



 Pacheco Group

FY2007 Consolidated Financial Overview

CHUGAI PHARMACEUTICAL CO., LTD.
Executive Vice President and CFO
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January 30/31, 2008

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.

Note: Amounts are rounded to the nearest 0.1 billion yen.
% is calculated based on amounts shown.

Financial Overview (Year on Year)

(Billion Yen)	Dec. 2006	Dec. 2007	Variance	
				(%)
Revenues	326.1	344.8	+18.7	+5.7
Cost of Sales	133.1	137.3	+4.2	+3.2
% of Sales	40.8%	41.2%		
Selling & Admin. Exp.	80.1	86.6	+6.5	+8.1
% of Revenues	24.6%	25.1%		
R&D Exp.	54.6	54.2	-0.4	-0.7
% of Revenues	16.7%	15.7%		
Operating Income	58.3	66.7	+8.4	+14.4
% of Revenues	17.9%	19.3%		
Recurring Profit	60.9	67.7	+6.8	+11.2
% of Revenues	18.7%	19.6%		
Net Income	38.4	40.1	+1.7	+4.4
% of Revenues	11.8%	11.6%		

	(Billion yen)	
> Revenues	+18.7	(+5.7%)
Refer to P.4-P.7		
> Operating Income	+8.4	(+14.4%)
Refer to P.8		
> Recurring Profit	+6.8	(+11.2%)
> Net Income	+1.7	(+4.4%)

Foreign Exchange Rate

Closing rate (Dec. 31, 2006)

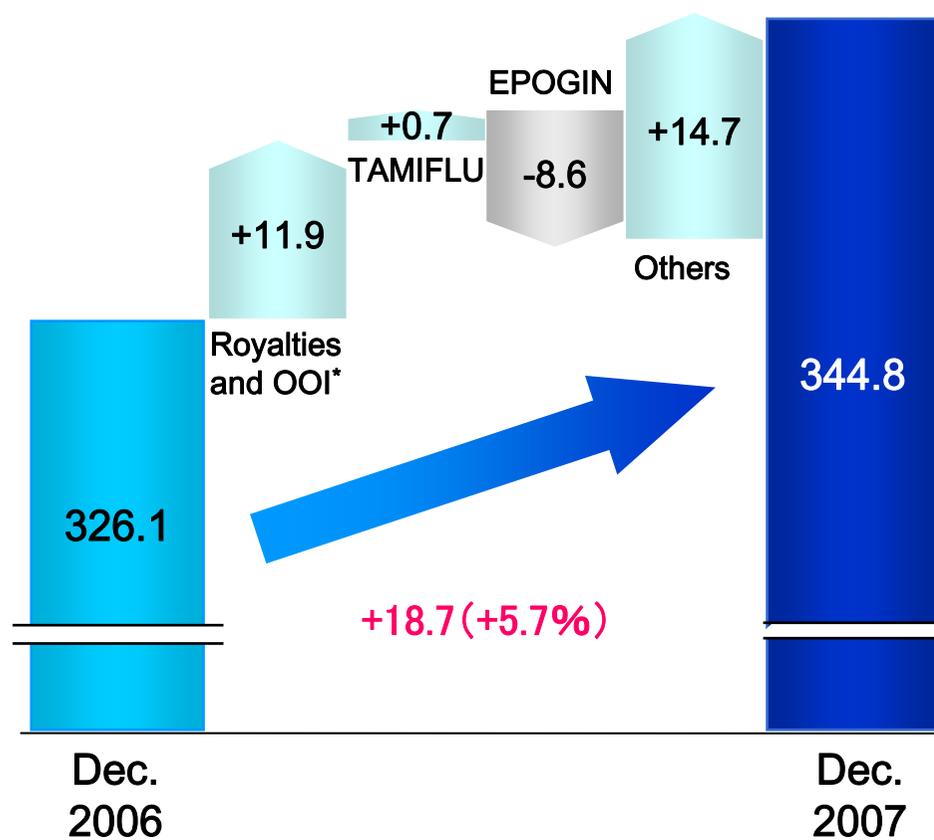
119.12Yen/US\$, 156.57Yen/€, 233.70Yen/£, 97.44Yen/CHF

Average rate (Jan. 1 – Dec. 31, 2007)

117.80Yen/US\$, 161.17Yen/€, 235.66Yen/£, 98.13Yen/CHF

Revenues (Year on Year)

(Billion Yen)



