| ELASTOMIX (FOSHAN) CO., LTD.              | US\$3,500,000   | 100 (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    | 100 (25)           | Production and sale of plastics color compounds                                 |
| TECHNO POLYMER HONG KONG CO., LTD.        | HK\$2,500,000   | 100 (100)          | Procurement and sale of plastics                                                |
| Techno Polymer (Thailand) Co., Ltd.       | Baht 8,010,000  | 49 (49)            | Procurement and sale of plastics                                                |
| Techno Polymer (Shanghai) Co., Ltd.       | US\$ 200,000    | 100 (100)          | Procurement and sale of plastics                                                |
| TECHNO POLYMER AMERICA, INC.              | US\$ 300,000    | 100 (100)          | Procurement and sale of plastics                                                |
| Shanghai Rainbow Color Plastics Co., Ltd. | ¥700 million    | 60 (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   | 100 (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                                                                                                   |
| JM Energy Corporation           | ¥300 million         | 100                | Development, manufacture and retail of lithium ion capacitors and modules                                                                             |
| 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, sale and Import and export of chemicals, etc, casualties insurance agency and life insurance solicitation                                |
| JSR Trading (Shanghai) Co. Ltd. | US\$200,000          | 100 (100)          | Procurement, sale, import and export of chemicals, etc.                                                                                               |
| JSR Business Services Co., Ltd. | ¥10 million          | 100                | Undertaking of management of welfare facilities, accounting and payroll calculation, development and sales of computer software and sales of hardware |

(Notes)

1. Figures in the above “Shareholding ratio” column represent shareholding ratio owned by the Company and its subsidiary (ies) as a whole while those in the brackets in the right hand side indicate the ratio owned by subsidiary(ies) of the Company.
2. JM Energy Corporation and JSR Trading (Shanghai) Co., Ltd are added to the list above from this fiscal year.
3. JSR Service Co., Ltd merged with JNT Systems Co. Ltd. through acquisition effective from June 16th, 2009 and re-named as JSR Business Services Co., Ltd on the same day.
4. Kyushu Gomu Kako Co., Ltd. was deleted from the table above as the Board of Directors of the Company made a resolution on June 29th, 2009 to liquidate the company in question in around mid September 2010.

## 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 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      | 50 (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 the above “Shareholding ratio” column represent shareholding ratio owned by the Company and its subsidiary as a whole while those in the brackets in the right hand side indicate the ratio owned by the subsidiary of the Company.

## (7) Major Business Activities (as of March 31, 2010)

Manufacturing and sales of the following products

| Business Segments                          |                                | Products / Materials                                                                                                                            |
|--------------------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Petrochemical Products Business            | 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                                                                       |
| Fine Chemicals and other Products 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 functional 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, 2010)**

## 1) The Company

|                          |                                            |                                                 |                  |
|--------------------------|--------------------------------------------|-------------------------------------------------|------------------|
| Head 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                  | Performance Polymer Research Laboratories       | Yokkaichi, Mie   |
|                          |                                            | Display Materials Research Laboratories         | Yokkaichi, Mie   |
|                          |                                            | Fine Electronic 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 :

As the Company moved its registered place of business to the address in the “Head Office” column in the above table effective from June 16th, 2009, it closed its Tokyo Branch Office on the same day.

## 2) Principal Subsidiaries and Affiliates

| Business Segments                          | Company                                      | Location of Head Office |
|--------------------------------------------|----------------------------------------------|-------------------------|
| Elastomer Business                         | ELASTOMIX Co., Ltd.                          | Yokkaichi, Mie          |
|                                            | JSR AMERICA, INC.                            | United States           |
|                                            | ELASTOMIX (THAILAND) CO., LTD.               | Thailand                |
|                                            | ELASTOMIX (FOSHAN) CO., LTD.                 | China                   |
|                                            | Japan Butyl Co., Ltd.*                       | Kawasaki, Kanagawa      |
|                                            | Kumho Polychem Co., Ltd.*                    | South Korea             |
|                                            | KRATON JSR ELASTOMERS K.K.*                  | Minato-ku, Tokyo        |
|                                            | 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          |
|                                            | 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                   |
| Fine Chemicals and Other Products Business | JSR Micro Kyushu Co., Ltd.                   | Saga, Saga              |
|                                            | JSR MICROTECH INC.                           | Hidaka, Saitama         |
|                                            | D-MEC LTD.                                   | Minato-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                  |
|                                            | JM Energy Corporation                        | Hokuto, Yamanashi       |
|                                            | 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.                      | Kamisu, Ibaraki         |
|                                            | JSR Trading Co. Ltd.                         | Minato-ku, Tokyo        |
|                                            | JSR Trading (Shanghai) Co., Ltd              | China                   |
| JSR Business Services Co., Ltd.            | Minato-ku, Tokyo                             |                         |

(Note) \* Denotes principal affiliates

## (9) Employees (as of March 31, 2010)

| Number. of employees | Increase/decrease from previous term |
|----------------------|--------------------------------------|
| 5,212                | decrease by 44                       |

**(10) Major Lenders (as of March 31, 2010)**

| 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, 2010)**

- |                                                    |                    |
|----------------------------------------------------|--------------------|
| (1) Total number of shares authorized to be issued | 696,061,000 shares |
| (2) Total number of issued shares                  | 255,885,166        |
| (3) One unit of shares                             | 100                |
| (4) Number of shareholders                         | 21,927             |
| (5) Major Shareholders                             |                    |

| Name of shareholder                                                                                        | Investments in the Company |                    |
|------------------------------------------------------------------------------------------------------------|----------------------------|--------------------|
|                                                                                                            | Number of shares held      | Shareholding Ratio |
|                                                                                                            | '000 shares                | %                  |
| Bridgestone Corporation                                                                                    | 40,866                     | 16.73              |
| The Master Trust Bank of Japan, Ltd. (trust account)                                                       | 16,318                     | 6.68               |
| Japan Trustee Services Bank, Ltd. (trust account)                                                          | 16,082                     | 6.58               |
| The Master Trust Bank of Japan, Ltd. (trust account for Retirement Allowance of Mitsubishi Chemical Corp.) | 9,888                      | 4.04               |
| Nippon Life Insurance Company                                                                              | 5,998                      | 2.45               |
| Japan Trustee Services Bank, Ltd. (trust account 9)                                                        | 5,622                      | 2.30               |
| The Chase Manhattan Bank 385036                                                                            | 5,546                      | 2.27               |
| Mizuho Corporate Bank, Ltd.                                                                                | 5,125                      | 2.09               |
| Meiji Yasuda Life Insurance Company                                                                        | 4,034                      | 1.65               |
| Kyowa Hakko Kirin Co., Ltd                                                                                 | 3,821                      | 1.56               |

(Notes)

- The numbers in the columns under "Number of shares held" are rounded down to thousands of shares.
- The Company that owns treasury shares of 11,650,235 is excluded from the above table of the major shareholders.
- The shareholding ratio is calculated by using 244,234,931 shares (calculated by deducting number of treasury shares (11,650,235 shares) from Total number of issued shares (255,885,166 shares) ) and rounded down to two decimal places.

### 3. Matters Related to stock acquisition rights of the Company (as of March 31, 2010)

#### (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          | JSR Corporation Stock acquisition rights for 2005 (June 17, 2005)                  | 277 units                              | Ordinary shares 27,700 shares                                      | 1 yen                                                 | From June 18, 2005 to June 17, 2025            | 8                 |
|                    | JSR Corporation Stock acquisition rights for 2006 (for Directors) (August 1, 2006) | 157 units                              | Ordinary shares 15,700 shares                                      | 1 yen                                                 | From August 2, 2006 to June 16, 2026           | 6                 |
|                    | JSR Corporation Stock acquisition rights for 2006 (for Officers) (August 1, 2006)  | 38 units                               | Ordinary shares 3,800 shares                                       | 1 yen                                                 | From August 2, 2006 to June 16, 2026           | 3                 |
|                    | JSR Corporation Stock acquisition rights for 2007 (July 10, 2007)                  | 276 units                              | Ordinary shares 27,600 shares                                      | 1 yen                                                 | From July 11, 2007 to July 10, 2027            | 9                 |
|                    | JSR Corporation Stock acquisition rights for 2008 (July 15, 2008)                  | 419 units                              | Ordinary shares 41,900 shares                                      | 1 yen                                                 | From July 16, 2008 to July 15, 2028            | 9                 |
|                    | JSR Corporation Stock acquisition rights for 2009 (July 14, 2009)                  | 585 units                              | Ordinary shares 58,500 shares                                      | 1 yen                                                 | From July 15, 2009 to July 14, 2029            | 9                 |
| Corporate Auditors | 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 2009 (July 14, 2009) | 234 units                              | Ordinary shares 23,400 shares                                      | 1 yen                                                 | From July 15, 2009 to July 14, 2029            | 10                         |

(Note) As one of the Officers of the Company who was granted the above Stock acquisition rights resigned during the fiscal year in question, 17 units out of the above 234 units of the Stock acquisition rights granted (1,700 Ordinary shares out of 23,400 shares) have become ineffective and expired.

