

Reference Document for General Meeting of Shareholders

Proposals and Reference Matters:

First Proposal: Appropriation of Surplus

As an R&D-oriented world-class pharmaceutical company, the Company will continue conducting strategic investments by focusing on the enhancement of its R&D pipeline and improvement of the business infrastructure both in Japan and overseas in search of a sustainable growth of corporate value.

As per the dividends, the Company seeks to increase the consolidated dividend payout ratio step by step, with the target ratio in the final year of the 2006-2010 Medium-term Management Plan of approximately forty-five percent (45%), in addition to basic policy to maintain stable profit distribution to shareholders in a manner corresponding to the consolidated results, based on the long-term perspective.

With due considerations to the dividend policy stated above, the Company will provide for an enhancement of the corporate quality and the future business development.

Taking into consideration the foregoing, the Company is presenting the following proposal with respect to the appropriation of surplus for this term.

1. Year-end dividends

(1) Type of dividend asset
Cash

(2) Allocation of dividend assets to shareholders and total amount of allocation

Eighty-four yen (JPY84) per share of common stock

Total amount: Seventy billion eight hundred and seven million two hundred sixty-six thousand two hundred sixty-four yen (JPY70,807,266,264)

(For your information)

If this proposal is approved, the total dividend for the full business year shall amount to one hundred and sixty-eight yen (JPY168) per share (an increase of forty yen (JPY40), compared to the previous business year, consolidated dividend payout ratio of 40.1%), which includes an interim dividend of eighty-four yen (JPY84) per share.

(3) Effective date of dividend payment
June 27, 2008

2. Other appropriation of surplus

(1) Accounts of surplus showing a decrease, and the amount of such decrease
General reserve: Three hundred billion yen (JPY300,000,000,000)

(2) Accounts of surplus showing an increase, and the amount of such increase
Unappropriated retained earnings: Three hundred billion yen (JPY300,000,000,000)

Second Proposal: Election of seven (7) Directors

The term of office of the seven (7) Directors, Messrs. Kunio Takeda, Yasuchika Hasegawa, Makoto Yamaoka, Hiroshi Akimoto, Kiyoshi Kitazawa, Hiroshi Shinha and Yasuhiko Yamanaka, will expire at the close of this ordinary general meeting of shareholders. Therefore, you are requested to elect seven (7) Directors.

The candidates for Directors are as follows:

Candidate No.	Name (Date of Birth)	Career Summary, Position and Duty		Number of Shares of the Company Owned
1	Kunio Takeda (January 5, 1940)	April 1962 June 1987 June 1989 June 1991 June 1992 June 1993 June 2003	Joined the Company Director of the Company Managing Director of the Company Senior Managing Director of the Company Executive Vice President and Representative Director of the Company President and Representative Director of the Company Chairman of the Board and Representative Director of the Company (to present)	859,201 shares
2	Yasuchika Hasegawa (June 19, 1946)	April 1970 October 1998 June 1999 June 2001 April 2002 June 2003	Joined the Company Corporate Officer and General Manager of Pharmaceutical International Division of the Company Director of the Company General Manager of Corporate Planning Department of the Company General Manager of Corporate Strategy & Planning Department of the Company President and Representative Director of the Company (to present)	14,200 shares
3	Makoto Yamaoka (September 23, 1945)	April 1969 October 1998 June 1999 November 2000 June 2002 June 2004 June 2006 April 2007 to March 2008	Joined the Company General Manager of Planning Department, Pharmaceutical Marketing Division of the Company Corporate Officer of the Company General Manager of Pharmaceutical Marketing Division of the Company Director of the Company Managing Director of the Company Senior Managing Director of the Company (to present) General Manager of Corporate Strategy & Planning Department of the Company	4,800 shares

4	Kiyoshi Kitazawa (April 8, 1942)	<p>April 1971 October 1996 June 1999 June 2000 October 2001 June 2002 October 2002 June 2006 June 2006 to March 2008</p>	<p>Joined the Company General Manager of Strategic Planning Development, Pharmaceutical Development Division of the Company Corporate Officer of the Company Deputy General Manager of Pharmaceutical Development Division of the Company General Manager of Strategic Product Planning Department Director of the Company General Manager of Pharmaceutical Development Division of the Company Managing Director of the Company (to present) General Manager of Strategic Product Planning Department</p>	4,431 shares
5	Hiroshi Shinha (July 5, 1947)	<p>April 1971 October 2001 June 2002 June 2002 June 2003</p>	<p>Joined the Company Deputy General Manager of Legal Department of the Company General Manager of Legal Department of the Company (to present) Corporate Officer of the Company Director of the Company (to present)</p>	4,100 shares
6	Yasuhiko Yamanaka (January 18, 1956)	<p>April 1979 June 2003 June 2004 April 2007 June 2007</p>	<p>Joined the Company General Manager of Corporate Strategy & Planning Department of the Company Corporate Officer of the Company General Manager of Pharmaceutical Marketing Division of the Company (to present) Director of the Company (to present)</p>	1,600 shares
7	Shigenori Ohkawa (January 20, 1955)	<p>April 1979 April 2004 October 2005 June 2007</p>	<p>Joined the Company General Manager of Medical Chemistry Research Laboratories, Pharmaceutical Research Division of the Company General Manager of Pharmaceutical Research Division (to present) Corporate Officer of the Company (to present)</p>	1,700 shares

