

February 14, 2011

**For Immediate Release**

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**Otsuka Holdings Announces Establishment of a Subsidiary and Company Splits (Short-Form Absorption-Type Splits) to Reorganize Its Medical Devices Business**

Tokyo, Japan, February 14, 2011 — Otsuka Holdings Co., Ltd. (“Otsuka Holdings”) and its wholly owned direct subsidiary, Otsuka Pharmaceutical Co., Ltd. (“Otsuka Pharmaceutical”), have for some time considered reorganizing the Otsuka Group’s medical devices business. At a board of directors’ meeting held on February 14, 2011, Otsuka Holdings decided to undertake a company split, specifically a short-form absorption-type split (hereafter “the first split”), of the company’s management function as it relates to the shares and other items of affiliates engaged in the medical devices business. This function will then be transferred to a wholly owned subsidiary named Otsuka Medical Devices Co., Ltd. (“Otsuka Medical Devices”), which the company plans to establish on February 15, 2011. The transfer will take place effective as of April 1, 2011.

In addition, at a board of directors’ meeting held on February 14, 2011, Otsuka Pharmaceutical decided to undertake a company split, specifically a short-form absorption-type split (hereafter the “second split”), of a portion of its management function as it relates to the shares and other items of affiliates engaged in the medical devices business. This function will also be transferred to Otsuka Medical Devices effective as of April 1, 2011.

Because the first split entails the transfer of certain businesses to an Otsuka Holdings’ wholly owned direct subsidiary, certain disclosure items and details have been omitted.

**I. Objective of the establishment of a subsidiary as well as the first and second splits**

Plans are in place to newly establish Otsuka Medical Devices, an Otsuka Holdings’ wholly owned direct subsidiary, to assume overall control of the Otsuka Group’s medical devices business. In integrating the management functions as they relate to the shares and other items of the affiliates engaged in the medical devices business of Otsuka Holdings and Otsuka Pharmaceutical under the umbrella of Otsuka Medical Devices, the company envisages developing the medical devices business as one of the Group’s core operations.

**II. Establishment of subsidiary and implementation of the first split**

## 1. Overview

## (1) Schedule

February 14, 2011	Approval of the establishment of a subsidiary and absorption-type split agreement by the board of directors (Otsuka Holdings)
February 15, 2011	Scheduled establishment of Otsuka Medical Devices.
February 15, 2011	Approval of the absorption-type split agreement by the board of directors (Otsuka Holdings)

Medical Devices)  
February 15, 2011 Execution of the absorption-type split agreement  
February 15, 2011 Approval of the split at a shareholders meeting (Otsuka Medical Devices)  
February 25, 2011 Public notification of the absorption-type split (Otsuka Holdings and Otsuka Medical Devices)  
April 1, 2011 Scheduled date of absorption-type split (effective date)  
Note: The first split will be conducted as a short-form split as stipulated under Article 784, Paragraph 3 of Japan's Companies Act. Therefore, the split does not require any approval at a shareholders meeting of Otsuka Holdings.

(2) Profile of the subsidiary to be established

- i. Name of company: Otsuka Medical Devices Co., Ltd.
- ii. Head office: 2-9 Kanda-Tsukasamachi, Chiyoda-ku, Tokyo
- iii. Legal Representative: Hiroshi Shirafuji, Representative Director
- iv. Business description: Control, management and related activities with respect to each subject company's activities on the basis of its equity stake in those companies engaged in medical devices and related business activities
- v. Capital: ¥5,000,000

(3) Split method

A short-form, absorption-type split involving Otsuka Holdings as the split company and Otsuka Medical Devices as the successor company

(4) Split allocation details

With respect to the first split, Otsuka Holdings shall accept all newly issued and allocated common shares of Otsuka Medical Devices.

The number of common shares issued: 30,000 shares

(5) Handling of share options and bonds with attached share options pertaining to the proposed reorganization

There is no change in the handling of share options issued by Otsuka Holdings as a result of the first split. No bonds with attached share options have been issued by Otsuka Holdings.

(6) Decrease in capital as a result of the split

There is no decrease in capital as a result of the split.

(7) Rights and obligations that transfer to the successor

Otsuka Medical Devices shall succeed to all of the assets, liabilities, other rights and obligations (excluding the employment contracts and all rights and obligations under or relating to such contracts) pertaining to the management of shares and other items of affiliates engaged in the medical devices business provided by the first split.

In addition, the above obligations shall be assumed by Otsuka Medical Devices in a manner whereby Otsuka Holdings shall be released from such obligations.

