



Business Results

for the fiscal year ended December 31, 2010

February 1, 2011

OTSUKA CORPORATION

Yuji Otsuka, President

Summary of Business Results, January – December, 2010

(Millions of yen)

	Consolidated			Non-Consolidated		
	Amount	Ratio to Plan*	Change to Last Year	Amount	Ratio to Plan*	Change to Last Year
Net sales	463,493	99.9%	+7.8%	432,919	100.1%	+7.7%
Operating income	19,013	105.6%	+18.1%	17,596	105.4%	+20.0%
Ordinary income	19,508	105.5%	+18.8%	18,282	105.1%	+19.7%
Net income	10,631	109.0%	+21.1%	10,018	108.3%	+21.9%

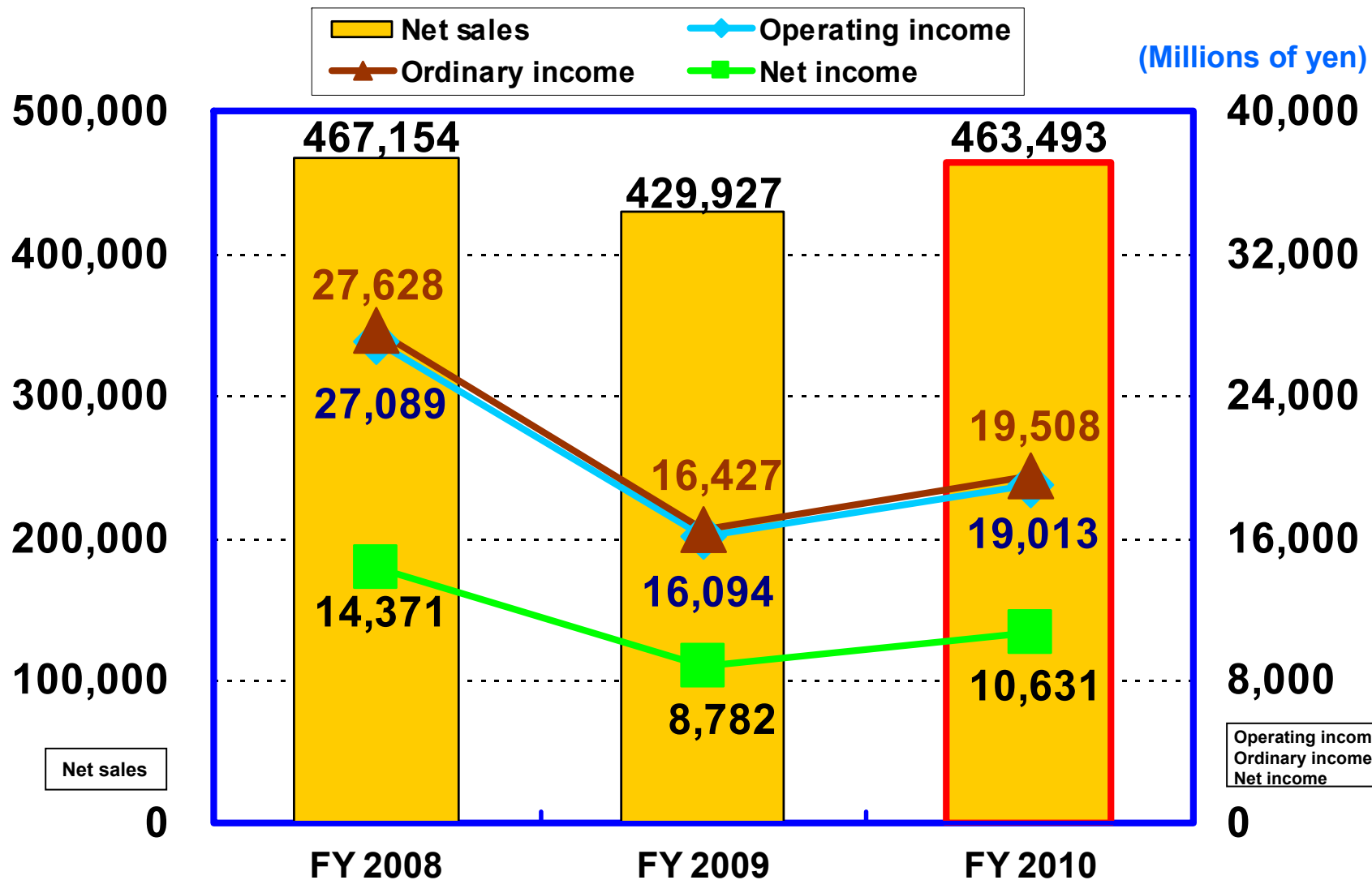
* Compared with revised plan as of October 29, 2010

Consolidated subsidiaries

Segment	Company name	Business domain	Number of employees	FY 2010 Net sales (Millions of yen)
S I	OSK Co., LTD.	Development and sale of packaged software	229	4,678
	Net plan Co., LTD	Electronic communications construction and interior construction	93	7,978
	Alpha System Co., LTD.	Consigned software development, packaged software development and ERP consulting business	163	1,461
	Net World Corporation	Sales and technology support for network-related equipment	305	42,511
S & S	Alpha Techno Co., Ltd	Emergency repair of PC and peripheral equipment and data recovery service	316	5,077
	Alpha Net Co., Ltd	Comprehensive service and support for network systems	311	3,761
Others	Otsuka Auto Service Co., Ltd	Maintenance, body work and sale for automobiles, and commissioned sales of insurance	26	506
	Otsuka Business Service Co., Ltd	Creation and commissioned shipment of direct mail materials, data management and processing as well as commissioned creation of Websites	37	841

Consolidated

Net sales and Profits



External Environment

Economy is on a mild recovery track.

Global economy is on a slow recovery track

The yen remained at a high level and exports weakened

Signs of bottoming out in production

Decrease in the number of corporate bankruptcies

Gradual pick up in investment in facilities and equipment

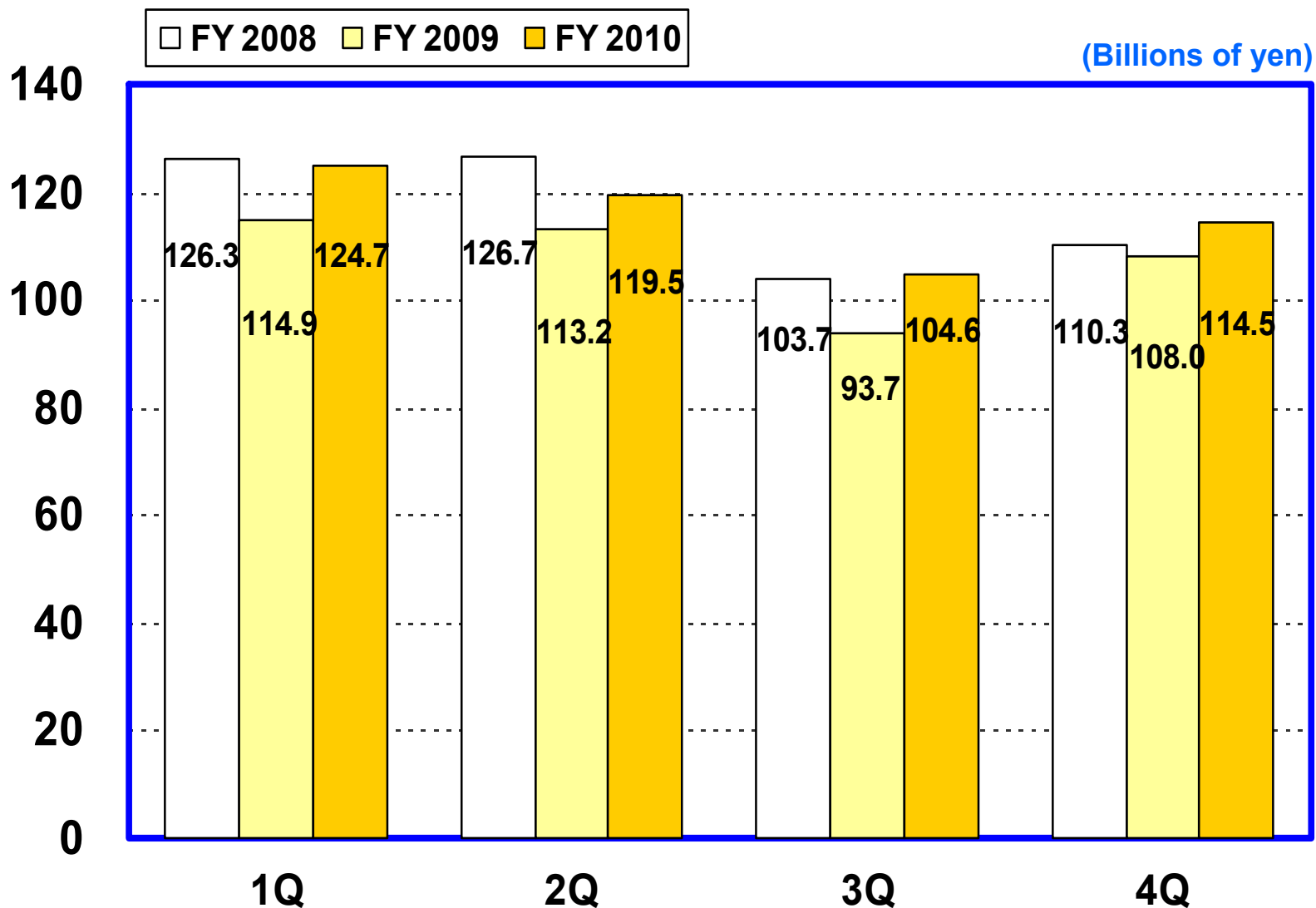
IT investments are starting to pick up centering on demand for replacement and upgrades.