Note: There is no special interest between the above candidates and the Company.

Third Proposal: Election of two (2) Corporate Auditors

The term of office of two (2) Corporate Officers, Messrs. Kiyoshi Taura and Yoichi Asakawa, will expire at the close of this ordinary general meeting of shareholders. Therefore, you are requested to elect two (2) Corporate Auditors. The Board of Corporate Auditors has agreed to this proposal.

The candidates for Corporate Auditors are as follows:

Candidate No.	Name (Date of Birth)	Career Summary		Number of Shares of the Company Owned
1	Naohisa Takeda (September 1, 1949)	April 1972 April 2000 November 2003 June 2005 June 2007	Joined the Company General Manager of Department of Europe, Pharmaceutical International Division of the Company General Manager of Department of Europe and Asia of the Company Corporate Officer of the Company (to present) General manager of Overseas Business Planning Division of the Company (to present)	839,082 shares
2	Tsuguoki Fujinuma (November 21, 1944)	June 1970 November 1974 May 1986 May 1991 June 1993 July 2004 to July 2007 June 2007 July 2007 to March 2008 August 2007 October 2007	Joined Arthur Young & Co. Registered as a certified public accountant Joined ASAHI SHINWA & Co. as Associate Partner Senior Partner of Asahi Shinwa & Co. Joined Showa Ota & Co. (present name: Ernst & Young ShinNihon) as Senior Partner Chairman and President of the Japanese Institute of Certified Public Accountants Left Ernst & Young ShinNihon Outside Advisor of Sumitomo Corporation Director of Tokyo Stock Exchange Group, Inc. (to present) Governor of Tokyo Stock Exchange Regulation (to present)	0 share

Notes:

1. There are no special interest between the above candidates and the Company.
2. Mr. Tsuguoki Fujinuma is a candidate for Outside Corporate Auditor prescribed in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Company Law.
3. The Company seeks the shareholders' election of Mr. Tsuguoki Fujinuma as Corporate Auditor because the Company comprehensively judged that he is qualified for such office in view of his long-term activities as a certified public accountant and his broad-ranging insight and extensive experience.
4. Mr. Tsuguoki Fujinuma has not directly engaged in the management of a company so far. However, the Company judged that he has an adequate ability to perform the duty of Corporate Auditor in an appropriate manner because he has broad-ranging insight and extensive experience as a certified public accountant, particularly in the area of corporate accounting.
5. It is prescribed in Article 35, Paragraph 2 of the Articles of Incorporation of the Company that the Company may enter into agreements with Outside Corporate Auditors that limit the maximum amount of the liability for damages set forth in Article 423, Paragraph 1 of the

Company Law to the amount provided by law. Upon the election of Mr. Tsuguoki Fujinuma is approved, the Company will enter into such agreement with Mr. Fujinuma.

Fourth Proposal: Payment of bonus allowances to Directors and Corporate Auditors

It is proposed that 200 million yen in total for Directors and 17 million yen in total for Corporate Auditors respectively be paid to seven (7) Directors and four (4) Corporate Auditors, as of the end of this business year, in view of the consolidated business results of this business year, amounts paid in the past and other circumstances.

(Supplemental information)

Basic concept adopted by the Company in connection with the revision of the remuneration system for Directors and Corporate Auditors related to the Fifth, Sixth and Seventh Proposals

At the meeting of the Board of Directors held on April 25, 2008, the Company resolved to revise the remuneration system for Directors and Corporate Auditors for the purpose of introducing a new remuneration system that further contributes to the enhancement of corporate value. The outline of the revision is as follows:

1. New remuneration system for Directors

The remuneration to be paid to Directors under the new system shall be comprised of the fixed basic remuneration (monthly payment), the bonus allowances in the amount determined by taking into consideration the consolidated business results of the subject fiscal year and other factors, and the stock options linked to the medium-to-long-term business results of the Company. In connection with such revision, the retirement allowance plan for Directors shall be terminated at the time of the close of this ordinary general meeting of shareholders.

