
Financial Results Presentation

Q3 FY2010

(Fiscal Year Ending March 31, 2011)

February 15, 2011

Atsumasa Makise

Senior Managing Director
Otsuka Holdings Co., Ltd.

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1. Q3 YTD Consolidated Financial Results



(100 million yen)

| | FY2009 Actual | FY2010 Actual | Change | % |
|--------------------------|---------------|---------------|--------|-------|
| Net Sales | 8,175 | 8,381 | 207 | 2.5% |
| Cost of Sales | 2,676 | 2,820 | 144 | 5.4% |
| SG&A Expenses | 4,589 | 4,591 | 1 | 0.0% |
| Operating Income | 909 | 971 | 61 | 6.7% |
| Ordinary Income | 991 | 1,031 | 40 | 4.1% |
| Income Before Tax | 958 | 1,047 | 89 | 9.3% |
| Net Income | 655 | 694 | 39 | 6.0% |
| R&D Expenses | 1,048 | 1,220 | 172 | 16.4% |
| Earnings Per Share (Yen) | 140.07 | 144.04 | - | - |

Effect of appreciation of the Yen: Net Sales -300, Operating Income -35, Net Income -60

2. Q3 YTD Sales by Business Segment

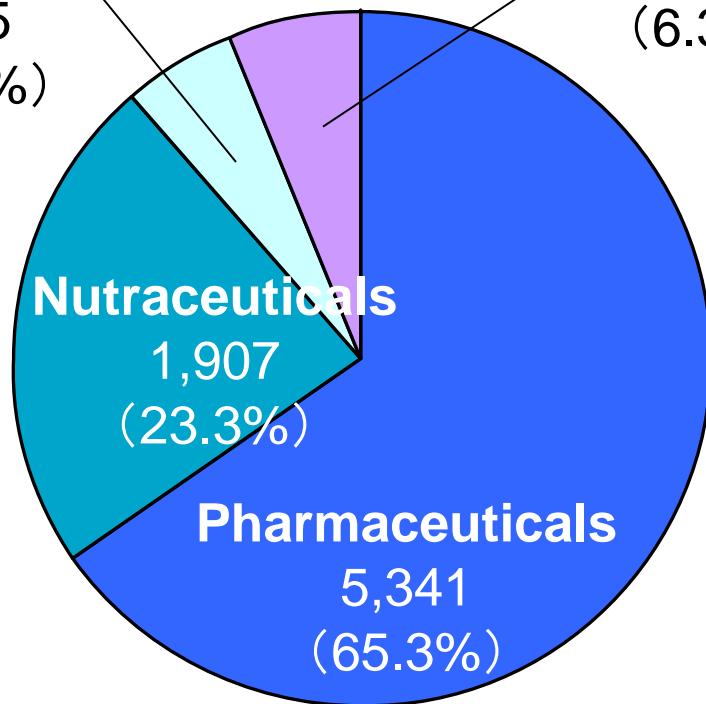
(100 million yen)

【FY2009】
Net Sales 8,175

【FY2010】
Net Sales 8,381

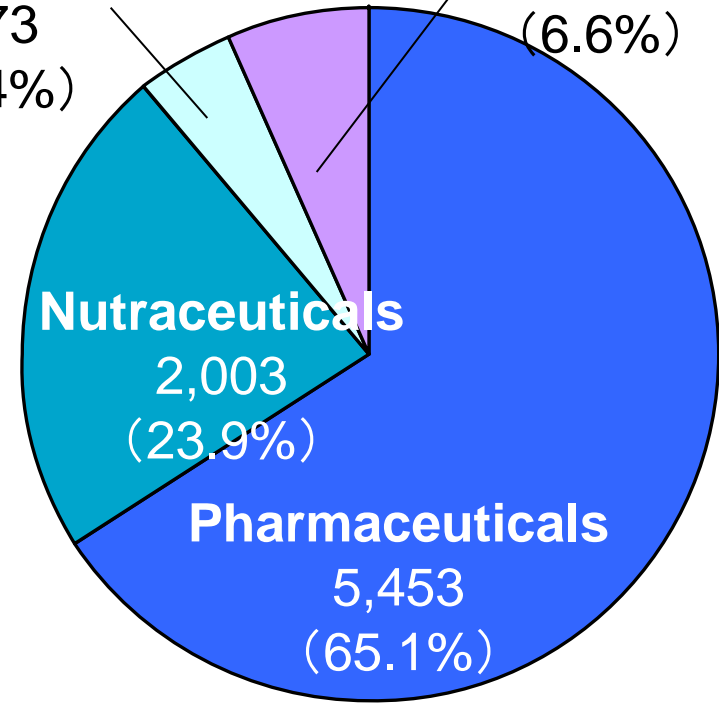
Consumer Products
415
(5.1%)

Others
511
(6.3%)



Consumer Products
373
(4.4%)

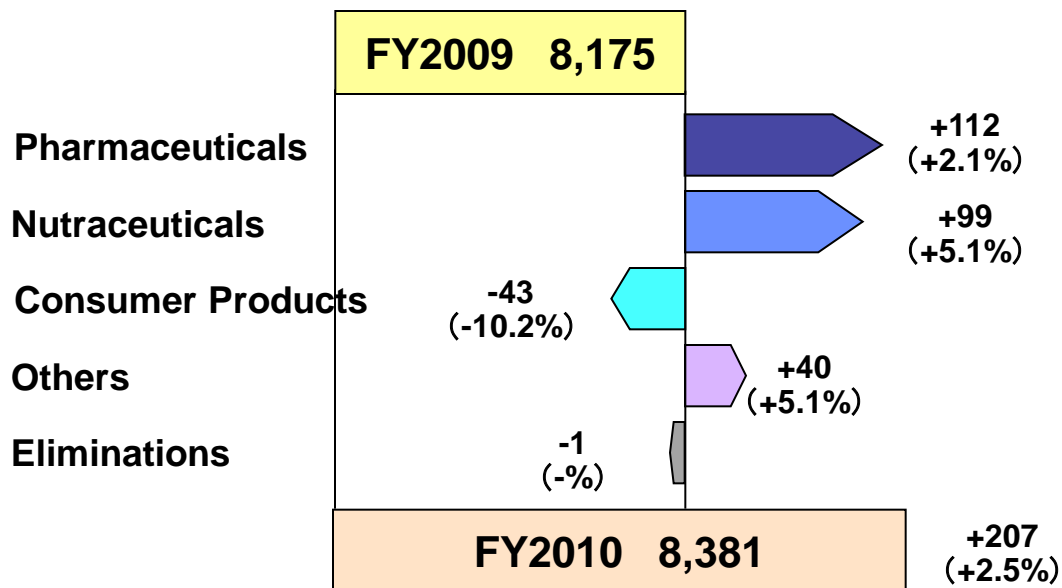
Others
552
(6.6%)



