



Roche Roche Group

Aiming to Become a Top Japanese Pharmaceutical Company

- Review of 2010 and Plans for 2011 -

CHUGAI PHARMACEUTICAL CO., LTD.
President and CEO
Osamu Nagayama

February 2/3, 2011



Forward-Looking Statements

This presentation may include forward-looking statements pertaining to the business and prospects of Chugai Pharmaceutical Co., Ltd. (the “Company”). These statements reflect the Company’s current analysis of existing information and trends. Actual results may differ from expectations based on risks and uncertainties that may affect the Company’s businesses.



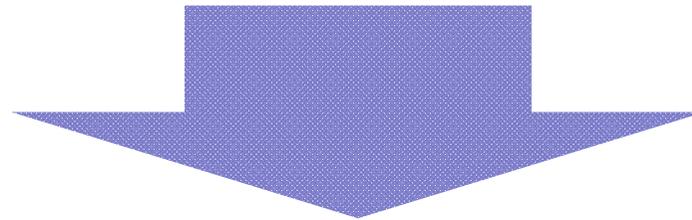
2010 Full Year Results

*Growth of mainstay products compensate NHI price cut
 Operating income drops due to low Tamiflu demand*

(billions of yen)	2009	2010	YoY	vs. plan
Revenues	428.9	379.5	-11.5%	-4.1%
Sales (excl. Tamiflu)	342.9	357.4	+4.2%	-0.1%
Domestic sales (excl. Tamiflu)	309.3	324.4	+4.9%	-0.1%
Operating income	82.6	66.2	-19.9%	-5.4%
% revenues	19.3%	17.4%		
Net income	56.6	41.4	-26.9%	-3.7%
% revenues	13.2%	10.9%		

Review of 2010

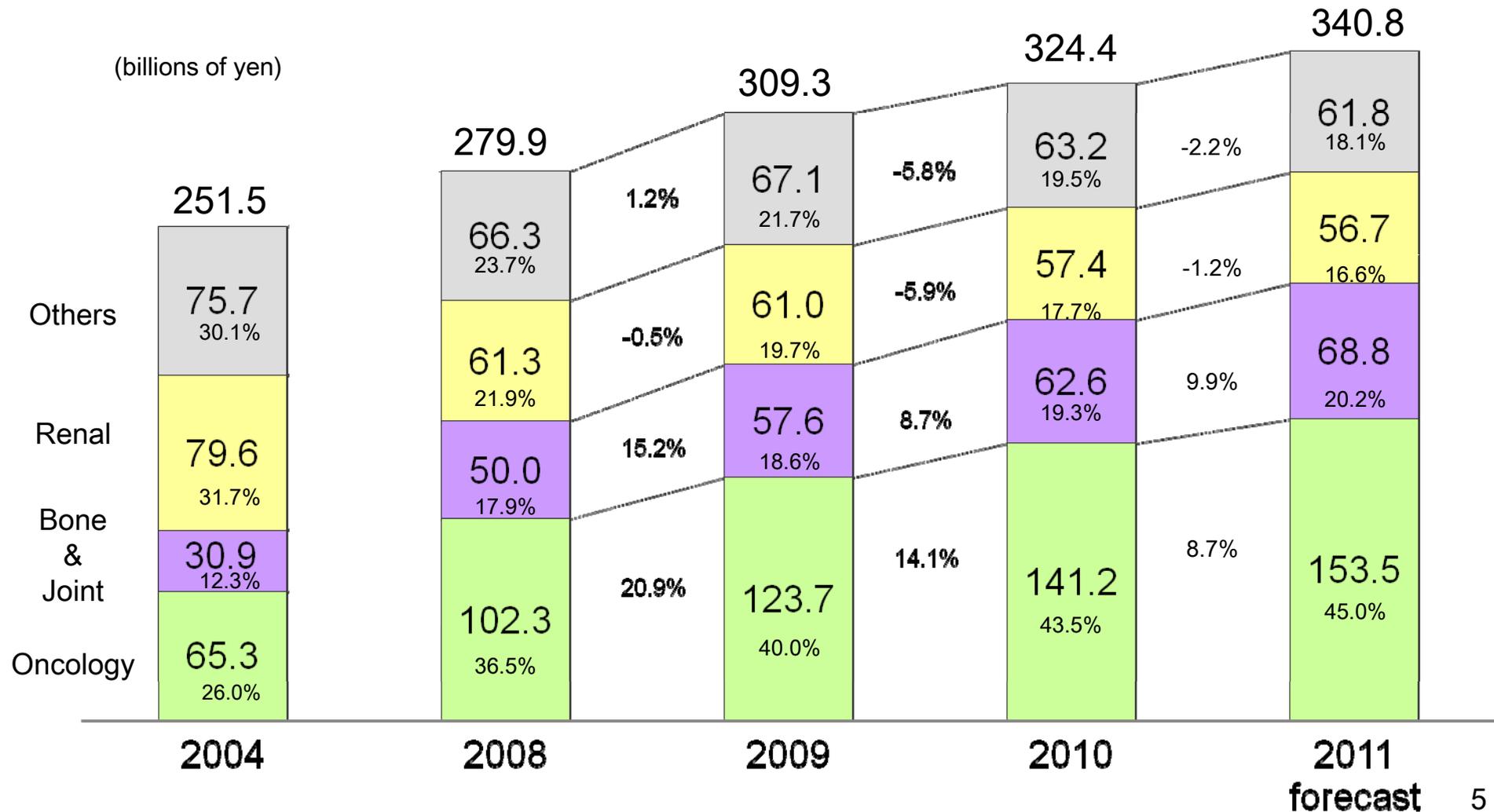
- Domestic sales excluding Tamiflu: +4.9%
- Launch of Actemra in US
- Approval of Epogin in predeposit of autologous blood transfusion
- Completion of All Patients Surveillance : Actemra & Avastin
- NDA filing of 2 projects/4 products



Smooth progress in both Sales & R&D

Domestic Sales excluding Tamiflu

Increased presence in Oncology and Bone & Joint



Progress in R&D ①

< Proof of Concept confirmed >

oncology

T-DM1 (RG3502)

Breast Cancer

HER2 antibody-drug conjugate

oncology

GA101 (RG7159)

Non-Hodgkin's lymphoma

Humanized anti-CD20 monoclonal antibody

others

tofogliflozin (CSG452)

Type II diabetes (in-house)

SGLT2 inhibitor

Progress in R&D ②

< In-house projects entering clinical trials >

oncology

AF802 Non-small cell lung cancer
ALK inhibitor

oncology

PA799 Solid tumors

Bone &
Joint

SA237 Rheumatoid Arthritis
Humanized anti-human IL-6 receptor
monoclonal antibody