(8) Anticipated fulfillment of obligations

It is anticipated that both Otsuka Holdings and Otsuka Medical Devices will fulfill their obligations after the effective date of the first split.

2. Overview of the companies involved in the first split

	Split Company (As of December 31, 2010)	Successor Company (February 15, 2011—planned date of establishment)
(1) Name of company	Otsuka Holdings Co., Ltd.	Otsuka Medical Devices Co., Ltd.
(2) Head office	2-9, Kanda-Tsukasamachi, Chiyoda-ku, Tokyo, Japan	2-9, Kanda-Tsukasamachi, Chiyoda-ku, Tokyo, Japan
(3) Legal Representative	Tatsuo Higuchi, President and Representative Director	Hiroshi Shirafuji, Representative Director
(4) Business description	Control, management and related activities with respect to the company's subsidiaries and affiliates active in the pharmaceutical industry, nutraceutical industry, consumer products and other areas.	Control, management and related activities with respect to each subject company's activities on the basis of its equity stake in those companies engaged in medical devices and related business activities
(5) Capital	¥81,690,784,960	¥5,000,000
(6) Established	July 8, 2008	February 15, 2011 (plan)
(7) Number of shares issued	557,835,617 shares	200 shares
(8) Accounting period	March 31	March 31
(9) Principal shareholders and shareholding ratios	The Nomura Trust and Banking Co., Ltd. Otsuka Founders Shareholding Trust Account	Otsuka Holdings Co., Ltd. 100%
	Otsuka Estate Limited	
	Otsuka Group Employee Shareholding Society	
	Nomura Holdings, Inc.	
	Otsuka Asset Co., Ltd.	
	The Awa Bank, Ltd.	
	UBS AG London A/C IPB Segregated Client Account	
	Japan Trustee Services Bank, Ltd. (Trust Account)	
	Goldman Sachs and Company Regular Account	
	The Master Trust Bank of Japan, Ltd. (Trust Account)	
(10) Financial position and operating results		
	As of December 31, 2010 (Consolidated)	—
Net assets	¥1,157,777 million	—
Total assets	¥1,569,197 million	—
Net assets per share	¥2,052.46	—
Net sales	¥838,117 million	—
Operating income	¥97,066 million	—
Ordinary income	¥103,118 million	—
Net income	¥69,410 million	—
Net income per share	¥144.04	—

Note: Plans are in place for Otsuka Medical Devices Co., Ltd. to be established on February 15, 2011. Therefore, there is no information applicable to the above (10).

3. Overview of the business division subject to the split
  - (1) Operating details of the business division subject to the split  
Management of the shares and other items of affiliates engaged in the medical devices business
  - (2) Operating results of the business division subject to the split  
There is no applicable information

(3) Assets and liabilities subject to the split as of December 31, 2010

Assets		Liabilities	
Item	Book value	Item	Book value
Fixed assets	¥686 million	—	—

4. Status of Otsuka Holdings and Otsuka Medical Devices after the first split

There is no change in the names, addresses, names and titles of legal representatives, description of business activities, capital and fiscal year-ends of Otsuka Holdings and Otsuka Medical Devices after the first split.

5. Outlook

As Otsuka Medical Devices is a wholly owned direct subsidiary of Otsuka Holdings, there is no impact on consolidated operating results.

### III. The second split

1. Profile of Otsuka Pharmaceutical Co., Ltd. (an Otsuka Holdings wholly owned direct subsidiary)

- (1) Name of company Otsuka Pharmaceutical Co., Ltd.
- (2) Head office 2-9 Kanda-Tsukasamachi, Chiyoda-ku Tokyo
- (3) Legal Representative Taro Iwamoto, President and Representative Director
- (4) Business description Manufacturing, distributing, exporting, and importing of pharmaceuticals, clinical testing equipment, medical equipment, food products, cosmetics, and other related products
- (5) Capital ¥20 billion

2. Overview of the second split

(1) Split schedule

- |                   |   |
|-------------------|---|
| February 14, 2011 | Approval of the absorption-type split agreement by the board of directors (Otsuka Pharmaceutical)                       |
| February 15, 2011 | Scheduled establishment of Otsuka Medical Devices Co., Ltd.   |
| February 15, 2011 | Approval of the absorption-type split agreement by the board of directors (Otsuka Medical Devices)                      |
| February 15, 2011 | Execution of the absorption-type split agreement  |
| February 25, 2011 | Public notification of the absorption-type split (Otsuka Pharmaceutical Co., Ltd. and Otsuka Medical Devices Co., Ltd.) |
| April 1, 2011     | Scheduled date of absorption-type split (effective date)  |

Note: With respect to Otsuka Pharmaceutical, the second split will be conducted as a short-form split as stipulated under Article 784, Paragraph 3 of Japan's Companies Act. With respect to Otsuka Medical Devices, the second split will be conducted as a short-form split as stipulated under Article 796, Paragraph 3 of Japan's Companies Act. Therefore, the split does not require any approval at a shareholders meeting of Otsuka Pharmaceutical or Otsuka Medical Devices.

