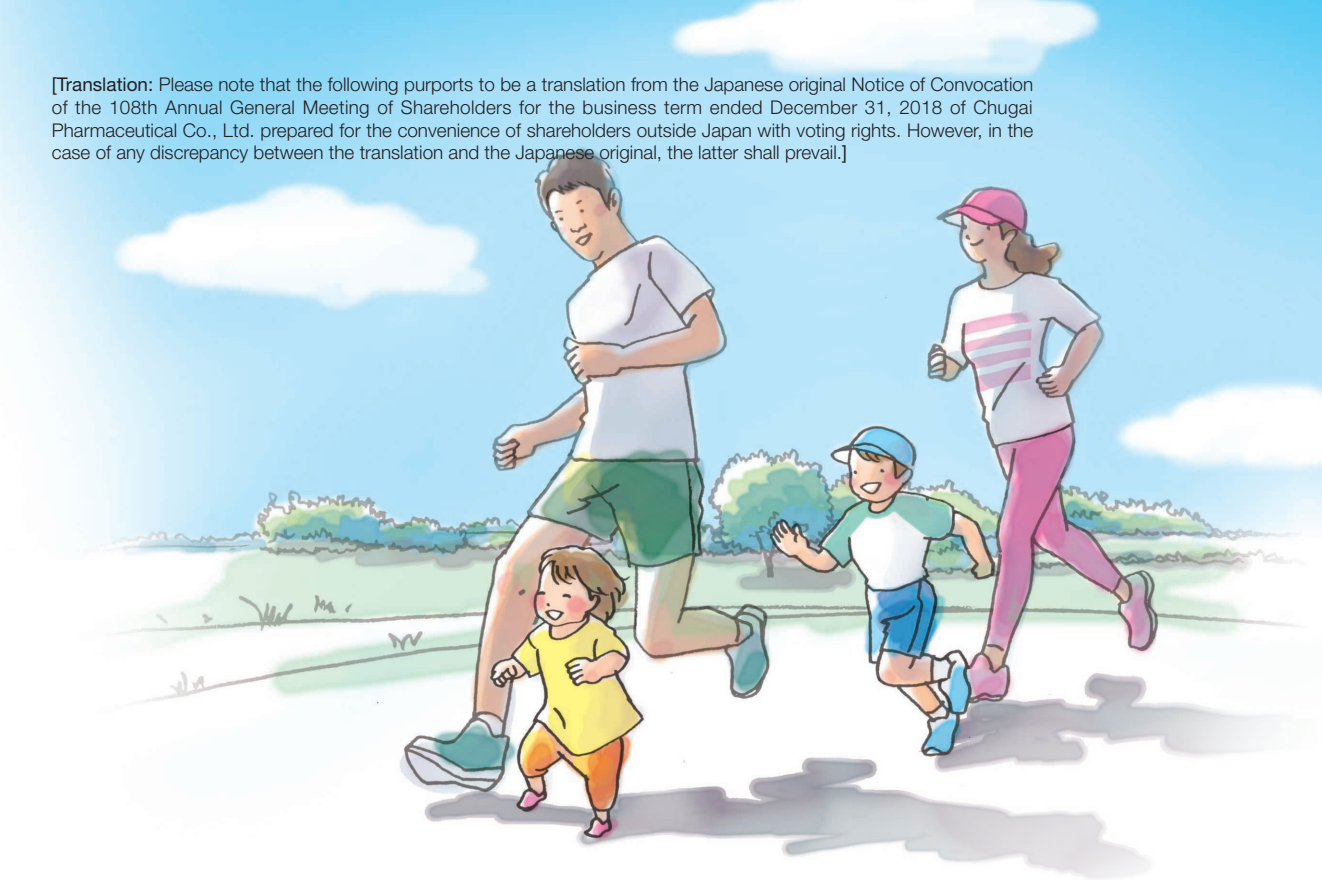
[Translation: Please note that the following purports to be a translation from the Japanese original Notice of Convocation of the 108th Annual General Meeting of Shareholders for the business term ended December 31, 2018 of Chugai Pharmaceutical Co., Ltd. prepared for the convenience of shareholders outside Japan with voting rights. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.]



Notice of Convocation of the 108th Annual General Meeting of Shareholders for the Business Term Ended December 31, 2018

Date and Time

10:00 a.m. on March 28, 2019 (Thursday)

Place

Royal Park Hotel - 3F Royal Hall
1-1, Nihonbashi-Kakigara-cho 2-chome,
Chuo-ku, Tokyo

Matters for Resolution

First Proposal
Appropriation of Surplus

Second Proposal
Election of Five (5) Directors

Third Proposal
Election of Two (2) Audit & Supervisory Board Members

Innovation all for the patients

CHUGAI PHARMACEUTICAL CO., LTD.

Securities Code: 4519

To the shareholders

The Chugai Group's mission is to add exceptional value through the creation of innovative medical products and services for the benefit of the medical community and human health around the world. We undertake actions that give the highest priority to patients and consumers.

Healthcare expectations and needs are increasing more and more worldwide against the backdrop of factors including population growth, progressive demographic graying in each country, and dramatic progress in technology. At the same time, the realization of sustainable medical care with limited resources and funds has become a global issue. In such circumstances, we pharmaceutical companies aim to provide treatment and improve QOL for patients through the provision of pharmaceutical products, while facing increasing demands to help solve social issues such as the realization of sustainable medical care.

Based on the philosophy of "Innovation all for the patients," the Chugai Group aims to contribute to the resolution of social issues and the sound development of society by focusing on innovations centered on innovative drug discovery, and providing optimal medical care for each and every patient, while at the same time striving to sustainably increase corporate value. We ask for the further support of our shareholders in our endeavors.

Representative Director
President & CEO

Mission Statement

The Chugai Group upholds its mission statement—which consists of its mission, its core values and its envisioned future—in order to meet a diverse array of stakeholder expectations as it realizes its corporate responsibility to society.
It is on the basis of the business philosophy "Innovation all for the patients" on which the Chugai Group conducts its business operations.

Mission

Chugai's mission is to dedicate ourselves to adding value by creating and delivering innovate products and services for the medical community and human health around the world.

Core Values

1.Patient Centric
Make each patient's wellbeing our highest priority

2.Pioneering Spirit
Pursue innovation by improving ourselves and thinking differently

3.Integrity
Maintain the highest standards in all we do to create shared value with society

Envisioned Future

Become a top innovator for advanced and sustainable patient-centric healthcare, powered by our unique strength in science and technology and the alliance with Roche

Table of Contents

Notice of Convocation of the 108th Annual General Meeting of Shareholders for the Business Term Ended December 31, 2018

Disclosure via the Internet

- The following items have been posted on the Company's website in accordance with laws and regulations and Article 15 of the Articles of Incorporation of the Company; and the documents of such items are accordingly not contained in this Notice of Convocation.
  ·Company's Stock Acquisition Rights, etc., Accounting Auditor and Framework to Ensure Operational Adequacy in the Business Report
  ·Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements in the Consolidated Financial Statements
  ·Non-Consolidated Statement of Changes in Shareholders' Equity and Notes to the Non-Consolidated Financial Statements in the Non-Consolidated Financial Statements

  The Business Report was audited by the Audit & Supervisory Board Members, and Consolidated Financial Statements and Non-Consolidated Financial Statements were audited by the Audit & Supervisory Board Members and the Accounting Auditor. The items mentioned on the left that are posted on the Company's website were audited just as the documents contained in this Notice of Convocation.
- In cases where items in the Reference Document for the General Meeting of Shareholders, Business Report, Non-Consolidated Financial Statements and Consolidated Financial Statements are amended, the Company will announce the updated documents on the Company's website.

CHUGAI website: https://www.chugai-pharm.co.jp/english/ir/

Securities Code: 4519
February 27, 2019

To the shareholders:

NOTICE OF CONVOCATION OF THE 108th ANNUAL GENERAL MEETING OF SHAREHOLDERS FOR THE BUSINESS TERM ENDED DECEMBER 31, 2018

You are cordially invited to attend the 108th Annual General Meeting of Shareholders of Chugai Pharmaceutical Co., Ltd. (the "Company") for the Business Term ended December 31, 2018. The meeting will be held as described below.
If you are unable to attend the meeting, you can exercise your voting rights in writing or via electromagnetic method (the Internet, etc.). Please review the following reference documents concerning the General Meeting of Shareholders, and exercise your voting rights no later than 5:30 p.m. on March 27, 2019 (Wednesday).

Tatsuro Kosaka
Representative Director
President & CEO
CHUGAI PHARMACEUTICAL CO., LTD.

1 Date and Time

10:00 a.m. on March 28, 2019 (Thursday)

2 Place

Royal Park Hotel - 3F Royal Hall 1-1, Nihonbashi-Kakigara-cho 2-chome, Chuo-ku, Tokyo
(Please refer to the map attached at the end of this document (translation omitted).)

3 Purpose

Matters for Reporting

The Business Report for the Business Term (January 1, 2018 to December 31, 2018), Non-Consolidated Financial Statements for the Business Term, Consolidated Financial Statements for the Business Term, and the Report on the Results of Audit of the Consolidated Financial Statements by the Accounting Auditor and Audit & Supervisory Board

Matters for Resolution

First Proposal	Appropriation of Surplus
Second Proposal	Election of Five (5) Directors
Third Proposal	Election of Two (2) Audit & Supervisory Board Members

– End –

Handling of voting rights exercised multiple times:

If you exercised your voting right both in writing and via the Internet, the voting right exercised via the Internet shall be treated as the valid vote.

If you exercised your voting right for multiple times via the Internet, the last vote shall be treated as the valid vote.

Reference Document for General Meeting of Shareholders

Proposals and Matters for Reference:

First Proposal: Appropriation of Surplus

Regarding income distribution, taking into account the strategic funding needs and earnings prospects, Chugai (the Company) aims for a consolidated dividend payout ratio of 50% on average in comparison with Core EPS to provide a stable allocation of profit to all shareholders. In addition, internal reserves will be used to increase corporate value through investments to attain further growth in existing strategic domains and to identify future business.

In the fiscal year ended December 31, 2018, which was the final year for the Medium-Term Business Plan "IBI 18," the Company achieved the highest results in the past or increased by 27.2% year-on-year, which resulted in Core EPS exceeding the officially announced forecast by 20.0%. At the same time, in comparison to the quantitative guidance of "IBI 18"—"achieving average annual growth in Core EPS (at the average constant exchange rate) at a low single digit (below 3% level)"—the Company achieved a result of 17.1%, far above the goal. As it turned out, the Group realized its goal of "becoming a 'top pharmaceutical company.'"

Reflecting the favorable results and based on our principles of "aiming for a consolidated dividend payout ratio of 50% on average in comparison with Core EPS to provide a stable allocation of profit," the Company would like to declare appropriation of surplus for the fiscal year under review as described below:

(*) Core EPS is diluted earnings per share attributable to the Company's shareholders after deduction of non-Core profit or loss items determined by the Company.

Matters concerning Year-End Dividends

(1) Type of dividend assets:

Cash

(2) Allotment of dividend assets to the shareholders and the amount thereof:

JPY55 per share of common stock of the Company (including regular dividend of JPY41 and special dividend of JPY14)

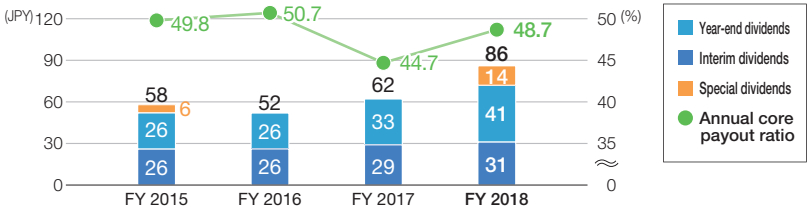
Total: JPY30,097,456,180

Total dividend for the business term 2018 is **JPY86** per share, as an interim dividend of **JPY31** per share has been paid, and the Core dividend payout ratio is 48.7% (an average of 48.6% for the past five years).

(3) Date when dividends of surplus become effective:

March 29, 2019

Reference | Dividends and Dividend payout ratio



Second Proposal: Election of Five (5) Directors

Out of all the nine (9) Directors, the term of office of three (3) Directors, Masayuki Oku, Yoichiro Ichimaru and Christoph Franz will expire at the closing of this Annual General Meeting of Shareholders. In addition, Daniel O'Day and Sophie Kornowski-Bonnet will retire due to resignation as of February 28, 2019. Therefore, it is proposed that five (5) Directors be elected.
The election of candidates for Directors is deliberated at the Appointment Committee, a voluntary advisory board, and determined at the Board of Directors.
The candidates for Directors are as follows:

Composition of the Board of Directors after the election (planned)

	No.	Name	Current Position and Responsibility	Attendance at the meetings of the Board of Directors	Important Concurrent Positions
Executive Directors	– *	Osamu Nagayama	Representative Director & Chairman	100% (9 out of 9)	Outside Director and Chairman of the Board of Directors of SONY CORPORATION
	– *	Motoo Ueno	Representative Director, Deputy Chairman, Corporate Social Responsibility Department, Audit Department	100% (9 out of 9)	
	– *	Tatsuro Kosaka	Representative Director, President & CEO	100% (9 out of 9)	Outside Director of ASAHI GROUP HOLDINGS, LTD.
Non-Executive Directors	– *	Yasuo Ikeda Outside Independent	Outside Director	100% (9 out of 9)	Vice-Chairman of the Board of Directors, Musashi Academy of the Nezu Foundation Specially Appointed Professor of Waseda University Professor Emeritus of Keio University
	1	Masayuki Oku Reappointment Outside Independent	Outside Director	100% (9 out of 9)	Outside Director of Kao Corporation** Outside Director of KOMATSU LTD. Outside Director of Panasonic Corporation Outside Corporate Auditor of Nankai Electric Railway Co., Ltd. Non-Executive Director of The Bank of East Asia (China)
	2	Yoichiro Ichimaru Reappointment Outside Independent	Outside Director	100% (9 out of 9)	Senior Advisor of Aioi Nissay Dowa Insurance Co., Ltd.
	3	Christoph Franz Reappointment	Director	88.9% (8 out of 9)	Chairman of the Board of Directors of Roche Holding Ltd. Member of the Board of Directors of Stadler Rail (Switzerland) Member of the Board of Directors of Zurich Insurance Group Ltd (Switzerland)
	4	William N. Anderson New appointment	–	–	CEO of Roche Pharmaceuticals and Member of the Roche Corporate Executive Committee
	5	James H. Sabry New appointment	–	–	Global Head of Roche Pharma Partnering and Member of the Roche Enlarged Corporate Executive Committee

Reappointment Candidate for reappointment as Director New appointment Candidate for new appointment as Director
Outside Outside Director or candidate for Outside Director Independent Independent officer who has been registered to the Tokyo Stock Exchange, Inc.

* The term of office of Directors of the Company is two (2) years. Osamu Nagayama, Motoo Ueno, Tatsuro Kosaka and Yasuo Ikeda were elected and assumed office as Directors at the 107th Annual General Meeting of Shareholders held in March 2018.

** Masayuki Oku is scheduled to retire from the office of Outside Director of Kao Corporation, effective March 26, 2019.

1 Masayuki Oku

Reappointment
Outside
Independent

Date of birth: December 2, 1944 (74 years old)
Shares of the Company owned: 0 shares
Number of years served as Director (as at the closing of this Annual General Meeting of Shareholders): 4 years
Attendance at the meetings of the Board of Directors: 100% (9 out of 9)

Summary of career and positions at the Company

Apr. 1968	Entered into the Sumitomo Bank, Ltd. (“SB”)
Jun. 1994	Director of SB
Nov. 1998	Managing Director of SB
Jun. 1999	Managing Director and Managing Executive Officer of SB
Jan. 2001	Senior Managing Director and Senior Managing Executive Officer of SB
Apr. 2001	Senior Managing Director and Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation (“SMBC”)
Dec. 2002	Senior Managing Director of Sumitomo Mitsui Financial Group, Inc. (“SMFG”)
Jun. 2003	Deputy President of SMBC
Jun. 2005	Chairman of SMFG
Jun. 2005	President and Chief Executive Officer of SMBC
Mar. 2015	Director of the Company (to present)
Apr. 2017	Director of SMFG
Jun. 2017	Honorary Advisor of SMFG (to present)

Important concurrent positions

Outside Director of Kao Corporation*
Outside Director of KOMATSU LTD.
Outside Director of Panasonic Corporation
Outside Corporate Auditor of Nankai Electric Railway Co., Ltd.
Non-Executive Director of The Bank of East Asia (China)

* He is scheduled to retire from the office of Outside Director of Kao Corporation, effective March 26, 2019.

Reasons for nominating the candidate for Outside Director

- Mr. Masayuki Oku provides advice to and supervises the Company concerning management based on his extensive knowledge and experience, etc. as a corporate manager. Therefore, the Company is of the judgment that he will be able to continue to execute his duties as Outside Director appropriately in the future as well.

Other special notes

- He satisfies the requirements for an independent officer stipulated by the Tokyo Stock Exchange, Inc. and Independence Standards established by the Company. The Company has registered him as an independent officer to the Tokyo Stock Exchange, Inc. The Independence Standards established by the Company are stated in page 19.
- Panasonic Corporation, where he has served as an Outside Director from June 2008 to the present, received an order to pay a fine imposed by the European Commission in December 2012 for violation of antitrust laws in relation to its cathode ray tubes business. Panasonic Corporation subsequently filed a suit against the European Commission, but in July 2016 the Panasonic’s appeal was dismissed by the Court of Justice of the European Union and the fine became final. Additionally, in December 2016, Panasonic Corporation reached a settlement with the European Commission to pay a fine regarding a violation of antitrust laws in the secondary batteries business. However, at the time of these violations, he had not assumed the post as Outside Director of Panasonic Corporation. In addition, Panasonic Corporation and its U.S. subsidiary, Panasonic Avionics Corporation (PAC), which had been under investigation concerning violations of the U.S. Foreign Corrupt Practices Act and other U.S. securities laws in relation to specific transactions with airlines by PAC and the use of agents and consultants related to the transaction, agreed with the U.S. Securities and Exchange Commission and the United States Department of Justice in May 2018 to pay a fine to the U.S. government and to take various remedial actions toward better compliance. He had not been aware of such violation activities until they were identified. Nevertheless, he executed his duties from the point of view of compliance at all times, through meetings of the Board of Directors of Panasonic Corporation, etc. and strove to prevent the execution of any business in violation of laws and regulations. Upon identification of such violations, he gave instructions to thoroughly investigate the incident and prevent recurrence, and affirmed the measures taken by the company toward prevention of recurrence.
- The Company has no special interests with him.