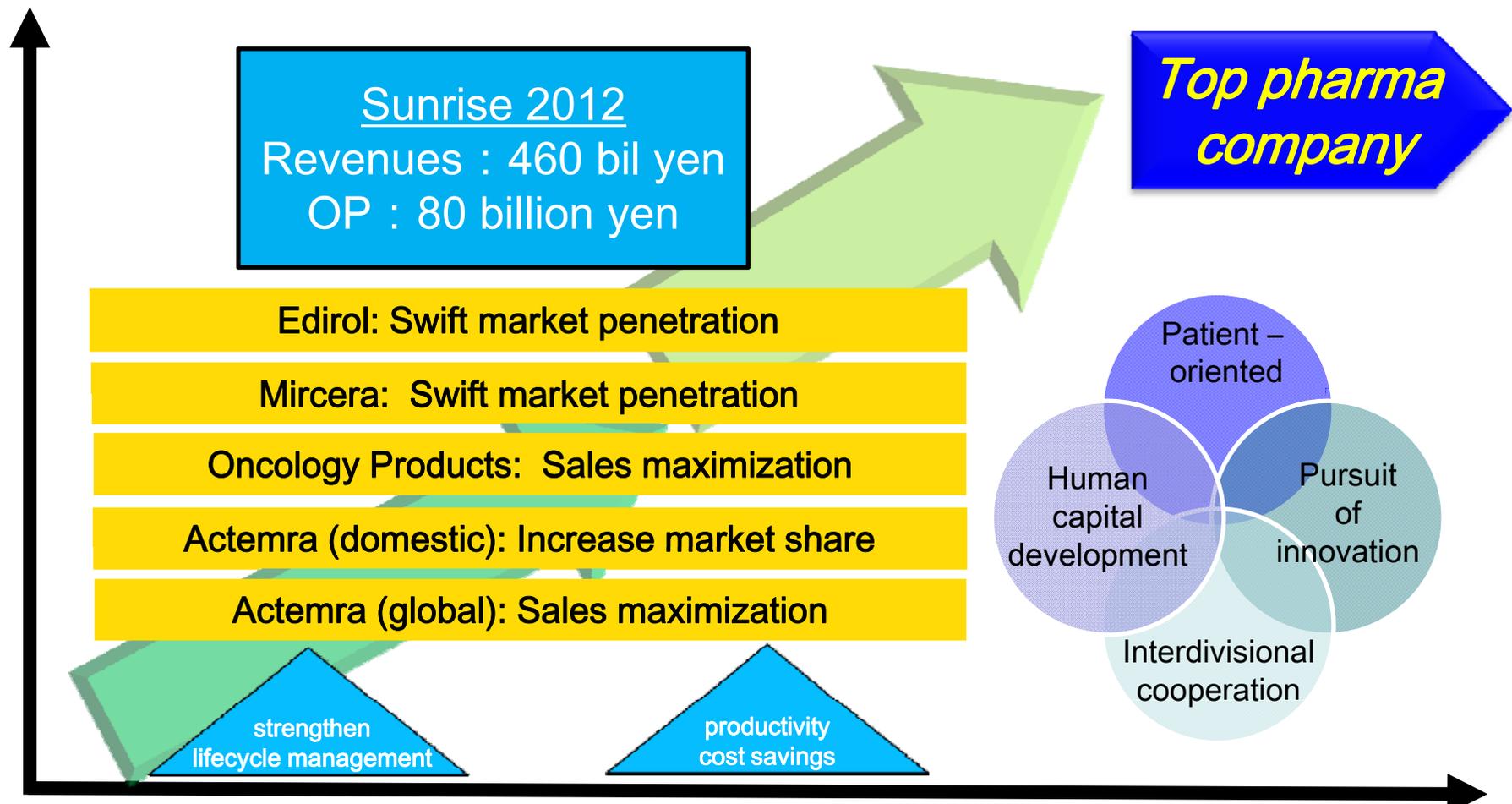
2011 Forecast

*Sales & profits to grow from new product launches
 and penetration of existing products*

(billions of yen)	2010	2011 plan	YoY
Revenues	379.5	403.0	+6.2%
Sales excluding Tamiflu	357.4	379.5	+6.2%
SG&A	96.2	101.0	+5.0%
% of revenues	25.3%	25.1%	
R&D	54.7	59.2	+8.2%
% of revenues	14.4%	14.7%	
Operating income	66.2	75.0	+13.3%
% of revenues	17.4%	18.6%	
Net income	41.4	42.5	+2.7%
% of revenues	10.9%	10.5%	

Towards a Top Pharmaceutical Company

Aiming to become a top pharmaceutical company through the achievement of Sunrise 2012





Roche Roche Group

FY2010 Consolidated Financial Overview

CHUGAI PHARMACEUTICAL CO., LTD.
Senior Vice President and CFO
Yoshio Itaya

February 2,3 2011

Summary

- Revenues and Profits declined due to Tamiflu low demand
 - Revenues 379.5 billion JPY (-11.5%)
 - Operating Income 66.2 billion JPY (-19.9%)
 - Sales of Tamiflu -58.0 billion JPY (-76.1%)
- Solid growth in business excluding Tamiflu
 - Sales excluding Tamiflu increased by 14.5 billion JPY (+4.2%)
 - Domestic sales grew by 4.9% with double digit growth in oncology despite negative impact from NHI price revision
 - Overseas sales slightly declined due to strong Yen (-1.8%)
 - Operating income excluding Tamiflu also increased
- Year-end dividend 23 JPY per share (40 JPY annual dividend), achieving a payout ratio of 52.5%
 - +6 JPY from the original forecast, matching last year's total dividends including special dividends

Financial Overview Jan-Dec

(Billion JPY)	2009		2010		Variance	
	Jan-Dec	As % of Revenues	Jan-Dec	As % of Revenues		%
Revenues	428.9		379.5		-49.4	-11.5
Sales	419.1		375.6		-43.5	-10.4
excl. Tamiflu	342.9		357.4		+14.5	+4.2
Tamiflu	76.2		18.2		-58.0	-76.1
Other Operating Revenues	9.8		3.9		-5.9	-60.2
Operating Income	82.6	19.3	66.2	17.4	-16.4	-19.9
Non-operating Income	9.4		2.4		-7.0	-74.5
Non-operating Expenses	1.6		3.5		+1.9	+118.8
Recurring Profit	90.4	21.1	65.1	17.2	-25.3	-28.0
Extraordinary Gain	0.3		0.6		+0.3	+100.0
Extraordinary Loss	1.3		0.0		-1.3	-100.0
Net Income	56.6	13.2	41.4	10.9	-15.2	-26.9

	(Billion JPY)
➤ Sales excl. Tamiflu	+14.5
➤ Sales of Tamiflu*	-58.0
➤ Other Operating Revenues	-5.9
Decrease in milestone income	
➤ Operating Income	-16.4
➤ Non-operating Inc./Exp.	-8.9
➤ Extraordinary Inc./Exp.	+1.6

Average exchange rate (JPY)

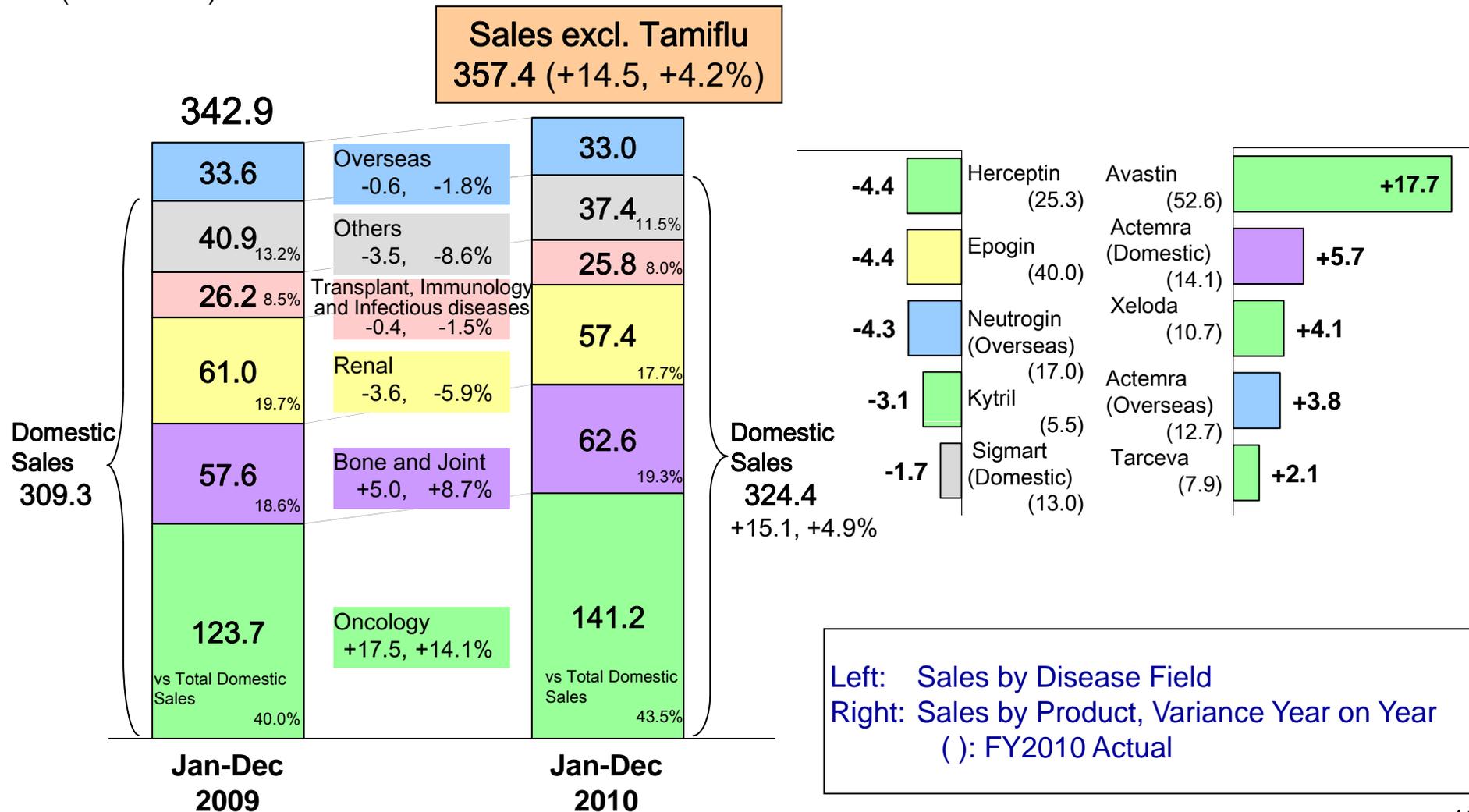
	2009 Jan-Dec	2010 Jan-Dec
CHF	86.20	84.17
EUR	130.10	116.32

