

Notes to Consolidated Financial Statements

Sawai Pharmaceutical Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2011 and 2010

①

BASIS OF FINANCIAL STATEMENTS

SAWAI PHARMACEUTICAL CO., LTD. (the “Company”) and its consolidated subsidiaries (the “Companies”) maintain their official accounting records in Japanese yen, in accordance with the provisions set forth in the Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements required under International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Companies prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2011, which was approximately ¥83.15 to U.S.\$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

②

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, MEDISA SHIN-YAKU INC. and KAKEN SHOYAKU CO., LTD., and KM GODO KAISHA which meet the control requirements for consolidation. All significant intercompany transactions and accounts have been eliminated in the consolidation. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries are valued using the fair value at the time the Company acquired control of the respective subsidiaries.

MEDISA SHINYAKU INC. allocated a portion of its shares, representing 35 percent of the total shares outstanding of the subsidiary, to a third party in 2006. The Company purchased 5 percent of the shares from the third party during the year ended March 31, 2009, resulting in the ratio of capital contribution of the third party decreasing to 30 percent, with the Company’s holding increasing to 70 percent of the outstanding shares of the subsidiary at March 31, 2009. The Company has purchased 30 percent of the shares from the third party, and the Company holds 100 percent of the outstanding shares of the subsidiary from the first quarter of the fiscal year ended March 31, 2011.

KAKEN SHOYAKU CO., LTD. became a subsidiary, with a majority of its shares owned by the Company, in the latter half of the fiscal year ended March 31, 2007. Therefore, the accounts of this subsidiary were included in the scope of consolidation from the latter half of the fiscal year ended March 31, 2007.

KM GODO KAISHA, a limited liability company incorporated in Japan, and wholly owned by the Company (100 percent share) has been included in the scope of consolidation with 100 percent share, from the first quarter of the fiscal year ended March 31, 2011.

The Company has no affiliates meeting the significant influence requirement for the application of equity method accounting required for such investments.

(b) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated balance sheets include cash on hand, readily available deposits and deposits with a maturity of three months or less.

(c) Allowance for Doubtful Receivables

The allowance for doubtful receivables is provided in amounts sufficient to cover possible losses on collection. The allowance is determined by adding individually estimated uncollectable amounts to an amount computed based on the actual ratio of historic bad debts.

(d) Investment Securities

The Company classifies securities into the following categories: (1) securities held for trading purposes (“trading securities”), (2) debt securities intended to be held to maturity (“held-to-maturity debt securities”), (3) equity securities issued by subsidiaries and affiliated companies, and (4) all other securities that are not classified in any of the above categories (“available-for-sale securities”).

The Company does not have any trading securities, held-to-maturity debt securities or equity securities in unconsolidated subsidiaries and affiliates. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using moving average cost.

Securities with no available fair market value are stated at moving average cost. If the fair market value of an individual security declines to a level below historical cost and is judged to be material and other than temporary; the carrying value of the individual security is written down.

(e) Inventories

Inventories of the Company and its consolidated subsidiaries are stated at the lower of weighted moving average cost or net realized value under "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan ("ASBJ") Statement No. 9 revised on July 5, 2006).

(f) Property, Plant and Equipment (excluding leases)

Property, plant and equipment are stated at cost. Depreciation is mainly calculated using the straight-line method over estimated useful life of the asset.

Expenditures for significant renewals and betterments are capitalized, while expenditures for normal repairs and maintenance are expensed as incurred.

Effective April 1, 2010, the Company and its consolidated subsidiaries adopted "Accounting Standards for Asset Retirement Obligations" (Accounting Standards Board of Japan ("ASBJ") Statement No.18 issued on March 31, 2008) and "Guidance on Accounting Standards for Assets Retirement Obligations" (ASBJ Guidance No. 21, issued on March 31, 2008). The change had no material impact on the consolidated financial statements.

(g) Intangible Assets (excluding leases)

The Company includes software costs in intangible assets and depreciates them using the straight-line method over the estimated useful life of five years.

(h) Leases

For lease transactions not involving the transfer of ownership, lease assets are depreciated over their useful life using the straight-line method until the net residual value reaches zero.

Finance leases commencing prior to April 2008, which do not transfer ownership or which do not have bargain purchase option provisions were accounted for in the same manner as operating leases in accordance with Japanese GAAP.

(i) Bonds Issue Costs

Bonds issue costs are charged to income as incurred.

(j) Accrued Bonuses to Employees

The Company and its consolidated subsidiaries accrue amounts for employees' bonuses based on estimated amounts to be paid in the subsequent period.