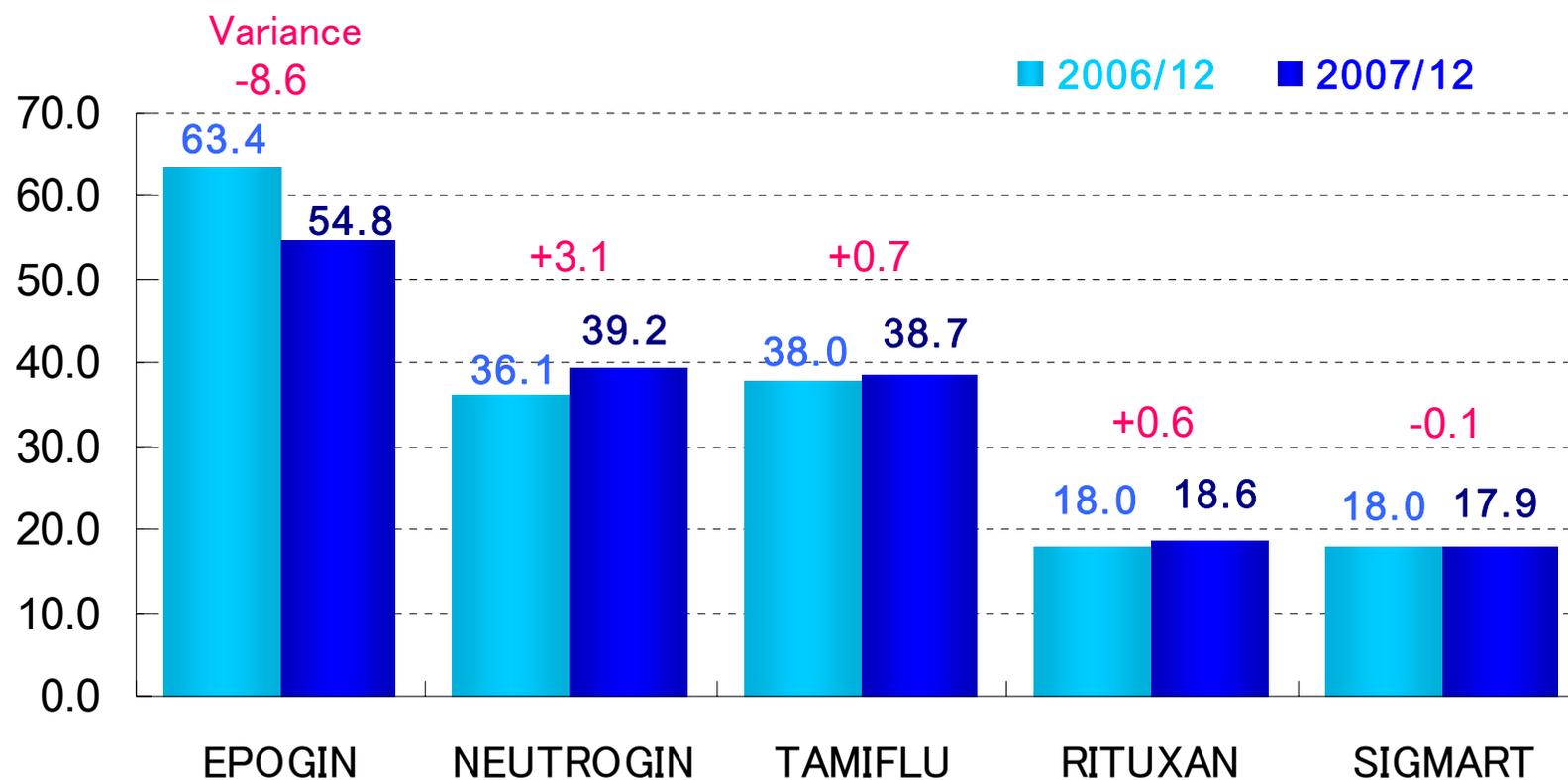
<Breakdown of Revenues>

(Billion Yen)	Dec.2006	Dec.2007	Variance	(%)	
Revenues	326.1	344.8	+18.7	+5.7	
Sales	326.1	332.9	+6.8	+2.1	
TAMIFLU	Ordinary Sales	13.6	10.2	-3.4	-25.0
	Govt. Stock etc.	24.4	28.5	+4.1	+16.8
	Total	38.0	38.7	+0.7	+1.8
Sales excl. TAMIFLU	288.2	294.3	+6.1	+2.1	
EPOGIN	63.4	54.8	-8.6	-13.6	
Others	224.8	239.5	+14.7	+6.5	
Royalties and OOI*	-	11.9	+11.9	N/A	
Overseas	28.4	36.4	+8.0	+28.2	

