

[Translation]

May 15, 2003

Yamanouchi Pharmaceutical Co., Ltd. (the "Company")

RELEASE FOR THE STOCK OPTION (STOCK ACQUISITION RIGHTS)

It is hereby notified that the Board of Directors of the Company at its meeting held on May 15, 2003 resolved upon submission of proposal that stock acquisition rights as stock option will be issued pursuant to provisions of Articles 280-20 and 280-21 of the Commercial Code of Japan for approval of shareholders at the 90th ordinary general meeting of shareholders of the Company scheduled to be held on June 27, 2003.

Particulars

1. Reason why stock acquisition rights to be issued at the specially favorable price to parties other than shareholders:

Stock acquisition rights as stock option will be granted free of charge to Directors and key employees of the Company for the purpose of inducing desire and spirit for the enhancement of corporate value of the Company further to be stimulated and furthermore facilitating management with special emphasis on increasing shareholder value.

2. Summary of issue of stock acquisition rights:

- (1) Grantees of allotment of stock acquisition rights:

Directors and key employees of the Company.

- (2) Kind and number of shares issued upon exercise of stock acquisition rights:

Shares of common stock of the Company.

The maximum number of shares to be issued will be 180,000 shares; Provided, however, that in the event that the number of shares allotted to each stock acquisition right is adjusted pursuant to provisions of paragraph (3) below, the maximum number shall be adjusted to the number of shares obtained by multiplying the adjusted number of shares allotted to each stock acquisition right by the number of stock acquisition rights.

- (3) The aggregate number of stock acquisition rights:

The maximum number of stock acquisition rights will be 1,800.

100 shares will be allotted to each stock acquisition right (the “number of allotted shares”).

In the event that shares of common stock are divided or consolidated, the number of allotted shares shall be adjusted in accordance with the following formula. Any fractional shares resulting from division or consolidation of shares shall be disregarded.

$$\begin{array}{l} \text{Number of allotted} \\ \text{shares after} \\ \text{adjustment} \end{array} = \begin{array}{l} \text{Number of} \\ \text{allotted shares} \\ \text{before adjustment} \end{array} \times \begin{array}{l} \text{Ratio of division} \\ \text{or consolidation} \\ \text{of shares} \end{array}$$

Furthermore, in the event that the Company reduces capital, merges with another company or consummates company division or carries out any other inevitable matter necessitating the number of allotted shares to be adjusted, the number of allotted shares shall be adjusted to the reasonable extent, taking into consideration the terms and conditions of the capital reduction, merger or company division.

- (4) The issue price of stock acquisition rights:

Free of charge.

- (5) Amount to be paid upon exercise of each stock acquisition right:

An amount to be paid upon exercise of each stock acquisition right shall be an amount obtained by multiplying the subscription price for each share issued or transferred (the “exercise price”) upon exercise of the stock acquisition rights by the number of allotted shares.

The exercise price shall be the average with any fraction of one yen being rounded upward to full one yen of the closing prices (the “closing price”) of shares of common stock of the Company on the Tokyo Stock Exchange on each day (day on which no sale was reported to be excluded) of the month immediately preceding the month in which the date of issue of the stock acquisition rights (the “issue date”) falls. Provided, however, that the amount so obtained is lower than the closing price of the issue date (or if no closing price was reported on that date, the closing price of the date immediately preceding the issue date), the closing price of the issue date or substituted date shall be the exercise price.

In the event that after the issue date the Company issues new shares of common stock of the Company or disposes of treasury stock at a price less than the current market price of shares of common stock (other than shares issued or transferred upon exercise of stock acquisition rights or upon conversion of convertible bonds under the Commercial Code before the enforcement of Law Amending a Part of Commercial Code, etc. (Law No. 128 of 2001), the exercise price shall be adjusted with any fraction of one yen being rounded upward to full one yen.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares outstanding} + \frac{\text{Number of shares to be issued} \times \text{Issue price per share}}{\text{Current market price}}}{\text{Number of shares outstanding} + \text{Number of shares to be issued}}$$

In the above formula, the “shares outstanding” means the number of shares in issue less the number of treasury stock. In the event that treasury stock is disposed of, “the number of shares to be issued” shall read “the number of shares to be disposed of”.

Furthermore, in the event that after the issue date the Company divides or consolidate shares of common stock of the Company, the exercise price shall be adjusted in proportion to the ratio of division or consolidation of shares with any fraction of one yen of the adjusted exercise price being rounded upward to full one yen.

In addition, in the event that after the issue date the Company reduces capital, merges with another company or consummates company division or carries out any other inevitable matter necessitating the number of allotted shares to be adjusted, the exercise price shall be adjusted to the reasonable extent, taking into consideration the terms and conditions of the capital reduction, merger or company division.

(6) Exercise period of stock acquisition rights:

From July 1, 2005 to June 27, 2013 (both days inclusive).

(7) Conditions for exercise of stock acquisition rights:

Each stock acquisition right shall not be partially exercised.

(8) Cancellation and conditions therefor of stock acquisition rights:

(i) The Company may cancel free of charge the stock acquisition rights in the event that a proposal for a merger agreement under which the Company will be absorbed or a proposal for a stock exchange agreement or stock transfer agreement under which the Company will become a wholly owned subsidiary has been approved at the general meeting of shareholders of the Company.

(ii) The Company may cancel free of charge at any time unexercised stock acquisition rights owned by the Company.

(9) Restriction on transfer of stock acquisition rights:

Any transfer of stock acquisition rights shall be subject to approval of the

Board of Directors of the Company.

3. Summary of allotment of stock acquisition rights:

The number of allotted stock acquisition rights shall be determined at the Board of Directors of the Company in consideration of the duties of assignment to and contributions to the results of operation of the Company by each of persons to whom stock acquisition rights are allotted.

In addition, in connection with allotment of stock acquisition rights to each of the persons to whom stock acquisition rights are allotted, a stock acquisition right allotment agreement, in which such terms and conditions as are deemed reasonable by the Board of Directors in the light of the purpose for the issue of stock acquisition rights shall be provided, will be entered into between the Company and each of the allotted persons

*Concrete issue and the contents of allotment of the stock acquisition rights shall be determined by resolutions of the meeting of the Board of Directors of the Company to be held after the close of the 90th ordinary general meeting of shareholders of the Company scheduled to be held on June 27, 2003 subject to approval of shareholders at the said general meeting for the issue of stock acquisition rights.

End