Information Meeting
~Aiming to Become a Top Japanese Pharmaceutical Company with Global-Level Capabilities~

CHUGAI PHARMACEUTICAL CO., LTD.
President and CEO
Osamu Nagayama
2009.3.27
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.
Today’s Agenda

- Chugai Business Model
  - Advantages and Achievements from Strategic Alliance with Roche -

- Aiming to Become a Top Japanese Pharmaceutical Company
  - Sunrise 2012 and Further Growth -
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 block busters
- 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 developing countries
- Influence of stakeholders: diverse needs, demands on rapid supply of information and social responsibilities

Peer trends

- Enrichment of pipeline and diversification by M&A activities
- Challenge unmet medical needs such as cancer, acquisition of biologic products/technologies

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 Global Competitiveness

- Securing diversity & creativity through autonomous management
- Enhancing efficiency & productivity through mutual collaboration
- Competitiveness as the top bio-pharmaceutical group

- Continuous drug creation by leveraging bio-technology
- Satisfying unmet medical needs, with a focus on cancer

Access to the global market, either independently or in collaboration

Rich pipeline

Exchange of technology, information and knowledge within Roche group

R D P M

Chugai

Roche

Genentech
Utilization of the Strategic Alliance with Roche

Establishment of cooperative systems through whole product life-cycles

**Collaboration in small molecule drug discovery**
- Mutual access/utilization of research resources (Chemical bank, database etc.)

**Collaboration in Biopharmaceutical Research**
- Global collaborative development, co-marketing in UK, France and Germany
- Utilization of Roche infrastructures to access to India, Brazil, Mexico and other territories

**Research**
- Strengthen research basis
- Mutual utilization of research information
- Improve research efficiency

**Development/Production**
- Accelerate Development
- Participation in global collaborative clinical trials
- Cooperation in bio-production

**Marketing**
- Product life-cycle management
- Rich evidences on products in global experiences
- Global access of Chugai product

**Licensing of products under development**
- Out: Actemra and three others (cancer & diabetes)
- In: Roche/Genentech products such as Avastin

**Marketing activities**
- Introduction of “strategic marketing system”
- Cooperative working in “life-cycle teams” between Chugai and Roche
Higher Productivity Established in Research

- Number of projects increased by mutual utilization of research resources through the research agreement on drug discovery
- 17 Chugai in-house projects, all first-in-class or best-in-class, advanced to late pre-clinical stage from 2004 until end of 2008
- 6 projects, TP300, NA808, CIF, CKI27, CSG452 and GC33 already entered clinical phase

Projects moved into R3 stage

<table>
<thead>
<tr>
<th>Year</th>
<th>NA808</th>
<th>CIF</th>
<th>TP300</th>
<th>CSG452</th>
<th>GC33</th>
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<tr>
<th>First-in-class</th>
<th>15</th>
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<td>Best-in-class</td>
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X : Development suspended after moving the stage

*R3: in this stage, best candidate for clinical development will be selected from several compounds based on the results of pharmacology, DMPK (drug metabolism and pharmacokinetics) and pre-safety evaluation*
Pipeline Further Enhanced with Projects from Roche

Oncology, diabetes, infectious and immune diseases are common areas of research between Chugai and Roche, CNS area also added from Roche to enrich the pre-PoC portfolio.

Chugai R&D spending:
approx. 60 billion yen
+
Roche Group R&D spending:
approx. 700 billion yen

Pre-PoC projects

PoC = Proof of Concept: Demonstrating in clinical studies that the perceived benefits in the research stage of a drug will be effective when applied to humans. This usually takes place upon the completion of first part of phase II clinical trials.