(k) Accrued Bonuses to Directors and Corporate Auditors

Bonuses to directors and corporate auditors, which are subject to approval at the general meeting of shareholders, are accounted for as an appropriation of retained earnings.

(l) Reserve for Sales Returns

The reserve for sales returns provides for estimated future losses expected to be incurred from the return of products.

(m) Reserve for Sales Rebates

The reserve for sales rebates provides for estimated future sales rebates by multiplying accounts receivable by the estimated rebate rates.

(n) Pension and Other Post Retirements Obligations

(i) Employees

The Company and its subsidiary MEDISA SHINYAKU INC. revised its previous tax qualified pension plan and implemented a new defined contribution plan on October 1, 2005.

KAKEN SHOYAKU CO., LTD. maintains a lump-sum indemnity plan, which is a non-contributory defined benefit pension plan. Retirement benefits for employees are provided based on the company's provisions.

KM GODO KAISHA, with no employee, does not maintain any benefit pension plan.

(ii) Directors and Corporate Auditors

The liability for directors and corporate auditors' retirement benefits is provided based on the Company's internally developed criteria.

(o) Goodwill

Goodwill is amortized using the straight-line method principally over five years.

(p) Research and Development

Research and development expenses for the improvement of existing products and the development of new products, including basic research and fundamental development costs, are expensed in the period incurred and amounted to ¥3,902 million (\$46,927 thousand) and ¥3,593 million for the years ended March 31, 2011 and 2010, respectively.

(q) Income Taxes

Income taxes comprise corporation tax, prefectural and municipal in-habitants taxes and enterprise tax. The provision for income taxes is based on income for financial statement purposes. The tax effects of loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting are recognized as deferred income taxes.

(r) Net Income per Share

Computations of basic net income per share of common stock are based on the weighted average number of common stock outstanding during each year.

Calculations of diluted net income per share of common stock are based on the weighted average number of shares outstanding, after assuming the exercise of subscription rights to shares.

Cash dividends per share presented in the accompanying consolidated statements of income, are dividends applicable to the respective years, including dividends to be paid, after the end of the year.

(s) Consolidated Statements of Cash Flows

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(t) Reclassifications

Certain prior year amounts have been reclassified to conform to the 2011 presentation.

Cash and cash equivalents as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Cash and deposits	¥ 30,805	¥ 9,474	\$ 370,475
Time deposits with maturities of over three months	(11,000)	—	(132,291)
Cash and cash equivalents	¥ 19,805	¥ 9,474	\$ 238,184

3

CASH AND CASH EQUIVALENTS

Effective from the fiscal year ended March 31, 2010, the Company adopted the revised Accounting Standard, "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10 revised on March 10, 2008) and "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19 revised on March 10, 2008).

(1) Qualitative information on financial instruments

(i) Policies for using financial instruments

The Companies policy for the cash management; is mainly to hold short-term deposits at banks with the funding of cash mainly sourced from bank loans.

(ii) Details of financial instruments used and the exposures to risks

Trade notes and accounts receivable are exposed to the credit risk of our customers. The Companies have management structures in place, to check the term and balance outstanding for every customer.

Investment securities are exposed to the risk of market price fluctuations. The Companies policies for investment securities, are to mainly invest in securities of counter-parties with which the Companies conduct business. The Companies regularly report the investment securities held, to the management board.

Trade notes and accounts payable are due within 1-year.

Short-term bank debts, mainly for the purpose of providing operating funds, are based on market price rates and Long-term bank debts (as a rule within 7-year), mainly due to operating funds and capital investment funds, which are based on fixed rates in order to minimize the risk of changing rates.

(iii) Supplemental information on fair values

The Companies used market fair values of Financial Instruments but partially used rational estimations in case of no market fair values and in those estimations there are some variation factors.

(2) Fair values of financial instruments

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31, 2011 and 2010 are as follows:.

	Millions of yen 2011			Millions of yen 2010		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Cash and deposits	30,805	30,805	—	9,474	9,474	—
Trade notes and accounts receivable	23,284	23,284	—	18,540	18,540	—
Investment securities; other securities	5,616	5,616	—	568	568	—
Total assets	¥ 59,705	¥ 59,705	¥ —	¥ 28,582	¥ 28,582	¥ —
Trade notes and accounts payable	9,849	9,849	—	10,040	10,040	—
Bank debt and current portion of long-term debt	2,660	2,673	13	6,603	6,604	1
Other accounts payable	7,734	7,734	—	4,073	4,073	—
Income taxes payable	3,144	3,144	—	2,659	2,659	—
Convertible bonds	30,662	31,706	1,044	—	—	—
Long-term debt	8,162	8,213	51	8,172	8,211	39
Total liabilities	¥ 62,211	¥ 63,319	¥ 1,108	¥ 31,547	¥ 31,587	¥ 40