2 Yoichiro Ichimaru

Reappointment
Outside
Independent

Date of birth: October 10, 1948 (70 years old)
Shares of the Company owned: 0 shares
Number of years served as Director (as at the closing of this Annual General Meeting of Shareholders): 2 years
Attendance at the meetings of the Board of Directors: 100% (9 out of 9)

●Summary of career and positions at the Company

Jul. 1971	Entered into Toyota Motor Sales Co., Ltd.
Jun. 2001	Member of the Board of Directors of TOYOTA MOTOR CORPORATION (“TMC”)
Jun. 2003	Managing Executive Officer of TMC
Jun. 2005	Senior Managing Director of TMC
Jun. 2009	Representative Director, Executive Vice President of TMC
Jun. 2009	Corporate Auditor of Aioi Insurance Co., Ltd.
Oct. 2010	Corporate Auditor of Aioi Nissay Dowa Insurance Co., Ltd.
Jun. 2011	Senior Corporate Auditor of TMC
Jun. 2015	Executive Advisor of TMC
Jun. 2015	Representative Director, Chairman of Aioi Nissay Dowa Insurance Co., Ltd.
Mar. 2017	Director of the Company (to present)
Jun. 2017	Senior Advisor of Aioi Nissay Dowa Insurance Co., Ltd. (to present)

●Important concurrent positions

Senior Advisor of Aioi Nissay Dowa Insurance Co., Ltd.

●Reasons for nominating the candidate for Outside Director

· Mr. Yoichiro Ichimaru provides advice to and supervises the Company concerning management based on his extensive knowledge and experience, etc. as a corporate manager. Therefore, the Company is of the judgment that he will be able to continue to execute his duties as Outside Director appropriately in the future as well.

●Other special notes

· He satisfies the requirements for an independent officer stipulated by the Tokyo Stock Exchange, Inc. and Independence Standards established by the Company. The Company has registered him as an independent officer to the Tokyo Stock Exchange, Inc. The Independence Standards established by the Company are stated in page 19.

· The Company has no special interests with him.

3 Reappointment Christoph Franz

Date of birth: May 2, 1960 (58 years old)
Shares of the Company owned: 0 shares
Number of years served as Director (as at the closing of this Annual General Meeting of Shareholders): 2 years
Attendance at the meetings of the Board of Directors: 88.9% (8 out of 9)

●Summary of career and positions at the Company

Jan. 1990	Entered into Deutsche Lufthansa AG
Jul. 1994	Member of the Executive Board and CEO of Passenger Transport Division of Deutsche Bahn AG
Jul. 2004	CEO of Swiss International Air Lines AG
Jun. 2009	Deputy Chairman of the Executive Board of Deutsche Lufthansa AG
Jan. 2011	Chairman of the Executive Board and CEO of Deutsche Lufthansa AG
Mar. 2014	Chairman of the Board of Directors of Roche Holding Ltd. (to present)
Mar. 2017	Director of the Company (to present)

●Important concurrent positions

Chairman of the Board of Directors of Roche Holding Ltd.
Member of the Board of Directors of Stadler Rail (Switzerland)
Member of the Board of Directors of Zurich Insurance Group Ltd (Switzerland)

●Reasons for nominating the candidate for Director

· Dr. Christoph Franz provides advice to and supervises the Company concerning management based on his extensive knowledge and experience, etc. as a corporate manager of global companies. Therefore, the Company is of the judgment that he will be able to continue to execute his duties as Director appropriately in the future as well.

●Other special notes

· The relationship between the Company and the Roche Group, where he serves as a member of the Board of Directors, is as stated in “1. Overview of Consolidated Business Activities (10) Parent Company and Principal Subsidiaries” of the Business Report.

4 William N. Anderson

New appointment

Date of birth: August 23, 1966 (52 years old)
Shares of the Company owned: 0 shares

●Summary of career and positions at the Company

Jul. 1997	Entered into Biogen Idec
Jul. 1999	Managing Director, United Kingdom and Ireland of Biogen Idec
Jul. 2001	Vice President of Finance, Business Planning of Biogen Idec
Jul. 2004	Vice President and General Manager of Neurology Business Unit of Biogen Idec
Mar. 2006	Senior Vice President of Immunology & Ophthalmology Business Unit of Genentech
Apr. 2010	Senior Vice President of BioOncology Business Unit of Genentech
Feb. 2013	Head of Global Product Strategy, Chief Marketing Officer of Roche
Jan. 2017	CEO of Genentech
Jan. 2019	CEO of Roche Pharmaceuticals and Member of the Roche Corporate Executive Committee (to present)

●Important concurrent positions

CEO of Roche Pharmaceuticals and Member of the Roche Corporate Executive Committee

●Reasons for nominating the candidate for Director

· The Company recommends Mr. William N. Anderson with the belief that he will be able to execute his duties as a Director appropriately through giving advice and supervising the Company about its management and business from a global perspective as a member of the management of the Roche Group.

●Other special notes

· The relationship between the Company and the Roche Group, where he serves as a member of the Board of Directors, is as stated in “1. Overview of Consolidated Business Activities (10) Parent Company and Principal Subsidiaries” of the Business Report.

5 New appointment James H. Sabry

Date of birth: December 19, 1958 (60 years old)
Shares of the Company owned: 0 shares

●Summary of career and positions at the Company

Aug. 1997	Co-founder, President and CEO of Cytokinetics
Jun. 2008	President and CEO of Arete Therapeutics
Mar. 2010	Global Head and Vice President of Genentech Partnering
Jan. 2013	Global Head and Senior Vice President of Genentech Partnering
Aug. 2018	Global Head of Roche Pharma Partnering and Member of the Roche Enlarged Corporate Executive Committee (to present)

●Important concurrent positions

Global Head of Roche Pharma Partnering and Member of the Roche Enlarged Corporate Executive Committee

●Reasons for nominating the candidate for Director

· The Company recommends Dr. James H. Sabry with the belief that he will be able to execute his duties as a Director appropriately through giving advice and supervising the Company about its management and business from a global perspective as a member of the management of the Roche Group.

●Other special notes

· The relationship between the Company and the Roche Group, where he serves as a member of the Board of Directors, is as stated in "1. Overview of Consolidated Business Activities (10) Parent Company and Principal Subsidiaries" of the Business Report.

Notes related to Second Proposal

1. Conclusion of a limited liability agreement
   The Company has provided in its Articles of Incorporation that it may enter into a limited liability agreement (the "Agreement") with a Director ("Director (excluding Executive Director, etc.)," as provided in Article 423, Paragraph 1 of the Japanese Companies Act, and the limit of liability in the Agreement shall be equal to the minimum liability limit stipulated by laws and regulations. The Company has entered into the Agreement with Mr. Masayuki Oku, Mr. Yoichiro Ichimaru and Dr. Christoph Franz, and plans to sustain such Agreement with them if they are elected as Directors. In addition, the Company plans to enter into the Agreement with Mr. William N. Anderson and Dr. James H. Sabry if they are elected as Directors.
2. The ages of the candidates are as of this Annual General Meeting of Shareholders.

Third Proposal: Election of Two (2) Audit & Supervisory Board Members

Out of all the four (4) Audit & Supervisory Board Members, the term of office of Shunji Yokoyama will expire at the closing of this Annual General Meeting of Shareholders. It is proposed that the number of Audit & Supervisory Board Members be increased by one (1) in order to enhance the audit structure and therefore that two (2) Audit & Supervisory Board Members be elected.
The election of candidates for Audit & Supervisory Board Members is determined at the Board of Directors with the consent of the Audit & Supervisory Board.
The candidates for Audit & Supervisory Board Members are as follows:

Composition of the Audit & Supervisory Board after the election (planned)

No.	Name	Current Position	Attendance at the meetings of the Board of Directors	Attendance at the meetings of the Audit & Supervisory Board	Important Concurrent Positions
– *	Mamoru Togashi	Full-time Audit & Supervisory Board Member	100% (9 out of 9)	100% (11 out of 11)	
1	Atsushi Sato New appointment	Associate Vice President	–	–	
– *	Hisashi Hara Outside Independent	Outside Audit & Supervisory Board Member	100% (9 out of 9)	100% (11 out of 11)	Advisor of The Law Office of Nagashima Ohno & Tsunematsu Independent Director of the Board of Nippon Paint Holdings Co., Ltd.
– *	Takaaki Nimura Outside Independent	Outside Audit & Supervisory Board Member	88.9% (8 out of 9)	100% (11 out of 11)	Representative of Nimura Certified Public Accountant Office
2	Yuko Maeda New appointment Outside Independent	–	–	–	Director of CellBank Corp. Auditor (part-time) of Japan Agency for Marine-Earth Science and Technology

New appointment Candidate for new appointment as Audit & Supervisory Board Member
Outside Outside Audit & Supervisory Board Member or candidate for Outside Audit & Supervisory Board Member
Independent Independent officer who has been or will be registered to the Tokyo Stock Exchange, Inc.

* The term of office of Audit & Supervisory Board Members of the Company is four (4) years. Mamoru Togashi was elected and assumed office as Audit & Supervisory Board Member at the 106th Annual General Meeting of Shareholders held in March 2017, and Hisashi Hara and Takaaki Nimura were elected and assumed office as Audit & Supervisory Board Members at the 105th Annual General Meeting of Shareholders held in March 2016, respectively.

1 New appointment Atsushi Sato

Date of birth: February 10, 1959 (60 years old)
Shares of the Company owned: 814 shares

●Summary of career and positions at the Company

Apr. 1981	Entered into the Company
Apr. 2009	General Manager of Risk Management & Compliance Dept. of the Company
Apr. 2011	General Manager of Chugai Business Conduct Responsibility Dept. of the Company
Apr. 2015	General Manager of Chugai Business Conduct Responsibility Dept. and General Affairs Dept. of the Company
Oct. 2015	General Manager of Chugai Business Conduct Responsibility Dept. of the Company
Apr. 2016	Associate Vice President, General Manager of Chugai Business Conduct Responsibility Dept. of the Company
Jan. 2019	Associate Vice President of the Company (to present)

●Reasons for nominating the candidate for Audit & Supervisory Board Member

・Mr. Atsushi Sato is familiar with internal control, risk management, compliance promotion, etc. through work experiences at the Company. As he has abundant knowledge and experience to conduct appropriate audits regarding management decision making and status of the business execution, the Company is of the judgment that he will be able to perform his roles and duties as Audit & Supervisory Board Member appropriately.

●Other special notes

・The Company has no special interests with him.

2 Yuko Maeda

New appointment
Outside
Independent

Date of birth: July 26, 1960 (58 years old)
Shares of the Company owned: 0 shares

●Summary of career and positions at the Company

Apr. 1984	Entered into Bridgestone Corporation
Aug. 1998	CFO of BTR Power Systems Japan
Oct. 2001	(Concurrent) Vice President of Tokyo University of Agriculture and Technology TLO CO., Ltd.
Sep. 2003	Director, Technology Transfer Center of Tokyo Medical and Dental University
Aug. 2009	Project Coordinator of Innovation Initiative Network Japan
Oct. 2009	(Concurrent) Visiting Professor of Tokyo Medical and Dental University
Oct. 2011	(Concurrent) Specially Appointed Professor of Kyoto Prefectural University of Medicine
May 2013	Executive Officer of Bridgestone Corporation
Apr. 2014	(Concurrent) Auditor of Japan Agency for Marine-Earth Science and Technology (to present)
Jan. 2017	Director of CellBank Corp. (to present)

●Important concurrent positions

Director of CellBank Corp.
Auditor (part-time, of Japan Agency for Marine-Earth Science and Technology

●Other major positions

Advisor of Headquarters for Ocean Policy, Cabinet Office
Member of the Council for University Chartering and School Juridical Person, Ministry of Education, Culture, Sports, Science and Technology
Member of the Personnel Affairs Advisory Committee, Tokyo Institute of Technology
Member of the Advisory Board Committee, Center of Healthy Aging Innovation (COI), Hirosaki University
Outside Expert of Review of Government Programs of the Ministry of Education, Culture, Sports, Science and Technology

●Reasons for nominating the candidate for Outside Audit & Supervisory Board Member

· In addition to her extensive experiences and knowledge on the application of intellectual properties of companies and academia and on collaboration between industry and academia, etc., Ms. Yuko Maeda has management experiences and audit experiences as an auditor of independent administrative corporation, etc. The Company is of the judgment that she will be able to execute her duties as Outside Audit & Supervisory Board Member appropriately.

●Other special notes concerning the candidate for Outside Audit & Supervisory Board Member

· She satisfies the requirements for an independent officer stipulated by the Tokyo Stock Exchange, Inc. and Independence Standards established by the Company. The Company plans to designate her as an independent officer provided by the Tokyo Stock Exchange, Inc. and to register her as such to the Exchange Tokyo Stock Exchange, Inc. The Independence Standards established by the Company are stated in page 19.
· The Company has no special interests with her.

Notes related to Third Proposal

1. Conclusion of a limited liability agreement
   The Company has provided in its Articles of Incorporation that it may enter into a limited liability agreement (the “Agreement”) with an Audit & Supervisory Board Member, as provided in Article 423, Paragraph 1 of the Japanese Companies Act, and the limit of liability in the Agreement shall be equal to the minimum liability limit stipulated by laws and regulations. If Mr. Atsushi Sato and Ms. Yuko Maeda are elected as Audit & Supervisory Board Members, the Company plans to enter into the Agreement with them.
2. The number of “Shares of the Company Owned” by the candidate shown in the table above includes shares of stock in the Employee Shareholders’ Association of the Company.
3. The ages of the candidates are as of this Annual General Meeting of Shareholders.

Fundamental Views Relating to Corporate Governance

In line with its strategic alliance with the world-leading pharmaceutical company Roche, the Company has established "dedicating itself to creating new values through the provision of innovative medical products and services for the benefit of the medical community and human health around the world" as its mission and "becoming a top innovator in the healthcare industry that realizes sophisticated and sustainable patient-centered medical care, powered by our unique strength in science and technology and the alliance with Roche" as its fundamental management objective.

While being a member of the Roche Group, the Company maintains its managerial autonomy and independence as a publicly listed company and will constantly strive to perfect its corporate governance as established in the "Chugai Pharmaceutical Co., Ltd. Basic Corporate Governance Policy" in order to fulfil the mandate of its many stakeholders appropriately and fairly for the achievement of its basic management objective.

Corporate Governance System

Organizational structure

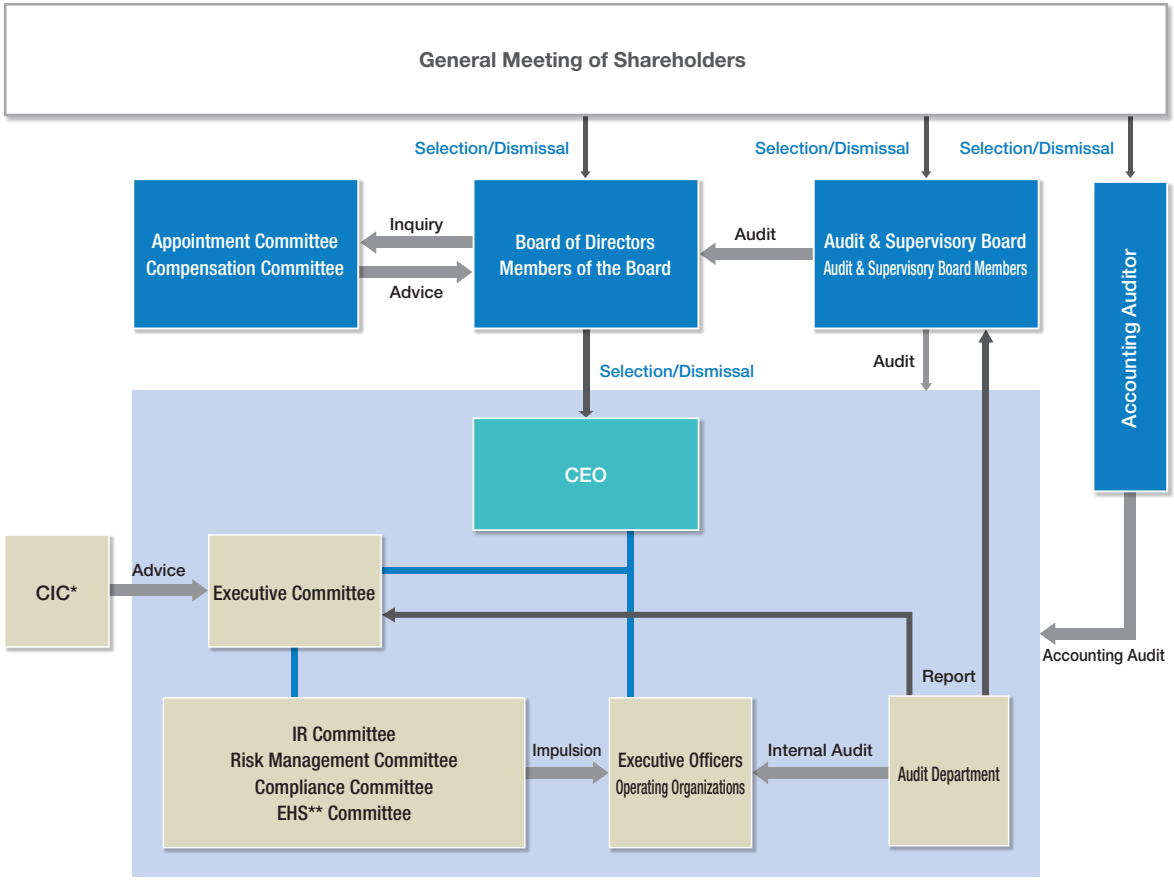
Chugai adopted "Company with an Audit & Supervisory Board" as its corporate organizational structure under the Companies Act in order to ensure effective oversight of directors from an independent and objective standpoint.

