



Company name: Ube Industries, Ltd.
Representative: Hiroaki Tamura,
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Shares listed on: First Section of Tokyo Stock Exchange,
Fukuoka Stock Exchange
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Ube Industries Announces Issue of Stock Acquisition Rights as Stock Options for Stock-Linked Compensation Plan

TOKYO, June 27, 2008 — Ube Industries, Ltd., today announced that its Board of Directors today decided to offer the company's directors (excluding external directors) and its executive officers stock acquisition rights allocated as stock options pursuant to the provisions of Articles 238 and 240 of the Company Law and also determined the solicitation of those who are to receive the said stock acquisition rights.

The aim of this move is to raise the motivation and morale to improve the Company's share price and business performance by linking the compensation of its officers to the share price so that they share a greater common interest with the Company's shareholders.

1. Name of the Stock Acquisition Rights to be Offered

Ube Industries Fiscal 2008 Stock-Linked Compensation Plan Stock Acquisition Rights

2. Total Number of Stock Acquisition Rights to be Offered

243 units

The above figure is the number scheduled for allotment. If the total number of Stock Acquisition Rights is reduced due to less application for subscription, etc., the reduced number of Stock Acquisition Rights shall be the total number of Stock Acquisition Rights to be issued.

3. Type and Number of Shares That Are the Object of Stock Acquisition Rights

The type of shares that are the object of Stock Acquisition Rights shall be ordinary shares of the Company. The number of shares for each Stock Acquisition Right ("Number of Granted Shares") shall be 1000 shares.

However, if a share-split (includes gratis allotment of ordinary shares of the Company, the same shall apply below regarding the descriptions of share-split) or a reverse share-split is conducted for ordinary shares of the Company after the allotment date, the Number of Granted Shares shall be adjusted by applying the following formula, with fractions of less than one share rounded down to the nearest one share,

Number of Granted Shares after adjustment = Number of Granted Shares before adjustment ×
Ratio of share-split/reverse share-split

The Number of Granted Shares after adjustment shall be applied on or after the day following the record date thereof in case of a share-split, or from the effective date thereof, in the case of a reverse share-split.

However, if a share-split is made under the condition that a proposal to increase capital or capital reserve by reducing surplus shall be approved at a general meeting of shareholders, and if the record date of such share-split is set for a day prior to the close of said general meeting of shareholders, the Number of Granted Shares after adjustment shall be applicable retroactively on the day following the closing of the said general meeting of shareholders and thereafter, to the next day following such record date.

In addition to the above case, in the event that an adjustment of the Number of Granted Shares is appropriate after the allotment date, the Company shall carry out the adjustment deemed necessary.

If the Number of Granted Shares is to be adjusted, the Company shall notify the holder of each Stock Acquisition Right recorded in the Register of Stock Acquisition Rights (“Holder of Stock Acquisition Right”) of any important matters by the day immediately prior to the date on which the Number of Granted Shares after adjustment is applied. However, if the Company is unable to give such notice by the day immediately prior to the date for such application, such notice shall be given as soon as possible afterwards.

4. Amount of Assets Contributed on Exercise of Stock Acquisition Rights

The amount of assets contributed upon exercise of each Stock Acquisition Right is calculated by multiplying the paid-in value of 1 yen per share delivered upon exercise of each Stock Acquisition Right by the Number of Granted Shares.

5. Exercise Period of the Stock Acquisition Rights

From July 14, 2008 to July 13, 2033

6. Matters Concerning the Increases in Capital and Capital Reserve when Shares Are Issued Upon Exercise of Stock Acquisition Rights

- (1) The amount of capital to be increased when shares are issued upon exercise of Stock Acquisition Rights shall be one half of the maximum amount of capital, etc., to be increased which is calculated in accordance with paragraph 1, Article 40 of the Corporate Calculation Regulation, and fractions of less than 1 yen shall be rounded up to the nearest 1 yen.
- (2) The amount of capital reserve to be increased when shares are issued upon exercise of Stock Acquisition Rights shall be the amount calculated by deducting the amount of capital to be increased as stated in the preceding paragraph (1) from the maximum amount of capital, etc., to be increased as stated in the same paragraph (1) above.