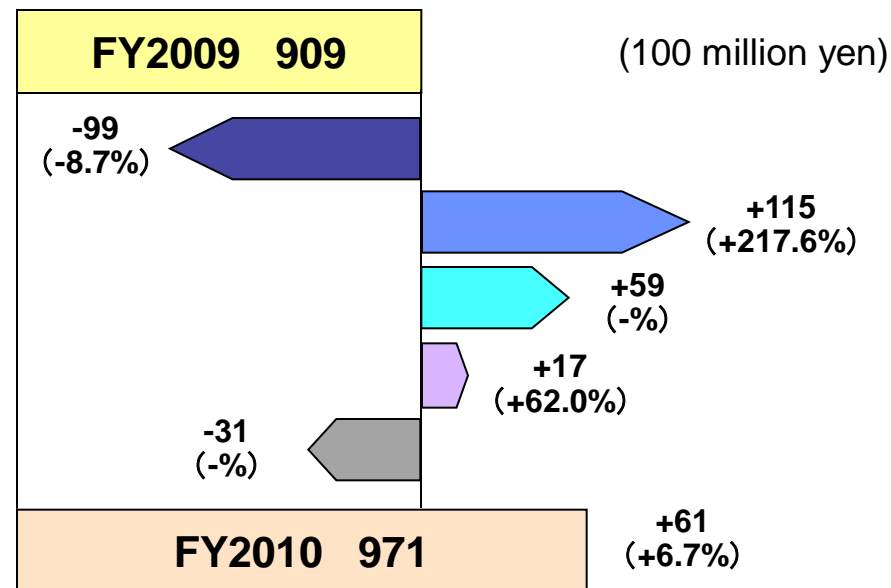
*Parentheses represent component ratio

3. Q3 YTD Business Segment Analysis

Net Sales



Segment (operating) income



*Parentheses represent % increase

(100 million yen)

| | FY2009 | FY2010 | Change |
|---------------|--------|--------|--------|
| Pharma | 5,341 | 5,453 | 112 |
| NC | 1,921 | 2,020 | 99 |
| Consumer | 421 | 378 | (43) |
| Others | 780 | 820 | 40 |
| Eliminations | (289) | (290) | (1) |
| Consolidation | 8,175 | 8,381 | 207 |

(100 million yen)

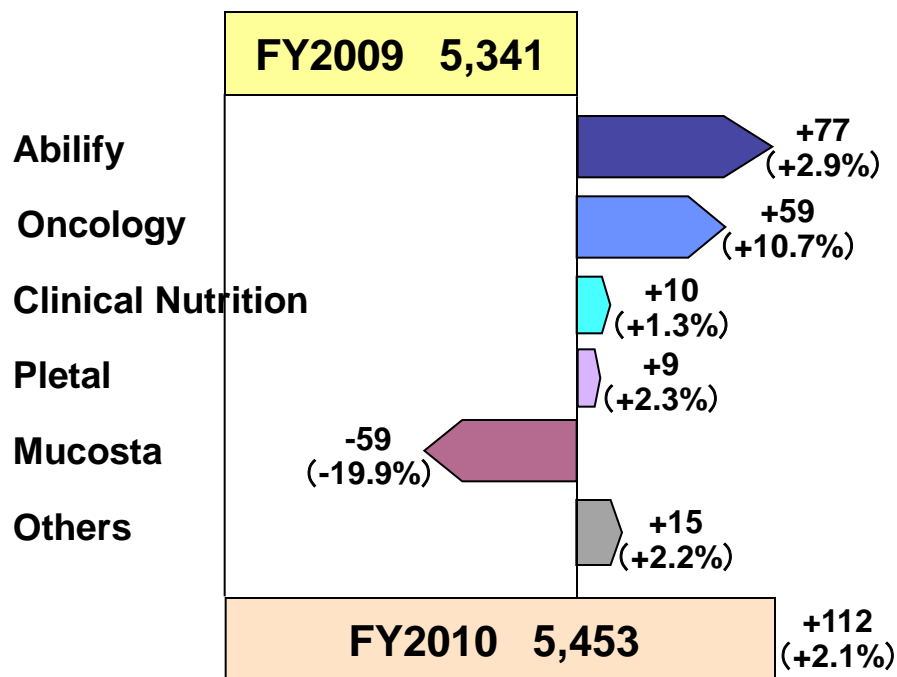
| | FY2009 | FY2010 | Change |
|---------------|--------|--------|--------|
| Pharma | 1,141 | 1,042 | (99) |
| NC | 53 | 168 | 115 |
| Consumer | (70) | (11) | 59 |
| Others | 27 | 44 | 17 |
| Eliminations | (241) | (273) | (31) |
| Consolidation | 909 | 971 | 61 |

Operating income ratio (%)

| | FY2009 | FY2010 |
|---------------|--------|--------|
| Pharma | 21.4 | 19.1 |
| NC | 2.8 | 8.3 |
| Consumer | (16.6) | (2.8) |
| Others | 3.5 | 5.4 |
| Eliminations | — | — |
| Consolidation | 11.1 | 11.6 |

4. Q3 YTD Pharmaceutical Segment Analysis

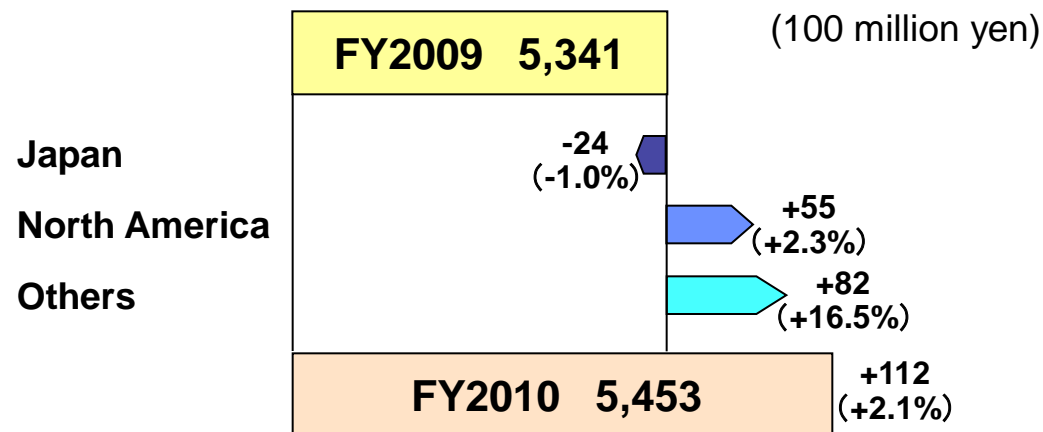
Net Sales



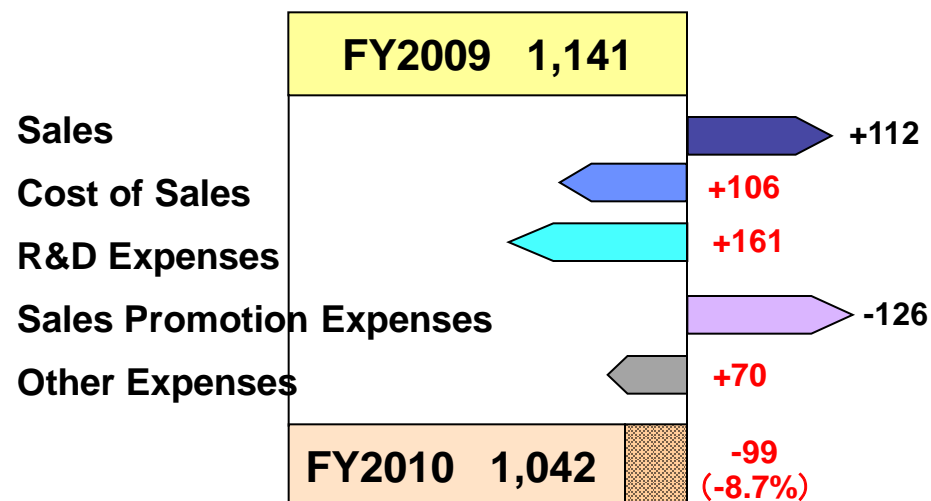
(100 million yen)

