
Financial Results Presentation

Q4 FY2010

(Fiscal Year Ending March 31, 2011)

May 16, 2011

Atsumasa Makise

Senior Managing Director
Otsuka Holdings Co., Ltd.

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1. FY2010 Consolidated Financial Results (Full Year)



(100 million yen)

	FY2009 Actual	FY2010 Actual	Change	% Change	FY2010 Projection	% Achievement
Net Sales	10,843	10,902	59	0.5%	11,380	95.8%
Operating Income	985	1,175	190	19.3%	1,200	97.9%
Ordinary Income	1,091	1,265	175	16.0%	1,290	98.1%
Net Income	674	810	136	20.1%	797	101.6%

R&D Expenses	1,518	1,645	127	8.3%
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Effect of appreciation of the Yen: Net Sales -650, Operating Income -80, Net Income -90

2. FY2010 Q4 Consolidated Financial Results (Three months)



(100 million yen)

	FY2009	FY2010	Change	% Change
Net Sales	2,668	2,521	-147	-5.5%
Operating Income	75	204	129	170.9%
Ordinary Income	100	234	134	135.1%
Net Income	19	116	97	497.9%
R&D Expenses	471	425	-45	-9.6%

Effect of appreciation of the Yen: Net Sales -350, Operating Income -50, Net Income -30

3. FY2010 Highlights

Corporate

- ① IPO (Dec 2010, Tokyo Stock Exchange)
- ② Appreciation of the Yen
(2010/3/31: ¥93/\$ ⇒ 2011/3/31: ¥83/\$)
- ③ Great East Japan Earthquake

Pharmaceuticals

- ① New product launches
(SAMSCA, Aloxi, Abraxane, E Keppra)

Nutraceuticals

- ① Increased Pocari Sweat sales
- ② Reduction of selling expenses

Effects on the Consolidated Financial Statements (100 million yen)

