



April 8, 2008

Ono Pharmaceutical Co., Ltd.
8-2, Kyutaromachi 1-chome,
Chuo-ku, Osaka 541-8564, Japan

Attention: Mr. Toshiharu Korekane, President & CEO

Dear Mr. Korekane:

Enclosed is a demand letter related to our shareholder proposal for the upcoming Annual General Meeting of Ono Pharmaceutical Co., Ltd. (the "Company"). A copy of the Power of Attorney signed by Northern Trust Company is included, and the original document will be sent to you separately. As you are aware, Brandes Investment Partners, L.P. ("Brandes") currently holds, on behalf of its investment advisory clients, in excess of 7% of the Company's shares. We intend to vote all shares under our control in support of this proposal, but for convenience the proposal is being submitted by only two Brandes accounts.

As noted in previous letters and meetings, our belief has been, and continues to be, that the Company has significant excess capital (including cash and both long and short-term investment securities) that is generating returns well below the cost of capital. Although we recognize that the Company may have certain needs in the future to fund acquisitions and strategic investments, we believe the amount of cash and investments currently on the balance sheet is well in excess of any such needs.

We acknowledge that the Company's recent actions of increasing dividends and repurchasing shares based on last year's announcement of the 'Midterm Policy on Return to Shareholders' are steps in the right direction. However, we believe much more can and should be done in order to improve the capital efficiency of the Company. Accordingly, we believe that the enclosed shareholder proposal is very reasonable and will be a welcomed action by a large percentage of the Company's shareholders. Our intention is to disclose our proposal to the public, unless we can come to an amicable agreement on this issue before April 15th, 2008.

We continue to hope that we can have an open dialogue regarding the issue of excess capital, which is an issue that we strongly believe needs to be addressed. We would like to thank you for your continued efforts on behalf of all shareholders and look forward to a successful and productive future.

Sincerely yours,

Brent Woods, Kenneth Little, Luiz Sauerbronn, and Shingo Omura
Members of the Brandes Corporate Governance Committee



Shareholder Proposal

(株主提案書)

To the Board of Directors of Ono 小野薬品工業株式会社取締役会御中
Pharmaceutical Co. Ltd.

1. Claimant et al.

Enclosed is a copy of the Power of Attorney in which The Northern Trust Company (AVFC) Sub Account American Client (the "Claimant"), a registered shareholder in ONO PHARMACEUTICAL CO., LTD. (the "Company"), has delegated to Brandes Investment Partners, LP ("Brandes") the authority to introduce a shareholder proposal to the 60th Ordinary General Shareholders Meeting of the Company. The Power of Attorney relates to 631,600 Company shares held by Claimant for at least six months prior to the date of this proposal.

The Claimant acts as the nominee of the Brandes Institutional Equity Trust and the Brandes Canada International Equity Unit Trust (hereinafter collectively, the "Trusts") for which Brandes has investment authority. Brandes is the investment manager of the Trusts and has full discretionary authority over the Trusts' assets, all security purchase and sale activity, and absolute discretion on how proxy votes are cast. In its capacity as investment manager, Brandes is entitled to direct (and has directed) the Claimant on corporate governance issues related to the Company shares that are beneficially owned by the Trusts.

2. Demand

In accordance with Article 303 of the Company Act it is hereby demanded that the following agenda item be submitted to the 60th Ordinary General Shareholders Meeting of the Company scheduled to be held in June 2008.

1. 請求人その他

小野薬品工業株式会社（以下「当社」といいます。）の株主名簿上の株主であるノーザン・トラスト・カンパニー（エイブイエフシー）サブアカウント・アメリカン・クライアント（以下「請求人」といいます。）は、添付の委任状に基づき、当社の第 60 期定時株主総会に株主提案を提出する権限をブランドス・インベストメント・パートナーズ・エル・ピー（以下「ブランドス」といいます。）に付与しました。当該委任状は、本提案書の日に先立つ少なくとも 6 ヶ月の間請求人が保有している当社株式 631,600 株に関するものです。

請求人は、ブランドス・インスティテューショナル・エクイティ・トラスト及びブランドス・カナダ・インターナショナル・エクイティ・ユニット・トラスト（以下総称して「トラスト」といいます。）のために名義人として行動しています。ブランドスは、トラストの投資管理者であり、トラストの資産、証券売買に関する裁量権限を保有しており、議決権もどのように行使されるべきかを自由裁量で決定する権限も有しています。投資管理者としての地位に基づき、ブランドスは、トラストが実質的に保有する小野薬品工業株式会社の株式に関連して企業統治に関する事項につき請求人を指示する権限を有します（且つ指示を与えたものです）。

2. 請求

会社法第 303 条に従い、後記の議題を、平成 20 年 6 月に開催予定の当社第 60 期定時株主総会における会議の目的とすることを、ここに請求します。

Brandes Investment Partners, L.P.

