

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

(billions of yen)	2005	2008	2009	YoY
Revenues	327.2	326.9	428.9	31.2%
Sales ex. Tamiflu	292.0	313.4	342.9	9.4%
Operating income	79.2	51.6	82.6	60.1%
% revenues	24.2%	15.8%	19.3%	
Net income	53.6	39.3	56.6	44.0%
% revenues	16.4%	12.0%	13.2%	
		1		



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

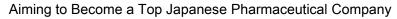
- Establishment of Primary Unit; Two-Unit structure with Oncology Unit
- Increased number of Oncology MRs (from 500 to 550)
- \Rightarrow Enhanced operational power in implementing product promotion in each area

Safety Management

Strengthened safety management structure

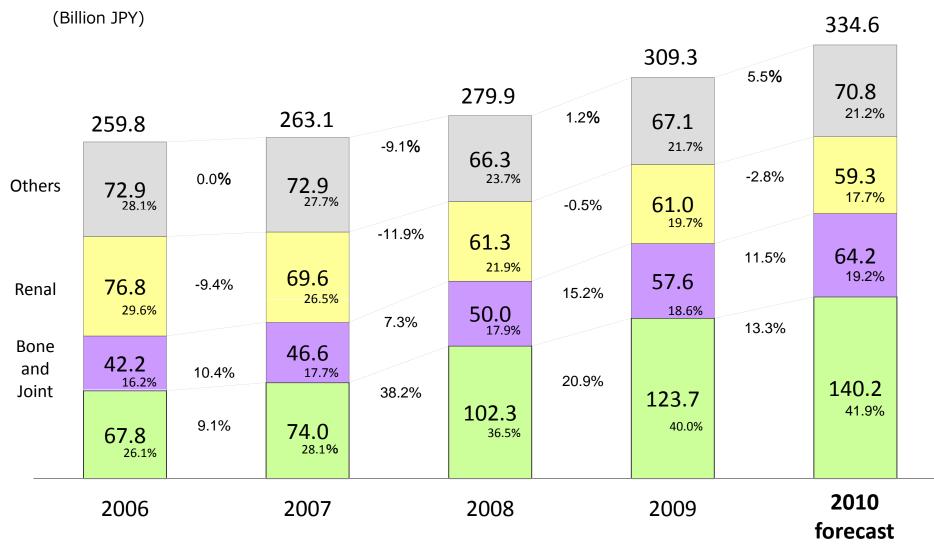
- Restructured Corporate Regulatory Compliance & Quality Assurance Division and established Regulatory & Quality Management Unit and Drug Safety Division
- ⇒ Enhanced medical evaluation of safety information to support safety when nurturing products

Improvement of operational power of each function





Domestic Sales excluding Tamiflu





FY2010 Targets

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

Late 2010s

top pharmaceutical company in Japan

2010

2012

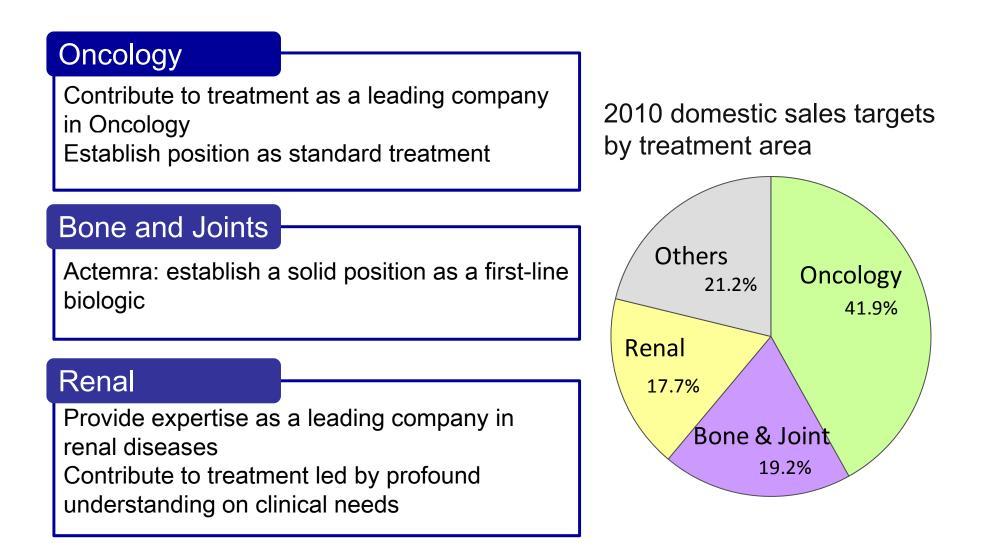
Revenues: ¥418.5 billion OP: ¥70.0 billion