Amount Raised: 1,623

Effect on net sales: approx. 650
operating income: approx. 80

Related loss: approx. 14
Monetary donation: 3.9

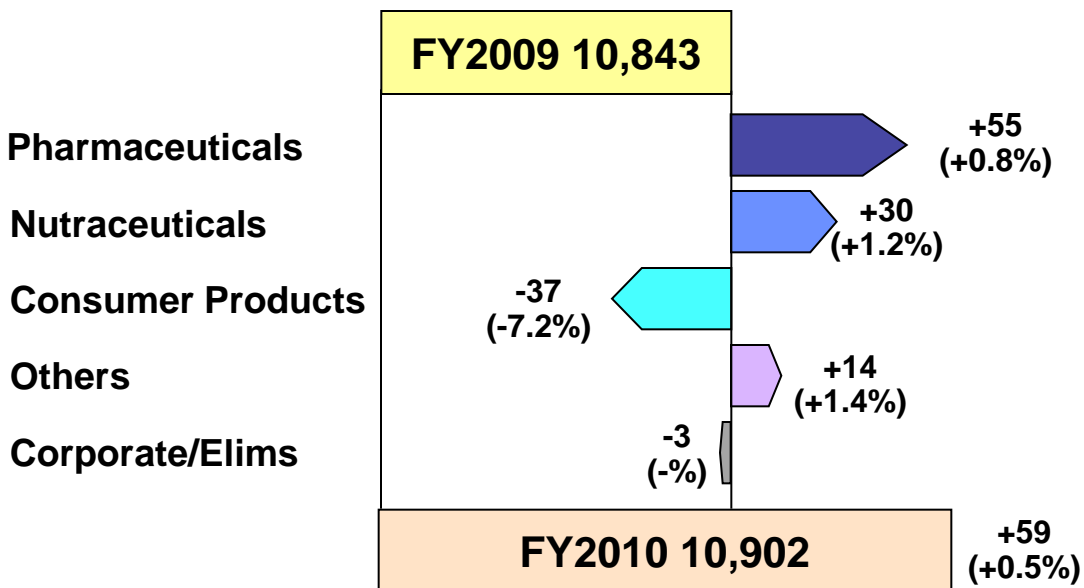
Total sales: approx. 91

<Change from prior year>
Operating income: +156
Operating margin: 0.9%⇒7.1%

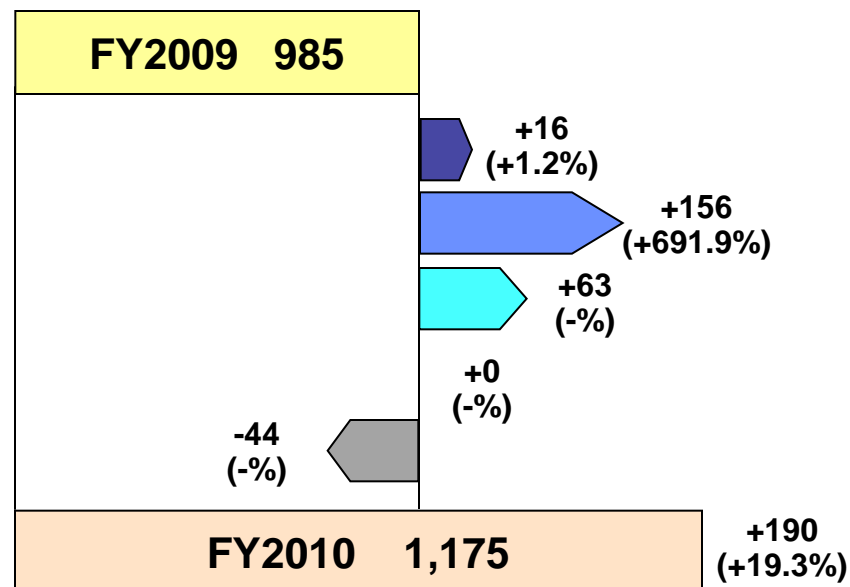
4. Business Segment Analysis

(100 million yen)

Net Sales



Segment (operating) income



*Parentheses represent % increase

Net Sales	FY2009	FY2010	Change
Pharma	7,159	7,214	55
NC	2,488	2,518	30
Consumer	511	474	(37)
Others	1,051	1,065	14
Corp/Elim	(366)	(369)	(3)
Consolidated	10,843	10,902	59

Op Income	FY2009	FY2010	Change
Pharma	1,329	1,344	16
NC	23	179	156
Consumer	(84)	(21)	63
Others	44	44	0
Corp/Elim	(327)	(371)	(44)
Consolidated	985	1,175	190

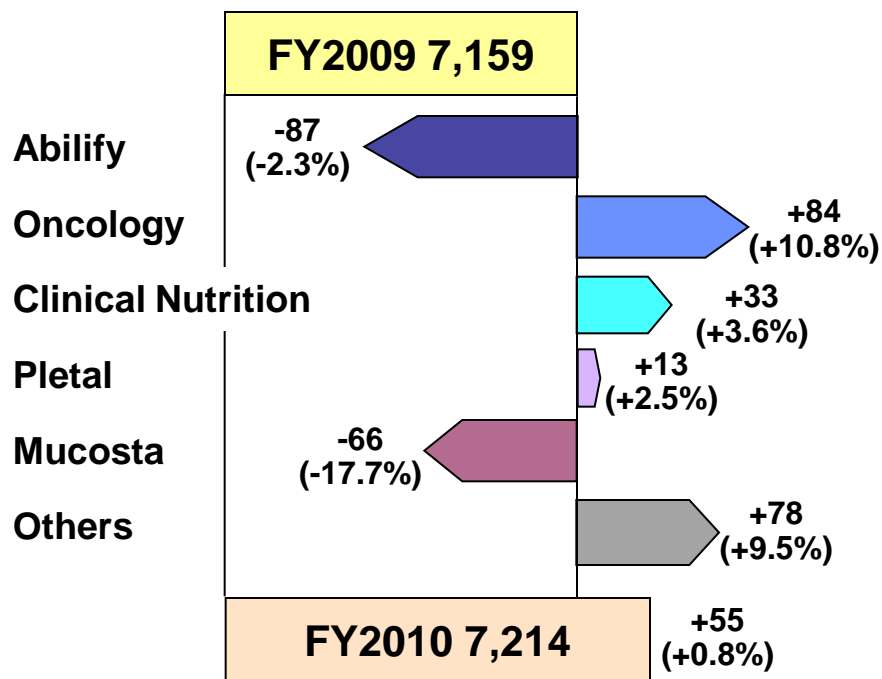
<Operating margin (%)>

	FY2009	FY2010
Pharma	18.6	18.6
NC	0.9	7.1
Consumer	-16.4	-4.4
Others	4.2	4.1
Corp/Elim	—	—
Consolidated	9.1	10.8