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

##### (1) Directors and Corporate Auditors of the Company (as of March 31, 2010)

| Position                              | Name              | Responsibilities and Important concurrent positions held, etc.                                                                                             |
|---------------------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chairman and Representative Director  | Yoshinori Yoshida | (Important concurrent positions held) President, Japan Butyl Co., Ltd.                                                                                     |
| President and Representative Director | Mitsunobu Koshiba | General Management of the Company and Strategic Businesses                                                                                                 |
| Senior Managing Director              | Tsugio Haruki     | CSR, Accounting, Finance, Corporate Communications                                                                                                         |
| Senior Managing Director              | Seiichi Hasegawa  | Procurement, Logistics, Group Companies Coordination, and Information Technology (Important concurrent positions held) President, Tobu Butadiene Co., Ltd. |
| Managing Director                     | Masaki Hirose     | Corporate Planning, Human Resources, and General Affairs & Legal                                                                                           |
| Managing Director                     | Hozumi Sato       | Research & Development, Precision Processing, and, as deputy director, Strategic Businesses                                                                |
| Managing Director                     | Yasuki Sajima     | Fine Chemicals Sector                                                                                                                                      |
| Director                              | Koichi Kawasaki   | Petrochemicals Sector (including Plastics), Safety Environment Affairs (Important concurrent positions held) Vice President, KRATON JSR ELASTOMERS K.K.    |
| Director                              | Hisao Hasegawa    | Manufacturing and Technology, Product Safety and Quality Assurance                                                                                         |
| Full-time Corporate Auditor           | Yoshio Tamaki     |                                                                                                                                                            |
| Full-time Corporate Auditor           | Nobuo Bessho      |                                                                                                                                                            |
| Corporate Auditor                     | Kenji Ito         | Certified Public Accountant                                                                                                                                |
| Corporate Auditor                     | Hiroichi Uekusa   | Lawyer                                                                                                                                                     |
| Corporate Auditor                     | Nobuko Kato       | Executive Senior Fellow (treated as Senior Officer) Central Research and Development Center, Bridgestone Corporation                                       |

(Notes)

1. Messrs. Kenji Ito, Hiroichi Uekusas, and Nobuko Kato, Corporate Auditors, are Outside Corporate Auditors. As to the details of important concurrent positions of the Outside Corporate Auditors, please refer to the section under “(3) Matters related to Outside Directors and Outside Corporate Auditors” in page 19 hereof.
2. Mr. Kenji Ito, a Corporate Auditor, is a certified public accountant, having sufficient knowledge of financing and accounting.
3. Messrs Kenji Ito and Hiroichi Uekusa were registered at Tokyo Stock Exchange and Osaka Stock Exchange as “Independent Corporate Auditors” in accordance with their respective definitions.
4. The following Director and Corporate Auditors retired or resigned from their office during the current fiscal term (titles as of the time of retirement or resignation):  
Mr. Tadahiko Ito, Executive Vice President and Representative Director, retired on June 16, 2009,  
Mr. Fumio Ozaki, a Full-Time Corporate Auditor, resigned on June 16, 2009.  
Mr. Kunihiro Fukazawa, a Full-Time Corporate Auditor, resigned on June 16, 2009.

**(Reference) : Officers of the Company (as of March 31, 2010)**

| Position       | Name                | Responsibilities and Title                                                                               |
|----------------|---------------------|----------------------------------------------------------------------------------------------------------|
| Senior Officer | Koichi Kawasaki*    | General Manager, Petrochemical Products Division                                                         |
| Senior Officer | Hisao Hasegawa*     | General Manager, Manufacturing and Technology Department                                                 |
| Senior Officer | Toshiyuki Fujimoto  | Vice President, JSR Trading Co., Ltd.                                                                    |
| Senior Officer | Atsushi Kumano      | General Manager, Yokkaichi Research Center, and General Manager, Display Materials Research Laboratories |
| Senior Officer | Shin-ichiro Iwanaga | General Manager, Tsukuba Research Laboratories                                                           |
| Senior Officer | Yasuhisa Nagahiro   | Yokkaichi Plant Manager and Chairman, JSR Health Insurance Association,                                  |
| Officer        | Takashi Wakabayashi | General Manager, Business Planning Department. Fine Chemicals                                            |
| Officer        | Tatsushi Kawai      | Vice President and Representative Director, Kumho Polychem Co., Ltd.                                     |
| Officer        | Takashi Ukachi      | President, JAPAN FINE COATINGS Co., Ltd. and President, JSR Optech Tsukuba Co., Ltd.                     |
| Officer        | Nobuo Kawahashi     | General Manager, Electronic Materials Division                                                           |
| Officer        | Takatoshi Nagatomo  | Deputy General Manager, Petrochemical Products Division                                                  |

(Note)

1. \* Denotes officers that concurrently serve as Directors
2. Mr. Toshiyuki Fujimoto, Senior Officer, resigned from Vice President, JSR Trading Co., Ltd and was appointed as President, JSR Trading (Shanghai) Co., Ltd effective from April 1, 2010.

**(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 | 10       | 330              | 7                 | 87               |
| (for Outside Directors and Outside Corporate Auditors)                          | (-)      | (-)              | (4)               | (17)             |
| Bonus for this fiscal term                                                      | 9        | 71               | -                 | -                |
| (for Outside Directors and Outside Corporate Auditors)                          | (-)      | (-)              | (-)               | (-)              |
| Stock Option as Remuneration to Directors                                       | 10       | 81               | -                 | -                |
| (for Outside Directors and Outside Corporate Auditors)                          | (-)      | (-)              | (-)               | (-)              |
| Total                                                                           | 10       | 483              | 7                 | 87               |
| (for Outside Directors and Outside Corporate Auditors)                          | (-)      | (-)              | (4)               | (17)             |

(Notes)

1. The numbers of the Directors and Corporate Auditors and the amount of remunerations thereto in the table above include those for one Director and two Corporate Auditors who retired or resigned during the current fiscal term.
2. 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.
3. 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.
4. The amount for bonus is subject to approval on the Proposal 5 of the agenda at this Ordinary General Meeting of Shareholders.
5. The Board of Directors may, upon its resolution, grant Stock Option as Remuneration to Directors as long as the maximum annual amount does not exceed 100 million yen in accordance with the resolution of the 62nd Ordinary General Meeting of Shareholders held on June 15, 2007. 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.
6. The above figures do not include the salaries for the employee portion of the Directors who concurrently serve as employees.
7. The above figures are rounded down to one million yen.

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

#### 1) Important concurrent positions Outside Corporate Auditors hold

| Name            | Position          | Important concurrent positions held                                                                                        |
|-----------------|-------------------|----------------------------------------------------------------------------------------------------------------------------|
| Kenji Ito       | Corporate Auditor | None                                                                                                                       |
| Hiroichi Uekusa | Corporate Auditor | Partner, Minato- Kyouwa Law Office,<br>Professor, University of Tsukuba Law School                                         |
| Nobuko Kato     | Corporate Auditor | Executive Senior Fellow (treated as Senior Officer)<br>Central Research and Development Center, Bridgestone<br>Corporation |

- (Note) 1. No conflict of interest exists between the Company and neither Minato-Kyouwa Law Office nor University of Tsukuba Law School.
2. Bridgestone Corporation is a corporation which falls under the category of “specially related companies (major customers)” under the Companies Act.