Chugai performs important managerial decision-making and supervises the execution of business through the Board of Directors, and audits the directors' performance of duties and other matters through the Audit & Supervisory Board and its Members, who are independent of the Board of Directors.

In addition, Chugai adopted the executive officer system in order to separate managerial decision-making and supervision from the execution of business and work towards swifter executive decision-making. The Board of Directors delegates to the Executive Committee, which is to consist of executive directors and executive officers, the decision-making and execution of all business not determined by the Board of Directors itself.

Furthermore, Chugai established the Appointment Committee and the Compensation Committee as advisory boards to the Board of Directors, so as to secure managerial transparency.

Chugai's Corporate Governance System (as of February 1, 2019)



*Chugai International Council (CIC)
Chugai has established the Chugai International Council (CIC) composed of industry leaders and other professionals from around the world. The CIC works to enhance decision-making by providing valuable advice on how to deal with changes in the global business environment and appropriate business conduct.

**EHS
Environment, Health and Safety

Board of Directors

The Board of Directors consists of persons with diverse knowledge, experience and skills, and it must be ensured that the Board as a whole has the necessary expertise and skills and is of appropriate diversity and size, while the Board of Directors established and disclosed independence standards aimed at ensuring effective independence of independent directors, taking into consideration the independence criteria set by the Tokyo Stock Exchange, and appoints at least three independent outside directors.

Appointment of directors

The Board of Directors selects as director candidates individuals with the knowledge and experience to manage Chugai properly, fairly and efficiently, and sufficient public trust.

The Board of Directors selects outside director candidates from among the managers of other companies, medical experts and others with academic experience, and similar persons, taking into account experience, knowledge, and expertise, so that the outside directors may appropriately give advice on the management of Chugai and carry out the supervisory function.

Audit & Supervisory Board

The Audit & Supervisory Board consists of members with the necessary knowledge, experience, and specialist skills, and ensures the balance of expertise of that Board as a whole. One of the outside Audit & Supervisory Board Members must possess significant knowledge, experience and expertise in finance and accounting.

Appointment of Audit & Supervisory Board Members

The Board of Directors selects as candidates for the Audit & Supervisory Board Members persons with the knowledge and experience to appropriately audit managerial decision-making and the execution of business. The candidates for the outside Audit & Supervisory Board Members are selected from among experts with rich knowledge and experience in accounting, law and similar fields.

Appointment Committee

As an advisory board to the Board of Directors, the Appointment Committee deliberates on the selection of director candidates, succession plan for executive directors, including the CEO, and dismissal of directors.

The Appointment Committee consists of one internal committee member and three or more outside committee members, including at least one independent outside director. The Board of Directors appoints the internal committee member from representative directors and / or persons with past experience as such representative directors, and outside committee members from directors, excluding executive directors, and / or persons with past experience as such directors, excluding executive directors.

Compensation Committee

As an advisory board to the Board of Directors, the Compensation Committee deliberates on remuneration policy and the remuneration of individual directors.

The Compensation Committee consists of three or more outside committee members, including at least one independent outside director, and the outside committee members are appointed by the Board of Directors from directors, excluding executive directors, and / or persons with past experience as such directors, excluding executive directors.

Coordination between outside directors and Audit & Supervisory Board Members

Chugai holds regular information-sharing meetings between independent outside directors and Audit & Supervisory Board Members for the purpose of providing the information necessary for active discussion at Board of Directors meetings, and enhancing mutual coordination.

Evaluation of effectiveness of Chugai Board of Directors

Each financial year, the Board of Directors will analyze and evaluate its activities to secure the effectiveness of its decision-making and supervision, and will disclose a summary of the results.

The Board of Directors conducted a self-evaluation questionnaire in January 2018, for the current directors and Audit & Supervisory Board Members who were on the Board during the evaluation period. The Board of Directors discussed the results of the self-evaluation, based on the report by the Secretariats for the Board of Directors. The Secretariats for the Board of Directors prepared the self-evaluation questionnaire, compiled the results and reported these to the Board of Directors, taking into account the advice of outside experts.

With “Yes” being the majority of the answers to all categories in the self-evaluation questionnaire and the ratio of such answers increasing, the Board of Directors confirmed that the effectiveness of the Board of Directors overall is generally secured. With regard to activities carried out in the previous fiscal year (business dealings with the Roche Group, dialogue with shareholders, provision of information on lawsuit cases, etc., and holding of Board of Directors meetings and factory tours at offices), positive evaluation was given, noting that they are beneficial for the effectiveness of the Board of Directors overall. However, for certain categories (ensuring further diversity in the Board of Directors and provision of additional information for complex agendas), some answers pointed out room for improvement. The Board of Directors will have adequate discussion based on the evaluation results, and endeavor to further improve its effectiveness.

Independence Standards

Chugai will judge outside officers (Outside Directors and Outside Audit & Supervisory Board Members) that do not fall under any of the following to be independent officers (independent Outside Directors and independent Outside Audit & Supervisory Board Members) with no risk of a conflict of interests with Chugai's general shareholders:

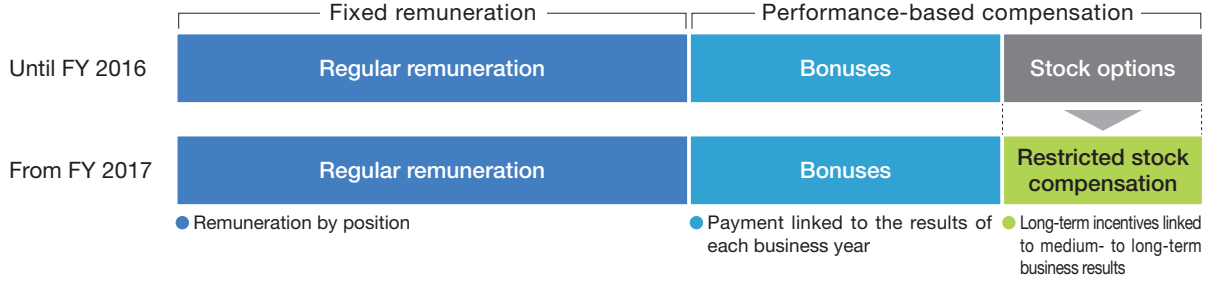
(1) a person who is currently or has been in the past ten years an executive (see note 1) of Chugai or any of its subsidiaries (collectively, the "Chugai Group");
(2) a person who is currently or has been in the past five years an executive of the parent company or any sister company of Chugai;
(3) a person for whom the Chugai Group is a major business partner (see note 2) or an executive of that person;
(4) a major business partner (see note 2) of the Chugai Group or an executive of that business partner;
(5) a major lender (see note 3) of the Chugai Group or an executive of that lender;
(6) a consultant, accounting professional, or legal professional who receives a large amount of money or other such assets (see note 4) other than officer remuneration from the Chugai Group (including any person belonging to a corporation, partnership, or other such organization that receives such assets);
(7) a major shareholder (see note 5) of Chugai or an executive of that shareholder;
(8) an executive of a company for which the Chugai Group is a major shareholder
(9) an executive of a company that engages a director or Audit & Supervisory Board Member (regardless of whether full or part time) from the Chugai Group or an executive of the parent company or any subsidiary of such company;
(10) a director or other executive of a corporation, partnership, or other such organization that receives contributions or aid exceeding a certain amount (see note 6) from the Chugai Group;
(11) an accounting auditor of the Chugai Group or any person belonging to an auditing corporation that is an accounting auditor of the Chugai Group; and
(12) a close relative (see note 7) of any person (limited to those in material positions (see note 8)) who falls under any of (1) through (11) above.

Note 1: "Executive" means an executive director, executive officer, corporate officer, or other such employee or the like.
Note 2: "Major business partner" means a business partner whose transactions with the Chugai Group in any business year within the past five years total 2% or more of the consolidated sales of that business partner or the Chugai Group.
Note 3: "Major lender" means a lender from whom the Chugai Group's borrowings at the end of the business year exceed 2% of the Chugai Group's consolidated total assets at the end of that business year.
Note 4: "Large amount of money or other such assets" means, in any business year within the past five years, money or other such assets in excess of the greater of (a) ten million yen annually or (b) 2% of the total annual income of the person receiving the money or other such assets.
Note 5: "Major shareholder" means a shareholder directly or indirectly holding 10% or more of total voting rights in any business year within the past five years.
Note 6: "Contributions or aid exceeding a certain amount" means, in any business year within the past five years, contributions or aid exceeding the greater of (a) ten million yen annually or (b) 2% of the total annual income of the person receiving the contributions or aid.
Note 7: "Close relative" means a spouse or a relative within the second degree of kinship.
Note 8: "Those in material positions" means directors (excluding outside directors), corporate officers, and executive officers, or any person with authority equivalent to any of these.

Remuneration System for the Company's Directors and Audit & Supervisory Board Members

	Fixed remuneration	Performance-based compensation		
	Regular remuneration	Bonuses	Long-term incentive (stock compensation)	
			Tenure-based restricted stock compensation	Performance-based restricted stock compensation
Executive Directors	●	●	●	●
Non-Executive Directors (including Outside Directors)	●	—	—	—
Audit & Supervisory Board Members	●	—	—	—

Structure of remuneration for Executive Directors

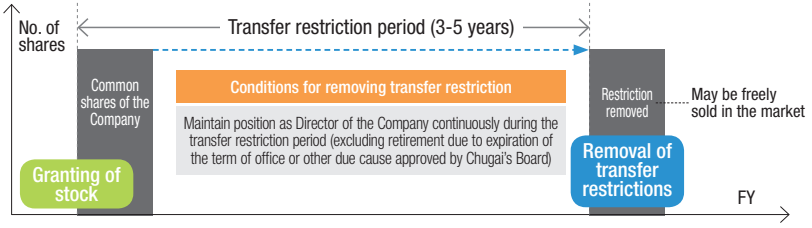


The Company's Restricted Stock Compensation System

A resolution was passed at the 106th Annual General Meeting of Shareholders held in March 2017 to introduce a new remuneration system that uses two types of restricted stock as a replacement for the stock option compensation for the purpose of further promoting shared value with shareholders, and providing an incentive for the Company's Executive Directors to sustainably increase the Company's corporate value, strengthening linkage between their remuneration and the Company's mid- and long-term business performance.

Tenure-based restricted stock compensation

On the condition that the eligible Directors maintain their positions as the Company's Directors continuously during the transfer restriction period, the Company shall remove the transfer restriction for the allotted shares at the expiration of the transfer restriction period.



Performance-based restricted stock compensation

Regarding the eligible Directors, in addition to fulfilling the above conditions for tenure-based restricted stock compensation, the Company shall remove the transfer restriction with respect to the number of the allotted shares to be decided according to the achievement level of the performance targets, at the expiry of the transfer restriction period.

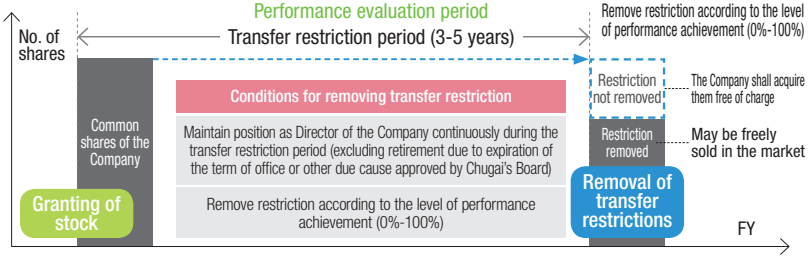
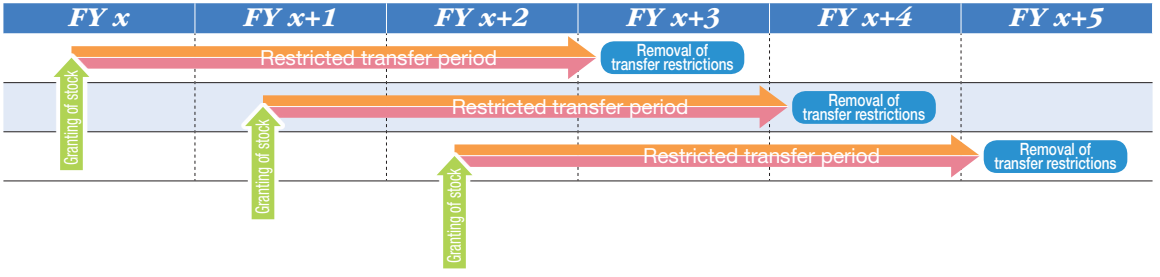


Image of granting remuneration over multiple years (in the case of a 3-year transfer restriction period)



End of Reference Document

Business Report (January 1, 2018 to December 31, 2018)

1 Overview of Consolidated Business Activities

(1) Asset and Income Status, etc.

a) Asset and Income Status

Item	FY 2015	FY 2016	FY 2017	FY 2018
Revenues (JPY billion)	498.8	491.8	534.2	579.8
Operating profit (JPY billion)	86.8	76.9	98.9	124.3
Net income (JPY billion)	62.4	54.4	73.5	93.1
Net income attributable to Chugai shareholders (JPY billion)	61.1	53.6	72.7	92.5
Total assets (JPY billion)	787.4	806.3	852.5	919.5
Total equity (JPY billion)	627.3	646.5	692.9	756.5
Basic earnings per share (JPY)	112.00	98.12	133.04	169.08
Equity per share attributable to Chugai shareholders (JPY)	1,146.17	1,181.67	1,265.46	1,381.26

b) Core Results Status

Item	FY 2015	FY 2016	FY 2017	FY 2018
Gross profit (JPY billion)	260.0	245.0	281.3	317.9
Operating profit (JPY billion)	90.7	80.6	103.2	130.3
Net income (JPY billion)	64.9	56.8	76.7	97.3
Net income attributable to Chugai shareholders (JPY billion)	63.7	56.1	75.9	96.7
Core EPS (JPY)	116.42	102.50	138.68	176.42
Research and development (JPY billion)	81.9	82.6	88.9	94.2

(Notes) 1. Starting from the fiscal year 2013, the Company adopts Core results, which are the results after deducting gains or losses related to non-Core events of the Company from IFRS results, as indicators to manage recurring profits generated from the pharmaceutical business, the Company's core business. Core results are used by the Company as an internal performance indicator, for explaining the status of recurring profits both internally and externally, and as the basis for payment-by-results such as a return to shareholders.

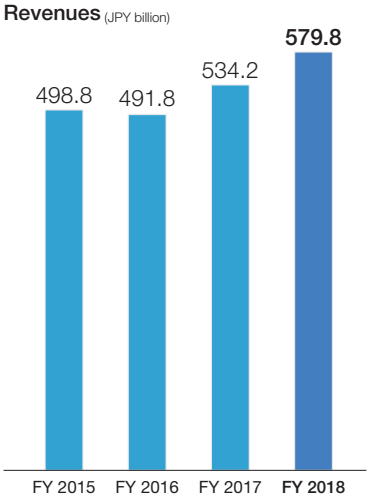
2. Core EPS is diluted earnings per share attributable to Chugai shareholders after deduction of non-Core profit or loss items determined by the Company.

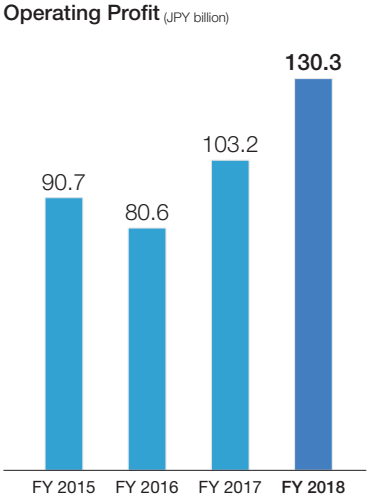
c) Other Significant Performance Indicators

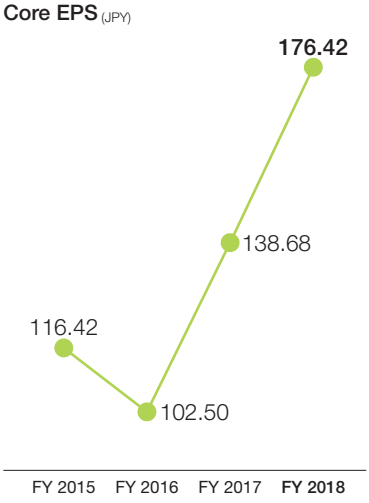
Item	FY 2015	FY 2016	FY 2017	FY 2018
Ratio of equity attributable to Chugai shareholders (%)	79.5	80.1	81.2	82.2
Ratio of net income to equity attributable to Chugai shareholders (ROE) (%)	10.0	8.4	10.9	12.8
Price-earnings ratio (times)	37.86	34.19	43.37	37.73
Dividends per share (JPY)	58.00	52.00	62.00	86.00
Core dividend payout ratio (%)	49.8	50.7	44.7	48.7

(Notes) 1. The amount of dividends per share for the fiscal year 2018 is conditional on the approval of the First Proposal (Appropriation of Surplus) proposed at the 108th Annual General Meeting of Shareholders for the Business Term ended December 31, 2018, and the dividend payout ratio has been calculated based on this amount.
2. "Core dividend payout ratio" stated above represents dividend per share against Core EPS.

