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Tatsuo Higuchi
President and Representative Director
Otsuka Holdings Co., Ltd.
2-9 Kanda-Tsukasamachi, Chiyoda-ku, Tokyo
Securities Code: 4578

Notice for the Calling of the 3rd Annual Shareholders Meeting

June 8, 2011

Dear Shareholders,

We offer our sincere condolences to those affected by the Great East Japan Earthquake, and hope for the earliest recovery of the areas devastated by the earthquake.

You are cordially invited to attend the 3rd Annual Shareholders Meeting of Otsuka Holdings Co., Ltd. (the “Company”). The meeting will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by either of the following methods. Prior to voting, please examine the attached Reference Documents for Shareholders Meeting and exercise your voting rights so that your vote is received by 5:20 p.m. (the close of business hours) on Tuesday, June 28, 2011 (JST).

[To exercise your voting rights by post]

Please indicate on the enclosed “Voting Form” whether you approve or disapprove of each proposal and return the completed form by the designated time above.

[To exercise your voting rights via electromagnetic method (Internet, etc.)]

Please refer to the Guidance for Exercising Voting Rights via the Internet, etc. in page 44 and follow the instructions on the screen to input your approval or disapproval for each proposal.

Details

- 1. Date and Time:**
Wednesday, June 29, 2011, at 10:00 a.m.
- 2. Place:**
ANA InterContinental Tokyo, B1F, Prominence
1-12-33 Akasaka, Minato-ku, Tokyo

(Translation)

3. Purpose of the Meeting

Matters to be reported:

- a. Business Report and Consolidated Financial Statements, as well as the audit reports of the Independent Auditors and the Board of Corporate Auditors for Consolidated Financial Statements, for the 3rd Fiscal Year (from April 1, 2010 to March 31, 2011)
- b. Non-consolidated Financial Statements for the 3rd Fiscal Year (from April 1, 2010 to March 31, 2011)

Matters to be resolved:

Proposal 1: Election of Ten (10) Directors

Proposal 2: Election of One (1) Corporate Auditor

Notes:

- * You are kindly requested to present the enclosed "Voting Form" to the receptionist when you attend the meeting.
- * In accordance with the Articles of Incorporation, you may designate one other shareholder with voting rights as your proxy to exercise your voting rights. In such a case, your proxy will be required to submit documentation indicating his/her authority to act as your proxy.
- * If any changes have been made to items in the Reference Documents for Shareholders Meeting, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements, such changes will be posted on our website (<http://www.otsuka.com/>).

Attached documents**Business Report**

(For the fiscal year from April 1, 2010 to March 31, 2011)

1. Business Progress and Achievement of the Otsuka Group**(1) Overview of business during the fiscal year**

i) Business activity and results

In the fiscal year under review, the Japanese economy faced a heightened sense of uncertainty due to factors driven by the unstable economic situation including unstable employment and income, and risks of exchange rate fluctuation. In addition, the whole of the Japanese economy has been greatly impacted by the Great East Japan Earthquake.

In such a business environment, the Otsuka Group recorded consolidated net sales of ¥1,090,212 million (0.5% increase year on year) for the fiscal year ended March 31, 2011, with ordinary income of ¥126,518 million (16.0% increase year on year) and net income of ¥81,001 million (20.1% increase year on year).

Some of the factories, warehouses, and other facilities of the Otsuka Group's consolidated subsidiaries were damaged by the Great East Japan Earthquake, but this did not have a major impact on the Group's assets or business results during the fiscal year ended March 31, 2011.

Results by business segment are as follows:

	Pharmaceuticals	Nutraceuticals	Consumer Products	Other	Adjustments	Consolidated
Net sales	721,402	251,757	47,443	106,510	(36,901)	1,090,212

Pharmaceuticals

In the area of the central nervous system, the antipsychotic agent *ABILIFY*, which is marketed in 65 countries, continued to perform well in the U.S. due to strong promotional efforts, despite the effects of the sluggish market and healthcare reform. During the fiscal year under review, Otsuka expanded its North American business in the advanced medical economy of Canada with its establishment of Otsuka Canada Pharmaceutical Inc. and began co-promotion with Bristol-Myers Squibb Canada in October 2010. In Japan, the increase in sales of *ABILIFY Oral Solution 0.1%* and reinforcement of the sales promotion activities contributed to sales growth. Domestic sales of *E Keppra*, an antiepileptic drug co-developed and co-promoted through a license with UCB, began in September 2010.

In the area of anti-cancer and cancer-supportive care, sales of anti-cancer agent *TS-1* remained flat and anti-cancer agent *UFT* and *Uzel*, a reduced folic acid formulation decreased due to the NHI price revision and increased competition. However, domestic oncology sales as a total increased as a result of the launches of two new products: *Aloxi*, a 5-HT₃ receptor antagonist antiemetic agent which was launched in April 2010, and *Abraxane*, an antineoplastic agent which was launched in September 2010. Co-promotion of the anti-cancer agent *SPRYCEL* began in the U.S. in November 2010 and in Japan in January 2011, and Otsuka recorded sales according to the agreement with Bristol-Myers Squibb Company (BMS). *BUSULFEX*, which is sold in over 50 countries, is the only allogeneic hematopoietic stem cell pre-transplanting regimen approved by the FDA in the U.S. and is established as the standard drug as a conditioning agent used prior to bone marrow transplant in Europe.

In the area of the cardiovascular system, the world's first and only oral vasopressin V₂-receptor antagonist *SAMSCA* was launched in Japan in December 2010, following the U.S. and Europe providing a new treatment option. Sales of antiplatelet agent *Pletaal/Pletal* remained steady as a result of sales activities focusing on the positive outcomes from the large scale clinical trial, despite the NHI price revision and expiration of the exclusivity period for the indication of prevention of recurrent strokes in September 2010.

In other areas, sales of anti-gastritis and anti-gastric ulcer agent *Mucosta* (rebamipide) declined as a result of the NHI price revision and the introduction of generics in Japan. In the area of ophthalmology, an application for *Mucosta* ophthalmic suspension was submitted for regulatory

approval in Japan. In the U.S., Otsuka expanded its alliance partnership with Acucela Inc. by signing a co-development and co-promotion agreement expanding the collaboration to a third compound “OPA-6566,” which is currently under development for the treatment of glaucoma, in addition to rebamipide ophthalmic suspension and “ACU-4429,” currently under development for the treatment of Dry AMD (Age-related Macular Degeneration), strengthening the future new business structure in the U.S.

In the area of clinical nutrition, high-calorie TPN solutions *ELNEOPA*, formulated with glucose, electrolytes, amino acids, multi-vitamins, and trace elements, recorded steady growth.

As a result, net sales of the pharmaceutical segment for the fiscal year ended March 31, 2011 totaled ¥721,402 million (0.8% increase year on year), with operating income of ¥134,432 million (1.2% increase year on year).

Nutraceuticals

Domestic sales of *Pocari Sweat*, an electrolyte supplement drink, showed significant increase as a result of successful promotional activities focusing on the core concept of the product, such as education aimed at raising awareness of heat stroke, and the hot summer in Japan. In Indonesia where Otsuka has an established position in functional beverages market, sales of *Pocari Sweat* in local currency terms decreased slightly due to the temporary shortage in supply caused by the delay in the start-up of the new factory associated with the introduction of new technology, which was quickly resolved. Sales of *Oronamin C* remained steady as a result of strong promotional activities. Sales of balanced nutritional food *Calorie Mate* remained flat but it was re-recognized as a food containing essential nutrients after the Great East Japan Earthquake.

The Otsuka Group is currently engaged in the soy business, and is working to introduce soy as a solution to our 21st century health, nutrition, and environment issues, under the concept of “Soylution.” Although domestic sales of *SOYJOY*, the first soylution product, decreased, the *SOYJOY* business has expanded to 11 countries and regions with launches in France, Belgium, Italy and Spain beginning in February 2011. The second soylution product *SOYSH*, soy soda, which was developed based on the innovative concept of combining soy with carbonated drink was launched through its online store in July 2010 and has expanded to retail stores across Japan in March 2011.

In the Cosmetics area, which is based on the concept of “healthy skin,” the *UL • OS* face and body skincare lineup was expanded with the release of *Medicated Skin Wash* in April 2010.

Sales of the *Tiovita* brand showed steady growth as a result of enhanced sales promotion and development of the product lineup with the launch of *Tiovita Drink Aivitas* in June 2010.

Profitability in the nutraceutical segment improved as a result of ongoing cost reductions and promotional activities re-emphasizing the concept of the products.

As a result, net sales of the nutraceutical segment for the fiscal year ended March 2011 totaled ¥251,757 million (1.2% increase year on year), with operating income of ¥17,860 million (691.9% increase year on year).

Consumer Products

Although sales of *Match*, a carbonated electrolyte drink containing vitamins, showed positive growth as a result of successful marketing efforts targeted towards young people, sales of mineral water centered on the *Crystal Geyser* brand and *Java Tea* struggled and sales of *Nescafe* brand remained steady.

In the consumer products segment, Otsuka is carrying out initiatives aimed at improving profitability, including ongoing cost reductions.

As a result, net sales of the consumer products segment for the fiscal year ended March 31, 2011 totaled ¥47,443 million (7.2% decrease year on year), with operating loss of ¥2,081 million.

Others

Sales in the specialty chemical business, which supplies materials for the IT and automotive sectors, recorded positive growth as the respective markets recovered.

The transportation and warehousing businesses recorded solid growth as the volume of goods handled increased.

As a result, net sales of other businesses for the fiscal year ended March 31, 2011 totaled ¥106,510 million (1.4% increase year on year), with operating income of ¥4,350 million (1.9% decrease year on year).

ii) Research and Development Activities

The Otsuka Group's research and development expenses for the fiscal year ended March 31, 2011 totaled ¥164,507 million.

Research and development expenses for the pharmaceutical business amounted to ¥153,302 million, those for the nutraceutical business amounted to ¥5,096 million, those for the consumer products business amounted to ¥452 million and those for others amounted to ¥5,656 million.

a. Therapeutic drugs

The Otsuka Group conducts research and development with a primary focus on addressing unmet medical needs in the areas of central nervous system and oncology. The Group also conducts research and development on cardiovascular, ophthalmology and other areas, focusing on diseases with unmet medical needs.

Research and development activities carried out during the fiscal year ended March 31, 2011 in the area of therapeutic drugs are summarized below.

Category	Brand Name / Generic Name / Development Code	Status
Central nervous system	<i>E Keppra</i>	<ul style="list-style-type: none"> - In cooperation with UCB, the antiepileptic drug <i>E Keppra</i> received manufacturing and marketing approval in Japan in July 2010, and co-promotion with UCB Japan began in September 2010. - Phase III trials for generalized epileptic seizures and partial seizures in children began in Japan.
	<i>ABLIFY</i>	<ul style="list-style-type: none"> - In January 2011, an application was submitted in Japan for an additional indication for improving manic symptoms in bipolar disorder. - In February 2011, FDA approval was obtained in the U.S. for an additional indication for adjuvant therapy with either lithium or valproate in maintenance treatment of bipolar I disorder. - An independent data monitoring committee recommended early conclusion of phase III trials in the U.S. on intramuscular depot with sustained efficacy by a once monthly administration, since the interim analysis results had reached the criteria for efficacy pre-established in the protocol. A new drug application will be submitted for this formulation to the FDA in 2011. - Phase III trials for intramuscular depot began in Japan. - Phase III trials for combination of aripiprazole and antidepressants for major depressive disorder began in the U.S. - Phase I trials for once-weekly aripiprazole tablet for Tourette syndrome began in the U.S.
	OPC-34712	<ul style="list-style-type: none"> - In the U.S., Phase II trials for depression and schizophrenia ended, and phase III trials are schedule to begin in 2011. - Phase II trials for ADHD began in the U.S. - Phase I trials on schizophrenia patients in Japan were concluded. Preparation is underway for phase II trials.
Anti-cancer and cancer-supportive care	<i>Aloxi</i>	<ul style="list-style-type: none"> - 5-HT₃ receptor antagonist antiemetic <i>Aloxi</i> launched in Japan in April 2010.
	cannabinoid	<ul style="list-style-type: none"> - Extension of cannabinoid research collaboration agreement with GW Pharmaceuticals (U.K.) was signed in June 2010.
	<i>Abraxane</i>	<ul style="list-style-type: none"> - Anti-cancer agent <i>Abraxane</i> launched in Japan in September 2010.
	<i>SPRYCEL</i>	<ul style="list-style-type: none"> - <i>SPRYCEL</i> is an anti-cancer agent, discovered by BMS, and co-developed and co-promoted by Otsuka Pharmaceutical. An additional indication for <i>SPRYCEL</i> as a first line treatment for adult chronic-phase chronic myelogenous leukemia was approved in the U.S. in October and in the EU in December 2010.
	TSU-68	<ul style="list-style-type: none"> - Phase III trials on hepatocellular carcinoma began in Japan, South Korea, and Taiwan. - Phase II trials on stomach cancer are in progress in Japan, phase II trials for colorectal cancer are in progress in South Korea, and phase I trials on non-small-cell lung cancer are in progress in Japan.