	Thousands of U.S. dollars 2011		
	Book value	Fair value	Difference
Cash and deposits	370,475	370,475	—
Trade notes and accounts receivable	280,024	280,024	—
Investment securities; other securities	67,541	67,541	—
Total assets	\$ 718,040	\$ 718,040	\$ —
Trade notes and accounts payable	118,449	118,449	—
Bank debt and current portion of long-term debt	31,990	32,146	156
Other accounts payable	93,013	93,013	—
Income taxes payable	37,811	37,811	—
Convertible bonds	368,755	381,311	12,556
Long-term debt	98,160	98,773	613
Total liabilities	\$ 748,178	\$ 761,503	\$ 13,325

- (i) For certain financial instruments, including cash and cash deposits, notes and accounts receivable and payable, accrued income taxes payable and other current liabilities, Their fair value is approximately equal to the book value, due to short period until maturity of the respective items.
- (ii) For marketable securities, and convertible bonds, fair value is determined based on observable quoted market prices.
- (iii) For long-term debt including the current portion of long-term debt, fair value is determined using the estimated discounted values of future cash flows, for the same or similar, types of instruments.
- (iv) Investment securities for non-listed companies, with aggregate book values of 86 million yen (\$1,034 thousand) and 86 million yen at March 31, 2011 and 2010, have not been included in "Investment securities; other securities" as it is not possible to reasonably or accurately estimate the fair values of these investments, based on estimated future cash flows or quoted market prices.
- (v) The Company issued the zero coupon convertible bonds with stock acquisition rights total amounts of ¥30,750 million (\$369,814 thousand) in the Euro Market. Information on Convertible bonds is described on Note 14 as below.

5

INVENTORIES

Inventories at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Finished goods and merchandise	¥ 11,593	¥ 9,998	\$ 139,423
Work-in-process	4,158	3,799	50,006
Raw materials and supplies	5,467	4,284	65,748
Total	¥ 21,218	¥ 18,081	\$ 255,177

6

INVESTMENT SECURITIES

(a) The following tables summarize acquisition costs and fair market values of available-for-sale securities with available fair values as of March 31, 2011 and 2010.

(1) Securities with fair market values exceeding acquisition costs:

March 31, 2011:	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities	¥ 293	¥ 493	¥ 200	\$ 3,524	\$ 5,929	\$ 2,405

March 31, 2010:	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ 297	¥ 568	¥ 271

(2) Securities with fair market values not exceeding acquisition costs:

March 31, 2011:	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities	¥ 5,125	¥ 5,124	¥ (1)	\$ 61,636	\$ 61,624	\$ (12)

March 31, 2010:	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥ —	¥ —	¥ —

(b) Acquisition cost of securities with no available fair values as of March 31, 2011, are as follows:

Unlisted equity securities: ¥86 million (\$1,034 thousand).

Acquisition cost of securities with no available fair values as of March 31, 2010, are as follows:

Unlisted equity securities: ¥86 million.

7

**SHORT-TERM DEBT
AND
LONG-TERM DEBT**

Short-term debt consisted mainly of unsecured bank loans with weighted average interest rates of 0.588% per annum at March 31, 2010, there was a zero balance on short-term debt at March 31, 2011.

Long-term debt and Convertible Bonds at March 31, 2011 consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Loans from banks and other public corporations, due 2010 – 2017, interest 1.22% – 1.78%		
Secured	¥ 559	\$ 6,723
Unsecured	10,263	123,428
Zero coupon convertible bonds with subscription rights to shares	30,662	368,755
	41,484	498,906
Current portion of long-term debt	2,660	31,990
	¥ 38,824	\$ 466,916

Note: Information on zero coupon convertible bonds with subscription rights to shares is described on Note.14 as below.