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

| Name            | Position          | Major activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kenji Ito       | Corporate Auditor | Mr. Ito participated in 16 of 18 meetings of the Board of Directors and in all 17 meetings of the Board of Corporate Auditors held during the term of the current fiscal term. Mr. Ito has been effectively performing the audit of the Company and has been contributing in securing the fair and reasonable judgment for, and accountable and sound management of, the businesses of the Company, as a Certified Public Accountant ,by utilizing range of his professional knowledge and vast experience on financing and accounting matters and by providing appropriate advices from the neutral and independent view point and at the Board of the Directors meetings etc. from time to time, |
| Hiroichi Uekusa | Corporate Auditor | Mr. Uekusa participated in all 13 meetings of the Board of Directors and in all 12 meetings of the Board of Corporate Auditors held during the current fiscal term after his appointment as a Corporate Auditor. Mr. Uekusa has been effectively performing the audit of the Company and has been contributing in securing the fair and reasonable judgment for, and accountable and sound management of, the businesses of the Company, as a Lawyer, by utilizing range of his professional knowledge and vast experience on legal matters and by providing appropriate advices from the neutral and independent view point at the Board of the Directors meetings etc. from time to time,.       |
| Nobuko Kato     | Corporate Auditor | Ms. Kato participated in all 13 meetings of the Board of Directors and in all 12 meetings of the Board of Corporate Auditors held during the current fiscal term after her appointment as a Corporate Auditor. Ms. Kato has been effectively performing the audit of the Company and has been contributing in securing the fair and reasonable judgment for, and accountable and sound management of, the businesses of the Company by utilizing range of her knowledge and vast experience on Research and Development on Elastomers and Managing Businesses and by providing appropriate advices at the Board of the Directors meetings etc. from time to time.                                  |

## **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 services under Paragraph 1, Article 2 of the Certified Public Accountant Law ; ¥57 million

2) Total amount of remuneration to be paid by the Company and its subsidiaries; ¥65 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 Companies Act 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 upon the consent of all the Corporate Auditors when such Accounting Auditor is deemed to have fallen under any of the items in Paragraph 1, Article 340 of the Companies Act. 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 affluent 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 Companies Act 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, in accordance with the Financial Instruments and Exchange Law, established and been managing and maintaining the internal control system to ensure adequacy of its financial report.
- 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 system so that the Directors, employees and so on can report to the Corporate Ethics Committee 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 informant 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 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 and to monitor and supervise the execution of duties of Directors.
- 2) Management Committee consisting of the Directors holds meetings on weekly basis in principle in order to consider, direct and/or receive reports well in advance on the matters relating to fundamental management policies, managerial guidelines, management plans and/or major business issues arising from business divisions with the view to ensuring timely decisions and further improvement in managerial efficiency of the businesses. After review and 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.
- 3) The Company has established its medium-term business plan “JUMP 2010” considering possible changes in business environment in the future, of which implementation plans were broken down into corporate annual targets and budget. Each of the business divisions will set up and implement its action plans to achieve the objectives.
- 4) 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.
- 5) 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.

- 6) The Company has adopted Officer system in order to clearly separate the functions of managerial decision-making and monitoring and those of business execution and 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 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 Companies Coordination Department and relevant business divisions of the Company are responsible for administration and management of respective Group Companies, while other corporate functional departments in charge of, such as Safety Environmental Affairs, Accounting, Finance, and General Affairs and Legal, provide support and services to Group Companies.
- 3) The Company has established “JSR Group Corporate Ethics Guideline” to ensure and promote the compliance with the laws and other rules by JSR Group as a whole.
- 4) The Audit Office regularly conducts internal auditing 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. In addition, 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 on 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 maintain cooperation and communication from time to time with relevant parties such as the Audit Office, the Accounting Auditors, corporate auditors of Group Companies, and Group Companies Coordination Department.

Please note that this is an English translation of the original "Financial Statements" which are written in Japanese; therefore, in the event of any conflict between the Japanese original and this English translation, the Japanese original shall be controlling in all respects.

## Consolidated Balance Sheet

(in millions of yen, as of March 31, 2010)

| Items                                    | Current Fiscal Year | Previous Fiscal Year (Reference) | Items                                        | Current Fiscal Year | Previous Fiscal Year (Reference) |
|------------------------------------------|---------------------|----------------------------------|----------------------------------------------|---------------------|----------------------------------|
|                                          | Amount              | Amount                           |                                              | Amount              | Amount                           |
| <b>Assets</b>                            |                     |                                  | <b>Liabilities</b>                           |                     |                                  |
| <b>Current Assets</b>                    | <b>229,570</b>      | <b>190,463</b>                   | <b>Current Liabilities</b>                   | <b>100,750</b>      | <b>76,169</b>                    |
| Cash & deposits                          | 36,676              | 16,909                           | Notes & accounts payable                     | 59,653              | 39,635                           |
| Notes & accounts receivable (net amount) | 73,132              | 52,782                           | Short-term loans payable                     | 14,161              | 14,339                           |
| Marketable securities                    | 34,000              | 21,492                           | Income taxes payable                         | 5,836               | —                                |
| Inventories                              | 58,130              | 76,955                           | Others                                       | 21,099              | 22,194                           |
| Deferred tax assets                      | 4,290               | —                                | <b>Fixed Liabilities</b>                     | <b>22,113</b>       | <b>21,342</b>                    |
| Others                                   | 23,340              | 22,323                           | Allowance for employees' retirement benefits | 15,903              | 14,820                           |
|                                          |                     |                                  | Allowance for environmental costs            | 3,183               | 3,204                            |
|                                          |                     |                                  | Others                                       | 3,026               | 3,316                            |
| <b>Fixed Assets</b>                      | <b>143,995</b>      | <b>149,034</b>                   | <b>Total Liabilities</b>                     | <b>122,864</b>      | <b>97,511</b>                    |
| <b>Tangible fixed assets</b>             | <b>88,321</b>       | <b>91,476</b>                    | <b>Net Assets</b>                            |                     |                                  |
| Buildings & structures                   | 30,653              | 29,289                           | <b>Shareholders' equity</b>                  | <b>250,170</b>      | <b>244,797</b>                   |
| Machinery, equipment & vehicles          | 29,201              | 32,590                           | Common shares                                | 23,320              | 23,320                           |
| Land                                     | 19,435              | 16,869                           | Capital surplus                              | 25,179              | 25,179                           |
| Construction in progress                 | 3,854               | 4,097                            | Retained earnings                            | 223,890             | 218,515                          |
| Others                                   | 5,176               | 8,628                            | Treasury shares                              | (22,219)            | (22,216)                         |
| <b>Intangible fixed assets</b>           | <b>5,883</b>        | <b>6,723</b>                     | <b>Valuation and translation adjustments</b> | <b>(730)</b>        | <b>(3,900)</b>                   |
|                                          |                     |                                  | Net unrealized holding gain on securities    | 3,610               | 645                              |
| <b>Investments &amp; other assets</b>    | <b>49,790</b>       | <b>50,834</b>                    | Foreign currency translation adjustments     | (4,340)             | (4,546)                          |
| Investment securities                    | 28,734              | 24,158                           | <b>Stock acquisition rights</b>              | <b>426</b>          | <b>310</b>                       |
| Long-term loans receivable               | —                   | 4,927                            | <b>Minority interest</b>                     | <b>833</b>          | <b>778</b>                       |
| Deferred tax assets                      | 6,299               | 8,703                            |                                              |                     |                                  |
| Others                                   | 14,756              | 13,044                           | <b>Total Net Assets</b>                      | <b>250,700</b>      | <b>241,985</b>                   |
| <b>Total Assets</b>                      | <b>373,565</b>      | <b>339,497</b>                   | <b>Total Liabilities/Net Assets</b>          | <b>373,565</b>      | <b>339,497</b>                   |

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

**Consolidated Statement of Income**  
(from April 1, 2009 to March 31, 2010)

(in millions of yen)

| Items                                                        | <b>Current<br/>Fiscal Year</b> | Previous<br>Fiscal Year<br>(Reference) |
|--------------------------------------------------------------|--------------------------------|----------------------------------------|
|                                                              | Amount                         | Amount                                 |
| <b>Net Sales</b>                                             | <b>310,183</b>                 | <b>352,502</b>                         |
| <b>Cost of sales</b>                                         | <b>235,478</b>                 | <b>263,018</b>                         |
| <b>Gross profit on sales</b>                                 | <b>74,704</b>                  | <b>89,484</b>                          |
| <b>Selling, general and administrative expenses</b>          | <b>54,574</b>                  | <b>59,136</b>                          |
| <b>Operating income</b>                                      | <b>20,230</b>                  | <b>30,347</b>                          |
| <b>Non-operating income</b>                                  | <b>5,467</b>                   | <b>4,981</b>                           |
| Interest received                                            | 276                            | 700                                    |
| Dividends received                                           | 291                            | 528                                    |
| Investment income according to equity method                 | 1,764                          | 1,149                                  |
| Foreign exchange gain                                        | 962                            | —                                      |
| Subsidy income                                               | 828                            | 964                                    |
| Others                                                       | 1,344                          | 1,636                                  |
| <b>Non-operating expenses</b>                                | <b>3,320</b>                   | <b>4,217</b>                           |
| Interest expenses                                            | 172                            | 270                                    |
| Depreciation                                                 | 749                            | 1,091                                  |
| Foreign exchange loss                                        | —                              | 993                                    |
| Others                                                       | 2,398                          | 1,862                                  |
| <b>Ordinary income</b>                                       | <b>22,377</b>                  | <b>31,111</b>                          |
| <b>Extraordinary income</b>                                  | <b>—</b>                       | <b>398</b>                             |
| Gains on sales of fixed asset                                | —                              | 398                                    |
| <b>Extraordinary losses</b>                                  | <b>2,919</b>                   | <b>10,707</b>                          |
| Loss on disposals of inventories                             | 1,728                          | —                                      |
| Restructuring Loss                                           | 1,191                          | —                                      |
| 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 income</b>                                    | <b>19,457</b>                  | <b>20,803</b>                          |
| <b>Income tax, residential tax and enterprise tax</b>        | <b>6,642</b>                   | <b>6,217</b>                           |
| <b>Adjustments of income tax</b>                             | <b>(881)</b>                   | <b>(76)</b>                            |
| <b>Minority interest income of consolidated subsidiaries</b> | <b>52</b>                      | <b>681</b>                             |
| <b>Net income</b>                                            | <b>13,644</b>                  | <b>13,981</b>                          |

