Aiming to Become a Top Japanese Pharmaceutical Company

- Review of 2009 and Plans for 2010 -

CHUGAI PHARMACEUTICAL CO., LTD.
President and CEO
Osamu Nagayama

February 3/4, 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.
# 2009 Full Year Results

Record-high performance with strong growth drivers

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2008</th>
<th>2009</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues (billions of yen)</strong></td>
<td>327.2</td>
<td>326.9</td>
<td>428.9</td>
<td>31.2%</td>
</tr>
<tr>
<td><strong>Sales ex. Tamiflu</strong></td>
<td>292.0</td>
<td>313.4</td>
<td>342.9</td>
<td>9.4%</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>79.2</td>
<td>51.6</td>
<td>82.6</td>
<td>60.1%</td>
</tr>
<tr>
<td>% revenues</td>
<td>24.2%</td>
<td>15.8%</td>
<td>19.3%</td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>53.6</td>
<td>39.3</td>
<td>56.6</td>
<td>44.0%</td>
</tr>
<tr>
<td>% revenues</td>
<td>16.4%</td>
<td>12.0%</td>
<td>13.2%</td>
<td></td>
</tr>
</tbody>
</table>
Review of 2009

- Solid growth of ex-Tamiflu sales: +9.4%
- Launch of RoActemra in Europe
- Approval of Avastin in lung cancer
- 5 filings for marketing approval
- Initiation of P1 studies for 4 projects

Solid foundation for future growth
Divisional Achievements in 2009

**R&D**

**Strengthened R&D foundation**
- Enhanced drug discovery technology
- Good progress in projects of new development areas (diabetes, CNS)
  ⇒ Enriched pipeline
  - 9 global development projects on-going
  - 4 new projects entered phase I

**Production**

**Reestablished development & manufacturing function**
- Established Pharmaceutical Technology Division
  ⇒ A comprehensive structure from development to manufacturing to achieve global level competitiveness (cost, speed and quality)

**Sales & Marketing**

**Strengthened marketing structure with further focus on disease areas**
- Establishment of Primary Unit; Two-Unit structure with Oncology Unit
- Increased number of Oncology MRs (from 500 to 550)
  ⇒ Enhanced operational power in implementing product promotion in each area

**Safety Management**

**Strengthened safety management structure**
- Restructured Corporate Regulatory Compliance & Quality Assurance Division and established Regulatory & Quality Management Unit and Drug Safety Division
  ⇒ Enhanced medical evaluation of safety information to support safety when nurturing products

Improvement of operational power of each function
FY2010 Targets

A year of challenge to become a top pharmaceutical company in Japan

2010
Revenues: ¥418.5 billion
OP: ¥70.0 billion

2012
Sunrise 2012
Revenues: ¥460.0 billion
OP: ¥80.0 billion

Late 2010s
Top pharmaceutical company in Japan
Challenges in Sales and Marketing

**Oncology**
Contribute to treatment as a leading company in Oncology
Establish position as standard treatment

**Bone and Joints**
Actemra: establish a solid position as a first-line biologic

**Renal**
Provide expertise as a leading company in renal diseases
Contribute to treatment led by profound understanding on clinical needs

2010 domestic sales targets by treatment area:
- Oncology: 41.9%
- Renal: 17.7%
- Bone & Joint: 19.2%
- Others: 21.2%
## Challenges in R&D

- Filings for 4 products (2 projects) to gain additional indications
- Accelerate development in new target areas (diabetes, CNS)
- Strengthen drug-discovery capabilities
  - enhance research network centering on Forerunner Pharma Research
- Enrich early development pipeline
  - well-balanced pipeline with compounds from two sources
  - in-licensed several projects from Roche at the end of 2009

