New Mid-Term Business Plan “Sunrise 2012”

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.
Growth rate of global market slowed, while domestic market saw continued low growth and a decreasing share of global sales.

Source: IMS
(2007 Global: estimation)
Current Situation Surrounding the Industry

Continuous launch and market penetration of innovative drugs is critical for success

Industry/Innovation Promotion

- Emphasis/expansion of drug related budgets, enhancement of R&D tax breaks
- Improvement of clinical research/trial environments
- Doubling number of drug reviewers, creation of guidelines for global trials
- Pricing for innovation and value

Healthcare Cost Containment

- Save 1.6 JPY trillion in social security spending (until 2012)
- Expansion of flat-sum payments
- Reduction of price for long-listed drugs
  - Promotion of generics
  - Reference prices

Impact on industry policy and drug pricing system
Satisfaction of unmet medical needs required to sustain growth of R&D based pharma

Medical needs – Current sufficient level

<table>
<thead>
<tr>
<th>Contribution of drug</th>
<th>Low</th>
<th>High</th>
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<tbody>
<tr>
<td>Low</td>
<td></td>
<td></td>
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<tr>
<td>High</td>
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Satisfaction of treatment

- Potential to create new market by innovative drugs
  - Cancer
  - Rheumatoid arthritis
  - Diabetic diseases
  - CNS

- Large but highly competitive market with existing drugs
  - Hypertension
  - Hyperlipidemia
  - Ulcer

Source: Report issued by Japan Heath Science Foundation (revised by Chugai)
Chugai Activities (as of 2007)

- Actemra: Roche-Chugai joint development and promotion overseas (Jul)
- License-in Avastin (Dec)
- 2 laboratories/1 plant closed
- 6 launches
- Actemra filed overseas
- New Sunrise 2010 (Feb)
- Oncology Unit established (Oct)
- Filing of 8 projects
- Start of Roche-Chugai Alliance (Oct-)
- Agreement on small molecular collaboration (Sep)
- 1 plant sold
- Agreement on biotechnology collaboration (Apr)
- Concentration on prescription drug market (Dec)
- Sunrise 2010 starts
- Strategic Marketing Unit established (Jul)
- 1 laboratory closed
- 1 plant sold
- 6 launches
- Actemra filed overseas

Net Sales

Operating Profit

* nine-month fiscal year

- FY2001: 211.7
- FY2002: 237.4
- FY2003*: 232.7
- FY2004: 294.6
- FY2005: 327.1
- FY2006: 326.1
- FY2007: 344.8
Major Events Since 2006

- 8 Filings (FY2006)
- Copegus launch (2007/3)
- Avastin launch (2007/6)
- Actemra Overseas Filing (2007/11)
- Tarceva launch (2007/12)
- Xeloda adj. CC (2007/12)
- EPO flat-sum reimbursement (2006/4)
- Strict PMS requirements
- Tamiflu safety issue (2007/1Q～)
- Avastin low pricing
- Launch and low price of competitor product to Epogin (2007/7)
- Return of marketing rights for Sanofi-Aventis products (2007/12)
Revised sales growth due to environmental changes

Trend for robust growth unchanged, but lower near term potential
### New Mid-term Business Plan “Sunrise 2012”

<table>
<thead>
<tr>
<th>Sunrise 2010</th>
<th>Sunrise 2012</th>
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<tbody>
<tr>
<td><strong>FY2010 Net sales</strong></td>
<td><strong>FY2012 Net sales</strong></td>
</tr>
<tr>
<td>450.0 JPY bio.</td>
<td>460.0 JPY bio.</td>
</tr>
<tr>
<td><strong>FY2010 Operating profit</strong></td>
<td><strong>FY2012 Operating profit</strong></td>
</tr>
<tr>
<td>100.0 JPY bio.</td>
<td>80.0 JPY bio.</td>
</tr>
<tr>
<td>(% of sales)</td>
<td>(17.4%)</td>
</tr>
<tr>
<td>(22.2%)</td>
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</table>
Drastically enhanced product / development portfolio

End of FY2001

Launched

NEU

Late stage dev.

FEM

EPO

Late stage dev.

Oncology

Launched

NEU

FEM

EPO

Early stage dev.

TAR(NSCLC)

TAM

KYT

SVE

HER(BC)

SVE

ACT(RA)

OXA

SVE

OXA

ED-71

RMD

ED-71

OXA

LEGEND:

pre- alliance        post-alliance
Characteristics of product / development portfolio

- Innovative new products serving unmet medical needs
  - Avastin, Tarceva, Herceptin and other oncology products
  - Actemra
  - Pegasys / Copegus etc

- Existing products well established in specialized fields
  - Epogen, Oxfendol
  - Neutrogin, Kytril
  - Suvenyl
  - Sigmart etc
## Major tasks for the achievement of Sunrise 2012

*Sophistication of commercial activities to realize high growth and creation of new markets with innovative drugs*

<table>
<thead>
<tr>
<th>Major Tasks</th>
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</table>
| **I. Strengthen portfolio management**  
  ✓ Prioritization of projects and optimization of resource allocation  
  ✓ Prompt PoC through utilization of alliances etc |
| **II. Exhibition of strategic marketing functions**  
  ✓ Create new markets by maximizing value of innovative drugs (especially for oncology and RA areas)  
  ✓ Competitive defense of HD franchise to secure profit  
  ✓ Establish robust franchise in the key therapeutic areas to compete against big competitors |
| **III. Maximize company-wide productivity** |
Reorganization for market creation with innovative new drugs

Consistent product lifecycle strategy from development stage

- Drug Discovery
- PoC
- Late-stage Development
- Launch Market penetration

<table>
<thead>
<tr>
<th>Portfolio Management Committee*</th>
<th>Strategic Marketing Committee*</th>
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</thead>
<tbody>
<tr>
<td>• R&amp;D portfolio management</td>
<td>• Marketing strategy</td>
</tr>
<tr>
<td>• R&amp;D resource allocation</td>
<td>• Sales strategy</td>
</tr>
</tbody>
</table>

* From March 2008
Growth through creation of innovative drugs and new markets

2007
- Competitive defense of existing products to secure profit
- Maximize mid-term growth with promising new products (AVA, TAR, HER, PEG/COPE, ACT etc.)
- WIN-WIN with Roche

2010
- Realize high growth and profit with future products beyond ACT, AVA etc.

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

2020
- OP ¥80.0 bil

Growth
Contacts:

Investor Relations Group

Tel: +81 (0)3-3273-0554  Fax: +81 (0)3-3281-6607  
e-mail: ir@chugai-pharm.co.jp

Mac Uchida, Kae Maeda, Tomoko Shimizu, Yusuke Tokita