



NEWS RELEASE

July 25, 2008

Press Release

Otsuka Holdings Co., Ltd.
Otsuka Pharmaceutical Co., Ltd.

*This press release is an English translation of Otsuka Holding's press release issued on July 25, 2008 in Japanese. The original Japanese language press release is available on www.otsuka.com.

Notice of the Reorganization of Three Otsuka Group Companies (Otsuka Pharmaceutical Factory, Otsuka Warehouse, and Taiho Pharmaceutical) as Wholly Owned Direct Subsidiaries

Tokyo, Japan -- At a board of directors' meeting held on July 25, Otsuka Holdings, Co., Ltd. (Head office: Chiyoda-ku, Tokyo, Japan; President: Tatsuo Higuchi; hereafter Otsuka Holdings) decided to make three of its companies into wholly owned direct subsidiaries through a corporate revision and exchange of shares. The three companies concerned are Otsuka Pharmaceutical Factory, Inc. (hereafter Otsuka Pharmaceutical Factory), Otsuka Warehouse Co., Ltd. (hereafter Otsuka Warehouse), and Taiho Pharmaceutical Co., Ltd. (hereafter Taiho Pharmaceutical). The share exchange is conditional on obtaining the approval of the general meeting of shareholders.

As a result of the reorganization, Otsuka Holdings' wholly owned direct subsidiary Otsuka Pharmaceutical Co., Ltd. (hereafter Otsuka Pharmaceutical), will be joined by Otsuka Pharmaceutical Factory, Otsuka Warehouse, and Taiho Pharmaceutical and all four companies will operate as direct subsidiaries of Otsuka Holdings.

1. Aim of the redivision and exchange of shares

Otsuka Holdings was established on July 8, 2008 with the aim of establishing a corporate governance system under which it will set strategy for the group's businesses, allocate business resources, and play an overseeing and supervisory role.

This reorganization of three group companies into wholly owned direct subsidiaries is aimed at strengthening group management with Otsuka Holdings at the center.

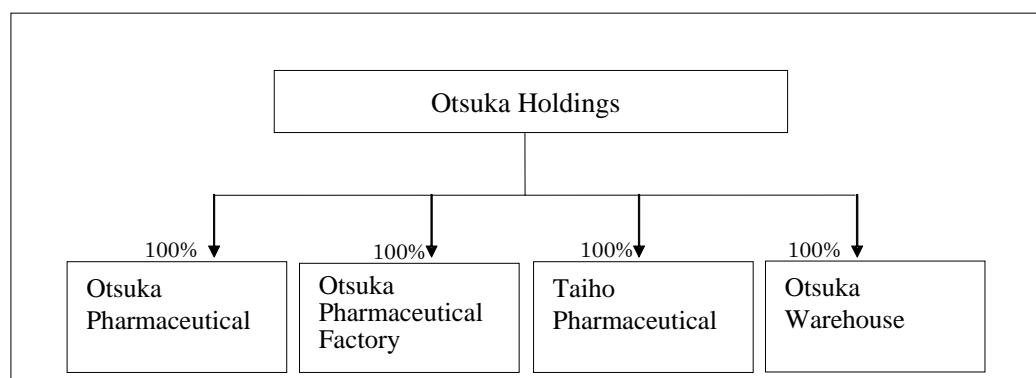
(1) As a result of redivision (a "Kyushu-bunkatsu"), Otsuka Holdings will assume certain rights held by Otsuka Pharmaceutical in relation to share management. Accordingly, Otsuka Pharmaceutical Factory will become a direct subsidiary with Otsuka Holdings owning 60% of its shares, and Otsuka Warehouse will become a wholly owned subsidiary of Otsuka Holdings.

(2) Otsuka Holdings will exchange shares to become the sole parent company of Otsuka Pharmaceutical Factory and the latter will be its wholly owned subsidiary.

(3) As a result of redivision (a “*Kyushu-bunkatsu*”), Otsuka Holdings will assume certain rights in relation to the management of shares in Otsuka Pharmaceutical Factory and Otsuka Warehouse. As a result, Taiho Pharmaceutical will become a direct subsidiary of Otsuka Holdings with Otsuka Holdings owning 52.7% of its shares.