*Tamiflu (Billion JPY)

	2009 Jan-Dec	2010 Jan-Dec	Variance
Ordinary	36.2	1.6	-34.6
Govt. Stockpile etc.	40.0	16.6	-23.4

Sales excluding Tamiflu Jan-Dec

(Billion JPY)





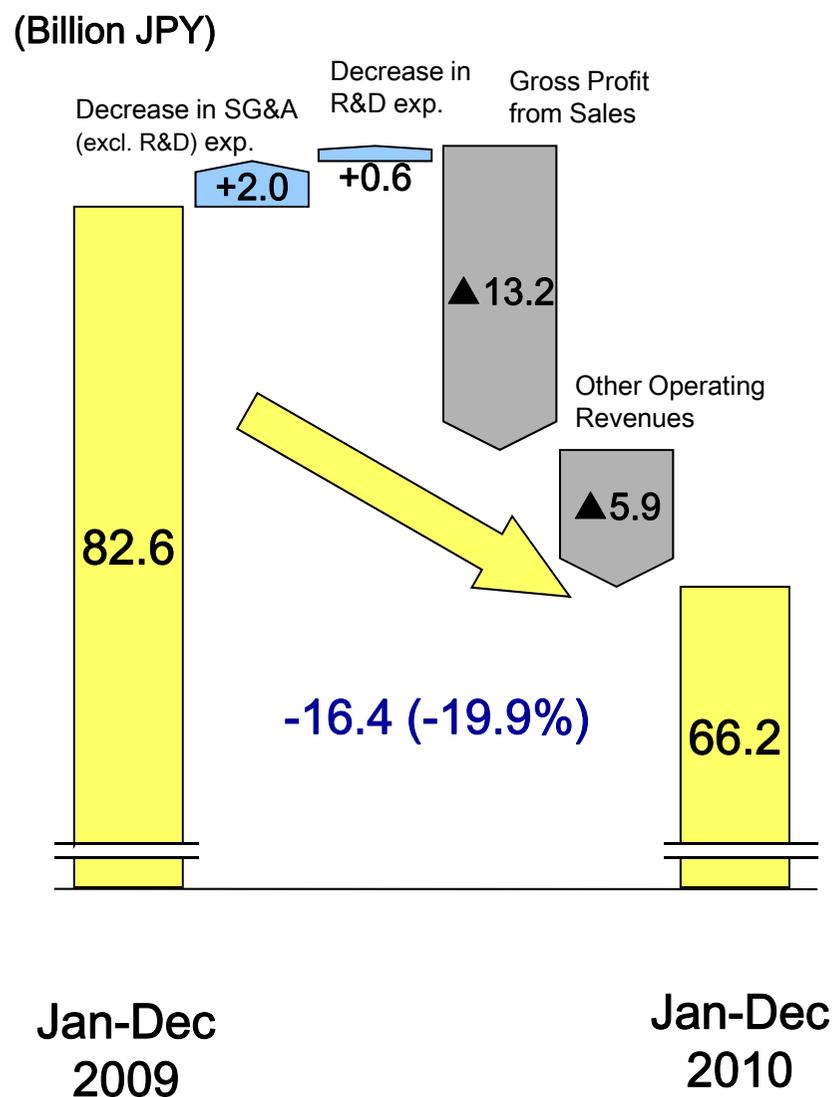
Tamiflu Sales Performance

(Billion JPY)		Fiscal Term Sales														Seasonal Sales	Cases per sentinel* (millions)
		FY2005.12		FY2006.12		FY2007.12		FY2008.12		FY2009.12		FY2010.12		FY2011.12			
		Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec		
Ordinary	2004-05	23.2														24.6	1.47
	2005-06		11.9	9.9												21.8	0.92
	2006-07				3.7	5.0										8.7	1.01
	2007-08						5.2	1.4								6.6	0.66
	2008-09								5.7	11.0						16.7	1.27
	2009-10										25.2	1.4				26.6	2.02
	2010-11												0.2	5.3		5.5	-
	2011-12														2.5		
Ordinary		35.1	(+26.5)	13.6	(-21.5)	10.2	(-3.4)	7.1	(-3.1)	36.2	(+29.1)	1.6	(-34.6)	7.8	(+6.2)		
Govt. Stockpile etc.	2005-06		0.2	6.5												6.7	
	2006-07				17.9	18.9										36.8	
	2007-08						9.6	0.2								9.8	
	2008-09								1.1	14.4						15.5	
	2009-10										25.6	10.6				36.2	
	2010-11												5.9	0.4		6.3	
	2011-12														4.0		
Govt. Stockpile etc.		0.2	(+0.2)	24.4	(+24.2)	28.5	(+4.1)	1.3	(-27.2)	40.0	(+38.7)	16.6	(-23.4)	4.4	(-12.2)		
Total		23.2	12.0	16.3	21.6	23.8	14.8	1.6	6.8	25.4	50.8	12.0	6.1	5.7	6.5		
		35.2	(+26.6)	38.0	(+2.8)	38.7	(+0.7)	8.4	(-30.3)	76.2	(+67.8)	18.2	(-58.0)	12.2	(-6.0)		

Company forecast

*Total patients number of the controlled samples in the infectious Diseases Weekly Report, period between late October and mid-April (between early July 2009 and mid-March 2010 for 2009-10), published by Japan's National Institute of Infectious Diseases.

Operating Income Jan-Dec



(Billion JPY)	2009 Jan-Dec	2010 Jan-Dec	Variance	(%)
Revenues	428.9	379.5	-49.4	-11.5
Cost of Sales	192.9	162.4	-30.5	-15.8
Gross Profit	236.1	217.1	-19.0	-8.0
Sales	226.3	213.1	-13.2	-5.8
Other Operating Revenues	9.8	3.9	-5.9	-60.2
SG&A (excl. R&D) exp.	98.2	96.2	-2.0	-2.0
R&D exp.	55.3	54.7	-0.6	-1.1
Operating Income	82.6	66.2	-16.4	-19.9

- **Decrease in Gross Profit** -13.2
Decrease in Tamiflu sales
- **Decrease in Other Operating Revenues** -5.9
Decrease in milestone income
- **Decrease in SG&A (excl. R&D) exp.** +2.0
- **Decrease in R&D exp.** +0.6