### Pre-PoC projects

<table>
<thead>
<tr>
<th>Year</th>
<th>In-house</th>
<th>Licensed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>TP300</td>
<td>RG1273(pertuzumab)</td>
</tr>
<tr>
<td>2007</td>
<td>CSG452</td>
<td>NA808</td>
</tr>
<tr>
<td></td>
<td>TP300</td>
<td>RG1583(taspoglutide)</td>
</tr>
<tr>
<td></td>
<td>RG1678(GLYT1)</td>
<td>RG1273(pertuzumab)</td>
</tr>
<tr>
<td>2008</td>
<td>GC33</td>
<td>CIF</td>
</tr>
<tr>
<td></td>
<td>CFI</td>
<td>CKI27</td>
</tr>
<tr>
<td></td>
<td>CSG452</td>
<td>NA808</td>
</tr>
<tr>
<td></td>
<td>TP300</td>
<td>RG1579(DPPiV)</td>
</tr>
<tr>
<td></td>
<td>GA101(RG7159)</td>
<td>RG1583(taspoglutide)</td>
</tr>
<tr>
<td></td>
<td>RG1507(IGF-1R)</td>
<td>RG1678(GLYT1)</td>
</tr>
<tr>
<td>2009</td>
<td>MRA</td>
<td>GC33</td>
</tr>
<tr>
<td></td>
<td>CIF</td>
<td>CKI27</td>
</tr>
<tr>
<td></td>
<td>CSG452</td>
<td>NA808</td>
</tr>
<tr>
<td></td>
<td>TP300</td>
<td>RG3502(T-DM1)</td>
</tr>
<tr>
<td></td>
<td>GA101(RG7159)</td>
<td>RG1583(taspoglutide)</td>
</tr>
<tr>
<td></td>
<td>NTZ</td>
<td>GA101(RG7159)</td>
</tr>
<tr>
<td></td>
<td>RG3502(T-DM1)</td>
<td>RG1678(GLYT1)</td>
</tr>
</tbody>
</table>
Actemra: for Further Growth

- Global rollout: launched in more than 25 countries
  - US launch
    - Approved on 8 Jan., launched in the week of 18 Jan.
  - Expansion in Europe
    - Germany: better-than-expected penetration
      > 10% market share in anti-TNF IRs
    - Launched in major countries including UK, France and Spain

- Development:
  - Pancreatic cancer
    P1/2, Japan
  - sJIA
    P3, Overseas
  - SC formulation
    P1/2, Japan
FY2009 Consolidated Financial Overview

CHUGAI PHARMACEUTICAL CO., LTD.
Executive Vice President and CFO
Ryuzo Kodama

February 3/4, 2010
Summary

- Significant increase in both Revenues and Profits (Year on Year)
  - Revenues: +31.2%, Sales excl. Tamiflu: +9.4%
    - Solid domestic sales
      - Oncology sales: +20.9% (#1 share in the domestic market*)
    - Overseas sales: Stable despite the impact of strong yen
  - Operating Income: +60.1%, Recurring Profit: +57.8%,
    - Net Income: +44.0%
    - Gross Profit: +18.1% due to increase in Revenues
    - SG&A expenses: +3.5%

- Record high for Revenues, Sales excl. Tamiflu, Operating Income, Recurring Profit and Net Income

*The scope of the market is defined by Chugai and its share is calculated based on IMS Data.

“Copyright IMS Japan KK, 2010 Dec. 2009 YTD Reprinted with permission”
# FY2009 Consolidated Financial Overview

## Financial overview Jan - Dec

### Year on Year

<table>
<thead>
<tr>
<th>(Billion JPY)</th>
<th>2008 Jan-Dec</th>
<th>2009 Jan-Dec</th>
<th>Variance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>326.9</td>
<td>428.9</td>
<td>+102.0</td>
<td>+31.2</td>
</tr>
<tr>
<td>Sales</td>
<td>321.8</td>
<td>419.1</td>
<td>+97.3</td>
<td>+30.2</td>
</tr>
<tr>
<td>excl. Tamiflu</td>
<td>313.4</td>
<td>342.9</td>
<td>+29.5</td>
<td>+9.4</td>
</tr>
<tr>
<td>Tamiflu</td>
<td>8.4</td>
<td>76.2</td>
<td>+67.8</td>
<td>(x 9.1)</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>5.1</td>
<td>9.8</td>
<td>+4.7</td>
<td>+92.2</td>
</tr>
<tr>
<td>Operating Income</td>
<td>51.6</td>
<td>82.6</td>
<td>+31.0</td>
<td>+60.1</td>
</tr>
<tr>
<td>Non-operating Income</td>
<td>9.9</td>
<td>9.4</td>
<td>-0.5</td>
<td>-5.1</td>
</tr>
<tr>
<td>Non-operating Expenses</td>
<td>4.2</td>
<td>1.6</td>
<td>-2.6</td>
<td>-61.9</td>
</tr>
<tr>
<td>Recurring Profit</td>
<td>57.3</td>
<td>90.4</td>
<td>+33.1</td>
<td>+57.8</td>
</tr>
<tr>
<td>Extraordinary Gain</td>
<td>7.3</td>
<td>0.3</td>
<td>-7.0</td>
<td>-95.9</td>
</tr>
<tr>
<td>Extraordinary Loss</td>
<td>1.4</td>
<td>1.3</td>
<td>-0.1</td>
<td>-7.1</td>
</tr>
<tr>
<td>Net Income</td>
<td>39.3</td>
<td>56.6</td>
<td>+17.3</td>
<td>+44.0</td>
</tr>
</tbody>
</table>

