

To Our Shareholders and Investors



I am pleased to announce the results for the fiscal year ended December 31, 2008 and to thank our shareholders and investors for their loyal support.

During the fiscal year under review, global financial uncertainties from autumn led to a rapid worsening of the economy, creating a harsh economic environment. Although the OTSUKA Group made various proposals for achieving cost reductions and raising productivity, net sales declined 0.5% from the previous fiscal year to ¥467,154 million, reflecting the growing trend among companies to curb IT investments.

At the earnings level, the decrease in net sales, coupled with an increase in selling, general and administration (SG&A) expenses, resulted in lower profits, as operating income declined 9.9% to ¥27,089 million, recurring profit decreased 9.5% to ¥27,628 million and net income was down 23.8% to ¥14,371 million. The double-digit decline in net income was also due in part to the effect of an extraordinary gain on the transition of retirement benefit plan amounting to ¥4,298 million that was recorded in fiscal 2007.

Management has resolved to pay year-end dividends per share of ¥130 in line with our efforts to return profits to shareholders, who have given us their support.

In the coming fiscal year, although the severe environment is likely to persist, we will work to strengthen our ties with customers by offering proposals and support from a customer perspective. In working to realize our Mission Statement, the OTSUKA Group will continue to pursue management reforms to ensure the trust of all stakeholders. Your ongoing support is greatly appreciated as we move forward with these endeavors.

Yuji Otsuka, President & Chief Executive Officer

March 2009