Category	Brand Name / Generic Name / Development Code	Status
	OCV-101	- OCV-101 is an angiogenesis-inhibitor being developed collaboratively with OncoTherapy Science, Inc. The Phase-II study for treatment of pancreatic cancer has been initiated.
	<i>TS-1</i>	- In March 2011, <i>TS-1</i> was approved by the European Commission for first-line treatment of advanced gastric cancer in combination with cisplatin.
Cardiovascular	<i>Pletaal/Pletal</i>	- Results of CSPS2 (Cilostazol Stroke Prevention Study 2), a large-scale clinical trial, were published in <i>The Lancet Neurology</i> in September 2010.
	<i>SAMSCA</i>	- Applications for hyponatremia filed in China and Canada. - Following launch in the U.S. and Europe, <i>SAMSCA Tablets</i> 15 mg was launched in Japan in December 2010.
Other categories (ophthalmic/others)	OPA-6566	- Otsuka Pharmaceutical and Acucela Inc. entered into a definitive agreement in September 2010 to co-develop and co-promote OPA-6566, in the U.S., thereby strengthening the alliance with Acucela.
	<i>Mucosta</i> ophthalmic suspension	- Application filed in October 2010 for regulatory approval in Japan to manufacture and market <i>Mucosta</i> ophthalmic suspension for treatment of dry eye.
	<i>L-Cartin Tablets</i>	- <i>L-Cartin Tablets</i> was approved in Japan for carnitine deficiency in March 2011.

b. Clinical nutrition

Applications for *HEPAFILLED for Dialysis 150 Units/mL SYRINGE 20mL* and *HEPAFILLED for Dialysis 200 Units/mL SYRINGE 20mL* were submitted in Japan in June 2010. *Bicanate injection*, a bicarbonate-Ringer-solution, was launched in 500 mL formulation in October and 1,000 mL formulation in November 2010. In March 2011, the blood substitute *Sodium Phosphate Correction Solution* was listed on Japan's official drug price list.

c. Diagnostics

QUICKNAVI-RSV, which is an external-use diagnostic kit for respiratory syncytial virus, was launched in April 2010 and *RAPIRUN Pneumococcus*, which is a diagnostic kit for *Streptococcus pneumoniae*, was launched in October 2010. In addition, manufacturing and marketing authorization for *RAPIRUN H. Pylori Antibody Stick*, which is a diagnostic kit for *Helicobacter pylori*, was received in June 2010.

iii) Capital Investments

Capital investments during the fiscal year ended March 31, 2011 amounted to ¥44,161 million. These investments were funded by own capital and borrowings.

Capital investments in the pharmaceutical business totaled ¥24,262 million. Principal investments included the drug discovery research building "10th Research Center" on the site of Otsuka Pharmaceutical Co., Ltd., its pharmaceutical manufacturing facility at the Tokushima Wajiki Factory, and renewal of existing facilities.

Capital investments in the nutraceutical business totaled ¥11,513 million. Principal investments included the *Pocari Sweat* manufacturing facility at Otsuka Pharmaceutical Co., Ltd.'s Saga Factory, the *Pocari Sweat* manufacturing facility at the Kejayan Factory of P.T. Amerta Indah Otsuka, and renewal of existing facilities.

Capital investments in the consumer business totaled ¥804 million, while those in other businesses totaled ¥2,889 million, and corporate investments totaled ¥4,691 million.

iv) Funds Procurement

The Company issued 38,678 thousand shares for subscription based on the book-building method effective December 14, 2010 and procured a total of ¥77,489 million. Effective on the same date, the Company also sold 42,550 thousand shares of treasury stock under the book-building method and secured funds totaling ¥85,246 million.

(2) Key issues to be addressed

The Otsuka Holdings Co., Ltd. was listed on the First Section of the Tokyo Stock Exchange in December 2010. From here on, the Group will build up its infrastructure as a public company, make efforts to strengthen its internal controls systems, and ensure the timely and appropriate disclosure of information. Moreover, Otsuka will further reinforce its crisis management system through verification of the Group's handling of the recent earthquake.

The Otsuka Group drew up its first medium-term management plan, which has fiscal 2013 as its final year, and is proceeding with specific initiatives with the aim of fulfilling its corporate philosophy of "Otsuka-people creating new products for better health worldwide."

The Group will pursue further global expansion led by the two core businesses: the pharmaceutical business, which contributes to the diagnosis and treatment of disease, and the nutraceutical business, which supports the maintenance and enhancement of day-to-day well-being.

The main points in the medium-term management plan are as follows.

- i) Provide added-value in the pharmaceutical business and maximize profits
 - In the *ABILIFY* business, product value will be maximized through continuous research and development, such as the development of the intramuscular depot formulation, once weekly tablet, and combination drug. Income will also be maximized through a change in profit sharing based on the amended contract with alliance partner BMS.
 - In the field of anti-cancer and cancer-supportive care, product lineup will be enhanced in the areas of metabolic antagonists, molecular-targeted agents, cancer vaccines with new mechanism of action, and supportive care in an effort to expand business in a manner that covers the entire spectrum of cancer treatment.
 - Further growth will be pursued through the cultivation of new products such as *SAMSCA* and *E Keppra* and through the launch and cultivation of new drugs which are currently in the development stage.
- ii) Expand the nutraceutical business and increase profit
 - Global development will be accelerated by focusing resources on the growth of global strategic products *Pocari Sweat* and *SOYJOY* in the growing Asian markets and by expanding the *SOYJOY* business in Europe.
 - Existing brands will continue to be strengthened while the new product *SOYSH* will be built into a core brand.
 - Improvement in profitability will be pursued through focus on promotional activities emphasizing the core concept of the products as well as ongoing review of the cost structure.
- iii) Lay the groundwork for the next medium-term management plan
 - The medical device business will be built into one of the Otsuka Group's core businesses, led by Otsuka Medical Devices Co., Ltd., which was established in February 2011.
 - The Otsuka Group will develop and globally promote soy products based on the *Soylution* concept, which takes soy, a familiar and highly nutritious food, as the solution to our 21st century health, nutrition, and environment issues. Going forward, development of the soy business will be accelerated and it will be built into one of Otsuka Group's core businesses.
 - As mechanisms to bring about internal reforms, the Otsuka Group will pursue sustainable growth through continuous reforms of its business model, personnel development and review of indirect expenses for efficient use.

(3) Trends in consolidated operating results and assets for and at the end of the current fiscal year and the most recent three fiscal years

Item	The 1st fiscal year (Ended March 31, 2009)	The 2nd fiscal year (Ended March 31, 2010)	The 3rd fiscal year (Ended March 31, 2011)
Net sales (Millions of yen)	955,947	1,084,291	1,090,212
Ordinary income (Millions of yen)	96,103	109,057	126,518
Net income (Millions of yen)	47,083	67,443	81,001
Net income per share (Yen)	2,727.20	143.50	161.78
Total assets (Millions of yen)	1,298,789	1,458,375	1,589,639
Net Assets (Millions of yen)	863,815	948,456	1,163,247

Notes:

- Effective on June 30, 2009 in the 2nd fiscal year, the Otsuka Group executed a twenty-for-one common share split. Net income per share is computed as if the share split had been conducted at the beginning of the fiscal year.
- Otsuka Holdings Co., Ltd. was established on July 8, 2008, and there are no reportable figures before the 1st fiscal year. The consolidated financial statements for the 1st fiscal year are created based on the consolidated financial statements of Otsuka Pharmaceutical Co., Ltd., a wholly owned subsidiary by transfer of shares.

As a reference, the trends in consolidated operating results and assets for Otsuka Pharmaceutical Co., Ltd. for and at the end of the fiscal years ended March 31, 2007 and March 31, 2008 are included below.

Item	The 43rd fiscal year (Ended March 31, 2007)	The 44th fiscal year (Ended March 31, 2008)
Net sales (Millions of yen)	853,948	928,480
Ordinary income (Millions of yen)	113,983	124,125
Net income (Millions of yen)	52,874	61,865
Net income per share (Yen)	4,009.45	4,692.71
Total assets (Millions of yen)	982,113	1,033,976
Net assets (Millions of yen)	667,781	731,782

(4) Significant subsidiaries

Company name	Country	Capital	Percentage of voting rights held by the Company	Major business activities
Otsuka Pharmaceutical Co., Ltd.	Japan	20,000 million yen	100.00%	Manufacture and sale of pharmaceuticals, clinical inspections and medical devices, food products, and cosmetic products
Otsuka Pharmaceutical Factory, Inc.	Japan	80 million yen	100.00%	Manufacture and sale of pharmaceutical products
Taiho Pharmaceutical Co., Ltd.	Japan	200 million yen	100.00%	Manufacture and sale of pharmaceutical products
Otsuka Warehouse Co., Ltd.	Japan	800 million yen	100.00%	Warehousing and transport business
Otsuka Chemical Co., Ltd.	Japan	5,000 million yen	100.00%	Sale of beverages; manufacture and sale of chemical products
Otsuka Foods Co., Ltd.	Japan	1,000 million yen	*100.00%	Manufacture and sale of food and beverages; sale of alcoholic drinks (wine)
Otsuka America Pharmaceutical, Inc.	U.S.	50,000 thousand U.S. dollars	*100.00%	Manufacture and sale of pharmaceutical products
Pharmavite LLC	U.S.	1,032 thousand U.S. dollars	*100.00%	Manufacture and sale of nutritional products
Nutrition & Santé SAS	France	31,158 thousand euro	*100.00%	Manufacture and sale of food products

Note: The asterisk (*) in "Percentage of voting rights held by the Company" includes the voting rights percentage held indirectly.

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(5) Major business activities (as of March 31, 2011)

Business segment	Business activities
Pharmaceuticals	Manufacture, purchase, and sale of pharmaceutical products Consignment of research and development of new drugs Manufacture and sale of analytical and measurement equipment Manufacture, sale, and consigned analysis of reagents for research use Development and sale of therapeutic systems
Nutraceuticals	Manufacture, purchase, and sale of functional foods, quasi-pharmaceuticals, nutritional supplements, and others
Consumer products	Manufacture, purchase, and sale of consumer products
Other	Warehousing and transport business Liquid crystal and spectroscope business Manufacture and sale of printing and packaging goods Manufacture and sale of synthetic resin molded products Manufacture and sale of chemical products

(6) Major offices and factories (as of March 31, 2011)

i) The Company

Head Office	2-9 Kanda-Tsukasamachi, Chiyoda-ku, Tokyo
Tokyo Headquarters	2-16-4 Konan, Minato-ku, Tokyo

ii) Significant subsidiaries

Company name	Location
Otsuka Pharmaceutical Co., Ltd.	Chiyoda-ku, Tokyo
Otsuka Pharmaceutical Factory, Inc.	Naruto, Tokushima
Taiho Pharmaceutical Co., Ltd.	Chiyoda-ku, Tokyo
Otsuka Warehouse Co., Ltd.	Minato-ku, Osaka
Otsuka Chemical Co., Ltd.	Chuo-ku, Osaka
Otsuka Foods Co., Ltd.	Chuo-ku, Osaka
Otsuka America Pharmaceutical, Inc.	Maryland, U.S.
Pharmavite LLC	California, U.S.
Nutrition & Santé SAS	Aude, France

(7) Employees (as of March 31, 2011)

i) Employees of the Otsuka Group

	Number of employees		Increase (decrease) from the previous fiscal year	
Pharmaceuticals	14,662	(873)	up 701	(up 137)
Nutraceuticals	5,740	(880)	down 114	(up 229)
Consumer products	855	(76)	down 73	(up 9)
Other	2,218	(605)	down 57	(up 106)
Corporate (Common)	1,713	(290)	up 142	(up 53)
Total	25,188	(2,724)	up 599	(up 534)

Note: The number of employees indicates the number of employees currently on duty and the yearly average number of part-time and temporary employees is separately indicated in parentheses.

ii) Employees of the Company

Number of employees	Increase (decrease) from the previous year	Average age	Average service years
73 (68)	Up 7	44.1	1.8

Note: The number of employees indicates the number of employees currently on duty and the yearly average number of part-time and temporary employees is separately indicated in parentheses.