**Average rate (JPY)**

<table>
<thead>
<tr>
<th>2008 Jan-Dec</th>
<th>2009 Jan-Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF</td>
<td>95.54</td>
</tr>
<tr>
<td>EUR</td>
<td>151.38</td>
</tr>
</tbody>
</table>

- **Sales excl. Tamiflu** +29.5
- **Sales of Tamiflu** +67.8
- **Other Operating Revenues** +4.7
  - Milestone Income
  - Co-promotion income
- **Operating Income** +31.0
- **Non-operating Inc. / Exp.** +2.1
- **Extraordinary Gain / Loss** -6.8
  - Gain on settlement of co-development costs for Actemra (April 2008)

### Ordinary and Govt. Stockpile etc.

<table>
<thead>
<tr>
<th>2008 Jan-Dec</th>
<th>2009 Jan-Dec</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary</td>
<td>7.1</td>
<td>36.2</td>
</tr>
<tr>
<td>Govt. Stockpile etc.</td>
<td>1.3</td>
<td>40.0</td>
</tr>
</tbody>
</table>

* Tamiflu
FY2009 Consolidated Financial Overview

Sales (Excl. Tamiflu) Jan - Dec

(Billion JPY)

Sales (Excl. Tamiflu) 342.9 +29.5, +9.4%

<table>
<thead>
<tr>
<th>Disease Field</th>
<th>2008 Jan-Dec</th>
<th>2009 Jan-Dec</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overseas</td>
<td>33.5</td>
<td>33.6</td>
<td>+0.1, +0.3%</td>
</tr>
<tr>
<td>Domestic</td>
<td>24.0</td>
<td>26.2</td>
<td>+2.2, +9.2%</td>
</tr>
<tr>
<td>Renal diseases</td>
<td>50.0</td>
<td>57.6</td>
<td>+7.6, +15.2%</td>
</tr>
<tr>
<td>Bone and Joint</td>
<td>102.3</td>
<td>61.0</td>
<td>-0.3, -0.5%</td>
</tr>
<tr>
<td>Oncology</td>
<td>123.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others Transplant, Immunology</td>
<td>42.3</td>
<td>40.9</td>
<td>-1.4, -3.3%</td>
</tr>
<tr>
<td>and Infectious diseases</td>
<td>61.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Domestic Sales 279.9