5. Pharmaceutical Segment Analysis

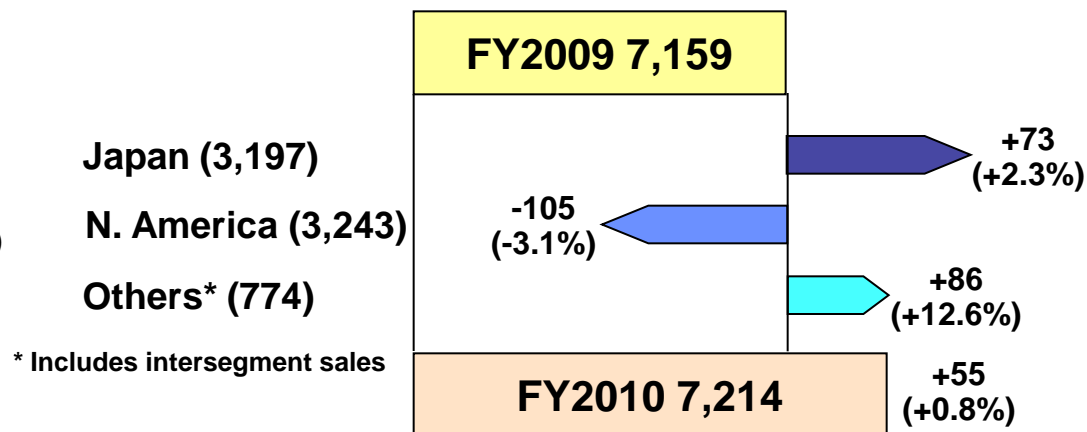
Net Sales

(100 million yen)

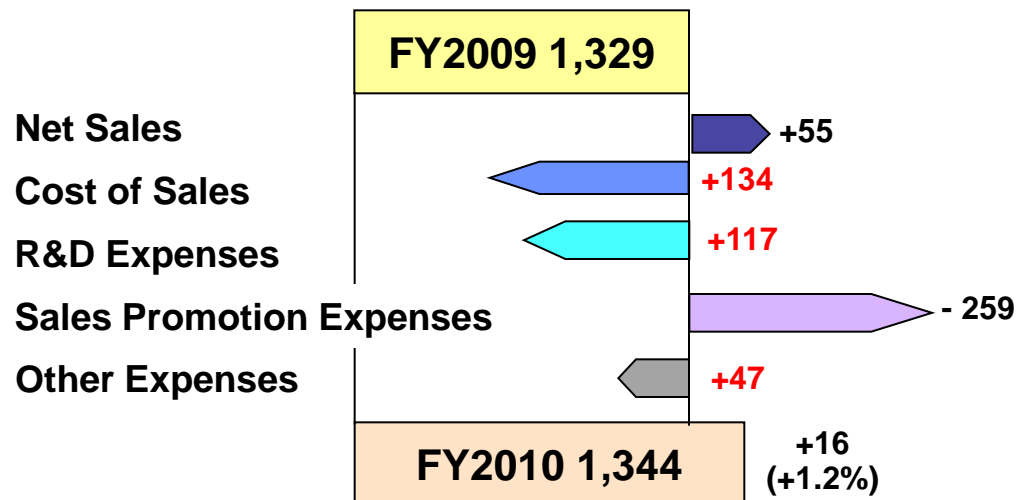


Products	FY2009	FY2010	Change	%Change
Abilify	3,745	3,658	(87)	-2.3%
Oncology	776	859	84	10.8%
Clinical Nutrition	929	962	33	3.6%
Pletal	515	528	13	2.5%
Mucosta	371	305	(66)	-17.7%
Others	823	901	78	9.5%
Pharma Total	7,159	7,214	55	0.8%