Reference | Key Performance Indicators (Core Results)







(2) Developments and Results of Business Activities

a) Overview of Business Activities

During the fiscal year under review, the pharmaceutical industry continued to find itself in a harsh environment amid a host of challenges, under the policies to reduce medical expenditures by each country in conjunction with growing budget deficits, and the increasingly extensive prescription of generic drugs, and Japanese government escalated pressure to curb drug costs in a radical reform of the drug pricing system. And with the expansion of opportunities to generate innovation and intensified competition associated with the dramatic progress of life science technology and ICT, further changes is also expected in the environment surrounding the pharmaceutical industry.

The Chugai Group (the "Group") aims to transform into a company that continues making progress globally through demonstration of its competitive strengths by leveraging its strategic alliance with Roche. To accomplish this goal, the Group has been striving to materialize its vision of a top Japanese pharmaceutical company and achieve further breakthroughs, under the Medium-Term Business Plan "IBI 18," which was commenced in January 2016, based on the two priority themes of "acquisition and implementation of competitiveness at a global top level" and "selection and concentration strategy for acceleration of growth."

Under such circumstances, the Group, during the fiscal year under review, the final year of "IBI 18," attained excellent achievements, including the launch of the in-house developed product, Hemlibra (a coagulation factor VIII substitute), and the in-licensed product from Roche, Tecentriq (an anti-PDL1 humanized monoclonal antibody, anti-cancer agent) that are our future growth drivers, as well as the acquisition of approval for FoundationOne CDx Cancer Genomic Profile, a gene mutation analysis program that aims to realize a more advanced form of personalized oncology care, the progress in the development of SA237 (Satralizumab), an in-house growth driver candidate following Hemlibra, and its designation as Breakthrough Therapy by the United States Food and Drug Administration (FDA), and the completion of UK3, the production plant of antibody API for initial commercial products, which had been under construction at the Ukima Plant to promote the high-speed development of innovative new drugs and to strengthen the supply system.

Financial results for the fiscal year under review amounted to revenues of JPY579.8 billion, operating profit of JPY130.3 billion and net income of JPY97.3 billion (all results are on a Core basis).

Reference | **Adoption of Core Results**

Starting from the fiscal year 2013, the Company adopts Core results as indicators to manage recurring profits generated from the pharmaceutical business, the Company's core business. Core results are the results after deducting gains or losses related to non-Core events of the Company from IFRS results. The Company uses Core results for explaining the status of recurring profits both internally and externally, and also as the basis for payment-by-results such as a return to shareholders.

Core results are determined from the IFRS results by adjusting the following items.

- Amortization and impairment of intangible assets (for example, lump-sum and milestone payments pertaining to products under development in-licensed from third parties)
- Merger impacts attributable to acquisitions of companies or businesses
- Non-recurring items such as expenses for restructuring, environmental measures and litigation, and disasters
- Tax effect for the above items and income attributable to non-controlling interests

b) Revenues

(Unit: JPY billion)

Item	Actual performance for the fiscal year under review	Actual performance for the previous fiscal year	Year-on-year difference for the same period (%)
Product sales	**527.8**	**499.3**	**up 5.7%**
Excluding Tamiflu	517.2	482.4	up 7.2%
Japan	389.2	388.4	up 0.2%
Oncology field	225.7	225.9	down 0.1%
Bone and joint diseases field	100.5	93.3	up 7.7%
Renal diseases field	36.3	39.3	down 7.6%
Other fields	26.8	29.9	down 10.4%
Overseas	127.9	94.0	up 36.1%
Tamiflu	10.7	16.9	down 36.7%
Royalties and other operating income	**51.9**	**34.9**	**up 48.7%**
Revenues	**579.8**	**534.2**	**up 8.5%**

Domestic sales (excluding Tamiflu)

Domestic sales excluding Tamiflu (an anti-influenza agent) were JPY389.2 billion (an increase of 0.2% year on year) due to the steady growth of the new products as well as mainstay products in the Oncology area and mainstay products in the bone and joint diseases area, despite a decrease in sales of certain anti-cancer agents as a result of the NHI drug price revisions in April.

Oncology products sales were JPY225.7 billion (a decrease of 0.1% year on year). This decrease was due to a decrease in sales of Herceptin (an anti-HER2 humanized monoclonal antibody, anti-cancer agent) and Rituxan (an anti-CD20 monoclonal antibody, anti-cancer agent) mainly as a result of the NHI drug price revisions in April, despite sales of JPY9.1 billion for Tecentriq which was launched in April, in addition to favorable performance of the mainstay product, Alecensa (an ALK inhibitor, anti-cancer agent).

Bone and joint diseases products sales were JPY100.5 billion (an increase of 7.7% year on year). This was due to the robust sales of mainstay products such as Actemra (a humanized anti-human IL-6 receptor monoclonal antibody) and Edirol (an oral therapeutic agent for osteoporosis).

Renal diseases products sales amounted to JPY36.3 billion (a decrease of 7.6% year on year) due to a decline mainly in sales of Oxarol (an agent for secondary hyperparathyroidism) and Mircera (a long-acting erythropoiesis-stimulating agent), primarily as a result of the NHI drug price revisions in April.

Other products sales were JPY26.8 billion (a decrease of 10.4% year on year) due primarily to a decrease in sales of long-term listed products transferred to Taiyo Pharma Co., Ltd., despite sales of JPY3.0 billion for Hemlibra launched in May, due to favorable market penetration.

Tamiflu

Sales of Tamiflu (an anti-influenza agent) for ordinary use were JPY10.1 billion (a decrease of 15.1% year on year), while sales to government stockpiles etc. were JPY0.5 billion (a decrease of 90.0% year on year).

Overseas sales

Overseas sales amounted to JPY127.9 billion (an increase of 36.1% year on year) due to increases in exports of Actemra and Alecensa to Roche.

c) Financial Results

Consolidated financial highlights (IFRS results)

Revenues for the fiscal year under review were JPY579.8 billion (an increase of 8.5% year on year), operating profit for the fiscal year under review was JPY124.3 billion (an increase of 25.7% year on year), and net income for the fiscal year under review was JPY93.1 billion (an increase of 26.7% year on year). These results include non-Core items, such as amortization of intangible assets of JPY1.2 billion and impairment loss of intangible assets of JPY4.8 billion, which are excluded from the Core results that Chugai adopts to manage recurring business activities.

Alecensa®

Consolidated financial highlights (Core results)

(Unit: JPY billion)

Item	Actual performance for the fiscal year under review	Actual performance for the previous fiscal year	Year-on-year difference for the same period (%)
Revenues	579.8	534.2	up 8.5%
Gross profit	317.9	281.3	up 13.0%
Operating profit	130.3	103.2	up 26.3%
Net income	97.3	76.7	up 26.9%

Revenues for the fiscal year under review were JPY579.8 billion (an increase of 8.5% year on year), due to increases both in sales and royalties and other operating income.

Of revenues, sales excluding Tamiflu were JPY517.2 billion (an increase of 7.2% year on year), mainly due to increases in exports of Actemra and Alecensa to Roche, along with the steady sales growth of domestic sales of new products as well as mainstay products in the Oncology area and mainstay products in the bone and joint diseases area. Royalties and other operating income amounted to JPY51.9 billion (an increase of 48.7% year on year), due to one-time income and others reported in the first quarter results, primarily from the transfer of long-term listed products to Taiyo Pharma Co., Ltd. and out-licensing of developed products to Eli Lilly and Company.

Cost to sales ratio was 49.6%, a 1.1 percentage point improvement year on year, due to a change in the product mix, etc., and gross profit amounted to JPY317.9 billion (an increase of 13.0% year on year).

Operating expenses were JPY187.6 billion (an increase of 5.3% year on year). Marketing and distribution expenses were JPY73.7 billion (an increase of 1.2% year on year) due primarily

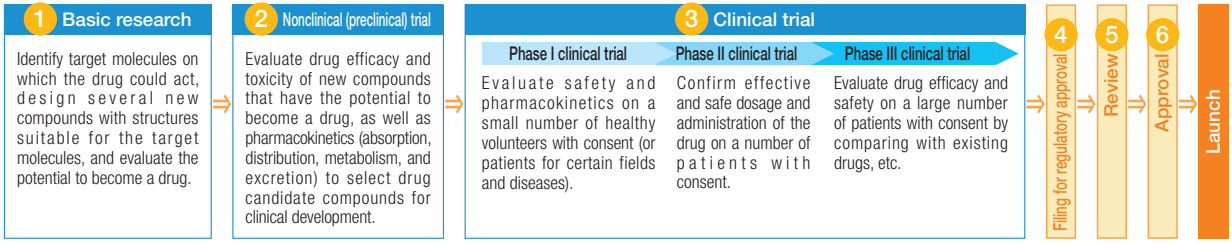
to the increase in sales promotion activities mainly for new products, research and development expenses amounted to JPY94.2 billion (an increase of 6.0% year on year), due primarily to the progress of projects, and general and administration expenses amounted to JPY19.7 billion (an increase of 20.9% year on year), due to an increase in various expenses including legal expenses and the enterprise tax. As a result, Core operating profit was JPY130.3 billion (an increase of 26.3% year on year), Core net income was JPY97.3 billion (an increase of 26.9% year on year) and Core EPS was JPY176.42 (an increase of 27.2% year on year).

d) R&D Activities

In Japan and overseas, the Group is actively engaged in prescription pharmaceutical R&D activities and is working to develop innovative products with global application. In Japan, the Group has established research bases in Fuji Gotemba (Shizuoka Prefecture) and Kamakura (Kanagawa Prefecture), which are collaborating to develop new pharmaceuticals, and its research facilities in Ukima (Tokyo) are conducting industrialization research. Overseas, Chugai Pharma USA, Inc. (United States); Chugai Pharma Europe Ltd. (United Kingdom); Chugai Pharma Science (Beijing) Co., Ltd. (China); and Chugai Pharma Taiwan Ltd. (Taiwan) are engaged in clinical development and submission of applications in their respective countries. Chugai Pharmabody Research Pte. Ltd. (Singapore) and jointly controlled businesses C&C Research Laboratories (South Korea) are engaged in pharmaceutical research and development.

Reference | **Process of new drug development**

It takes as long as 9 to 17 years to develop a new drug, from the discovery of candidate compounds to the launch as a pharmaceutical product.



As for clinical development activities, the Group saw progress as described below.

(i) Oncology

- We obtained approval for the indication of CD20-positive follicular lymphoma for glycoengineered type II anti-CD20 monoclonal antibody Gazyva in July, and launched in August.
- We obtained approval for the indication of neoadjuvant and adjuvant therapy for HER2-positive early breast cancer for HER2 dimerization inhibitory humanized monoclonal antibody Perjeta in October.
- We obtained approval for the indication of unresectable advanced or recurrent non-small cell lung cancer (NSCLC) for Tecentriq in January, and launched in April. We filed an application in March and obtained approval in December for the additional dosing for the treatment of previously untreated unresectable advanced or recurrent non-squamous NSCLC. We filed applications for the expected indications for small cell lung cancer and breast cancer in December. We started Phase III multinational study for the expected indications of hepatocellular carcinoma in April, head and neck carcinoma (adjuvant) in June, and early breast cancer in August.
- We started Phase III multinational study for the anti-VEGF (Vascular Endothelial Growth Factor) humanized monoclonal antibody Avastin for the expected indication of hepatocellular carcinoma in April.
- We started Phase III multinational study for the AKT inhibitor RG 7440 for the expected indication of breast cancer in January.
- We started Phase III multinational study for the anti-HER2 humanized monoclonal antibody/HER2 dimerization inhibitory humanized monoclonal antibody RG6264 (fixed-dose combination, subcutaneous injection) for the expected indication of breast cancer in July.
- We started Phase III multinational study for Alecensa for the expected indication of NSCLC (adjuvant) in August.
- We concluded a license-in agreement in July for the ROS1/TRK inhibitor RG6268, started domestic development for the expected indications of NSCLC and solid tumors (*NTRK* fusion-positive), and filed an application for the expected indication of solid tumors (*NTRK* fusion-positive) in December.
- We started Phase I study for the anti-CEA/CD3 bispecific antibody RG7802 for the expected indication of solid tumors in January.
- We started Phase I study for the anti-CD20/CD3 bispecific antibody RG7828 for the expected indication of hematologic tumors in March.
- We decided to discontinue the development of the PI3K inhibitor RG7604 for solid tumors, considering the results of global studies conducted by Roche, an originator of the drug.

(ii) Bone and Joint Diseases

- We filed an application in China for Edirol for the expected indication of osteoporosis in February.

(iii) Neurology

- We started Phase I study for the anti-α-synuclein monoclonal antibody RG7935 for the expected indication of Parkinson's disease in February.
- We started Phase I study for the GYM329/RG6237 for the expected indication of neuromuscular disease in October.

(iv) Others

- We obtained approval for the once-weekly subcutaneous injection of Hemlibra for routine prophylaxis to prevent or reduce the frequency of bleeding episodes in adults and children with hemophilia A with factor VIII inhibitors in Europe and Japan in February and March, respectively. Then we launched the drug in Japan in May. In addition, we filed applications for routine prophylactic treatment for people with hemophilia A without inhibitors to factor VIII, administered once weekly, every two weeks, or every four weeks, as well as for additional dosing options of every two weeks or every four weeks in people with hemophilia A with factor VIII inhibitors in Japan, US and Europe in April, and obtained approval in US and Japan in October and December, respectively.
- We started Phase III multinational study for the anti-VEGF/Ang2 bispecific antibody RG7716 for the expected indication of diabetic macular edema in September.
- We started Phase I study for AMY109 for the expected indication of endometriosis in February.
- We decided to discontinue the development of the anti-IL-13 humanized monoclonal antibody RG3637 for idiopathic pulmonary fibrosis, considering the results of Phase II multinational study (RIFF study).
  We decided to discontinue the development of URAT1 inhibitor URC102 for gout, due to consideration of priorities in our R&D portfolio.

Status of clinical development (as of December 31, 2018)

Development code	Generic name Product name (Scheduled) / Dosage form	Expected indication	Stage (Time) Phase I / Phase II / Phase III / Filing / Approval / Launch
Oncology			
GA101 / RG7159	obinutuzumab Gazyva / Injection	Follicular lymphoma	(Japan)
RG1273	pertuzumab Perjeta / Injection	Breast cancer (adjuvant) (additional indication)	(Japan)
RG7446	atezolizumab Tecentriq / Injection	NSCLC [2nd line]	(Japan)
		NSCLC [1st line] (additional indication)	(Japan)
		Small cell lung cancer (additional indication)	(Japan)
		Breast cancer (additional indication)	(Japan)
		NSCLC (adjuvant) (additional indication)	*
		Urothelial carcinoma (additional indication)	*
		Muscle invasive urothelial carcinoma (adjuvant) (additional indication)	*
		Renal cell carcinoma (additional indication)	*
		Renal cell carcinoma (adjuvant) (additional indication)	*
		Early breast cancer (additional indication)	*
		Ovarian cancer (additional indication)	*
		Prostate cancer (additional indication)	*
		Hepatocellular carcinoma (additional indication)	*
		Head and neck carcinoma (adjuvant) (additional indication)	*
RG6268	entrectinib Product name undetermined / Oral	Solid tumors [*NTRK* fusion-positive]	(Japan)
		NSCLC	*
RG435	bevacizumab Avastin / Injection	Renal cell carcinoma (additional indication)	*
		Hepatocellular carcinoma (additional indication)	*
RG3502	trastuzumab emtansine Kadcyla / Injection	Breast cancer (adjuvant) (additional indication)	*
RG7440	ipatasertib Product name undetermined / Oral	Prostate cancer	*
		Breast cancer	*
RG7596	polatuzumab vedotin Product name undetermined / Injection	Diffuse large B-cell lymphoma (DLBCL)	*
RG6264	trastuzumab / pertuzumab Herceptin / Perjeta / Injection	Breast cancer (Fixed-dose combination, subcutaneous injection)	*
AF802 / RG7853	alectinib Alecensa / Oral	NSCLC (adjuvant) (additional indication)	*
GC33 / RG7686	codrituzumab Product name undetermined / Injection	Hepatocellular carcinoma	
CKI27	Generic name undetermined Product name undetermined / Oral	Solid tumors	
ERY974	Generic name undetermined Product name undetermined / Injection	Solid tumors	
RG7421	cobimetinib Product name undetermined / Oral	Solid tumors	
RG7802	cibisatamab Product name undetermined / Injection	Solid tumors	
RG7828	mosunetuzumab Product name undetermined / Injection	Hematologic tumors	

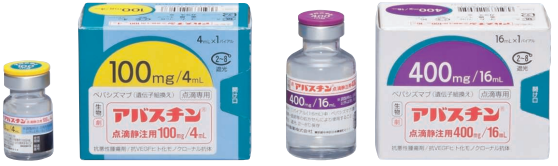
Development code	Generic name / Product name (Scheduled) / Dosage form	Expected indication	Stage (Time): Phase I	Phase II	Phase III	Filing	Approval	Launch
Bone and Joint Diseases field								
ED-71	eldecalcitol Edirol / Oral	Osteoporosis				(China)		
NRD101	purified sodium hyaluronate Suvenyl / Injection	Knee osteoarthritis / Shoulder periarthritis				(China)		
Renal Diseases field								
EOS789	Generic name undetermined Product name undetermined / Oral	Hyperphosphatemia						
Autoimmune Diseases field								
MRA / RG1569	tocilizumab Actemra / Injection	Systemic sclerosis (additional indication)				*		
RG7845	fenebrutinib Product name undetermined / Oral	Rheumatoid arthritis						
Neurology field								
RG1450	gantenerumab Product name undetermined / Injection	Alzheimer's disease				*		
RG7412	crenezumab Product name undetermined / Injection	Alzheimer's disease				*		
SA237 / RG6168	satralizumab Product name undetermined / Injection	Neuromyelitis optica spectrum disorder (NMOSD)				*		
RG6206	Generic name undetermined Product name undetermined / Injection	Duchenne muscular dystrophy (DMD)				(Ⅱ/Ⅲ)*		
RG7916	risdiplam Product name undetermined / Oral	Spinal muscular atrophy (SMA)				(Ⅱ/Ⅲ)*		
RG7935	prasinezumab Product name undetermined / Injection	Parkinson's disease						
GYM329 / RG6237	Generic name undetermined Product name undetermined / Injection	Neuromuscular disease						
Other fields								
ACE910 / RG6013	emicizumab Hemlibra / Injection	Hemophilia A (Inhibitor)						(Japan) (Europe)
		Hemophilia A (Non-inhibitor)						(US) (Japan) (Europe)
RG7716	faricimab Product name undetermined / Injection	Diabetic macular edema				*		
		Wet age-related macular degeneration						
CIM331**	nemolizumab Product name undetermined / Injection	Pruritus in dialysis			(Japan)			
SKY59 / RG6107	Generic name undetermined Product name undetermined / Injection	Paroxysmal nocturnal hemoglobinuria (PNH)			(Ⅰ/Ⅱ)*			
PCO371	Generic name undetermined Product name undetermined / Oral	Hypoparathyroidism						
AMY109	Generic name undetermined Product name undetermined / Injection	Endometriosis						

