

Name of listed company: Chugai Pharmaceutical Co., Ltd.
Code number: 4519 (1st Section Tokyo Stock Exchange)
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Notice of Issuance of Common Stock Options (Stock Acquisition Rights)

The 98th annual general meeting of shareholders of Chugai Pharmaceutical Co., Ltd. (the Company) held today (the AGM) resolved and approved the remuneration, etc. for Directors with executive power for allotting two types of stock acquisition rights as stock options capped at 275 million yen per year. Specifically, stock options as stock-based compensation involve issuing stock acquisition rights amounting to no more than 150 million yen per year, and common stock options involve issuing stock acquisition rights amounting to no more than 125 million yen per year.

Based on the resolution of the AGM, the Company, at its board of directors meeting held today after the AGM, resolved that the Company would issue stock acquisition rights as common stock options to directors and employees of the Company as described below.

Particulars

1. Reason for issuing stock acquisition rights as stock options and Persons to whom stock acquisition rights are allotted

In order to increase the Company Group's corporate value by enhancing the Directors' motivation and morale leading to the growth of the business results of the Company, and by securing superior human resources, stock acquisition rights are allotted to six (6) Directors and one hundred one (101) employees of the Company and two (2) Directors and five (5) employees of its subsidiaries.

2. Outline of the issuance of stock acquisition rights ("Stock Options")

(1) Name of Stock Option

Chugai Pharmaceutical Co., Ltd. No. 6 Stock Option

(2) Total number of Stock Options

3,300 units

(a) Directors of the Company: six (6) persons/1,450 units

(b) Employees of the Company and Directors and Employees of the Subsidiaries: 108 persons/1,850 units

The above number is the number scheduled for allotment. If the total number of Stock Options to be allotted reduces, including without limitation the case of no proposal of acceptance, the aggregate amount of Stock Options to be allotted shall be the total number of the Stock Options to be issued.

(3) Stock Options issue price and calculation method

(a) The Directors of the Company

The amount to be paid to the Directors for Stock Options shall be an amount of the option value per share multiplied by the allotted shares (fractions shall be rounded up). Such option value per share shall be calculated by using the Binominal Model.

The Director to whom the Stock Option is allotted may offset the remuneration amount with payment debt of the Stock Option instead of the monetary payment.

(b) The Employees of the Company, and the Directors and Employees of its Subsidiaries

The Optionee is not required to pay any amount of money to receive their Stock Options. It, however, is not offering at law price.

(4) Grant date of Stock Options

April 9, 2009

(5) Details of Stock Options

(a) Class and number of shares in scope of the Stock Options

100 common shares of the Company per one (1) Stock Option

In case of a stock split or stock consolidation by the Company, the formula below shall be used to adjust the number of shares in scope of the Stock Options (the "Number of Allotted Shares"). However, such an adjustment shall be made to the number of shares in scope of Stock Options to which the Optionee has not executed their rights as at the time of stock split/consolidation. Any fraction of a share resulting from such adjustment shall be rounded down to the nearest whole share.

$$\text{The Number of Allotted Shares after adjustment} = \frac{\text{The Number of Allotted Shares before adjustment}}{\text{Ratio of stock split or consolidation}} \times \text{Ratio of stock split or consolidation}$$

Additionally, if any circumstance not described above necessitates an adjustment to the Number of Allotted Shares, it shall be adjusted within the rational boundaries.

(b) Amount to be paid upon exercise of each Stock Option

The amount of payment for the exercise of the Stock Option shall be an amount per share to be delivered upon exercise of the stock acquisition rights (the "Exercise Price"), multiplied by the number of shares to be issued.

The Exercise Price shall be an amount obtained by multiplying the average of the closing prices (regular way) of the Company's shares of common stock on the Tokyo Stock Exchange for each day (excluding days on which no trading was reported) of the month immediately preceding the month to which the allotment date of the Stock Option belongs, by 1.05 with any fraction of one (1) yen rounded upwards; provided however, that if the Exercise Price is lower than the closing price of the shares of the Company on the allotment date of Stock Option, such closing price shall become the Exercise Price (if no transaction is made on that day, the closing price of the Company's shares on the day immediately preceding shall become the Exercise Price).

If the Company proceeds with a stock split or consolidation, the formula below shall be used to adjust the Exercise Price, and any fraction of a yen after such adjustment shall be rounded up to the nearest whole yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split or consolidation}}$$

If the Company issues new shares that is less than the market price or dispose of treasury stocks (excluding any exercise of the Stock Options), the formula below shall be used to adjust the Exercise Price, and any fraction of a yen after such adjustment shall be rounded up to the nearest whole yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of issued and outstanding shares} + \frac{\text{Number of newly issued shares} \times \text{Issue price per share}}{\text{Share price before new issuance}}}{\text{Number of issued and outstanding shares} + \text{Number of newly issued shares}}$$

“The number of issued and outstanding shares” used in the above formula shall be the total number of issued and outstanding shares of the Company less the number of treasury stocks held by the Company, and if the Company disposes of treasury stocks, "newly issuance (issued)" shall be read as the "disposition of (disposed) treasury stocks".