309.3 +29.4, +10.5%

Chugai’s Share in the domestic oncology market*: 17.3% (1st place)**

* The scope of the market is defined by Chugai.
** “Copyright IMS Japan KK, 2010 Source: IMS JPM™ Dec. 2009 YTD Reprinted with permission”
## Tamiflu sales performance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jan-Jun</td>
<td>Jul-Dec</td>
<td>Jan-Jun</td>
<td>Jul-Dec</td>
<td>Jan-Jun</td>
<td>Jul-Dec</td>
<td>Jan-Jun</td>
<td>Jul-Dec</td>
</tr>
<tr>
<td>2004/2005</td>
<td>23.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>24.6 1.47</td>
</tr>
<tr>
<td>2005/2006</td>
<td></td>
<td>11.9</td>
<td>9.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21.8 0.92</td>
</tr>
<tr>
<td>2006/2007</td>
<td></td>
<td></td>
<td>3.7</td>
<td>5.0</td>
<td></td>
<td></td>
<td></td>
<td>8.7 1.01</td>
</tr>
<tr>
<td>2007/2008</td>
<td></td>
<td></td>
<td></td>
<td>5.2</td>
<td>1.4</td>
<td></td>
<td></td>
<td>6.6 0.66</td>
</tr>
<tr>
<td>2008/2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5.7</td>
<td>11.0</td>
<td></td>
<td>16.7 1.27</td>
</tr>
<tr>
<td>2009/2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25.2</td>
<td>5.5</td>
<td>30.7</td>
</tr>
<tr>
<td>2010/2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15.0</td>
</tr>
<tr>
<td><strong>Ordinary</strong></td>
<td><strong>35.1</strong></td>
<td><strong>13.6</strong></td>
<td><strong>10.2</strong></td>
<td><strong>7.1</strong></td>
<td><strong>36.2</strong></td>
<td><strong>20.5</strong></td>
<td><strong>(+28.5)</strong></td>
<td><strong>(-21.5)</strong></td>
</tr>
<tr>
<td><strong>Govt. Stockpile etc.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005/2006</td>
<td>0.2</td>
<td>6.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.7</td>
</tr>
<tr>
<td>2006/2007</td>
<td></td>
<td></td>
<td>17.9</td>
<td>18.9</td>
<td></td>
<td></td>
<td></td>
<td>36.8</td>
</tr>
<tr>
<td>2007/2008</td>
<td></td>
<td></td>
<td></td>
<td>9.6</td>
<td>0.2</td>
<td></td>
<td></td>
<td>9.8</td>
</tr>
<tr>
<td>2008/2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.1</td>
<td>14.4</td>
<td></td>
<td>15.5</td>
</tr>
<tr>
<td>2009/2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>25.6</td>
<td>11.3</td>
<td>36.8</td>
</tr>
<tr>
<td>2010/2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Govt. Stockpile etc.</strong></td>
<td><strong>0.2</strong></td>
<td><strong>24.4</strong></td>
<td><strong>28.5</strong></td>
<td><strong>1.3</strong></td>
<td><strong>40.0</strong></td>
<td><strong>18.2</strong></td>
<td><strong>(+0.2)</strong></td>
<td><strong>(+24.2)</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23.2</strong></td>
<td><strong>12.0</strong></td>
<td><strong>16.3</strong></td>
<td><strong>21.6</strong></td>
<td><strong>23.8</strong></td>
<td><strong>14.8</strong></td>
<td><strong>1.6</strong></td>
<td><strong>6.8</strong></td>
</tr>
<tr>
<td></td>
<td><strong>35.2</strong></td>
<td><strong>38.0</strong></td>
<td><strong>38.7</strong></td>
<td><strong>8.4</strong></td>
<td><strong>76.2</strong></td>
<td><strong>38.7</strong></td>
<td><strong>(+26.6)</strong></td>
<td><strong>(+2.8)</strong></td>
</tr>
</tbody>
</table>

*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

### Jan - Dec

<table>
<thead>
<tr>
<th>(Billion JPY)</th>
<th>2008 Jan-Dec</th>
<th>2009 Jan-Dec</th>
<th>Variance</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>326.9</td>
<td>428.9</td>
<td>+102.0</td>
<td>+31.2</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td>127.0</td>
<td>192.9</td>
<td>+65.9</td>
<td>+51.9</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>199.9</td>
<td>236.1</td>
<td>+36.2</td>
<td>+18.1</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>194.8</td>
<td>226.3</td>
<td>+31.5</td>
<td>+16.2</td>
</tr>
<tr>
<td><strong>Other Operating Revenues</strong></td>
<td>5.1</td>
<td>9.8</td>
<td>+4.7</td>
<td>+92.2</td>
</tr>
<tr>
<td><strong>SG&amp;A (excl. R&amp;D) exp.</strong></td>
<td>95.1</td>
<td>98.2</td>
<td>+3.1</td>
<td>+3.3</td>
</tr>
<tr>
<td><strong>R&amp;D exp.</strong></td>
<td>53.2</td>
<td>55.3</td>
<td>+2.1</td>
<td>+3.9</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>51.6</td>
<td>82.6</td>
<td>+31.0</td>
<td>+60.1</td>
</tr>
</tbody>
</table>

- **Increase in Gross Profit from Sales** +31.5
  - Increase in Tamflu, Oncology product, Actemra etc.
- **Increase in SG&A (excl. R&D) expenses** -3.1
  - Increase in personnel (pension etc.)
  - Sales promotion for new products etc. (Actemra, Avastin etc.)
- **Increase in R&D expenses** -2.1
  - Increase in personnel and depreciation (Pharmaceutical technology research facilities)
  - Increase in expenses for early stage projects
## FY2009 Consolidated Financial Overview