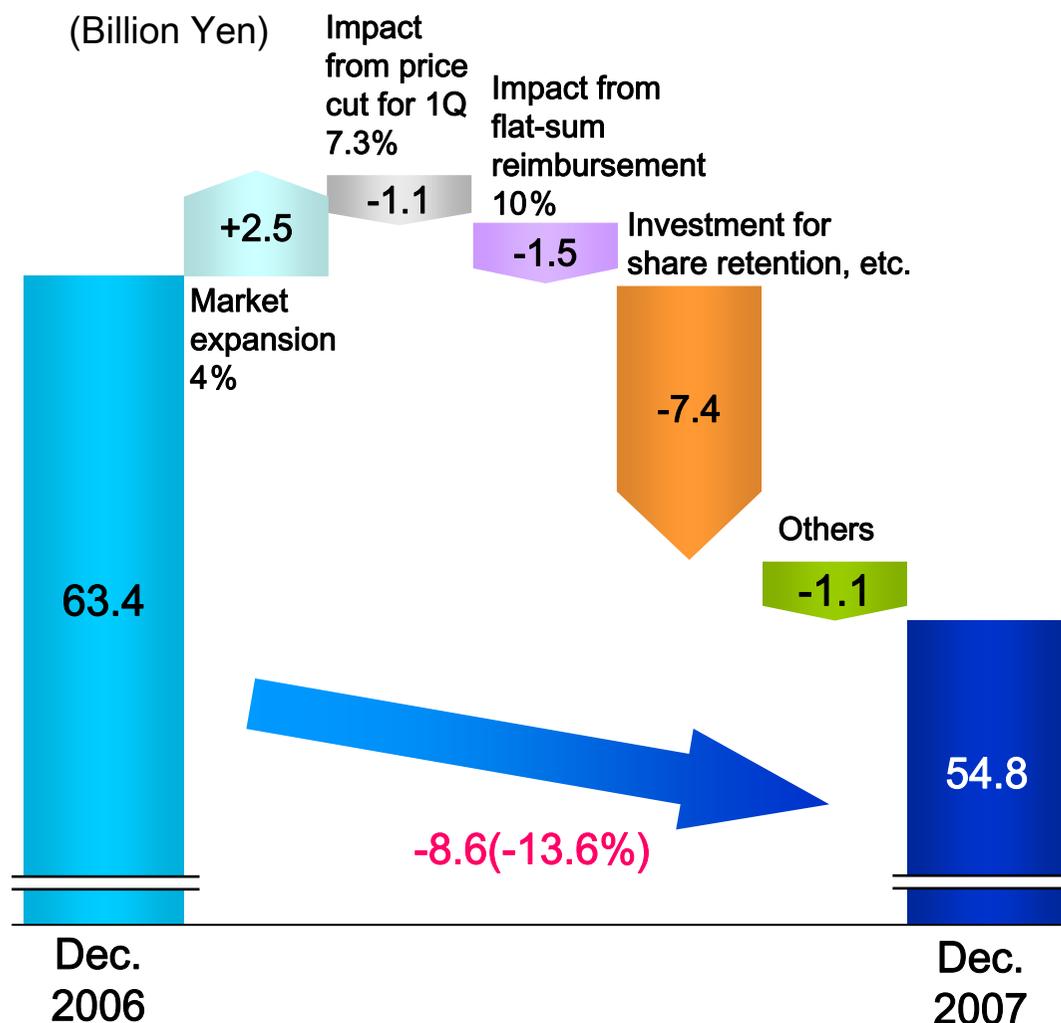
* other operating income

Sales of Top Five Products (Year on Year)

(Billion Yen)



EPOGIN Sales (Year on Year)



(Billion Yen)	Dec.2006	Dec.2007	Variance	(%)
1Q	14.5	12.0	-2.5	-17.2
2Q	16.5	16.2	-0.3	-1.8
1H	31.0	28.2	-2.8	-9.0
3Q	14.1	12.2	-1.9	-13.5
4Q	18.4	14.4	-4.0	-21.7
2H	32.5	26.6	-5.9	-18.2
FY	63.4	54.8	-8.6	-13.6