In principle, completion of first dose is regarded as the start of clinical studies in each phase. : Change in status in January 2018 and thereafter

*: Multinational study **: Development for atopic dermatitis: Out-licensed to Galderma (Overseas) and Maruho (Japan)

Oncology field

Avastin®	Anti-cancer agent
Alecensa®	Anti-cancer agent
Herceptin®	Anti-cancer agent
Perjeta®	Anti-cancer agent
Rituxan®	Anti-cancer agent
Tecentriq®	Anti-cancer agent
Xeloda®	Anti-cancer agent
Kadcyla®	Anti-cancer agent
Tarceva®	Anti-cancer agent
Gazyva®	Anti-cancer agent
Alaglio®	Photodynamic diagnostic agent



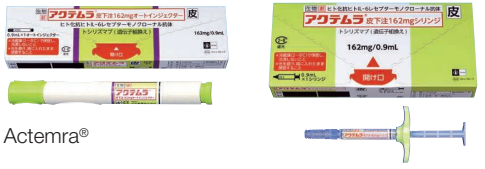
Avastin®

Renal diseases field

Mircera®	Renal anemia agent
Oxarol®	Agent for secondary hyperparathyroidism in hemodialysis patients

Bone and joint diseases field

Actemra®	Rheumatoid arthritis agent
Edirol®	Osteoporosis agent
Bonviva®	Osteoporosis agent
Suvenyl®	Agent for joint function improvement



Actemra®

Other fields

Hemlibra®	Coagulation factor VIII substitute
CellCept®	Immunosuppressant
Tamiflu®	Anti-influenza agent

Hemlibra®

(3) Capital Expenditures

The Group continuously undertakes capital investments to improve and streamline its manufacturing facilities, as well as to enhance and strengthen R&D capabilities. Capital expenditures during the fiscal year under review were JPY71.8 billion. Such expenditures mainly consisted of investments for the purchase of a business site in Totsuka Ward, Yokohama City and the high-mix low-volume production of antibody API for initial commercial products at the Ukima Plant (expansion of production capacity by means of new construction of UK3).

Ukima Plant (UK3)

(4) Financing

The Group did not raise any capital through the issuance of corporate bonds nor capital increase, etc. during the fiscal year under review.

(5) Transfer of Business, etc.

In the fiscal year under review, the Group conducted none of such undertakings as transfer of business, absorption-type company split, incorporation-type company split, acceptance of assignment of business of another company, succession to rights and obligations in connection with business of another juridical person by absorption-type merger or absorption-type company split, or acquisition/disposition of shares, other equity or stock option of another company.

(6) Future Tasks

a) Results of the medium-term business plan "IBI 18"

The Group formulated its medium-term business plan "IBI 18," which covered the period from fiscal year 2016 through fiscal year 2018, and has been engaged in priority tasks in each of the areas below in an effort to transform into a company that continues making progress globally through demonstration of its competitive strengths by leveraging its strategic alliance with Roche.

(i) Drug discovery

The Group accelerated the generation of innovative R&D projects by making priority investments in drug discovery technologies including the world's leading-edge antibody engineering technologies. During the period of "IBI 18," eight new projects were added to its portfolio, and we started clinical trials for four in-house developed products, namely ERY974, SKY59, AMY109 and GYM329. In addition, a technological platform was established for middle molecules as the next-generation core technology following small molecule and antibodies and preparations are well underway for the early generation of development projects. Furthermore, the Group has strengthened its framework for the generation of new projects through cooperation with academic institutions such as the comprehensive collaboration agreement with the Osaka University Immunology Frontier Research Center (IFReC), and several promising projects have been generated.

(ii) Development

By making concentrated investments of its resources into products that are expected to drive dramatic growth in the future, the Group was able to obtain accelerated global approval for Hemlibra, an in-house developed product, far earlier than initially planned. As for products in-licensed from Roche, Tecentriq obtained approval for the first-line and second-line treatments of non-small cell lung cancer, and development is currently continuing for an additional 19 indications. Furthermore, progress is being steadily made in development toward acquiring an approval for SA237 (Satralizumab), an in-house growth driver candidate following Hemlibra, which received designation as Breakthrough Therapy by the United States Food and Drug Administration (FDA) for neuromyelitis optica and neuromyelitis optica spectrum disorders.

(iii) Pharmaceutical technology

The Group made efforts to strengthen its pharmaceutical functions toward global simultaneous development of multiple products and accelerated market launches as well as for cost reduction, and managed to shorten the development period of the antibody project and reduce the costs of Alecensa. At the same time, progress was made in preparation for GMP manufacturing at "UK3," the production plant of antibody API for initial commercial products. Furthermore, the Group made significant advances in the establishment of its structure for FDA inspection through the process of filing applications for Hemlibra and the development of the manufacturing and formulation technologies of middle molecule APIs.

(iv) Sales, medical affairs and safety

To meet the sophisticated and diversified needs of patients, medical care professionals, and other stakeholders, the Group has further strengthened the division of its specialized functions

and cross-functional collaboration centered on sales, medical affairs and safety, and promoted provision of high-quality solutions. As a result, we were able to maintain the sustainable growth of our existing core products such as Avastin, Actemra and Edirol, while realizing the early market penetration of new products such as Hemlibra and Tecentriq, thereby achieving sales that substantially exceeded plans.

(v) Companywide foundations

In dealing with the challenges mentioned above, the Group focused particularly on the strengthening of human resources. We worked hard on selecting focus positions based on the right position filled by the right person, obtaining, nurturing and assigning global top-level human resources who will play a role in carrying out strategies, and promoting diversity and inclusion. Furthermore, the Group executed various measures to concentrate its limited resources on innovation, such as the business transfer of 13 long-term listed products.

Through these initiatives, the Group amply achieved the initial qualitative target and quantitative plan, and its financial results reached a record high for two consecutive years.

During the period from 2015 through 2018, the final year of the medium-term business plan, the Group achieved an average annual growth in its Core EPS (assuming a constant exchange rate) of 17.1%, which far exceeded the initially-forecasted "a low single-digit rate" (up to 3% range) and demonstrated strong results.

b) Basic Management Principles

In line with its strategic alliance with the world-leading pharmaceutical company Roche, the Group's basic management principles is to develop hand in hand with society under its mission of "dedicating itself to creating new values through the provision of innovative medical products and services for the benefit of the medical community and human health around the world" and its goal of "becoming a top innovator in the healthcare industry that realizes sophisticated and sustainable patient-centered medical care."

As the Group works to achieve these goals, it will carry out its business activities in line with its core values of "patient-centered," "frontier spirit" and "sincerity."

Under these basic management principles, and in line with the philosophy "Innovation all for the patients," the Group focuses on innovation based on innovative drug discovery, with the aim of resolving social issues and developing a sound society through the provision of optimal medical care for each and every patient, while also expanding corporate value in a sustainable manner.

Furthermore, the Group will proactively work on environmental, social, governance and other issues in order to ensure that its business activities influence society in the best way possible. The Group is convinced that these activities will contribute to enhancing the sustainability of society as a whole, while laying a foundation for the long-term development of the Group.

c) Target management indicators

The Group places emphasis on increasing corporate value by generating innovation. When formulating medium- to long-term plans, the Group drafts its growth strategy after clarifying the gap between targets and the existing situation, taking into account equity spread. Whenever making investment decisions such as development projects, the Group allocates resources and makes management decisions with emphasis on profitability and capital efficiency, including evaluations based on capital costs. Moreover, as an indicator that directly expresses sustainable increase in corporate value and that can be shared with shareholders and other stakeholders, under its medium-term business plan "IBI 21," which covers the period from the fiscal year 2019 through fiscal year 2021, the Group sets out an average annual growth in its Core EPS (assuming a constant exchange rate) at a high single-digit rate for the three-year period.

d) Management environment and issues to be addressed

Amid increasing expectations and needs for pharmaceuticals due to an increase in the world population and progressive demographic graying in each country, the realization of sustainable medical care with limited resources has become a common issue in the world. In addition, while the dramatic progress of life sciences and ICT has significantly changed the social structure and expanded opportunities to generate innovation for solving medical issues, competition among companies is speeding up beyond existing industries and intensifying more than ever.

As the interplay of these changes is expected to bring about exponential upheavals in society as a whole, the pharmaceutical industry is called on to undergo major transformation as well.

Pursuit of "innovation" is the most important challenge. There is a need for the development of new drugs that respond to unmet medical needs through the search for new therapy targets and further innovation in drug discovery technologies. Furthermore, in order to realize optimal medical care for each and

every patient, the challenge is to acquire and enhance capabilities that break through conventional drug discovery capabilities, while flexibly incorporating new technologies that leverage advances in life sciences as well as the evolution of digital technologies such as big data and AI.

"Business structural reform" to realize these goals is also a pressing issue. Amid an increasingly severe business environment for pharmaceutical companies due to stronger financial pressure and measures to curb drug costs worldwide, there is even greater need of transformation to a structure that enables concentrated investment of limited resources on innovation. Particularly in Japan, in the wake of a series of stringent system reforms aimed at curbing drug costs, the market is expected to contract increasingly in the future. The challenge is to design a new business structure that fundamentally revises existing processes and cost structures and makes use of digital and other technologies.

In addition to these challenges in the pharmaceutical industry, society as a whole is facing growing threats to the sustainability of the social system, including recent changes in the global environment and socio-economic issues such as poverty caused by economic disparity. In order to sustainably develop business activities, companies must seriously face up to the underlying social issues, identify the issues related to their respective value chains, and make efforts to resolve them.

In these circumstances, the Group achieved top-class growth in Japan based on the development of innovative new drugs and its strategic alliance with Roche. While securing a stable revenue foundation through Roche's fully stocked pipeline of new drugs, the Group concentrates resources on in-house drug discovery and continually generates innovative R&D projects. As a result, the Group's drug discovery capabilities have been highly evaluated worldwide, with four drugs (Actemra, Alecensa, Hemlibra and SA237 (Satralizumab)) generated by Chugai being designated as Breakthrough Therapy by the FDA in the United States. In addition, the Group's late-stage development and sales activities leverage the Global Roche platform and achieves a high level of productivity.

Going forward, the Group will steadily maximize value for growth drivers such as Alecensa and Hemlibra in the global market and generate in-house the next growth drivers ahead of competitors through swift development in an aim for sustainable profit growth.

Meanwhile, as society faces major changes in a global scale, Chugai recognizes that its initiatives must further evolve together.

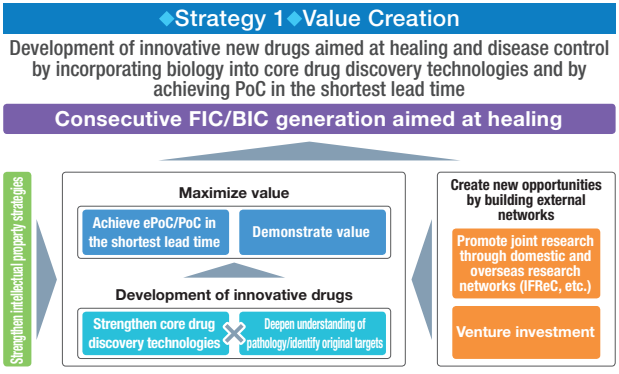
e) Medium-term business plan "IBI 21"

The Group formulated its new medium-term business plan "IBI 21," which covers the period from fiscal year 2019 through fiscal year 2021. Based on the business foundation built under the previous medium-term business plan "IBI 18" and the strategic alliance with Roche, the Group has entered a new stage of transformation aiming to acquire further competitive advantage as well as achieve sustainable profit growth and expanded corporate value.

The Group's goal with "IBI 21" is to accelerate the development of society and itself through innovation centered on innovative new drugs. The Group has set out "five strategies" to achieve that goal, based on the priority themes of "generating global growth drivers and maximizing value" and "strengthening the human resources and foundation that support the business."

Under "IBI 21," Chugai aims for sustainable corporate growth through innovation by further enhancing its basic approach to innovation which is expressed in "IBI," "INNOVATION BEYOND IMAGINATION."

(i) Value Creation (drug discovery, development and pharmaceutical technology)



The Group has been making priority investment in the world's leading-edge antibody engineering technologies to accelerate the generation of innovative R&D projects. In addition, the Group has selected middle molecules as the next-generation of core drug discovery technologies along with small molecule and antibody technologies, and has been striving for the establishment of technologies through concentrated investment and early generation of R&D projects.

Under “IBI 21,” with the theme “Achieving innovative drug discovery aimed at healing and disease control,” the Group will tackle a new dimension of drug discovery. The Group will incorporate biology (deeper understanding of pathology) into its proprietary drug discovery technologies cultivated thus far, in addition to their ongoing enhancement, to identify original drug discovery targets. Vigorous efforts will be made to achieve PoC and development in the shortest lead time and prove patient value. In-house, the Group will press ahead with development with global top-class quality and speed under its in-house promotion system for translational research centered on three regions, namely Japan, the United States and Europe, as well as cooperate with Roche, to achieve continuous generation of innovative new drugs that will be next-generation growth drivers.

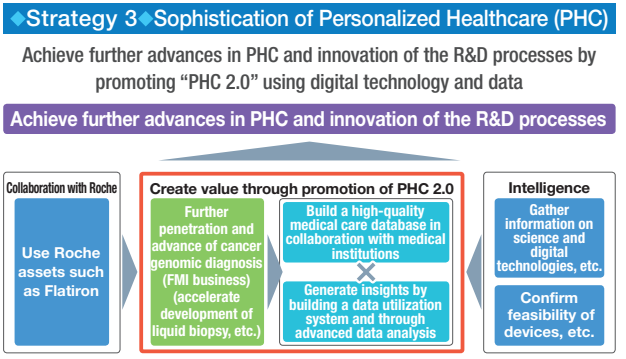
In order to achieve the earliest delivery of such innovative new drugs to patients, the Group will enhance its systems for accelerated development and product supply, especially the further evolution of manufacturing technologies for R&D projects with a high degree of difficulty in formulation such as middle molecule drugs. The Group will also continue striving to enhance quality control, quality assurance and regulatory functions to meet global standards.

(ii) Value Delivery (sales, medical affairs and safety)

By launching numerous promising therapy products developed in-house or licensed-in from Roche, the Group has been building solid presences in the markets it entered for drugs in the oncology, renal disease, bone and joint disease, rheumatic diseases as well as other fields.

Under “IBI 21,” the Group aims to accelerate its growth through furthering its activities to promote the appropriate use of pharmaceuticals, including provision of information and safety management in a patient-centered manner, and the generation of evidence to enhance the value of drugs from the patients’ viewpoint. At the same time, the Group will strengthen digital solutions incorporating technological evolution, and provide other solutions to meet the sophisticated and diversified needs of stakeholders, in order to contribute to “sophisticated and sustainable patient-centered medical care.” The Group will also focus its activities on growth driver products in Japan and overseas.

(iii) Sophistication of personalized healthcare



Backed by the dramatic progress of genome medicine and data analysis technology, “Personalized Healthcare (PHC)” has considerably advanced in recent years. In addition, the evolution of digital devices and other developments have enabled a wide range of benefits for patients, including QOL, to be quantified, beyond the conventional qualities of “efficacy and safety.” As a result, it is increasingly vital to provide optimal solutions for patients and verify their value. In that context, as a member of the Roche Group, a world leader in PHC, the Group will work in close cooperation with the government and academic institutions, aiming for a new stage in PHC that provides optimal therapy for each “individual.” Furthermore, the Group will stay ahead of the competition in striving to strengthen its capabilities to provide and verify a wide range of value to patients and their families. Moreover, the Group will also proactively promote greater efficiency in the search for drug discovery targets and molecules, streamlining of clinical development using real-world data (RWD), and other innovations in the R&D process, through initiatives leveraging digital technologies and data.

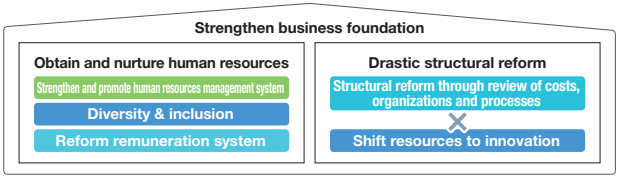
In addition, as a leading company in oncology, Chugai believes that it has an important responsibility to contribute to the realization of cancer genome medicine and the development of its supply structure. “FoundationOne CDx Cancer Genomic Profile” was developed under this mission. It is a product that provides comprehensive genomic profiling (CGP) assays for cancer using next-generation sequencers, and contributes to the development and spread of PHC in cancer treatment. In 2018, Chugai established the “Foundation Medicine Unit” and vigorously promotes the business.