### Financial Overview  Oct - Dec

<table>
<thead>
<tr>
<th>(Billion JPY)</th>
<th>2008 Oct-Dec</th>
<th>2009 Oct-Dec</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</td>
<td>97.0</td>
<td>115.7</td>
<td>+18.7</td>
<td>+19.3</td>
</tr>
<tr>
<td>excl. Tamiflu</td>
<td>90.3</td>
<td>95.3</td>
<td>+5.0</td>
<td>+5.5</td>
</tr>
<tr>
<td>Tamiflu</td>
<td>6.7</td>
<td>20.4</td>
<td>+13.7</td>
<td>+204.5</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>0.3</td>
<td>3.6</td>
<td>+3.3</td>
<td>(x 12.0)</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>39.4</td>
<td>49.5</td>
<td>+10.1</td>
<td>+25.6</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>57.8</td>
<td>69.7</td>
<td>+11.9</td>
<td>+20.6</td>
</tr>
<tr>
<td>SG&amp;A (excl. R&amp;D) exp.</td>
<td>29.2</td>
<td>28.3</td>
<td>-0.9</td>
<td>-3.1</td>
</tr>
<tr>
<td>R&amp;D exp.</td>
<td>16.9</td>
<td>17.5</td>
<td>+0.6</td>
<td>+3.6</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>11.7</td>
<td>23.8</td>
<td>+12.1</td>
<td>+103.4</td>
</tr>
<tr>
<td>Recurring Profit</td>
<td>14.6</td>
<td>24.4</td>
<td>+9.8</td>
<td>+67.1</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>9.1</td>
<td>15.7</td>
<td>+6.6</td>
<td>+72.5</td>
</tr>
</tbody>
</table>

- **Sales excl. Tamiflu** +5.0
  - Avastin +3.3
  - Actemra (Overseas) +1.6
  - Actemra (Domestic) +1.1
  - Xeloda +0.7
  - Kytril -0.7
- **Sales of Tamiflu** +13.7
- **Other Operating Revenues** +3.3
  - Milestone Income
  - Co-promotion Income
- **Operating Income** +12.1

* Tamiflu

<table>
<thead>
<tr>
<th></th>
<th>2008 Oct-Dec</th>
<th>2009 Oct-Dec</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary</td>
<td>5.6</td>
<td>17.7</td>
<td>+12.1</td>
</tr>
<tr>
<td>Govt. Stockpile etc.</td>
<td>1.1</td>
<td>2.7</td>
<td>+1.6</td>
</tr>
</tbody>
</table>
## Financial Overview Jan - Dec

### (Billion JPY)

<table>
<thead>
<tr>
<th></th>
<th>Revised Forecast Oct. 7</th>
<th>Actual</th>
<th>Variance</th>
<th>Achiev. (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009 Jan-Dec</td>
<td>2009 Jan-Dec</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>As % of Revenues</td>
<td>As % of Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>410.0</td>
<td>419.1</td>
<td>+9.1</td>
<td>102.2</td>
</tr>
<tr>
<td>excl. Tamiflu</td>
<td>345.2</td>
<td>342.9</td>
<td>-2.3</td>
<td>99.3</td>
</tr>
<tr>
<td>Tamiflu</td>
<td>64.9</td>
<td>76.2</td>
<td>+11.3</td>
<td>117.4</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>10.0</td>
<td>9.8</td>
<td>-0.2</td>
<td>98.0</td>
</tr>
<tr>
<td>Cost of sales</td>
<td></td>
<td>192.9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gross Profit</td>
<td></td>
<td>236.1</td>
<td>55.0</td>
<td>-</td>
</tr>
<tr>
<td>SG&amp;A (excl. R&amp;D exp.)</td>
<td></td>
<td>98.2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>R&amp;D exp.</td>
<td></td>
<td>55.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating Income</td>
<td>67.0</td>
<td>82.6</td>
<td>+15.6</td>
<td>123.3</td>
</tr>
<tr>
<td>Recurring Profit</td>
<td>74.0</td>
<td>90.4</td>
<td>+16.4</td>
<td>122.2</td>
</tr>
<tr>
<td>Net Income</td>
<td>46.0</td>
<td>56.6</td>
<td>+10.6</td>
<td>123.0</td>
</tr>
</tbody>
</table>

### Key Points

- **Sales excl. Tamiflu** -2.3
  - Neutrogin (Overseas) +1.9
  - Actemra (Overseas) +1.8
  - Avastin +1.3
  - Neutrogin (Domestic) -0.7
  - Kytril -0.7
  - Copegus -0.7
  - Epogen -0.8
  - Actemra (Domestic) -1.2
  - Pegasys -1.2