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

## Consolidated Statement of Changes in Net Assets

(from April 1, 2009 to March 31, 2010)

(in millions of yen)

|                                                   | Shareholders' equity |                 |                   |                 |                            |
|---------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                   | Common shares        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance as of March 31, 2009                      | 23,320               | 25,179          | 218,515           | (22,216)        | 244,797                    |
| Changes during the consolidated fiscal year       |                      |                 |                   |                 |                            |
| Dividends from surplus                            |                      |                 | (7,082)           |                 | (7,082)                    |
| Net income                                        |                      |                 | 13,644            |                 | 13,644                     |
| Acquisition of Treasury Shares                    |                      |                 |                   | (2)             | (2)                        |
| Variation of the scope of consolidation           |                      |                 | (1,186)           |                 | (1,186)                    |
| Net changes other than shareholders' equity       |                      |                 |                   |                 | —                          |
| Total changes during the consolidated fiscal year | —                    | —               | 5,375             | (2)             | 5,373                      |
| Balance as of March 31, 2010                      | 23,320               | 25,179          | 223,890           | (22,219)        | 250,170                    |

|                                                   | 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, 2009                      | 645                                       | (4,546)                                 | 310                      | 778               | 241,985          |
| Changes during the consolidated fiscal year       |                                           |                                         |                          |                   |                  |
| Dividends from surplus                            |                                           |                                         |                          |                   | (7,082)          |
| Net income                                        |                                           |                                         |                          |                   | 13,644           |
| Acquisition of treasury shares                    |                                           |                                         |                          |                   | (2)              |
| Variation of the scope of consolidation           |                                           |                                         |                          |                   | (1,186)          |
| Net changes other than shareholders' equity       | 2,965                                     | 205                                     | 116                      | 55                | 3,341            |
| Total changes during the consolidated fiscal year | 2,965                                     | 205                                     | 116                      | 55                | 8,714            |
| Balance as of March 31, 2010                      | 3,610                                     | (4,340)                                 | 426                      | 833               | 250,700          |

(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 financial 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.,  
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 Business Service Co., Ltd., JM Energy Corporation and  
JSR Trading (Shanghai) Co., Ltd.

Effective from the current consolidated fiscal year, JM Energy Corporation and JSR Trading (Shanghai) Co., Ltd. have been included within the scope of the consolidated subsidiaries from the point of significance in accounting.

Effective from the current consolidated fiscal year, EXCEL TOKAI CO., LTD. ,which was no longer subsidiary of the Company due to transfer of all shares thereof, has been excluded from the scope of the consolidated subsidiaries.

JSR Service Co., Ltd. merged with JNT Systems Co., Ltd. through acquisition effective from June 16, 2009 and re-named as JSR Business Service Co., Ltd. on the same day.

##### 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 income 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 financial 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.

##### 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 income or loss and retained earnings, etc. and, even when combined, they do not have significant effect on consolidated financial 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 financial 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 9 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., Shanghai Rainbow Color Plastics Co., Ltd., and  
JSR Trading (Shanghai) Co., Ltd.

On production of the consolidated financial statements, we used the financial 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 relevant adjustments required in consolidated accounting.

## 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.

(Changes in accounting policies)

We have applied, effective from the current consolidated fiscal year, "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)"(Accounting Standards Board of Japan Statement No.19, July 31, 2008), which have not significantly affected the liabilities of retirement benefits and net income.

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 financial 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.

### 3. Notes on consolidated balance sheet

(1) Assets pledged and claims related thereto

|                             |                                                              |                |
|-----------------------------|--------------------------------------------------------------|----------------|
| Assets pledged              | Tangible fixed assets                                        | ¥ 9,668million |
| Claims related to the above | Long-term loans payable (liabilities from bank transactions) | ¥1 million     |

(2) Allowance for doubtful accounts directly deducted from assets

|                                      |                                            |             |
|--------------------------------------|--------------------------------------------|-------------|
| Current Assets;                      | Notes and accounts receivable (net amount) | ¥765million |
| Investments and other assets; Others |                                            | ¥103million |

(3) Accumulated depreciation on tangible fixed assets (including accumulated impairment loss):  
¥300,819million

(4) Export exchange notes discounted: ¥5 million

(5) Guarantee obligations

|           |             |
|-----------|-------------|
| Employees | ¥ 49million |
| Total     | ¥ 49million |

### 4. Notes on consolidated statement of income

Restructuring Loss includes the following items:

Impairment and other losses resulting from the resolution by the Company to liquidate Kyushu Gomu Kako Co., Ltd. : ¥663million

Loss on sales of shares of EXCEL TOKAI CO., LTD. : ¥420million

Loss resulting from the closure of Satte Plant of JAPAN COLORING CO., LTD. : ¥106million

Impairment loss included in the above Restructuring Loss

| Description                                                             | Place      | Type                              | Amount<br>(in millions of yen) |
|-------------------------------------------------------------------------|------------|-----------------------------------|--------------------------------|
| Manufacturing facilities for carbon master batches and rubber compounds | Tosu, Saga | Buildings and structures          | 117                            |
|                                                                         |            | Machinery, equipment and vehicles | 68                             |
|                                                                         |            | Others                            | 25                             |

### 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 16, 2009 | Ordinary shares | 3,907                                   | 16                        | March 31, 2009     | June 17, 2009               |
| Board of Directors Meeting on October 26, 2009            | Ordinary shares | 3,175                                   | 13                        | September 30, 2009 | November 26, 2009           |
| Total                                                     |                 | 7,082                                   | 29                        |                    |                             |

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 18, 2010.

|                                          |                   |
|------------------------------------------|-------------------|
| Item related to ordinary share dividends |                   |
| Dividends in total                       | ¥ 3,175million    |
| Source of dividends                      | Retained earnings |
| Amount per share                         | ¥13               |
| Record date                              | March 31, 2010    |
| Effective date of dividends              | June 21, 2010     |

(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  
27,300 ordinary shares

## 6. Notes on financial instruments

(1) Matters relating to status of financial instruments.

JSR Group limits its scope of operation to short term deposit etc. for the purpose of investment of the surplus fund while it utilizes loans from financial institutions such as banks etc, for the purpose of fund raising.

With regard to the credit risks of customers in relation to *notes & accounts receivable*, the Company endeavors to minimize such risks in accordance with the provisions under the internal regulation named "Rules for Credit Management".

*Marketable securities* contains negotiable certificates of deposit or loan trust, of which credit risks are low. Shares account for the majority of the *investment securities*.

Due dates of *notes & accounts payable* arrive within 1 year after the closing date of the accounting period.

The *loans* (mainly short term loan) are used for working capital.

(2) Matters related to market value etc., of the financial instruments

There are no differences between the book value on the consolidated balance sheet and the market value of the above financial instruments as of March 31, 2010 (consolidated account closing date).

## 7. Notes on per-share information

|                      |           |
|----------------------|-----------|
| Net assets per share | ¥1,021.31 |
| Net income per share | ¥55.87    |

**Balance Sheet**  
(as of March 31, 2010)

(in millions of yen)

