Deutsche Bank Conference

CHUGAI PHARMACEUTICAL CO., LTD.
President and CEO
Osamu Nagayama
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Forward-Looking Statements

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

Environmental changes surrounding the industry

- Y2010 Problem: Significant impact due to patent expiration of current blockbusters
- Low R&D efficiency: Skyrocketing R&D costs vs. decreasing research productivity, tighter safety requirements for new drug reviews (late phase suspension, delay of approval)
- Stagnant market/structural change: Medical cost containments in major markets, expansion of generic market, rapid market growth in emerging countries
- Influence of stakeholders: diverse needs, demands on rapid supply of information and social responsibilities

Measures against the changes

- Enrichment of pipeline and diversification by M&A activities
- Challenge unmet medical needs such as cancer, acquisition of biologic products/technologies
- Transform to a new “sustainable drug discovery” model to address the underlying issue

Chugai’s status

- Accumulation of bio-technologies since 1980’s. Global launch of the first Japan-originated antibody drug; Actemra
- Strengthened franchise such as oncology by the alliance with Roche
- Establishment of successive drug creation and bio-manufacturing system by utilization of the tripartite center of excellences (COEs) within the Roche Group
Post Alliance Performance

Sales: 1,7 times  OP: 2.1 times

FY 2002
Sales: JPY 237.4 billion
OP: JPY 30.3 billion
OP margin: 12.8%

FY 2009 (Forecast)
Sales: JPY 400.0 billion
OP: JPY 63.0 billion
OP margin: 15.8%

Progress in Oncology Field

Domestic Sales (Excl. Tamiflu)

Rapid growth by the launches of Avastin and Herceptin etc.

FY2002.3

- Oncology: 9.8%
- Renal: 43.4%
- Bone & Joint: 16.6%
- Others: 30.3%

FY2009 (forecast)

- Oncology: 37.9%
- Renal: 20.0%
- Bone & Joint: 18.9%
- Others: 23.2%

Domestic Oncology Market

No. 1 Market Share in FY2008

Source: IMS JPM 2008 Dec. MAT (NHI price base)
The scope of the market is defined by Chugai

Chugai Market Share in 2008: 15.8% (No.1)
Status of Actemra

【Japan】

• April 2008    Additional approval for Rheumatoid Arthritis
• Post-marketing surveillance ongoing
   (As of August 2009, more than 7,000 patients have been registered)

【Overseas】

• As of September 2009
   Launched: 15 countries, Approved 62 countries, Filed: 40 countries
   <EU>
• January 2009    Approval
   Germany: Launched, UK/France: Scheduled for launch within this year
   <US>
• July 8 2009
   Complete Response Resubmission submitted to the FDA with non-clinical study results and REMS (Risk Evaluation and Mitigation Strategy)
   PDUFA date: January 8, 2010 (Class II review)
Enriched Pipeline

Developments on track
Multiple in-house projects in early development stage – future long-term source of profit

Launched:
Current growth drivers

Filings planned:
Future growth drivers

Early developments

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<tr>
<th>Launched: Current growth drivers</th>
<th>Filings planned: Future growth drivers</th>
<th>Early developments</th>
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<td>PEG/COPE hepatitis C</td>
<td>MIRCERA* renal anemia</td>
<td>R1678 schizophrenia</td>
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<td>AVASTIN colorectal cancer</td>
<td>EPOGIN chemotherapy-induced anemia</td>
<td>NA808 hepatitis C</td>
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<td>TARCEVA non-small cell lung cancer</td>
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<td>R1273 breast cancer</td>
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<td>RENAGEL hyper phosphatemia</td>
<td>ACTEMRA RA/US</td>
<td>TP300 solid tumor</td>
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<td>HERCEPTIN adjuvant breast cancer</td>
<td>ED-71 osteoporosis</td>
<td>R1507 solid tumor</td>
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<td>XELODA adjuvant colon cancer</td>
<td>AVASTIN non-small cell lung cancer</td>
<td>CIF solid tumor</td>
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<td>FEMARA breast cancer</td>
<td>AVASTIN breast cancer</td>
<td>R7159 non-Hodgkin’s lymphoma</td>
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- In-house projects
- In-licensed from parties other than Roche
- In-licensed from Roche

* overseas product name
Steps Toward Achieving Sunrise 2012 Targets and Further Growth

FY2009 is the year to strongly launch toward a top pharmaceutical company

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<th>FY2009</th>
<th>FY2012</th>
<th>Late 2010’s</th>
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<td>A year to strongly launch toward becoming a top pharmaceutical company</td>
<td>Achievement of Sunrise 2012 targets</td>
<td>Top pharmaceutical company</td>
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**<Plan>**
- Consolidated sales: JPY 400.0 billion
- OP: JPY 63.0 billion
- OP/sales ratio: 15.8%

Steadily foster innovative new products and secure future pipeline
- Market penetration of new products
- Defense of EPO Market
- Prompt development

**<Targets>**
- Consolidated sales: JPY 460.0 billion
- OP: JPY 80.0 billion
- OP/sales ratio: 17.4%

Achieve Sunrise 2012 targets toward becoming a top pharmaceutical company

**<Quantitative Plan>**
- Gain a position among the top 3 major Japanese pharmaceutical companies in terms of:
  - Domestic share
  - Consolidated operating profit margin
  - Consolidated operating profit per employee
  - Domestic sales per MR
- Gain top share in our strategic therapeutic areas in Japan
- Increase overseas sales ratio

**<Qualitative Plan>**
- A highly reliable company that provides each stakeholder with great satisfaction and receives their support
- Take global-level initiative
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