Net Sales by Market



Segment (operating) income



6. US Abilify Sales Evolution

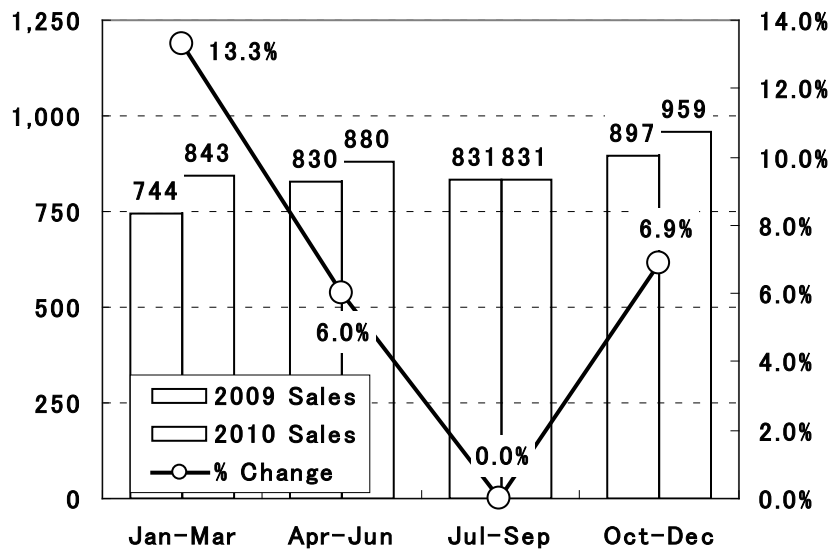
(100 million yen)

	FY2009	FY2010	% Change
Abilify Total	3,745	3,658	-2.3%
US (Million USD)	3,056 (\$3,303)	2,862 (\$3,512)	-6.4% (6.3%)
Japan	188	230	22.9%
Others	502	566	12.8%

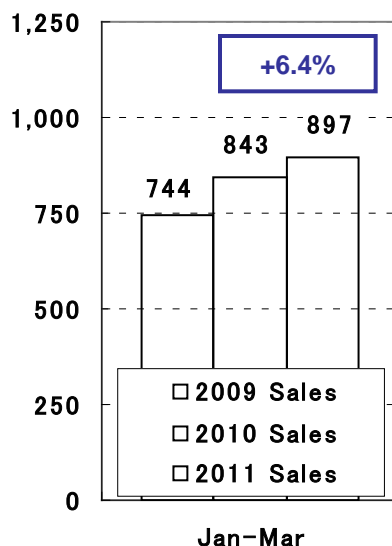
- **Atypical antipsychotic market in prescriptions (versus previous year)**
 - FY2010 (Jan-Dec): +2.1%
 - FY2011 (Jan-Mar): +3.4%
- **Abilify in prescriptions (versus previous year)**
 - FY2010 (Jan-Dec): +4.7%
 - FY2011 (Jan-Mar): +5.1%

US Abilify Sales

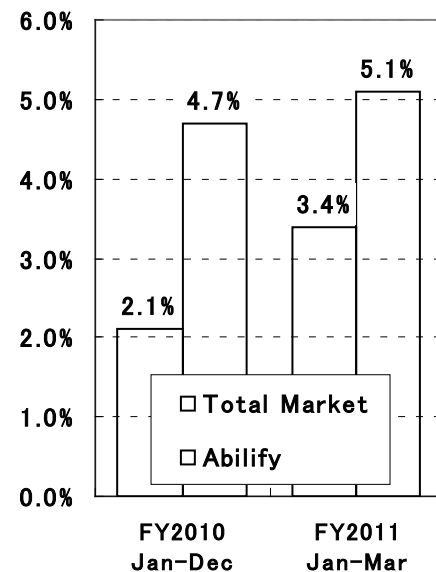
① FY2010 Actual



② FY2011 Jan.- Mar.