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In accordance with Article 305 of the Company Act it is also demanded that the following proposal and its supporting reasons be included in the notice of such shareholders meeting and related materials to be sent to the Company's shareholders.

会社法第 305 条に従い、後記の議案及び提案理由を上記株主総会の招集通知及び添付参考書類に記載して株主に通知することを、ここに請求します。

(I) Proposal (1) Additional Dividend

(I) 議案 (1) 剰余金追加配当の件

Additional dividends shall be paid as follows:

下記剰余金を追加で配当するものとします。

(i) Type of Assets for Dividend

(i) 配当財産の種類

Cash

金銭

(ii) Additional Dividend per Share

(ii) 1株当たり追加配当額

130 yen less dividend amount per share of Common Stock of the Company proposed by the Company's Board of Directors to the 60th Ordinary General Shareholders Meeting of the Company and approved by such Meeting (Hereinafter, this amount shall be referred to as "Additional Dividend per Share"). As such, the annual dividend paid shall be 220 yen per share, which includes the 90 yen per share interim dividend.

金 130 円から第 60 期定時株主総会に当社取締役会が提案し同総会で承認された当社普通株式 1 株当たりの剰余金配当額を控除した金額（以下この金額を「1株当たり追加配当額」といいます。）。これにより中間配当金（1株につき 90 円）とあわせて年間配当金は1株につき 220 円となります。

(iii) Allocation of Assets for Dividend

(iii) 配当財産の割当てに関する事項

Per share of Common Stock of the Company, Additional Dividend per Share shall be paid to shareholders (including "Jisshitsu" shareholders) of Common Stock of the Company as of March 31, 2008 (hereinafter referred to as "Allocation Date"); provided however if the Company determines the record date (*Kijyunbi*) for this additional dividend to be June 30, 2008, the Allocation Date shall change to June 30, 2008.

普通株式 1 株につき、1株当たり追加配当額を、平成 20 年 3 月 31 日（以下「割当日」といいます。）現在の当社普通株主（実質株主を含む。）に支払うものとします。但し、当社が、剰余金追加配当の基準日を平成 20 年 6 月 30 日と定めた場合、割当日は平成 20 年 6 月 30 日と読み替えます。

(iv) Total Dividend Amount (Book Value)

(iv) 配当金額（帳簿価額）の総額

The amount produced by multiplying (a) Additional Dividend per Share with (b) the total outstanding number of shares (excluding treasury shares) of Common Stock of the Company as of the Allocation Date. (Hereinafter, this amount shall be referred to as "Total Additional Dividend Amount.")

(a) 1株当たり追加配当額に(b)割当日現在の当社発行済普通株式総数（自己株式を除く）を乗じて算出した金額（以下この金額を「追加配当総額」といいます。）

(v) Date for Additional Dividend

(v) 剰余金の追加配当が効力を生ずる日

June 30, 2008; provided that it shall be paid no later than September 30, 2008.

平成 20 年 6 月 30 日。但し、その支払い期限は平成 20 年 9 月 30 日とします。

(vi) Matters about other Disposition of Reserve

For this additional dividend, reserve of the Company shall be disposed by reducing the Voluntary Reserve and increasing the Profit Reserve Carried Forward, as described in the following passage. This disposition shall be effective on the Date for Additional Dividend.

(a) Reserve Item and Amount to be decreased

Voluntary Reserve (“*Betto Tsumitatekin*”) for Total Additional Dividend Amount

(b) Reserve Item and Amount to be increased

Profit Reserve Carried Forward (“*Kurikoshi Rieki Jyoyokin*”) for Total Additional Dividend Amount

(II) Proposal (2) Share buybacks

In accordance with Article 156, Paragraph 1, the Company will acquire, within 1 year from the date of the 60th Annual General Meeting, up to 10 million of its own shares for the maximum of 60 billion yen (or the “Distributable Amount” as defined under Article 461 of the Company Act, whichever is the least).

(III) Reasons

These proposals reflect the belief that the Company should maintain a balance sheet that is consistent with its core business as a pharmaceutical company, and that capital well in excess of such needs should be returned to its shareholders.

Firstly, by increasing the total annual dividend to ¥220 yen per share (including the interim dividend of ¥90 per share), we expect the Company to continue to increase the payout ratio and prevent further accumulation of cash in the future.