| | FY2009 | FY2010 | Change |
|--------------------|--------------|--------------|------------|
| Abilify | 2,681 | 2,758 | 77 |
| Oncology | 554 | 613 | 59 |
| Clinical Nutrition | 721 | 731 | 10 |
| Pletal | 403 | 412 | 9 |
| Mucosta | 295 | 236 | -59 |
| Others | 688 | 703 | 15 |
| Total | 5,341 | 5,453 | 112 |

Net Sales by Market



Segment (operating) income



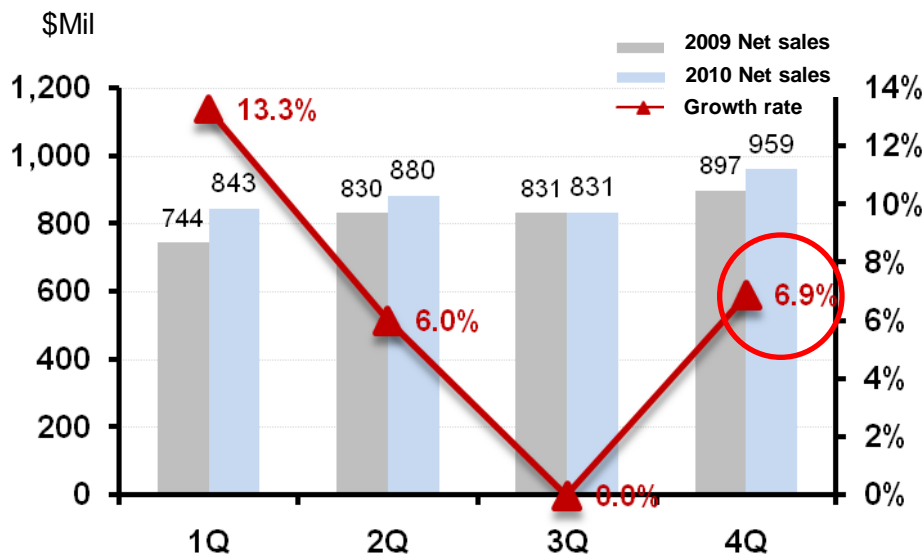
5. Abilify Sales Evolution

【YTD】

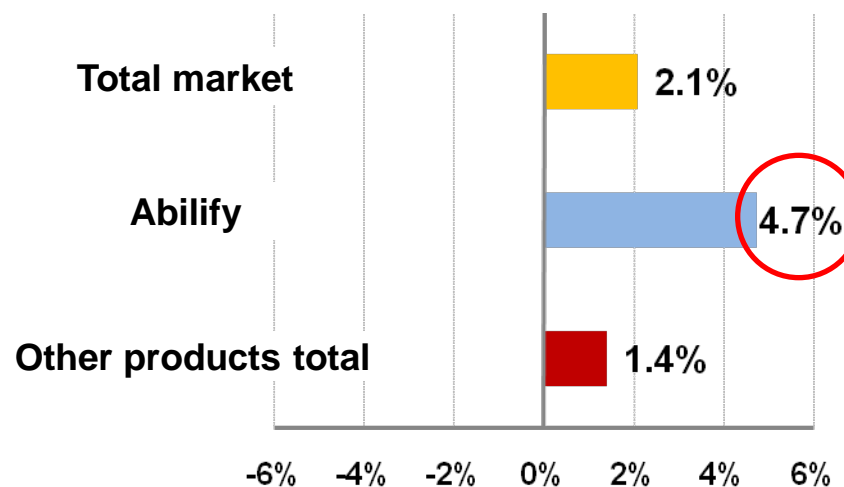
(100 million yen)

| Product | 2008 | 2009 | Change | 2Q 2009 | 2Q 2010 | Change | 3Q 2009 | 3Q 2010 | Change |
|---------------------------------|---------|---------|--------|---------|---------|--------|---------|---------|--------|
| Anti-psychotic agent Abilify | 2,971 | 3,745 | 26.1% | 1,879 | 1,902 | 1.2% | 2,681 | 2,758 | 2.9% |
| North America | 2,372 | 3,056 | 28.8% | 1,518 | 1,524 | 0.4% | 2,180 | 2,140 | -1.8% |
| (Million USD) | (2,606) | (3,303) | 26.8% | (1,574) | (1,723) | 9.4% | (2,405) | (2,553) | 6.1% |
| Japan | 132 | 187 | 41.7% | 88 | 110 | 25.5% | 142 | 173 | 22.5% |
| Others | 467 | 502 | 7.5% | 272 | 267 | -1.8% | 359 | 444 | 23.8% |

2010 North America Abilify Sales by Quarter



2010 U.S. atypical anti-psychotics prescription market (growth versus previous year)



Source: Wolter Kluwer, pharmacy data, 2010 Dec

6. Overview of Abilify Contract Extension with BMS

- As a result of the extension of the Co-promotion agreement with BMS, Otsuka's Abilify profit structure in the US has improved from 2010

| Year | US Net Sales | Otsuka Group | BMS |
|------|--------------|--------------|-------|
| 2009 | | 35.0% | 65.0% |
| 2010 | | 42.0% | 58.0% |
| 2011 | | 46.5% | 53.5% |
| 2012 | | 48.5% | 51.5% |