- **Sales of Tamiflu** +11.3

- **Operating Income** +15.6
## Impact from Foreign Exchange Rate

<table>
<thead>
<tr>
<th>(Billion JPY)</th>
<th>vs. Exchange rate assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>+1.0</td>
</tr>
<tr>
<td></td>
<td>Neutrogin (Overseas) +0.8</td>
</tr>
<tr>
<td></td>
<td>Actemra (Overseas) +0.2</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>Cost of Roche products -4.7</td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>SG&amp;A of overseas affiliates -0.3</td>
</tr>
</tbody>
</table>

### Operating Income
- **Operating Income** -4.0

### Non-operating Inc. / Exp.
- Gain on foreign exchanges and exchange forward contract +6.3

### Recurring Profit
- Recurring Profit +2.3

### Exchange rate assumption
- CHF : 85.00 JPY
- EUR : 125.00 JPY

### Cost of Roche products
- Price review
- Purchase price variance
- -4.7

### (Reference) FOREX impact on Non-operating Income
- Forward, Valuation 82.2 JPY
- Gain on exchange forward contract
- Loss on FOREX

Amounts are our estimation.
Balance Sheet Items (Assets)

(Billion JPY)

- **Cash and deposits** +36.2
- **Marketable securities** -2.5
- **Inventories** +13.9
  - Increase in stock of new products
  - Stockpiling for manufacturing site change
- **Accounts receivable** +13.1
  - Increase in Sales
- **Others** +5.9
  - Increase in other receivables from Roche

Dec 2008

Dec 2009

540.5

478.5

+62.0 (13.0%)
Balance Sheet Items (Liabilities)

(Billion JPY)

- Accrued income taxes: +10.7
- Accounts payable: +5.5  
  Increase in purchase of Tamiflu
- Accrued consumption taxes: +3.9  
  Increase in Sales

Equity Ratio

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>82.6%</td>
<td>80.0%</td>
<td>-2.6%pts</td>
</tr>
</tbody>
</table>
Cash Flow Statement Jan - Dec

Actual 2009

FY2009 Consolidated Financial Overview

(Billion JPY)

- Operating activities
  - Cash flow from operating activities +66.5
    - Income before taxes and minority interests +89.4
    - Depreciation and amortization +19.5
    - Increase in working capital +21.1
    - Increase in notes and accounts receivable -13.0
    - Increase in inventories -13.5
    - Increase in notes and accounts payable +5.3
    - Income taxes paid -24.1

- Investing activities
  - Cash flow from investing activities -20.3
    - Payment into time deposits -12.2
    - Decrease of marketable and investment securities -7.6
    - Purchases of fixed assets -16.1

- Financing activities
  - Cash flow from financing activities -22.3
    - Payment of dividends -19.6

Dec 2008

70.7

+23.8 (33.7%)

Dec 2009

94.5

Exchange rate changes

-20.3

-22.3

-0.1
<table>
<thead>
<tr>
<th>(Billion JPY)</th>
<th>Actual</th>
<th>Forecast</th>
<th>Variance</th>
</tr>
</thead>
</table>
|              | 2009 Jan-Dec | 2010 Jan-Dec |%
| Revenues     | 428.9 | 418.5 | -10.4 | -2.4 |
| Sales        | 419.1 | 414.0 | -5.1 | -1.2 |
| excl. Tamiflu| 342.9 | 375.3 | +32.4 | +9.4 |
| Tamiflu      | 76.2  | 38.7  | -37.5 | -49.2 |
| Other Operating Revenues | 9.8 | 4.5 | -5.3 | -54.1 |
| Cost of sales | 192.9 | 184.5 | -8.4 | -4.4 |
| Gross Profit | 236.1 | 234.0 | -2.1 | -0.9 |
| SG&A (excl. R&D) exp. | 98.2 | 105.0 | +6.8 | +6.9 |
| R&D exp.     | 55.3  | 59.0  | +3.7 | +6.7 |
| Operating Income | 82.6 | 70.0 | -12.6 | -15.3 |
| Recurring Profit | 90.4 | 70.5 | -19.9 | -22.0 |
| Net Income   | 56.6  | 44.0  | -12.6 | -22.3 |

*(EPS*) 103.98 JPY 80.85 JPY -23.13 JPY

* EPS(2009) : After adjustment for latent stock
FY2009 Consolidated Financial Overview

Sales (Excl. Tamiflu) Jan - Dec

(Billion JPY)