(Introduction of stock option plan)

The process of research and development of pharmaceuticals at a pharmaceutical company, commencing with the discovery of a new drug and ending with the launch of a new product, requires a considerable period of time. Based on this feature of the business of a pharmaceutical company, the Company shall introduce a stock option plan in order to further boost Directors' morale and motivation to improve medium-to-long-term business results and thereby to enhance the corporate value of the Company.

2. New remuneration system for Corporate Auditors

Taking into account the role expected to be played by Corporate Auditors in the Company, a new remuneration system for Corporate Auditors shall not be similar to the new remuneration system for Directors which is closely linked to the business results of the Company. The Company shall revise the remuneration system for Corporate Auditors to that consisting only of a fixed remuneration (monthly payment). In connection with such revision, the retirement allowance plan and the bonus plan for the Corporate Auditors shall be terminated at the time of the close of this ordinary general meeting of shareholders.

For the reasons stated above, the Company hereby submits the Fifth Proposal: Payment of retirement allowances to a retiring Director and retiring Corporate Auditors, and payment of retirement allowances to Directors and Corporate Auditors for the period up to the termination of the retirement allowance plan; the Sixth Proposal: Revision of the amount of remuneration for Corporate Auditors; and the Seventh Proposal: Determination of the amount and contents of the stock option remuneration for Directors.

Fifth Proposal: Payment of retirement allowances to a retiring Director and retiring Corporate Auditors, and payment of retirement allowances to Directors and Corporate Auditors for the period up to the termination of the retirement allowance plan

It is proposed that retirement allowances be paid to Director, Mr. Hiroshi Akimoto, and to Corporate Auditors, Mr. Kiyoshi Taura and Mr. Yoichi Asakawa, who are retiring at the close of this ordinary general meeting of shareholders at which their terms of office expire, in appreciation for their meritorious services to the Company. The amounts of such allowances shall be within the amounts deemed to be reasonable in accordance with the established rules of the Company.

You are requested to authorize the Board of Directors to make decisions with respect to the retirement allowance of the retiring Director and to authorize the Corporate Auditors, through discussions amongst themselves, to make decisions with respect to the retirement allowance of the retiring Corporate Auditors, as to the definite amount, the date of payment and the method of payment.

Summaries of the career of the retiring Director and Corporate Auditors are as follows:

Hiroshi Akimoto	June 2000	Director of the Company
	June 2003	Managing Director of the Company (to present)
Kiyoshi Taura	June 1998	Corporate Auditor of the Company (to present)
Yoichi Asakawa	June 2004	Corporate Auditor of the Company (to present)

The Company determined to revise its remuneration system for Directors and Corporate Auditors (see page 65 for the outline of the revision) and to terminate the retirement allowance plan at the time of the close of this ordinary general meeting of shareholders. In this connection, it is proposed that retirement allowances be paid to the following six (6) Directors and two (2) Corporate Auditors, in appreciation for their meritorious services to the Company for the period up to the close of this ordinary general meeting of shareholders, within the amounts deemed to be reasonable in accordance with the established rules of the Company. You are requested to authorize the Board of Directors to make decisions with respect to the retirement allowance of the Directors and to authorize the Corporate Auditors, through discussions amongst themselves, to make decisions with respect to the retirement allowance of the Corporate Auditors, as the definite amount, the method of payment and other related matters. The date of payment shall be the date of retirement of the relevant Director or Corporate Auditor.

Summaries of the career of the Directors and Corporate Auditors, to whom retirement allowances for the period up to the termination of the retirement allowance plan shall be paid, are as follows:

Kunio Takeda	June 1987	Director of the Company
	June 1989	Managing Director of the Company
	June 1991	Senior Managing Director of the Company
	June 1992	Executive Vice President of the Company
	June 1993	President of the Company
	June 2003	Chairman of the Board of the Company (to present)
Yasuchika Hasegawa	June 1999	Director of the Company
	June 2003	President of the Company (to present)
Makoto Yamaoka	June 2002	Director of the Company
	June 2004	Managing Director of the Company

	June 2006	Senior Managing Director of the Company (to present)
Kiyoshi Kitazawa	June 2002 June 2006	Director of the Company Managing Director of the Company (to present)
Hiroshi Shinha	June 2003	Director of the Company (to present)
Yasuhiko Yamanaka	June 2007	Director of the Company (to present)
Toyoji Yoshida	June 2007	Full-time Corporate Auditor of the Company (to present)
Tadashi Ishikawa	June 2005	Corporate Auditor of the Company

Sixth Proposal: Revision of the amount of remuneration for Corporate Auditors

At the 118th ordinary general meeting of the Company held on June 29, 1994, it was approved that the Company shall pay remuneration to the Corporate Auditors of the Company in an amount not exceeding 7 million yen per month, and no revision or change has been made to such limit thereafter. It is proposed that such remuneration limit shall be revised to 15 million yen per month, by taking into consideration various circumstances including the revision of the remuneration system for Directors and Corporate Auditors stated above (see page 65).