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(8) Major creditors (as of March 31, 2011)

Creditor	Balance of borrowings
Resona Bank, Ltd.	24,833 million yen
Sumitomo Mitsui Banking Corporation	22,150 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17,157 million yen
Mitsubishi UFJ Trust and Banking Corporation	6,000 million yen
Mizuho Bank, Ltd.	5,319 million yen

2. Current Status of the Company

(1) Shareholder information (as of March 31, 2011)

- i) Total number of authorized shares: 1,600,000,000 shares
- ii) Total number of issued shares: 557,835,617 shares
- iii) Number of shareholders: 61,141
- iv) Principal shareholders (top 10 shareholders):

Name of shareholder	Number of shares held (thousand)	Shareholding ratio (%)
The Nomura Trust and Banking Co., Ltd. Otsuka Founders Shareholding Fund Trust Account	64,981	11.64
Otsuka Estate Ltd.	40,529	7.26
Otsuka Group Employee Shareholding Fund	30,224	5.41
Japan Trustee Services Bank, Ltd. (trust account)	15,349	2.75
The Master Trust Bank of Japan, Ltd. (trust account)	14,171	2.54
Nomura Holdings, Inc.	12,195	2.18
Otsuka Asset Co., Ltd.	12,000	2.15
The Awa Bank, Limited	10,970	1.96
Toho Holdings Co., Ltd.	7,670	1.37
Resona Bank, Ltd.	5,064	0.90

Notes:

- 1. Number of shares held of less than one thousand is rounded down.
- 2. Shareholding ratio is calculated after treasury stock (2,044 shares) is deducted.

(2) Status of stock acquisition rights

- i) Holding of stock acquisition rights issued as compensation for the execution of duties by Directors and Corporate Auditors

(As of March 31, 2011)

	No. 1 stock acquisition rights	No. 2 stock acquisition rights
Date of resolution on issuance	June 29, 2010	June 29, 2010
Number of stock acquisition rights	490,000	32,000
Class and number of shares underlying stock acquisition rights	Common stock: 490,000 shares (One share per stock acquisition right)	Common stock: 32,000 shares (One share per stock acquisition right)
Amount to be paid in for stock acquisition rights for subscription	No payment required	No payment required
Value of property to be contributed when such stock acquisition rights are exercised	¥1 per stock acquisition right (¥1 per share)	¥2,100 per stock acquisition right (¥2,100 per share)
Period during which stock acquisition rights may be exercised	From July 23, 2012 to July 31, 2015	From July 23, 2012 to July 31, 2015
Conditions for exercise of stock acquisition rights	(See Note)	(See Note)
Status of holdings of Directors and Corporate Auditors	Number of Directors of the Company: 11	Number of Corporate Auditors of the Company: 4

Notes: Matters relating to the terms and conditions for exercising of stock acquisition rights are as follows.

- a. A party having received an allotment of stock acquisition rights (hereafter, "holder of stock acquisition rights") must hold the same position in the Company at the time of exercising the stock acquisition rights as that held at the time of the allotment of stock acquisition rights. However, the Company's Board of Directors may waive this limit if they deem it appropriate.
- b. A holder of stock acquisition rights shall not be permitted to exercise stock acquisition rights in the event the holders of stock acquisition rights, without obtaining prior approval from the Board of Directors of the Company or a

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- subsidiary, assumes or agrees to assume an office either as an executive or employee of another company, or engages in a business that competes directly or indirectly with the business of the Company or its subsidiary.
- c. A holder of stock acquisition rights shall not be permitted to exercise stock acquisition rights in the event the holder of stock acquisition rights commits a major violation of laws and regulations or the internal rules of the Company or a subsidiary.
 - d. A holder of stock acquisition rights shall not pledge or dispose of the stock acquisition rights in any other way.
 - e. In the event of the death of a holder of stock acquisition rights, the heirs of the deceased holder of stock acquisition rights shall not be permitted to exercise stock acquisition rights.
 - f. A stock acquisition right shall not be split for exercising.
 - g. Other conditions for exercising of stock acquisition rights shall be as provided in the agreement for the allotment of stock acquisition rights entered into between the Company and the holders of stock acquisition rights.

ii) Stock acquisition rights issued to employees in compensation for execution of duties in the fiscal year

	No. 3 stock acquisition rights	No. 4 stock acquisition rights
Date of resolution on issuance	June 29, 2010	June 29, 2010
Number of stock acquisition rights	150,000	620,000
Class and number of shares underlying stock acquisition rights	Common stock: 150,000 shares (One share per stock acquisition right)	Common stock: 620,000 shares (One share per stock acquisition right)
Amount to be paid in for stock acquisition rights for subscription	No payment required	No payment required
Value of property to be contributed when such stock acquisition rights are exercised	¥1 per stock acquisition right (¥1 per share)	¥2,100 per stock acquisition right (¥2,100 per share)
Period during which stock acquisition rights may be exercised	From July 23, 2012 to July 31, 2015	From July 23, 2012 to July 31, 2015
Conditions for exercise of stock acquisition rights	(See Note)	(See Note)
Status of holdings of employees	Number of Directors of subsidiaries: 3	Number of stock acquisition rights: 42,000 Number of Corporate Officers of the Company: 5 Number of stock acquisition rights: 578,000 Number of Directors of subsidiaries: 31 Number of Corporate Auditors of subsidiaries: 4 Number of Corporate Officers of subsidiaries: 21

Notes: Matters relating to the terms and conditions for exercising of stock acquisition rights are as follows.

- a. A party having received an allotment of stock acquisition rights (hereafter, "holder of stock acquisition rights") must hold the same position in the Company or the Company's subsidiaries at the time of exercising the stock acquisition rights as that held at the time of the allotment of stock acquisition rights. However, the Company's Board of Directors may waive this limit if they deem it appropriate.
- b. A holder of stock acquisition rights shall not be permitted to exercise stock acquisition rights in the event the holders of stock acquisition rights, without obtaining prior approval from the Board of Directors of the Company or a subsidiary, assumes or agrees to assume an office either as an executive or employee of another company, or engages in a business that competes directly or indirectly with the business of the Company or its subsidiary.
- c. A holder of stock acquisition rights shall not be permitted to exercise stock acquisition rights in the event the holder of stock acquisition rights commits a major violation of laws and regulations or the internal rules of the Company or a subsidiary.
- d. A holder of stock acquisition rights shall not pledge or dispose of the stock acquisition rights in any other way.
- e. In the event of the death of a holder of stock acquisition rights, the heirs of the deceased holder of stock acquisition rights shall not be permitted to exercise stock acquisition rights.
- f. A stock acquisition right shall not be split for exercising.
- g. Other conditions for exercising of stock acquisition rights shall be as provided in the agreement for the allotment of stock acquisition rights entered into between the Company and the holders of stock acquisition rights.

(3) Directors and corporate auditors of the Company

i) Directors and Corporate Auditors (as of March 31, 2011)

Position in the Company	Name	Areas of Responsibility and Significant Concurrent Positions
Chairman, Representative Director	Akihiko Otsuka	Executive Director of Otsuka Pharmaceutical Co., Ltd. Executive Director of Otsuka Pharmaceutical Factory, Inc. Chairman of Otsuka Foods Co., Ltd. President and Representative Director of Otsuka Estate Ltd. President and Representative Director of Otsuka Asset Co., Ltd.
Vice Chairman, Representative Director	Kenichiro Otake	Outside Director of Shoei Co., Ltd.
President and Representative Director	Tatsuo Higuchi	Executive Director of Otsuka Pharmaceutical Co., Ltd.
Vice President, Executive Director	Ichiro Otsuka	President and Representative Director of Otsuka Pharmaceutical Factory, Inc. Vice President and Representative Director of Otsuka Estate Ltd.
Senior Managing Director	Atsumasa Makise	In charge of Corporate Finance Chairman of Otsuka America, Inc.
Managing Director	Katsuya Yamasaki	In charge of Corporate Planning
Managing Director	Noriko Tojo	In charge of Corporate Development
Managing Director	Yoshiro Matsuo	In charge of Corporate Administration
Executive Director	Yujiro Otsuka	Chairman of Otsuka Chemical Co., Ltd. Chairman and Representative Director of Otsuka Warehouse Co., Ltd.
Executive Director	Yukio Kobayashi	
Executive Director	Sadanobu Tobe	President and Representative Director of Otsuka Chemical Co., Ltd. Vice Chairman and Representative Director of Otsuka Foods Co., Ltd.
Standing Corporate Auditor	Masahiko Kato	Corporate Auditor of Otsuka Pharmaceutical Co., Ltd.
Corporate Auditor	Yasuhisa Katsuta	Outside Corporate Auditor of Otsuka Pharmaceutical Co., Ltd. Outside Director of Funai Electric Co., Ltd.
Corporate Auditor	Norikazu Yahagi	Outside Corporate Auditor of Nippon Office Systems Ltd. Outside Corporate Auditor of Square Enix Holdings Co., Ltd. Outside Corporate Auditor of T.D.I. Co., Ltd.
Corporate Auditor	Hiroshi Sugawara	Vice President of Will Capital Management Co., Ltd.

Notes:

1. Corporate Auditors Yasuhisa Katsuta, Norikazu Yahagi and Hiroshi Sugawara are Outside Corporate Auditors.
2. Corporate Auditor Hiroshi Sugawara is a qualified certified public accountant and has extensive knowledge of finance and accounting.
3. The Company appoints Hiroshi Sugawara as an Independent Officer as provided for under the rules of Tokyo Stock Exchange, Inc. and has registered him with the exchange.

(Translation)

ii) Total compensations paid to Directors and Corporate Auditors

Classification	Number of persons paid	Amount of compensations paid (millions of yen)
Directors	11	1,171
Corporate Auditors [incl. Outside Corporate Auditors]	4 (3)	52 (27)
Total [incl. Outside Directors and Corporate Auditors]	15 (3)	1,224 (27)

Notes:

1. There are no Directors of the Company who concurrently serve as employees.
2. The upper limit of compensation for Directors is set at ¥1,500 million per year (does not include the portion of salary for an employee position) as approved at the 2nd Annual Shareholders Meeting on June 29, 2010. Issuance of stock acquisition rights of up to 500,000 shares of common stock of the Company as stock options was approved separately at the 2nd Annual Shareholders Meeting on June 29, 2010. For details, please refer to the section of “2. Current Status of the Company (2) Status of stock acquisition rights i) Holding of stock acquisition rights issued as compensation for the execution of duties by Directors and Corporate Auditors.”
3. The upper limit of compensation for Corporate Auditors is set at ¥80 million per year as approved at the 2nd Annual Shareholders Meeting on June 29, 2010. Issuance of stock acquisition rights of up to 32,000 shares of common stock of the Company as stock options was approved separately at the 2nd Annual Shareholders Meeting on June 29, 2010. For details, please refer to the section of “2. Current Status of the Company (2) Status of stock acquisition rights i) Holding of stock acquisition rights issued as compensation for the execution of duties by Directors and Corporate Auditors.”
4. The above amounts of compensation include the following.
 - Bonuses for 11 Directors: ¥271 million
 - Compensation based on stock options for 11 Directors: ¥355 million

iii) Matters concerning Outside Corporate Auditors

a. Significant concurrent positions at other companies and relationships between the Company and such other companies

Corporate Auditor, Yasuhisa Katsuta, serves as Outside Director of Funai Electric Co., Ltd. and outside Corporate Auditor of Otsuka Pharmaceutical Co., Ltd. The Company has no transactions with Funai Electric Co., Ltd. Otsuka Pharmaceutical Co., Ltd. is a wholly-owned subsidiary of the Company.

Corporate Auditor, Norikazu Yahagi, serves as outside Corporate Auditor of Nippon Office Systems Ltd., Square Enix Holding Co., Ltd., and T.D.I. Co., Ltd. The Company has no transactions with the said firms.

Corporate Auditor, Hiroshi Sugawara, is a Vice President at Will Capital Management Co., Ltd. The Company has no transactions with the said firm.

b. Major activities during the fiscal year ended March 31, 2011

Corporate Auditor, Yasuhisa Katsuta, attended fifteen (15) of the sixteen (16) meetings of the Board of Directors and all fifteen (15) meetings of the Board of Corporate Auditors held during the fiscal year ended March 31, 2011, and provided appropriate comments based on his extensive experience and high-level insights acquired throughout many years in corporate management.