7. Restriction on Acquiring Stock Acquisition Rights by Assignment

Acquisition of Stock Acquisition Rights by assignment shall require approval by a resolution of the Board of Directors.

8. Provisions Concerning the Acquisition of Stock Acquisition Rights

When proposal (1), (2), (3), (4) or (5) below is approved at a general meeting of shareholders of the Company (or by resolution of the Board of Directors if a resolution by the general meeting of shareholders is not required), the Company may acquire Stock Acquisition Rights on the date stipulated separately by the Company's Board of Directors. In this case, the Company shall grant the holders of the said Stock Acquisition Rights, in exchange for the said Stock Acquisition Rights, a cash amount calculated by multiplying the option price per share calculated using the following formula by the Number of Shares Granted (Number of Shares Granted after adjustment in the case of adjustment in accordance with provision 3 above).

Option price per share = Closing price (base price on the next trading day when there is no closing price) of the ordinary shares of the Company in regular trading on the Tokyo Stock Exchange on the date of the general meeting of shareholders of the Company that approved said proposal (resolution of the Board of Directors of the Company when the resolution of the general meeting of shareholders is not required) – 1 yen

- (1) Proposal for approval of a merger agreement in which the Company ceases to exist;
- (2) Proposal for approval of a company split agreement or company split plan of which the Company is a party to spin off;
- (3) Proposal for approval of a stock swap agreement or a stock transfer plan in which the Company will become a wholly-owned subsidiary;
- (4) Proposal for approval of amendment to the Articles of Incorporation to the effect that a new provision should be established that, as the content of all the shares issued by the Company, the acquisition of such shares by transfer requires the approval of the Company;
- (5) Proposal for approval of amendment to the Articles of Incorporation to the effect that a new provision should be established that, as the content of the shares as the object of the Stock Acquisition Rights, the acquisition of such shares by transfer requires the approval of the Company, or that the Company may acquire all of such shares of such type by a resolution by a general meeting of shareholders.

9. Decision Policy Concerning the Lapse of Stock Acquisition Rights in Case of Structural Reorganization and the Contents of Delivery of Stock Acquisition Rights Issued by a Reorganized Company

In the case that the Company conducts a merger (limited to where the Company ceases to exist due to the merger), is split due to an acquisition, a new company is established in a spin-off, a stock swap occurs, or a stock transfer takes place (collectively "Acts of Structural Reorganization"), Stock Acquisition Rights of the companies listed in a. through e., sub-paragraph 8, paragraph 1, Article 236 of the Company Law ("Reorganized Company") shall be delivered, in each of the above cases, based on the conditions mentioned below to the holders of the remaining Stock Acquisition Rights ("Remaining Stock Acquisition Rights") as of the date immediately prior to the Effective Date of the Acts of Structural Reorganization.

In this case, the Remaining Stock Acquisition Rights shall lapse, and the Reorganized Company shall issue new Stock Acquisition Rights.

However, the delivery of Stock Acquisition Rights of a Reorganized Company shall be stipulated in any merger agreement, consolidation agreement, acquisition agreement involving

a split, an agreement to establish a new company in a merger, a stock swap agreement or a stock transfer plan.

(1) Number of Stock Acquisition Rights of a Reorganized Company to be Delivered

An equal number of Stock Acquisition Rights to those remaining held by the holder of Remaining Stock Acquisition Rights shall be delivered to each holder.

(2) Type of Shares of the Reorganized Company as the Object of Stock Acquisition Rights

Ordinary shares of the Reorganized Company

(3) Number of Shares of the Reorganized Company as the Object of Stock Acquisition Rights

To be determined in accordance with provision 3 above, taking into consideration the conditions, etc., of the Acts of Structural Reorganization

(4) Amount of Assets Contributed upon Exercise of Stock Acquisition Rights

The amount of assets contributed upon exercise of each delivered Stock Acquisition Right shall be calculated by multiplying the paid-in value after the reorganization as stipulated below by the number of shares of the Reorganized Company as the object of each Stock Acquisition Right as calculated in accordance with paragraph (3) above.