* Projects in-licensed from Roche
**Richest Pipeline in Domestic Pharmaceutical Industry**

**Developments on track**

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

### Launched: Current growth drivers

- **PEG/COPE**
  - hepatitis C
- **AVASTIN**
  - colorectal cancer
- **TARCEVA**
  - non-small cell lung cancer
- **RENAGEL**
  - hyper phosphatemia
- **HERCEPTIN**
  - adjuvant breast cancer
- **EVISTA**
  - osteoporosis
- **FEMARA**
  - breast cancer
  
  - Actemra RA/US
  - Japan & Europe

### Filings planned: Future growth drivers

- **AVASTIN**
  - breast cancer
- **TARCEVA**
  - pancreatic cancer
- **MIRCERA**
  - renal anemia
- **PEGSYS**
  - hepatitis B
- **AVASTIN**
  - gastric cancer
- **AVASTIN**
  - adjuvant colon cancer
- **AVASTIN**
  - non-small cell lung cancer
- **AVASTIN**
  - adjuvant breast cancer
- **ED-71**
  - osteoporosis
- **HERCEPTIN**
  - gastric cancer
- **HERCEPTIN**
  - adjuvant breast cancer
- **BONVIVA**
  - osteoporosis
- **CSG452**
  - diabetes
  
  - MIRCERA*
  - renal anemia
  
### Early developments

- **R1594**
  - RA
- **R1594**
  - liver cirrhosis
- **R1594**
  - liver cancer
- **R1594**
  - diabetes
- **R1273**
  - breast cancer
- **TP300**
  - solid tumor
- **CIF**
  - solid tumor
- **R1678**
  - schizophrenia
- **R1507**
  - solid tumor
- **R7159**
  - non-Hodgkin’s lymphoma
- **R1583**
  - diabetes

### Timeline:

- **2003~2009** (launched)
- **~2008** (filed)
- **2009** (filings planned)
- **2011~2014**

<table>
<thead>
<tr>
<th><strong>In-house projects</strong></th>
<th><strong>In-licensed from parties other than Roche</strong></th>
<th><strong>In-licensed from Roche</strong></th>
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<td>* overseas product name</td>
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"* overseas product name"
No.1 Positions in Bio-Production in the Tripartite

The Roche group

Japan

Europe

Chugai
Ukima
Utsunomiya

Roche
Basel
Penzberg

Genentech
South SF
Vacaville
Oceanside

Facility Capacities
- Fermentations
- Purifications

Know-How, HR
- Process development
- Drug formulation
- QA on bio-products

Technology information exchange
Technology transfer
Complementation of production capability
(e.g.) Outsourcing Actemra API to Genentech
No. 1 Share Achieved in the Domestic Oncology Field

Launch of Innovative Products by Successful Utilization of Strategic Marketing Functions

Domestic Oncology Field

New Launches & Additions of Indications Contribute to Growth in Sales

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

Innovative product line-up contribute to patients’ treatment and improvement in Quality of Life

- Targeted anti-cancer therapies (Avastin, Herceptin, etc.)
- Adjuvant therapies (Herceptin, Xeloda, etc.)
- Supportive therapies (Neutrogin, Kytril, etc.)

To Healthcare Professionals

- Establishment of Oncology Unit
  - Total 600 personnel dedicated to oncology
  - 500 oncology medical reps to provide info
- Largest post-marketing surveillance implemented
  - Promotion of appropriate use as a safety measure
  - Total of 10,000 patients registered covering six products
- Publications such as “Oncology Epoch”

To Patients and Families

- Educational event
- Dedicated staff to support patient groups
- Provision of information: updates on safety on website
- Educational booklet on oncology, 38,000 prints issued

CHUGAI ONCOLOGY
Chugai contributes to the expansion of standard of care by continuously providing medicines and information that are both innovative and useful. We aim to realise cancer care that gives patients hope for a cure in their battle against the disease.
Contribution to Roche Group

Group-wide enhancement through development of in-house products with global potential and mutual utilization of resources

◆ Actemra
  • Global biologics market for rheumatoid arthritis treatments is expected to grow by 8% per year (currently approx. 700 billion yen)*
  • Novel mechanism of action targeting IL-6 receptor
  • Good phase III clinical results and smooth initial launch in Europe