TAMIFLU: Sales Performance

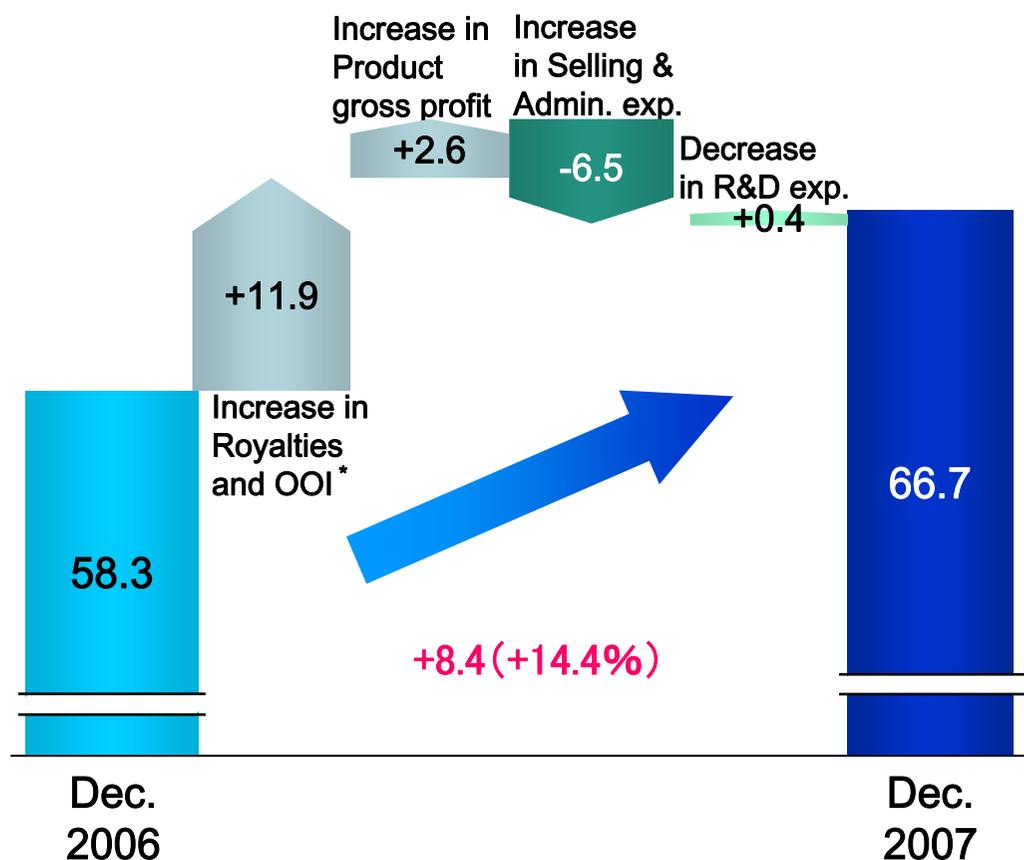
(Billion Yen)		Fiscal Term Sales										Seasonal Sales	Number of Patients* (millions)	
		FY2003.3		FY2003.12	FY2004.12		FY2005.12		FY2006.12		FY2007.12			
		Oct.-Dec.	Jan.-Mar.	Apr.-Dec.	Jan.-Jun.	Jul.-Dec.	Jan.-Jun.	Jul.-Dec.	Jan.-Jun.	Jul.-Dec.	Jan.-Jun.			Jul.-Dec.
Ordinary Seasonal Sales	2002/2003	5.2	7.2										12.4	1.19
	2003/2004			11.6	7.2								18.8	0.77
	2004/2005					1.4	23.2						24.6	1.47
	2005/2006							11.9	9.9				21.8	0.92
	2006/2007									3.7	5.0		8.7	1.06
	2007/2008											5.2	5.2	-
Ordinary Sales		12.4		11.6	8.6		35.1		13.6		10.2			
Govt. Stock etc.	2005/2006							0.2	6.5				6.7	
	2006/2007									17.9	18.9		36.8	
	2007/2008										9.6		9.6	
	Govt. Stock etc.							0.2		24.4		28.5		53.0
Total Sales		5.2	7.2	11.6	7.2	1.4	23.2	12.0	16.3	21.6	23.8	14.8		
		12.4		11.6	8.6		35.2		38.0		38.7			

*Total patients number of the controlled samples in the infectious Diseases Weekly Report, period between late October and mid-April, published by Japan's National Institute of Infectious Diseases.

Operating Income (Year on Year)

(Billion Yen)

(Billion yen)



> Operating Income

+8.4

- **Increase in Royalties and other operating income** **+11.9**
 - Milestone income for Actemra
 - Milestone income for Bonviva
 - Upfront income for 3 compounds licensed-out to Roche
- **Increase in Product gross profit** **+2.6**
 - Increase in NEUTROGIN etc. sales
- **Increase in Selling & Admin. exp.** **-6.5**
 - Increase in headcount of MR
 - Increase in sales promotion exp. for newly launched products etc.
 - Increase in PMS exp.
- **Decrease in R&D exp.** **+0.4**
 - Increase in proportion of co-development effort

* other operating income

Financial Overview (vs. Forecast)