Corporate Auditor, Norikazu Yahagi, attended all sixteen (16) meetings of the Board of Directors and all fifteen (15) meetings of the Board of Corporate Auditors held during the fiscal year ended March 31, 2011, and provided appropriate comments based on his extensive experience and high-level insights acquired primarily as an outside Corporate Auditor at other listed companies.

Hiroshi Sugawara was appointed as a Corporate Auditor at the 2nd Annual Shareholders Meeting on June 29, 2010, and attended all thirteen (13) meetings of the Board of Directors subsequent to his appointment and all twelve (12) meetings of the Board of Corporate Auditors, and provided appropriate comments based on his expertise as a certified public accountant.

c. Overview of the agreement for limitation of liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has executed agreements with Outside Corporate Auditors which limit the Outside Corporate

(Translation)

Auditors' indemnity liability under Article 423, Paragraph 1 of the same Act to the amount provided for in the laws and regulations.

(4) Accounting auditor

- i) Name of accounting auditor (Independent Auditor): Deloitte Touche Tohmatsu LLC
- ii) Amount of compensations

	Payment (millions of yen)
Total compensations for the fiscal year	103
Total of monies and other property benefits, which the Company and subsidiaries should pay to the accounting auditor	395

Notes:

1. The Company compensates the accounting auditor for advice and guidance concerning international financial reporting standards, which is a service other than the services prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act.
2. Of the Company's principal subsidiaries, Otsuka America Pharmaceutical, Inc. and two other companies are audited by a certified public accountant or an audit corporation (including parties holding qualifications comparable to those of a certified public accountant or an audit corporation in a country besides Japan.) other than the accounting auditor of the Company (provided, however, that such parties fall under the provisions of the Companies Act or the Financial Instruments and Exchange Act (or foreign laws comparable to the said Acts)).
3. As compensations for audits based on the Companies Act and that based on the Financial Instruments and Exchange Act are not clearly distinguished under the audit agreement concluded between the Company and the accounting auditor nor can they be classified in practice, the amount of compensations for the accounting auditor in the fiscal year ended March 31, 2011 represents the aggregate amount for these audits.

iii) Policy for determining dismissal or non-reappointment of accounting auditor

In the event any deficiency is found in the execution of duties by the accounting auditor, or if judging the necessity thereof, the Board of Directors shall, with prior consent obtained from the Board of Corporate Auditors or based on a request from the Board of Corporate Auditors as mentioned below, address dismissal or non-reappointment of the accounting auditor as an item of the agenda of a shareholders meeting.

The Board of Corporate Auditors shall, if noting any deficiency in the execution of duties by the accounting auditor or if judging the necessity thereof, request the Board of Directors to address dismissal or non-reappointment of the accounting auditor as an item of the agenda of a shareholders meeting.

The Board of Corporate Auditors shall, if recognizing that the accounting auditor falls under any of the items in Article 340, Paragraph 1 of the Companies Act, dismiss the accounting auditor based on the unanimous consent of all Corporate Auditors. In this case, the Corporate Auditor appointed by the Board of Corporate Auditors shall report the dismissal of accounting auditor and the reason thereof at the first shareholders meeting convened after dismissal.

(5) System to ensure appropriate operations

The Company defines the basic policies on internal control to ensure the appropriateness of operations (internal control system) as follows.

- i) System to ensure that the execution of the duties by the Directors and employees complies with the laws and regulations and the Articles of Incorporation

The Otsuka Group adopts a pure holding company system within the Company to strengthen corporate governance by separating the management supervisory function from the business execution function.

The Company formulates the Otsuka Group Code of Conduct in order to ensure compliance with laws and regulations, the Articles of Incorporation, and other relevant rules and the underlying concepts, and to ensure corporate activities are carried out based on high ethical standards. The Otsuka Holdings Compliance Program is established to provide specific guidelines that reflect the Otsuka Group Code of Conduct, based on which the Risk Management Committee leads efforts to ensure thorough education for employees and to promote establishment, maintenance, and improvement of the compliance system.

An Internal Audit Department established under the direct reporting line to the President shall periodically perform internal audits of the assets and the overall operations of the company based

on Internal Audit Regulations, and report the results to the President. Should a need for improvement be found, the Internal Audit Department provides comments on such improvement and subsequently follows up the status of such improvement.

ii) System for preserving and managing information regarding the execution of duties by Directors

The Company shall appropriately and securely retain and manage records of meetings of the Board of Directors and circulars for managerial approval, etc., in accordance with Corporate Document Control Regulations and maintain a system to allow such records and circulars to be accessed as necessary.

iii) Regulations and other systems for the management of risk of loss

To establish a risk management system for the Company and each of the Group Companies, a Risk Management Committee along with Risk Management Rules shall be established. The Risk Management Committee shall evaluate and comprehensively manage risks that may impair improving the sustainable value of the Otsuka Group by managing each of the risk management departments within the organization.

In the event of an unforeseen situation, an emergency response committee shall lead efforts to promptly implement responsive measures to minimize any damage caused by the emergent situation.

iv) System to ensure efficient execution of duties by Directors

In accordance with the Regulations of the Board of Directors, a regular Board meeting shall be held on a monthly basis and an extraordinary meeting whenever deemed necessary to discuss and determine important matters such as management policies and strategies.

A Corporate Officer system shall be put in place that clearly defines the roles of Corporate Officers executing business operations separately from the Board of Directors, which serves as the management decision-making and supervisory function, to ensure the transparency of management and prompt execution of business operations.

v) System to ensure appropriate operations in the business group comprising the Company and its subsidiaries

The Company, as the holding company that undertakes the role of maximizing the corporate value of the Otsuka Group, shall put in place a system to secure the appropriateness of operations from the viewpoint of the entire Otsuka Group.

Subsidiaries and affiliates shall report matters provided for in the Affiliate Management Regulations to the Company as necessary, and seek approval from the Company for any significant matters under the framework to establish a collaborative system within the Otsuka Group.

The Company shall ensure that audits of affiliates are managed and conducted in accordance with the Internal Audit Regulations and promote the development of risk management and compliance systems across the Group to ensure that operations are uniformly and appropriately performed.

vi) Matters concerning employees in cases where Corporate Auditors issue requests for employees to take charge of assisting them with their duties

The Company establishes a Corporate Auditor's Office responsible for administering the convocation of meetings of the Board of Corporate Auditors and supporting the duties of Corporate Auditors independently from the supervision of Directors.

vii) Matters concerning the independence of employees from Directors, as mentioned in the preceding paragraph

Personnel transfers and evaluations relating to the Corporate Auditor's Office shall be determined by the Board of Directors based on prior approval obtained from the Board of Corporate Auditors and shall secure independence from Directors.

viii) Systems for reporting to Corporate Auditors by Directors and employees and other systems

for reporting to Corporate Auditors

The Company shall ensure that specific means are in place to allow Corporate Auditors to collect information concerning the execution of duties by Directors, including a system to have Directors and employees report to Corporate Auditors in the event any of the following takes place.

- a. Any incident that has caused or may cause material damage to the Company
 - b. Any violation of laws, regulations, or the Articles of Incorporation and any other important compliance matter
 - c. Progress of business execution by the Company and each of the Group companies
 - d. Status of internal audits performed
 - e. Matters to be resolved at important meetings
- ix) Other systems to ensure effective audits by Corporate Auditors

Corporate Auditors may attend meetings of the Board of Directors and other important meetings to understand the process whereby important decisions are made and the status of Directors' and employees' performance of duties, question Directors and employees on the status of their performance of duties, and access important records relating to the business operations such as circulars for managerial approval.

Directors and employees, if so requested by Corporate Auditors, shall promptly report matters relating to business executions.

Internal Audit Department, Administration Department, Corporate Finance & Accounting Department, Internal Control Department and any other relevant department shall provide Corporate Auditors with information as necessary and cooperate in ensuring and improving the accountability of audits performed by Corporate Auditors.

(6) Policy on decisions on dividends from surplus

The Company recognizes returning profits to shareholders to be one of the key management measures. The Company adopts a basic policy of continuously distributing profits to shareholders in line with the growth of profits while securing adequate internal reserves necessary to support future corporate growth and respond to changes in the business environment.

Based on this policy, the Company has resolved to pay a year-end dividend of ¥28 per share for the fiscal year ended March 31, 2011.

(Translation)

Consolidated Balance Sheet

(As of March 31, 2011)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	921,153	Current liabilities	275,559
Cash and deposits	387,520	Notes and accounts payable-trade	88,113
Notes and accounts receivable-trade	239,554	Short-term borrowings	53,205
Marketable securities	122,535	Lease obligations	3,370
Merchandise and finished goods	62,300	Accounts payable-other	45,835
Work in process	23,613	Accrued expenses	34,340
Raw materials and supplies	28,948	Income taxes payable	13,301
Deferred tax assets	24,632	Provision for bonuses	15,878
Other current assets	32,397	Provision for directors' bonuses	312
Allowance for doubtful accounts	(350)	Other current liabilities	21,200
Non-current assets	668,416	Long-term liabilities	150,832
Property, plant and equipment	256,832	Long-term debt	28,763
Buildings and structures	101,017	Lease obligations	7,062
Machinery and equipment	53,501	Deferred tax liabilities	10,796
Furniture and fixtures	10,781	Liability for retirement benefits	44,333
Land	74,925	Liability for directors' retirement benefits	3,416
Lease assets	10,285	Negative goodwill	28,933
Construction in progress	6,321	Other long-term liabilities	27,526
Intangible assets	77,088	Total Liabilities	426,392
Goodwill	41,444	Net Assets	
Patent rights	5,698	Shareholders' equity	1,198,208
Software	11,506	Common stock	81,690
Other intangible assets	18,438	Capital surplus	510,639
Investments and other assets	334,495	Retained earnings	605,882
Investment securities	261,203	Treasury stock, at cost	(4)
Investments in capital	22,009	Accumulated other comprehensive income	(48,084)
Long-term loans receivable	600	Unrealized gain on available-for-sale securities	358
Deferred tax assets	32,245	Deferred loss on derivatives under hedge accounting	(3)
Other assets	21,347	Foreign currency translation adjustments	(48,438)
Allowance for investment loss	(2,818)	Stock acquisition rights	464
Allowance for doubtful accounts	(92)	Minority interests	12,658
Deferred assets	69	Total net assets	1,163,247
Total Assets	1,589,639	Total Liabilities and Net Assets	1,589,639

(Translation)

Consolidated Statement of Income

(From April 1, 2010 to March 31, 2011)

(Millions of yen)

Item	Amount	
Net sales		1,090,212
Cost of sales		367,092
Gross profit		723,120
Selling, general and administrative expenses		605,617
Operating income		117,502
Non-operating income		
Interest and dividend income	2,500	
Amortization of negative goodwill	2,495	
Equity in earnings of unconsolidated subsidiaries and affiliates	3,308	
Revenues related to extension of co-promotion agreement	7,321	
Other	1,957	17,583
Non-operating expenses		
Interest expense	1,481	
Foreign exchange loss, net	5,731	
IPO expenses	777	
Other	577	8,567
Ordinary income		126,518
Extraordinary income		
Gain on sales of non-current assets	225	
Gain on change in equity interest	5,571	
Other	113	5,909
Extraordinary loss		
Loss on retirement of non-current assets	872	
Impairment loss	2,642	
Loss on valuation of investment securities	1,900	
Provision of allowance for investment loss	632	
Effect of adoption of accounting standard for asset retirement obligations	426	
Loss on transfer of business	1,900	
Disaster related loss	1,840	
Other	936	11,153
Income before income taxes and minority interests		121,274
Income taxes-current	33,197	
Income taxes-deferred	5,511	38,708
Income before minority interests		82,565
Minority interests in net income		1,564
Net income		81,001

(Translation)

Consolidated Statement of Changes in Net Assets

(From April 1, 2010 to March 31, 2011)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	
Balance, March 31, 2010	42,946	432,482	532,032	(45,354)	962,105
Changes in the year					
Change in scope of consolidation			(1,193)		(1,193)
Dividends			(5,956)		(5,956)
Issuance of new shares	38,744	38,744			77,489
Disposal of treasury stock		39,412		45,354	84,766
Purchase of treasury stock				(4)	(4)
Net income			81,001		81,001
Net changes other than shareholders' equity					
Total changes in the year	38,744	78,157	73,850	45,350	236,102
Balance, March 31, 2011	81,690	510,639	605,882	(4)	1,198,208

