

March 6, 2014
SymBio Pharmaceuticals Limited
Fuminori Yoshida
Representative Director
President and Chief Executive Officer

Notice Concerning the Issuance of Stock Acquisition Rights as Stock Option to Directors

SymBio Pharmaceuticals Limited (“the Company”) announces that at a Board of Directors’ meeting (“the Board”) held today, it has decided to submit, for discussion at the 9th Ordinary General Meeting of Shareholders that will be held on March 27, 2014 (“the Shareholders’ Meeting”), a proposal as to the amount of compensation and its content in connection with stock acquisition rights to be issued to the Company’s Directors.

1. Reason for proposal

The Board will propose to issue stock acquisition rights as stock options to the Company’s Directors aiming to enhance their motivations and morale towards improved performance.

Where the amount of compensation has been approved by the 8th Ordinary General Meeting of Shareholders held on March 28, 2013, pursuant to Article 361 of the Companies Act, the Board will propose to modify the contents of stock acquisition rights and allot the stock acquisition rights as stock compensation-type stock options to Directors, as described below.

Regardless of modifying the contents of stock acquisition rights based on the approval of this proposal, the stock acquisition rights as stock options shall be granted to the Company’s Directors as the compensation pursuant to Article 361, Section 1 within the annual amount of 80,000,000 yen (of which, 22,000,000 yen to Outside Directors), as already approved by the 8th Ordinary General Meeting of Shareholders.

The amount of compensation shall be calculated by multiplying the fair value of one stock acquisition right calculated based on various conditions including market price of stock and exercise price on the allotment date by the total number of stock acquisition rights allotted to Directors of the Company. Although it has been approved by the Extraordinary General Meeting of Shareholders held on August 3, 2005 that the aggregate amount of compensation for the Company’s Directors shall be 130,000,000 yen or less per year, the Board will ask for the approval of this proposal separately from the aforementioned amount of the compensation to the Company’s Directors. Upon allotment of the proposed stock acquisition rights, the Company shall pay monetary compensation which is equivalent to the amount to be paid for the stock acquisition rights to the Directors to whom such stock acquisition rights are allotted, and the Directors shall set off their claim for such compensation in lieu of the payment for the stock acquisition rights.

2. Subscription Guidelines

(1) Persons to whom stock acquisition rights will be allotted

The stock acquisition rights shall be allotted to the Company’s Directors.

If another proposal concerning the election of Directors is resolved at the Shareholders’ Meeting, the number of the Company’s Directors would be six (6) (of which, five (5) are Outside Directors). However, only five (5) existing Directors (of which, four (4) are Outside Directors) would be subject to allotment of the proposed stock acquisition rights.

- (2) Contents of stock acquisition rights as stock compensation-type stock options to Directors
The contents of stock acquisition rights to be granted to Directors as stock options shall be as follows:
- (a) Class and number of shares to be issued upon exercise of stock acquisition rights
The number of shares to be issued upon exercise of one unit of stock acquisition right (hereinafter the “Number of Granted Shares”) shall be 100 shares of the Company’s common stock. However, in the event that adjustments are made to the number of shares as set forth below, adjustments shall be made likewise.
In the event that the Company makes a stock split or stock consolidation, the number of shares subject to unexercised stock acquisition rights shall be adjusted using the formula set forth below, and any fractions less than one share resulting therefrom shall be rounded down.
$$(\text{Number of shares after adjustment}) = (\text{Number of shares before adjustment}) \times (\text{Ratio of split or consolidation})$$

In addition to aforementioned cases, in the event it is necessary to adjust the number of shares to which stock acquisition rights have not been exercised, the Company may make reasonable adjustments.
- (b) Total number of stock acquisition rights
Total number of stock acquisition rights issued within one year from the date of the Ordinary General Meeting of Shareholders for each business year shall not exceed the number obtained by dividing aforementioned annual amount of 80,000,000 yen by the fair value of one stock acquisition right calculated based on various conditions including market price of stock and exercise price on the allotment date. (Any fraction of less than one shall be rounded down.)
- (c) Amount to be paid for stock acquisition rights
The amount to be paid shall be the fair value of stock acquisition rights on the allotment day of stock acquisition rights as calculated using the Black-Scholes Model. The person who receives the allotment of stock acquisition rights shall set off his/her claims for compensation against the Company in lieu of payment of monies for the stock acquisition rights allotted.
- (d) Value of property to be contributed upon exercise of stock acquisition rights and its calculation method
The value of property to be contributed upon exercise of stock acquisition rights shall be determined by multiplying the exercise price per share to be issued, set as one (1) yen, and multiply by the number of shares allotted.
- (e) Period for exercising stock acquisition rights
The period for exercising stock acquisition rights shall be determined at the meeting of Board of Directors, sometime between the next day of allotment of stock acquisition rights and the day on which ten (10) years have passed after such allotment.
- (f) Conditions for exercising stock acquisition rights
- (i) The holder of the stock acquisition rights (the “Allottee”) must be the Company’s Director at the time of exercise. However, if the person retires due to expiry of her/his term or other such legitimate reason, such requirement may be waived.
 - (ii) Each Stock Option may not be partially exercised.
 - (iii) If an organizational restructuring is approved by the resolution of the Company’s Shareholders’ meeting (including the case where resolution of a Shareholders’ meeting is deemed to exist pursuant to the provision of Article 319 of the Companies

Act) or the Board of Directors' meeting (limited to the case where no Shareholders' meeting is required for the relevant organizational restructuring) before the exercise period (hereinafter the "Exercise Period") of the stock acquisition rights starts, the Allottee may exercise the rights starting from the date of resolution by the Shareholders' meeting or the Board of Directors' meeting until one day before the effective date of the organizational restructuring. The organizational restructurings subject to this condition are: an absorption-type merger or an incorporation-type merger where the Company becomes a dissolving company, an absorption-type split or an incorporation-type company split where the Company becomes a split company or a share exchange or a share transfer where the Company becomes a wholly-owned subsidiary.

- (iv) In the event where the Allottee dies, in accordance with the contract for allotment of stock acquisition rights between the Company and the Allottee, the inheritor assumes the rights of the Allottee and may exercise such rights.
- (v) Other conditions relating to exercise shall be determined resolution in the Board of Directors' meetings.

(g) Limitations on obtaining the proposed stock acquisition rights by transfer
The approval from the Company's Board of Directors shall be required to obtain proposed stock acquisition rights by transfer.

(h) Other matters regarding stock acquisition rights
The Bylaws set out in (a) to (g) above and other matters relating to stock acquisition rights shall be determined by resolution by the Company's Board of Directors' meeting where decisions regarding offering of stock acquisition rights are to be discussed.

(Note) The issuance of the above mentioned stock acquisition rights is subject to the resolution by the 9th Ordinary General Meeting of Shareholders that will be held on March 27.

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