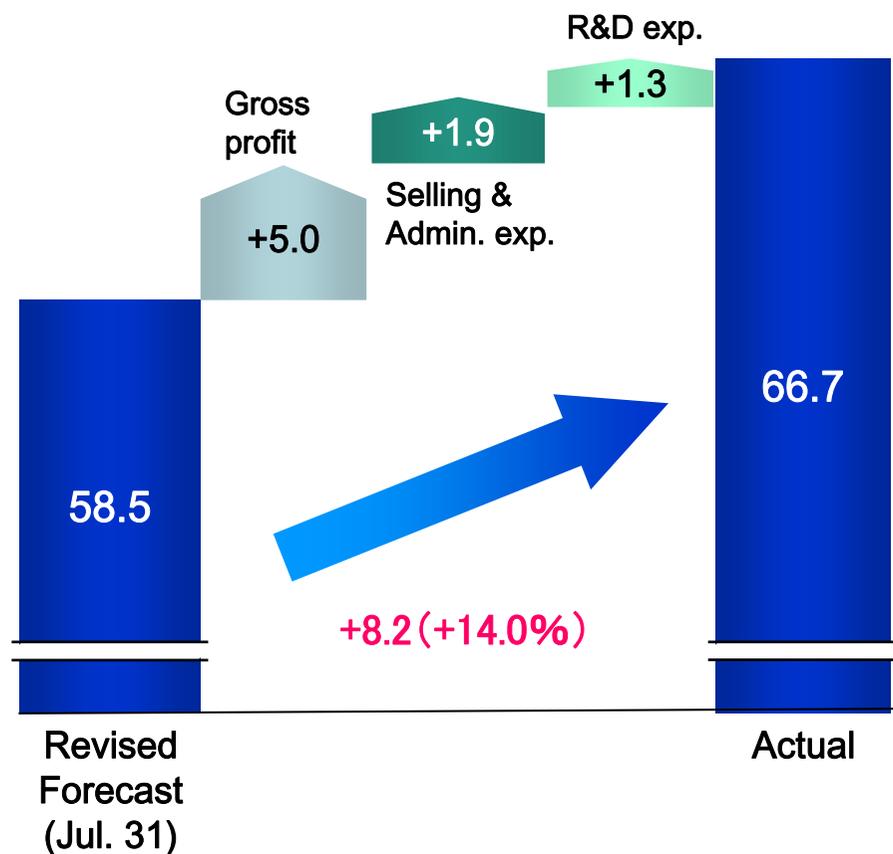
(Billion Yen)	Revised Forecast Jul. 31	Actual	Variance	(%)
Revenues	345.0	344.8	-0.2	-0.1
Cost of Sales	142.5	137.3	-5.2	-3.6
% of Revenues	41.3%	39.8%		
Selling & Admin Exp.	88.5	86.6	-1.9	-2.1
% of Revenues	25.7%	25.1%		
R&D Exp.	55.5	54.2	-1.3	-2.3
% of Revenues	16.1%	15.7%		
Operating Income	58.5	66.7	+8.2	+14.0
% of Revenues	17.0%	19.3%		
Recurring Profit	57.5	67.7	+10.2	+17.7
% of Revenues	16.7%	19.6%		
Net Income	33.5	40.1	+6.6	+19.7
% of Revenues	9.7%	11.6%		

(Billion yen)

> Revenues	- 0.2	(-0.1%)
AVASTIN	-4.5	
HERCEPTIN	-1.3	
NEUTROGIN	+2.3	
TAMIFLU	+0.7	
SIGMART	+0.6	
> Operating Income	+8.2	(+14.0%)
Refer to P.10		
> Recurring Profit	+10.2	(+17.7%)
> Net Income	+6.6	(+19.7%)

Operating Income (vs. Forecast)

(Billion Yen)



(Billion yen)