	Accumulated other comprehensive income				Stock acquisition rights	Minority interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance, March 31, 2010	4,258	(14)	(30,059)	(25,816)	-	12,166	948,456
Changes in the year							
Change in scope of consolidation							(1,193)
Dividends							(5,956)
Issuance of new shares							77,489
Disposal of treasury stock							84,766
Purchase of treasury stock							(4)
Net income							81,001
Net changes other than shareholders' equity	(3,900)	11	(18,379)	(22,268)	464	491	(21,311)
Total changes in the year	(3,900)	11	(18,379)	(22,268)	464	491	214,791
Balance, March 31, 2011	358	(3)	(48,438)	(48,084)	464	12,658	1,163,247

Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

(1) Scope of Consolidation

i) Consolidated subsidiaries

- Number of consolidated subsidiaries: 69
- Names of principal consolidated subsidiaries:
Otsuka Pharmaceutical Co., Ltd., Otsuka Pharmaceutical Factory, Inc., Taiho Pharmaceutical Co., Ltd., Otsuka Warehouse Co., Ltd., Otsuka Electronics Co., Ltd., Otsuka Chemical Co., Ltd., Otsuka Foods Co., Ltd., Otsuka America, Inc., Otsuka America Pharmaceutical, Inc., Pharmavite LLC, P.T. Amerta Indah Otsuka, Nutrition & Santé SAS

ii) Unconsolidated subsidiaries

- Names of principal unconsolidated subsidiaries:
Otsuka Pakistan Ltd., Otsuka Pharmaceutical (H.K.) Ltd., Interpharma Praha, a.s.
- Reasons for excluding from the scope of consolidation
Unconsolidated subsidiaries are small in size and the aggregate total assets, sales, net income (based on the Company's ownership percentage), retained earnings (based on the Company's ownership percentage) and other indicators do not have a material effect on the consolidated financial statements and have therefore been excluded from the scope of consolidation.

(2) Application of the Equity Method

i) Unconsolidated subsidiaries and affiliates accounted for by the equity method

- Number of unconsolidated subsidiaries and affiliates accounted for by the equity method: 12
- Names of principal equity method companies:
Otsuka Pakistan Ltd., Earth Chemical Co., Ltd., ALMA S.A., CG Roxane LLC, VV Food & Beverage Co., Ltd., China Otsuka Pharmaceutical Co., Ltd.

ii) Unconsolidated subsidiaries and affiliates not accounted for by the equity method

- Names of principal companies:
Otsuka Pharmaceutical (H.K.) Ltd., Interpharma Praha, a.s.
- Reasons for excluding from the scope of the equity method
Based on the Company's ownership share of net income and retained earnings, and other factors, exclusion of certain unconsolidated subsidiaries and affiliated companies from being accounted for by the equity method does not have a material effect on the consolidated financial statements.

iii) Special note on the application of the equity method

The fiscal year ends of certain companies accounted for by the equity method are different from the consolidated fiscal year end. In preparing the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year end.

(3) Changes in the Scope of Consolidation and the Scope of Equity-Method Application

Suzhou Otsuka Pharmaceutical Co., Ltd. was newly included in the scope of consolidation from the fiscal year ended March 31, 2011 due to an increase in materiality.

Three new subsidiaries, Otsuka Canada Pharmaceutical, Inc., Otsuka America Manufacturing LLC, and Otsuka Medical Devices Co., Ltd., were established and newly included in the scope of consolidation from the fiscal year ended March 31, 2011.

(4) Fiscal Year End of Consolidated Subsidiaries

Otsuka Pharmaceutical Co., Ltd., Otsuka Pharmaceutical Factory, Inc., Taiho Pharmaceutical Co., Ltd., Otsuka Warehouse Co., Ltd. and eleven other consolidated subsidiaries have a fiscal year ending March 31. Other than Giant Harvest Limited which has a fiscal year ending July 31, 53 other consolidated subsidiaries have a fiscal year ending December 31.

In preparing the consolidated financial statements, other than Giant Harvest Limited, the

Company uses the financial statements as of the respective fiscal year ends of its subsidiaries. The Company uses the tentative financial statements as of January 31 for Giant Harvest Limited. For major transactions which occurred between the fiscal year end of those companies and March 31, appropriate adjustments have been made in the consolidated financial statements.

(5) Accounting Policies

i) Valuation of Major Assets

a. Held-to-maturity securities:

Stated at amortized cost (straight-line method).

b. Shares and investments in capital of unconsolidated subsidiaries, affiliates and limited liability entities not accounted for by the equity method:

Stated at cost, determined by the moving-average method.

c. Other securities

• Marketable securities classified as available-for-sale:

Stated at fair value with unrealized gains or losses, net of applicable taxes, stated in a separate component of net assets. The cost of securities sold is calculated using the moving average method.

• Non-marketable securities classified as available-for-sale:

Stated at cost, determined by the moving average method.

d. Valuation of inventories

• Merchandise and supplies:

Stated at the lower of cost or net selling value, determined primarily by the first-in, first-out method.

• Finished goods, work in process and raw materials:

Stated at the lower of cost or net selling value, determined primarily by the gross average method.

e. Derivatives:

Stated at fair value.

ii) Depreciation and Amortization of Major Depreciable and Amortizable Assets

a. Property, plant and equipment (excluding lease assets):

The Company and its domestic consolidated subsidiaries primarily use the declining-balance method.

Foreign consolidated subsidiaries outside Japan primarily use the straight-line method.

However, for buildings (excluding attached facilities) acquired by the Company and its domestic consolidated subsidiaries on or after April 1, 1998, the straight-line method is employed.

b. Intangible assets (excluding lease assets):

The Company mainly uses the straight-line method.

c. Lease assets

The Company uses the straight-line method over the terms of their respective leases with a zero residual value for lease assets related to finance leases that do not transfer ownership.

iii) Reserves

a. Allowance for doubtful accounts

In order to cover potential losses from uncollectable notes and accounts receivable, a provision is made on general receivables based on historical rates while specific cases are evaluated individually.

b. Provision for bonuses

In order to cover payment of bonuses to employees, the Company and its domestic consolidated subsidiaries set up a reserve in the amount of estimated bonuses, which are attributable to the corresponding fiscal year.

c. Provision for directors' bonuses

In order to cover payment of bonuses to directors, the Company and certain of its domestic consolidated subsidiaries set up a provision in the amount of estimated bonuses, which are attributable to the corresponding fiscal year.

- d. Liability for retirement benefits
In order to cover payment of retirement benefits to employees, provisions have been made based on an estimate of the projected retirement benefit obligation and the fair value of the pension fund assets.
 - e. Liability for directors' retirement benefits
In order to cover payment of retirement benefits to directors, corporate auditors and corporate officers at some consolidated subsidiaries, the amount that would be required if all directors, corporate auditors and corporate officers retired at the balance sheet date is recorded pursuant to the retirement benefit regulations for executive directors, retirement benefit regulations for corporate auditors, and retirement benefit regulations for corporate officers (internal regulations).
 - f. Allowance for investment loss
In order to cover potential future losses on non-marketable securities, the Company recognizes a reserve as deemed necessary.
- iv) Principal Methods of Hedge Accounting
- a. Methods of hedge accounting
Hedging activities are principally accounted for under the deferral hedge accounting method. The allocation method is applied to forward exchange contracts and other foreign exchange contracts, and designated exceptional accounting to interest-rate swaps that meet their respective requirements.
 - b. Hedging instruments and hedged items
Hedging instruments: currency exchange forward contracts, interest rate swaps, foreign currency deposits
Hedged items: assets and liabilities denominated in foreign currencies, forecasted foreign currency transactions, long-term debt
 - c. Hedging policies
Certain consolidated subsidiaries conduct currency exchange forward contracts based on the principle of actual demand in order to hedge currency exchange fluctuation risk associated with foreign currency transactions, and conduct interest rate swaps in order to hedge interest rate fluctuation risk.
 - d. Evaluation of effectiveness of hedges
 - a. Currency exchange forward contracts and foreign currency deposits
Evaluation of the effectiveness of hedges is omitted as hedging instruments and hedged items are the same currencies, and changes in the cash flow caused by foreign exchange rate fluctuations are expected to be completely offset.
 - b. Interest rate swaps
Evaluation of the effectiveness of hedges is omitted as hedging instruments and hedged items are under the same conditions, and changes in the cash flow are expected to be completely offset from the start of hedging activities onwards.
- v) Other
Accounting method for consumption taxes:
Consumption taxes are excluded from revenues and expenses.

(6) Changes in Accounting Policies

• Asset Retirement Obligations

Effective from the fiscal year ended March 31, 2011, the Group adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008).

The effect of this change was to decrease operating income and ordinary income by ¥16 million and income before income taxes and minority interests by ¥442 million. The increase in the asset retirement obligation amount as a result of the application of the accounting standard was ¥560 million.

- “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

Effective from the fiscal year ended March 31, 2011, the Group adopted the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 issued on March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No. 24 issued on March 10, 2008) performing the necessary revisions in the consolidated accounting. There was no impact on the Group’s consolidated financial statements as a result of this change.

- Business Combinations

Effective from the fiscal year ended March 31, 2011, the Group adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 issued on December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 issued on December 26, 2008), “Partial amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23 issued on December 26, 2008), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 issued on December 26, 2008), “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 issued on December 26, 2008) and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 issued on December 26, 2008).

(7) Changes in Method of Presentation

- Consolidated Statement of Income

Effective from the fiscal year ended March 31, 2011, the Group adopted the “Ministerial Ordinance for Partial Revision of the Ordinance for Enforcement of the Companies Act, the Corporate Accounting Rules, etc.” (Ordinance of the Ministry of Justice No. 7 issued on March 27, 2009) in accordance with the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22 issued on December 26, 2008) and included the line item “Income before minority interests” in the consolidated statement of income for the current year.

(8) Additional Information

- Accounting Method for Employee Shareholding Incentive Plan

The Company adopts a “Trust-type Employee Shareholding Incentive Plan (E-Ship)” (the “Plan”) in order to provide an enhanced benefits package and an incentive to increase the long-term enterprise value for its Group’s employees.

Under the Plan, the “Employee Stock Holding Trust” (the “Trust”) acquires the Company shares expected to be purchased by the “Otsuka Group Employee Stock Holding Plan” in the five-year period from July 2008 through a third-party allocation of new shares by the Company. Until termination, the Trust is responsible for transferring shares to the Employee Stock Holding Plan and receiving dividends from the Company. If any money remains within the Trust, such money will be distributed as residual assets to those employees that fulfill the requirements for eligible beneficiaries.

The Company guarantees the Trust’s borrowings from financial institutions for the acquisition of Company shares. The Trust has repaid all of the borrowings as of March 31, 2011.

The Company does not recognize the Company shares owned by the Trust on its balance sheet as treasury stock and increased its common stock and additional paid-in capital at the time of the third-party allocation of new shares. As of March 31, 2011, the Trust holds 2,673 thousand Company shares and the balance of the account is ¥2,288 million.

2. Notes to Consolidated Balance Sheet**(1) Assets Pledged as Collateral and Secured Liabilities**

		(Millions of yen)
Cash and deposits	¥	621
Notes and accounts receivable-trade		661
Merchandise and finished goods		1,062
Work in process		284
Raw materials and supplies		431
Buildings and structures		968
Machinery and equipment		1,803
Furniture and fixtures		105
Land		73
Total	¥	6,013

The properties above are pledged as collateral for short-term borrowings of ¥376 million, lease obligations (current liabilities) of ¥193 million, long-term debt of ¥1,337 million, and lease obligations (long-term liabilities) of ¥232 million.