| Items                                                     | Current Fiscal Year | Previous Fiscal Year (Reference) | Items                                                 | Current Fiscal Year | Previous Fiscal Year (Reference) |
|-----------------------------------------------------------|---------------------|----------------------------------|-------------------------------------------------------|---------------------|----------------------------------|
|                                                           | Amount              | Amount                           |                                                       | Amount              | Amount                           |
| <b>Assets</b>                                             |                     |                                  | <b>Liabilities</b>                                    |                     |                                  |
| <b>Current Assets</b>                                     | <b>184,043</b>      | <b>148,988</b>                   | <b>Current Liabilities</b>                            | <b>87,025</b>       | <b>62,981</b>                    |
| Cash & deposits                                           | 23,361              | 2,341                            | Accounts payable                                      | 48,048              | 30,137                           |
| Notes receivable                                          | 1,345               | 1,922                            | Short-term loans payable                              | 13,663              | 13,663                           |
| Accounts receivable (net amount)                          | 59,323              | 40,243                           | Accrued amounts payable                               | 1,742               | 3,948                            |
| Marketable securities                                     | 34,000              | 21,492                           | Income taxes payable                                  | 4,271               | —                                |
| Inventories                                               | 37,977              | 57,151                           | Accrued expenses                                      | 8,296               | 7,927                            |
| Deferred tax assets                                       | 1,707               | 1,167                            | Deposit from subsidiaries & affiliates                | 9,818               | 6,977                            |
| Accrued revenue                                           | 21,925              | 16,688                           | Other current liabilities                             | 1,186               | 326                              |
| Short-term loans to subsidiaries & affiliates             | 3,605               | 7,255                            |                                                       |                     |                                  |
| Other current assets                                      | 798                 | 724                              | <b>Fixed Liabilities</b>                              | <b>19,052</b>       | <b>17,617</b>                    |
|                                                           |                     |                                  | Long-term loans payable                               | 1,500               | 1,500                            |
| <b>Fixed Assets</b>                                       | <b>136,324</b>      | <b>141,261</b>                   | Allowance for employees' retirement benefits          | 13,536              | 11,976                           |
| <b>Tangible fixed assets</b>                              | <b>65,254</b>       | <b>66,952</b>                    | Allowance for environmental costs                     | 2,944               | 2,954                            |
| Buildings                                                 | 18,270              | 17,014                           | Other long-term liabilities                           | 1,071               | 1,186                            |
| Structures                                                | 4,163               | 4,416                            |                                                       |                     |                                  |
| Machinery & equipment                                     | 20,729              | 22,172                           | <b>Total Liabilities</b>                              | <b>106,077</b>      | <b>80,598</b>                    |
| Vehicles                                                  | 49                  | 64                               | <b>Net Assets</b>                                     |                     |                                  |
| Tools, furniture & fixtures                               | 4,268               | 7,487                            | <b>Shareholders' equity</b>                           | <b>210,316</b>      | <b>208,681</b>                   |
| Land                                                      | 17,201              | 14,567                           | <b>Common shares</b>                                  | <b>23,320</b>       | <b>23,320</b>                    |
| Construction in progress                                  | 570                 | 1,229                            | <b>Capital surplus</b>                                | <b>25,179</b>       | <b>25,179</b>                    |
|                                                           |                     |                                  | Capital reserve                                       | 25,179              | 25,179                           |
| <b>Intangible fixed assets</b>                            | <b>4,138</b>        | <b>5,213</b>                     | <b>Retained earnings</b>                              | <b>184,036</b>      | <b>182,398</b>                   |
| Software                                                  | 2,609               | 1,239                            | Profit reserve                                        | 3,710               | 3,710                            |
| Goodwill                                                  | —                   | 651                              | Other retained earnings                               |                     |                                  |
| Others                                                    | 1,528               | 3,323                            | Reserve for special depreciation                      | 62                  | 237                              |
|                                                           |                     |                                  | Reserve for advanced depreciation.                    | 3,747               | 3,761                            |
| <b>Investments &amp; other assets</b>                     | <b>66,932</b>       | <b>69,064</b>                    | Reserve for special account for advanced depreciation | 186                 | 556                              |
| Investment securities                                     | 20,644              | 16,030                           | Separate reserve                                      | 42,431              | 42,431                           |
| Shares of subsidiaries & affiliates                       | 19,057              | 20,039                           | Retained earnings carried forward                     | 133,898             | 131,701                          |
| Equity in affiliates                                      | 64                  | 64                               | <b>Treasury shares</b>                                | <b>(22,219)</b>     | <b>(22,216)</b>                  |
| Long-term loans to subsidiaries & affiliates (net amount) | 13,326              | 17,765                           |                                                       |                     |                                  |
| Long-term prepaid expenses                                | 8,283               | 7,904                            | <b>Valuation and translation adjustments</b>          | <b>3,546</b>        | <b>658</b>                       |
| Deferred tax assets                                       | 4,007               | 5,513                            | Net valuation gains on securities                     | 3,546               | 658                              |
| Others                                                    | 1,547               | 1,777                            |                                                       |                     |                                  |
|                                                           |                     |                                  | <b>Stock acquisition rights</b>                       | <b>426</b>          | <b>310</b>                       |
|                                                           |                     |                                  | <b>Total Net Assets</b>                               | <b>214,290</b>      | <b>209,650</b>                   |
| <b>Total Assets</b>                                       | <b>320,367</b>      | <b>290,249</b>                   | <b>Total Liabilities &amp; Net Assets</b>             | <b>320,367</b>      | <b>290,249</b>                   |

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

**Statement of Income**  
(from April 1, 2009 to March 31, 2010)

(in millions of yen)

| Items                                                 | Current Fiscal<br>Year | Previous Fiscal<br>Year<br>(Reference) |
|-------------------------------------------------------|------------------------|----------------------------------------|
|                                                       | Amount                 | Amount                                 |
| <b>Net Sales</b>                                      | <b>212,465</b>         | <b>230,952</b>                         |
| <b>Cost of sales</b>                                  | <b>160,884</b>         | <b>170,795</b>                         |
| <b>Gross profit on sales</b>                          | <b>51,581</b>          | <b>60,156</b>                          |
| <b>Selling, general and administrative expenses</b>   | <b>37,303</b>          | <b>39,707</b>                          |
| <b>Operating income</b>                               | <b>14,277</b>          | <b>20,448</b>                          |
| <b>Non-operating income</b>                           | <b>5,379</b>           | <b>6,753</b>                           |
| Interest received                                     | 385                    | 405                                    |
| Dividends received                                    | 2,751                  | 3,884                                  |
| Rent income                                           | 652                    | —                                      |
| Subsidies income                                      | —                      | 964                                    |
| Others                                                | 1,591                  | 1,498                                  |
| <b>Non-operating expenses</b>                         | <b>2,932</b>           | <b>4,424</b>                           |
| Interest expenses                                     | 190                    | 256                                    |
| Depreciation                                          | 716                    | 1,091                                  |
| Loss on foreign exchange                              | —                      | 1,717                                  |
| Others                                                | 2,025                  | 1,358                                  |
| <b>Ordinary income</b>                                | <b>16,725</b>          | <b>22,777</b>                          |
| <b>Extraordinary income</b>                           | <b>—</b>               | <b>398</b>                             |
| Gain on selling fixed assets                          | —                      | 398                                    |
| <b>Extraordinary losses</b>                           | <b>4,282</b>           | <b>10,043</b>                          |
| Loss on disposals of inventories                      | 1,728                  | —                                      |
| Provision of allowance for doubtful accounts          | 1,700                  | —                                      |
| Provision of allowance for investment loss            | 600                    | —                                      |
| Impairment loss                                       | —                      | 5,444                                  |
| Loss on revaluation of investment securities          | —                      | 2,574                                  |
| Loss on revaluation of inventories                    | —                      | 1,500                                  |
| Others                                                | —                      | 524                                    |
| <b>Net income before taxes</b>                        | <b>12,442</b>          | <b>13,132</b>                          |
| <b>Income tax, residential tax and enterprise tax</b> | <b>4,736</b>           | <b>3,928</b>                           |
| <b>Adjustments of income tax</b>                      | <b>(1,014)</b>         | <b>(653)</b>                           |
| <b>Net income</b>                                     | <b>8,721</b>           | <b>9,858</b>                           |

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

## Statement of Changes in Net Assets

(from April 1, 2009 to March 31, 2010)

(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, 2009                                                        | 23,320               | 25,179          | 3,710             | 237                              | 3,761                             | 556                                                   | 42,431           | 131,701                           | 182,398 |
| Changes during fiscal year                                                          |                      |                 |                   |                                  |                                   |                                                       |                  |                                   |         |
| Dividends from surplus                                                              |                      |                 |                   |                                  |                                   |                                                       |                  | (7,082)                           | (7,082) |
| Net income                                                                          |                      |                 |                   |                                  |                                   |                                                       |                  | 8,721                             | 8,721   |
| Reversal of reserve for special depreciation                                        |                      |                 |                   | (174)                            |                                   |                                                       |                  | 174                               | —       |
| Reversal of reserve for advanced depreciation of fixed assets                       |                      |                 |                   |                                  | (410)                             |                                                       |                  | 410                               | —       |
| Provision of reserve for advanced depreciation of fixed assets                      |                      |                 |                   |                                  | 395                               |                                                       |                  | (395)                             | —       |
| Reversal of reserve for special account for advanced depreciation of fixed assets   |                      |                 |                   |                                  |                                   | (556)                                                 |                  | 556                               | —       |
| Provisions of reserve for special account for advanced depreciation of fixed assets |                      |                 |                   |                                  |                                   | 186                                                   |                  | (186)                             | —       |
| Acquisition of treasury shares                                                      |                      |                 |                   |                                  |                                   |                                                       |                  |                                   | —       |
| Net changes other than shareholders' equity                                         |                      |                 |                   |                                  |                                   |                                                       |                  |                                   | —       |
| Total changes during fiscal year                                                    | —                    | —               | —                 | (174)                            | 14                                | (370)                                                 | —                | 2,197                             | 1,638   |
| Balance as of March 31, 2010                                                        | 23,320               | 25,179          | 3,710             | 62                               | 3,747                             | 186                                                   | 42,431           | 133,898                           | 184,036 |

|                                                                                    | 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, 2009                                                       | (22,216)             | 208,681                    | 658                                   | 310                      | 209,650          |
| Changes during fiscal year                                                         |                      |                            |                                       |                          |                  |
| Dividends from surplus                                                             |                      | (7,082)                    |                                       |                          | (7,082)          |
| Net income                                                                         |                      | 8,721                      |                                       |                          | 8,721            |
| Reversal 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                                                     | (2)                  | (2)                        |                                       |                          | (2)              |
| Net changes other than shareholders' equity                                        |                      | —                          | 2,887                                 | 116                      | 3,003            |
| Total changes during fiscal year                                                   | (2)                  | 1,635                      | 2,887                                 | 116                      | 4,639            |
| Balance as of March 31, 2010                                                       | (22,219)             | 210,316                    | 3,546                                 | 426                      | 214,290          |

(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 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 fiscal year is reported on the basis of anticipated amounts of retirement benefits obligations and annuity assets as of the close of the current fiscal year.