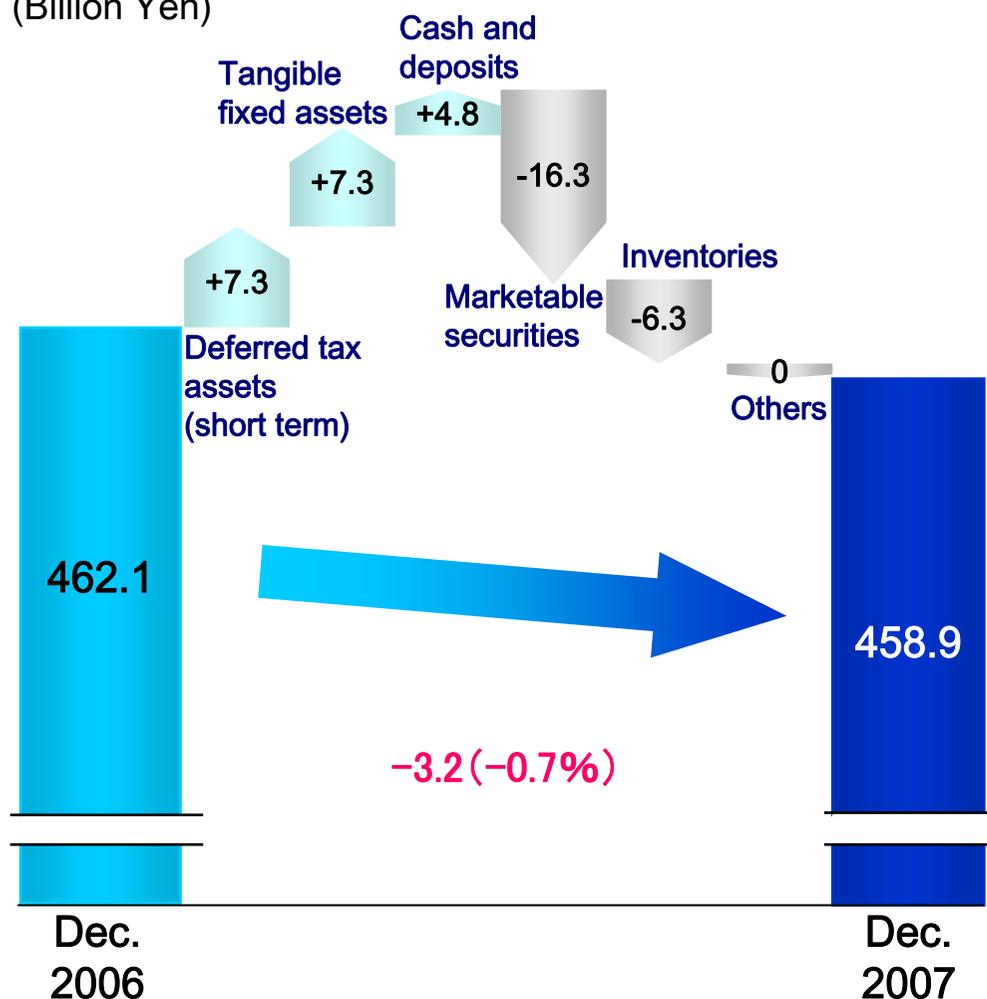
> Operating Income

+8.2

- Gross profit **+5.0**
- Selling & Admin. expense **+1.9**
 - Unused exp. for newly launched products
 - sales promotion, MRs' activity exp. etc.
 - Cost savings
 - education exp. etc.
- R&D expense **+1.3**
 - Decrease in R&D exp. of Actemra production

Balance Sheet Items (Assets)

(Billion Yen)

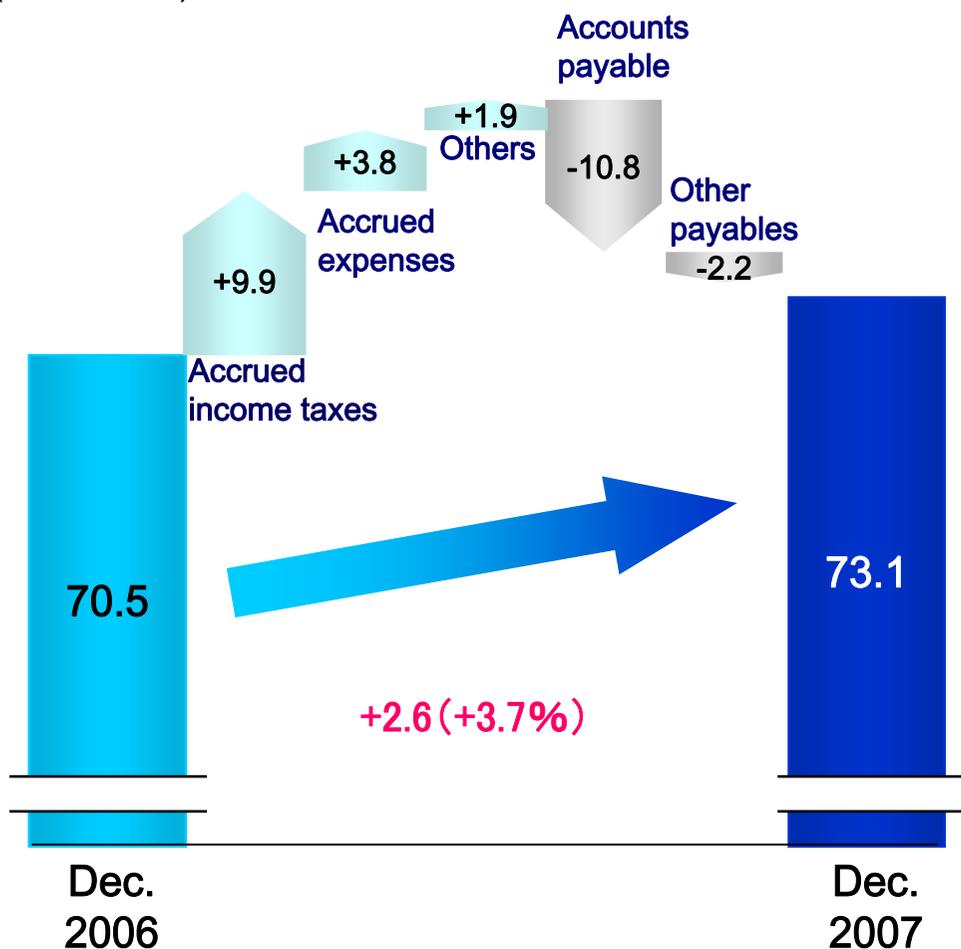


(Billion Yen)