(2) Accumulated Depreciation on Property, Plant and Equipment 468,716 million yen

(3) Contingent Liabilities

i) The Company guarantees the obligations of the below companies from financial and other institutions:

		(Millions of yen)
Chongqing Otsuka Huayi Chemical Co., Ltd.	¥	2,490
Trocellen GmbH		1,836
Otsuka Furniture Manufacturing and Sales Co., Ltd.		1,040
American Peptide Company Inc.		669
NEOS Corporation		507
Dairin Integrated Transportation Co., Ltd		458
ILS Inc.		400
Otsuka OPV Co., Ltd.		313
Otsuka Chemical do Brasil		280
Otsuka Sims (Guangdong) Beverage Co., Ltd.		240
Trocellen RUS Limited Company		228
Other four companies		198
Total	¥	8,664

ii) In October 2009, Otsuka Foods Co., Ltd., a consolidated subsidiary of the Company, sold part of its shareholding in NEOS Corporation to ITO EN, LTD. for ¥979 million. In the event ITO-EN, LTD. requests Otsuka Foods Co., Ltd. to repurchase the shares within 5 years from the date of contract execution because NEOS fails to resolve its negative net worth or for any other reason, Otsuka Foods Co., Ltd. is obligated to buy back the shares in NEOS at the original selling price.

iii) On April 4, 2009, Otsuka Pharmaceutical Co., Ltd., a consolidated subsidiary of the Company, signed an agreement with Bristol-Myers Squibb Company (“BMS”) to extend the contract period for the U.S. portion of the development and commercialization collaboration agreement for *ABILIFY* from November 2012 to April 2015, and to increase the profit share of *ABILIFY* U.S. net sales that Otsuka Pharmaceutical Co., Ltd. records effective January 2010. Under the terms of the agreement, Otsuka Pharmaceutical Co., Ltd. received \$400 million in April 2009, which was recorded as unearned revenue and long-term unearned revenue, and is amortized as revenue over the period beginning on January 1, 2010 until the end of the contract in April 2015. The balance of the amount of lump-sum payment received, reduced by the amortization, is recorded as unearned revenue and long-term unearned revenue at each fiscal year-end. In the fiscal year ended March 31, 2011, ¥7,321 million was recognized as revenues related to the

extension of the co-promotion agreement under non-operating income.

In addition to the above, Otsuka Pharmaceutical Co., Ltd. and BMS Company entered into a contract regarding the anti-cancer agents *SPRYCEL* and *IXEMPRA* as described below, and revenues associated with this contract have been recognized beginning on January 1, 2010.

- a. Otsuka Pharmaceutical Co., Ltd. co-develops and co-promotes *SPRYCEL* with BMS in the U.S., Japan and major countries in Europe, and incurs certain expenses in the U.S., Europe, and Japan.
- b. From 2010 to 2020, Otsuka Pharmaceutical Co., Ltd. receives a profit share based on the total sales amount of *SPRYCEL* and *IXEMPRA*.

With regard to the aforementioned contracts, a provision went into effect on January 1, 2010 stipulating that if during the above contract period generic products for *ABILIFY* were launched in the U.S. and BMS requests cancellation of the contract, Otsuka Pharmaceutical Co., Ltd. is obligated to pay compensation including the above agreements lump-sum payment as agreed upon under the agreement. The compensation amount, reduced by the unearned revenue and long-term unearned revenue balances, represents the contingent liability at each fiscal year-end. As of March 31, 2011, the contingent liability balance was ¥25,863 million. BMS also retains the right to cancel the contracts for *SPRYCEL* and *IXEMPRA* in the event generic products of *ABILIFY* are launched in the U.S. prior to February 22, 2014.

- (4) Trade Notes Discounted ¥286 million

3. Notes to Consolidated Statement of Income

(1) Disaster Related Loss

Disaster related loss relates to the Great East Japan Earthquake of 2011 and primarily includes exchange costs of damaged goods for customers in the disaster-stricken areas, monetary donation, and relief supplies.

4. Notes to Consolidated Statement of Changes in Net Assets

(1) Total Number of Issued Shares

Class of shares	Number of shares as of March 31, 2010	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares as of March 31, 2011
Common stock	519,156 thousand shares	38,678 thousand shares	-	557,835 thousand shares

Note: The increase in the total number of shares of common stock issued and outstanding is due to the issuance of new shares through the initial public offering.

(2) Number of Shares of Treasury Stock

Class of shares	Number of shares as of March 31, 2010	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares as of March 31, 2011
Common stock	42,610 thousand shares	1 thousand shares	42,610 thousand shares	2 thousand shares

Note: The increase in the number of shares of treasury stock is due to the purchase of shares less than one unit, while the decrease in the number of shares of treasury stock is primarily due to the disposal by the Company in its initial public offering of shares owned by the Company and its consolidated subsidiaries and affiliates which had been accounted for as treasury stocks.

(3) Dividends

i) Payment of dividends

Dividends resolved at the meeting of the Board of Directors held on May 14, 2010

- Total amount of dividends 5,972 million yen
- Dividends per share 12.5 yen
- Record date March 31, 2010
- Effective date June 30, 2010

(Translation)

ii) Dividends whose record date is in the current fiscal year, while the effective date falls in the following fiscal year

Dividends resolved at the meeting of the Board of Directors held on May 12, 2011

- Total amount of dividends 15,619 million yen
- Dividends per share 28 yen
- Record date March 31, 2011
- Effective date June 30, 2011

5. Per Share Information

- | | |
|--------------------------|--------------|
| (1) Net assets per share | 2,061.74 yen |
| (2) Net income per share | 161.78 yen |

6. Notes on Financial Instruments

(1) Matters Concerning Conditions of Financial Instruments

The Otsuka Group limits its investments to low risk financial assets and uses borrowings from financial institutions, mainly banks, for its financing needs. The Group manages its customer credit risk from receivables based on the credit management guidelines in an effort to reduce risk. Marketable and investment securities are primarily stocks and public and corporate bonds. Listed stocks are marked-to-market on a quarterly basis.

Borrowings are used for working capital (mainly short-term) and for capital investments (long-term).

The Group enters into foreign currency forward contracts and foreign currency option contracts to hedge foreign exchange fluctuation risk associated with foreign currency-denominated transactions based on the principle of actual demand. The Group also enters into interest rate swap contracts to hedge interest rate fluctuation risk.

(2) Fair Values of Financial Instruments

Carrying amounts, fair values and their differences of financial instruments as of March 31, 2011 are as follows. Financial instruments whose fair values cannot be reliably determined are excluded (Note 2).

(Millions of yen)			
	Carrying Amount	Fair value	Difference
i) Cash and deposits	387,520	387,520	-
ii) Notes and accounts receivable-trade Allowance for doubtful accounts (*1)	239,554 (332)		
	239,221	239,221	-
iii) Marketable and investment securities (Note 2)			
Investments in unconsolidated subsidiaries and affiliated companies	26,892	77,172	50,279
Held-to-maturity securities	84,501	84,991	489
Available-for-sale securities	129,621	129,621	-
Total Assets	867,758	918,528	50,769
i) Notes and accounts payable-trade	88,113	88,113	-
ii) Short-term borrowings (excluding current portion of long-term debt)	29,682	29,682	-
iii) Accounts payable-other	45,835	45,835	-
iv) Long-term debt (including current portion of long-term debt)	52,286	52,292	6
Total Liabilities	215,918	215,924	6
Derivative transactions (*2)	<1,413>	<1,431>	(18)

(*1) Excludes amount of allowance for doubtful accounts included in notes and accounts receivable-trade

(*2) Assets and liabilities arising from derivative transactions are presented on a net basis. Net liability is indicated in parentheses.

Notes:

1. Methods of measuring fair values of financial instruments and other matters concerning securities and derivatives

Assets

(1) Cash and deposits (2) Notes and accounts receivable-trade

The carrying value of cash and deposits and these receivables approximates fair value because of their short maturities.

(Translation)

(3) Marketable and investment securities

The fair value of bonds and equity securities is measured at the quoted market price of the exchange. The fair value of certificate of deposits is stated at carrying value as the carrying value approximates the fair value.

Liabilities

(1) Notes and accounts payable-trade (2) Short-term borrowings (3) Accounts payable-other

The carrying value of payables and short-term borrowings approximates fair value because of their short maturities.

(4) Long-term debt (including current portion of long-term debt)

The fair value of long-term debt is determined by discounting the principal and interest payments at the refinancing rate.

Derivatives

The fair value of derivative transactions is measured at the quoted price obtained from financial and other institutions.

2. Financial instruments whose fair values cannot be reliably determined

(Millions of yen)

	Carrying amount	
Marketable and investment securities		
Available-for-sale securities		11,580
Corporate bond of affiliated company		340
Stocks of unconsolidated subsidiaries and affiliated companies	130,801	
Allowance for investment loss	(968)	129,832
		141,753
Investments in capital		
Investments in capital of unconsolidated subsidiaries and affiliated companies	22,009	
Allowance for investment loss	(1,849)	20,159

The above items are excluded from marketable and investment securities and investments in capital, as they do not have a quoted market price in an active market and their fair value cannot be reliably determined.

(Translation)

Independent Auditors' Report (Consolidated Financial Statements)

(Translation)

INDEPENDENT AUDITORS' REPORT

May 7, 2011

To the Board of Directors of
Otsuka Holdings Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Tatsuaki Kitachi

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Kenichi Kimura

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Yukitaka Maruchi

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of March 31, 2011 of Otsuka Holdings Co., Ltd. (the "Company") and the related consolidated statements of income and changes in net assets, and the related notes for the 3rd fiscal year from April 1, 2010 to March 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and consolidated subsidiaries as of March 31, 2011, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(Translation)

Non-consolidated Balance Sheet

(As of March 31, 2011)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	227,124	Current liabilities	19,019
Cash and deposits	135,735	Accounts payable-other	914
Marketable securities	83,000	Accrued expenses	19
Supplies	47	Income tax payable	181
Prepaid expenses	311	Deposits received from subsidiaries and affiliates	17,659
Loans to subsidiaries and affiliates	1,018	Provision for bonuses	125
Income taxes receivable	6,659	Provision for directors' bonuses	90
Other current assets	352	Other current liabilities	28
Non-current assets	722,585	Total Liabilities	19,019
Property, plant and equipment	118	Net Assets	
Buildings	45	Shareholders' equity	930,486
Structures	0	Common stock	81,690
Furniture and fixtures	72	Capital surplus	810,740
Intangible assets	1,613	Additional paid-in capital	731,816
Software	1,506	Other capital surplus	78,924
Trademark rights	107	Retained earnings	38,059
Investments and other assets	720,854	Other retained earnings	38,059
Investment securities	7,115	Retained earnings brought Forward	38,059
Stocks of subsidiaries and affiliates	712,565	Treasury stock, at cost	(4)
Long-term loans receivable	167	Valuation and translation adjustments	(260)
Long-term prepaid expenses	35	Unrealized loss on available-for-sale securities	(260)
Other assets	970	Stock acquisition rights	464
Total Assets	949,710	Total net assets	930,690
		Total Liabilities and Net Assets	949,710

(Translation)

Non-consolidated Statement of Income

(From April 1, 2010 to March 31, 2011)

(Millions of yen)

Item	Amount	
Operating revenues		36,290
Operating expenses		5,550
Operating income		30,739
Non-operating income		
Interest and dividend income	319	
Business consignment fees from subsidiaries	491	
Other	139	950
Non-operating expenses		
IPO expenses	777	
Other	25	802
Ordinary income		30,887
Extraordinary loss		
Monetary donation	390	390
Income before income taxes		30,497
Income taxes-current		10
Net income		30,487

(Translation)

Non-consolidated Statement of Changes in Net Assets

(From April 1, 2010 to March 31, 2011)

(Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance, March 31, 2010	42,946	703,072	30,689	733,761	13,544	13,544	(44,548)	745,704
Changes in the year								
Reversal of additional paid-in capital		(10,000)	10,000	-				-
Dividends					(5,972)	(5,972)		(5,972)
Issuance of new shares	38,744	38,744		38,744				77,489
Disposal of treasury stock			38,234	38,234			44,548	82,782
Purchase of treasury stock							(4)	(4)
Net income					30,487	30,487		30,487
Net changes other than shareholders' equity								
Total changes in the year	38,744	28,744	48,234	76,979	24,514	24,514	44,544	184,782
Balance, March 31, 2011	81,690	731,816	78,924	810,740	38,059	38,059	(4)	930,486

	Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Unrealized gain (loss) on available-for-sale securities	Total valuation and translation adjustments		
Balance, March 31, 2010	178	178	-	745,882
Changes in the year				
Reversal of additional paid-in capital				-
Dividends				(5,972)
Issuance of new shares				77,489
Disposal of treasury stock				82,782
Purchase of treasury stock				(4)
Net income				30,487
Net changes other than shareholders' equity	(439)	(439)	464	25
Total changes in the year	(439)	(439)	464	184,807
Balance, March 31, 2011	(260)	(260)	464	930,690

Notes to Non-consolidated Financial Statements

1. Summary of Significant Accounting Policies

(1) Valuation of Major Assets

i) Stocks of subsidiaries and affiliates:

Stated at cost determined by the moving-average method.

ii) Other securities

- Marketable securities classified as available-for-sale:

Stated at fair value based on the quoted market price at the end of the fiscal year with unrealized gains or losses, net of applicable taxes, stated in a separate component of net assets. The cost of securities sold is calculated using the moving average method.