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.

(Changes in accounting policies)

We have applied, effective from the current fiscal year, "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (Accounting Standards Board of Japan Statement No.19, July 31,2008).

As any mathematical variances are depreciated from the term following the term in question, the impact of the application of this standard on operating income, ordinary income and net income is insignificant.

4) Allowance for environmental costs

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

5) Allowance for investment loss

We have recorded appropriate estimate of possible loss against the investment in subsidiaries & affiliates considering the financial standings of such subsidiaries and/or affiliates in question.

(4) Other significant matters serving as the basis for the production of financial 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.

## 2. Notes on balance sheet

(1) Assets pledged and claims related thereto

|                                  |                                                                        |                |
|----------------------------------|------------------------------------------------------------------------|----------------|
| Assets pledged                   | Tangible fixed assets                                                  | ¥9,668 million |
| Liabilities related to the above | Long-term loan payable<br>(liabilities arising from bank transactions) | ¥ 1million     |

(2) Allowances directly deducted from assets

1) Allowance for doubtful accounts

|                                                             |               |
|-------------------------------------------------------------|---------------|
| Current Assets; Accounts receivable (net amount)            | ¥13million    |
| Investments and other assets;                               |               |
| Long-term loans to subsidiaries and affiliates (net amount) | ¥1,700million |
| Others                                                      | ¥89million    |

2) Allowance for investment loss

|                                                                       |             |
|-----------------------------------------------------------------------|-------------|
| Investments and other assets; Securities of subsidiaries & affiliates | ¥600million |
|-----------------------------------------------------------------------|-------------|

(3) Accumulated depreciation on tangible fixed assets (including accumulated impairment loss):

¥247,087million

|                                                          |                 |
|----------------------------------------------------------|-----------------|
| (4) Claims to/from subsidiaries and affiliated companies | ¥ 35,307million |
| Long-term monetary claims to affiliates                  | ¥ 15,026million |
| Short-term monetary obligation from affiliates           | ¥ 26,455million |
| (5) Export exchange notes discounted: ¥5 million         |                 |
| (6) Guarantee obligations                                |                 |
| Employees                                                | ¥ 49million     |
| Others (1 company)                                       | ¥ 1million      |
| Total                                                    | ¥ 50million     |

### 3. Notes on statement of income

|                                                         |                 |
|---------------------------------------------------------|-----------------|
| Transactions with subsidiaries and affiliated companies |                 |
| Sales                                                   | ¥ 77,375million |
| Amount for goods purchased                              | ¥ 32,775million |
| Other trade transactions                                | ¥ 12,446million |
| Interest received                                       | ¥ 460million    |
| Dividends received                                      | ¥2,474million   |
| Interest expenses                                       | ¥ 40million     |

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

Class and number of treasury shares at the end of the current fiscal year:  
11,650,235 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                                          | Balance at the end of the current fiscal year (million yen) |
|------------|----------------------------|----------------------------------|--------------------------------|----------------------------------------------------------|---------------------------------------------------|----------------------------------|-----------------------------------------------|-------------------------------------------------------------|
|            |                            |                                  | Directors serving concurrently | Business relationship                                    |                                                   |                                  |                                               |                                                             |
| Subsidiary | ELASTOMIX Co., Ltd         | 98.5                             | None                           | Deposit from subsidiary                                  | Deposit from subsidiaries and affiliates (Note 1) | 529                              | Deposit from subsidiaries                     | 3,603                                                       |
| Subsidiary | Techno Polymer Co., Ltd.   | 100                              | None                           | Supply of raw materials                                  | Supply of raw material gas (Note 2)               | 11,291                           | Accrued revenue                               | 3,669                                                       |
| Subsidiary | JSR Micro Korea Co., Ltd.  | 100                              | None                           | Sales of our products and supply of raw materials        | Sale of products (Note 3)                         | 18,378                           | Accounts receivable                           | 5,149                                                       |
| Subsidiary | JSR Micro Taiwan Co., Ltd. | 100                              | None                           | Sales of our products and supply of raw materials        | Sale of products (Note 3)                         | 13,214                           | Accounts receivable                           | 5,795                                                       |
|            |                            |                                  |                                |                                                          | Provision of loans (recovery) (Note 4)            | (2,144)                          | Long-term loans to subsidiaries & affiliates. | 3,593                                                       |
| Subsidiary | JSR ENGINEERING CO., LTD.  | 100                              | None                           | Deposit from subsidiary                                  | Deposit from subsidiaries and affiliates (Note 1) | 2,066                            | Deposit from subsidiaries                     | 3,523                                                       |
| Subsidiary | JSR Trading Co., Ltd.      | 100                              | None                           | Sales of our products                                    | Sale of products (Note 3)                         | 27,028                           | Accounts receivable                           | 4,552                                                       |
| Subsidiary | JM Energy Corporation      | 100                              | None                           | Provision of loans                                       | Provision of loans (Note 4)                       | 1,130                            | Long-term loans to subsidiaries & affiliates  | 4,130                                                       |
| Affiliate  | Tobu Butadiene Co., Ltd.   | 50                               | 1                              | Supply of raw material gas and purchase of butadiene gas | Supply of raw material gas (Note 2)               | 7,606                            | Accrued revenue                               | 3,960                                                       |
|            |                            |                                  |                                |                                                          | Purchase of butadiene gas (Note 5)                | 9,854                            | Accounts payable                              | 4,826                                                       |

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

1. Interest rates on deposit are determined through negotiation considering prevailing interest rates in financial market.
2. Terms and conditions for the supply of raw material gas are determined through negotiation based upon the desirable prices offered by the Company considering market prices..
3. Terms and conditions for the sale of the products are determined through negotiation considering full cost of the products and market prices.
4. Interest rates on loans are determined through negotiation considering prevailing interest rates in financial market.
5. Terms and conditions for the purchase of butadiene gas are determined through negotiation based upon desirable prices offered by the Company considering full cost and market prices.
6. Transaction amounts do not include consumption tax, etc. The amounts stated as the balance at the end of the current fiscal year include consumption tax, etc.

(2) Major shareholders

| Attribute         | Name of the company | Voting rights ownership rate (%) | Contents of relationship                                 |                       | Contents of transactions    | Transaction amount (million yen) | Item                | Balance at the end of the current fiscal year (million yen) |
|-------------------|---------------------|----------------------------------|----------------------------------------------------------|-----------------------|-----------------------------|----------------------------------|---------------------|-------------------------------------------------------------|
|                   |                     |                                  | Directors and/or Corporate Auditors serving concurrently | Business relationship |                             |                                  |                     |                                                             |
| Major shareholder | Bridgestone Corp.   | Direct ownership 16.7            | 1                                                        | Sales of our products | Sales of elastomer products | 27,748                           | Accounts receivable | 13,328                                                      |

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

(Notes)

1. Prices and other terms and conditions are determined upon price negotiations considering market prices.
2. The transaction amount does not include consumption tax, etc. The term-end balance includes consumption tax, etc.

**8. Notes on per-share information**

|                      |         |
|----------------------|---------|
| Net assets per share | ¥875.65 |
| Net income per share | ¥35.71  |

Please note that this is an English translation of the original Audit Report which are written in Japanese; therefore, in the event of any conflict between the Japanese originals and this English translation, the Japanese originals shall be controlling in all respects.

## **Audit Report from Accounting Auditors (on Consolidated Financial Statements)**

May 6, 2010

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 Article 444, Paragraph 4 of the Companies Act, we have audited the Consolidated Financial Statements of JSR Corporation, covering the consolidated fiscal year commencing on April 1, 2009 and ending on March 31, 2010, 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 Auditors lies in expressing our opinions, as independent auditors, 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.

