



To whom it may concern

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NOTICE

Allocation of shares to third party

The Board of Directors voted at a meeting today on the placement of shares via a third-party allocation.

1. Outline

Placement of shares

(1) Share issuance date	June 7, 2010
(2) Issuance volume	4,819 shares
(3) Issuance price	¥20,750 per share
(4) Funds procured	¥99,994,250
(5) Placement or allocation method	Third-party allocation
(allottee)	Medinet Co., Ltd.

2. Purpose and Reason for Share Placement

We reached a comprehensive R&D contract with Medinet Co., Ltd. on October 13, 2009 to fuse the technologies, intellectual property, knowhow and research networks of both firms in order to develop new pharmaceuticals and medical technologies in the cancer treatment field.

Based on this agreement, we will work to develop (1) new treatment technology combining cytokine¹ micelles and cell treatment using various effector cells and antigen-presenting cells (APC), and (2) treatment technology using antibody-bound micelles to target oncology areas. We believe that using the money raised by the share allocation to Medinet towards this joint R&D will reinforce our ties and mutual trust with the firm.

¹ Cytokine are proteins that are released from cells and control body functions. They are known to have immune, anti-tumor and hemopoietic suppressant effects.

3. Amount and Usage of Funds Procured and Spending Schedule

(1) Amount of funds procured (estimated net)

New shares (total)	¥99,994,250
Estimated issuance costs	1,800,000
Estimated net	¥98,194,250

Note: The amount received for new shares assumes an issuance price of ¥20,750 times the full issuance volume of 4,819 shares. Estimated issuance costs include lawyer fees, advertising expenditures and registration costs.

(2) Specific usage of funds procured

Specific usage	Amount	Spending schedule
R&D (new drugs and medical technologies in cancer treatment field) based on R&D contract	¥98 million	August 2010 – December 2011

*The funds will be managed in a highly secure bank account during the above spending schedule.

4. Rationale of Fund Usage

We intend to use the funds procured for development of (1) new treatment technology combining cytokine² micelles and cell treatment using various effector cells and antigen-presenting cell (APC), and (2) treatment technology using antibody-bound micelles to target oncology areas, in line with the joint R&D agreement in anti-cancer treatments reached with Medinet Co., Ltd. on October 13, 2009.

It is likely to take some time before our joint research work with Medinet in the anti-cancer treatment field realizes innovative cancer treatment technologies based on new concepts. Still, this work should be effective in generating profits in the future and contributing to higher profits per share. As such, we see the deal as meaningful.

5. Rationale of Issuing Conditions

(1) Calculation method and details of amount to be paid

The issuing price was set at ¥20,750 per share based on the closing price of the shares (¥21,610) on the Tokyo Stock Exchange on May 18, the business day immediately preceding the Board of Directors meeting where the issuance hike was decided.

The discount rate was determined in discussions with Medinet with reference to the issuer's earnings trend, the volume of shares issued in the capital increase, recent market conditions, and the issuer's share price movements.

The price represents discounts of 3.97% of the preceding business day's closing price; 14.05% of the average closing price in the month to the preceding business day (¥24,144); 18.37% of the average closing price in the three months to the preceding business day (¥25,421); and 23.13% of the average closing price in the six months to the preceding business day (¥26,996).

² Cytokine are proteins that are released from cells and suppress body functions. They are known to have immune, anti-tumor and hemopoietic suppressant effects.

We believe that the price that best reflects our current share price situation is the closing price on the immediately preceding business day. Consequently, we feel that our issuing price is rational and not an unduly advantageous offer. Our Board of Directors discussed the issue thoroughly, and attending members voted unanimously for approval. In addition, three corporate auditors (1 independent director, 2 outside corporate auditors) agreed with the board members that the new stock issuance and resulting capital increase did not amount to an unduly advantageous issue and was legitimate.

(2) Proof behind rationale of issuance volume and scale of stock dilution

The voting rights (4,819) connected with the 4,819 shares to be issued represent a dilution factor of 3.74% of the 128,579 existing overall voting rights. That is, the issue will involve some dilution. However, we believe that joint R&D with Medinet in the cancer treatment field will lead to innovative cancer treatment technologies based on new concepts, leading ultimately to higher shareholder value.