- Non-marketable securities classified as available-for-sale:

Stated at cost, determined by the moving average method.

iii) Valuation of inventories

- Supplies:

Stated at the lower of cost or net selling value, determined by the first-in, first-out method.

(2) Depreciation and Amortization of Non-current Assets

i) Property, plant and equipment:

The Company uses the declining-balance method.

ii) Intangible assets:

The Company uses the straight-line method over their estimated useful lives. Software for internal use is depreciated by the straight-line method based on internal guidelines (5 years).

(3) Reserves

i) Provision for bonuses:

In order to cover payment of bonuses to employees, the Company sets up a reserve in the amount of estimated bonuses, which are attributable to the corresponding fiscal year.

ii) Provision for directors' bonuses:

In order to cover payment of bonuses to directors, the Company sets up a provision in the amount of estimated bonuses, which are attributable to the corresponding fiscal year.

(4) Other

- Accounting method for consumption taxes:

Consumption taxes are excluded from revenues and expenses.

(5) Changes in Accounting Policies

- Asset retirement obligations

Effective from the fiscal year ended March 31, 2011, the Company adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008). There was no effect on the operating income, ordinary income or income before income taxes as a result of this change.

(6) Additional Information

- Accounting Method for Employee Shareholding Incentive Plan

The Company adopts a "Trust-type Employee Shareholding Incentive Plan (E-Ship)" (the "Plan") in order to provide an enhanced benefits package and an incentive to increase the long-term enterprise value for its Group's employees.

Under the Plan, the "Employee Stock Holding Trust" (the "Trust") acquires the Company shares expected to be purchased by the "Otsuka Group Employee Stock Holding Plan" in the five-year period from July 2008 through a third-party allocation of new shares by the Company. Until termination, the Trust is responsible for transferring shares to the Employee Stock Holding Plan

(Translation)

and receiving dividends from the Company. If any money remains within the Trust, such money will be distributed as residual assets to those employees that fulfill the requirements for eligible beneficiaries.

The Company guarantees the Trust's borrowings from financial institutions for the acquisition of Company shares. The Trust has repaid all of the borrowings as of March 31, 2011.

The Company does not recognize the Company shares owned by the Trust on its balance sheet as treasury stock and increased its common stock and additional paid-in capital at the time of the third-party allocation of new shares. As of March 31, 2011, the Trust holds 2,673 thousand Company shares and the balance of the account is ¥2,288 million.

2. Notes to Non-consolidated Balance Sheet

- (1) Accumulated Depreciation on Property, Plant and Equipment 15 million yen
- (2) Monetary Assets From and Liabilities to Subsidiaries and Affiliated Companies (Excluding Those Classified Separately in the Non-consolidated Balance Sheet)
- i) Short-term monetary assets 194 million yen
 - ii) Short-term monetary liabilities 295 million yen

3. Notes to Non-consolidated Statement of Income

- (1) Transactions with Subsidiaries and Affiliated Companies
- i) Operating revenues 36,290 million yen
 - ii) Operating expenses 1,426 million yen
 - iii) Non-operating transactions 576 million yen
- (2) Monetary Donation
Monetary donation relates to the Great East Japan Earthquake of 2011.

4. Notes to Non-consolidated Statement of Changes in Net Assets

(1) Number of Shares of Treasury Stock

Class of shares	Number of shares as of March 31, 2010	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares as of March 31, 2011
Common stock	41,321 thousand shares	1 thousand shares	41,321 thousand shares	2 thousand shares

Note: The increase in the number of shares of treasury stock is due to the purchase of shares less than one unit, while the decrease in the number of shares of treasury stock is due to the disposal of treasury stock through the public offering.

(Translation)

5. Income Taxes

Major components of deferred tax assets and liabilities are as follows:

Deferred tax assets		(Millions of yen)
Provision for bonuses	¥	51
Accrued directors' salaries		73
Accrued enterprise tax		70
Accrued business office taxes		2
Loss on valuation of stocks in subsidiaries and affiliates		160
Loss on extinguishment of tie-in shares		234
Share-based compensation expenses		188
Valuation difference on available-for-sale securities		105
Tax loss carryforwards		1,552
Subtotal		2,438
Valuation allowance		(2,438)
Total	¥	-

6. Related Party Transactions

Subsidiaries

Type	Company name	Ownership percentage	Relationship		Transaction contents	Transaction amount (Millions of yen)	Item	Balance at the fiscal year-end (Millions of yen)
			Interlocking directors and corporate auditors	Business relationship				
Subsidiary	Otsuka Pharmaceutical Co., Ltd.	(Holding by the Company) 100.0% direct (Holding by the subsidiary) None	4	Investment in stock	Salaries of seconded employees (Note 1) Borrowing and lending of funds (Note 2) Receipt of interest (Note 3) Payment of interest (Note 3) Business consignment fees from subsidiaries (Note 4)	829 12,683 61 1 367	Accounts payable Accrued expenses Deposits received from subsidiaries and affiliates Accounts receivable	51 16 2,669 93
Subsidiary	Taiho Pharmaceutical Co., Ltd.	(Holding by the Company) 100.0% direct (Holding by the subsidiary) None	-	Investment in stock	Borrowing of funds (Note 2) Payment of interest (Note 3)	8,387 1	Deposits received from subsidiaries and affiliates	12,368

Terms and conditions of transactions and policy on determination thereof

Notes:

1. The amount is mutually agreed upon based on salaries of seconded employees.
2. The Group utilizes a cash management system for efficient use of its funds. The transaction amount represents the average balance during the fiscal year.
3. Interest rate is mutually agreed upon based on market rates.
4. The Company's business support center performs certain indirect functions of the Group companies. Terms of the transactions are mutually agreed upon based on actual service costs.

7. Per Share Information

- (1) Net Assets per Share 1,667.56 yen
- (2) Net Income per Share 60.79 yen

(Translation)

Independent Auditors' Report (Non-consolidated Financial Statements)

(Translation)

INDEPENDENT AUDITORS' REPORT

May 7, 2011

To the Board of Directors of
Otsuka Holdings Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Tatsuaki Kitachi

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Kenichi Kimura

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Yukitaka Maruchi

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements, namely, the non-consolidated balance sheet as of March 31, 2011 of Otsuka Holdings Co., Ltd. (the "Company"), and the related non-consolidated statements of income and changes in net assets, and the related notes for the 3rd fiscal year from April 1, 2010 to March 31, 2011, and the accompanying supplemental schedules. These non-consolidated financial statements and the accompanying supplemental schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these non-consolidated financial statements and the accompanying supplemental schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplemental schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the non-consolidated financial statements and the accompanying supplemental schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall non-consolidated financial statement and the accompanying supplemental schedules presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2011, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

Audit Report of the Board of Corporate Auditors

AUDIT REPORT

Regarding the performance of duties by the Directors for the 3rd Fiscal Year from April 1, 2010 to March 31, 2011, the Board of Corporate Auditors hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Corporate Auditor.

1. Auditing Methods and Content of Audits

The Board of Corporate Auditors established the auditing policies, allocation of duties, and other relevant matters, and received reports from each Corporate Auditor regarding his or her audit results, as well as reports from the Directors and independent auditors regarding performance of their duties, and sought explanations as necessary.

In accordance with the auditing standards for Corporate Auditors determined by the Board of Corporate Auditors, the auditing policies and audit plan for the relevant fiscal year and the division of work, each Corporate Auditor endeavored to collect information and established auditing circumstances through communication with Directors, the Internal Audit Department and other employees, and attended the Board of Directors' meeting and other important meetings to receive reports regarding performance of duties from Directors, the Internal Audit Department, etc. and sought explanations as necessary. Each Corporate Auditor also inspected the significant approved documents and examined the status of operations and conditions of assets at its head office and principal offices.

In addition, we periodically received reports from the Directors and other relevant personnel, sought explanations as necessary and made opinions, regarding establishment and management of the system stipulated in Article 100(1) and (3) of the Ordinance for Enforcement of the Companies Act and status of the system (internal controls system) based on resolutions of the Board of Directors, which are stipulated as necessary system and other requirements for ensuring that the performance of duties by the Directors conforms to the laws and regulations and the Articles of Incorporation, as well as for ensuring an appropriateness of operations of a joint stock corporation. With respect to subsidiaries, we communicated and exchanged information with Directors, Corporate Auditors, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary. Based on the above methods, we examined the business report and supplementary schedules thereof related to the relevant business year.

Furthermore, we monitored and verified whether the independent auditors maintained their independence and implemented appropriate audits, and we received reports from the independent auditors regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the independent auditors that "the system for ensuring that duties are performed properly" (matters set forth in each Item of Article 131 of the Corporate Accounting Rules) is organized in accordance with the "product quality management standards regarding audits" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary. Based on the above methods, we examined the financial statements (Non-consolidated Balance Sheets, Non-consolidated Statements of Income, Non-consolidated Statements of Changes in Net Assets, and Notes to Non-consolidated Financial Statements), supplementary schedules thereof, as well as the Consolidated Financial Statements (Consolidated Balance Sheets, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements) related to the relevant business year.

2. Results of Audit

- (1) Results of Audit of the Business Report, etc.
 - i) In our opinion, the business report and the accompanying supplementary schedules are in accordance with the related laws and regulations and the Articles of Incorporation, and fairly represent the Company's condition.
 - ii) With regard to the performance of duties by the Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.
 - iii) In our opinion, resolutions of the Board of Directors for internal controls system are fair and reasonable. And there is no problem with the contents of the Business Report and the performance of duties by the Directors with respect to internal controls system.
- (2) Results of Audit of Financial Statements and the Accompanying Supplementary Schedules
In our opinion, the methods and results employed and rendered by the independent auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.
- (3) Results of Audit of Consolidated Financial Statements
In our opinion, the methods and results employed and rendered by the independent auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

May 11, 2011

Board of Corporate Auditors, Otsuka Holdings Co., Ltd.

Standing Corporate Auditor Masahiko Kato [Seal]

Outside Corporate Auditor Yasuhisa Katsuta [Seal]

Outside Corporate Auditor Norikazu Yahagi [Seal]

Outside Corporate Auditor Hiroshi Sugawara [Seal]

Reference Documents for Shareholders Meeting

Proposal 1: Election of Ten (10) Directors

The terms of office of all eleven (11) Directors will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the Company proposes to elect ten (10) Directors.

The candidates for Directors are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Akihiko Otsuka (July 21, 1937)	March 1960 Joined Otsuka Pharmaceutical Factory June 1976 President and Representative Director, Otsuka Pharmaceutical Co., Ltd. December 1998 Resigned as President and Representative Director, Otsuka Pharmaceutical Co., Ltd. Senior Advisor and Executive Director, Otsuka Pharmaceutical Factory, Inc. June 2000 Executive Director, Otsuka Pharmaceutical Co., Ltd. July 2008 Chairman and Representative Director, Otsuka Holdings Co., Ltd. (Current Position) September 2008 Executive Director, Otsuka Pharmaceutical Factory, Inc. (Current Position) June 2009 Executive Director, Otsuka Chemical Holdings Co., Ltd. (present day Otsuka Chemical Co., Ltd.) January 2010 Chairman and Representative Director, Otsuka Foods Co., Ltd. June 2010 Chairman, Otsuka Foods Co., Ltd. (Current Position) April 2011 Chairman, Otsuka Pharmaceutical Co., Ltd. (Current Position) [Significant concurrent positions outside the Company] Chairman, Otsuka Pharmaceutical Co., Ltd. Executive Director, Otsuka Pharmaceutical Factory, Inc. Chairman, Otsuka Foods Co., Ltd. President and Representative Director, Otsuka Estate Ltd. President and Representative Director, Otsuka Asset Co., Ltd.	3,481,384
2	Kenichiro Otake (July 10, 1946)	May 1970 Joined the Ministry of Finance May 1995 Deputy Director-General, Ministry of Finance July 1998 Deputy Commissioner, National Tax Agency July 2001 Director-General of the Tax Bureau, Ministry of Finance July 2004 Commissioner, National Tax Agency July 2005 Deputy President of the Board of Trustees of Shoko Chukin Bank (present day The Shoko Chukin Bank, Ltd.) April 2008 Joined Otsuka Pharmaceutical Co., Ltd. as Advisor July 2008 Vice Chairman and Representative Director, Otsuka Holdings Co., Ltd. (Current Position) March 2009 Outside Director, Shoei Co., Ltd. (Current Position)	10,000