Abilify Sales and Profit Share

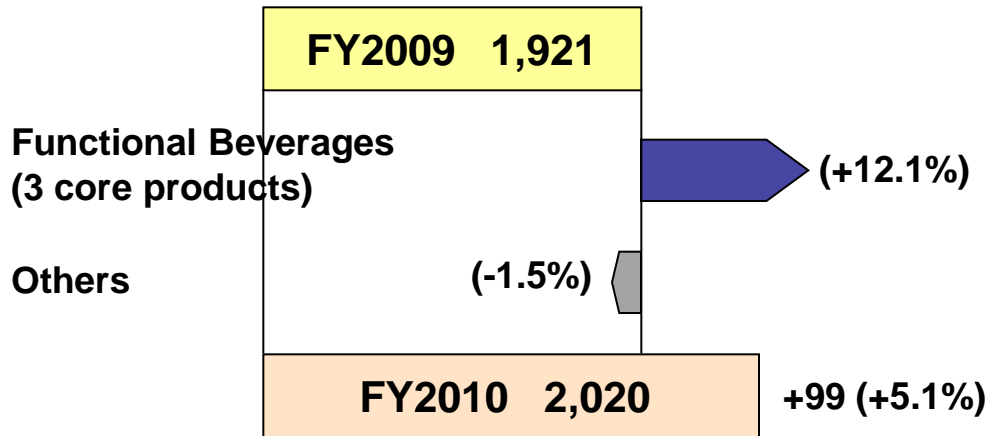
| | 2009 | 2010 |
|----------------------|------|------|
| Otsuka Net Sales | 100% | 100% |
| BMS profit share | 65% | 58% |
| Otsuka profit margin | 35% | 42% |

| | | | |
|------------------|----------------------------|-----|-----|
| 2013 - 2015/4 | \$0-\$2.7 billion | 50% | 50% |
| | \$2.7-\$3.2 billion | 80% | 20% |
| | \$3.2-\$3.7 billion | 93% | 7% |
| | \$3.7-\$4.0 billion | 98% | 2% |
| | \$4.0-\$4.2 billion | 99% | 1% |
| | In excess of \$4.2 billion | 80% | 20% |

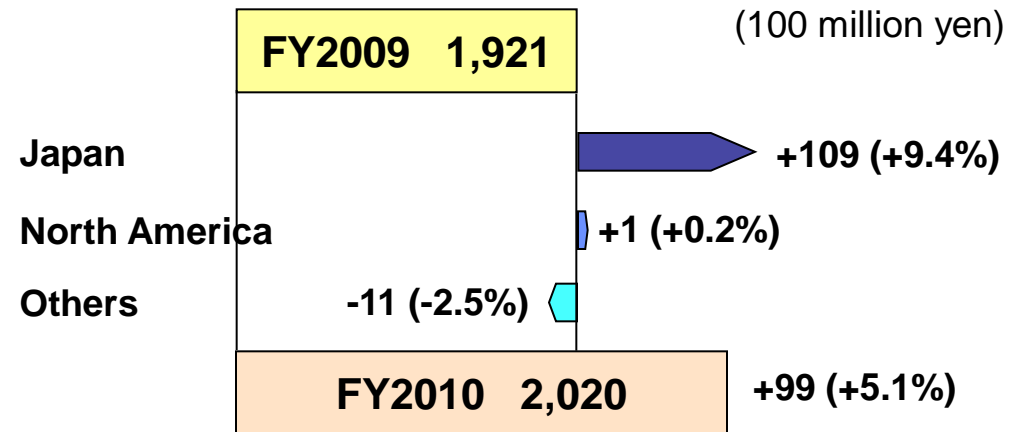
In addition to the above, Otsuka will be responsible for 30% of the U.S. expenses related to the commercialization of Abilify from 2010 to 2012 and 50% for 2013 and beyond.

7. Q3 YTD Nutraceutical Segment Analysis

Net Sales



Net Sales by Market



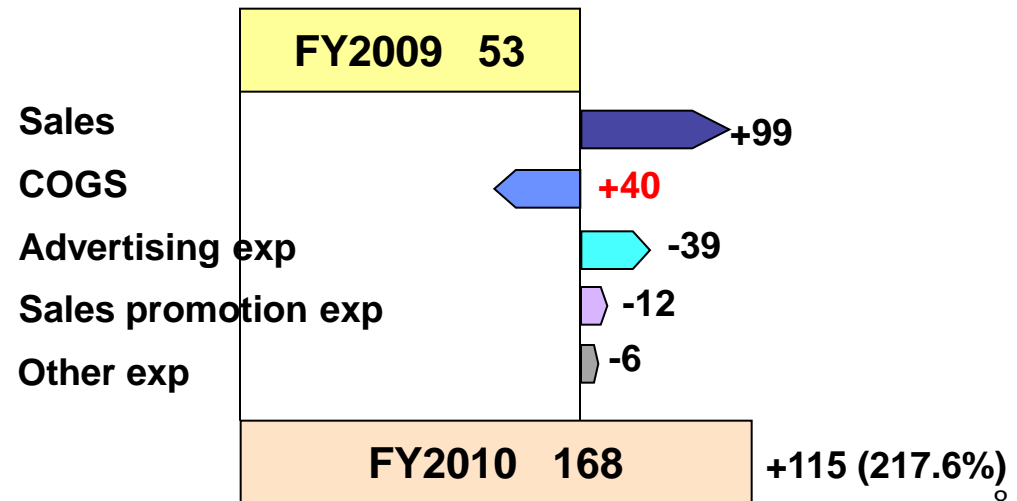
【Japan】

- 3 core functional beverages all showed positive growth. Pocari Sweat showed particularly solid growth due partly to the hot summer.
- SOYJOY and Calorie Mate recorded decreased sales.

【Overseas】

- Functional foods, which consist of Nature Made, N&S products and others, showed positive sales growth in local currency terms. However, yen-based sales showed negative growth as a result of the foreign exchange impact.