(iv) Strengthening human capitals and conducting drastic structural reform

◆Strategy 4◆Strengthening Human Capitals and Conducting Drastic Structural Reform

Obtain and nurture high-level, diverse human resources to support innovation, and conduct drastic structural reform

Accelerate generation of innovation by implementing strategies 1-3



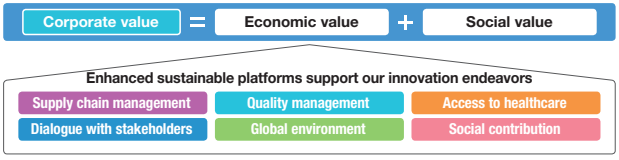
In implementing the strategies mentioned so far, obtaining and nurturing diverse human resources that drive the generation of innovation while responding to a rapidly changing environment would be important. Under “IBI 21,” the Group will further strengthen its efforts to obtain, nurture and assign sophisticated and diverse human resources with a view to the medium to long term. Specifically, the Group will strengthen its system to implement talent management/position management to assign the right position to be filled by the right leadership personnel; acquire specialized human resources who will play key roles in carrying out strategies; transform the personnel and compensation system so that it supports a corporate culture with a spirit of challenge; and further promote diversity and inclusion. Through these measures, the Group will strive to foster an organizational culture where innovation is generated by the active participation of diverse human resources.

In addition, as financial pressure increasingly undermines the business environment for pharmaceutical companies, it is an important task for companies to transform their cost structure that enables concentration of resources on innovation. In order to concentrate limited resources on innovation, Chugai has taken measures such as carrying out business transfer for 13 long-term listed products in 2018. Under “IBI 21,” the Group is resolved to fundamentally revise its business processes and cost structure in order to simultaneously achieve flexible investment in innovation and sustainable profit growth.

(v) Strengthening sustainable platforms

◆Strategy 5◆Strengthening Sustainable Platforms

With the aim of improving sustainable corporate value, specify six priority areas that support our innovation endeavors, based on the expectations and demands of society, Chugai’s economic, environmental and social impact, and stakeholder interest.



In order to achieve sophisticated and sustainable medical care and contribute to human health, the Group conducts its business in line with its core values. The Group strives to carry out its business activities with sincerity at all times with the highest ethical standards, compliance and quality management as befits a corporate group involved in the healthcare industry. The Group has addressed business activities considerate of the global environment as well as social contribution activities conducive to “medical care,” “welfare,” “education,” “local communities” and the “environment” as a good corporate citizen.

Under “IBI 21,” the Group will work on material issues (materiality) identified in light of its mission and the impact of its business on the economy, society and the environment. Particularly, the focus will be to maintain the high quality of its pharmaceutical products and services as well as to contribute Chugai’s technology and expertise to health care, improving people’s access to which will promote global health. The Group will aim to minimize its negative impact on natural capital by pursuing business activities that consider the global environment.

The Group will take up materiality efforts above in its proactive disclosure and dialogue engaging stakeholders.

Under “IBI 21,” the Group will work for the development of society and itself through innovation, centered on these five strategies.

(7) Main Businesses (as of December 31, 2018)

The main businesses of the Group include research, development, manufacturing, sale, importation and exportation of pharmaceuticals.

(8) Principal Sales Offices, Plants and Research Laboratories (as of December 31, 2018)

[Domestic]

❶ Registered office (5-1 Ukima 5-Chome, Kita-ku, Tokyo)
❷ Headquarters' office (1-1 Nihonbashi-Muromachi 2-Chome, Chuo-ku, Tokyo)

<Sales branches>
❸ Hokkaido and Tohoku RMO (Miyagi Pref.)
❹ Kanto-Kita and Koshinetsu RMO (Saitama Pref.)
❺ Kanto-Minami RMO (Tokyo)
❻ Tokai and Hokuriku RMO (Aichi Pref.)
❼ Kansai RMO (Osaka)
❽ Chugoku and Shikoku RMO (Hiroshima Pref.)
❾ Kyushu RMO (Fukuoka Pref.)

<Research & Development>
❿ Fuji-Gotemba Research Laboratories (Shizuoka Pref.)
⓫ Kamakura Research Laboratories (Kanagawa Pref.)
⓬ Ukima Research Laboratories (Tokyo)

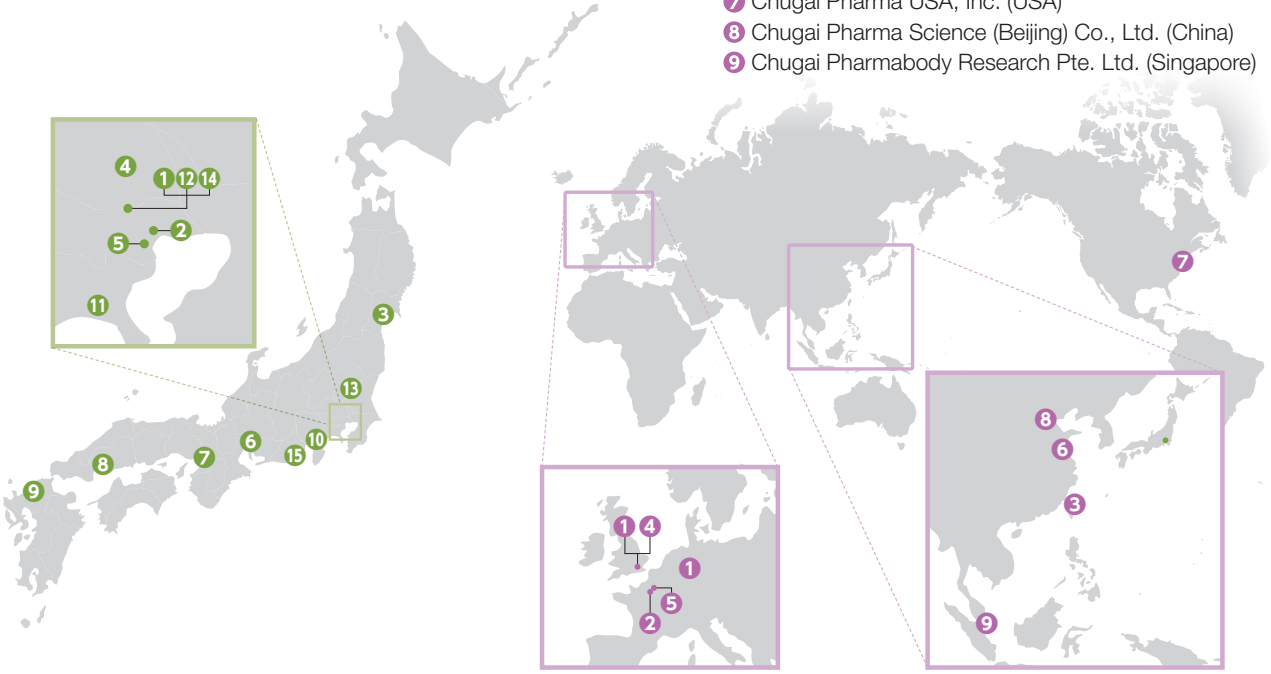
<Production> * Bases of Chugai Pharma Manufacturing Co., Ltd.
⓭ Utsunomiya Plant (Tochigi Pref.)
⓮ Ukima Plant (Tokyo)
⓯ Fujieda Plant (Shizuoka Pref.)

[Overseas]

<Sales, Research & Development>
❶ Chugai Pharma Europe Ltd. (UK, Germany)
❷ Chugai sanofi-aventis S.N.C. (France)
❸ Chugai Pharma Taiwan Ltd. (Taiwan)

<Sales>
❹ Chugai Pharma U.K. Ltd. (UK)
❺ Chugai Pharma France S.A.S. (France)
❻ Chugai Pharma China Co., Ltd. (China)

<Research & Development>
❼ Chugai Pharma USA, Inc. (USA)
❽ Chugai Pharma Science (Beijing) Co., Ltd. (China)
❾ Chugai Pharmabody Research Pte. Ltd. (Singapore)



(Note) Chugai sanofi-aventis S.N.C. of ❷. above became a wholly-owned subsidiary of Chugai Pharma Europe Ltd., through the additional acquisition of its shares in January 2019, and changed its name to Chugai Pharma Europe Logistics S.A.S.

(9) Employees (as of December 31, 2018)

Number of employees	Increase/decrease since end of previous fiscal year
7,432 persons	60 persons (Increase)

(Note) The number of employees above represents the number of persons in employment, which excludes individuals seconded from the Group to outside the Group, but includes individuals seconded to the Group from outside the Group.

(10) Parent Company and Principal Subsidiaries

a) Parent Company

The Company's parent company is Roche Holding Ltd. (Head Office: Switzerland), which holds 335,223,645 shares of the Company (shareholding percentage against total number of issued shares: 59.89%, or 61.25% when calculated based on the total number of issued shares excluding the number of treasury stock), based on a strategic alliance agreement between the two companies. However, the Company and Roche have agreed to cooperate in maintaining the listing of the Company's common stock on the First Section of the Tokyo Stock Exchange.

The aim of this strategic alliance is to establish a new business model that differs from conventional practices in corporate acquisitions and the formation of joint ventures.

Out of the 9 Directors of the Company, 2 Directors concurrently holds a position at the Roche Group. However, these members comprise less than half of management, and thus the Company recognizes that its management independence is ensured.

b) Transactions with Parent Company, etc.

The Company belongs to a corporate group (Roche Group) centering on Roche Holding Ltd., which is the Company's parent company.

Under the Japan Umbrella Rights Agreement signed in December 2001, the Company became the sole pharmaceutical business company of the Roche Group in Japan. The Company also has the preoption for the development and marketing in Japan of all development compounds advanced by Roche.

The Rest of the World Umbrella Rights Agreement (excluding Japan and South Korea) signed in May 2002 was revised and the Amended and Restated Rest of the World Umbrella Rights Agreement (excluding Japan, South Korea and Taiwan) was signed in August 2014. Under this Agreement, Roche has the preoption for the development and marketing of the Company's development compounds in overseas markets, excluding South Korea and Taiwan.

These umbrella agreements were signed with the approval of the Board of Directors.

Pursuant to these agreements, Roche and the Company have signed a series of separate agreements for certain specific products. Depending on the specific circumstances and the terms of the agreement, this may result in payments on an arm's length basis between Roche and the Company, for any or all of the following matters:

- Upfront payments, if a preoption to license a product is exercised
- Milestone payments, dependent upon the achievement of agreed performance targets
- Royalties on future product sales

In its business dealings with the Roche Group, the Company conducts fair transactions on an arm's length basis, and the Directors of the Company are of the judgment that it will not harm the interests of the Company and minority shareholders.

From the perspective of ensuring independence from the parent company, although Roche Holding Ltd. includes the Company in its consolidated accounts, the Company functions as an independent listed company and makes all of its own management decisions based on the principle of self-governance. Important decisions on the management of the Company are made by the Board of Directors, and each Director considers and makes decisions in the best interest of the Company and all of its shareholders including minority shareholders.

c) Principal Subsidiaries

Name of Company	Capital	The Company's Shareholding Percentage	Main Business Activities
Chugai Pharma Manufacturing Co., Ltd.	JPY80 million	100%	Manufacturing of pharmaceuticals
Chugai Pharma Europe Ltd. (UK)	GBP8,677,808	100%	Marketing & Development of pharmaceuticals

There are 17 consolidated subsidiaries including the aforementioned two principal subsidiaries.

(11) Other Important Matters of the Group

There is no applicable information.

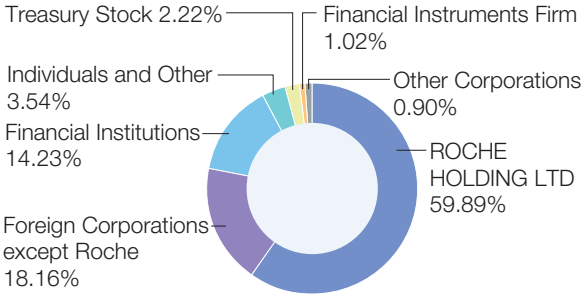
2 Company's Shares (as of December 31, 2018)

(1) Total Number of Authorized Shares 799,805,050 shares

(2) Total Number of the Issued Shares 559,685,889 shares
(Includes 12,459,413 shares of treasury stock)

(3) Number of Shareholders 19,947 shareholders

Reference | **Ownership Profile**



(4) Major Shareholders (Top Ten)

Name of shareholder	Number of shares held (Thousands of shares)	Shareholding percentage (%)
ROCHE HOLDING LTD.	335,223	61.25
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,342	5.36
Japan Trustee Services Bank, Ltd. (Trust Account)	16,320	2.98
STATE STREET BANK AND TRUST COMPANY 505001	15,614	2.85
JP MORGAN CHASE BANK 380055	13,924	2.54
STATE STREET BANK WEST CLIENT - TREATY 505234	4,231	0.77
Japan Trustee Services Bank, Ltd. (Trust Account 5)	4,091	0.74
Trust & Custody Services Bank, Ltd. (Security Investment Trust Account)	3,829	0.69
Japan Trustee Services Bank, Ltd. (Trust Account 7)	3,748	0.68
SSBTC CLIENT OMNIBUS ACCOUNT	3,651	0.66

(Notes) 1. The Company is excluded from the top ten major shareholders listed in the table above, although the Company holds 12,459 thousand shares of treasury stock.
2. Shareholding percentage indicated above was calculated based on the total number of the issued shares excluding the number of treasury stock.
3. Names of the shareholders indicated above are based on the General Shareholder Notifications of the Japan Securities Depository Center, Incorporated.

(5) Other Important Matters Concerning Shares

There is no applicable information.

3 Company's Stock Acquisition Rights, etc.

Posted on the Company's website (https://www.chugai-pharm.co.jp/english/ir) in accordance with laws and regulations and Article 15 of the Articles of Incorporation of the Company.

A resolution was passed at the 106th Annual General Meeting of Shareholders held in March 2017 to introduce a restricted stock compensation system and abolish the compensation system in the form of stock options. For this reason, the Company has not issued new stock acquisition rights as stock options during the fiscal year under review.

4 Company's Officers

(1) Directors and Audit & Supervisory Board Members (as of December 31, 2018)

	Name	Position and Responsibility in the Company	Important Concurrent Positions
Executive Directors	Osamu Nagayama	Representative Director & Chairman	Outside Director and Chairman of the Board of Directors of SONY CORPORATION
	Motoo Ueno	Representative Director, Deputy Chairman Corporate Social Responsibility Department, Audit Department	
	Tatsuro Kosaka	Representative Director, President & CEO	Outside Director of Asahi Group Holdings, Ltd.
Non-Executive Directors	Yasuo Ikeda	Outside Director	Vice-Chairman of the Board of Directors, Musashi Academy of the Nezu Foundation Specially Appointed Professor of Waseda University Professor Emeritus of Keio University
	Masayuki Oku	Outside Director	Outside Director of Kao Corporation Outside Director of KOMATSU LTD. Outside Director of Panasonic Corporation Outside Corporate Auditor of Nankai Electric Railway Co., Ltd. Non-Executive Director of The Bank of East Asia (China)
	Yoichiro Ichimaru	Outside Director	Senior Advisor of Aioi Nissay Dowa Insurance Co., Ltd.
	Christoph Franz	Director	Chairman of the Board of Directors of Roche Holding Ltd. Member of the Board of Directors of Stadler Rail (Switzerland) Member of the Board of Directors of Zurich Insurance Group Ltd (Switzerland)
	Daniel O'Day	Director	CEO of Roche Pharmaceuticals Division, Member of the Corporate Executive Committee, Member of the Board of Directors of Genentech (USA)
	Sophie Kornowski-Bonnet	Director	Senior Partner of Gurnet Point Capital (USA)
Audit & Supervisory Board Members	Shunji Yokoyama	Full-time Audit & Supervisory Board Member	
	Mamoru Togashi	Full-time Audit & Supervisory Board Member	
	Hisashi Hara	Outside Audit & Supervisory Board Member	Advisor of The Law Office of Nagashima Ohno & Tsunematsu Independent Director of the Board of Nippon Paint Holdings Co., Ltd.
	Takaaki Nimura	Outside Audit & Supervisory Board Member	Representative of Nimura Certified Public Accountant Office

(Notes) 1. The Director who retired during the fiscal year under review is as follows:
Director Yoshio Itaya (retirement due to expiration of term of office on March 22, 2018)
2. Directors Christoph Franz and Daniel O'Day are members of the executive committee of the Roche Group (including Genentech (USA)) and are Non-Executive Directors of the Company. The relationship between the Company and the Roche Group is as stated in "1. Overview of Consolidated Business Activities (10) Parent Company and Principal Subsidiaries." Effective as of December 31, 2018, Director Daniel O'Day has resigned from his positions as CEO of Roche Pharmaceuticals Division, Member of the Corporate Executive Committee and Member of the Genentech (USA) Board of Directors.
3. Effective as of July 31, 2018, Director Sophie Kornowski-Bonnet has left the Roche Group, where she had served concurrently, and resigned from the positions Head of Roche Partnering and Member of Roche's Enlarged Corporate Executive Committee.
4. Audit & Supervisory Board Member Takaaki Nimura is a Certified Public Accountant and has considerable expertise in finance and accounting.
5. The Company designated Directors Yasuo Ikeda, Masayuki Oku and Yoichiro Ichimaru and Audit & Supervisory Board Members Hisashi Hara and Takaaki Nimura as independent officers as stipulated under the Tokyo Stock Exchange guideline, and registered them as such at the exchange.
6. With all Non-Executive Directors and all Audit & Supervisory Board Members, the Company has entered into an agreement that limits their liability if the liability for compensation of damages provided in Article 423, Paragraph 1 of the Companies Act fulfills the requirements set forth in laws and regulations (limited liability agreement). The limit of the liability for compensation of damages under such agreement is the minimum liability limit stipulated by laws and regulations.

