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For Immediate Release

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**Otsuka Pharmaceutical and Kyowa Hakko Kirin
 announce strategic alliance in the fields of diabetes and oncology**

Otsuka Pharmaceutical Co. Ltd., a subsidiary of Otsuka Holdings Co., Ltd., and Kyowa Hakko Kirin Co., Ltd. today announced an agreement to pursue a strategic alliance in the fields of diabetes and oncology.

The impact of the alliance on consolidated results of Otsuka Holdings is immaterial and there are no changes to the consolidated business forecast for fiscal 2012 announced by the Company on May 11, 2012.

Tokyo, June 29, 2012 – Otsuka Pharmaceutical Co. Ltd., (hereinafter “Otsuka”) and Kyowa Hakko Kirin Co., Ltd. (hereinafter “Kyowa Hakko Kirin”) today announced an agreement to pursue a strategic alliance in the fields of diabetes and oncology.

Details are as follows:

1. Kyowa Hakko Kirin will receive exclusive development and marketing rights in Japan to diabetic agent saxagliptin (generic name), which are currently held by Otsuka. In return, Otsuka will receive ¥3.0 billion from Kyowa Hakko Kirin as the initial payment and ¥8.2 billion at the time of its approval in Japan. Furthermore, Otsuka will receive running royalties after the launch of saxagliptin in proportion to its revenue.
2. Otsuka and Kyowa Hakko Kirin have agreed to pursue a strategic alliance with respect to Kyowa Hakko Kirin’s oncology portfolio in Japan and Asia. Otsuka and Kyowa Hakko Kirin have both identified oncology as a key therapeutic area in their pharmaceutical businesses and the establishment of this alliance will strengthen each other’s pharmaceutical business.

Comments from representatives of the two companies

Taro Iwamoto, President and Representative Director of Otsuka, commented, “We are delighted to have this opportunity to move forward with a strategic alliance between Kyowa Hakko Kirin and ourselves. It takes full advantage of our strengths and will contribute to both companies’ future development. The central nervous system, oncology and cardiovascular system are the focused areas for Otsuka’s pharmaceutical business. In oncology, we have products for the treatment of hematologic cancers. I expect this strategic alliance with Kyowa Hakko Kirin will reinforce our platform in the oncology field”.

Nobuo Hanai, President and CEO of Kyowa Hakko Kirin, commented, “We have three strategic therapeutic areas, oncology, nephrology and immunology/allergy. I am pleased that this strategic alliance with Otsuka will enable us to solidify our presence in two of these. Diabetes is a representative disease associated with chronic kidney disease pathogenesis and progression. Saxagliptin will expand our line-up of nephrology products and allow us to make a further contribution through medical treatment in this therapeutic area. Furthermore, as regards oncology also, I believe that this strategic alliance will rapidly produce results and allow us to bring much needed pharmaceutical products to a greater number of patients”.

Regarding the compound subject to the contract

Saxagliptin is a hypoglycemic (anti-diabetic) agent which inhibits dipeptidyl peptidase-4 (DPP-4), an enzyme responsible for degrading glucagon-like peptide-1 (GLP-1). GLP-1 is rapidly secreted after food intake and boosts insulin secretion by stimulating the pancreatic β cells. It is expected that increases in blood glucose levels can be suppressed by inhibiting DPP-4 and maintaining the blood concentration of GLP-1. Saxagliptin was originally synthesized by Bristol-Myers Squibb Company (US) and the exclusive development and marketing rights in Japan were licensed to Otsuka in December 2006. The clinical development program in Japan has been completed and a New Drug Application (NDA) for the treatment of Type 2 diabetes was filed with the Ministry of Health, Labour and Welfare in April 2012.