OTSUKA Group's Activities

- **System proposals that lead to cost reductions, improvement of productivity and strengthening of competitiveness**
- **Strengthening of customer contact and frontline**
- **Strengthening of accumulated business**
- **Focus on “tanomail”**
- **New business activities**

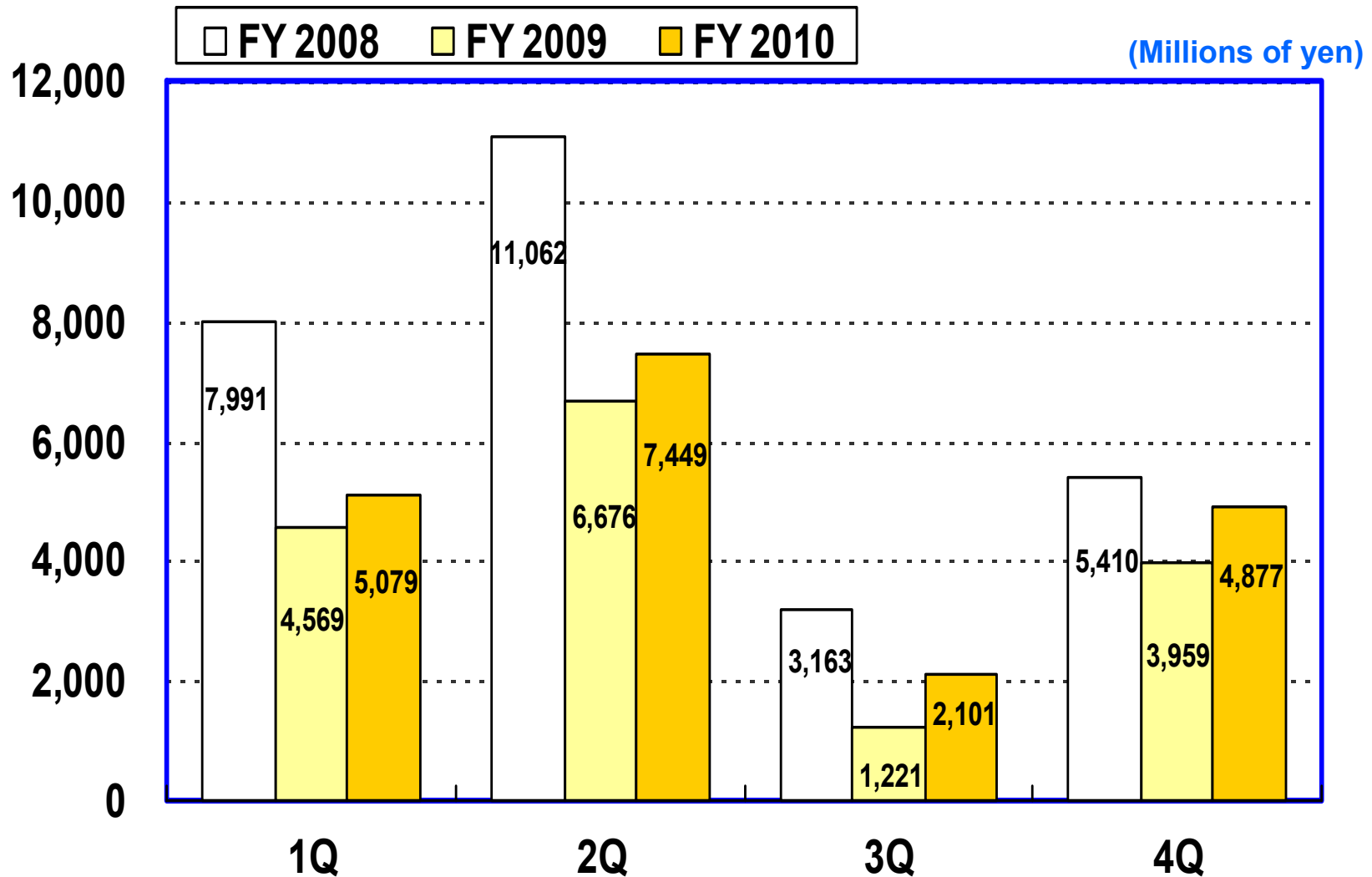
Consolidated

Quarterly change of Net sales