(2) Outside Corporate Officers

a) Company's Relationship with Companies Where Important Concurrent Positions Are Held

- In regards to the Law Office of Nagashima Ohno & Tsunematsu, where Audit & Supervisory Board Member Hisashi Hara concurrently serves, although the Company receives legal advices as necessary from counsels other than Audit & Supervisory Board Member Hisashi Hara, the amount of transactions between the said law firm and the Company is negligible.
- There is no relationship to be disclosed between the Company and entities where its Outside Corporate Officers hold concurrent positions, other than those indicated above.

b) Major Activities during the Fiscal Year under Review

	Name	Attendance at Meetings		Comments at Meetings of Board of Directors and Audit & Supervisory Board
		Board of Directors	Audit & Supervisory Board	
Outside Directors	Yasuo Ikeda	9 out of 9 meetings (100%)	—	Made suggestions and advice, etc. on the Company's management as necessary based on his extensive knowledge, experience, etc. as a doctor and professor.
Outside Directors	Masayuki Oku	9 out of 9 meetings (100%)	—	Made suggestions and advice, etc. on the Company's management as necessary based on his extensive knowledge, experience, etc. as a corporate manager.
Outside Directors	Yoichiro Ichimaru	9 out of 9 meetings (100%)	—	Made suggestions and advice, etc. on the Company's management as necessary based on his extensive knowledge, experience, etc. as a corporate manager.
Outside Audit & Supervisory Board Members	Hisashi Hara	9 out of 9 meetings (100%)	11 out of 11 meetings (100%)	Made comments, etc. on the Company's management as necessary based on his extensive experience, knowledge, etc. as an expert in corporate legal affairs (attorney at law).
Outside Audit & Supervisory Board Members	Takaaki Nimura	8 out of 9 meetings (88.9%)	11 out of 11 meetings (100%)	Made comments, etc. on the Company's management as necessary based on his extensive experience, knowledge, etc. as an expert in corporate accounting (certified public accountant).

(3) Amount of Remuneration, etc. Paid to Directors and Audit & Supervisory Board Members

The Company has designed the remuneration for Directors and Audit & Supervisory Board Members with the intention of realizing sustainable increase of the Company's corporate value by securing superior human resources and giving appropriate motivation.

In order to further clarify the link between remuneration and the Company's business performance and shareholders' value and enhance the Directors' motivation and morale leading to the growth of the business results, remuneration for Executive Directors from Chugai consists of bonuses payable based on performance for each fiscal year and restricted stock compensation as a long-term incentive linked to mid-and long-term performance (tenure-based and performance-based), in addition to regular remuneration as fixed remuneration. Remuneration for Non-Executive Directors including Outside Directors and Audit & Supervisory Board Members consists solely of regular remuneration as fixed remuneration.

Remuneration for Directors and Audit & Supervisory Board Members is determined within the total amount resolved at the general meeting of shareholders. Remuneration for Directors is determined by the resolution of the Board of Directors, while remuneration for Audit & Supervisory Board Members is determined with the consultation of Audit & Supervisory Members. With respect to remuneration for individual Directors, transparency and objectivity of the decision-making process is secured by deliberating at the Compensation Committee consisting of at least three outside committee members, including one or more independent Outside Director appointed by the Board of Directors.

The retirement benefits system for Executive Directors has been abolished by the resolution passed at the 98th Annual General Meeting of Shareholders held in March 2009, and the retirement benefits system for Non-Executive Directors and Audit & Supervisory Board Members has been abolished by the resolution passed in the 95th Annual General Meeting of Shareholders held in March 2006.

Position	Total Remuneration, etc. (JPY millions)	Total Amount by Type of Remuneration, etc. (JPY millions)						Number of Eligible Officers
		Regular Remuneration	Bonuses	Restricted Stock Compensation		Stock Options		
				Tenure -based	Performance -based	Common	Stock-based Compensation	
Directors (Excluding Outside Directors)	530	261	120	57	72	21	—	5
Outside Directors	43	43	—	—	—	—	—	3
Total	573	424		129		21		8
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	63	63	—	—	—	—	—	2
Outside Audit & Supervisory Board Members	24	24	—	—	—	—	—	2
Total	87	87		—		—	—	4

(Notes) 1. The table above includes one Director who retired during the fiscal year under review.
2. The amount of remuneration, etc. (regular remuneration and bonuses) paid to all Directors was no more than JPY750 million per year as per the resolution passed in the 96th Annual General Meeting of Shareholders for the year ended December 31, 2006 held in March 2007.
Apart from this, the maximum amount of compensation paid to Directors (excluding Non-Executive Directors including Outside Directors) in the form of restricted stock compensation (tenure-based and performance-based) was no more than JPY345 million per year as per the resolution passed at the 106th Annual General Meeting of Shareholders for the year ended December 31, 2016 held in March 2017.
3. The amount of remuneration for all Audit & Supervisory Board Members was no more than JPY100 million per year as per the resolution passed at the 95th Annual General Meeting of Shareholders for the year ended December 31, 2005 held in March 2006.
4. The amounts of bonuses shown in the table above are the amount of provision for reserve for bonuses to directors for the fiscal year under review.
5. The amounts of "restricted stock compensation (tenure-based and performance-based)" shown in the table above are the amounts that were posted as expenses for the fiscal year under review as each respective restricted stock compensation.
6. No new stock options have been granted in the fiscal year under review but the amount granted in the previous fiscal year that was posted as expenses in the current fiscal year is shown in Stock Options above. Consequently, the "Number of Eligible Officers" includes one Director who has retired during the current fiscal year and one Director who retired in the previous fiscal year.
7. A resolution was passed at the 98th Annual General Meeting of Shareholders for the year ended December 31, 2008 held in March 2009, to abolish the retirement benefits system for Executive Directors, and to pay retirement benefits corresponding to their residual term up to the abolishment of the system to each concerned Director remaining in office after the closing of the 98th Annual General Meeting of Shareholders for the year ended December 31, 2008, at the respective time of their retirement.
8. Apart from the JPY234 million in provision for reserve for bonuses to directors noted in the Business Report for the previous fiscal year as bonuses for directors for the previous fiscal year, JPY136 million was paid to four Directors (excluding Non-Executive Directors including Outside Directors) during the current fiscal year.

(4) Other Important Matters Concerning Company's Officers

There is no applicable information.

5 Accounting Auditor

Posted on the Company's website (https://www.chugai-pharm.co.jp/english/ir) in accordance with laws and regulations and Article 15 of the Articles of Incorporation of the Company.

6 Framework to Ensure Operational Adequacy

Posted on the Company's website (https://www.chugai-pharm.co.jp/english/ir) in accordance with laws and regulations and Article 15 of the Articles of Incorporation of the Company.

(Notes) 1. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") pursuant to Article 120, Paragraph 1 of Ordinance of Company Accounting.
2. With regard to figures indicated in the Business Report, amounts less than the unit have been rounded off, whereas number of shares and shareholding percentages less than the unit have been rounded down.

Consolidated Financial Statements

Consolidated balance sheet (IFRS*) (As of December 31, 2018)

(Millions of yen)

Item	FY2018	FY2017(Reference)
Assets		
Non-current assets:		
Property, plant and equipment	222,388	171,569
Intangible assets	22,699	21,078
Financial non-current assets	9,723	11,350
Deferred tax assets	35,568	34,501
Other non-current assets	29,077	14,836
Total non-current assets	**319,455**	**253,333**
Current assets:		
Inventories	159,360	169,056
Accounts receivable	179,556	174,284
Current income tax assets	3	717
Marketable securities	102,533	104,018
Cash and cash equivalents	146,860	139,074
Other current assets	11,781	11,990
Total current assets	**600,093**	**599,141**
Total assets	**919,548**	**852,473**

Item	FY2018	FY2017(Reference)
Liabilities		
Non-current liabilities:		
Long-term debt	(82)	(207)
Deferred tax liabilities	(9,031)	(9,211)
Defined benefit plan liabilities	(14,671)	(9,292)
Long-term provisions	(2,072)	(2,041)
Other non-current liabilities	(1,946)	(15,923)
Total non-current liabilities	**(27,802)**	**(36,674)**
Current liabilities:		
Short-term debt	(133)	(129)
Current income tax liabilities	(19,567)	(18,541)
Short-term provisions	(1)	(79)
Accounts payable	(71,706)	(63,518)
Other current liabilities	(43,810)	(40,635)
Total current liabilities	**(135,218)**	**(122,902)**
Total liabilities	**(163,019)**	**(159,576)**
Total net assets	**756,529**	**692,897**
Equity:		
Capital and reserves attributable to Chugai shareholders	755,864	691,924
Equity attributable to non-controlling interests	664	973
Total equity	**756,529**	**692,897**

* International Financial Reporting Standards

Consolidated income statement (IFRS) (January 1, 2018 to December 31, 2018)

(Millions of yen)

Item	FY2018	FY2017(Reference)
Revenues	579,787	534,199
Sales	527,844	499,308
Royalties and other operating income	51,943	34,891
Cost of sales	(262,847)	(254,171)
Gross profit	316,940	280,028
Marketing and distribution	(73,706)	(72,800)
Research and development	(99,202)	(92,947)
General and administration	(19,710)	(15,347)
Operating profit	124,323	98,934
Financing costs	(111)	(110)
Other financial income (expense)	449	(87)
Other expense	(3,212)	(1,706)
Profit before taxes	121,449	97,031
Income taxes	(28,370)	(23,490)
Net income	93,079	73,541
Attributable to:		
Chugai shareholders	92,488	72,713
Non-controlling interests	591	827

Consolidated statement of changes in equity and notes to the consolidated financial statements have been posted on the Company's website in accordance with laws and regulations and Article 15 of the Articles of In-corporation of the Company.
CHUGAI website: https://www.chugai-pharm.co.jp/english/ir

Non-Consolidated Financial Statements

Non-consolidated balance sheet (JGAAP*) (As of December 31, 2018)

(Millions of yen)

Item	FY2018	FY2017(Reference)
Assets		
Total current assets:	594,731	587,328
Cash and deposits	106,404	105,576
Accounts receivable-trade	161,140	156,161
Marketable securities	102,001	96,000
Merchandise and finished goods	75,748	82,160
Raw materials and supplies	19,961	31,846
Prepaid expenses	3,833	3,664
Deferred tax assets	32,623	28,574
Short-term loans receivable from subsidiaries and affiliates	27,700	21,400
Accounts receivable-other	58,186	54,358
Other	7,137	7,590
Total non-current assets:	202,468	145,967
Total property, plant and equipment:	87,005	46,649
Buildings (net)	23,837	23,829
Structures (net)	818	797
Machinery and equipment (net)	1,124	1,123
Vehicles (net)	4	5
Tool, furniture and fixtures (net)	4,932	5,089
Land	52,187	9,147
Leases assets (net)	7	1
Construction in progress	4,096	6,658
Total intangible assets:	6,295	4,623
Software	3,370	2,208
Other	2,925	2,415
Total investments and other assets:	109,168	94,696
Investment securities	8,607	10,305
Stocks of subsidiaries and affiliates	55,108	55,108
Investments in capital of subsidiaries and affiliates	3,309	3,309
Long-term loans receivable from subsidiaries and affiliates	1,100	1,100
Long-term prepaid expenses	22,632	9,003
Deferred tax assets	13,272	11,421
Lease and guarantee deposits	4,946	4,254
Other	337	338
Allowance for doubtful accounts	(143)	(142)
Total assets	797,199	733,295

Item	FY2018	FY2017(Reference)
Liabilities		
Total current liabilities:	128,235	117,621
Accounts payable-trade	38,997	43,463
Lease obligations	6	0
Accounts payable-other	2,818	242
Accrued expenses	46,185	39,622
Income taxes payable	20,081	20,043
Accrued consumption taxes	3,689	671
Deposits received	1,993	1,262
Provision for bonuses to employees	6,994	5,818
Provision for bonuses to directors	120	234
Provision for sales rebates	2,488	1,891
Provision for environmental matters	—	24
Asset retirement obligations	—	7
Accrued payables – facilities	1,984	2,502
Other	2,880	1,841
Total non-current liabilities:	7,434	5,737
Lease obligations	1	0
Provision for employees' retirement benefits	5,365	3,096
Provision for directors' retirement benefits	598	598
Asset retirement obligations	1,421	1,379
Other	49	664
Total liabilities	135,669	123,358
Net assets		
Total shareholders' equity:	655,740	602,569
Capital stock	73,202	73,202
Total capital surplus	94,033	93,431
Legal capital surplus	93,050	93,050
Other capital surplus	983	381
Total retained earnings	517,695	466,169
Legal retained earnings	6,480	6,480
Other retained earnings	511,215	459,689
Reserve for advanced depreciation of non-current assets	693	709
General reserve	149,220	149,220
Retained earnings carried forward	361,302	309,760
Own equity instruments, at cost	(29,190)	(30,233)
Total valuation and translation adjustments:	4,352	5,640
Net unrealized gain on available-for-sale securities	4,296	5,359
Deferred gains or losses on hedges	57	281
Stock acquisition rights	1,438	1,728
Total net assets	661,530	609,937
Total liabilities and net assets	797,199	733,295

* Generally Accepted Accounting Principles in Japan

Non-consolidated income statement (JGAAP) (January 1, 2018 to December 31, 2018) (Millions of yen)

Item	FY2018	FY2017(Reference)
Revenues	571,740	526,052
Cost of sales	264,430	255,245
Gross profit	307,310	270,807
Total selling, general and administrative expenses	197,744	184,224
Operating income	109,566	86,583
Non-operating income:	4,951	6,728
Interest and dividend income	497	1,955
Other	4,453	4,773
Non-operating expenses:	723	1,538
Interest expenses	3	4
Other	720	1,534
Ordinary income	113,794	91,772
Extraordinary gain:	2,164	1,015
Gain on sales of non-current assets	1	1
Gain on sales of investment securities	2,163	—
Gain on litigation	—	1,003
Gain on liquidation of subsidiaries	—	11
Extraordinary loss:	3,371	2,002
Impairment loss	—	44
Adjustment from transfer pricing taxation	3,212	1,706
Loss on revaluation of investment securities	159	216
Loss on liquidation of subsidiaries	—	24
Provisions for environmental matters	—	13
Income before income taxes	112,587	90,786
Income taxes – current	31,379	28,427
Income taxes – deferred	(5,321)	(7,365)
Net income	86,529	69,723

Non-consolidated statement of changes in shareholders' equity and notes to the non-consolidated financial statements have been posted on the Company's website in accordance with laws and regulations and Article 15 of the Articles of In-corporation of the Company.
CHUGAI website: https://www.chugai-pharm.co.jp/english/ir

With regard to figures indicated in the Consolidated Financial Statements and the Non-Consolidated Financial Statements, amounts less than one million yen have been rounded.

Copy of the Accounting Auditors' Report on Consolidated Financial Statements (TRANSLATION)

Independent Auditors' Report

January 28, 2019

To the Board of Directors
Chugai Pharmaceutical Co., Ltd.

KPMG AZSA LLC
Akihiro Otani (seal)
Designated and Engagement Partner
with Limited Liability
Certified Public Accountant

Shinji Someha (seal)
Designated and Engagement Partner
with Limited Liability
Certified Public Accountant

Kiichi Nagamine (seal)
Designated and Engagement Partner
with Limited Liability
Certified Public Accountant

Pursuant to Article 444, Paragraph 4, of the Companies Act, we have audited the consolidated financial statements, that is, the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, and notes to the consolidated financial statements of Chugai Pharmaceutical Co., Ltd. (the "Company"), for the fiscal year from January 1, 2018 to December 31, 2018.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Company Calculation Rules which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under the International Financial Reporting Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements from an independent standpoint based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control, but in making risk assessments that the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the above consolidated financial statements, prepared with the omission of a part of the disclosures required under the International Financial Reporting Standards in accordance with the provisions of the latter half of Article 120, Paragraph 1 of the Company Calculation Rules, fairly present in every material aspect, the financial position and results of operations of the consolidated group consisting of the Company and its consolidated subsidiaries for the relevant term of the consolidated financial statements.

Conflicts of Interest
Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Law.

Copy of the Accounting Auditors' Report

(TRANSLATION)

Independent Auditors' Report

January 28, 2019

To the Board of Directors
Chugai Pharmaceutical Co., Ltd.

KPMG AZSA LLC
Akihiro Otani (seal)
Designated and Engagement Partner
with Limited Liability
Certified Public Accountant

Shinji Someha (seal)
Designated and Engagement Partner
with Limited Liability
Certified Public Accountant

Kiichi Nagamine (seal)
Designated and Engagement Partner
with Limited Liability
Certified Public Accountant

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements, that is, the non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statement of changes in net assets, and notes to the non-consolidated financial statements of Chugai Pharmaceutical Co., Ltd. (the "Company"), the fiscal year from January 1, 2018 to December 31, 2018, together with the supplementary schedules of the Company for the same year.

Management's Responsibility for the Non-consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements and supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these non-consolidated financial statements and supplementary schedules from an independent standpoint based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and supplementary schedules are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and supplementary schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control, but in making risk assessments that the auditor considers internal controls relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and supplementary schedules.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the above non-consolidated financial statements and supplementary schedules fairly present, in every material aspect, the financial position and results of operations of the Company for the relevant term of the non-consolidated financial statements, in accordance with the business accounting standards generally accepted in Japan.

Conflicts of Interest
Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Law.

Copy of the Audit Report by the Audit & Supervisory Board

(TRANSLATION)

Audit Report

We, the Audit & Supervisory Board, hereby present this Audit Report compiled after deliberating the respective audit reports prepared by the Audit & Supervisory Board Members regarding the execution of duties by Directors for the fiscal year from January 1, 2018 to December 31, 2018:

1. Method and Description of Audits conducted by Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) The Audit & Supervisory Board determined the auditing policies, auditing plans, etc. for the fiscal year under review and received reports on the execution status and results of audits from each Audit & Supervisory Board Member, in addition to receiving reports from Directors, etc. and the Accounting Auditor regarding the execution status of their duties and demanding an explanation from them if necessary.

(2) Pursuant to the Standards for Audits conducted by Audit & Supervisory Board Members established by the Audit & Supervisory Board, and in accordance with the auditing policies, auditing plans, etc. for the fiscal year under review, each Audit & Supervisory Board Member sought to communicate with Directors, the Audit Department and other employees, etc., endeavored to gather information and make improvements to the auditing environment and conducted audits in the following ways.

