

July 20, 2004

## **Notice Concerning Stock Options (Share Acquisition Rights)**

At its meeting held on July 20, 2004, the Board of Directors of Fujimi Incorporated ("Fujimi") resolved to issue share acquisition rights, for the purpose of granting stock options ("Share Acquisition Rights"), pursuant to Article 280-20 and 280-21 of Japanese Commercial Code, and we hereby inform you of the following.

### **1 . Reason for Issuing Share Acquisition Rights on Especially Favorable Terms**

Fujimi will issue Share Acquisition Rights without charge, in order for directors and employees of Fujimi and its subsidiaries to enhance their enthusiasm and to increase workers' desire to improve performance, and for auditors to be aware of correct audit. In this way, Fujimi encourages sound management and develop public trust.

### **2 . Summary of the Issuance of Share Acquisition Rights**

#### **(1) Grantee of Share Acquisition Rights**

Directors, auditors, and employees in positions higher than section-chief of Fujimi, as well as directors and officers of its subsidiaries.

#### **(2) Class and Number of Shares to be Issued or Transferred upon Exercise of Share Acquisition Rights:**

150,500 shares of common stock of Fujimi.

If Fujimi splits or consolidates the shares, the number of shares to be issued or transferred upon exercise of each Share Acquisition Rights shall be adjusted according to the following formula. Adjustments shall be made only to those shares with respect to the Share Acquisition Rights remaining unexercised at the relevant time, and any fraction less than one share arising as a result of such adjustment shall be discarded.

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

If Fujimi buys out or consolidates other companies and these Share Acquisition Rights are succeeded, or if Fujimi is divided along with merger or consolidation, Fujimi may adjust the number of shares to be needed.

#### **(3) Total Number of Share Acquisition Rights to be Issued:**

1,505 (the number of shares to be issued or transferred upon exercise of one Share Acquisition Right shall be 100; in case the number of shares is adjusted pursuant to (2) above, such adjustment shall prevail.)

(4) Issue Price of Share Acquisition Rights:

Share Acquisition Rights will be issued without consideration.

(5) The amount to be Paid upon Exercise of Share Acquisition Rights:

The paid-in value per share to be issued or transferred through the exercise of each Share Acquisition Right (the "Paid-in Value") shall be the amount obtained by multiplying the average of the daily closing prices of common stock of Fujimi announced by the Japan Securities Dealers Association (JSDA) during the calendar month immediately prior to the month including the issue date of the Share Acquisition Rights (the " Issue Date ") by 1.05, and any fraction less than one yen arising therefrom shall be rounded up to the nearest one yen.

However, in the event that the amount resulting from the calculation above is less than the closing price of common stock of Fujimi as of the Issue Date of the Share Acquisition Rights, the relevant closing price (or the closing price of the latest date on which a transaction was made, if there is no transaction made on that day) shall be the Paid-in Value.

If Fujimi splits or consolidates the shares, the amount to be paid shall be adjusted according to the following formula, and any fraction less than one yen arising therefrom shall be rounded up to the nearest one yen.

$$\begin{array}{r} \text{Amount to be} \\ \text{paid after} \\ \text{adjustment} \end{array} = \begin{array}{r} \text{Amount to be paid} \\ \text{before adjustment} \end{array} \times \frac{1}{\begin{array}{r} \text{Ratio of split} \\ \text{(or consolidation)} \end{array}}$$

In addition, if new shares are issued or treasury stock is sold at a price below the market price (not including the case of exercise of Share Acquisition Rights), the amount to be paid shall be adjusted according to the following formula, and any fraction less than one yen arising therefrom shall be rounded up to the nearest one yen.

$$\begin{array}{r}
 \text{Amount to} \\
 \text{be paid after} \\
 \text{adjustment}
 \end{array}
 =
 \begin{array}{r}
 \text{Amount to} \\
 \text{be paid} \\
 \text{before} \\
 \text{adjustment}
 \end{array}
 \times
 \frac{
 \begin{array}{r}
 \text{Number of} \\
 \text{outstanding} \\
 \text{shares}
 \end{array}
 +
 \frac{
 \begin{array}{r}
 \text{Number} \\
 \text{of shares} \\
 \text{newly} \\
 \text{issued}
 \end{array}
 \times
 \begin{array}{r}
 \text{Amount} \\
 \text{to be paid} \\
 \text{per share}
 \end{array}
 }{
 \begin{array}{r}
 \text{Share price before issue} \\
 \text{of new shares}
 \end{array}
 }{
 \begin{array}{r}
 \text{Number of} \\
 \text{outstanding} \\
 \text{shares}
 \end{array}
 +
 \begin{array}{r}
 \text{Number of shares} \\
 \text{newly issued}
 \end{array}
 }$$

The “Number of outstanding shares” provided for in the above formula shall mean the number of outstanding shares held by Fujimi less the total number of the shares of Fujimi. In case of disposition of the shares of Fujimi’s common stock held by the Fujimi, the “Number of shares newly issued” shall be read as the “Number of the shares to be disposed.”

If Fujimi buys out or consolidates other companies and these Share Acquisition Rights are succeeded, or if Fujimi is divided along with merger or consolidation, Fujimi may adjust the number of shares to be paid.

**(6) Issue Date of Share Acquisition Rights:**

July 28, 2004

**(7) Exercise Period of Share Acquisition Rights:**

From July 1, 2006 to June 30, 2011

**(8) Conditions for Exercise of Share Acquisition Rights:**

The grantee of the Share Acquisition Rights shall be a director, auditor, or employee of Fujimi or its subsidiaries at the time of exercise of the Share Acquisition Rights. However, in case of retirement of directors or auditors of Fujimi or its subsidiaries, as well as age limit retirement of employees of Fujimi or its subsidiaries, the rights granted to the grantee will be exercisable for 2 years following his / her retirement or age limit retirement, according to the conditions of “the contracts” specified in below.

No heir shall exercise Share Acquisition Rights.

Other conditions shall be provided for in the contracts to be executed between Fujimi and the grantees of the Share Acquisition Rights.

**(9) Events and Conditions for Cancellation of Share Acquisition Rights:**

Share Acquisition Rights may be cancelled without consideration upon

approval by an Ordinary General Shareholders' Meeting of an agenda on a merger agreement in which Fujimi is a company to be dissolved, and an agenda on a share exchange agreement or a share transfer by which Fujimi will become a wholly-owned subsidiary.

Fujimi may cancel the Share Acquisition Rights without consideration, if the grantee of the Share Acquisition Rights becomes no longer qualified to exercise such rights pursuant to the provision provided for in (8) above, and if the grantee disclaims some or all of the Share Acquisition Rights.

**(10) Restriction of Assignment of Share Acquisition Rights:**

Approval of the board of directors of the Company shall be required for the transfer of the Share Acquisition Rights.