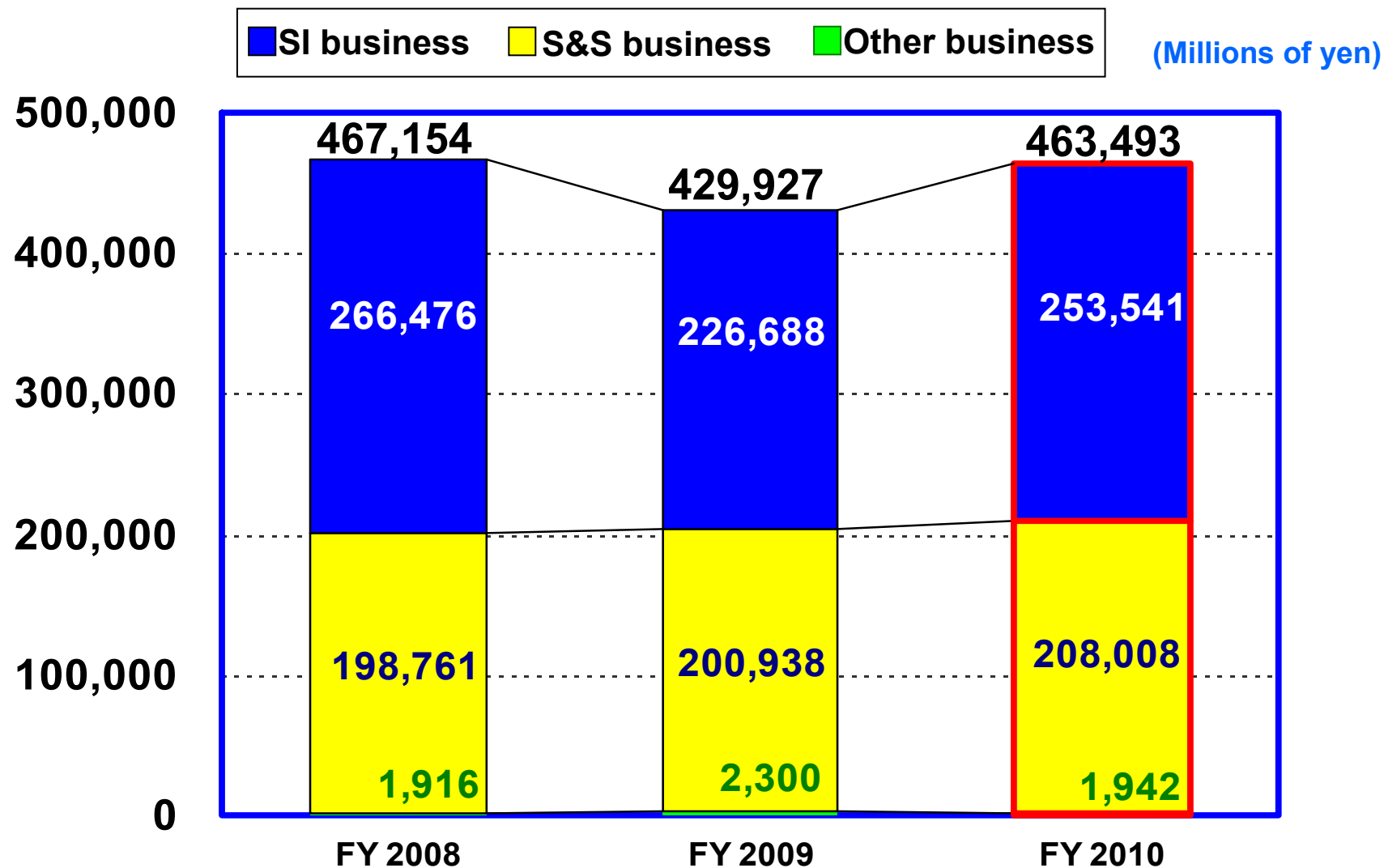
Consolidated

Quarterly change of Ordinary income

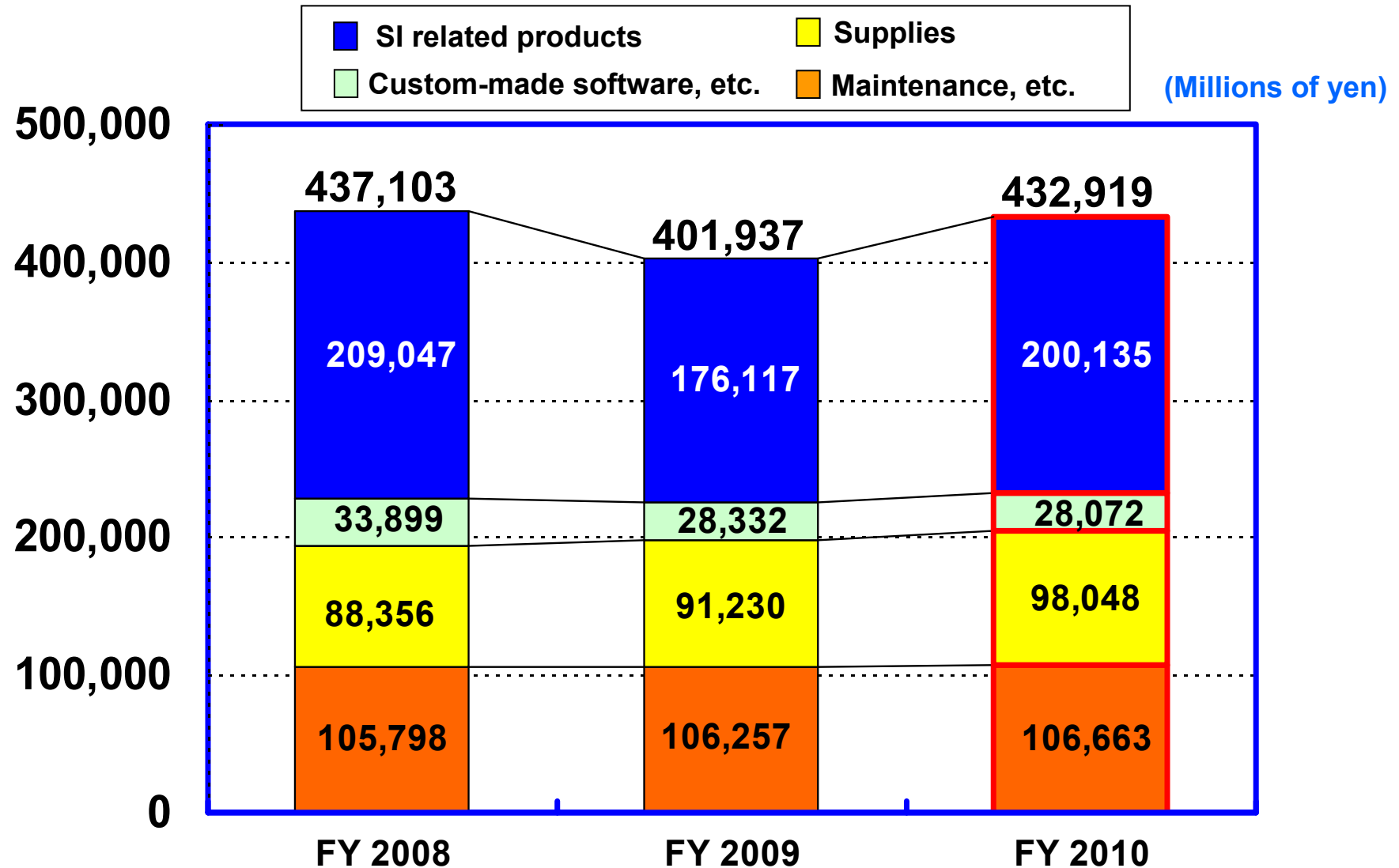


Consolidated

Net sales by segments

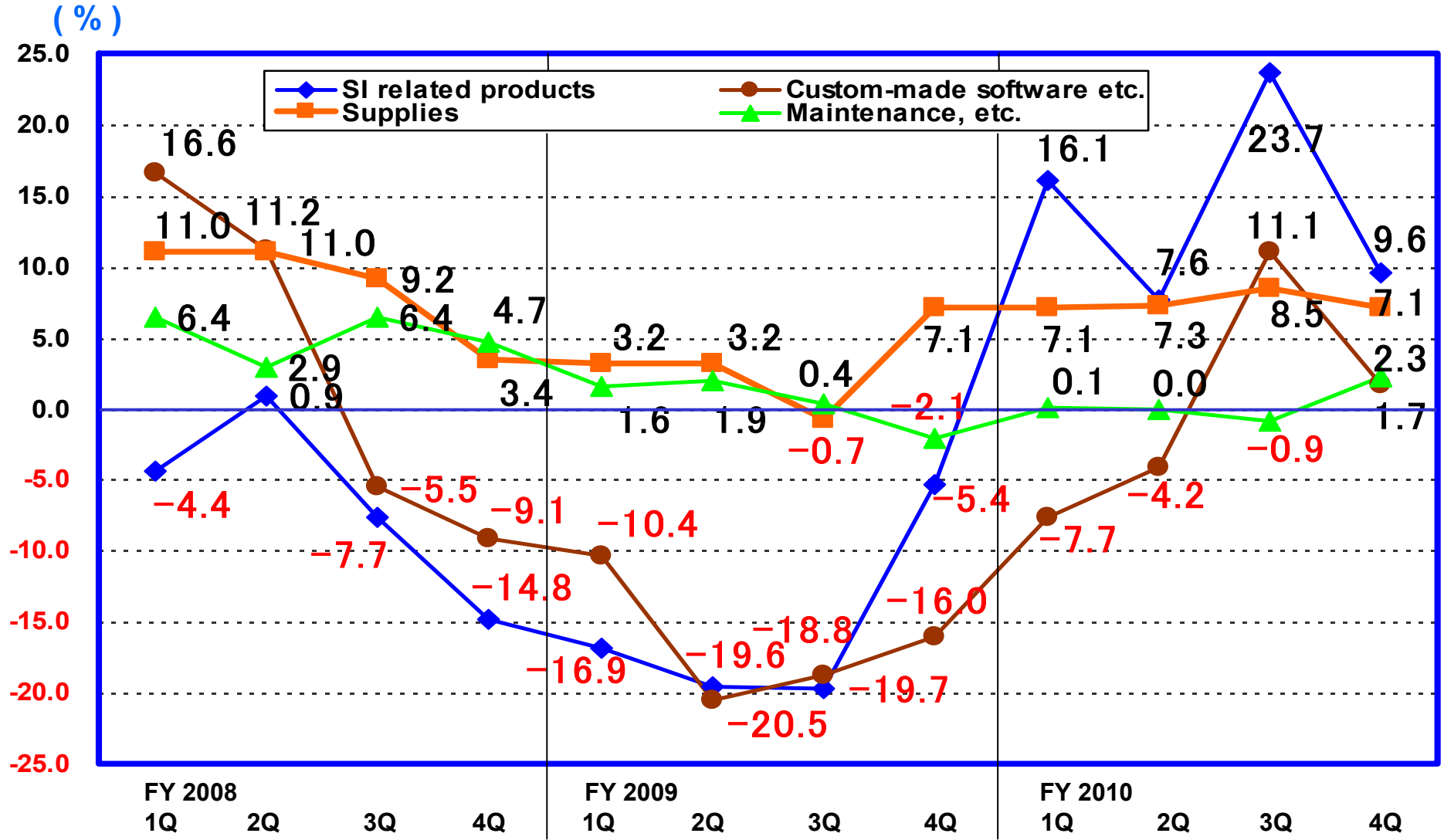


Net sales by 4 segments



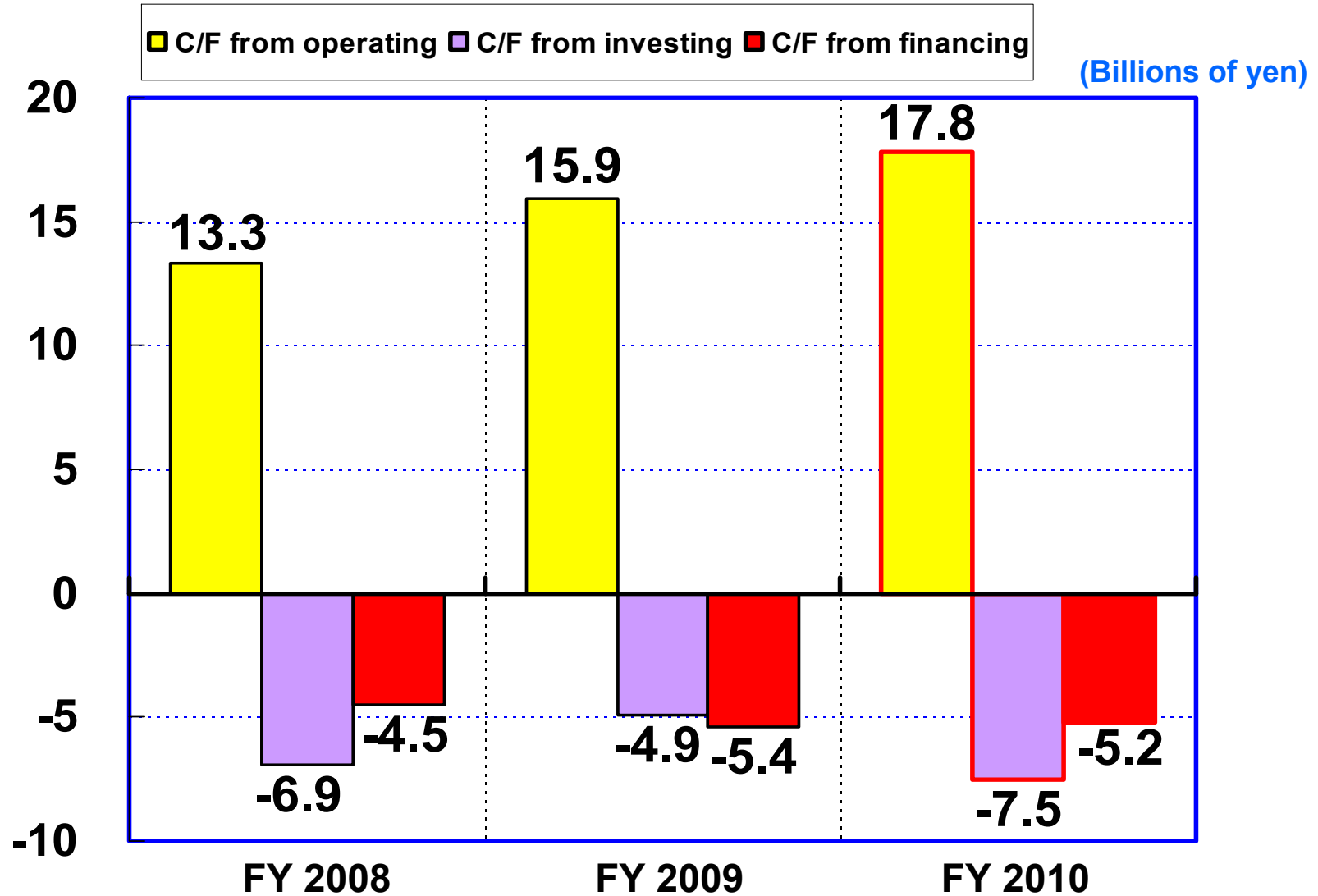
Non-Consolidated

Quarterly Net Sales by 4 segments (% change year-on-year)