Financial Overview Oct-Dec

(Billion JPY)	2009		2010		Variance			(Billion JPY)
	Oct-Dec	As % of Revenues	Oct-Dec	As % of Revenues		%		
Revenues	119.2		103.4		-15.8	-13.3	➤ Sales excl. Tamiflu	+4.7
Sales	115.7		102.3		-13.4	-11.6	Avastin	+5.2
excl. Tamiflu	95.3		100.0		+4.7	+4.9	Actemra (Domestic)	+2.0
Tamiflu	20.4		2.3		-18.1	-88.7	Rituxan	+1.0
Other Operating Revenues	3.6		1.1		-2.5	-69.4	Tarceva	+0.7
Cost of sales	49.5		42.8		-6.7	-13.5	Xeloda	+0.7
Gross Profit	69.7	58.5	60.6	58.6	-9.1	-13.1	Actemra (Overseas)	-1.6
SG&A (excl. R&D) exp.	28.3		24.7		-3.6	-12.7	Neutrogen (Overseas)	-1.5
R&D exp.	17.5		14.8		-2.7	-15.4	Epogin	-1.3
Operating Income	23.8	20.0	21.1	20.4	-2.7	-11.3	➤ Sales of Tamiflu*	-18.1
Recurring Profit	24.4	20.5	20.8	20.1	-3.6	-14.8	➤ Other Operating Revenues	-2.5
Net Income	15.7	13.2	13.4	13.0	-2.3	-14.6	Decrease in milestone income	
							➤ Operating Income	-2.7

* Tamiflu (Billion JPY)	2009 Oct-Dec	2010 Oct-Dec	Variance
Ordinary	17.7	0.2	-17.5
Govt. Stockpile etc.	2.7	2.1	-0.6

Financial Overview Jan - Dec

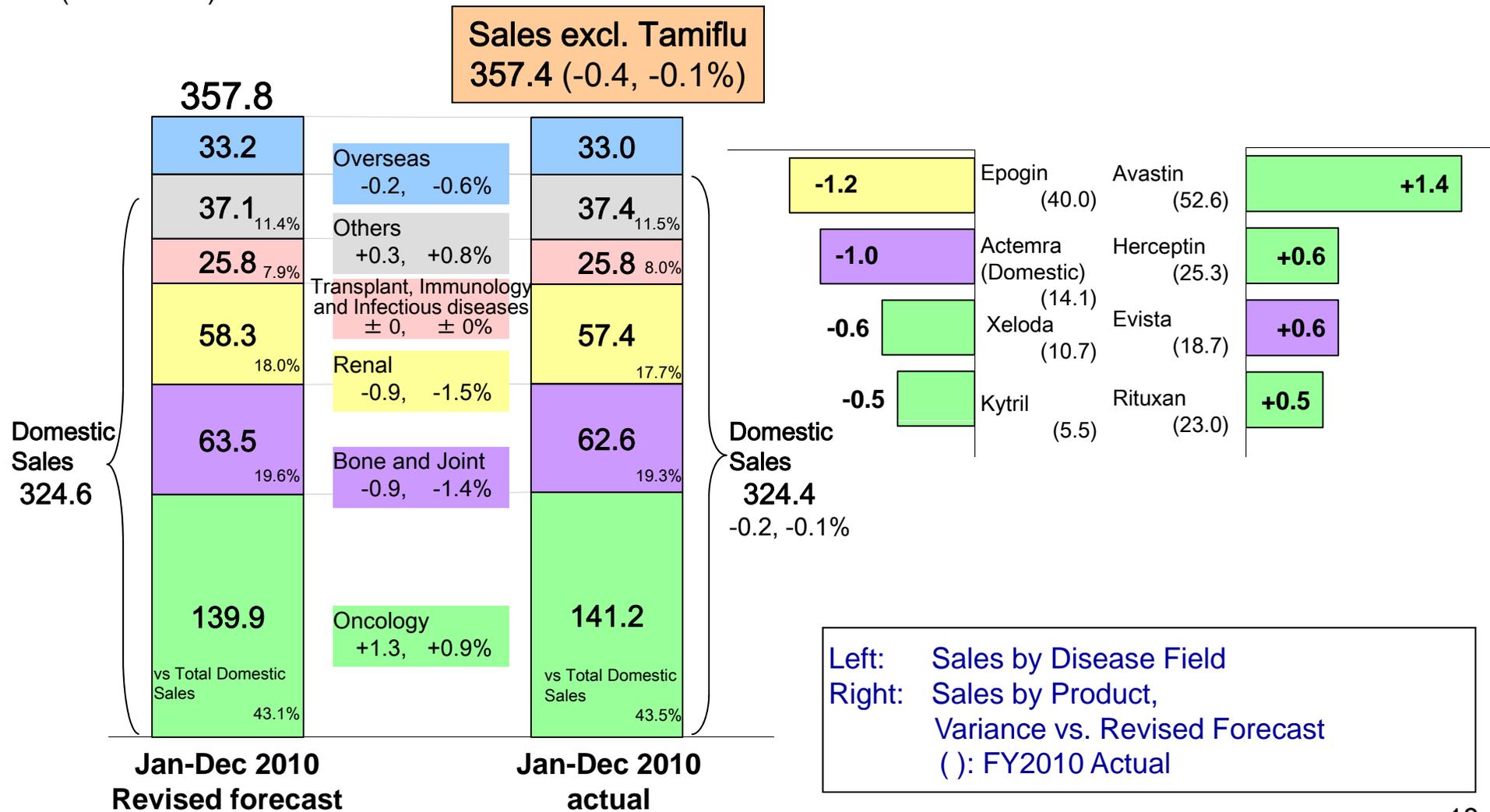
(Billion JPY)	Revised Forecast Oct. 22		Actual		Variance	
	2010 Jan-Dec	As % of Revenues	2010 Jan-Dec	As % of Revenues		
					Achiev. (%)	
Revenues	395.8		379.5		-16.3	95.9
Sales	390.8		375.6		-15.2	96.1
excl. Tamiflu	357.8		357.4		-0.4	99.9
Tamiflu	33.0		18.2		-14.8	55.2
Other Operating Revenues	5.0		3.9		-1.1	78.0
Cost of sales	170.8		162.4		-8.4	95.1
Gross Profit	225.0	56.8	217.1	57.2	-7.9	96.5
SG&A (excl. R&D) exp.	100.0		96.2		-3.8	96.2
R&D exp.	55.0		54.7		-0.3	99.5
Operating Income	70.0	17.7	66.2	17.4	-3.8	94.6
Recurring Profit	68.7	17.4	65.1	17.2	-3.6	94.8
Net Income	43.0	10.9	41.4	10.9	-1.6	96.3

(Billion JPY)

➤ Sales excl. Tamiflu	-0.4
Avastin	+1.4
Herceptin	+0.6
Evista	+0.6
Rituxan	+0.5
Epogin	-1.2
Actemra (Domestic)	-1.0
➤ Sales of Tamiflu	-14.8
➤ Operating Income	-3.8

