

Company Name: Eiken Chemical Co., Ltd.
Representative: Tadao Kurozumi, President
Securities code: 4549 (TSE 1st Section)

Company Name: Otsuka Pharmaceutical Co., Ltd.
Representative: Tatsuo Higuchi, President

Strategic partnership agreement between Eiken Chemical Co., Ltd. ('Eiken Chemical') and Otsuka Pharmaceutical Co., Ltd. ('Otsuka Pharmaceutical') accompanied by the acquisition of a strategic stake in Eiken Chemical by Otsuka Pharmaceutical

Tokyo, Japan -- The executive boards of Eiken Chemical (Head office: 33-8 Hongo 1-chome, Bunkyo-ku, Tokyo) and Otsuka Pharmaceutical (Head office: 2-9 Kanda-Tsukasamachi, Chiyoda-ku, Tokyo) have agreed today to sign a strategic partnership agreement including the acquisition of a strategic stake in Eiken Chemical by Otsuka Pharmaceutical.

1. Background

Ongoing political efforts in Japan to reduce medical expenses have been a major force behind recent trends in the diagnostics industry to rationalize business models and to implement measures to increase cost competitiveness. In response to this challenging environment, Eiken Chemical and Otsuka Pharmaceutical have agreed to form a strategic partnership aimed at strengthening the research and development as well as marketing capabilities of both companies with a view to increasing their competitive positioning in the diagnostics market, and in doing so creating new business opportunities both domestically and globally.

Otsuka Pharmaceutical, under its corporate philosophy 'Otsuka - people creating new products for better health worldwide,' strives to create new markets through the development and marketing of innovative products both globally and in Japan. Eiken Chemical is a leader in the field of development and marketing of clinical diagnostic agents in Japan.

Both companies agree that in view of the rapidly increasing global competition in the diagnostics area, a cross-utilization of their current resources and platforms will enhance the financial and strategic growth prospects of both companies. Otsuka Pharmaceutical has agreed to acquire a strategic shareholding in Eiken Chemical as part of this strategic partnership.

2. Strategic partnership agreement and strategic shareholding by Otsuka Pharmaceutical

Strategic partnership agreement

Both companies have agreed to cooperate in several business areas including marketing/market development, research and development and technological exchange with a view to strengthening their competitive positioning and to create substantial benefits for their stakeholders. Both companies are in discussions as to the implementation of cooperation agreements regarding a variety of products and projects.

Strategic shareholding by Otsuka Pharmaceutical

To enhance the partnership between Eiken Chemical and Otsuka Pharmaceutical and to emphasize the importance of this strategic partnership agreement for both companies, Otsuka Pharmaceutical has agreed to acquire 1,500,000 shares or 6.3% of the outstanding common stock of Eiken Chemical from The Master Trust Bank of Japan, Ltd. (Tanabe Seiyaku Employees' Retirement Trust). Announcements will be made in due course.

3. Company overviews (as of 31 March, 2006)

Eiken Chemical

Company name:	Eiken Chemical Co., Ltd.
Business areas:	Manufacturing and sales of clinical in vitro diagnostic agents and analytical equipment including products utilizing the proprietary nucleic acid amplification method "LAMP"
Year of establishment:	20 February, 1939
Registered address:	33-8, Hongo 1-chome, Bunkyo-ku, Tokyo
President:	Tadao Kurozumi
Share capital:	¥6,897 million
Total assets:	¥29,595 million (consolidated)
Net sales:	¥23,551 million (consolidated)
Number of employees:	616 (Group)
Main shareholders and percentage of ownership:	The Master Trust of Japan, Ltd. 23.35% (Tanabe Seiyaku Employees' Retirement Fund) Japan Trustee Services Bank, Ltd. 15.01% Hitachi High-Technologies Corp. 8.41% Tadao Kurozumi 3.43% The Dai-Ichi Mutual Life Insurance Company 2.31%

Otsuka Pharmaceutical

Company name:	Otsuka Pharmaceutical Co., Ltd.
Business areas:	Manufacturing and distributing, exporting and importing of pharmaceuticals, clinical testing equipment, medical equipment, food products, cosmetics and other products
Year of establishment:	10 August, 1964
Registered address:	2-9 Kanda-Tsukasamachi, Chiyoda-ku, Tokyo
President:	Tatsuo Higuchi
Share capital:	¥6,791 million
Total assets:	¥881,134 million (consolidated)
Net sales:	¥753,139 million (consolidated)
Number of employees:	18,448 (Group)

4. Schedule

7 September, 2006:

- Approval of strategic partnership by the boards of Eiken Chemical and Otsuka Pharmaceutical

7 September, 2006:

- Signing of strategic partnership agreement

5. Forward-looking information

Both Eiken Chemical and Otsuka Pharmaceutical are currently dedicating their highest efforts to conclude co-operation agreements for specific product and development areas. The potential financial impact of these co-operations is still being evaluated and further details will be disclosed in due course.

6. Contact details

Enquiries should be directed to:

Eiken Chemical Co., Ltd., President's Office

TEL : 03-3813-5405 FAX : 03-3813-2206 e-mail : koho@eiken.co.jp

Otsuka Pharmaceutical Co., Ltd., Public Relations Department

TEL : 03-3293-3116 FAX : 03-3293-3118