- Overseas: 342.9
  - 33.6
    - 13.2% (Jan - Dec 2009)
    - 10.9
    - 8.5% (Jan - Dec 2010)
  - 40.9
    - 17.7%
  - 26.2
    - 19.7%
- Others: 309.3
  - 57.6
    - 18.6%
  - 123.7
    - 40.0%
- Renal diseases: 59.3
  - 17.7%
- Bone and Joint: 64.2
  - 19.2%
- Oncology: 140.2
  - 41.9%

Domestic Sales: 309.3

- % of Domestic Sales
  - 40.0%

Sales (Excl. Tamiflu) 375.3
- 32.4
- 9.4%

2010 Forecast

- Herceptin (24.7) +13.0
- AVASTIN (47.9) +10.8
- Actemra (Overseas) (17.9) +6.7
- Neutrogin (Overseas) (17.9) +4.3
- Epogen (42.2) +3.7
- Xeloda (10.9) +2.3
- Pegasys (14.8) +2.2
- Rituxan (23.4) +1.9
- Copegus (7.1) +1.9
- Femara (3.6) +1.2

Left: Disease field
Right: Variance Year on Year
() : FY2010 Forecast

2009 vs 2010:
- Herceptin
- AVASTIN
- Neutrogin
- Epogen
- Xeloda
- Pegasys
- Rituxan
- Copegus
- Femara

Jan - Dec 2009
Jan - Dec 2010

% of Domestic Sales

% of Domestic Sales
## Operating Income Jan - Dec

### (Billion JPY)

- **Revenue from Sales**
  - Actual Jan-Dec 2009: 226.3
  - Forecast Jan-Dec 2010: 229.5
  - Increase: +3.2

- **Cost of Sales**
  - Actual Jan-Dec 2009: 192.9
  - Forecast Jan-Dec 2010: 184.5
  - Decrease: -8.4

- **Gross Profit**
  - Actual Jan-Dec 2009: 236.1
  - Forecast Jan-Dec 2010: 234.0
  - Decrease: -2.1

  - **Sales**
    - Actual Jan-Dec 2009: 226.3
    - Forecast Jan-Dec 2010: 229.5
    - Increase: +3.2

  - **Other Operating Revenues**
    - Actual Jan-Dec 2009: 9.8
    - Forecast Jan-Dec 2010: 4.5
    - Decrease: -5.3

- **SG&A (excl. R&D) expenses**
  - Actual Jan-Dec 2009: 98.2
  - Forecast Jan-Dec 2010: 105.0
  - Increase: +6.8

- **R&D expenses**
  - Actual Jan-Dec 2009: 55.3
  - Forecast Jan-Dec 2010: 59.0
  - Increase: +3.7

- **Operating Income**
  - Actual Jan-Dec 2009: 82.6
  - Forecast Jan-Dec 2010: 70.0
  - Decrease: -12.6

### Key Points
- **Increase in Gross Profit from Sales** +3.2
  - Decrease due to special factors (Tamiflu, Drug prices revisions)
  - Volume Growth

- **Increase in SG&A, R&D expenses** -10.5
  - Sales promotion for new products etc.
  - Co-promotion of Actemra
  - Increase in expenses for early stage projects
Dividend Policy

- **Policy**
  Aiming to ensure stable profit for all shareholders and a consolidated dividend payout ratio of around 40% on average, taking account of strategic funding needs and earnings prospects.

- **Dividends for FY2009 (Forecast)** 40JPY : 17+17+6 (Special dividends)
- **Dividends for FY2010 (Forecast)** 34JPY : 17+17

Dividends payout ratio
- x: 5 years average
- △: 5 years average (excl. special dividends)
- ○: 3 years average (excl. special dividends)
Overview of Development Pipeline

CHUGAI PHARMACEUTICAL CO., LTD.  
Senior Vice President  
Head of Portfolio Management Unit  
Yutaka Tanaka  

February 3/4, 2010
## Projects under Development (as of February, 2010)