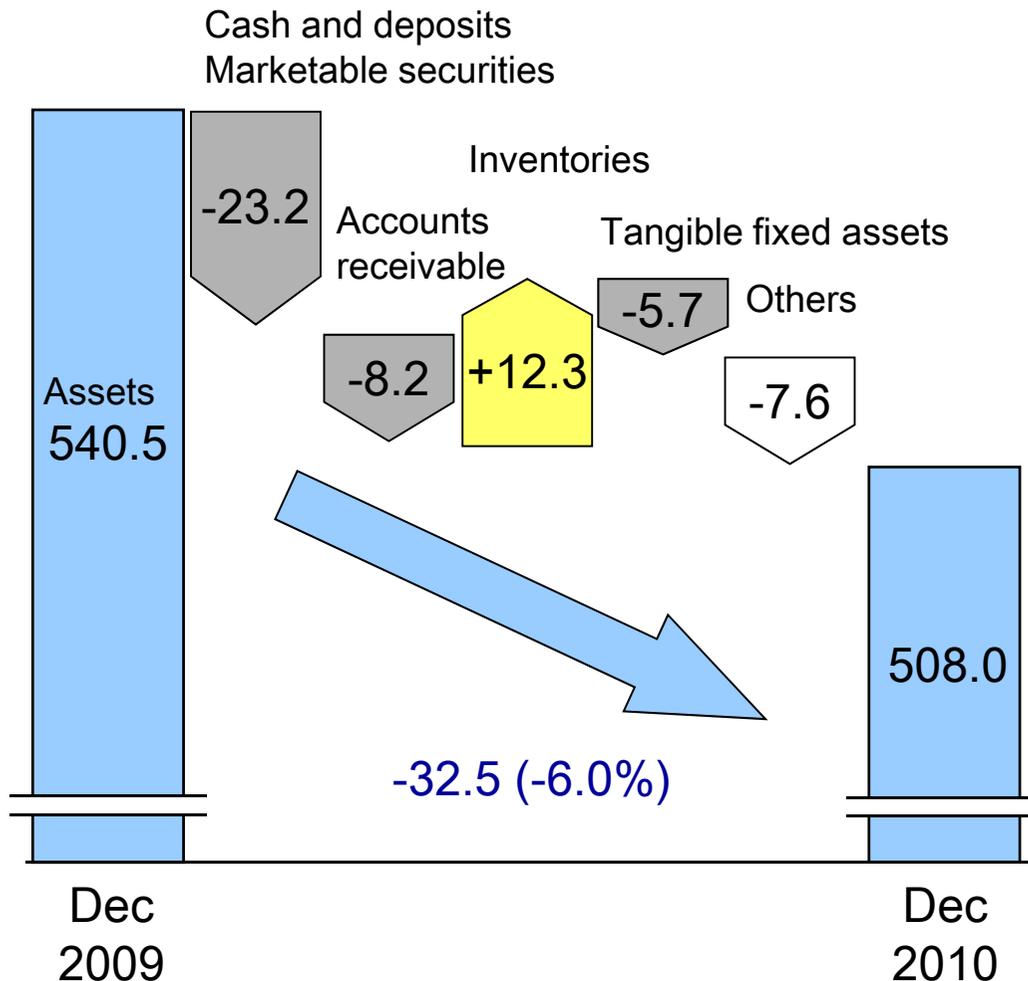
Sales excluding Tamiflu Jan-Dec

(Billion JPY)



Balance Sheet Items (Assets)

(Billion JPY)



➤ **Cash and deposits** -30.8

➤ **Marketable securities** +7.5

➤ **Accounts receivable** -8.2

➤ **Inventories** +12.3

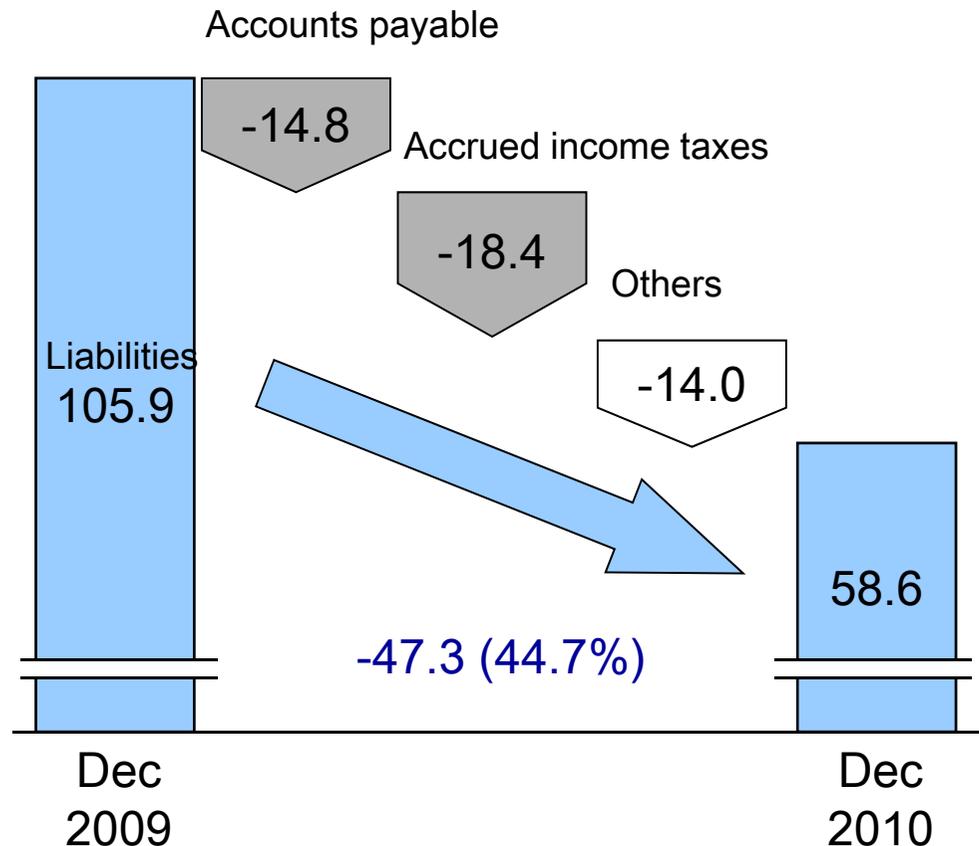
Decrease in Tamiflu (ordinary) sales

2009 Oct-Dec: 17.7

2010 Oct-Dec: 0.2

Balance Sheet Items (Liabilities)

(Billion JPY)

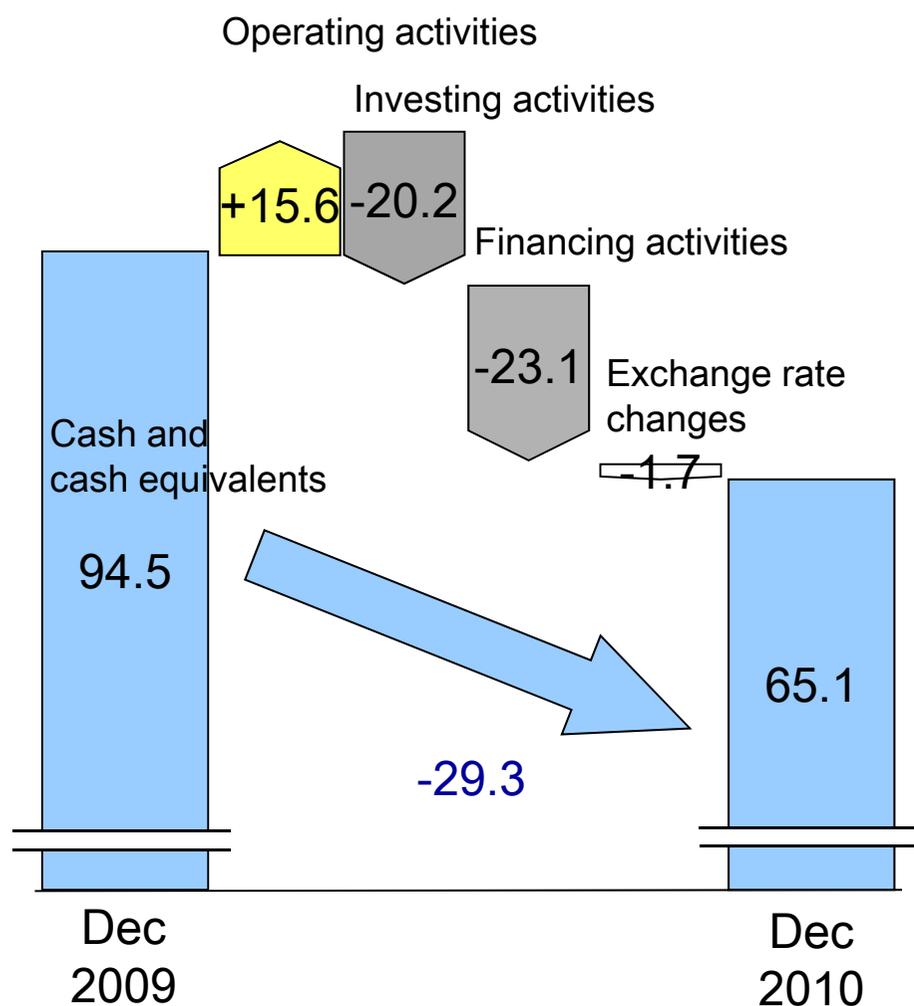


- Accounts payable -14.8
Decrease in purchase
Tamiflu
Manufacturing site change
- Accrued income taxes -18.4
- Others -14.0
Decrease in accrued expenses
and accrued consumption taxes