- > **Tangible fixed assets** +7.3
Solid-form drug manufacturing wing (Fujieda)
Injection products building No.3 (Utunomiya)
- > **Marketable securities** -16.3
Purchase of treasury stock
- > **Inventories** -6.3
Decrease in stock of TAMIFLU

Balance Sheet Items (Liabilities)

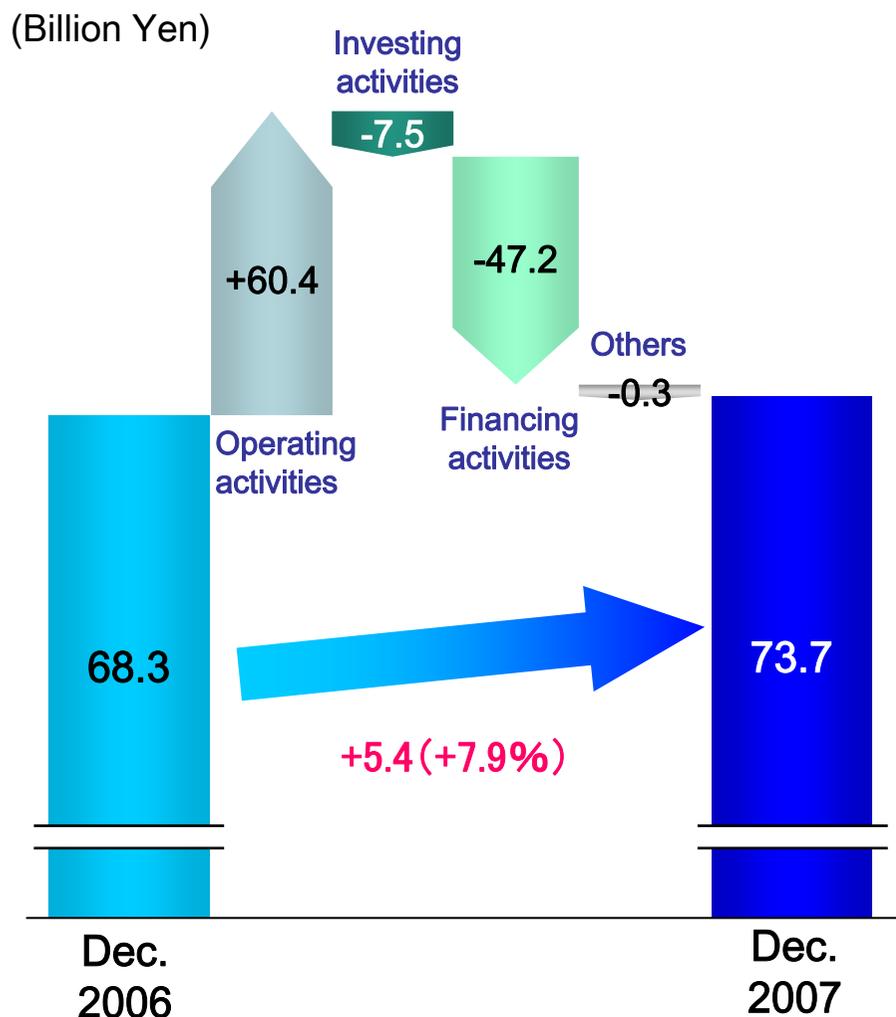
(Billion Yen)



(Billion Yen)

> Accrued income taxes	+9.9
> Accrued expenses	+3.8
> Accounts payable	-10.8
Decrease in balance of TAMIFLU	
> Other payables	-2.2
Decrease in payables for capital expenditure	

Cash Flow Statement



	(Billion Yen)
> Cash flow from operating activities	+60.4
• Income before income taxes and minority interests	+66.4
• Depreciation and amortization	+14.9
• Decrease in inventories	+6.2
• Income taxes paid	-20.8
• Decrease in notes and accounts payable	-10.7
> Cash flow from investing activities	-7.5
• Redemption of marketable and investment securities, etc.	+244.2
• Purchase of marketable and investment securities	-229.4
• Acquisition of fixed assets	-22.6
> Cash flow from financing activities	-47.2
• Increase in treasury stock	-27.5
• Payment of dividends	-18.1

2008 Forecast

(Billion Yen)	Dec. 2007	Dec. 2008
Revenues	344.8	327.0
Cost of Sales	137.3	141.5
% of Revenues	39.8%	43.3%
Selling & Admin. Exp.	86.6	96.5
% of Revenues	25.1%	29.5%
R&D Exp.	54.2	57.5
% of Revenues	15.7%	17.6%
Operating Income	66.7	31.5
% of Revenues	19.3%	9.6%
Recurring Profit	67.7	31.2
% of Revenues	19.6%	9.5%
Net Income	40.1	17.0
% of Revenues	11.6%	5.2%