(4) Otsuka Holdings will exchange shares to become the sole parent company of Taiho Pharmaceutical and the latter will be its wholly owned subsidiary.

Structure of Group Capital After Reorganization (as expected at January 1, 2009)



2. Schedule for corporate reorganization and share exchanges (as expected following July 26)

The schedule for the above corporate reorganization and share exchange is as follows.

- July 25, 2008 : Board of directors meets to decide corporate reorganization and share exchanges (Otsuka Holdings)
- August 20, 2008 : Extraordinary general meeting of shareholders to approve share exchanges (Otsuka Holdings)
- October 1, 2008 : Corporate reorganization between Otsuka Holdings and Otsuka Pharmaceutical comes into effect (shareholding ratios: Otsuka Pharmaceutical Factory 60%, Otsuka Warehouse 100%)
- October 31, 2008 : Share exchange between Otsuka Holdings and Otsuka Pharmaceutical Factory comes into effect (shareholding ratio: Otsuka Pharmaceutical Factory 100%)
- November 1, 2008 : Corporate reorganization between Otsuka Holdings, Otsuka Pharmaceutical Factory, and Otsuka Warehouse comes into effect (shareholding ratio: Taiho Pharmaceutical 52.7%)
- January 1, 2009 : Share exchange between Otsuka Holdings and Taiho Pharmaceutical comes into effect (shareholding ratio: Taiho Pharmaceutical 100%)

Profile of Companies Involved in Reorganization and Share Exchanges

(As at July 8, 2008)

Name of company:	Otsuka Holdings Co., Ltd. (sole parent following reorganization and share exchanges)
Business description:	The control and management of all the businesses and matters related thereto of subsidiary companies engaged in medical care-related business, consumer-related business, and other businesses.
Established:	July 8, 2008
Head office:	2-9, Kanda-Tsukasamachi, Chiyoda-ku, Tokyo, Japan
Representative:	Tatsuo Higuchi, President
Capital:	¥6,791 million
Number of shares issued:	14,906,589 shares
Net assets	¥400,359 million (non-consolidated)
Total assets:	¥400,359 million (non-consolidated)
Accounting period:	March 31
Principal shareholders and shareholding ratios	Otsuka Chemical Holdings Co., Ltd. (13.9%) Otsuka Pharmaceutical Staff Shareholding Society (6.5%) Nomura Trust and Banking Co., Ltd. Otsuka Group Employee Shareholding Society Trust Account (5.8%) Nomura Holdings, Inc. (3.6%) The Awa Bank, Limited (1.7%)

(As at March 31, 2008)

Name of company:	Otsuka Pharmaceutical Co., Ltd. (Kyushu-bunkatsu)
Business description:	Manufacture, promotion, sale, and export-import of pharmaceuticals, clinical testing services, medical equipment, foodstuffs, and cosmetics
Established:	August 10, 1964
Head office:	2-9, Kanda-Tsukasamachi, Chiyoda-ku, Tokyo, Japan
Representative:	Taro Iwamoto, President (as at July 8, 2008)
Capital:	¥20,000 million (as at July 8, 2008)
Number of shares issued:	14,906,589 shares (as at July 8, 2008)
Net assets	¥374,965 million (non-consolidated)
Total assets:	¥516,379 million (non-consolidated)

Accounting period:	March 31
Principal shareholders and shareholding ratios	Otsuka Chemical Holdings Co., Ltd. (15.2%) Otsuka Pharmaceutical Staff Shareholding Society (4.1%) Nomura Holdings, Inc. (3.9%) The Awa Bank, Limited (1.8%) Resona Bank, Ltd. (1.7%)

Note: Otsuka Holdings Co., Ltd. became the sole parent company of Otsuka Pharmaceutical Co., Ltd. as a result of a transfer of shares made on July 8, 2008.