Segment (operating) income

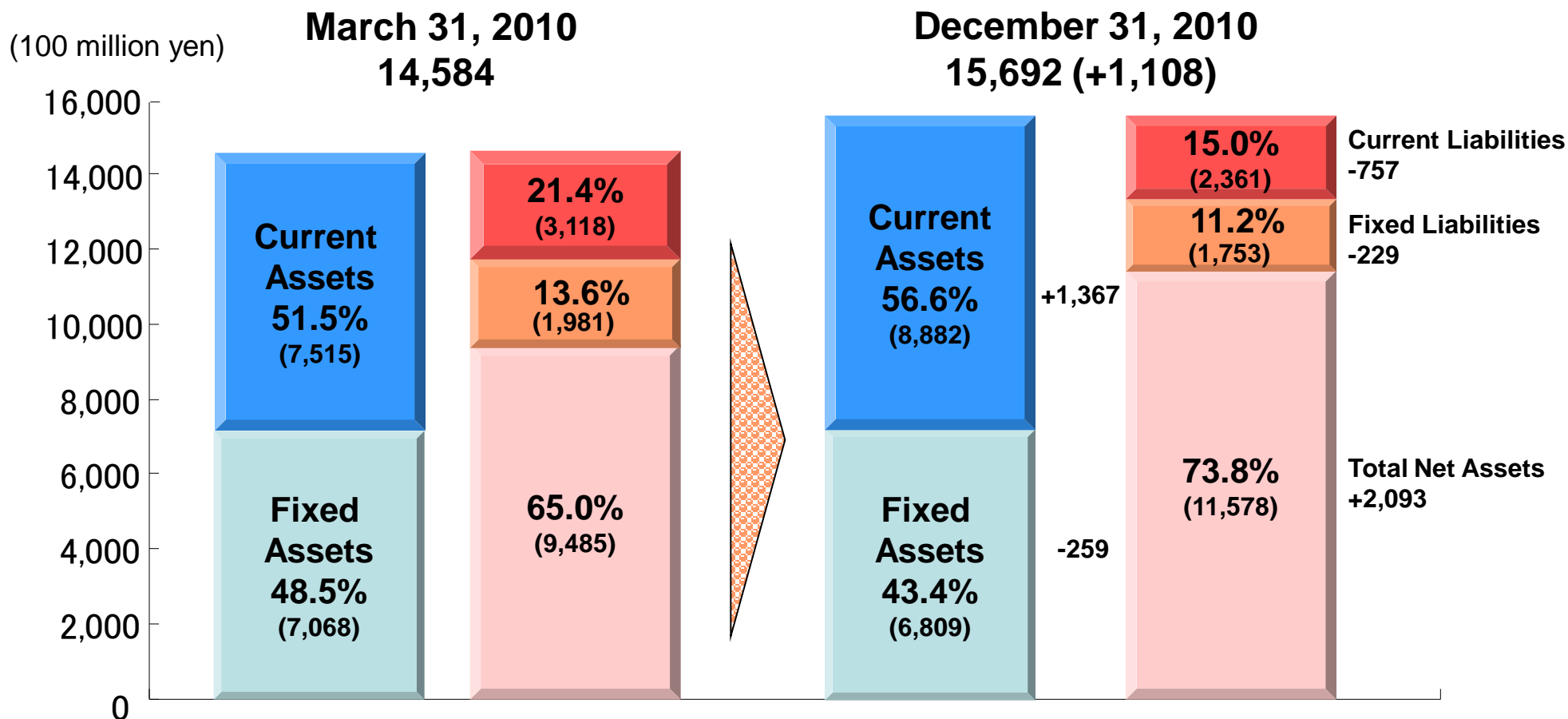


8. Q3 YTD Net Income: Change from Previous Year

(100 million yen)

| | <FY2010> | Net Income 655 | <Change> | |
|-------------------------|-----------------------------------|---------------------------|--------------------|---|
| Operating Income | 971 | | +61 (+6.7%) | |
| Non-operating | Equity in earnings | 46 | -14 (-23.3%) | 【Factors】 ➤ Co-promotion extension Current period portion of payment received for the extension of the US portion of the Abilify co-promotion agreement ➤ Foreign exchange loss Foreign exchange loss as a result of the appreciation of the yen ➤ Gain on change in equity interest Increase in equity interest as a result of the IPO of the equity method affiliate, Microport Scientific ➤ Loss on transfer of business Loss related to the transfer of the Agri-Techno business |
| | Co-promotion extension | 55 | +55 (-%) | |
| | Foreign exchange loss | -69 | +58 (+551.6%) | |
| | Others | 29 | -4 (-11.5%) | |
| Extra-ordinary | Gain on change in equity interest | 56 | +56 (-%) | |
| | Loss on transfer of business | -19 | +19 (-%) | |
| | Others | -20 | +12 (+37.9%) | |
| Income taxes | Income taxes | 340 | +45 (+15.2%) | |
| | Minority interest | 13 | +5 (+72.6%) | |
| | | Net Income 694 | +39 | |

9. Consolidated Balance Sheet



Factors:

- Increase in Current Assets (+1,367) ... Cash and deposits +428, Marketable securities +732
- Decrease in Current Liabilities (-757) ... Short-term borrowings -207, Income taxes payable -302
- Increase in Net Assets (+2,093) ... IPO +1,623, Net Income +694

10. FY2010 Forecast

(100 million yen)

| | FY2009 Actual | FY2010 Forecast | Year-On-Year | |
|---------------------------|------------------|--------------------|--------------|-------|
| | | | Change | % |
| Net Sales | 10,843 | 11,380 | 537 | 5.0% |
| Operating Income | 985 | 1,200 | 215 | 21.9% |
| Ordinary Income | 1,091 | 1,290 | 199 | 18.3% |
| Net Income | 674 | 797 | 123 | 18.2% |
| Earnings Per Share (Yen) | 143.50 | 159.28 | - | - |
| Dividends Per Share (Yen) | 12.50 | 28.00 | - | - |

R&D Pipeline Update and Overview of New Pharmaceutical Products

February 15, 2011

Katsuya Yamasaki, Ph.D.

Managing Director (Board Member)

Otsuka Holdings Co., Ltd.

- 1 R&D Pipeline in Pharmaceuticals**
- 2 Update on Development Pipeline**
- 3 Topics on Development Projects**
- 4 Overview of New Products Launched in FY2010**

Number of Development Projects (as of Jan. 31, 2011)



Many development projects are ongoing in the top priority areas of central nervous system and oncology.

| Areas | No. of Compounds | P II | P III | NDA Filing | Total |
|----------------|------------------|------|-------|------------|-------|
| CNS | 4 | 3 | 8 | 1 | 12 |
| Oncology | 12 | 10 | 6 | 1 | 17 |
| Cardiovascular | 1 | 0 | 2 | 1 | 3 |
| Others | 10 | 5 | 4 | 2 | 11 |
| Diagnostics | 3 | 0 | 0 | 3 | 3 |
| Total | 30 | 18 | 20 | 8 | 46 |

Note) Each development project is counted on the basis of the number of indication.
The number of PI project in oncology is five.

- 1 R&D Pipeline in Pharmaceuticals
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Update on Development Pipeline Since September 2010

The following chart shows the development status of primary projects.
Three products have been launched in Japan.

| Area | P II | P III | NDA Filing | Approval |
|-------|---|--|---|---|
| Japan | <ul style="list-style-type: none"> ● OCV-101 ✓ Pancreatic Cancer ● TSU-68 ✓ Gastric Cancer ✓ Colorectal Cancer | <ul style="list-style-type: none"> ● E Keppra ✓ Epilepsy (Partial Seizures in Children) ✓ Epilepsy (Generalized Seizures) | <ul style="list-style-type: none"> ● Rebamipide Eye Drops ✓ Dry Eye ✓ Submitted on Oct. 20, 2010 ● Aripiprazole ✓ Bipolar Disorder ✓ Submitted on Jan. 24, 2011 | <ul style="list-style-type: none"> ● E Keppra ✓ Epilepsy (Partial seizures in adults) ✓ Launched on Sep. 17, 2010 ● Abraxane ✓ Breast Cancer ✓ Launched on Sep. 24, 2010 ● Samsca ✓ Cardiac Edema (Heart Failure) ✓ Approved on Oct. 27, 2010 ✓ Launched on Dec. 14, 2010 |
| US | | <ul style="list-style-type: none"> ● Sativex ✓ Cancer Pain | | |
| Asia | | <ul style="list-style-type: none"> ● TSU-68 ✓ Hepatocellular Carcinoma | | |