Equity Ratio		
Dec. 2009	Dec. 2010	Variance
80.0%	88.0%	+8.0%pts

Cash Flow Statement Jan - Dec

(Billion JPY)



➤ Cash flow from operating activities	+15.6
Income before taxes and minority interests	+65.7
Depreciation and amortization	+18.0
Increase in working capital	-19.5
Decrease in notes and accounts receivable	+7.9
Increase in inventories	-12.7
Decrease in notes and accounts payable	-14.7
Income taxes paid	-38.9
➤ Cash flow from investing activities	-20.2
Increase in time deposits	-0.9
Increase in marketable and investment securities	-5.9
Purchases of fixed assets	-13.6
➤ Cash flow from financing activities	-23.1
Payment of dividends	-21.8

2011 Forecast Jan - Dec

(Billion JPY)	Actual		Forecast		Variance		(Billion JPY)
	2010 Jan-Dec	As % of Revenues	2011 Jan-Dec	As % of Revenues		%	
Revenues	379.5		403.0		+23.5	+6.2	➤ Sales excl. Tamiflu +22.1
Sales	375.6		391.7		+16.1	+4.3	➤ Sales of Tamiflu -6.0
excl. Tamiflu	357.4		379.5		+22.1	+6.2	➤ Other Operating Revenues +7.4
Tamiflu	18.2		12.2		-6.0	-33.0	increase in milestone income
Other Operating Revenues	3.9		11.3		+7.4	+189.7	increase in income related to Actemra
Cost of sales	162.4		167.8		+5.4	+3.3	➤ Operating Income +8.8
Gross Profit	217.1	57.2	235.2	58.4	+18.1	+8.3	➤ Non-operating Inc./Exp. +1.6
SG&A (excl. R&D) exp.	96.2		101.0		+4.8	+5.0	
R&D exp.	54.7		59.2		+4.5	+8.2	
Operating Income	66.2	17.4	75.0	18.6	+8.8	+13.3	
Recurring Profit	65.1	17.2	75.5	18.7	+10.4	+16.0	
Net Income	41.4	10.9	42.5	10.5	+1.1	+2.7	

Exchange rate (JPY)

	2010 Jan-Dec	Assumption 2011 Jan-Dec
CHF	84.17	85.00
EUR	116.32	110.00

FX sensitivity

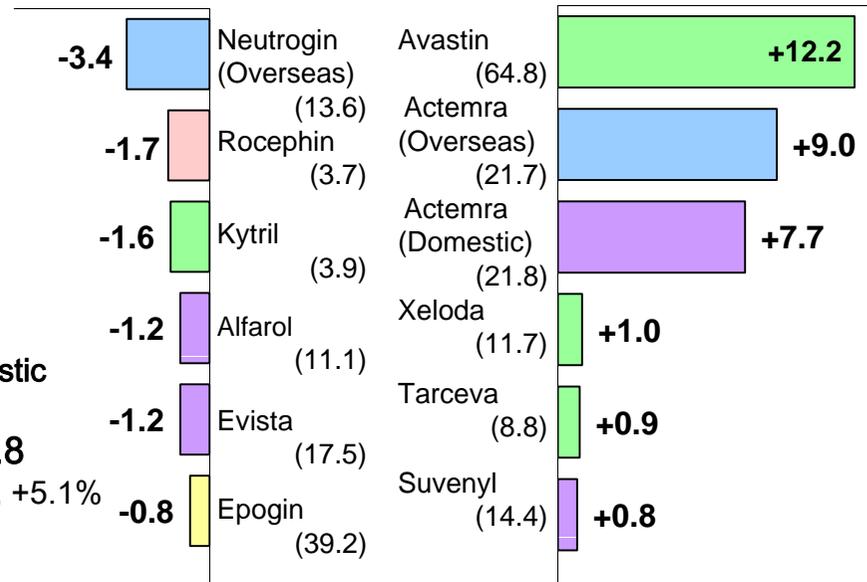
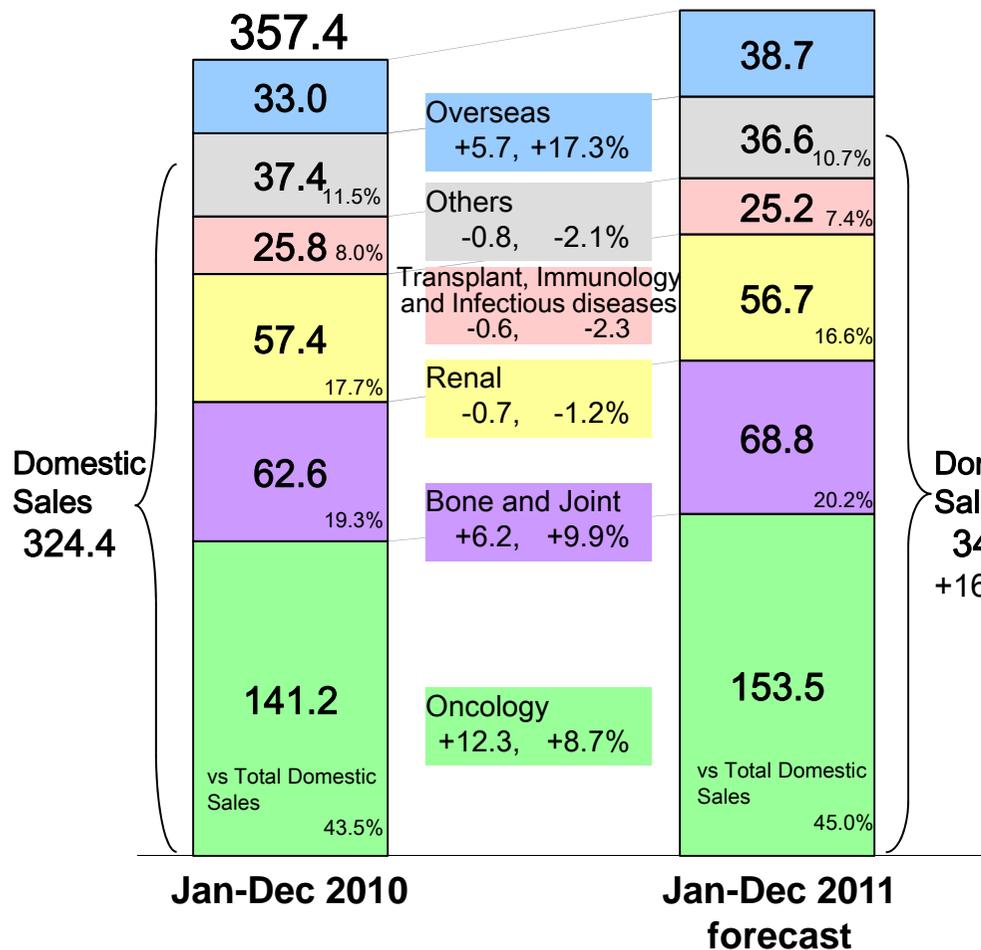
Estimated impact of a 1-yen appreciation

CHF:	+0.3 billion JPY	
EUR:	-0.1 billion JPY	on Operating Income forecast

Sales excluding Tamiflu Jan-Dec

(Billion JPY)

Sales excl. Tamiflu
379.5 (+22.1, +6.2%)



Left: Sales by Disease Field
Right: Sales by Product, Variance Year on Year
(): FY2011 Forecast