Please note that this is an English translation of the original Audit Report which are written in Japanese; therefore, in the event of any conflict between the Japanese originals and this English translation, the Japanese originals shall be controlling in all respects.

## **Audit Report from Accounting Auditors (on Non-Consolidated Financial Statements)**

May 6, 2010

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 Article 436, Paragraph 2, Article 1 of the Companies Act, we have audited the Financial Statements of JSR Corporation, covering its 65th Fiscal Term commencing on April 1, 2009 and ending on March 31, 2010, 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 Auditors lies in expressing our opinions, as independent auditors, 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.

Please note that this is an English translation of the original Audit Report which are written in Japanese; therefore, in the event of any conflict between the Japanese originals and this English translation, the Japanese originals shall be controlling in all respects.

## **Copy of Audit Report of the Board of Corporate Auditors**

### **Audit Report**

The Board of Corporate Auditors, with regard to the execution of duties of the Directors during the 65th fiscal term commencing on April 1, 2009 and ending on March 31, 2010, 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 has established audit policies, assigned responsibilities to each Corporate Auditor for audits, and received reports from each Corporate Auditor on the implementation and the results of their audits. In addition, the Board of Corporate Auditors received reports, requesting explanations when necessary, from Directors, other executives and Accounting Auditors concerning the execution of their duties

Each Corporate Auditor has, in accordance with the audit standards for Corporate Auditors set forth by the Board of Corporate Auditors and with the relevant audit policies and the assignment of responsibilities, facilitated communication with Directors, internal Audit Office, employees and other parties and endeavored to collect information and develop an optimum audit environment. At the same time, each Corporate Auditor has attended the Board of Directors meetings and other important meetings, received reports, requesting explanations when necessary, from Directors, employees and other parties on execution of their duties, reviewed important documents evidencing the authenticities of corporate decisions made, 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 has monitored and verified (i) the contents of the resolution of the Board of Directors on establishment of structures and systems to ensure compliance of Directors' execution of duties with laws and ordinances and Articles of Incorporation as well as to secure propriety of the conducting businesses of the Company as set forth under the Article 100, Paragraph 1 and 3 of the Enforcement Regulations of the Companies Act, and (ii) status of operational execution and maintenance of such structures and systems (internal control system) established based upon such resolutions.

Concerning the internal control over financial reporting, each Corporate Auditor has received reports from Directors etc. and KPMG AZSA & Co. on the evaluation results and the audit status of these internal controls, and requested explanation from such parties when necessary.

With regard to subsidiaries of the Company, each Corporate Auditor has strove to facilitate communication and information exchange with directors and corporate auditors of the subsidiaries, received reports, requesting explanations when necessary, from the subsidiaries on their businesses. Through these methods, each Corporate Auditor examined the business report of the Company and the supplementary statements thereto for the fiscal term under review.

In addition, each Corporate Auditor has monitored and verified Accounting Auditors' independence and propriety in implementing their audits and also received reports, requesting explanations when necessary, on their execution of duties. Each Corporate Auditor received a notice from the Accounting Auditors that ensures that "the system for ensuring Accounting Auditors' appropriate execution of duties" (terms respectively set forth under each of the paragraphs of the Article 131 of the Corporation Accounting Regulations) has been maintained 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 Auditor 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 financial statements) and the supplementary statements thereto 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 financial statements), for the fiscal term under review.

## 2. Audit results

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

- a. We acknowledge that the business report and its supplementary statements fairly represent 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 acknowledge that the contents of the resolutions of the Board of Directors regarding the structures and systems 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 and systems for internal control. In addition, we have received reports from Directors, etc. and KPMG AZSA & Co. stating that internal control over financial reporting was effective at the time of preparing the Audit Report for the current fiscal term.

### (2) Results of audit on non-consolidated financial statements and the supplementary statements

We acknowledge that the methods and the conclusions of the audit by KPMG AZSA & Co. to be fair and proper.

### (3) Consolidated Financial Statements

We acknowledge that the methods and the conclusions of the audit by KPMG AZSA & Co. to be fair and proper.

May 7, 2010

| Board of Corporate Auditors, JSR Corporation  |                 |        |
|-----------------------------------------------|-----------------|--------|
| Full-time Corporate Auditor                   | Yoshio Tamaki   | (seal) |
| Full-time Corporate Auditor                   | Nobuo Bessho    | (seal) |
| Corporate Auditor (outside corporate auditor) | Kenji Ito       | (seal) |
| Corporate Auditor (outside corporate auditor) | Hiroichi Uekusa | (seal) |
| Corporate Auditor (outside corporate auditor) | Nobuko Kato     | (seal) |

## Financial Highlights (Reference)

### 1. Key Consolidated Financial Figures

| Fiscal Term                   |                | The 62nd             | The 63rd             | The 64th             | The 65th             | The 66th             |
|-------------------------------|----------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| from/to                       |                | Apr 2006<br>Mar 2007 | Apr 2007<br>Mar 2008 | Apr 2008<br>Mar 2009 | Apr 2009<br>Mar 2010 | Apr 2010<br>Mar 2011 |
| Sales                         | yen<br>million | 365,831              | 406,967              | 352,502              | 310,183              |                      |
| Operating Profit              | yen<br>million | 55,242               | 60,010               | 30,347               | 20,230               |                      |
| Net Profit                    | yen<br>million | 33,654               | 36,994               | 13,981               | 13,644               |                      |
| Total Asset                   | yen<br>million | 408,949              | 416,950              | 339,497              | 373,565              |                      |
| Net Asset                     | yen<br>million | 239,986              | 257,662              | 241,985              | 250,700              |                      |
| Equity Ratio                  |                | 57.5%                | 60.6%                | 71.0%                | 66.8%                |                      |
| Cash Dividends<br>(per share) | yen/share      | 24                   | 32                   | 32                   | 26                   | 32<br>(plan)         |
| Cash Dividends<br>(amount)    | yen<br>million | 6,053                | 8,020                | 7,863                | 6,350                |                      |
| Dividend<br>Payout Ratio      |                | 18.0%                | 21.7%                | 56.2%                | 46.5%                | 31.3%<br>(plan)      |
| Purchase of<br>Treasury Share | yen<br>million | 5,411                | 5,328                | 8,611                | 2                    |                      |

### 2. Segment Information

| Fiscal Term<br>from / to                |                | Sales                |                      | Operating Profit     |                      |
|-----------------------------------------|----------------|----------------------|----------------------|----------------------|----------------------|
|                                         |                | The 64th             | The 65th             | The 64th             | The 65th             |
|                                         |                | Apr 2009<br>Mar 2010 | Apr 2010<br>Mar 2011 | Apr 2009<br>Mar 2010 | Apr 2010<br>Mar 2011 |
| Elastomers                              | yen<br>million | 117,855              | 104,605              | 8,026                | (504)                |
| Emulsion                                | yen<br>million | 23,432               | 16,997               | 516                  | 277                  |
| Plastics                                | yen<br>million | 64,829               | 48,041               | 1,308                | (3)                  |
| Fine Chemicals<br>and Other<br>Products | yen<br>million | 146,385              | 140,539              | 20,496               | 20,460               |
| Total                                   | yen<br>million | 352,502              | 310,183              | 30,347               | 20,230               |

### 3. Consolidated Cash Flow

|                                                            |             |          |
|------------------------------------------------------------|-------------|----------|
| Cash and its equivalent at the end of the 64th fiscal term | yen million | 37,125   |
| Cash Flow from operation                                   | yen million | 58,655   |
| Cash Flow from investment                                  | yen million | (27,343) |
| Cash Flow from financing activities                        | yen million | (7,325)  |
| Increase from the changes of the scope of consolidation    | yen million | 255      |
| Cash and its equivalent at the end of the 65th fiscal term | yen million | 61,404   |

Please note that this is an English translation of the original "Reference Materials for the General Meeting of Shareholders" which are written in Japanese; therefore, in the event of any conflict between the Japanese originals and this English translation, the Japanese originals 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 continual and stable dividends 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. With respect to the utilization of the internal reserves, the Company endeavors to reward its shareholders by achieving higher corporate values through investments in research and development and strategic investments for new growth, as well as acquiring its treasury shares on medium and long term basis.

The Company would like to propose the following year-end dividends after thorough consideration of the points mentioned above.

#### (1) Matters related to disbursements of dividends to shareholders and total amount thereof

The Company would like to provide ¥13 per ordinary share of the Company, with the total amount of ¥3,175,054,103.-

As a result, the dividends including the interim dividends will be ¥26 per share, with the total amount of ¥6,350,117,306.-

#### (2) Effective Date of dividends from surplus

June 21, 2010

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

1. Reasons for the Amendments

(1) In view of the current and future development of the businesses, the Company proposes the partial amendments to the items relating to the “Purpose” under the Article 2 in the Articles of Incorporation.