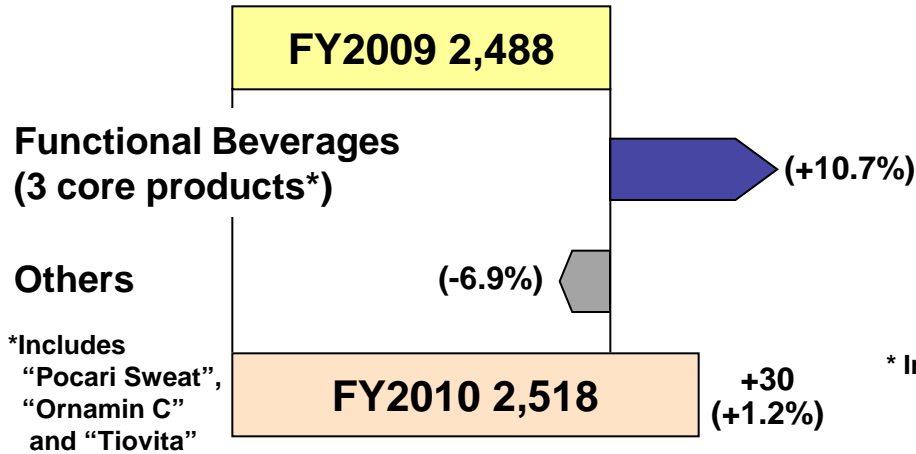
③ Atypical antipsychotic market in prescriptions



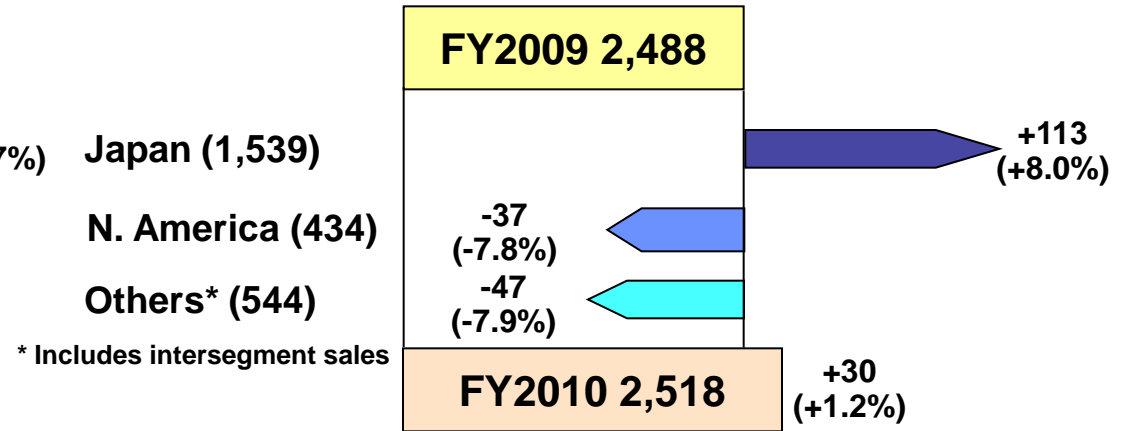
7. Nutraceutical Segment Analysis: Net Sales

(100 million yen)

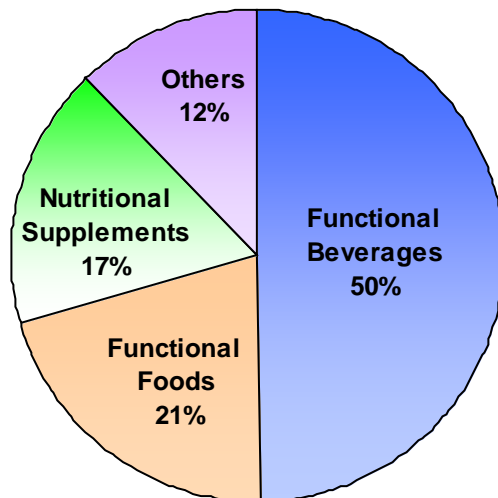
Net Sales



Net Sales by Market (JPY)