Dividend Policy

➤ Policy

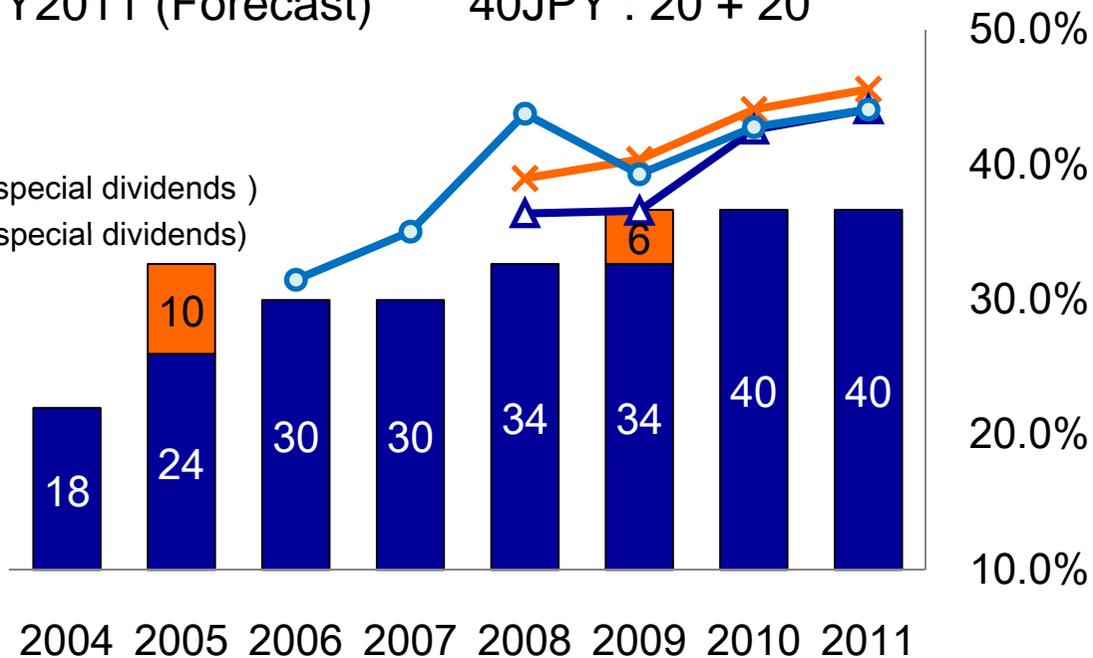
Aiming to ensure stable profit for all shareholders and a consolidated dividend payout ratio of **over 40% on average**, taking account of strategic funding needs and earnings prospects.

- Dividends for FY2010 (Plan) 40JPY : 17 + 23
- Dividends for FY2011 (Forecast) 40JPY : 20 + 20

Dividends payout ratio

- x— 5 years average
- ▲— 5 years average (excl. special dividends)
- 3 years average (excl. special dividends)

- Special dividends
- Regular dividends





Roche Roche Group

Overview of Development Pipeline

CHUGAI PHARMACEUTICAL CO., LTD.
Senior Vice President
Head of Lifecycle Management & Marketing Unit
Yutaka Tanaka

February 2/3, 2011

Projects under Development (as of Feb. 2011)

	Phase I	Phase II	Phase III	Filed
Oncology	CIF/RG7167 - solid tumors CKI27/RG7304 - solid tumors GC33 - liver cancer★ PA799 - solid tumors★ GA101/RG7159 - NHL	MRA/Actemra - PC TP300 - GC AF802 - NSCLC WT4869 - myelodysplastic syndromes★ RG435/Avastin - glioblastoma (relapsed) RG1415/Tarceva - NSCLC(1 st line) RG3502(T-DM1) - BC	RG435/Avastin - GC - aBC - glioblastoma RG1273/pertuzumab - BC	EPOCH/Epogin - CIA RG435/Avastin - BC RG1415/Tarceva – PC RG340/Xeloda - GC RG597/Herceptin - GC
Bone & Joint	SA237 - rheumatoid arthritis★	RG484/Bonviva(oral) - osteoporosis	MRA/Actemra (overseas) - RA(sc) RG484/Bonviva(inj) - osteoporosis	MRA/Actemra (overseas) - sJIA★
Renal				RG744/Mircera - renal anemia
Others	RG1450 - alzheimer's disease	RG1583/taspoglutide - diabetes	CSG452/RG7201 - diabetes★ RG1678/(GLYT1) -schizophrenia★	RG442/Pegasys - HBV★ RG442+RG964/Pegasys + Copegus – cirrhosis★

Letters in orange in-house projects
 ★: Projects with advances in stages since Oct. 22, 2010

Development Status - Oncology

In-house

GC33: Liver cancer

P1 started in Oct. 2010 in Japan

- Licensed out to Roche in Jan. 2011

In-house

WT4869 (WT1 peptide cancer vaccine): Myelodysplastic syndromes

P1/2 will start in Feb. 2011

*Co-developed with Dainippon Sumitomo Pharma

In-licensed

Avastin: Colon cancer (adjuvant)

Development suspended

- Did not meet the primary endpoint in P3 study

Development Status - Bone & Joint

In-house

Edirol (ED-71): Osteoporosis
Approved in Jan. 2011

In-house

SA237: Rheumatoid Arthritis
P1 started in Dec. 2010

Development Status –

Transplant, Immunology, Infectious diseases and others



tofogliflozin (CSG452): Type 2 diabetes

P3 started in Nov. 2010 in Japan



Pegasys/Copegus: Compensated liver cirrhosis caused by hepatitis C virus

Filed in Oct. 2010 and designated as priority review subject on Jan. 2011



Pegasys: Hepatitis B

Filed in Jan. 2011



GLYT1 (RG1678): Schizophrenia

Started P3 multi national study in Jan. 2011



NA808: Hepatitis C

Development suspended

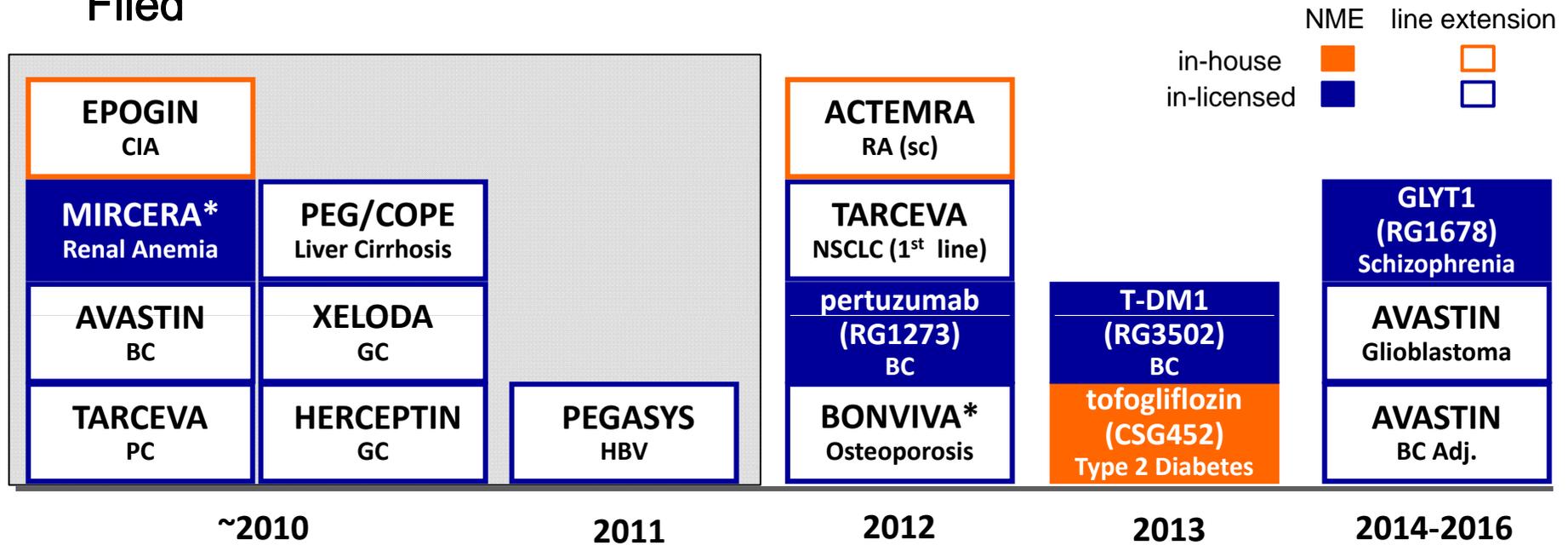
- Did not meet the efficacy criteria to proceed



Projected Submissions (Post PoC products and NMEs)