- : Oncology
- : CNS
- : Others

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Main Clinical Trial Results (FY2010)

| | TSU-68 | Sativex |
|----------------------------|---|---|
| Indication | Hepatocellular Carcinoma (after TACE) | Cancer Pain |
| Name of Study | | SPRAY |
| Stage | P II | P II |
| Location of Study | Japan | Global |
| Conference /Journal | <ul style="list-style-type: none"> ● ASCO, Chicago, Jun. 4-8, 2010 ● The Japan Society of Hepatology, Yokohama, Oct. 13-14, 2010 | <ul style="list-style-type: none"> ● GW Pharmaceuticals, News Release, Mar. 23, 2010 |
| URL | http://www.asco.org/ASCOv2/Meetings/Abstracts?&view=abst_detail_view&confID=74&abstractID=43074 | http://www.gwpharm.com/Phase%20IIb%20Cancer%20Pain%20Trial%20Data.aspx |
| | Tolvaptan | Rebamipide (Eye Drops) |
| Indication | Polycystic Kidney Disease | Dry Eye |
| Name of Study | TEMPO | |
| Stage | P II (Open-label) | P IIb |
| Location of Study | US | Japan |
| Conference/ Journal | <ul style="list-style-type: none"> ● ASN RW, Denver, Nov. 16-21, 2010 | <ul style="list-style-type: none"> ● ARVO Fort Lauderdale, May. 2-6, 2010 |
| URL | http://www.asn-online.org/education_and_meetings/ | http://abstracts.iovs.org/cgi/content/abstract/46/5/2037 |

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Aloxi: 5-HT₃ Receptor Antagonist

Effective in both acute and delayed nausea and vomiting.

Aloxi has gained the largest market share in eight months since its launch.

Generic Name · Indication

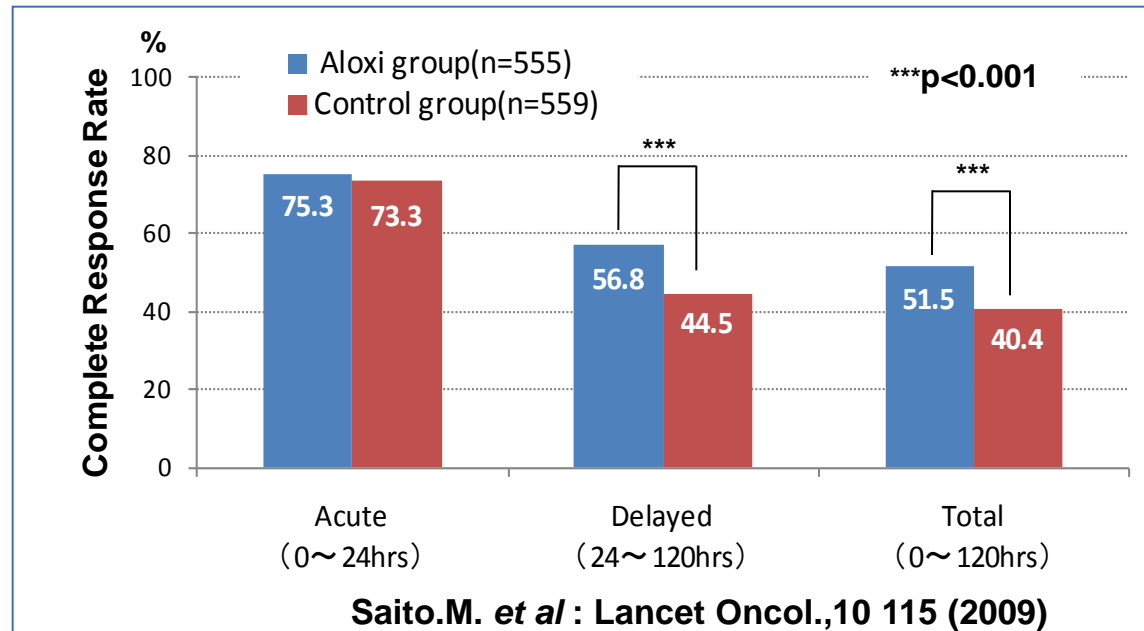
- Palonosetron Hydrochloride
- Prevention of acute and delayed nausea and vomiting induced by cancer chemotherapy

Mechanisms of Action · Features

- 5-HT₃ Receptor Antagonist
- Persistent antiemetic effect with a single administration before cancer chemotherapy (cisplatin, etc.)
- Also effective in delayed nausea and vomiting (PROTECT Trial)
- Recommended by NCCN and JSCO* guidelines (May, 2010)

*JSCO (Japan Society of Clinical Oncology)

Example of Clinical Trial Results



Comments

- Date Approved : Jan. 20, 2010 (Japan)
- Date Launched : Apr. 22, 2010 (Japan)
- Cumulative Sales : Approx. 2.8B yen
(in Japan, as of Dec.31, 2010)
- Currently approved in more than 60 countries worldwide

Abraxane: Anticancer Agent (nanoparticle)

Novel formulation makes higher-dose taxane therapy possible with greater safety.

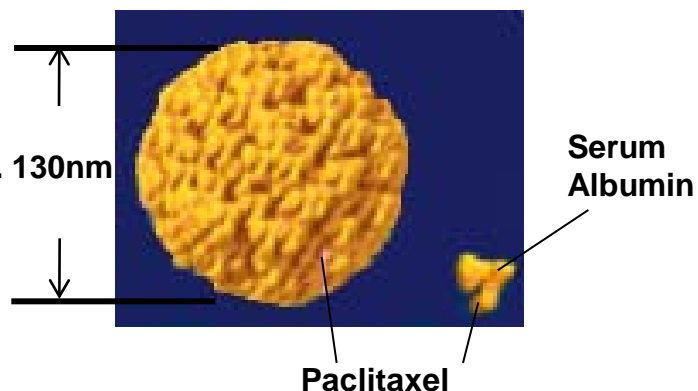
Generic Name · Indication

- Nanoparticle Albumin-bound Paclitaxel
- Breast Cancer

Mechanism of Action · Features

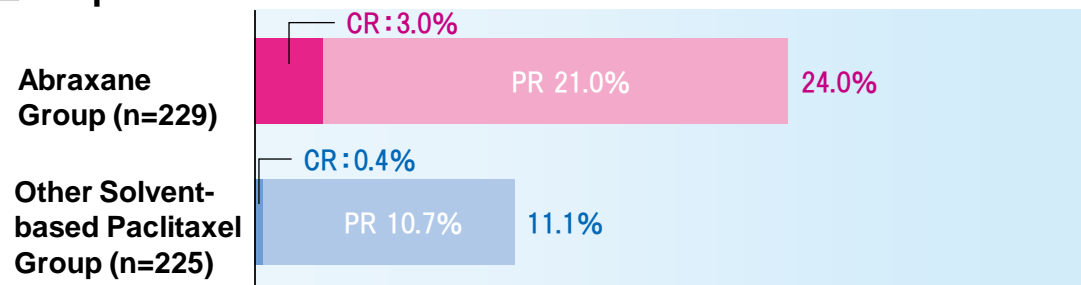
- Polyoxyethylated castor oil (Cremophor)-free nanoparticle albumin-bound paclitaxel formulation
- Infusion time is 30 minutes

Abraxane Particle



Example of Clinical Trial Results

■ Response Rate



Gradishar, W.J. et al.: *J Clin Oncol*, 23(31), 7794 (2005)

- Administration of Abraxane in patients with metastatic breast cancer showed high response rate, compared with other solvent-based paclitaxel.