Sales by Category



Net Sales by Market

	FY2009	FY2010	Change	% Change
North America				
(100 Million Yen)	471	434	-37	-7.8%
(Million USD)	511	533	22	4.2%
Europe				
(100 Million Yen)	357	320	-37	-10.5%
(Million Euro)	270	296	26	9.5%

8. Nutraceutical Segment Analysis: Improved Profitability

(100 million yen)

Segment (operating) income

Operating income increased by 156 and operating margin improved from 0.9% to 7.1%

FY2009 23
(0.9%)

Net Sales +30

Cost of Sales - 11

Gross Margin +41

- Gross Margin increased by 41
 - ① 40% - Effect of sales increase
 - ② 60% - Effect of reduction in cost of sales (cost of sales % decreased by 1%)

Advertising - 55

Sales promotion - 13

Other expenses - 47

SG&A expense - 115

- Optimization of advertising and sales promotions and reduction of other expenses resulted in a decrease in SG&A expenses.

- Segment income increased by 156

FY2010 179 (7.1%)

+156 (+691.9%)

9. Net Income: Change from Previous Year

(100 million yen)

	<FY2010>	FY2009 674	<Change>
Operating Income	1,175		+190 (+19.3%)
<hr/>			
Non-operating	Equity in earnings	33	- 16 (- 32.8%)
	① Co-promotion extension	73	+55 (+300%)
	Foreign exchange loss	(57)	+51 (+862%)
	Others	41	- 3 (- 6.8%)
<hr/>			
Extra-ordinary	② Gain on change in equity interest	56	+56 (-%)
	③ Loss on transfer of business	(19)	+19 (-%)
	④ Disaster related loss	(18)	+18 (-%)
	Others	(71)	- (-%)
<hr/>			
Income taxes	Income taxes	387	+52 (+15.6%)
	Minority interest	16	+6 (+54.7%)
		FY2010 810	+136 (+20.1%)

① Co-promotion extension
Current period portion of payment received for the extension of the US portion of the Abilify co-promotion agreement

② Gain on change in equity interest
Increase in equity interest as a result of the IPO of the equity method affiliate, Microport Scientific

③ Loss on transfer of business
Loss related to the transfer of the AgriTechno business

④ Disaster related loss
Disaster related loss: 14
Monetary donation: 3.9

10. Comprehensive Income

(100 million yen)

	<FY2009>	<FY2010>
Net income	674	810
Minority interests in net income	10	16
Income before minority interests	685	826
Other Comprehensive income	①Unrealized gain (loss) on available for sale securities	52 - 39
	②Foreign currency translation adjustments	37 - 107
	③Share of other comprehensive income of Equity method affiliates	15 - 81
	<Total other comprehensive income>	104 - 227
Comprehensive income	788	599

<Equity securities with fair value (as of March 31, 2011)>

- acquisition cost: 376
- fair value: 405
- unrealized gain: 28

<Net investment in major foreign subsidiaries (as of Dec 31, 2010)>

- 【Consolidated subsidiaries】**
- USD based: 734 million USD
 - Euro based: 50 million EUR
- 【Equity method affiliates】**
- Euro based: 238 million EUR

Exchange Rate

	2009/12/31	2010/12/31	Change
USD	92.10	81.49	- 10.61
EUR	132.00	107.90	- 24.10

11. FY2011 Projection

(100 million yen)

	FY2010 Actual	FY2011 Projection	Year-On-Year	
			Change	%Change
Net Sales	10,902	11,700	798	7.3%
Operating Income	1,175	1,200	25	2.1%
Ordinary Income	1,265	1,270	5	0.4%
Net Income	810	820	10	1.2%
R&D Expenses	1,645	1,890	245	14.9%
Earnings Per Share (Yen)	161.78	146.99	-14.79	-9.1%
Dividends Per Share (Yen)	28.00	45.00	17.00	60.7%
Budget exchange rate (USD)	85 JPY/\$			
Budget exchange rate (EUR)	115 JPY/\$			

【Reference: Estimated effect of change in exchange rate(full year)】

	USD	EUR
Net Sales	45	7
Operating Income	7	1

Disaster related loss: 1.84 billion yen

Support activities (as of April 30)