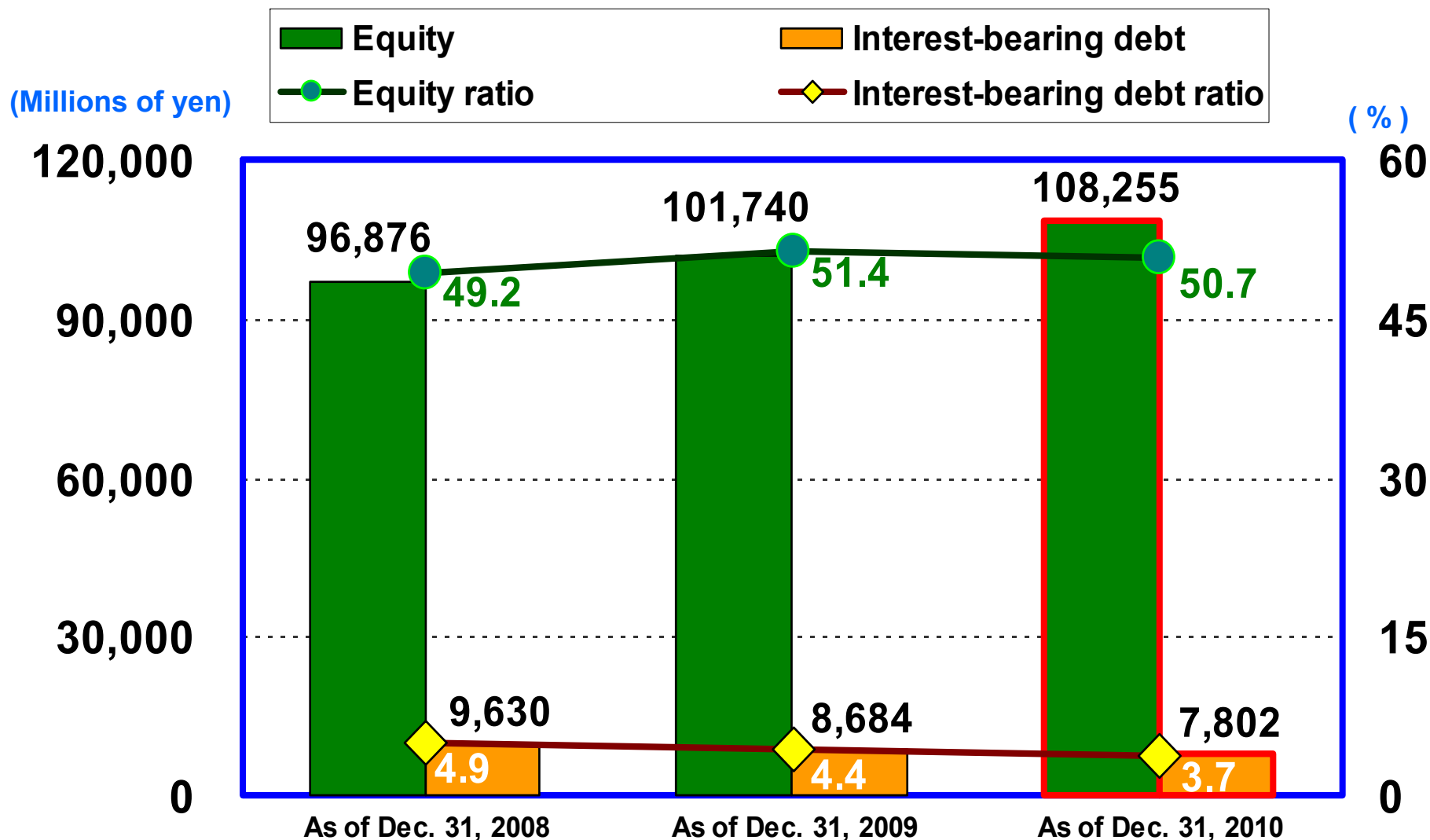
Consolidated

Cash flows



Consolidated

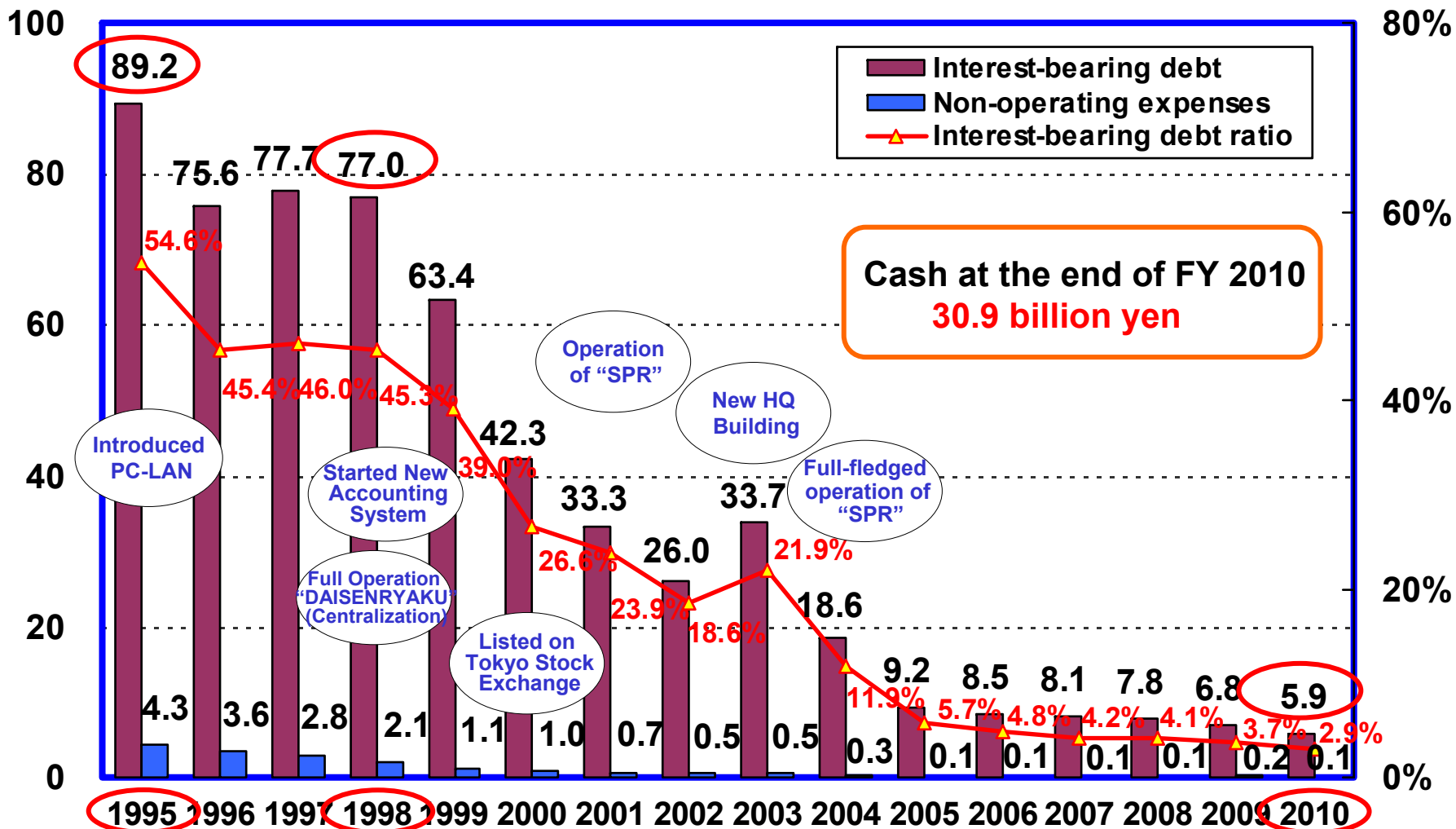
Equity and Interest-bearing debt



Non-Consolidated

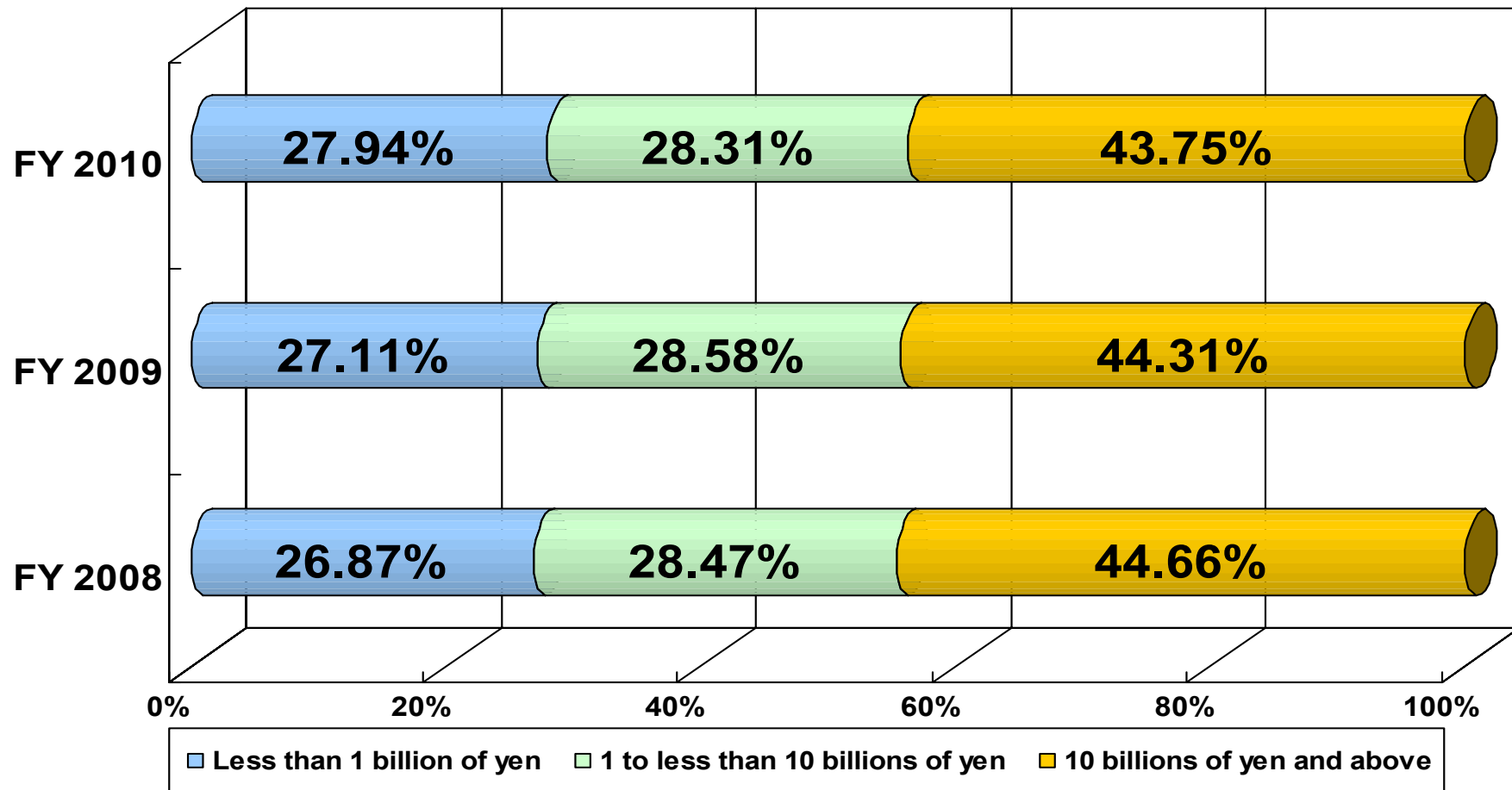
Change of Interest-bearing debt and Non-operating expenses

(Billions of yen)

