FY2010 1Q Consolidated Financial Overview

CHUGAI PHARMACEUTICAL CO., LTD.
Senior Vice President,
General Manager of Finance Supervisory Div. and
General Manager of Finance & Accounting Dept.
Yoshio Itaya

April 23, 2010
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. Variance and % are calculated based on amounts shown.
Summary

- **Revenues**: 87.1 billion JPY
  - Year on Year: -7.6 billion JPY (-8.0%)
  - Tamiflu Sales: -9.6 billion JPY

- **Sales excl. Tamiflu**: 75.4 billion JPY
  - Year on Year: +2.9 billion JPY (+4.0%)
  - Domestic sales: +2.7%
  - Overseas sales: +17.5%

- **Operating Income**: 11.1 billion JPY
  - Year on Year: -6.4 billion JPY (-36.6%)
  - Gross Profit: -9.8% due to decrease in Tamiflu sales etc.
  - SG&A expenses: +4.5%
### Financial Overview Jan-Mar

#### (Billion JPY)

<table>
<thead>
<tr>
<th></th>
<th>2009 Jan-Mar</th>
<th>2010 Jan-Mar</th>
<th>Variance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales excl. Tamiflu</td>
<td>72.5</td>
<td>75.4</td>
<td>+2.9</td>
<td>+4.0</td>
</tr>
<tr>
<td>Tamiflu</td>
<td>20.4</td>
<td>10.8</td>
<td>-9.6</td>
<td>-47.1</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>1.8</td>
<td>0.9</td>
<td>-0.9</td>
<td>-50.0</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>17.5</td>
<td>11.1</td>
<td>-6.4</td>
<td>-36.6</td>
</tr>
<tr>
<td>Non-operating Income</td>
<td>5.4</td>
<td>1.3</td>
<td>-4.1</td>
<td>-75.9</td>
</tr>
<tr>
<td>Non-operating Expenses</td>
<td>0.2</td>
<td>0.3</td>
<td>+0.1</td>
<td>+50.0</td>
</tr>
<tr>
<td><strong>Recurring Profit</strong></td>
<td>22.8</td>
<td>12.1</td>
<td>-10.7</td>
<td>-46.9</td>
</tr>
<tr>
<td>Extraordinary Gain</td>
<td>0.3</td>
<td>0.1</td>
<td>-0.2</td>
<td>-66.7</td>
</tr>
<tr>
<td>Extraordinary Loss</td>
<td>0.0</td>
<td>0.0</td>
<td>+0.0</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>13.8</td>
<td>7.9</td>
<td>-5.9</td>
<td>-42.8</td>
</tr>
</tbody>
</table>

**Average rate (JPY)**

- **CHF**: 81.55 to 85.80
- **EUR**: 122.06 to 125.58

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<th>2009 Jan-Mar</th>
<th>2010 Jan-Mar</th>
<th>Variance</th>
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</thead>
<tbody>
<tr>
<td>Ordinary</td>
<td>6.0</td>
<td>1.4</td>
<td>-4.6</td>
</tr>
<tr>
<td>Govt. Stockpile etc.</td>
<td>14.4</td>
<td>9.5</td>
<td>-4.9</td>
</tr>
</tbody>
</table>

* Tamiflu
Sales (excl. Tamiflu) Jan-Mar

(Billion JPY)

72.5

Overseas
-6.3
+1.1, +17.5%

Others
9.4
-1.1, -11.7%

Transplant, Immunology and Infectious diseases
5.9
-0.6, -10.2%

Renal diseases
13.0
-0.5, -3.8%

Bone and Joint
12.2
+0.8, +6.6%

Oncology
25.7
+3.1, +12.1%

75.4 (+2.9, +4.0%)

 Overseas Sales (excl. Tamiflu) 75.4 (+2.9, +4.0%)

-0.9
Herceptin (5.7)

-0.7
Epoitin (8.7)

-0.6
Kytril (1.5)

Avastin (10.3)

Actemra (Overseas) (2.0)

Actemra (Domestic) (2.6)

Xeloda (2.3)

Domestic Sales 68.0 +1.8, +2.7%

% of Domestic Sales
38.8%

% of Domestic Sales
42.4%

Domestic Sales 66.2

Year on Year

Left : Sales by Disease Field
Right : Sales by Product, Variance Year on Year
( ): FY2010 Actual
# Tamiflu sales performance

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</thead>
<tbody>
<tr>
<td>Jan-Jun</td>
<td>23.2</td>
<td>11.9</td>
<td>3.7</td>
<td>5.2</td>
<td>25.2</td>
<td>35.1</td>
<td>24.6</td>
<td>1.47</td>
</tr>
<tr>
<td>Jul-Dec</td>
<td>29.2</td>
<td>9.9</td>
<td>14.7</td>
<td>1.4</td>
<td>26.6</td>
<td>19.1</td>
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</tr>
</tbody>
</table>