The number of Corporate Auditors presently in office is four (4), and shall continue to be four (4) if the Third Proposal of this ordinary general meeting of shareholders is approved as proposed.

Seventh Proposal: Determination of the amount and contents of the stock option remuneration for Directors

It is proposed that the Company shall grant in each fiscal year stock acquisition rights, contents of which are described below, to the Directors as remuneration, with the maximum annual amount of such remuneration to be granted in the form of stock acquisition rights being 350 million yen and the maximum number of stock acquisition rights to be granted in a year being the number obtained by dividing such maximum annual amount by the fair value per stock acquisition right on its allotment date as calculated using the Black-Scholes model (Note) (any fraction less than one (1) right shall be disregarded). The amount of such remuneration has been determined in the course of the revision of the remuneration system for Directors stated above (see page 65) based upon the amount of remuneration and other compensation paid in the past and the desirable system and level of remuneration to be paid in the future and by taking into consideration incentives to be provided by such remuneration.

In this proposal, the Company seeks the shareholders' approval for such remuneration for Directors separately from and in addition to the amount of remuneration for Directors approved at the 114th ordinary general meeting of the Company held on June 28, 1990 (not exceeding 40 million yen per month; exclusive of the salary for non-Director related services paid to the Directors who are also employees of the Company), and such remuneration for Directors does not include the salary for non-Director related services paid to the Directors who are also employees of the Company.

The number of Directors presently in office is seven (7), and shall continue to be seven (7) if the Second Proposal of this ordinary general meeting of shareholders is approved as proposed.

The contents of the stock acquisition rights (the “Stock Acquisition Rights”) are as follows:

(1) Class and Number of Shares to be Issued or Transferred upon Exercise of Stock Acquisition Rights

(i) Class of Shares to be Issued or Transferred upon Exercise of Stock Acquisition Rights

Shares of common stock of the Company.

(ii) Number of Shares to be Issued or Transferred upon Exercise of Each Stock Acquisition Right

100 shares of common stock of the Company per Stock Acquisition Right. In the event that it is necessary to adjust the number of shares to be issued or transferred upon exercise of each Stock Acquisition Right such as in cases where the Company conducts a stock split, a free distribution (“*musho-wariate*”) of shares or a stock consolidation, such number of shares may be adjusted to the extent reasonably.

(2) Amount of Assets to be Contributed upon Exercise of Each Stock Acquisition Right

The assets to be contributed to the Company upon exercise of each Stock Acquisition Right shall be money and the amount of such assets shall be the amount obtained by multiplying the amount of assets to be contributed per share, which shall be one (1) yen, by the number of shares to be issued or transferred upon exercise of each Stock Acquisition Right.

(3) Period during which Stock Acquisition Rights May be Exercised

The period during which Stock Acquisition Rights may be exercised shall be the period from the date on which three (3) years have passed from the allotment date of the Stock Acquisition Rights to the date on which ten (10) years have passed from such allotment date; provided, however, that even before the date on which three (3) years have passed from the allotment date of Stock Acquisition Rights, in the event that a Director to whom Stock Acquisition Rights are allocated retires due to the expiration of his/her term of office or for other good reason, such Director may exercise Stock Acquisition Rights from the date immediately following the date of such retirement.

(4) Restrictions on the Acquisition of Stock Acquisition Rights Through Transfer

Stock Acquisition Rights cannot be acquired through transfer, unless such acquisition is approved by the Board of Directors of the Company.

(5) Conditions for the Exercise of Stock Acquisition Rights

(i) At the time of the exercise of the Stock Acquisition Rights, the holder of Stock Acquisition Rights must be a Director of the Company; provided, however, that this shall not apply in the case where such holder retires due to the expiration of his/her term of office or for other good reason.

(ii) No Stock Acquisition Right may be exercised in part.

(6) Others

Other matters in connection with Stock Acquisition Rights shall be determined by a resolution of the Board of Directors of the Company to be held hereafter for such purpose.