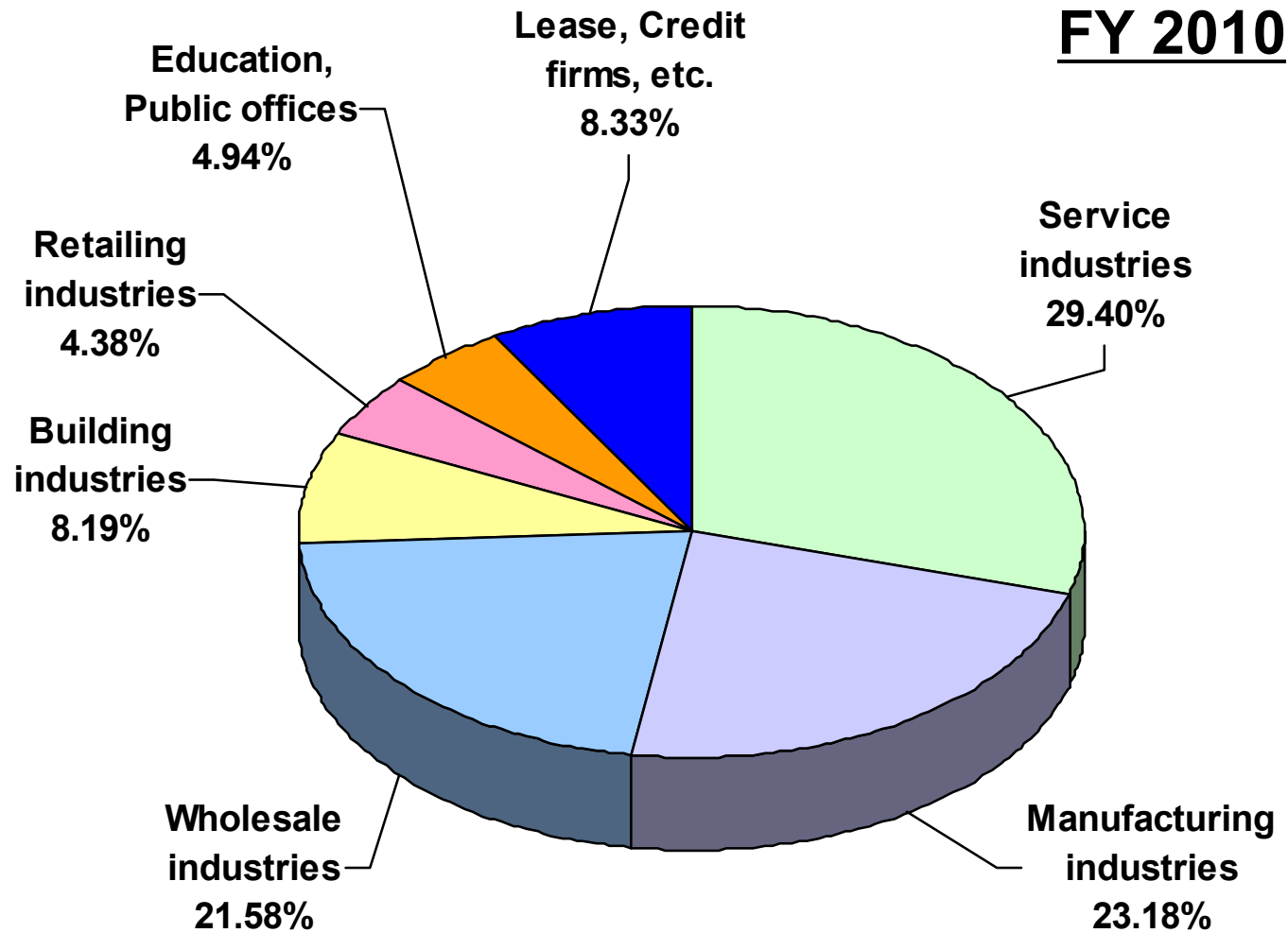


Non-Consolidated

Net sales structure on customers' total annual business scale

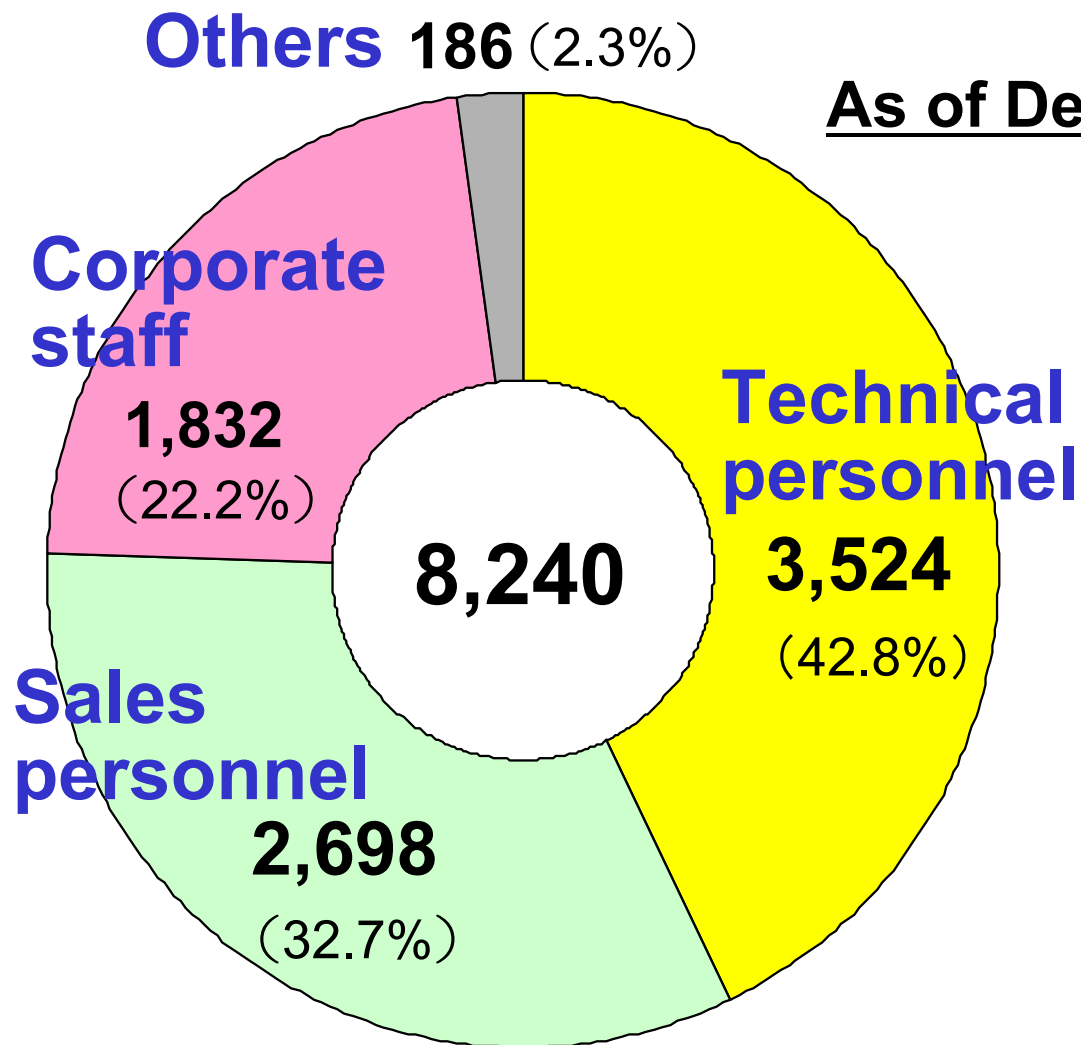


Sales breakdown by customers' type of industry



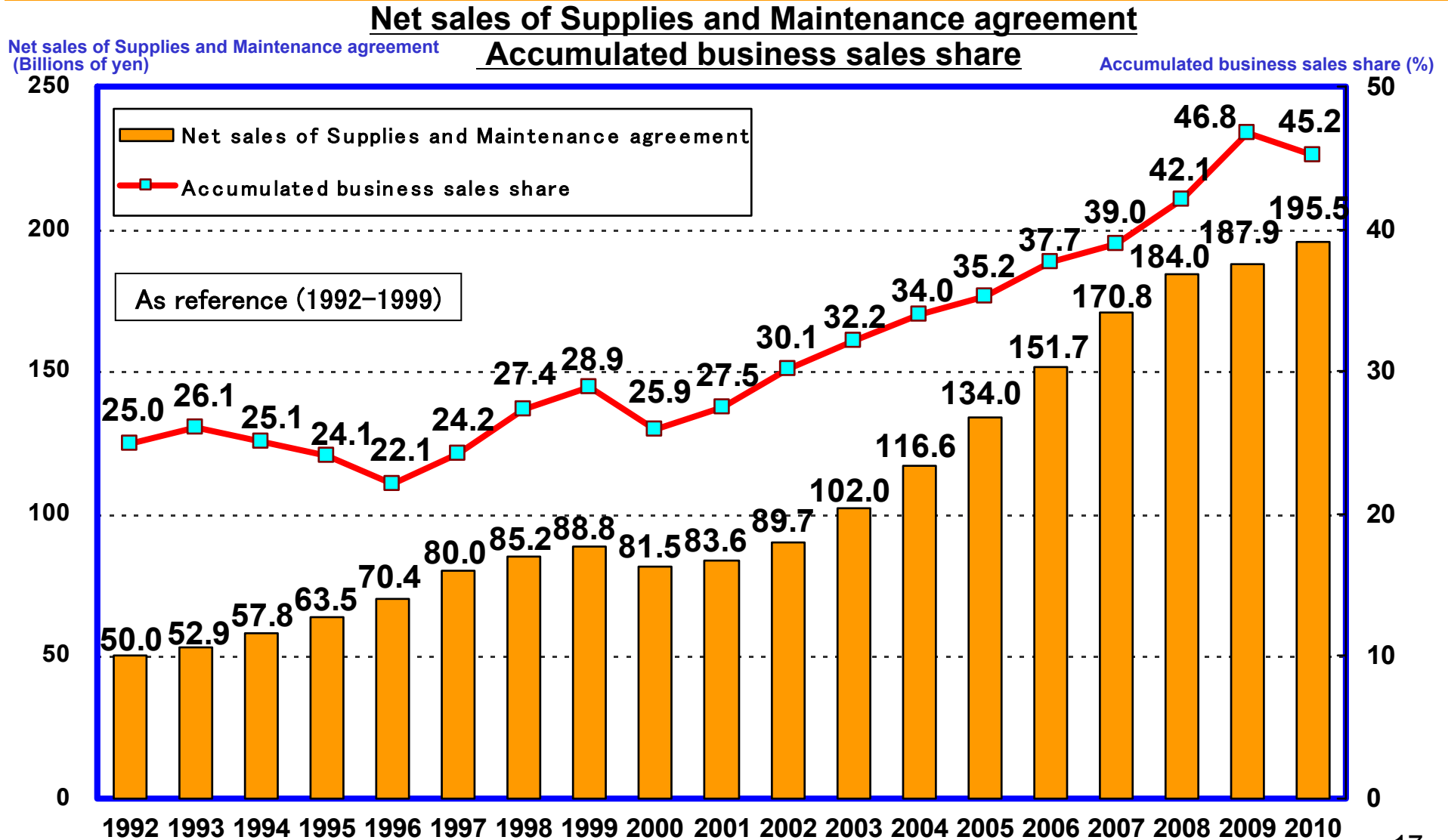
Consolidated

Personnel organization (regular employees)