6. Selection of Allottee

(1) Allottee overview

Name	Medinet Co., Ltd.
Address	2-5-14 Shin Yokohama, Minato-ku, Yokohama, Kanagawa Prefecture, Japan
Representative	Yoshiji Kimura, President & CEO
Business	Immuno-Cell Therapy Total Support Service
Capitalization	¥2,579 million
Date established	October 17, 1995
Fiscal year	Year to September
Employees	122 (consolidated)
Main client(s)	Koshikai (non-profit medical corporation)
Main banks	Mizuho Bank, Bank of Tokyo-Mitsubishi UFJ
Major shareholders and shareholding ratio	Yoshiji Kimura 17.47%, Egawa Holding 7.67%, Yoshiji Kimura Enterprises 7.03%
Relations with allottee	
Capital relations	There are no special capital relations between the Company and Medinet or between members of the Company and members of Medinet or affiliated firms.
Personal relations	There are no special personal relations between the Company and Medinet or between members of the Company and members of Medinet or affiliated firms.
Business relations	The Company and Medinet have signed a comprehensive R&D contract to combine their technologies, intellectual property, knowhow and research networks in order to develop new pharmaceuticals and medical technologies in the field of cancer treatment.
Related party	Medinet is not a related party of the Company, and members and affiliated companies of Medinet are not related parties of the Company.

Earnings and financial status in past three years

Fiscal year	September 2007 (parent)	September 2008 (parent)	September 2009 (consolidated)
Net assets	4,088	2,588	3,317
Total assets	4,501	2,963	3,889
Net assets per share (¥)	7,065.01	4,351.32	5,298.23
Sales	1,606	1,838	2,900
Operating profit	-823	-667	293
Recurring profit	-827	-704	323
Net profit	100	-1,702	245
Net profit per share (¥)	176.90	-2,889.35	410.77
Dividend per share (¥)	=	=	=

Unit: ¥ million unless otherwise indicated.

(2) Reasons for selection of allottee

As noted above in “Purpose and Reason for Share Placement” and “Rationale of Fund Usage”, our selection of Medinet stemmed from our belief that a partnership in joint research of innovative cancer treatments based on our joint R&D contract would deepen our ties with Medinet and raise our corporate value.

(3) Allottee’s intentions

We have confirmed Medinet’s intention to retain our shares as a long-term stable shareholder. Medinet has agreed to sign a letter of intent that if it should transfer possession of any or all of the shares within two years of the issue date, it will immediately inform us in writing of the name and address of the buyer and the number of shares transferred, which information will be passed to the Tokyo Stock Exchange and made available for public scrutiny.

(4) Confirmation that allottee has sufficient assets for payment

We have examined Medinet’s recent securities filings as well as its sales, total assets, net assets, cash and other information in its quarterly earnings reports, and conducted hearings directly with its management in May 2010 regarding its recent financial status. We consequently confirmed its ability to pay.

7. Major shareholders and shareholding ratios after stock placement

Before (March 31, 2010)		After	
Ichiro Nakatomi	5.02%	Ichiro Nakatomi	4.84%
Cyntec Co.,Ltd.	3.20%	MEDINET Co.,Ltd.	3.61%
CCP Mezzanine 2006 Invest't	2.87%	Cyntec Co.,Ltd.	3.08%
JAFCO V2 Investment Assn.	2.72%	CCP Mezzanine 2006 Invest't	2.77%
Shoichi Ohta	1.93%	JAFCO V2 Investment Assn.	2.62%
JAFCO Co.,Ltd.	1.57%	Shoichi Ohta	1.86%
Matsui Securities	1.56%	JAFCO Co.,Ltd.	1.51%
Teikoku Pharma USA. Inc.	1.29%	Matsui Securities	1.50%
Teruo Okano	1.12%	Teikoku Pharma USA. Inc.	1.24%
Kazunori Kataoka	1.08%	Teruo Okano	1.08%

8. Outlook

We foresee no impact on FY10 earnings.

9. Items regarding transactions with majority shareholders

This operation does not constitute a transaction with a majority shareholder.