(Note)

The Black-Scholes model is a current calculation model generally used for evaluating the theoretical fair value of stock acquisition rights. The theoretical fair value of stock acquisition rights is calculated by using the market value of the shares, the exercise price, the remaining period until the expiration and the implied volatility and others. As of the end of March 2008, the fair value of Stock Acquisition Rights per share calculated using the Black-Scholes model shall be 4,023 yen.

When calculated on the basis of such fair value, 869 Stock Acquisition Rights may be granted in a year, which is the number obtained by dividing the maximum annual amount of 350 million yen per year for the stock option remuneration, by the fair value per Stock Acquisition Right as of the end of March 2008, and the number of shares represented by such Stock Acquisition Rights shall be 86,900 shares. Such number of shares represents 0.01% of 842,943,646 shares which is calculated by deducting the number of treasury stock (46,328,749 shares) held by the Company from the aggregate number of issued shares (889,272,395 shares) of the Company as of the end of March 2008.

Guidance Notes on the Exercise of Voting Rights through Electromagnetic Means (e.g. the Internet, etc.)

If you wish to exercise your voting rights through electromagnetic means (e.g. the Internet, etc.), please make sure to exercise your voting rights after confirming the following items.

[Note] If you attend the meeting in person, the exercise of voting rights in writing (Voting Right Exercise Form) or through electromagnetic means (e.g. the Internet, etc.) are not necessary.

(1) To Shareholders Who Wish to Exercise Their Voting Rights via the Internet

(i) Website for Exercising Voting Rights

- a. You may only exercise voting rights via the Internet by accessing the website for exercising voting rights specified by the Company (<http://www.evotep.jp/>) through a personal computer or cellular phone (i-mode, EZweb or Yahoo! mobile)*. Please note that you will not be able to access the above URL from 2:00 a.m. to 5:00 a.m. each day during the exercising period.

* “i-mode” is a trademark or registered trademark of NTT DoCoMo, Inc., “EZweb” is a trademark or registered trademark of KDDI Corporation and “Yahoo!” is a trademark or registered trademark of Yahoo! Inc. in the United States.

- b. With respect to exercising voting rights via the Internet by using a personal computer, in some network environments (including, but not limited to, the case in which you use firewalls, etc., antivirus programs or a Proxy Server for Internet access), you may not be able to exercise voting rights.
- c. With respect to the exercise of voting rights via the Internet by using a cellular phone, please use the service by i-mode, EZweb or Yahoo! mobile. For security purposes, the website is only compatible with cellular phones that have functions of an encrypted communication (SSL communication) and transmission of cellular phone information. Therefore, please note that some cellular phones cannot be used for such exercise of voting rights (please feel free to inquire at the helpdesk mentioned below about the type of cellular phones available for the exercise of voting rights).

(ii) Method of Exercising Voting Rights via the Internet

- a. On the website for exercising voting rights (<http://www.evotep.jp/>), please enter your approval or disapproval of the proposals, by using the “Code” and “Tentative Password” described in the Voting Right Exercise Form and by following the instructions on the screen.
- b. Please note that, if you wish to exercise your voting rights via the Internet, you will be asked to change your “Tentative Password” on the website for exercising voting rights in order to prevent unauthorized access (web spoofing) or alteration of the voting by non-shareholders.
- c. The “Code” and the “Tentative Password” will be renewed and sent to you for each general meeting of shareholders to be held in the future.
- d. Although the exercise of voting rights via the Internet is acceptable until 5:30 p.m. on Wednesday, June 25, 2008, we recommend that you exercise your voting rights earlier. If you have any inquiries, please contact the helpdesk mentioned below.

(iii) Costs arising from Access to the Website for Exercising Voting Rights

Any costs arising from access to the website for exercising voting rights (such as dial-up access fees and phone charges, etc.) shall be borne by you. In addition, with respect to accessing the website by using a cellular phone, packet communication fees and any other phone charges shall also be borne by you.

For inquiries with respect to systems

Mitsubishi UFJ Trust and Banking Corporation
Stock Transfer Agency Department (helpdesk)
Telephone: 0120-173-027 (toll-free number)
Operating Hours: 9:00 to 21:00

(2) Electronic Voting Platform

As a method of exercising voting rights via the Internet for general meetings of shareholders of the Company, the electronic voting platform for institutional investors operated by Investor Communications Japan Inc. which was established by Tokyo Stock Exchange, Inc. and/or other entities, other than the exercise of voting rights via the Internet stated above (1), is available for custodian banks and any other nominal shareholders (including permanent proxies) who have applied to use such platform in advance.