Comments

- Date Approved : Jul. 23, 2010 (Japan)
- Date Launched : Sep. 24, 2010 (Japan)
- Cumulative Sales : Approx. 0.5B yen
(in Japan, as of Dec.31, 2010)
- NSCLC (P III), Gastric Cancer (P II) : Ongoing
- Approved in 41 countries worldwide (as of July, 2010)
- All-Case surveillance has been completed on Feb. 14, 2011.

E Keppra: Antiepileptic Agent

High response rate and low withdrawal rate have been highly evaluated both in and outside Japan.

Generic Name · Indication

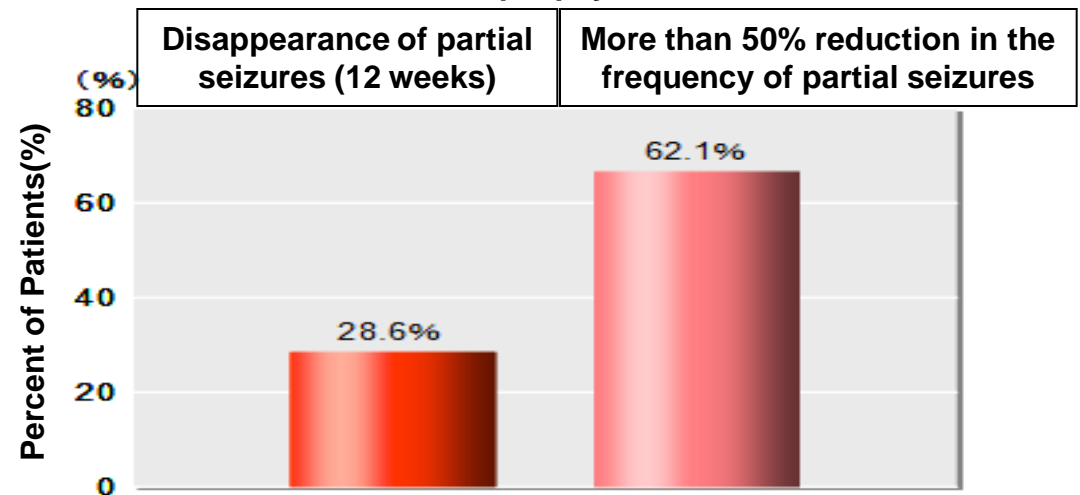
- Levetiracetam
- An add-on therapy in the treatment of partial seizures, with or without secondary generalization, in adult patients with epilepsy, who have not shown sufficient response to other antiepileptic drugs.

Mechanism of Action · Features

- Levetiracetam and related analogs showed a rank order of affinity for SV2A which correlated with the potency of their antiseizure activity
- No drug-drug interaction
- Possible to start from efficacious dose with no need for TDM
- Low dropout rate due to fewer side effects
- Excellent safety profile

Overseas Post-Marketing Surveillance

- The KEEPER Trial Results in Epilepsy Patients with Partial Seizures



Comments

- Date Approved : Jul. 23, 2010 (Japan)
- Date Launched : Sep. 17, 2010 (Japan)
- Approved in more than 95 countries worldwide
- Epilepsy (Partial Seizures in Children) (PIII), (Generalized Seizures) (PIII) : Ongoing in Japan

Samsca: Aquaretic Agent

World's First Aquaretic Agent for the Treatment of Volume Overload in Patients with Heart Failure

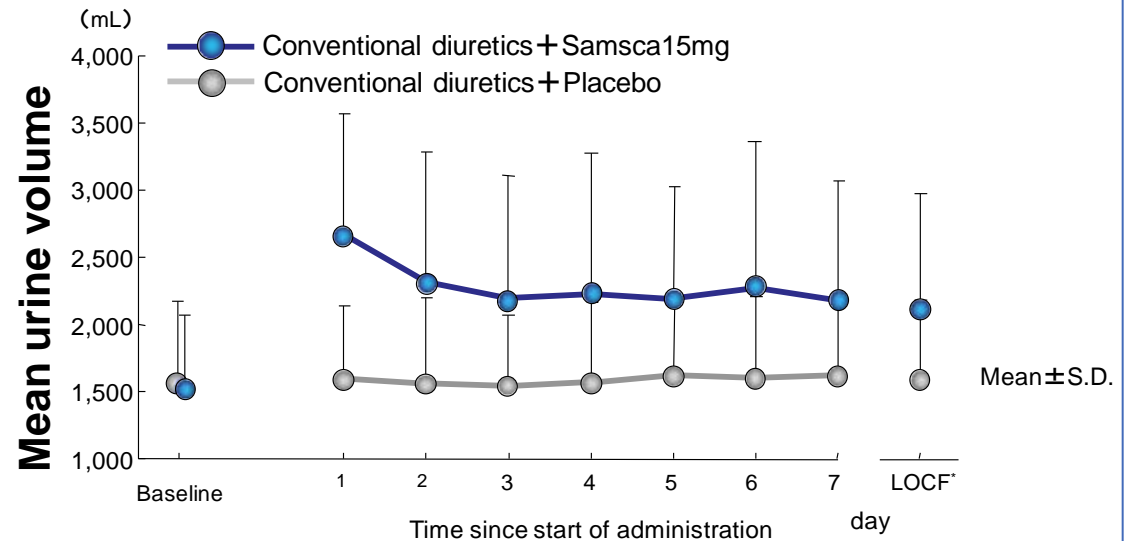
Generic Name · Indication

- Tolvaptan
- Volume overload in heart failure when adequate response is not obtained with other diuretics (e.g., loop diuretics)

Mechanism of Action · Features

- Nonpeptide vasopressin V_2 -receptor antagonist
- By inhibiting vasopressin's effects at the V_2 -receptor, Samsca increases the excretion of free water without an accompanying increase in electrolyte excretion
 - ✓ No significant decrease in serum electrolytes
 - ✓ No clinically significant impact on renal function