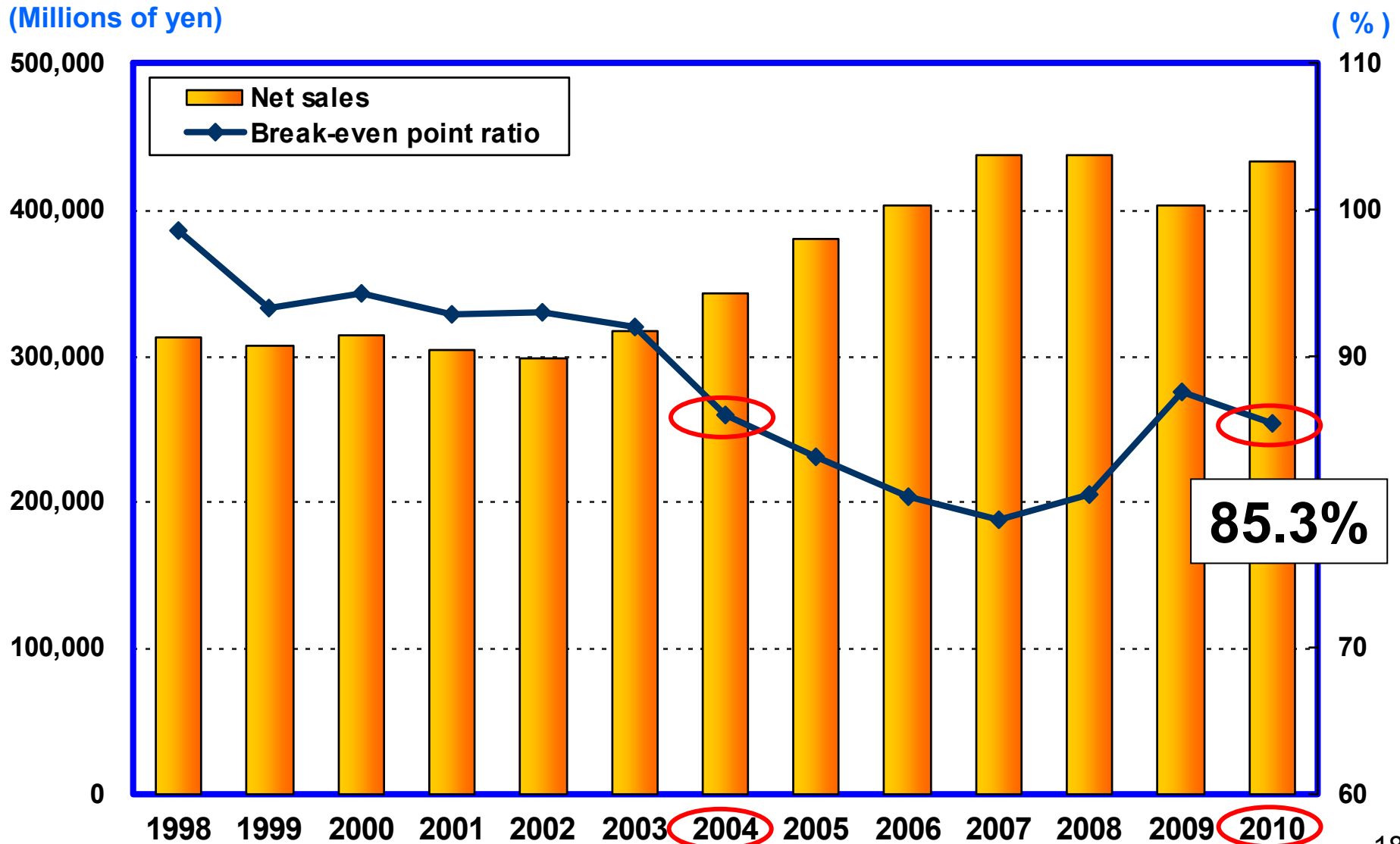
As of Dec. 31, 2010

Growth of accumulated business



Non-Consolidated

Change of Net sales and Break-even point ratio

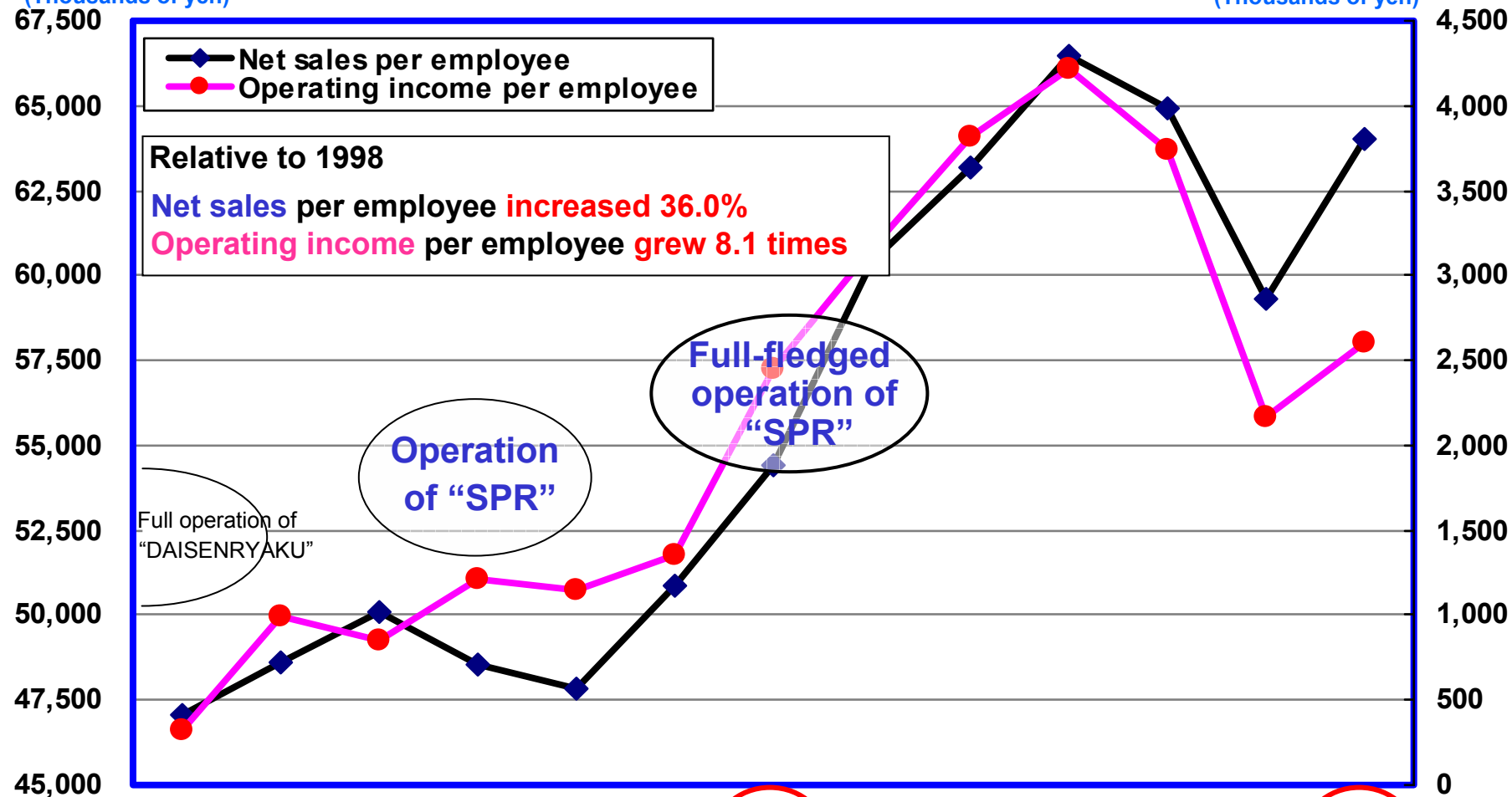


Non-Consolidated

Change of Net sales per employee and Operating income per employee

Net sales per employee
(Thousands of yen)

Operating income per employee
(Thousands of yen)



1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

Number of employees 6,621 6,316 6,272 6,251 6,236 6,222 6,294 6,297 6,379 6,585 6,736 6,778 6,760
(Difference to last year, -18)



Key strategic business

<Amount of Sales>

(Millions of yen)

	FY 2008	FY 2009		FY 2010		
	Amount	Amount	Change to Last year	Amount	Difference to Last year	Change to Last year
“tanomail”	89,192	92,990	+4.3%	100,980	+7,990	+8.6%
SMILE	6,858	6,327	-7.7%	6,708	+381	+6.0%
ODS21	37,650	33,073	-12.2%	38,778	+5,704	+17.2%
OSM	43,448	40,826	-6.0%	43,887	+3,061	+7.5%

<As reference: Number of Sales>

(Units)

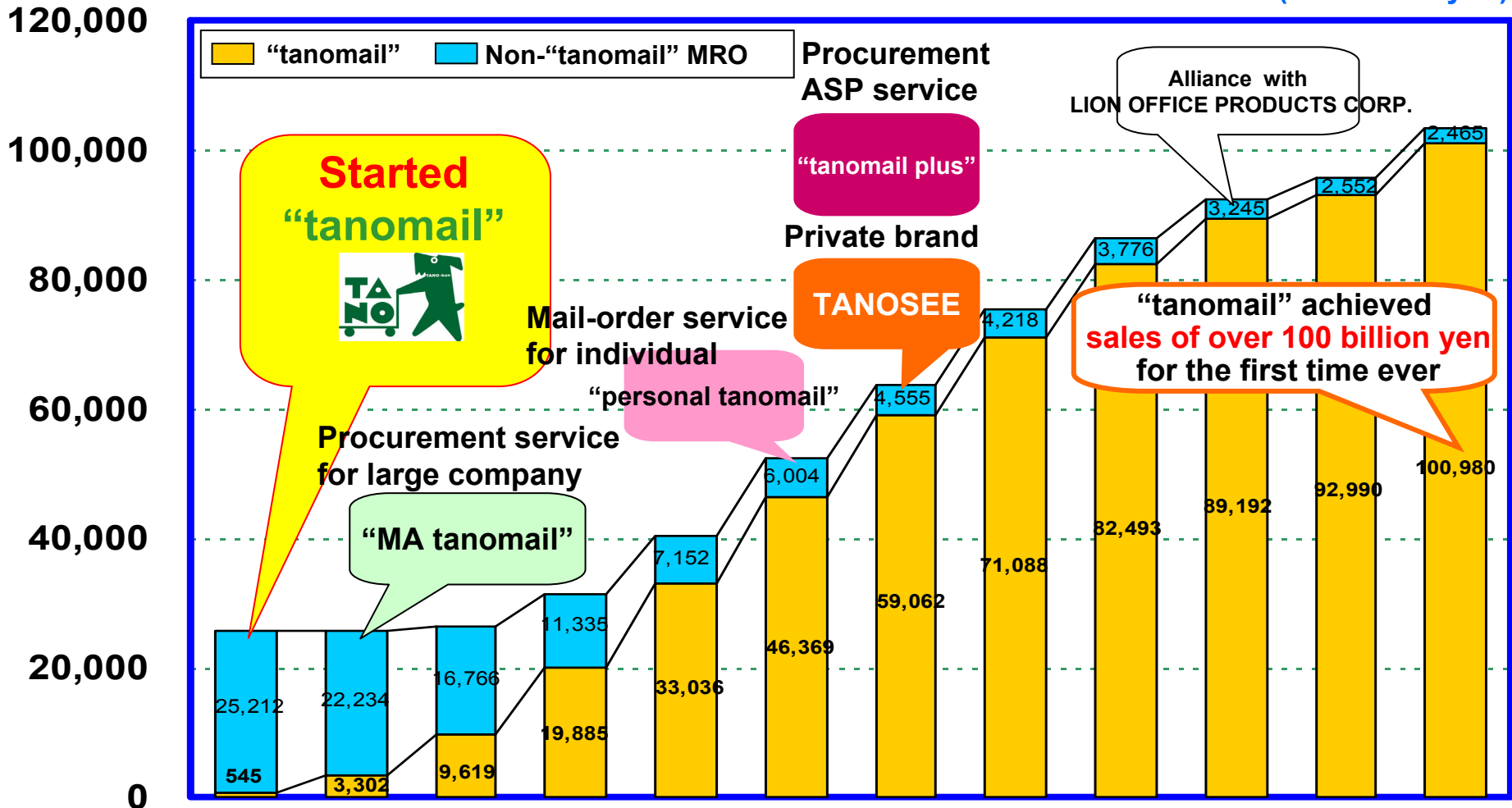
Copier	28,707	24,240	-15.6%	27,003	+2,763	+11.4%
(of which Color copier)	20,014	18,144	-9.3%	21,703	+3,559	+19.6%
Server	35,014	32,389	-7.5%	36,405	+4,016	+12.4%
PC	508,967	500,276	-1.7%	666,332	+166,056	+33.2%