(2) Split method

A short-form, absorption-type split involving Otsuka Pharmaceutical as the split company and Otsuka Medical Devices as the successor company

(3) Split allocation details

Given that the split shall occur between Otsuka Pharmaceutical and Otsuka Medical Devices, two

wholly owned direct subsidiaries of Otsuka Holdings, there will be no transfer of shares, monetary payments and other financial assets at the time of the second split.

- (4) Handling of share options and bonds with attached share options pertaining to the proposed reorganization

Otsuka Pharmaceutical has not issued any share options or bonds with attached share options.

- (5) Decrease in capital as a result of the second split

There is no decrease in capital as a result of the second split.

- (6) Rights and obligations that the successor company shall succeed to

Otsuka Medical Devices shall succeed to a portion of the assets, liabilities, other rights and obligations (excluding the employment contracts and all rights and obligations under or relating to such contracts) pertaining to the management of shares and other items of affiliates engaged in the medical device business provided by the second split.

In addition, the above obligations shall be assumed by Otsuka Medical Devices in a manner whereby Otsuka Pharmaceutical shall be released from such assumed obligations.

- (7) Anticipated fulfillment of obligations

It is anticipated that both Otsuka Pharmaceutical and Otsuka Medical Devices will fulfill their obligations after the effective date of the second split.

### 3. Overview of the companies involved in the second split

	Split Company (As of March 31, 2010)	Successor Company (February 15, 2011—planned date of establishment)
(1) Name of company	Otsuka Pharmaceutical Co., Ltd.	Otsuka Medical Devices Co., Ltd.
(2) Head office	2-9, Kanda-Tsukasamachi, Chiyoda-ku, Tokyo, Japan	2-9, Kanda-Tsukasamachi, Chiyoda-ku, Tokyo, Japan
(3) Legal Representative	Taro Iwamoto, President and Representative Director	Hiroshi Shirafuji, Representative Director
(4) Business description	Manufacturing, distributing, exporting, and importing of pharmaceuticals, clinical testing equipment, medical equipment, food products, cosmetics, and other related products	Control, management and all other related activities with respect to each subject company's activities on the basis of its equity stake in those companies engaged in medical devices and related business activities
(5) Capital	¥20 billion	¥5 million
(6) Established	August 10, 1964	February 15, 2011 (plan)
(7) Number of shares issued	14,906,589 shares	200 shares
(8) Accounting period	March 31	March 31
(9) Principal shareholders and shareholding ratios	Otsuka Holdings Co., 100% Ltd.	Otsuka Holdings Co., 100% Ltd.
(10) Financial position and operating results		
	As of March 31, 2010 (Consolidated)	—
Net assets	¥382,554 million	—
Total assets	¥782,891 million	—
Net assets per share	¥24,991.28	—
Net sales	¥886,817 million	—
Operating income	¥75,987 million	—
Ordinary income	¥81,372 million	—

Net income	¥57,007 million	—
Net income per share	¥3,823.10	—

Note: Plans are in place for Otsuka Medical Devices Co., Ltd. to be established on February 15, 2011. Therefore, there is no information applicable to the above (10).

4. Overview of the business division subject to the split

(1) Operating details of the business division subject to the split

Management of the shares and other items of affiliates engaged in the medical device business

(2) Operating results of the business division subject to the split

There is no applicable information

(3) Assets and liabilities subject to the split as of December 31, 2010

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	¥2,392 million		
Fixed assets	¥0 million	—	—

5. Status of Otsuka Pharmaceutical and Otsuka Medical Devices after the second split

There is no change in the names, addresses, names and titles of representatives, description of business activities, capital and fiscal year-ends of Otsuka Pharmaceutical and Otsuka Medical Devices after the second split.

6. Outlook

As Otsuka Pharmaceutical and Otsuka Medical Devices are wholly owned direct subsidiaries of Otsuka Holdings, there is no impact on consolidated operating results.