Example of Clinical Trial Results



Comments

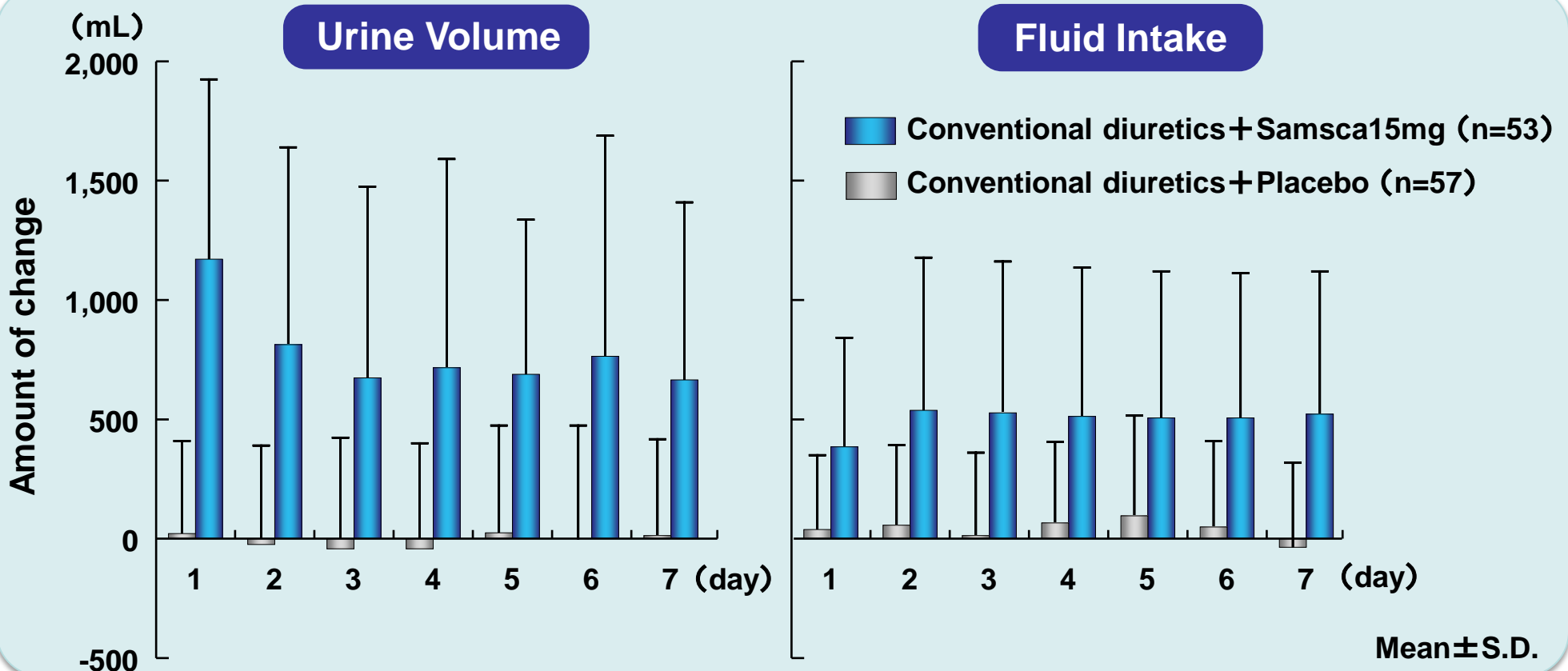
- Date Approved : Oct. 27, 2010 (Japan)
- Date Launched : Dec. 14, 2010
- Approved and Launched in 10 countries worldwide
- Total World Sales: 2.9B yen (FY2010 US·EU·JPN)

Change in daily urine volume and fluid intake in CHF patients (Japan: PIII)

Subjects: Congestive heart failure (CHF) Patients* with extracellular volume expansion despite the use of conventional diuretics.

*Patients between the ages of 20 and 85.

N=110 (Samsca Group n=53, Placebo group n=57)

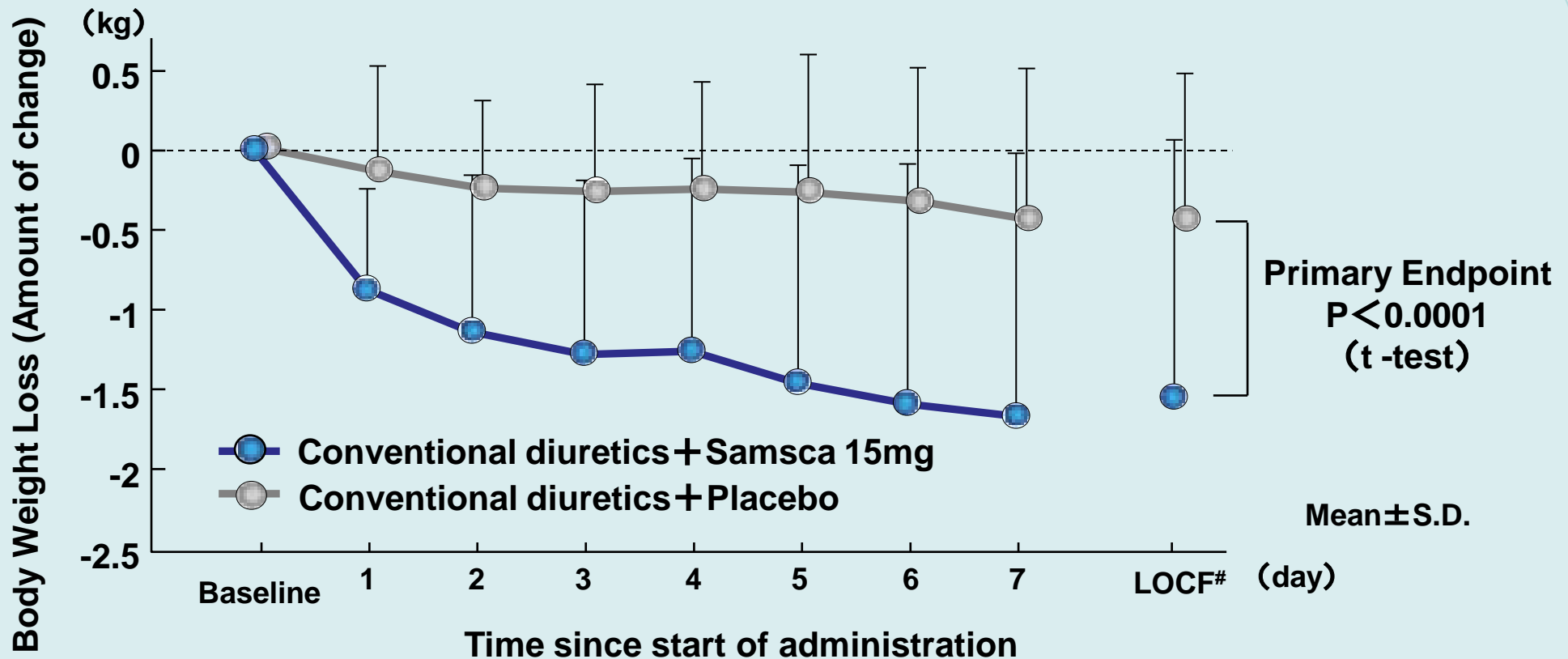


Masatake Fukunami (Osaka University):

Company Data, A Double-Blind, Placebo-Controlled Study, 2008

Body weight change in CHF patients (Japan: PIII)

Adding Samsca to conventional diuretics (at a daily dosage equivalent to 40 mg or more of furosemide, or more than two diuretic agents) showed clinically-significant body weight loss when compared with placebo group.



Masatake Fukunami (Osaka University):

Company Data, A Double-Blind, Placebo-Controlled Study, 2008