◆ Continuous flow of in-house projects to Roche
  • CSG452, CIF and CKI27 are licensed-out to Roche and already entered clinical studies

◆ Co-promotion activities in Europe
  • Actemra (name in Europe: RoActemra) to be co-promoted in UK, Germany and France; already launched in Germany
  • Co-promotion of Xeloda and MabThera in Europe

◆ Utilization of surplus facilities
  • Toll Manufacturing Agreement with Genentech for the Bulk Drug Substance of Actemra

* Source: Decision Resource 2008
Aiming to Become a Top Japanese Pharmaceutical Company

Sunrise 2012 & Further Growth
Steps Toward Achieving Sunrise 2012 Targets and Further Growth

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

<table>
<thead>
<tr>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2012</th>
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<tbody>
<tr>
<td>A year to promote radical choices and concentration</td>
<td>A year to strongly launch toward becoming a top pharmaceutical company</td>
<td>Achievement of Sunrise 2012 targets</td>
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</tbody>
</table>

<Actual>
- Consolidated sales: JPY 326.9 billion
  - OP: JPY 51.6 billion
  - OP/sales ratio: 15.8%

Restore/improve corporate value by promotion of radical choices/concentration, and establish/develop robust foundation toward realizing our envisioned future

<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 without fail toward becoming a top pharmaceutical company
Growth with Innovative New Drugs

Shift in growth from dependence on mature in-market products to innovative new products

Mature in-market products
- Epogen
- Neutrogin (Granocyte)
- Alfarol
- Sigmart

New products
- Actemra (RoActemra)
- Avastin
- Tarceva
- Herceptin
- Xeloda
- Pegasys, Copegus
- Mircera
- ED-71
Sunrise 2012 Targets

Sales: 460 billion yen, Operating Profit: 80 billion yen

Sales ratio of strategic therapeutic areas
- Expansion: bone & joint
- Flat: oncology
- Shrinkage: renal

Improving OP margin by decreasing ratios of sales & marketing and R&D costs

Pie charts and graphs illustrating sales and profit margins for the years 2008 and 2012.
1. 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

2. Gain the top share in our strategic therapeutic areas in Japan

3. Increase overseas sales ratio
   - Actemra/RoActemra
   - Future global products
1. A highly reliable company that provides each stakeholder with great satisfaction and receives their support

2. Take global-level initiative
   ◆ Continuously create/develop clinically competitive products, and launch them inside/outside Japan
   ◆ Contribute significantly to the business of the Roche Group by appropriately fostering and selling products
   ◆ Proactively work and lead the pharmaceutical industry
   ◆ Each employee will recognize his/her own responsibility and feel pride and confidence in the fact that Chugai is a top pharmaceutical company
Strategic Goals, Forecast of Sales and Domestic Share

- **2007**
  - Maximize mid-term growth with promising new products
  - Competitive defense of EPOGIN franchise to secure profit
  - Pursue productivity improvement and select/concentrate strategic investments in a drastic manner

- **2010**
  - Realize high growth and profit with future products beyond Actemra, AVASTIN, etc
  - WIN-WIN with Roche

- **2015**
  - Establish robust franchise in the key therapeutic areas including oncology and secure stable profit
  - WIN-WIN with Roche

- **2020**
  - "Top pharmaceutical company"

### Domestic sales (JPY bn, NHI price-base)

- **FY2007**: 341.0 (Actual)
- **FY2008**: 353.5 (Actual)
- **FY2009**: High 4% range
- **FY2012**: High 5% range

### Domestic share

- **2008**: 8.0% (Top share)
- **2009**: 6.0% (3rd largest share)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (JPY bn)</th>
<th>Share</th>
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<tbody>
<tr>
<td>2007</td>
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<td>2008</td>
<td>353.5</td>
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<tr>
<td>2009</td>
<td>High 4% range</td>
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<tr>
<td>2012</td>
<td>High 5% range</td>
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<tr>
<td>2020</td>
<td>&quot;Top pharmaceutical company&quot;</td>
<td>8.0%</td>
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