Long-term debt at March 31, 2010 consisted of the following:

	Millions of yen
Loans from banks and other public corporations, due 2009 – 2016, interest 0.91% – 1.78%	
Secured	¥ 695
Unsecured	9,980
	10,675
Current portion of long-term debt	2,503
	¥ 8,172

The aggregate annual maturities of long-term debt and convertible bonds outstanding at March 31, 2011 are as follows:

March 31,	Millions of yen	Thousands of U.S. dollars
2012	¥ 2,660	\$ 31,990
2013	2,689	32,339
2014	2,451	29,477
2015	1,461	17,571
2016	31,708	381,335
2017-2020	515	6,194
Total	¥ 41,484	\$ 498,906

At March 31, 2011, assets pledged as collateral for secured long-term debt, including current portions, are as follows:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment, net of accumulated depreciation	¥ 902	\$ 10,848

At March 31, 2010, assets pledged as collateral for secured long-term debt, including current portions, are as follows:

	Millions of yen
Property, plant and equipment, net of accumulated depreciation	¥ 1,005

8

**EMPLOYEES'
PENSION BENEFITS**

The Company and its subsidiary, MEDISA SHINYAKU INC., revised their tax qualified pension plan and implemented a new defined contribution plan on October 1, 2005.

KAKEN SHOYAKU CO., LTD., the Company's subsidiary, maintains a lump-sum indemnity plan, which is a non-contributory defined benefit pension plan and uses the simplified method to determine pension benefit obligations.

The liability for employees' pension benefits at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Projected retirement benefit obligation	¥ 90	¥ 92	\$ 1,082
Liability for retirement benefits	¥ 90	¥ 92	\$ 1,082

Retirement benefit expenses for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Service cost	¥ 15	¥ 15	\$ 180
Payment of contribution to defined contribution pension plan	392	378	4,714
Retirement benefit expenses	¥ 407	¥ 393	\$ 4,894

Retirement expenses of KAKEN SHOYAKU CO., LTD., which has adopted the simplified method to determine benefit obligations, are included in both service cost and amortization of the transition obligation.

9

NET ASSETS

Under Japanese Corporate Law ("the Law"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the lesser of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or a legal earnings reserve. Legal earnings reserves are included in retained earnings in the accompanying consolidated balance sheets.

Additional paid-in capital and legal earnings reserves may not be distributed as dividends. Under the Law, all additional paid-in-capital and all legal earnings reserves may, by resolution of the shareholders, be transferred to other capital surplus and retained earnings, respectively, which are potentially available for distribution as dividends.

On June 23, 2011, the Company's shareholders approved the payment of year-end cash dividends of ¥70 (\$0.84) per share, totaling ¥1,106 million (\$13,301 thousand), paid to the Company's shareholders of record as of March 31, 2011.

10

**DEFERRED
INCOME TAXES**

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate a statutory income tax rate in Japan of approximately 40.87% for the years ended March 31, 2011 and 2010.

Significant components of deferred tax assets and liabilities at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Deferred tax assets:			
Unrealized gains on land	¥ 29	¥ 29	\$ 349
Retirement benefits for directors and corporate auditors	139	111	1,672
Unrealized gains on inventories	256	366	3,079
Accrued bonuses to employees	436	433	5,243
Reserve for sales rebates	324	208	3,896
Amount in excess of depreciation and amortization	36	119	433
Loss due to impairment of fixed assets	198	205	2,381
Loss on disposal of buildings and structures	147	147	1,768
Enterprise taxes	259	214	3,115
Loss on valuation of inventories	332	343	3,993
Other	618	373	7,432
Subtotal deferred tax assets	2,774	2,548	33,361
Less valuation allowance	(821)	(562)	(9,873)
Total deferred tax assets	1,953	1,986	23,488
Deferred tax liabilities:			
Reserve for deferred gains on sales of fixed assets	(227)	(136)	(2,730)
Reserve for special depreciation	—	—	—
Net unrealized holding gains on securities	(81)	(111)	(974)
Unrealized gain on revaluation of land	—	(138)	—
Other	(0)	(0)	(0)
Total deferred tax liabilities	(308)	(385)	(3,704)
Net deferred tax assets	¥ 1,645	¥ 1,601	\$ 19,784

There was no significant difference between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2011.

The following table summarizes the significant differences between the statutory income tax rate and the effective income tax rate for financial statement purposes for the year ended March 31, 2010.

	2011	2010
Statutory income tax rate	40.87%	40.87%
Special tax credits	—	(4.23)
Permanently nondeductible expenses	—	0.23
Additions and reductions of valuation allowance	—	0.87
Other	—	(0.25)
Effective income tax rate	— %	37.50%

11

LEASES

As discussed in Note 2, finance leases that commenced prior to April 1, 2008 which do not transfer ownership or which do not have bargain purchase option provisions were accounted for in the same manner as operating leases are accounted for as operating leases.