* The scope of calculation for copiers and color copiers has partially changed as of January-September, 2010. Figures for 2008 and 2009 are also indicated accordingly.

Non-Consolidated

“tanomail” Exceeded 100 Billion Yen in Sales

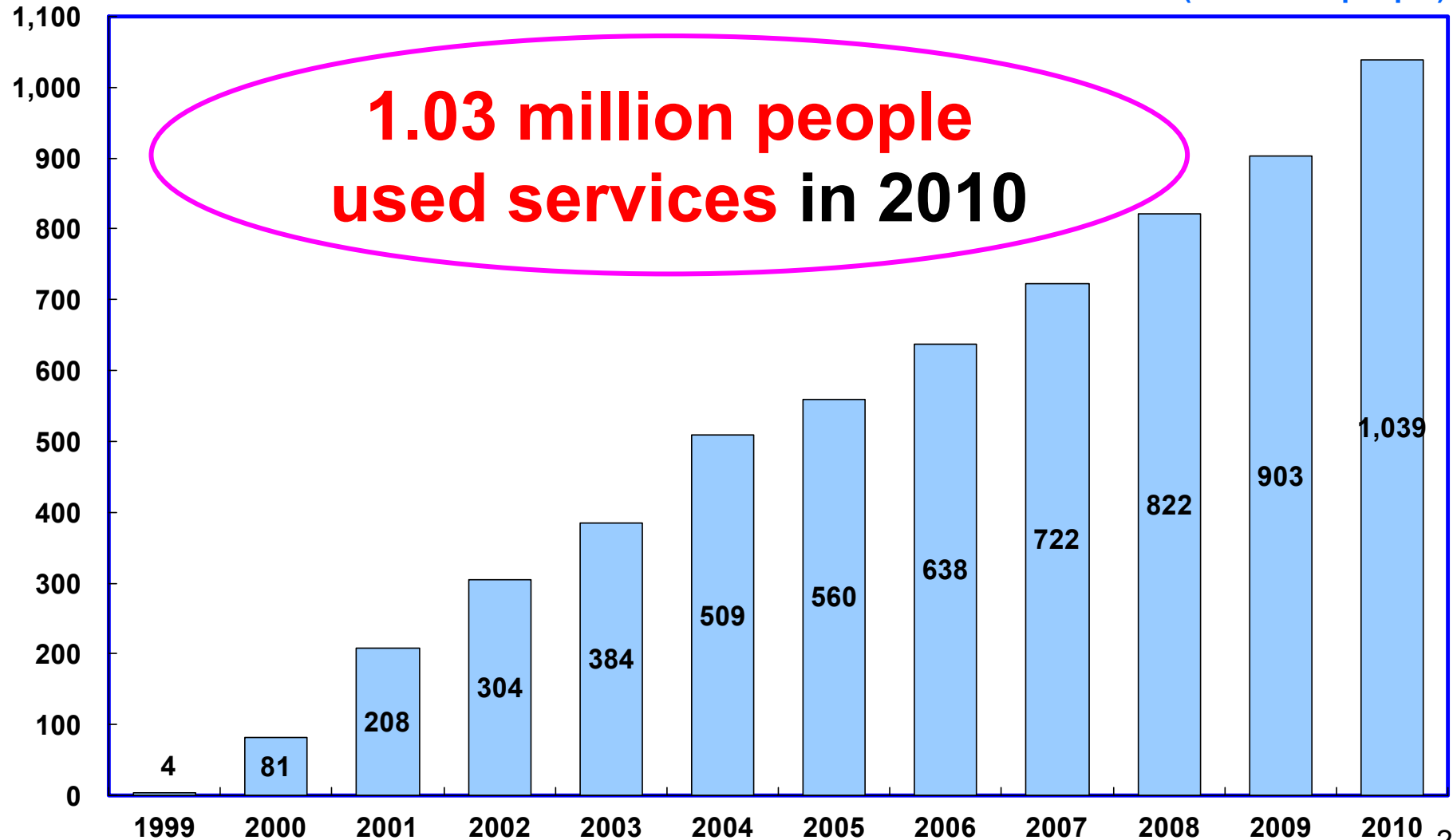
(Millions of yen)



Accounts of “tanomail” 506 133,105 153,609 169,148 322,720 385,895 448,812 506,263 564,489 626,932 698,999 773,882 21
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Number of Users of Main Web Services (ASP)

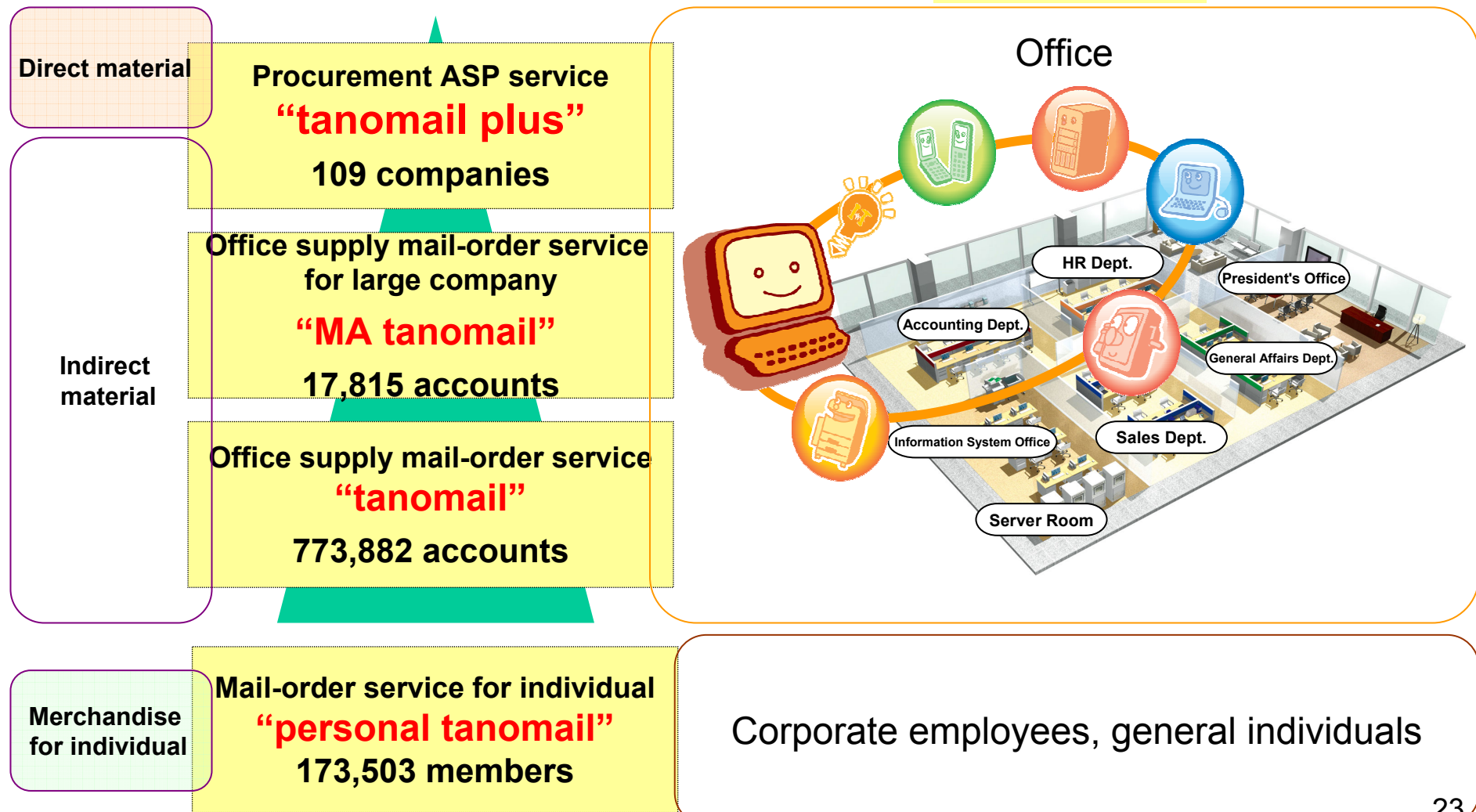
(Thousand people)



Total support by OTSUKA CORPORATION

OTSUKA CORPORATION supports customers' procurement duties across the board

(As of Dec. 31, 2010)



Future Plans

The Basic Principle and Mid-Term Plans

< Basic principle >

- **Grow with customers by realizing the Mission Statement**

< Mid-term plans >

- **Workforce basically remains flat**
- **Strive to expand business by increasing revenues and profits**

Aim to achieve 7% in operating income to net sales ratio and ordinary income to net sales ratio