(Billion Yen)	Dec.2007	Dec.2008	Variance	
Revenues	344.8	327.0	-17.8	
TAMIFLU	Ordinary Sales	10.2	6.2	-4.0
	Govt. Stock etc.	28.5	1.2	-27.3
	Total	38.7	7.3	-31.4
Revenues excl. TAMIFLU	306.2	319.7	+13.5	
EPOGIN	54.8	47.0	-7.8	
Others	251.4	272.7	+21.3	

2008 Forecast vs. 2007 Actual (Revenues)

(Billion Yen)

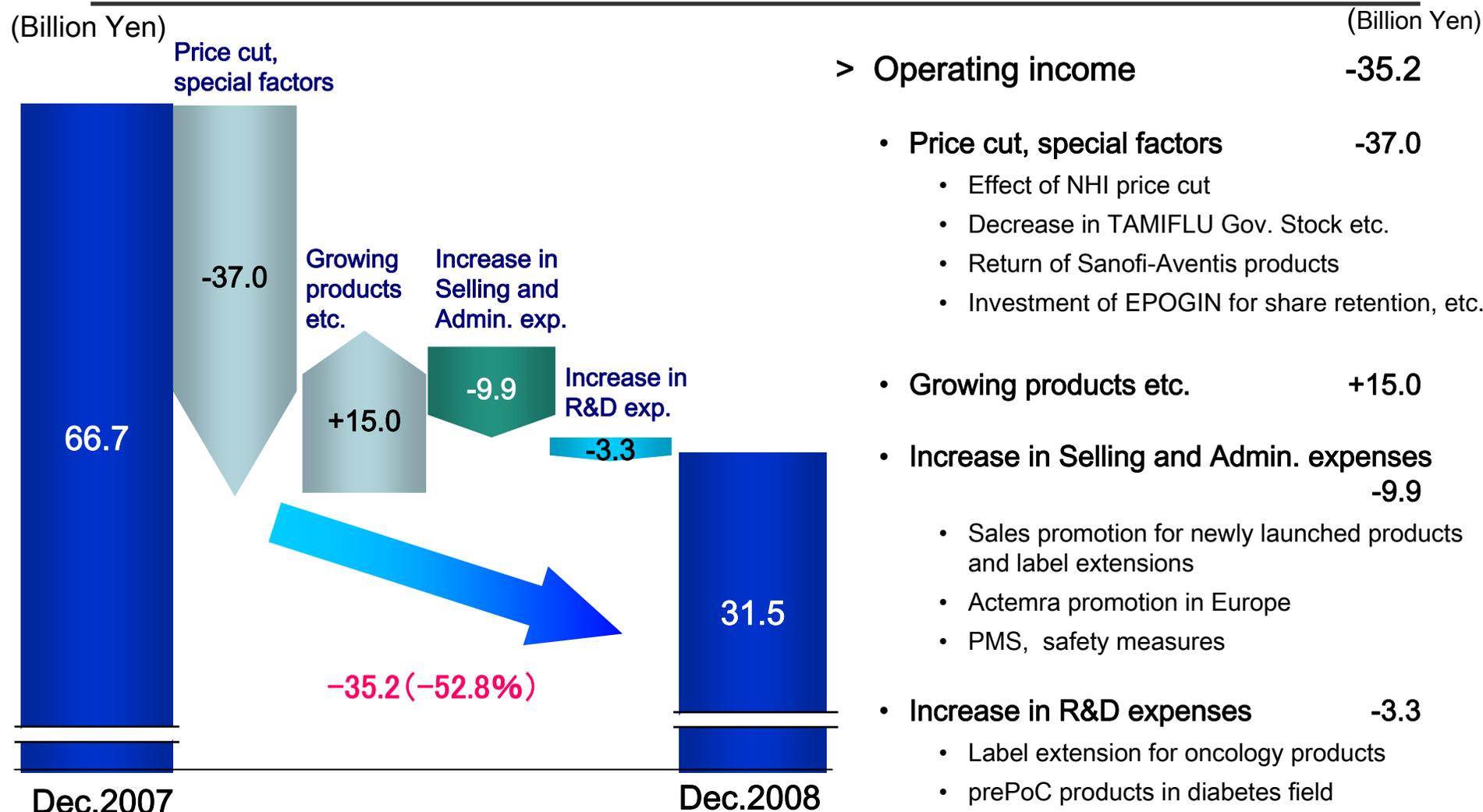


>Revenues

(Billion Yen)

>Revenues	-17.8
• Special factors	-50.4
TAMIFLU	-31.4
Sanofi-Aventis products	-11.2
EPOGIN	-7.8
• Growing products	+49.1
AVASTIN	+ 19.6
PEGASYS	+ 7.8
COPEGUS	+ 5.2
HERCEPTIN	+ 5.5
ACTEMRA	+ 4.3
TARCEVA	+ 2.0

2008 Forecast vs. 2007 Actual (Operating Income)



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