(Translation)

Candidate No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Tatsuo Higuchi (June 14, 1950)	<p>March 1977 Joined Otsuka Pharmaceutical Co., Ltd.</p> <p>June 1998 Senior Managing Director, Otsuka Pharmaceutical Co., Ltd. (Pharmavite)</p> <p>November 1998 Vice President and Executive Director, Otsuka Pharmaceutical Co., Ltd.</p> <p>June 1999 Executive Director, responsible for U.S. Business, Otsuka Pharmaceutical Co., Ltd.</p> <p>June 2000 President and Representative Director, Otsuka Pharmaceutical Co., Ltd.</p> <p>June 2008 Executive Director, Otsuka Pharmaceutical Co., Ltd. (Current Position)</p> <p>July 2008 President and Representative Director, Otsuka Holdings Co., Ltd. (Current Position)</p> <p>[Significant concurrent positions outside the Company] Executive Director, Otsuka Pharmaceutical Co., Ltd.</p>	46,000
4	Ichiro Otsuka (February 15, 1965)	<p>April 1987 Joined Otsuka Pharmaceutical Factory, Inc.</p> <p>June 1997 Executive Director, Director of Consumer Products Development Division, Otsuka Pharmaceutical Co., Ltd.</p> <p>June 1998 Managing Director, responsible for Consumer Products, Publicity, Promotion and Development Division, Otsuka Pharmaceutical Co., Ltd.</p> <p>December 2001 Executive Director, Research and Development, Otsuka Pharmaceutical Factory, Inc</p> <p>May 2002 Representative Director, Otsuka Pharmaceutical Factory, Inc</p> <p>December 2003 Vice President and Representative Director, Otsuka Pharmaceutical Factory, Inc.</p> <p>December 2004 President and Representative Director, Otsuka Pharmaceutical Factory, Inc (Current Position)</p> <p>July 2008 Executive Director, Otsuka Holdings Co., Ltd.</p> <p>June 2010 Vice President and Executive Director, Otsuka Holdings Co., Ltd. (Current Position)</p> <p>[Significant concurrent positions outside the Company] President and Representative Director, Otsuka Pharmaceutical Factory, Inc. Vice President and Representative Director, Otsuka Estate Ltd.</p>	6,288,920
5	Atsumasa Makise (June 17, 1958)	<p>December 1987 Joined Otsuka Pharmaceutical Co., Ltd.</p> <p>June 2002 Operating Officer, Director of ODPI Division, Otsuka Pharmaceutical Co., Ltd.</p> <p>June 2003 Operating Officer, Director, Finance Department of OIAA Division, Otsuka Pharmaceutical Co., Ltd.</p> <p>June 2007 Managing Director, Finance and Accounting, Otsuka Pharmaceutical Co., Ltd.</p> <p>July 2008 Senior Managing Director, Corporate Finance, Otsuka Holdings Co., Ltd. (Current Position)</p> <p>May 2009 Chairman and CEO, Otsuka America Inc.</p> <p>April 2010 Chairman, Otsuka America Inc. (Current Position)</p> <p>[Significant concurrent positions outside the Company] Chairman, Otsuka America Inc.</p>	30,000
6	Noriko Tojo (February 28, 1964)	<p>April 1987 Joined Goldman Sachs (Japan) Corporation</p> <p>August 1991 Joined Shearson Lehman Brothers Holdings Inc.</p> <p>April 1994 CFO, Japan Marketing Data Systems Inc.</p> <p>September 1996 Manager of President's Office, SITCA Investment and Securities PCL</p> <p>July 2002 Engagement Manager, McKinsey & Company, Japan Office</p> <p>June 2006 Director, Intel Capital Japan, Intel Corporation</p> <p>August 2008 Managing Director, Corporate Development, Otsuka Holdings Co., Ltd. (Current Position)</p>	0

(Translation)

Candidate No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
7	Yoshiro Matsuo (November 3, 1960)	April 1985 Joined Otsuka Pharmaceutical Co., Ltd. January 2003 Operating Officer, Associate General Manager of the General Affairs Department, Otsuka Pharmaceutical Co., Ltd. June 2006 Operating Officer, General Manager of the General Affairs Department, Otsuka Pharmaceutical Co., Ltd. November 2007 Senior Operating Officer, General Manager of the General Affairs Department with additional responsibility for Legal Affairs and External Relations, Otsuka Pharmaceutical Co., Ltd. July 2008 Managing Director, Corporate Administration, Otsuka Holdings Co., Ltd. (Current Position)	10,760
8	Yujiro Otsuka (July 27, 1941)	March 1964 Joined Otsuka Pharmaceutical Factory June 1976 Executive Director, Otsuka Pharmaceutical Co., Ltd. July 1976 President and Representative Director, Otsuka Warehouse Co., Ltd. November 1986 President and Representative Director, Otsuka Chemical Co., Ltd. July 2001 Chairman and Representative Director, Otsuka Warehouse Co., Ltd. (Current Position) September 2002 President and Representative Director, Otsuka Chemical Holdings Co., Ltd. May 2006 Chairman and Representative Director, Otsuka Chemical Holdings Co., Ltd. July 2008 Executive Director, Otsuka Holdings Co., Ltd. (Current Position) June 2009 Chairman, Otsuka Chemical Holdings Co., Ltd. (present day Otsuka Chemical Co., Ltd.) (Current Position) [Significant concurrent positions outside the Company] Chairman, Otsuka Chemical Co., Ltd. Chairman and Representative Director, Otsuka Warehouse Co., Ltd.	354,840
9	Yukio Kobayashi (January 26, 1931)	January 1954 Joined Otsuka Pharmaceutical Factory June 1963 President and Representative Director, Taiho Pharmaceutical Co., Ltd. February 1989 Chairman and Representative Director, Nichiban Co., Ltd. January 1999 President and Representative Director, Otsuka Pharmaceutical Co., Ltd. September 2001 Chairman and Representative Director, Taiho Pharmaceutical Co., Ltd. July 2008 Executive Director, Otsuka Holdings Co., Ltd. (Current Position)	1,502,816

(Translation)

Candidate No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
10	Sadanobu Tobe (April 18, 1941)	<p>April 1976 Senior Managing Director and Representative Director, Shinko Foods Co., Ltd. (present day Otsuka Foods Co., Ltd.)</p> <p>September 1981 Executive Director, Otsuka Foods Co., Ltd.</p> <p>November 1987 Executive Director, Otsuka Chemical Co., Ltd.</p> <p>July 1993 Vice President and Representative Director, Otsuka Foods Co., Ltd.</p> <p>September 2002 Vice President, Otsuka Chemical Holdings Co., Ltd.</p> <p>November 2004 Vice President and Representative Director, Otsuka Chemical Holdings Co., Ltd. Executive Director, Otsuka Foods Co., Ltd.</p> <p>May 2006 President and Representative Director, Otsuka Chemical Holdings Co., Ltd. (present day Otsuka Chemical Co., Ltd.) (Current Position)</p> <p>July 2008 Executive Director, Otsuka Holdings Co., Ltd. (Current Position)</p> <p>June 2009 Vice Chairman and Representative Director, Otsuka Foods Co., Ltd.</p> <p>January 2010 Vice Chairman, Otsuka Foods Co., Ltd.</p> <p>June 2010 Vice Chairman and Representative Director, Otsuka Foods Co., Ltd. (Current Position)</p> <p>[Significant concurrent positions outside the Company] President and Representative Director, Otsuka Chemical Co., Ltd. Vice Chairman and Representative Director, Otsuka Foods Co., Ltd.</p>	318,320

Notes:

1. Each candidate has no special interests in the Company.
2. The numbers of the Company's shares owned by Akihiko Otsuka, Ichiro Otsuka, Yujiro Otsuka and Sadanobu Tobe are those actually held, including shares in the Otsuka Founders Shareholding Fund Trust Account.

(Translation)

Proposal 2: Election of One (1) Corporate Auditor

Corporate Auditor Masahiko Kato will resign at the closure of this Annual Shareholders Meeting.

Accordingly the Company proposes to elect one (1) Corporate Auditor as the substitute.

The Board of Corporate Auditors has consented to this proposal.

The candidate for a Corporate Auditor is as follows:

Name (Date of birth)	Career summary and position in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
Masatoshi Taniguchi (March 23, 1943)	March 1966 Joined Otsuka Chemical Co., Ltd. November 1989 Executive Director, General Manager of Tokushima Research Institute, Otsuka Chemical Co., Ltd., November 1992 Managing Director, General Manager of Chemical Division I, Otsuka Chemical Co., Ltd. November 1995 Senior Managing Director, General Manager of Chemical Division, Otsuka Chemical Co., Ltd. September 2002 Chairman, Otsuka Chemical Co., Ltd.* June 2009 Vice Chairman and Representative Director, Otsuka Chemical Co., Ltd. (former Otsuka Chemical Holdings Co., Ltd.) June 2010 Special Advisor, Otsuka Chemical Co., Ltd. * The company was newly established as of September 1, 2002 following the company split at the time of transition of the former Otsuka Chemical Co., Ltd. to a holding company. The corporate name of the former Otsuka Chemical Co., Ltd., the split company, was changed to Otsuka Chemical Holdings Co., Ltd. Otsuka Chemical Holdings Co., Ltd. absorbed Otsuka Chemical Co., Ltd. and renamed itself Otsuka Chemical Co., Ltd. as of June 30, 2009.	82,170

Note: The candidate has no special interests in the Company.

Guidance for Exercising Voting Rights via the Internet, etc.

When you exercise your voting rights via electromagnetic method (Internet, etc.), the Company requests you to check the following items and do so by 5:20 p.m., Tuesday, June 28, 2011.

If you attend the meeting on the date, it is unnecessary to exercise your voting rights by posting voting forms or via the Internet, etc.

1. Website for exercising voting rights

- (1) You may exercise your voting rights via the Internet only by visiting the Website for Exercising Voting Rights designated by the Company, using a personal computer (PC) or cellular phone (i-mode, EZweb, Yahoo! Keitai)* :

<http://www.evotep.jp/>

(However, the website is closed from 2:00 a.m. to 5:00 a.m. every day.)

- (2) When exercising your voting rights using a PC or a cellular phone, please note that you might not be able to exercise your voting rights via the Internet depending on the Internet environment, services provided, or the model of the cellular phone. For details, please direct your inquiries to the Help Desk (see below).

* i-mode, EZweb, and Yahoo! are the trademarks or the registered trademarks of NTT DoCoMo, Inc.; KDDI Corporation; and Yahoo! Inc. of the U.S., respectively.

2. How to exercise your voting rights via the Internet

- (1) Please follow the instructions given on the screen to give approval or disapproval to each of the agenda items on the Website for Exercising Voting Rights (<http://www.evotep.jp/>), using the login ID and provisional password specified in the Voting Rights Exercise Form.
- (2) Please note that shareholders who utilize the Website for Exercising Voting Rights will be asked to change the provisional password on the Website for Exercising Voting Rights in order to prevent people other than shareholders from accessing it illegally (impersonating shareholders) or falsifying the content of votes.
- (3) Shareholders will be notified of a new login ID and provisional password each time we call for a Shareholders Meeting.

3. Handling of voting rights when they are exercised more than once

- (1) Please note that your online vote will prevail should you exercise your voting rights both by post and via the Internet.
- (2) If you exercise your voting rights more than once via the Internet, only the last vote shall be deemed effective. In addition, if you exercise your voting rights more than once using a PC and a cellular phone, only the last vote shall be deemed effective.

4. Expenses necessary to access the Website for Exercising Voting Rights

Expenses necessary to access the Website for Exercising Voting Rights (including those for dial-up connection and telephone charge) shall be burdened by each shareholder. When you utilize a cellular phone, expenses necessary for packet communication or other cellular-phone usage shall also be burdened by shareholders.

For inquiries about the system for exercising voting rights, please contact:
Corporate Agency Division (Help Desk),
Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-173-027 (toll free (Japan only); 9:00 to 21:00 (Japan Time))

[Electronic voting platform]

If nominal shareholders (including standing proxies), such as management trust banks, apply in advance for the use of the platform for electronic exercise of voting rights for institutional investors, which is operated by ICJ, Inc., a joint venture set up by Tokyo Stock Exchange, Inc. and other companies, they may utilize the said platform as a method for exercising voting rights via an electronic method for this Annual Shareholders Meeting of the Company, in addition to the exercise of voting rights via the Internet, specified above.