Assumed amounts of acquisition cost and accumulated depreciation at March 31, 2011 and 2010 are as follows:

(a) Finance leases – lessee

At March 31, 2011 and 2010, lease obligations for machinery and equipment and other assets under non-capital finance leases are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Lease obligations, including finance charges	¥ 88	¥ 582	\$ 1,058

Lease obligations under non-capital finance leases, including finance charges, remaining at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Payments due within one year	¥ 12	¥ 87	\$ 144
Payments due after one year	1	47	12
Total	¥ 13	¥ 134	\$ 156

Leases payments under such leases for the years ended March 31, 2011 and 2010 are ¥ 125million (\$1,503thousand) and ¥162 million, respectively.

(b) Operating leases - lessee

Lease obligations under operating leases remaining at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Payments due within one year	¥ 21	¥ 22	\$ 253
Payments due after one year	11	33	132
Total	¥ 32	¥ 55	\$ 385

12

SEGMENT INFORMATION

The Companies operate primarily in the pharmaceutical supplies industry in Japan. Accordingly, there is no presentation of information by reportable segment.

Effective April 1, 2010, the Company adopted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Accounting Standards Board of Japan ("ASBJ") Statement No. 17 on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued on March 21, 2008).

Information about major customers at March 31, 2011 is as follows:

Name of the Customer	Millions of yen	Thousands of U.S. dollars	Related segment
Mediseo Co., Ltd.	¥ 6,740	\$ 81,058	Pharmaceuticals

13

STOCK OPTION PLAN

Stock option expenses in the amounts of ¥40 million (\$482 thousand) and ¥119 million have been accounted for as "Selling, general and administrative expenses" on the consolidated statements of income for the year ended March 31, 2011 and 2010, respectively.

The details related to the stock option expenses at March 31, 2011 are as follows:

Fiscal year 2009 Stock options	
Position and number of grantee	Directors of the Company: 9 Corporate auditors: 1 Employees: 664 Subsidiary Employees: 39
Type and number of shares	Common stock of Company: 195,700 shares
Date of grant	August 11, 2008
Settlement of rights	After providing service for the period
Period of providing service for stock option	For 2 years (From August 11, 2008 to August 11, 2010)
Exercise period of rights	For 5 years from grant date (From August 12, 2010 to August 11, 2015)

Number of shares of stock options at March 31, 2011 and 2010 are as follows:

	Number of shares	
	2011	2010
Before Settlement of Rights		
Beginning of year	192,300	—
Granted	—	195,000
Expired	—	2,700
Settled	192,300	—
End of year	—	192,300
After Settlement of Rights		
Beginning of year	192,300	—
Settled	—	—
Exercised	105,800	—
Expired	200	—
End of year	86,300	—

Information per share price at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Exercise price	¥ 4,650	¥ 4,650	\$ 55.92
Fair value at grant date	1,257	1,257	15.12

*1 Rate of variability, which is calculated based on the monthly closing prices of common stock of the Company for 4 years and 6 months from February 2004 to August 2008 for the 2010 stock options, respectively.

*2 Mid-term point between date of grant and estimated exercisable period.

*3 Actual dividend per share for the year ended March 31, 2008 for the stock options.

*4 Interest rate for a government bond with similar period as option vesting period of stock options.

14

**CONVERTIBLE BONDS
WITH SUBSCRIPTION
RIGHTS TO SHARES**

Fiscal year 2011 convertible bonds

Bonds	Zero coupon convertible bonds due 2015
Kinds of stock	The Company's common stock
Issue price of acquisition rights	No cost
Initial convertible price ^{*1, 2}	¥9,537 per share (\$114.70 per share)
Total amount of issue	¥30,750 million (\$369,814 thousand)
Due	September 17, 2015

*1 Convertible price is subject to adjustment for subsequent events such as the issue of common stock at less than market value, stock splits, and extra dividends.

*2 Convertible price is changed to ¥9,497.8 (\$114.22) by the resolution of the general meeting of shareholders on June 23, 2011.

15

**ADDITIONAL
INFORMATION**

Effective March 31, 2011, the Company adopted "Accounting Standard for Presentation of Comprehensive Income" (Accounting Standard Board of Japan ("ASBJ") Statement No. 25 on June 30, 2010) and "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, revised on June 20, 2010). As a result of the adoption of these standards, the Company has presented the consolidated statement of comprehensive income in the consolidated financial statements for the fiscal year ended March 31, 2011.

The consolidated balance sheet and the consolidated statement of changes in net assets as of and for the fiscal year ended March 31, 2010 have been modified to conform with the new presentation rules of 2011. In addition, the Company has presented the consolidated statement of comprehensive income for the fiscal year ended March 31, 2010 as well as that for the fiscal year ended March 31, 2011.