1. Monetary donation: 390 million yen

- 10,000 yen per employee (39,000 employees globally in 23 countries, including unconsolidated companies)

2. Donation of supplies: approx 1.75M meals (retail value: 275M yen)

- ① Beverages: Pocari Sweat, OS-1, Oronamin C, Tiovisa, Crystal Geysler Water
- ② Food: Calorie Mate, SOYJOY, Nature Made, Bon Curry, medical foods
- ③ Pharmaceuticals: IV solutions, liquid foods, antiseptics, medicines

Extent of Damages

a. EN Otsuka Pharmaceutical (enteral nutrition products)

- Temporary stoppage in Hanamaki Factory (Iwate Prefecture)

- Operation resumed on March 22

b. Otsuka Warehouse (Logistics)

- Sendai warehouse: load collapses
- Urayasu warehouse: load collapses and temporary delay in shipment due to liquefaction
- Operations resumed on March 28



Pharmaceutical Development Update

May 16, 2011

Katsuya Yamasaki, Ph.D.

Managing Director (Board Member)

Otsuka Holdings Co., Ltd

1 Development Progress since 3Q/FY2010 Results Announcement

2 Milestones of Main Development Projects in FY2011

➤ **Planned NDA Submissions**

➤ **Key P III Projects expected to be started in FY2011**

➤ **Previous and Scheduled Presentations of Clinical Trial Results
in FY2011**

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



Many development projects are ongoing in our focus areas, CNS and oncology.

Areas	No. of Compounds	P II	P III	NDA Filing	Total
CNS	4	3	8	1	12
Oncology	12	10	6	0(1)	16(17)
Cardiovascular	1	0	2	1	3
Others	10	5	4	1(2)	10(11)
Diagnostics	2(3)	0	0	2(3)	2(3)
Total	29(30)	18	20	5(8)	43(46)

Note)

- Each development project is counted on the basis of the number of compounds and indications. There are five PI projects in oncology.
- Figures in parentheses show the number of projects as of Jan. 31, 2011.

Development Progress since 3Q/FY2010 Results Announcement



- Three additional products have been approved.

Month /Date	Product	Area	Details
2 / 16	WT1 mRNA Assay Kit 'Otsuka'	Japan	In-vitro Diagnostic Kit Additional Approval for Myelodysplastic Syndrome(MDS)
3 / 10	L-Cartin®	Japan	L-Cartin® tablets (Nonproprietary Name: Levocarnitine Chloride) Additional Approval for Carnitine Deficiency
3 / 14	TS-1®	Europe	Teysuno™ Receives European Marketing Approval as First-line Therapy for Advanced Gastric Cancer

ABILIFY® (aripiprazole) was approved as an adjunct therapy to lithium or valproate for the maintenance treatment of Bipolar I Disorder on Feb. 16 in the U.S.

- Taiho signed a licensing agreement with Helsinn Healthcare S.A. (HQ: Lugano, Switzerland)

Month/Date	In-licensed Product	Area	Partner Company	Details
4 / 12	New Antiemetic Combination Agent	Japan	Helsinn Healthcare S.A. (Swiss)	Sales and Development Rights for a Fixed-dose Combination Product Containing Netupitant, a Neurokinin-1(NK-1) Receptor Antagonist, and Palonosetron, a Serotonin-3(5HT-3) Receptor Antagonist

Development Progress since 3Q/FY2010 Results Announcement



WT1 mRNA Assay Kit 'Otsuka'

Overview

- Measurement of treatment effects and the early detection of relapses by measuring Wilms' tumor gene 1 (WT1) mRNA expression levels in RNAs, which are extracted from peripheral blood leukocytes
- Already approved as MRD monitoring marker for Acute Myeloid Leukemia
- Additional approval for Myelodysplastic Syndrome
 - ✓ Quantitative RT-PCR assay
 - ✓ Much reduced physical burden for patients when taking sample