1) Each Audit & Supervisory Board Member attended meetings of the Board of Directors and other important meetings; received reports from Directors and employees, etc. regarding the execution status of their duties, and if necessary, demanded an explanation from them; reviewed documents regarding the approval of material matters, etc.; and investigated the status of the business operations and assets of the head office and major offices. In regards to subsidiaries, each Audit & Supervisory Board Member sought to communicate and exchange information with Directors and Audit & Supervisory Board Members of the subsidiaries, and if necessary, received reports on business operations from the subsidiaries.

2) Each Audit & Supervisory Board Member also received reports from Directors and employees, etc. on a regular basis, requested explanation on a necessary basis and represented his opinion on: (a) the nature of the Board of Directors' resolutions set forth in the business report to develop (i) a system to ensure that the Directors' duties are executed in compliance with laws, regulations and the Articles of Incorporation of the Company, and (ii) other systems required for ensuring the appropriateness of business operations of a corporate group, comprising its subsidiaries and other companies, as provided in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act; and (b) the status of construction and operation of systems (internal control systems) developed based on such resolutions.

3) Based on the status of deliberations by the Board of Directors and others, each Audit & Supervisory Board Member reviewed the contents of matters that were noted as stipulated in Article 118, Item 5 (a) of the Ordinance for Enforcement of the Companies Act, which are described in the business report, as well as judgment and reasons, which are set forth in (b) of the same item.

4) The Audit & Supervisory Board monitored and verified as to whether the Accounting Auditor conducted audits in an appropriate manner while maintaining an independent positioning, received reports from the Accounting Auditor on the execution status of its duties, and if necessary, demanded an explanation from the Accounting Auditor. We also received a notice from the Accounting Auditor that systems for ensuring the appropriate execution of duties by the accounting auditor set forth in each item of Article 131 of the Corporate Calculation Regulations have been developed in accordance with the Standards on Quality Control for Audits (Business Accounting Council), etc., and if necessary, demanded an explanation from the Accounting Auditor.

Based on the aforementioned methods, we reviewed the business report, its supplementary schedules and non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements) together with the supplementary schedules for the same year as well as the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and notes to the consolidated financial statements) for the fiscal year under review.

2. Audit Results

(1) Results of Audit of Business Report, etc.

1) The business report and its supplementary schedules present fairly the Company's current position in compliance with laws, regulations and the Articles of Incorporation of the Company.

2) With respect to the execution of duties by Directors, there were no instances of misconduct or material matters in violation of the laws, regulations, or the Articles of Incorporation of the Company.

3) The resolutions of the Board of Directors regarding internal control systems are fair and reasonable in content. There are no matters to be pointed out in relation to the contents and Business Report and the execution of duties by Directors regarding the internal control systems.

4) In regards to transactions with the parent company, etc., stated in the business report, there are no matters to be pointed out in relation to the matters that were noted in order to prevent the said transactions from harming the interests of the Company and the judgment of the Board of Directors on said issue as well as the reason for said judgment.

(2) Results of Audit of Non-consolidated Financial Statements and Supplementary Schedules
The methods and results of audits conducted by the Accounting Auditor, KPMG AZSA LLC, are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements
The methods and results of audits conducted by the Accounting Auditor, KPMG AZSA LLC, are fair and reasonable.

January 30, 2019

Audit & Supervisory Board of Chugai Pharmaceutical Co., Ltd.

Audit & Supervisory Board Member (Full-time)
Shunji Yokoyama
Audit & Supervisory Board Member (Full-time)
Mamoru Togashi
Audit & Supervisory Board Member
Hisashi Hara
Audit & Supervisory Board Member
Takaaki Nimura

(Note) Audit & Supervisory Board Members Hisashi Hara and Takaaki Nimura are Audit & Supervisory Board Members (Outside) stipulated in Article 2, Item 16 and Article 335, Paragraph 3, of the Companies Act.

End

memo

Chugai Group will contribute to the realization of a sustainable society by solving social issues through creating innovation and efforts toward the global environment, human rights and others.

Activities to Support Patients

Relay For Life Japan

Relay For Life Japan is an awareness event that forges ties in the fight against cancer. This event is a 24-hour walk-a-thon in which cancer patients, their families and supporters compete as relay teams. Chugai employees have participated as volunteers in Relay For Life Japan since 2007, and in 2018, roughly 500 employees took part as “Team Chugai” at 27 locations. At this event, we held awareness-raising activities regarding receiving medical examinations with the “TRY SCOPE,” a tool that employs a fiberscope. This activity provided an opportunity to become more conscious of medical examinations, through a simulation that allowed participants to experience the mechanism of endoscopy, thereby deepening their understanding of the importance of receiving medical examinations, and early detection and treatment.

Support for Parasports

Deaf Soccer Match Experience Held at Gunma Prefectural School for the Deaf

An “Autumn School” was held at the Gunma Prefectural School for the Deaf, hosted by the Special Needs Class Parents Association. “Autumn School” is an event held to promote exchange between students with hearing disabilities who attend ordinary schools in Gunma Prefecture as well as their parents. This time, Takehide Shitara of Chugai was asked by his alma mater Gunma Prefectural School for the Deaf to act as an instructor at “Autumn School,” where he conducted a deaf soccer experience. After the experience, he made a lecture about his early life and how he became a working member of society, his activities in deaf soccer and deaf futsal, and about Chugai, and also held a round-table discussion.

Chugai Sponsors “2018 Wheelchair Softball Tournament in Tokyo”

Chugai sponsored the Wheelchair Softball Tournament in Tokyo held in Tokyo Rinkai Disaster Prevention Park (Ariake, Koto-ku). 11 teams gathered from across Japan, and from overseas, a representative team from the U.S. (comprising 2 0 players selected from among a total of 300 players in 22 teams across the U.S.) competed in the tournament. In the final match on the last day of the tournament, the “Kita-Kyushu Silver Wings” faced off against the U.S. representative team, with the U.S. team scoring an overwhelming victory against the “Kita-Kyushu Silver Wings.” During the period, 25 employee volunteers from the Chugai Group participated in the tournament. Many other volunteers including mainly university students also helped to make the tournament a success.

Spreading the Joy of Science to Children through Experiments

"Nihonbashi Kids Town - Exciting Work Experience -"

The "Nihonbashi Kids Town - Exciting Work Experience -," a simulated work experience for roughly 600 elementary school children, was hosted by the Nihonbashi Kids Town Executive Committee in the Nihonbashi district.

In 2018, Chugai also sponsored this event and set up the "Chugai Kids Bio Lab" booth. NPO "Life & Bio plaza 21" and Chugai Group employee volunteers provided support for conducting DNA extraction experiments using chicken meat, strawberry, komatsuna (Japanese mustard spinach), banana and other fruits and vegetables.

After finishing the experiments, the children shared comments with us, such as "I enjoyed using pipetters, which I normally don't get to use," and "Extracting the DNA was so cool."

Sponsoring of the Laboratory Class for Girls, "Jump into the Unknown: A Grand CO_2 Experiment"

Chugai sponsored a laboratory class hosted by the Yokohama Gender Equality Center.

20 elementary school children in the fourth, fifth, and sixth grades conducted experiments following instructions of an instructor. They confirmed the presence of carbon dioxide (CO_2) in their own breath and in dry ice, and also conducted experiments such as floating bubbles and dry ice rockets. They finished the lesson by making their own original bath bombs to take home.

The children shared their experiences with us, through comments such as "It made me want to learn more about CO_2," and "The floating bubbles were a lot of fun."

Initiatives in Health and Safety

Health and Safety Promotion Activities

Recognized as a "2018 White 500 (Large Enterprise Category) Health and Productivity Management Organization"

2018
健康経営優良法人
Health and productivity
ホワイト500

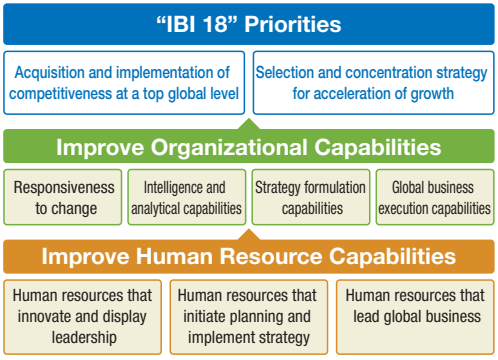
Chugai has long engaged in efforts such as supporting employees who continue to work while undergoing cancer treatment, and those who return to work after suffering from an illness, including mental illnesses. In addition to addressing problems that have occurred, we came to recognize that it is necessary to enhance our preventative efforts in order to stop problems from arising. Accordingly, in 2017, we created a system to promote preventative efforts throughout the whole Chugai Group, and set priority issues and medium- to long-term goals for promoting health and safety.

Our efforts were also recognized outside of the Company, and we were recognized as a "2018 White 500 (large enterprise category) Health and Productivity Management Organization."

In "IBI 18," Chugai has been accelerating the creation of a human resource foundation to become a top pharmaceutical company.

People are an invaluable asset for generating a company's growth and development. Based on that fundamental policy, we have been working to cultivate innovative human resources that help us become a top pharmaceutical company, as expressed in our Mission Statement. Since 2012, we have created various measures and systems that form our "human resource strategy to become a top pharmaceutical company," including introducing talent management, promoting diversity and revising our personnel systems. At the same time, in order to achieve the goals of "IBI 18" – "Acquisition and implementation of competitiveness at a top global level" and "Selection and concentration strategy for acceleration of growth" – we have clearly defined the type of human resources we seek and are taking various measures to secure such resources.

Challenges for Achieving "IBI 18"
(Organizational and Human Resource Capabilities)



Part 1 Promoting Talent Management to Become a Top Pharmaceutical Company

Each division held discussions on medium- to long-term human resource development policies, formulated development plans, and created a talent pool of next-generation leader candidates. Furthermore, based on our human resource development plans, we conducted strategic human resource placement and training designed to enhance leadership from a whole-company perspective. We clarified our succession plan by selecting successor candidates for key positions in the Chugai Group, including general manager and department manager positions in Japan as well as key positions overseas.

In "IBI 18," we have expanded talent management to a global scale, creating a new system that will enable Chugai to systematically and continuously recruit, develop and promote people who can perform internationally. For key positions in strategy execution, in addition to internal candidates, we also consider hiring from outside the Company, whether in Japan or overseas, and candidate selection is under the direct supervision of the president.

Three Goals for Our Talent Management System

Goal 1	Formulate and implement human resource development plans that fit the abilities and aptitudes of individuals
Goal 2	Build and operate a talent pool system of human resources from which successor candidates are selected
Goal 3	Formulate and execute a succession plan that acts as a mechanism for evaluation, selection, development, and placement

Part 2 Building a Common Foundation for the Group on a Global Level

In competency-based development, which is a prerequisite for implementing talent management, we have clarified the mindset and behavior that Chugai requires and have standardized the competencies on which employees are evaluated. In "IBI 18," we have redefined these competencies as the standards needed at the global level. We also conducted workshops and training for the managers of individual organizations to encourage dialogue between supervisors and their staff based on these competencies.

Furthermore, we revamped our backbone system for human resource management into a multilingual, cloud-based global personnel system, in order to reflect the evolution of the talent management system described above. The use of a common personnel database throughout the Chugai Group will enable unified talent management and real-time monitoring and analysis of organizational conditions by managers, leading to faster, more effective enhancement of our human resource capabilities.

Part 3 Improving Productivity by Promoting Diversity & Inclusion and Work-Life Synergy

Chugai has positioned Diversity & Inclusion as a priority issue for the human resource strategy to become a top pharmaceutical company. We believe that Diversity & Inclusion, which leads to the creation of a diverse workforce that works together with enthusiasm, is essential in order for employees to generate new value – in other words, diversity is necessary for generating innovation. As such, in 2010 we launched a working team led by the president, and in 2012 we established a dedicated organization that has since been conducting initiatives to promote diversity. To promote gender diversity, we are actively providing opportunities for women to succeed. We set a target for 2018 of a female manager ratio of 13% or more, and have focused on career planning and development measures for women. Although we have already achieved the target ratio with 13.3% as of the end of 2018, we will continue to work toward the further promotion of women. To promote the success of senior employees and non-Japanese employees, we are building awareness of their potential through training and other programs and creating environments including workplace systems to help them play active roles. We also focus our efforts on the visualization of behaviors that utilize Diversity & Inclusion and examples in the Company that lead to employee practice and organizational revitalization, and furthermore contributes to business results. In the future, we will continue our efforts toward fostering an inclusive organizational climate.

We also provide work arrangements and support systems so that all employees can have individual work styles and lifestyles that accommodate a variety of life events including but not limited to childbirth, child care and nursing care. With respect to "work style reform," which is currently a focal issue in Japan, studies and discussions between labor and management are under way, with the aim of creating workplace environments in which all of our diverse employees can maximize their potential, and promoting innovation through organically integrating various types of intelligence.

We believe that promoting Diversity & Inclusion and work-life synergy means creating an organization that supports individual autonomy and personal development while generating innovation, which in turn substantially contributes to improvement in the productivity of the organization and an increase in corporate value over the medium- to long-term.

DIVERSITY MANAGEMENT SELECTION 100 2018

NADESHIKO BRAND 2018

プラチナくるみん 子育てサポートしています

(Non-consolidated basis, as of December 31 of each year)

	2016	2017	2018
Percentage of female employees	26.5%	26.8%	27.3%
Average age	Male: 43 years and 9 months old Female: 38 years and 2 months old	Male: 44 years and 1 month old Female: 38 years and 6 months old	Male: 44 years and 6 months old Female: 39 years and 0 months old
Average years of service	Male: 18 years and 0 months Female: 12 years and 3 months	Male: 18 years and 3 months Female: 12 years and 8 months	Male: 18 years and 6 months Female: 12 years and 11 months
Percentage of female managers	11.3%	12.5%	13.3%
Number of female officers	1	1	1
Children leave utilization rate	Male: 28.8% Female: 100.0%	Male: 52.0% Female: 98.8%	Male: 57.7% Female: 100.0%
Percentage of employees working under telecommuting system	Male: 8.8% Female: 23.5%	Male: 13.0% Female: 29.7%	Male: 27.2% Female: 48.1%

Communication with Shareholders and Investors

Chugai values dialogue with shareholders and investors, and fulfills its accountability to shareholders and investors through dialogue based on the policy, “In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, Chugai will promote dialogue with shareholders and investors with a constructive purpose through the engagement of its directors and executives in various IR activities and SR activities.” We incorporate their voices in management, and work to improve corporate value of the Company.

General meeting of shareholders

Unlike many Japanese companies, which have fiscal years ending in March, Chugai’s fiscal year ends in December. Therefore, we hold our general meeting of shareholders in March instead of June when such meetings are concentrated. Convocation notices for the general meeting of shareholders are normally sent out more than four weeks prior to the meeting date.

On-demand video distribution of general meeting of shareholders

On-demand videos are distributed on the Company’s website for shareholders who are not able to participate in the general meeting of shareholders. A video of this year’s general meeting of shareholders is scheduled to be uploaded in early April. We hope that it would be found useful by shareholders. (Only available in Japanese)

https://www.chugai-pharm.co.jp/ir/share/agm.html

For access via smartphone, please use the QR code on the right.

IR activities

Coinciding with financial results announcements, Chugai holds information meetings and conference calls for investors and analysts. These meetings provide opportunities to explain the state of the Company’s business directly to shareholders and investors. In May, we conducted a factory tour for individual shareholders, a new initiative started in 2013 to increase shareholder communication. We held a factory tour for the first time at Ukima Plant, giving participants a first-hand view of our state-of-the-art manufacturing facilities for the biopharmaceuticals that are one of Chugai’s strengths. Senior management also holds overseas roadshows, and in 2018 visited leading institutional investors in Europe and the United States.

Moreover, in addition to participating in domestic and overseas conferences hosted by securities companies, Chugai is enhancing its outreach to individual investors by holding briefing sessions for them at branches of securities companies throughout Japan as well as through online live format.

The Chugai website is another tool to provide timely and fair disclosure to shareholders and other investors. Information on our website includes news releases, financial results, the status of our development pipeline, presentation materials, annual reports and an IR event calendar. We work to provide comprehensive information to our stakeholders. We focus on convenience for individual shareholders and investors by offering the option of receiving e-mail notices whenever news releases and other updates are posted on the IR section of our website, and other initiatives include posting webcasts of IR events on the website.

Chugai Brand Story

Chugai Pharmaceutical changes the world. “We aim to establish new drug discovery technologies based on the experience and cutting-edge technologies we have cultivated through development of biopharmaceuticals over many years.” Here, we present our thoughts on these efforts.

For a tomorrow only possible through biotechnology

This website comprises “What is biotechnology?,” “Biotechnology and Chugai Pharmaceutical,” “Chugai Pharmaceutical – Creating the Future,” and “Latest TV Commercials.”

Chugai Pharmaceutical Brand Story Search

https://www.chugai-pharm.co.jp/brand/

For access via smartphone, please use the QR code on the right.

Factory tour for shareholders

The factory tour for shareholders will be held this year as well. Information on this tour will be provided in the shareholder newsletter (“Kabunushi-tsushin”) for fiscal year 2018 that will be delivered in late March. We look forward to everyone’s application.

(Participants will be chosen by drawing lots.)

Story for a Better Understanding of Chugai Pharmaceutical

“Story for a Better Understanding of Chugai Pharmaceutical” that introduces Chugai Pharmaceutical in a manner that is easy to understand in three steps is available on the Company’s website for individual shareholders and investors. Please visit the site. (Only available in Japanese)

https://www.chugai-pharm.co.jp/ir/kojin/index.html

For access via smartphone, please use the QR code on the right.

Shareholder survey

A report of the results of the shareholder survey that was included with the interim shareholder newsletter (“Kabunushi-tsushin”) for fiscal year 2018 will be included in the shareholder newsletter for fiscal year 2 0 1 8 that will be delivered in late March. We will utilize valuable opinions from shareholders as we strive to further enhance our IR and SR activities.