(As at March 31, 2008)

Name of company:	Otsuka Pharmaceutical Factory, Inc. (wholly owned subsidiary as a result of Kyushu-bunkatsu and share exchange)
Business description:	Manufacture, promotion, sale, and import-export of pharmaceuticals, topical medications, cosmetics, medical equipment, veterinary pharmaceuticals, and manufacture, sale, and import-export, etc., of medical devices, equipment and systems, alcoholic beverages, and foodstuffs
Established:	October 7, 1969
Head office:	115 Kuguhara, Tateiwa, Muya-cho, Naruto, Tokushima, Japan
Representative:	Ichiro Otsuka, President
Capital:	¥80 million
Number of shares issued:	160,000 shares
Net assets	¥136,255 million
Total assets:	¥166,770 million
Accounting period:	March 31
Principal shareholders and shareholding ratios	Otsuka Pharmaceutical Co., Ltd. (60.0%) Otsuka Asset Co., Ltd. (6.3%) Otsuka Estate Limited (4.9%) Ichiro Otsuka (2.9%) Otsuka Ohmi Ceramics Co., Ltd. (2.0%)

Note: The percentage of Otsuka Pharmaceutical Factory, Inc.'s voting rights held (including indirectly) by Otsuka Holdings Co., Ltd. as at July 25, 2008 is 60%.

(As at March 31, 2008)

Name of company:	Otsuka Warehouse Co., Ltd. (Kyushu-bunkatsu)
Business description:	Warehousing, trucking, truck handling; development, acquisition, ownership, and disposal and leasing, management, and utilization of real estate; loss insurance agency business, insurance agency business based on the Automobile Liability Insurance Law, business relating to life insurance solicitation, commissioned data collection and processing, systems development, provision and management, etc., of various types of data
Established:	November 22, 1961
Head office:	1-3-16, Ishida, Minato-ku, Osaka, Japan
Representative:	Ryuzaburo Samejima, President
Capital:	¥800 million
Number of shares issued:	1,600,000 shares
Net assets	¥37,227 million
Total assets:	¥42,800 million
Accounting period:	March 31
Principal shareholders and shareholding ratios	Otsuka Pharmaceutical Co., Ltd. (100%)

Note: The percentage of Otsuka Warehouse Co., Ltd.'s voting rights held (including indirectly) by Otsuka Holdings Co., Ltd. as at July 25, 2008 is 100%.

(As at December 31, 2007)

Name of company:	Taiho Pharmaceutical Co., Ltd. (wholly owned subsidiary as the result of a share exchange)
Business description:	Manufacture, sale, and import-export of pharmaceuticals, topical medication, medical equipment, chemical agents, cosmetics, foodstuffs, daily necessities, and alcoholic beverages; design and development of software relating to computers and communication, and provision and management, etc., of various types of data
Established:	June 1, 1963
Head office:	1-27, Kanda Nishiki-cho, Chiyoda-ku, Tokyo, Japan
Representative:	Toru Usami, President
Capital:	¥200 million
Number of shares issued:	400,000 shares

Net assets	¥295,958 million (non-consolidated)
Total assets:	¥332,627 million (non-consolidated)
Accounting period:	June 30
Principal shareholders and shareholding ratios	Otsuka Pharmaceutical Factory, Inc. (30.5%) Otsuka Warehouse Co., Ltd. (21.8%) Otsuka Estate Limited (4.5%) Koyo Co., Ltd. (2.5%) Naka Kita Co., Ltd. (2.1%)

Note: The percentage of Taiho Pharmaceutical Co., Ltd.'s voting rights held (including indirectly) by Otsuka Holdings Co., Ltd. as at July 25, 2008 is 52.7%.

Reference: Aim of establishing Otsuka Holdings

Otsuka Holdings was established as the group's holding company on July 8, 2008. While making the most of the characteristics of each business company, Otsuka Holdings aims to realize synergies and enhance the value of the entire group on an ongoing basis. Its aims are to:

(1) Strengthen the holding company as the core of group business

The holding company's aim is to establish a corporate governance system through the setting of strategy for the group's business, allocating business resources, and playing an overseeing and supervisory role.

(2) Maximize synergies by controlling business resources

Using the group's business resources, reinforce management capability and product solutions, promote overseas business development, and strengthen R&D capability.

(3) Seek business efficiencies

By promoting shared services, try to standardize and centralize head office functions in the group such as purchasing, distribution, and IT, and try to streamline business and reduce costs.

(4) Vitalize personnel and the organization

Based on the holding company, build a foundation for lively people-to-people exchange within the group and global personnel development.