Additionally, if any circumstance not described above necessitates an adjustment to the Exercise Price, the price shall be adjusted within the rational boundaries.

(c) Exercise period of the Stock Options

From April 9, 2009 to March 25, 2019

(d) Conditions of exercise of the Stock Options

A person granted the Stock Options shall be in the position of director, statutory auditor or employee of the Company or its subsidiaries upon exercise of the Stock Options. Provided, however, that this provision shall not apply if the person retires from his or her position as a director, statutory auditor or employee of the Company or its subsidiaries due to the end of his or her term, mandatory retirement or other reasonable cause.

(e) Matters related to capital and capital reserve increase by the issuance of shares upon exercise of the Stock Options

(i) The amount of capital increase by the issuance of shares upon exercise of the Stock Options shall be one half of the capital increase limit calculated by the rule provided for in Paragraph 1, Article 40 of the Accounting Rules, and any fraction of a yen after such calculation shall be rounded up to the nearest whole yen.

(ii) The amount of capital reserve increase by the issuance of shares upon exercise of the Stock Options shall be the capital increase limit mentioned in (i) above minus the amount of capital increase provided for in (i) above.

(f) Restriction on the acquisition of Stock Options by transfer

Acquisition of Stock Options by transfer shall require an approval of the Company's board of directors.

(g) Terms and conditions of acquisition of Stock Options

- (i) If a merger agreement to make the Company the non-surviving party of the merger, a merger and split agreement or a new establishment and split agreement that will result in a split of the Company, or a share exchange agreement or share transfer plan to make the Company a wholly-owned subsidiary of another party is approved by the shareholder's meeting of the Company (or if such a decision does not require the approval of the shareholder's meeting and if such a resolution is adopted by the Company's board of directors), the Company may acquire all the Stock Options outstanding as at the date of such an approval/resolution, at no cost, on the date separately determined by the Company's board of directors.
- (ii) If a person previously granted the Stock Options no longer satisfies the conditions to exercise their rights as provided for in Item (d), the Company may acquire their Stock Options at no cost.

(h) Decision-making policy for the relinquishment of the Stock Options at the time of an organizational restructuring and the grant of the Stock Options of the restructured company

If the Company is merged to become the non-surviving party of a merger, is split and acquired, is split and established as a new company, or proceeds with a share exchange agreement or share transfer plan (all of the above is hereafter collectively referred to as an "act of organizational restructuring"), the Stock Options that remains as at the time of the act of organizational restructuring coming into effect ("Remaining Stock Options") shall be treated as follows. The Company shall grant the Optionee the Stock Options of the joint stock company provided for in a to e of Paragraph 1 Item 8 of Article 236 of the Corporation Law ("Restructured Company"), whichever is applicable to the particular company, on the conditions described below. In this case, the Remaining Stock Options shall be relinquished, and stock options pertaining to the Restructured Company shall be newly issued. This arrangement is limited to the case where the grant of the Stock Options by the Restructured Company on the conditions described below is prescribed in the relevant acquisition/merger agreement, new establishment/merger agreement, acquisition/split agreement, new establishment/split plan, share exchange agreement, or share transfer plan.

(i) The number of the new Stock Options to be granted by the Restructured Company

The number of the new Stock Options granted to the Optionee by the Restructured Company shall be equal to the number of the Remaining Stock Options of the Company that the Optionee owns.

(ii) Class of shares of the Restructured Company in scope of the Stock Options

The class of the shares shall be the common shares of the Restructured Company.

(iii) Number of shares of the Restructured Company in scope of the Stock Options

The number shall be decided pursuant to Item (a), after consideration of the terms and conditions of the act of organizational restructuring.

(iv) Amount to be paid upon exercise of each Stock Option

The amount to be paid upon exercising the newly granted Stock Options shall be the Exercise Price after restructuring (deduced from the adjustment to the Exercise Price provided for in Item (b) after consideration of the terms and conditions of the act of organizational restructuring) multiplied by the number of shares in scope of the Stock Options of the Restructured Company as provided for in (iii) above.

(v) Exercise period of the Stock Options

From either the initial date of the Exercise Period provided for in Item (c) or the effective date of the act of organizational restructuring, whichever is the later, to the final date of the Exercise Period provided for in Item (c)

(vi) Matters related to capital and capital reserve increase by the issuance of shares upon the exercise of the Stock Options

These matters shall be determined pursuant to Item (e).

(vii) Restriction on the acquisition of Stock Options by transfer

Acquisition of Stock Options by transfer shall require an approval of the Restructured Company's board of directors.

(viii) Terms and conditions of acquisition of Stock Options

These shall be determined pursuant to Item (g).

(ix) Other terms and conditions of exercising the Stock Options

These shall be determined pursuant to Item (d).

(i) Rule pertaining to the fraction of a share upon exercise of the Stock Option

If the number of shares issued to the Optionee after the exercise of their Stock Options is found to have a fraction of a share, the fraction shall be rounded down to the nearest whole share.

(j) Stock Option certificates

The Company shall not issue any Stock Option certificate.