L-Cartin® tablets

Overview

- Previously received approval for “improvement of Carnitine Deficiency in patients with Propionic Acidemia and Methylmalonic Acidemia” in 1990
- Applied for approval in Japan for general improvement of Carnitine Deficiency in November 2010
- Received approval for general improvement of Carnitine Deficiency in Mar. 10, 2011
- Planning to develop new formulations such as oral solutions and injections

Development Progress since 3Q/FY2010 Results Announcement



TS-1 ®

Overview

- Oral anti-cancer agent, TS-1 received European Marketing Approval by the European Commission (EC) as first-line therapy in combination with Cisplatin for Advanced Gastric Cancer
- Brand name (in Europe): Teysuno™
- Application for the approval was based in part on the results of the First-Line Advanced Gastric Cancer Study (FLAGS), the largest international Phase III trial ever conducted in patients with advanced gastric cancer

ABILIFY ®

Overview

- Approval of the 14th additional indication in the U.S.
- The recent additional approval is the use of Abilify as adjunct therapy to lithium or valproate for the maintenance treatment of Bipolar I Disorder
- Approved in May 2008, as adjunct therapy to lithium or valproate for the acute treatment of manic or mixed episodes associated with Bipolar I Disorder

1 Development Progress since 3Q/FY2010 Results Announcement

2 Milestones of Main Development Projects in FY2011

➤ **Planned NDA Submissions**

➤ **Key P III Projects expected to be started in FY2011**

➤ **Previous and Scheduled Presentations of Clinical Trial Results
in FY2011**

Number of Development Projects Expected to Move to Next Stage in FY2011

- The following 20 Projects are expected to shift to the next stage.
- 10 Projects are scheduled to proceed to application stage.

Areas	No. of Compounds	⇒P II	⇒P III	⇒NDA Filing	Total
CNS	3	0	3	4	7
Oncology	4	3	0	2	5
Cardiovascular	1	1	0	0	1
Others	7	2	1	4	7
Diagnostics	0	0	0	0	0
Total	15	6	4	10	20

Note) Each development project is counted on the basis of the number of compounds and indications.

NDA Submissions Scheduled in FY2011

**NDA application for Aripiprazole IM Depot in FY2011.
10 projects are scheduled to proceed to application stage.**

No.	Areas	Generic Name / Development Code	Country/ Area	Indication
1	CNS	Aripiprazole Intramuscular(IM) Depot Injection	US	Schizophrenia
2		Aripiprazole	Korea	Tic Disorder
3		Rotigotine	Japan	Parkinson's Disease
4			Japan	Restless Legs Syndrome
5	Oncology	Nanoparticle Albumin-bound Paclitaxel (injectable suspension)	Japan	Gastric Cancer
6			Japan	NSCLC
7	Others	Saxagliptin	Japan	Type II Diabetes Mellitus
8		Certolizumab Pegol	Japan	Rheumatoid Arthritis
9		YP-18	Japan	Intra-abdominal Abscess
10		P0201	Japan	Nutritional Support

Key P III Projects expected to be started in FY2011

Four development projects, mainly in CNS, are scheduled to proceed to Phase III in FY2011.

No.	Areas	Generic Name / Development Code	Country/ Area	Indication
1	CNS	OPC-34712	US	Major Depressive Disorder
2		OPC-34712	US	Schizophrenia
3		Aripiprazole (Novel Oral Formulation)	US	Tourette's Disorder
4	Others	THN-01	Japan	Prevention of Tissue Adhesion

Previous and Scheduled Presentations of Clinical Trial Results in FY2011

The followings are previous and scheduled clinical trial results on major development projects.

	Aripiprazole IM Depot Injection	OPC-34712
Indication	Schizophrenia	Major Depressive Disorder
Phase	P I PK Study	P II
Location of Study	US	US
Conference	APA, Honolulu, US May. 14-18, 2011	APA, Honolulu, US May. 14-18, 2011
	Rotigotine	Rebamipide (Eye Drops)
Indication	Parkinson's Disease	Dry Eye Syndrome
Phase	P III	P III
Location of Study	Japan	Japan
Conference	MDS, Toronto, Canada Jun. 5-9, 2011	ARVO, Fort Lauderdale, US May. 1-5, 2011