- **Cultivate new demand by utilizing customer information**
- **Effective use of people/materials/money to improve per head productivity**

IT Market Forecast in 2011

- **Economy is expected to remain stagnant in the foreseeable future; however, it could move back on a recovery track from the latter half of 2011.**
- **Companies' capital investment is starting to pick up gradually.**
- **Company needs for IT utilization, replacement and upgrades are brisk.**
- **Due to factors such as special procurement during the first half of the previous term, the IT market is expected to level off in the first half and recover in the latter half of fiscal 2011.**

Policies and Measures in 2011

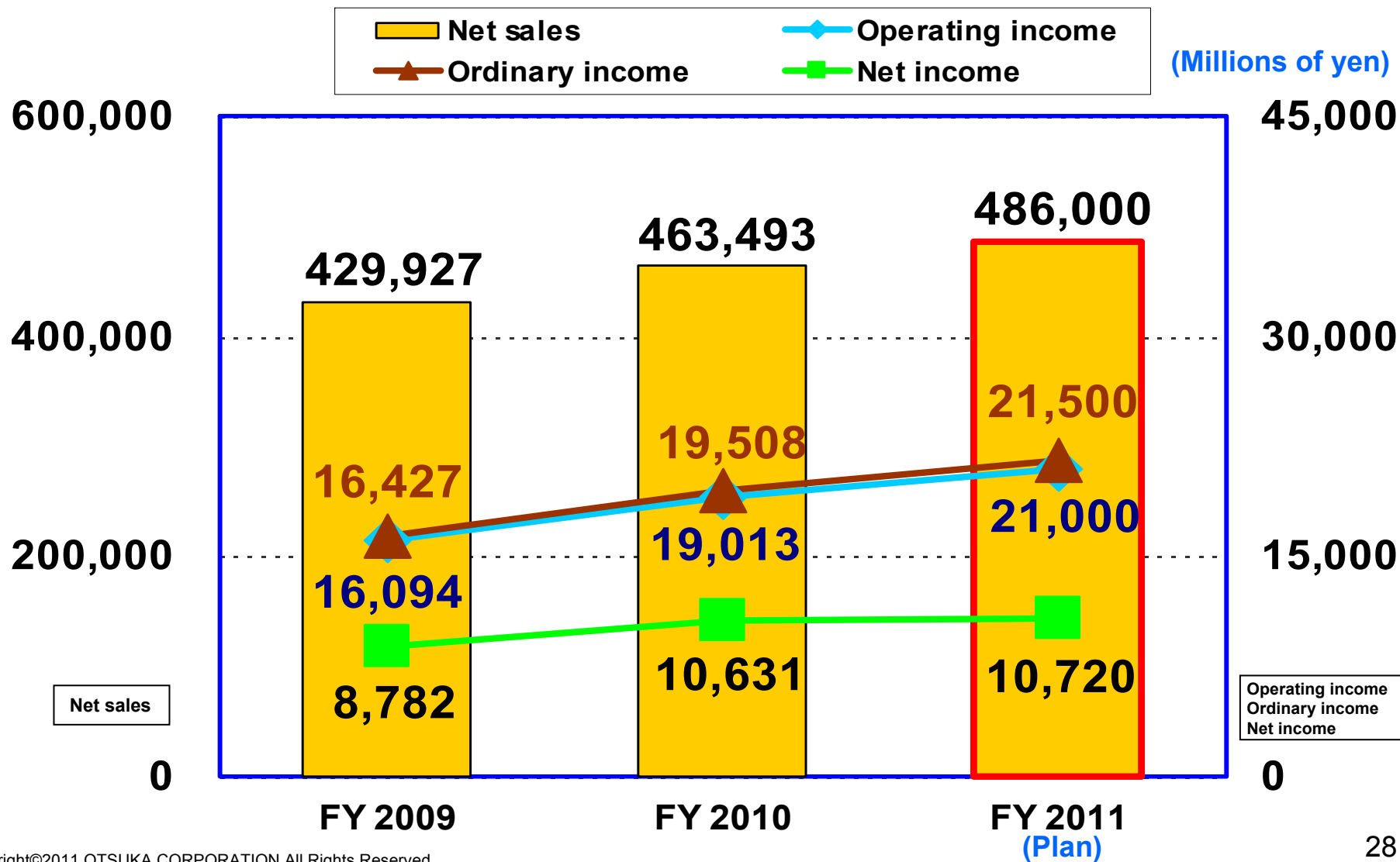
< Slogan >

“Live up to customers’ trust and vitalize office via IT”

- **Strengthen customer contact by placing greater emphasis on one-stop solutions and one-stop support**
- **Identify IT needs by recognizing changes in market**
- **Deepen ties with existing customers while cultivating new customers**
- **Promote comprehensive proposals and combined system proposals**
- **Strengthen accumulated business**

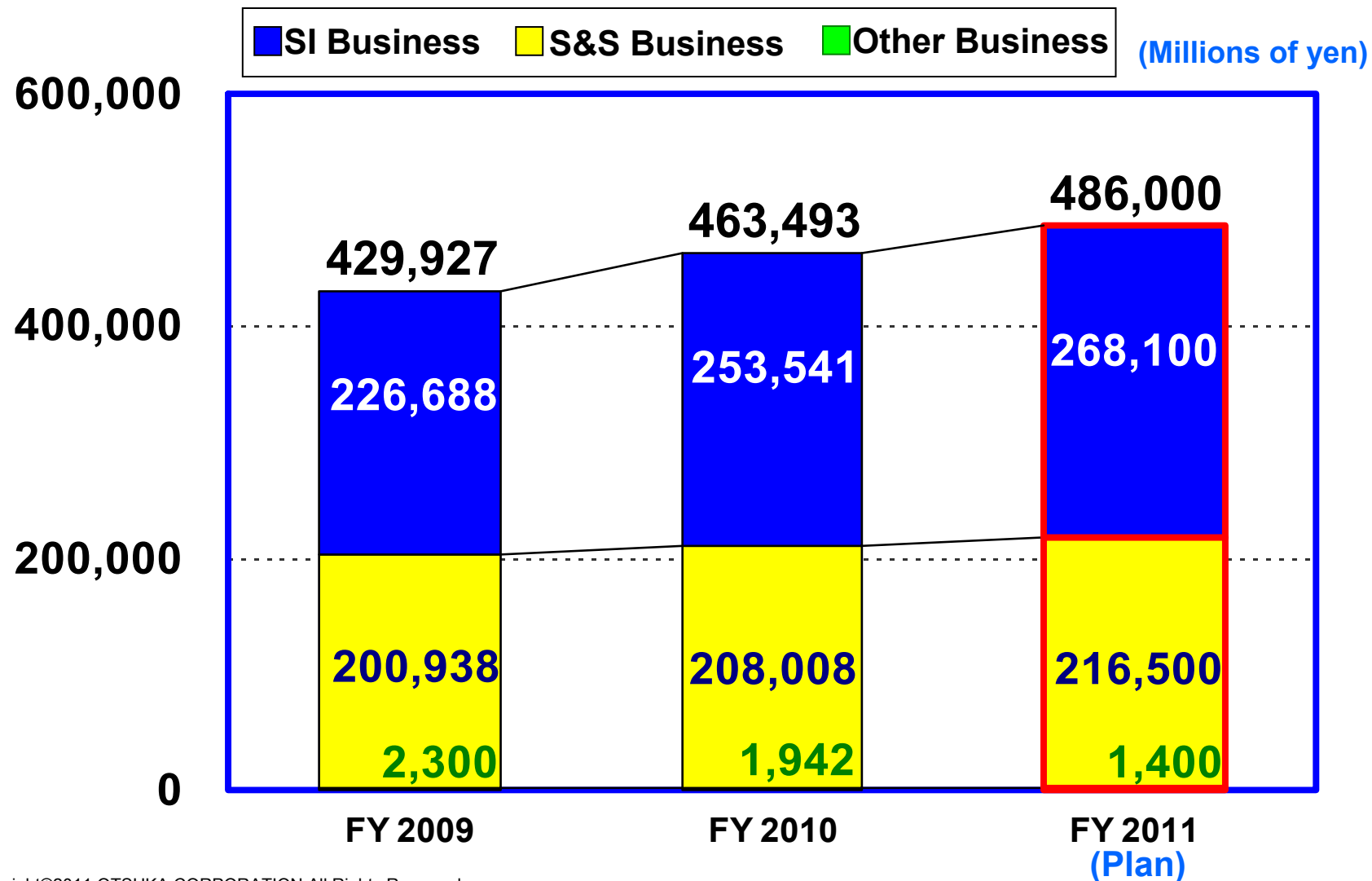
Consolidated

Plans of Net sales and profit



Consolidated

Plans of Net sales by segments



Jissen (Practical) Solution Fair 2011

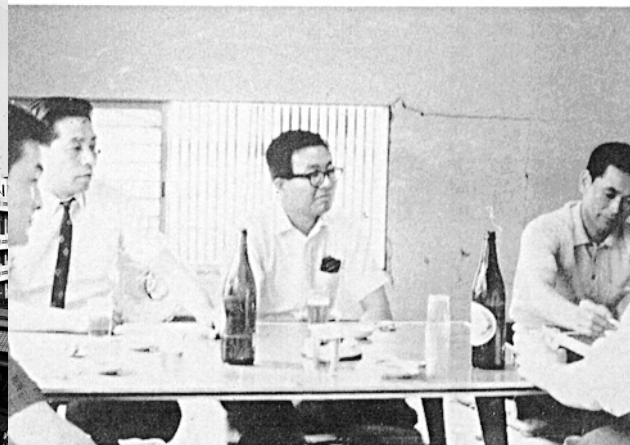


Dates: February 2 (Wed) – February 4 (Fri)
Venue: The Prince Park Tower Tokyo



Toward the 50th Anniversary of Foundation

- **Tree-planting activities where OTSUKA's operation bases are located**
(Sapporo, Sendai, Tokyo metropolitan area, Chubu district, Kansai district, Hiroshima, Fukuoka)
- **Global warming countermeasures**
Provide carbon offset products, support tree-planting activities overseas
- **OTSUKA environmental measures**
Strengthen 3R (Reduce, Reuse, Recycle) activities, promote reduction of CO₂ at the head office building
- **Introduce OTSUKA's 50-year history on company website**



A total of 12 employees celebrated the first anniversary of OTSUKA's founding at a beer garden.



Cautionary statement

1. This material is intended to provide information about the business performance of fiscal year 2010 and strategy of the OTSUKA CORPORATION and Group companies. It is not intended and should not be construed as an inducement to purchase or sell stocks of OTSUKA CORPORATION.
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