As of December 31, 2007, 73% of the Company's total assets or approximately ¥350.8 billion was comprised of cash, marketable securities and investment securities including cross-shareholdings

(vi) 剰余金についてのその他の処分に関する事項

剰余金追加配当に充てるため、当社の剰余金を次の通り、別途積立金を取り崩し、繰越利益剰余金への振り替えを行います。この処分は、剰余金の追加配当が効力を生ずる日に効力を生じるものとします。

(a) 減少する剰余金の項目と額

別途積立金 追加配当総額

(b) 増加する剰余金の項目と額

繰越利益剰余金 追加配当総額

(II) 議案 (2) 自己株式取得の件

会社法第 156 条第 1 項の規定に基づき、本定時株主総会終結の時から 1 年以内に当社普通株式を株式総数 1000 万株、取得価額の総額 600 億円(ただし、会社法により許容される取得価額の総額(会社法 461 条に定める「分配可能額」)が当該金額を下回る場合は、会社法により許容される取得価額の総額の上限となる金額)を限度として取得することとします。

(III) 提案理由

本提案は、当社が製薬会社としての中核事業に相応しいバランスシートを維持すべきであり、必要性を超えた剰余資本は株主に返還すべきであるという考えに基づくものです。

まず、1 株当たりの年間配当金を(90 円の中間配当金と合わせて)220 円にすることにより、当社が今後、更なる増配に努め、これ以上の剰余資本の蓄積を防ぐことを図っています。

平成 19 年末現在、当社の総資産の 73%に相当する約 3,508 億円が、現金、有価証券及び持ち合い株式を含めた投資有価証券(以下「金融資産」といいます。)で構成され、その大半は、製薬会社としての当社の業務に関

(hereafter referred to as “Financial Assets”), the majority of which is unrelated to the Company’s operations as a pharmaceutical company. The magnitude of Financial Assets held goes well beyond what it legitimately needs in order to fund its operations as a pharmaceutical company, and is well in excess of the industry average of 45%, which has also been criticized as excessive.

In addition, the return that the Company earns on its Financial Assets is less than 1% on an annualized basis, well below its estimated cost of capital and exhibits no improvements.

Secondly, the share buyback proposal aims for the reduction of excess capital and it is intended for the Company to cancel all shares upon repurchase. In addition, the 10 million share buyback program would signal the strong faith that the Company has in its underlying businesses, and would also be accretive to all shareholders.

With regard to the above-mentioned issues, the Company has failed to explain to shareholders, including in its ‘Midterm Policy on Return to Shareholders’, a ‘justifiable amount’ or ‘return parameters’ for the excess capital it may use for future acquisitions of assets, including R&D pipeline products. We believe that any such acquisitions, if economically justified, could be financed through capital markets at such time the potential acquisitions arise. Maintaining significant excess Financial Assets to provide for potential future acquisitions is not in the interest of shareholders.

The proposals, if approved, would result in a return to shareholders of approximately ¥74.7 billion, which would reduce the Company’s total Financial Assets to approximately ¥276 billion. Following the execution of the proposed dividend and share buybacks, approximately 68% of the Company’s total assets would still consist of Financial Assets, a ratio that is more than sufficient to support its operations while still allowing for it to pursue growth opportunities.

連しません。総資産に対する金融資産の比率として、過大と批判されている日本の他の製薬会社の平均的な比率(45%前後)さえはるかに超えています。

また、当社が金融資産から得ている収益率は1%未満と極めて低く、資本コストを大きく下回り、依然として改善されていません。

次に、自社株買いは、過剰資本の段階的な解消を目的としており、取得された自社株はその速やかな消却が望まれます。最大 1,000 万株の自社株買いは、当社の事業に対する経営陣の強い信念の表明ともなり、全株主にとって有益であると考えています。

以上に対して、将来の研究開発や買収の可能性ゆえに多額の余剰資本を確保する必要性、余剰資本の適正規模並びに当資本に求められる収益性などにつき、「中期的な株主還元の方針」等によっても未だ株主に対して十分な説明がなされたとはいえません。当該研究開発・買収につき経済的に正当化できるものであれば、その機会が現実化した際に、資本市場から必要資金を調達することができるものと考えます。将来発生するかもしれない事由に備えて、明らかに余分な金融資産を維持することは株主利益に反するものです。

なお、本提案が可決された場合、約 747 億円の剰余金の株主還元となり、当社の金融資産を約 2,760 億円程度まで減少しますが、還元後も、当社の総資産の 68%前後は金融資産で構成され、当社の事業活動を支えながら成長機会を追及するために十分な比率の金融資産を含むものと考えます。

3. Miscellaneous

If for any reason the Board of Directors of the Company intends not to fulfill the matters demanded, it is requested that the undersigned be notified immediately.

Please communicate with the undersigned in relation to any matters concerning this demand.

11988 El Camino Real, Suite 500, P.O. Box 919048, San Diego, California, 92191-9048, United States of America

(アメリカ合衆国 92191-9048 カリフォルニア州、サンディエゴ、エル・カミノ・レアル 11988、500 号室)

Brandes Investment Partners, LP

(ブランデス・インベストメント・パートナーズ・エル・ピー)



By (署名者) : Brent V. Woods

Title (肩書き) : Managing Director - Investments

Date (日付) : April 7, 2008

3. その他

その理由を問わず、ここに請求された事項を当社取締役会が履行する意図がない場合、速やかに下記署名者にご通知ください。

この請求書に関連する事項については、下記署名者にご連絡ください。