Outlook for Fiscal 2009

Utilization of IT Essential

Looking ahead, despite such underlying support factors as a decline in raw materials prices, it is believed that the economy could worsen due to slumping domestic and overseas demand, the appreciation of the yen and a decrease in capital investment, as well as owing to the impact of concerns about an escalation of the global financial crisis and a further downturn in the world economy.

Under these conditions, there is a strong need for utilizing IT to reduce costs and raise productivity. This is accompanied by solid demand for upgrading information system infrastructures as well as strategic IT investments being made by companies to ensure their survival. Nonetheless, companies are expected to continue restraining IT investments.

Within such an environment, the OTSUKA Group has formulated the corporate slogan “Vitalize office via IT and live up to customers’ trust” for fiscal 2009. Accordingly, in undertaking customer proposal activities, we will utilize such support measures as Tax incentive to help strengthen information infrastructure for business while proactively proposing systems suited to the particular circumstances and needs of each customer. Moreover, we will bolster our community-based sales structure and support structure, further bolster functionality and make greater use of “SPR,” as well as improve our one-stop response capabilities and work together with customers in finding solutions to challenges and tasks. In addition, we have positioned our “tanomail” office supply mail-order service business as a key strategic business and will undertake efforts to cultivate new customers.

By business segment, in the System Integration business the OTSUKA Group will continue to focus on the information security-related business, “SMILE” integrated mission-critical operational system, “ODS21” knowledge management system and CAD systems. Concurrently, we will progress with combined system proposals and comprehensive proposals that utilize the OTSUKA Group’s strengths, while responding to demand for the upgrading of information system infrastructures.

In the Service and Support business, the OTSUKA Group will strive to further expand its “tanomail” office supply mail-order service business by expanding sales of LED lighting, which are new products, as well as bolster our business alliances and fortify our lineup of TANOSEE private brand products.

In our “tayoreru” support services, we will upgrade our lineup of services and strengthen our support structure. By implementing these measures, we aim to steadily increase the proportion of sales generated by such accumulated businesses as supplies and maintenance agreement services, which are expected to generate stable earnings in the future.

Basic Principle and Medium-term Plan

Basic principle

- Grow with customers through realization of the Mission Statement

Medium-term plan

- Workforce basically remains flat
- Strive to expand business by increasing revenues and profits
  Target operating income and recurring profit to net sales ratio of 7%
- Spur new demand with the help of customer information
- Effective use of individuals/materials/capital and increasing productivity
Specific Policies

Our slogan for fiscal 2009 is:
“Vitalize office via IT and live up to customers’ trust”

Specific Policies

1. Maintain business and deepen ties with existing customers
OTSUKA CORPORATION has 770,000 customers that range in size from very large enterprises to small and medium-sized firms. We will work to strengthen our relationships with respective entities while expanding the range and volume of items handled.

2. Reinforce community-based sales structure
We will fortify frontline sales and further raise the level of contact with customers.

3. Strengthen accumulated business
We will further promote the acquisition of customers through “tanomail,” and by upgrading our lineup of “tayoreru” support services, we will also provide one-stop support for customers’ IT and business operations.

Forecast for Fiscal 2009

In fiscal 2009, in view of the expected ongoing harsh economic environment, the Company forecasts a 4.3% decrease in consolidated net sales to ¥447,000 million, a 31.7% decline in operating income to ¥18,500 million, a 31.2% decrease in recurring profit to ¥19,000 million and a 35.6% fall in net income to ¥9,260 million.

By segment, we forecast a 10.6% decline in net sales to ¥238,300 million in the System Integration business, a 4.0% increase to ¥206,710 million in the Service and Support business and a 3.8% rise to ¥1,990 million in the Other business.

Forecast for Consolidated Net Sales and Income  (Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>Fiscal 2008</th>
<th>Fiscal 2009 (Forecast)</th>
<th>Change to Last Year</th>
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</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>467,154</td>
<td>447,000</td>
<td>-4.3%</td>
</tr>
<tr>
<td>Operating income</td>
<td>27,089</td>
<td>18,500</td>
<td>-31.7%</td>
</tr>
<tr>
<td>Recurring profit</td>
<td>27,628</td>
<td>19,000</td>
<td>-31.2%</td>
</tr>
<tr>
<td>Net income</td>
<td>14,371</td>
<td>9,260</td>
<td>-35.6%</td>
</tr>
</tbody>
</table>

Forecast for Consolidated Net Sales by Segment  (Millions of yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Fiscal 2008</th>
<th>Fiscal 2009 (Forecast)</th>
<th>Change to Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Integration business</td>
<td>266,476</td>
<td>238,300</td>
<td>-10.6%</td>
</tr>
<tr>
<td>Service and Support business</td>
<td>198,761</td>
<td>206,710</td>
<td>+4.0%</td>
</tr>
<tr>
<td>Other business</td>
<td>1,916</td>
<td>1,990</td>
<td>+3.8%</td>
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