Addition of the Paragraph 1-(3) of the Article 2 is made in accordance with the progress of one of its strategic businesses relating to environment and energy and the addition of the Paragraph 8 in the Article 2 is made, in relation to insurance related businesses made by its subsidiary, reflecting the possible expansion of the businesses from those limited to within the Company and its subsidiaries to those with third parties outside the group companies.

2. Details of the Amendments

The details of the Amendments are as follows:

(Underlines indicate amended sections)

| Current Articles of Incorporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Proposed Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(Purposes)<br/>Article 2.<br/>The purposes of the Company shall be to engage in the following businesses:<br/>1. Manufacture, process and sale of the following products:<br/>    (1) Synthetic rubbers, plastics and other chemical industrial products;<br/>    (2) Raw materials for synthetic rubbers, plastics and other chemical industrial products;<br/>    (3) Optical electronics devices, information equipment, physical-chemical instruments, medical equipment and parts, components and materials of all items of foregoing;<br/><br/>    (4) Materials for civil engineering, housing, and packaging;<br/>    (5) Materials, equipment and other products for environment improvement, health and safety;<br/>    (6) Audio and visual disks and software;<br/>    (7) Foodstuffs and medical products;<br/>2. Licensing, technical assistance, research and consulting for the businesses listed in the paragraph 1 above;<br/>3. Design, manufacture and sale of facilities and machinery for chemical industry and design, implementation and management of civil engineering works;<br/>4. Warehousing, cargo transportation via trucking, maintenance of vehicles;<br/>5. Data processing services;<br/>6. Sale, purchase and lease of real estate;<br/>7. Financing and leasing;<br/><br/>    (newly established)<br/>8. Sale of office goods, appliances and daily miscellaneous goods;<br/>9. All other business activities incidental to the foregoing</p> | <p>(Purposes)<br/>Article 2.<br/>The purposes of the Company shall be to engage in the following businesses:<br/>1. Manufacture, process and sale of the following products:<br/>    (1) Synthetic rubbers, plastics and other chemical industrial products;<br/>    (2) Raw materials for synthetic rubbers, plastics and other chemical industrial products;<br/>    (3) Optical electronics devices, information equipment, physical-chemical instruments, medical equipment , <u>power generation and storage</u> devices and parts, components and materials of all items of foregoing;<br/>    (4) Materials for civil engineering, housing, and packaging;<br/>    (5) Materials, equipment and other products for environment improvement, health and safety;<br/>    (6) Audio and visual disks and software;<br/>    (7) Foodstuffs and medical products;<br/>2. Licensing, technical assistance, research and consulting for the businesses listed in the paragraph 1 above;<br/>3. Design, manufacture and sale of facilities and machinery for chemical industry and design, implementation and management of civil engineering works;<br/>4. Warehousing, cargo transportation via trucking, maintenance of vehicles;<br/>5. Data processing services;<br/>6. Sale, purchase and lease of real estate;<br/>7. Financing and leasing;<br/>8. <u>Casualty insurance agency and life insurance solicitation</u><br/>9. Sale of office goods, appliances and daily miscellaneous goods;<br/><u>10.</u> All other business activities incidental to the foregoing</p> |

### Proposal 3. Election of 9 Directors

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

Details of the candidates for Directors are as follows:

| No. | Name<br>(Date of Birth)                  | Brief personal record, position, responsibilities,<br>and important concurrent positions held                                                                                                                                                                                                                                                         | Number of<br>the shares of<br>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>(Other important concurrent positions held )<br>President, Japan Butyl Co., Ltd.                                                       | 33,856                                                |
| 2   | Mitsunobu Koshiba<br>(November 9, 1955)  | Oct. 1981 Joined JSR<br>Jun. 2004 Director<br>Jun. 2005 Senior Officer, General Manager, Electronic Materials<br>Division<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                   | 18,700                                                |
| 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,<br>and Corporate Communications                                                                                                                             | 31,185                                                |
| 4   | Seiichi Hasegawa<br>(July 3, 1947)       | Apr. 1970 Joined JSR<br>Jun. 1999 Director<br>Jun. 2002 Managing Director<br>Jun. 2009 Senior Managing Director (current position)<br>currently responsible for Procurement, Logistics, Group<br>Companies Coordination, and Information Technology,<br>(Other important concurrent positions held)<br>President, Tobu Butadiene Co., Ltd.            | 23,800                                                |
| 5   | Masaki Hirose<br>(July 25, 1948)         | Apr. 1971 Joined JSR<br>Jun. 2002 Director<br>Jun. 2005 Senior Officer, General Manager, Human Resources<br>Department<br>Jun. 2006 Director and<br>Senior Officer, General Manager, Human Resources<br>Jun. 2007 Managing Director (current position)<br>currently responsible for Corporate Planning, Human<br>Resources, General Affairs and Legal | 14,422                                                |

| No. | Name<br>(Date of Birth)             | Brief personal record, position, responsibilities,<br>and important concurrent positions held                                                                                                                                                                                                                                                                                                                                                | Number of<br>the shares of<br>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, General Manager, Yokkaichi R&D Center<br>Jun. 2006 Director and Senior Officer, General Manager, Yokkaichi R&D Center<br>Jun. 2007 Managing Director (current position) currently responsible for Research & Development, Precision Processing, and, as deputy director, Strategic Businesses                                                                        | 8,800                                                 |
| 7   | Yasuki Sajima<br>(August 26, 1950)  | Apr. 1974 Joined JSR<br>Jun. 2005 Senior Officer, General Manager, Display Materials Division<br>Jun. 2007 Director and Senior Officer, General Manager, Display Materials Division<br>Jun. 2009 Managing Director (current position), currently responsible for Fine Chemicals Sector                                                                                                                                                       | 4,950                                                 |
| 8   | Koichi Kawasaki<br>(April 20, 1957) | Apr. 1983 Joined JSR<br>Jun. 2005 Officer, General Manager, Manufacturing & Technology Department<br>Jun. 2007 Director (current position) currently responsible for Petrochemicals Sector (including Plastics Businesses), Safety Environment Affairs, and Senior Officer (current position), General Manager, Petrochemical Products Division<br>(Other important concurrent positions held)<br>Vice President, KRATON JSR ELASTOMERS K.K. | 5,100                                                 |
| 9   | Hisao Hasegawa<br>(August 13, 1949) | Apr. 1974 Joined JSR<br>Jun. 2006 Senior Officer, Plant Manager, Yokkaichi Plant<br>Jun. 2009 Director (current position) currently responsible for Manufacturing & Technology, Product Safety and Quality Assurance, and Senior Officer (current position), General Manger, Manufacturing Technology Department                                                                                                                             | 9,500                                                 |

(Notes) No conflict of interest exists between each of the candidates and the Company.

#### **Proposal 4. Election of One (1) Corporate Auditors**

As the tenure of the Corporate Auditor, Mr. Kenji Ito will expire at the close of this general meeting of shareholders, it is proposed that one (1) Corporate Auditors be newly elected.

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

The details of the candidate for Corporate Auditor are as follows:

| Name<br>(Date of Birth)            | Brief personal record, position,<br>and important concurrent positions held                                                                                                                                                                                                                              | Number of<br>the shares<br>of the<br>Company<br>owned |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| Kenji Ito<br>(October 16,<br>1941) | Apr. 1977 Registered as Certified Public Accountant<br>Aug. 1985 Joined Audit Corporation Asahi & Co. (Current KPMG<br>AZSA & Co.)<br>Jul. 1989 Representative Partner of KPMG AZSA & Co.<br>Mar. 2006 Retired from KPMG AZSA & Co.<br>Jun. 2006 Corporate Auditor of JSR Corporation (current position) | 1,100                                                 |

(Notes)

1. No conflict of interest exists between Mr. Kenji Ito and the Company.
2. Mr. Kenji Ito is a candidate for Outside Corporate Auditor.
3. The reasons we chose Mr. Kenji Ito as a candidate for Outside Corporate Auditor are that Mr. Ito has been effectively performing the audit of the Company as a current Corporate Auditor and has been contributing in securing the fair and reasonable judgment for, and accountable and sound management of, the businesses of the Company by utilizing range of his professional knowledge and vast experience on financing and accounting matters, as a Certified Public Accountant, and by providing appropriate advices at the Board of the Directors meetings etc., from the neutral and independent view point from time to time. Judging from the above, we are convinced that he is sufficiently capable of performing his responsibilities as a Corporate Auditor.
4. Mr. Kenji Ito is registered as an Independent Outside Corporate Auditor at Tokyo Stock Exchange and Osaka Stock Exchange.
5. Duration of the office of Mr. Kenji Ito as a Corporate Auditor of the Company will be 4 years at the close of this general meeting of shareholders.

#### **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 (9) Directors incumbent as of the end of the current fiscal term in a total amount for ¥ 71 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 Thursday, June 17, 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.