- Filings planned each year

Filed



*Overseas name

GC33 Mode of Action

- Glypican-3 (GPC) is a member of the heparan sulfate proteoglycan families, which is linked to the cell surface through a GPI anchor
- The expression of GPC3 up-regulated especially in hepatocellular carcinoma (HCC)
 - GPC3 is found highly expressed in 70-80% of HCC samples
 - Incidence rate : Approx. 40,000 patients/year in Japan
- GC33 induces antibody-dependent cellular cytotoxicity (ADCC) and elicits antitumor activity in an antigen-dependent manner
- Currently in phase I (Japan & overseas)

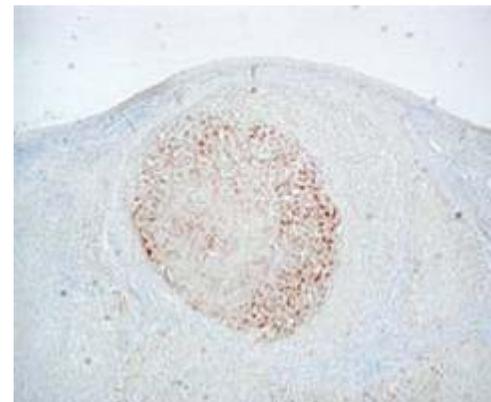
GC33 & Companion Diagnostics

- Promotion of personalized healthcare by discovery of biomarkers and the simultaneous development of immunohistochemistry based diagnostics with Roche (Ventana Medical Systems)

HE stain



Immunohistochemistry utilizing anti-GPC3 antibody



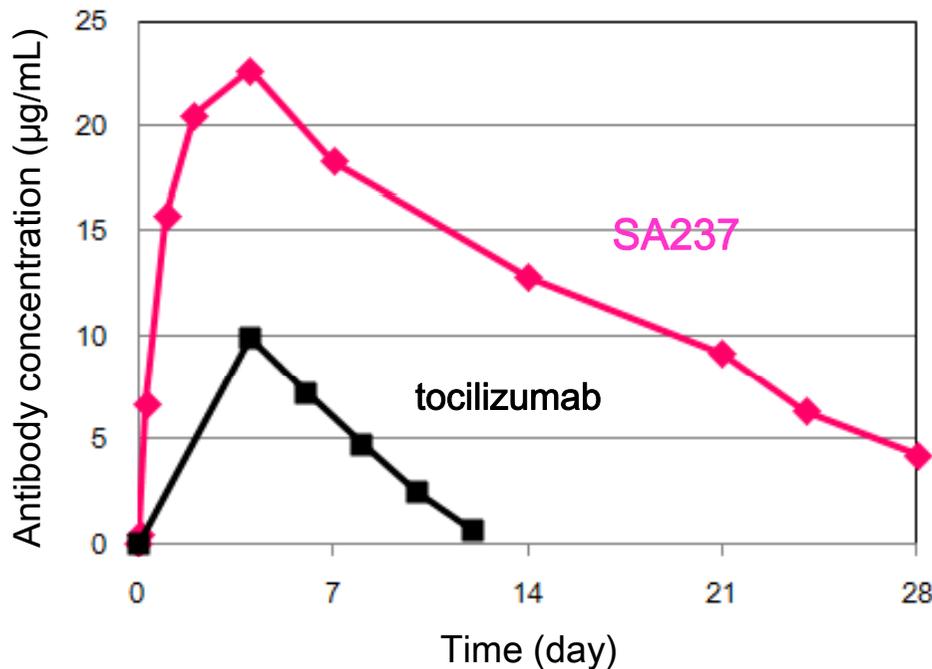
About SA237

- Interleukin-6 (IL-6) is produced by various cell types, including lymphocytes or macrophages, and exerts various physiological functions such as proliferation and differentiation of cells.
- Tocilizumab (Actemra) is a monoclonal antibody (MAB) against human IL-6 receptor which blocks the binding of IL-6 to its receptor and inhibits the actions of IL-6.
- Tocilizumab is shown to be effective in the treatment of rheumatoid arthritis.
- SA237 is a follow-on MAB created by applying Chugai's unique antibody engineering technology to tocilizumab.
- SA237 is expected to maintain similar efficacy and safety profile to that of tocilizumab while improving the pharmacokinetic properties, which may provide the benefits of increased convenience.

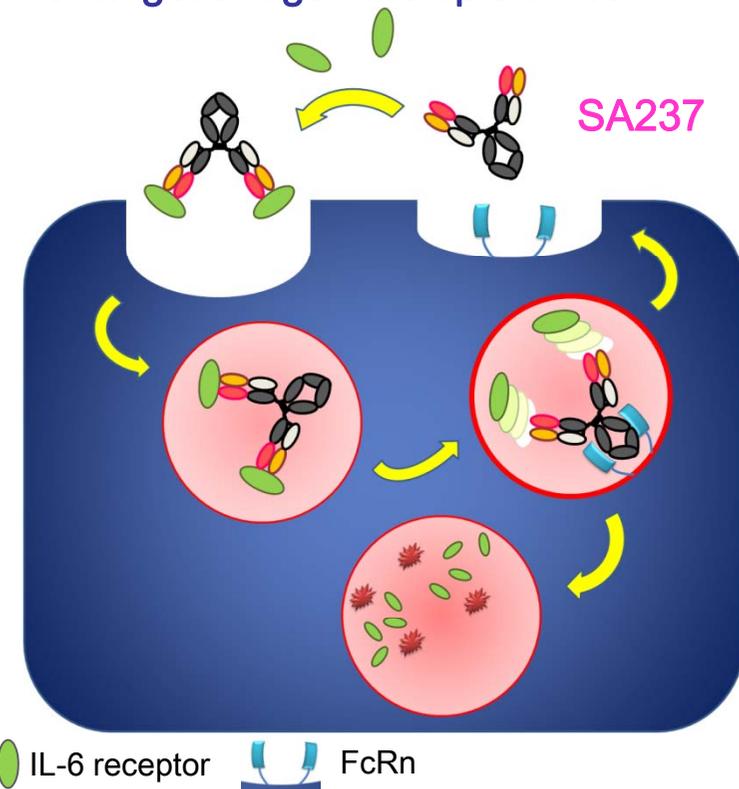
SA237 Mode of Action

- The antibody engineering technology utilized in SA237 has been highly appraised and was accepted by Nature Biotechnology

Improved blood kinetics
(animal model)
SA237 vs tocilizumab



The antibody engineering technology utilized in SA237; enabling single antibody molecule to bind the target antigen multiple times



Actemra Overseas Development Status

■ Clinical development conducted by Roche

□ 4 RA related programs

	Study	Details
New Evidence	FUNCTION	Patient population: Early RA
	ADACTA	Head-to-head study with Humira
P3 study	SUMMACTA	Subcutaneous Actemra and intravenous Actemra
	BREVACTA	Subcutaneous Actemra and placebo

□ 3 non-RA programs

Indication	Study	Details
sJIA	TENDER	Submitted in Oct. 2010 to FDA/EMA Granted accelerated review by FDA/EMA
Ankylosing Spondylitis	BUILDER 1	Patient population: TNF-naïve
	BUILDER 2	Patient population: TNF-IR

Current Situation of the Requests Made by MHLW Unapproved Drug Committee

■ MHLW Unapproved Drug Committee

Requested drug manufacturers to develop unapproved drugs with high clinical needs, including 8 cases with 10 indications for Chugai

Date for request	Product	indication	Development status
May 21, 2010	Xeloda	Advanced or recurrent gastric cancer	Filed
	Tarceva	Advanced or recurrent pancreatic cancer	Filed
	Avastin	Advanced or recurrent breast cancer	Filed
	pulmozyme	Cystic fibrosis	Planning
Dec 13, 2010	Avastin	Ovarian cancer	Submitted appeal for "New Drug Application Based on Evidence in the Public Domain"
	Herceptin	Q3W dosage HER2+ metastatic breast cancer	
	Herceptin	HER2 + neo-adjuvant breast cancer	
	Kytril	Radiation	
	Cellcept	Child kidney transplant	
	Bactramin	Prevention & treatment of pneumocystis pneumonia	

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