**Ordinary**

- 2004/2005: 23.2
- 2005/2006: 11.9
- 2006/2007: 3.7
- 2007/2008: 5.2
- 2008/2009: 5.7
- 2009/2010: 25.2
- 2010/2011: 19.1

**Govt. Stockpile etc.**

- 2005/2006: 0.2
- 2006/2007: 17.9
- 2007/2008: 9.6
- 2008/2009: 1.1
- 2009/2010: 25.6
- 2010/2011: 8.7

**Total**

- 2004/2005: 23.2
- 2005/2006: 12.0
- 2006/2007: 16.3
- 2007/2008: 21.6
- 2008/2009: 23.8
- 2009/2010: 14.8
- 2010/2011: 1.6

**Company forecast**

*Total patients number of the controlled samples in the infectious Diseases Weekly Report, period between late October and mid-April (between early July 2009 and mid-March 2010 for 2009/2010), published by Japan’s National Institute of Infectious Diseases.*
Operating Income Jan-Mar

(Billion JPY)

<table>
<thead>
<tr>
<th>(Billion JPY)</th>
<th>2009 Jan-Mar</th>
<th>2010 Jan-Mar</th>
<th>Variance</th>
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<tbody>
<tr>
<td>Revenues</td>
<td>94.7</td>
<td>87.1</td>
<td>-7.6</td>
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<tr>
<td>Cost of Sales</td>
<td>43.7</td>
<td>41.1</td>
<td>-2.6</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>51.0</td>
<td>46.0</td>
<td>-5.0</td>
</tr>
<tr>
<td>Sales</td>
<td>49.2</td>
<td>45.1</td>
<td>-4.1</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>1.8</td>
<td>0.9</td>
<td>-0.9</td>
</tr>
<tr>
<td>SG&amp;A (excl. R&amp;D) exp.</td>
<td>21.6</td>
<td>22.8</td>
<td>+1.2</td>
</tr>
<tr>
<td>R&amp;D exp.</td>
<td>11.8</td>
<td>12.2</td>
<td>+0.4</td>
</tr>
<tr>
<td>Operating Income</td>
<td>17.5</td>
<td>11.1</td>
<td>-6.4</td>
</tr>
</tbody>
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- Decrease in Gross profit from sales -4.1
- Decrease in Tamiflu
- Increase in SG&A (incl. R&D) exp. -1.5
- Increase in personnel expenses
- Co-promotion of Actemra
## Financial Overview Jan-Mar

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<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>86.2</td>
<td>187.4</td>
<td>46.0</td>
<td>45.5</td>
<td>50.0</td>
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<tr>
<td>excl. Tamiflu</td>
<td>75.4</td>
<td>170.6</td>
<td>44.2</td>
<td>44.9</td>
<td>45.1</td>
</tr>
<tr>
<td>Tamiflu</td>
<td>10.8</td>
<td>16.8</td>
<td>64.3</td>
<td>100.0</td>
<td>80.3</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>0.9</td>
<td>1.7</td>
<td>52.9</td>
<td>20.0</td>
<td>31.6</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>11.1</td>
<td>26.5</td>
<td>41.9</td>
<td>43.7</td>
<td>47.0</td>
</tr>
<tr>
<td>as % of Revenues</td>
<td>12.7</td>
<td>14.0</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Recurring Profit</strong></td>
<td>12.1</td>
<td>27.0</td>
<td>44.8</td>
<td>42.0</td>
<td>52.4</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>7.9</td>
<td>16.7</td>
<td>47.3</td>
<td>35.4</td>
<td>52.5</td>
</tr>
</tbody>
</table>
Overview of Development Pipeline

CHUGAI PHARMACEUTICAL CO., LTD.
Department Manager
Head of Project Management Dept.
Hisanori Takanashi

April 23, 2010
Development Status - Oncology

RG3616 (hedgehog pathway inhibitor):
colorectal cancer, ovarian cancer
In-license agreement in Feb. 10
• P1 planed to start in the second half

Herceptin and Xeloda (combination therapy):
gastric cancer
Filed in Mar. 10
• Based on positive results from ToGA study

Tarceva: non-small cell lung cancer (1st line)
P2 started in Apr. 10
ACTEMRA (US): prevention of structural joint damage and improvement of physical function in rheumatoid arthritis (sBLA)

Filed in Mar. 2010

• Based on positive 2-year data from LITHE study
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