Sunrise 2012 Revenues: ¥460.0 billion

OP: ¥80.0 billion



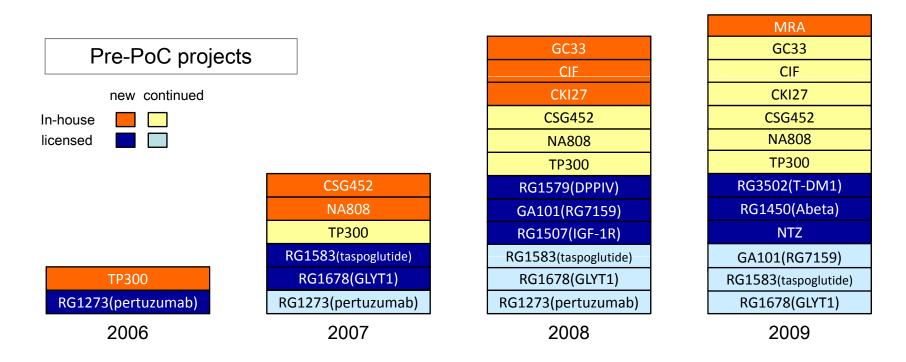
Challenges in Sales and Marketing





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





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.
 - **D** 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	sJIA	SC formulation
P1/2, Japan	P3, Overseas	P1/2, Japan



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"

Financial overview Jan - Dec

	2008		2009				
(Billion JPY)	Jan-Dec	As % of Revenues	Jan-Dec	As % of Revenues	Variance	%	Sales excl. 1
Revenues	326.9		428.9		+102.0	+31.2	Sales of Tan
Sales	321.8		419.1		+97.3	+30.2	Other Opera
excl. Tamiflu	313.4		342.9		+29.5	+9.4	Revenues
Tamiflu	8.4		76.2		+67.8	(x 9.1)	
Other Operating Revenues	5.1		9.8		+4.7	+92.2	Co-promo
Operating Income	51.6	15.8	82.6	19.3	+31.0	+60.1	
Non-operating Income	9.9		9.4		-0.5	-5.1	Operating I
Non-operating Expenses	4.2		1.6		-2.6	-61.9	Non-operation
Recurring Profit	57.3	17.5	90.4	21.1	+33.1	+57.8	Extraordina
Extraordinary Gain	7.3		0.3		-7.0	-95.9	
Extraordinary Loss	1.4		1.3		-0.1	-7.1	Gain on se
Net Income	39.3	12.0	56.6	13.2	+17.3	+44.0	co-develo

Average rate (JPY)							
	2008 Jan-Dec	2009 Jan-Dec					
CHF	95.54	86.20					
EUR	151.38	130.10					

(Billion JPY)

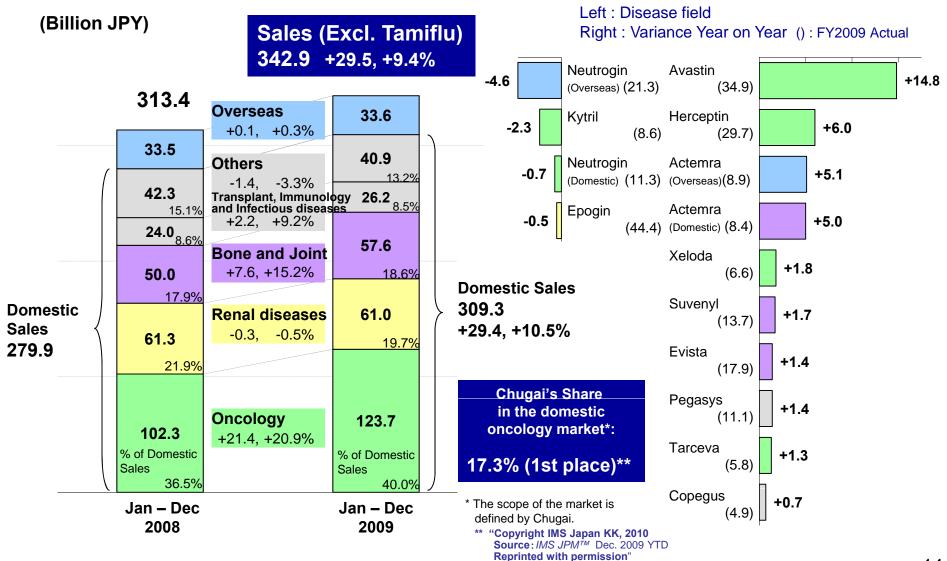
Sales excl. Tamiflu	+29.5
Sales of Tamiflu*	+67.8
Other Operating	
Revenues	+4.7
Milestone Income	
Co-promotion income	
Operating Income	+31.0
Non-operating Inc. / Ex	p. +2.1
Extraordinary Gain / Lo	SS
-	-6.8
Gain on settlement of	
co-development costs	for
Actemra (April 2008)	
,	