The paid-in value after the reorganization shall be 1 yen per share of the Reorganized Company delivered upon exercise of each Stock Acquisition Right.

(5) Exercise Period of Stock Acquisition Rights

The exercise period of the Stock Acquisition Rights shall be from whichever is later of the starting date of the exercisable period as stipulated in provision 5 above or the effective date of structural reorganization, to the last day of the exercisable period as stipulated in provision 5 above.

(6) Matters Concerning Increases in Capital and Capital Reserve in the Case Where Shares Are Issued Upon Exercise of Stock Acquisition Rights

To be determined in accordance with provision 6 above.

(7) Restriction on Acquiring Stock Acquisition Rights by Assignment

The acquisition of Stock Acquisition Rights by assignment shall require approval by a resolution by the Board of Directors of the Reorganized Company.

(8) Provisions for Acquiring Stock Acquisition Rights

To be determined in accordance with provision 8 above.

(9) Other Conditions for the Exercise of Stock Acquisition Rights

To be determined in accordance with provision 11 below.

10. Fractions of Less Than 1 Share Occurring on Exercise of Stock Acquisition Rights

If a fraction of less than 1 share to be delivered to the holder of Stock Acquisition Rights occurs upon exercise of Stock Acquisition Rights, it shall be rounded down to the nearest 1 share.

11. Other Conditions for Exercise of Stock Acquisition Rights

- (1) A holder of Stock Acquisition Rights may only exercise Stock Acquisition Rights within a maximum of 8 years, within the period described in provision 5 above, from the next day when such holder no longer holds a position as a Director and/or an Executive Officer (“Exercise Commencement Date”).
- (2) Notwithstanding the preceding paragraph (1), the holder of Stock Acquisition Rights may, if the Exercise Commencement Date did not arrive by July 13, 2032, exercise the Stock Acquisition Rights within the period stipulated below only.

From July 14, 2032 to July 13, 2033

- (3) When the holder of Stock Acquisition Rights has relinquished Stock Acquisition Rights, the holder may not exercise the relevant Stock Acquisition Rights.

12. Method for Calculating Paid-in Value of Stock Acquisition Rights

The paid-in value of each Stock Acquisition Right shall be the amount obtained by multiplying the option price per share by the Number of Granted Shares. The option price shall be calculated based on the following formula and the basic numerical values in paragraphs (2) through (7).

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

Here,

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- (1) Option price per share (C)
- (2) Share price (S): the closing price (base price for the next trading day when there is no closing price) of the ordinary shares of the Company in regular trading on the Tokyo Stock Exchange on July 14, 2008
- (3) Exercise price (X): 1 yen
- (4) Expected remaining period (T): 8 years
- (5) Volatility (σ): Rate of variability, which is calculated based on the monthly closing prices of ordinary shares of the Company in regular transactions for 8 years from July 2000 to June 2008
- (6) Risk-free interest rate (r): Interest rate for a government bond for which the remaining years are almost equal to the expected remaining period
- (7) Stock dividend yield (q): Dividend per share (actual dividend paid for the financial year ended March 31, 2008) divided by the stock price provided in paragraph (2) above.
- (8) Cumulative distribution function of standard normal distribution ($N(\cdot)$)

The amount computed as described above is the fair price of the Stock Acquisition Rights, and the Company shall pay cash remuneration equivalent to the relevant amount to a person allotted Stock Acquisition Rights. The person’s right to request

the Company to pay such remuneration and the obligation to pay the paid-in value of Stock Acquisition Rights shall be offset.

13. Allotment Date of Stock Acquisition Rights

July 14, 2008

14. Date of Payment in Exchange for Stock Acquisition Rights

The payment date shall be July 14, 2008.

15. Persons to Be Allotted Stock Acquisition Rights, Number of Persons, and Number of Stock Acquisition Rights to Be Allotted

Six directors are to be allotted 89 Stock Acquisition Rights, and 16 executive officers are to be allotted 154 Stock Acquisition Rights.