<table>
<thead>
<tr>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
<th>Filed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Oncology</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CIF/RG7167</td>
<td>MRA/Actemra</td>
<td>RG340/Xeloda - GC</td>
<td>EPOCH/Epogin - CIA★</td>
</tr>
<tr>
<td>- solid tumors</td>
<td>- PC</td>
<td>RG435/Avastin - aCC</td>
<td>RG435/Avastin - BC</td>
</tr>
<tr>
<td>CKI27/RG7304</td>
<td>TP300 - GC</td>
<td>- GC</td>
<td>RG1415/Tarceva - PC</td>
</tr>
<tr>
<td>- solid tumors</td>
<td>RG435/Avastin</td>
<td>- aCC</td>
<td></td>
</tr>
<tr>
<td>GC33 - liver cancer</td>
<td>- glioblastoma (relapsed)</td>
<td>- GC</td>
<td></td>
</tr>
<tr>
<td>RG7159/GA101 - NHL</td>
<td></td>
<td>- aBC</td>
<td></td>
</tr>
<tr>
<td>RG3502(T-DM1) - BC</td>
<td></td>
<td>- glioblastoma</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>RG597/Herceptin - GC</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>RG1273/pertuzumab - BC</td>
<td></td>
</tr>
<tr>
<td><strong>Bone &amp; Joint</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MRA/Actemra</td>
<td>MRA/Actemra (overseas)</td>
<td>ED-71 - osteoporosis</td>
<td></td>
</tr>
<tr>
<td>- RA(sc)</td>
<td>- sJIA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RG484/Bonviva(oral)</td>
<td>RG1594/ocrelizumab - RA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- osteoporosis</td>
<td>RG484/Bonviva(inj)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- osteoporosis</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Renal</strong></td>
<td></td>
<td></td>
<td>RG744/Mircera - renal anemia</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NA808 - HCV</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NTZ - HCV</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RG1450</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Alzheimer's disease</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSG452/RG7201</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- diabetes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RG1583/taspoglutide</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- diabetes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RG1678/(GLYT1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- schizophrenia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RG442/Pegasys</td>
<td></td>
<td></td>
<td>EPOCH/Epogin - autologous blood transfusion</td>
</tr>
<tr>
<td>- HBV</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RG442+RG964/Pegasys + Copegus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- cirrhosis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RG442/Pegasys</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- HCV</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NTZ - HCV</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Letters in orange in-house projects
★: Projects with advances in stages since Oct 27, 2009
Development Status - Oncology (1)

Epogin: chemotherapy-induced anemia
 Filed in Nov. 09

CIF (RG7167, MEK inhibitor): solid tumors
 Started P1 in Japan in Nov. 09

CKI27 (RG7304): solid tumors
 Started P1 in Japan in Jan. 10
Avastin: non-small cell lung cancer
Approved in Nov.09
• In combination with standard chemotherapy

RG1507 (IGF-1R mAb): solid tumor
Development suspended
• Results from overseas Phase II clinical trials conducted by Roche (target indication: non-small cell lung cancer, sarcoma) did not meet the efficacy criteria to proceed. No safety or tolerability signals were observed.
ACTEMRA (US): Rheumatoid Arthritis
Approved on Jan. 8, 2010
- Approved on the PDUFA DATE
- For the treatment of adult patients with moderately to severely active rheumatoid arthritis (RA) who have had an inadequate response to one or more tumor necrosis factor (TNF) antagonist therapies
- Used alone or in combination with methotrexate or other DMARDs
- 4 mg/kg is the recommended starting dose, and it may be increased to 8 mg/kg based on clinical response
- Launched in the week of January 18

Tamiflu:
Prophylaxis of Influenza in Infants and Children
Approved in Dec.09
- Enables the prophylaxis administration of Tamiflu to infants and children under the age of 13
Projected Submissions

Filings for 4 products (2 projects) are planned in 2010

- **MIRCERA**
  - Renal Anemia
  - **EPOGIN**
    - CIA
  - **ED-71**
    - Osteoporosis
  - **AVASTIN**
    - BC
  - **TARCEVA**
    - PC

- **PEG/COPE**
  - XELODA
    - GC
  - HERCEPTIN
    - GC

- **AVASTIN**
  - GC
  - PEGASYS
    - HBV
  - **pertuzumab**
    - BC
  - **BONVIVA**
    - *Overseas name*

- **AVASTIN**
  - Glioblastoma
  - **ocrelizumab**
    - RA
  - **AVASTIN**
    - Adj.BC

2009 (Filed)

2010

2011

2012

2013-2015

*Overseas name*
Contacts: Corporate Communications Dept.

Corporate Communications Group
Tel: +81 (0)3-3273-0881  Fax: +81 (0)3-3281-6607
e-mail: pr@chugai-pharm.co.jp
Masayuki Yamada, Shinichi Hirose, Hiroshi Araki,
Kae Maeda

Investor Relations Group
Tel: +81 (0)3-3273-0554  Fax: +81 (0)3-3281-6607
e-mail: ir@chugai-pharm.co.jp
Mac Uchida, Tomoko Shimizu, Yusuke Tokita,
Chisato Kitamura