* Tamiflu	2008	2009	Variance
Taminu	Jan-Dec	Jan-Dec	variance
Ordinary	7.1	36.2	+29.1
Govt. Stockpile etc.	1.3	40.0	+38.7
010.			1





Sales (Excl. Tamiflu) Jan - Dec





Tamiflu sales performance

							Fiscal Term	Sales]	
(E	Billion JPY)	FY2	005.12	FY20	06.12	FY20	07.12	FY20	08.12	FY20	09.12	FY20	10.12	Seasonal	Number of Patients*
	1	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Sales	(millions)
	2004/2005	23.2												24.6	1.47
	2005/2006		11.9	9.9										21.8	0.92
	2006/2007				3.7	5.0								8.7	1.01
Ordinary	2007/2008						5.2	1.4						6.6	0.66
	2008/2009								5.7	11.0				16.7	1.27
	2009/2010										25.2	5.5		30.7	
	2010/2011												15.0		
	Ordinary	35.1	(+26.5)	13.6	(-21.5)	10.2	(-3.4)	7.1	(-3.1)	36.2	(+29.1)	20.5	(-15.7)		
	2005/2006		0.2	6.5										6.7	
	2006/2007				17.9	18.9								36.8	
Govt.	2007/2008						9.6	0.2						9.8	
Stockpile etc.	2008/2009								1.1	14.4				15.5	
	2009/2010										25.6	11.3		36.8	
	2010/2011												7.0		
<u> </u>	Govt. Stockpile etc.	0.2	(+0.2)	24.4	(+24.2)	28.5	(+4.1)	1.3	(-27.2)	40.0	(+38.7)	18.2	(-21.8)		
		23.2	12.0	16.3	21.6	23.8	14.8	1.6	6.8	25.4	50.8	16.8	22.0		
	Total	35.2	(+26.6)	38.0	(+2.8)	38.7	(+0.7)	8.4	(-30.3)	76.2	(+67.8)	38.7	(-37.5)		

*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

(Billion JPY) Increase Other in SG & A Operating (excl. R&D) Increase in Revenues exp. R&D exp. Gross Profit -3.1 +4.7 from Sales -2.1 +31.5 82.6 51.6 +31.0 (60.1%) Jan –Dec Jan – Dec 2008 2009

(Billion JPY)	2008	2009	Variance				
	Jan-Dec	Jan-Dec	Variance	(%)			
Revenues	326.9	428.9	+102.0 +31				
Cost of Sales	127.0	192.9	+65.9	+51.9			
Gross Profit	199.9	236.1	+36.2	+18.1			
Sales	194.8	226.3	+31.5	+16.2			
Other Operating Revenues	5.1	9.8	+4.7	+92.2			
SG&A (excl. R&D) exp.	95.1	98.2	+3.1	+3.3			
R&D exp.	53.2	55.3	+2.1	+3.9			
Operating Income	51.6	82.6	+31.0	+60.1			
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



Financial Overview Oct - Dec

(Billion JPY)

A member of the Roche group

		2008		2009		Marianaa		
	(Billion JPY)	Oct-Dec	As % of Revenues	Oct-Dec	As % of Revenues	Variance %		
R	evenues	97.3		119.2		+21.9 +22		
	Sales	97.0		115.7		+18.7	+19.3	
	excl. Tamiflu	90.3		95.3		+5.0	+5.5	
	Tamiflu	6.7		20.4		+13.7	+204.5	
	Other Operating Revenues	0.3		3.6		+3.3	(x 12.0)	
	Cost of sales	39.4		49.5		+10.1	+25.6	
G	ross Profit	57.8	59.4	69.7	58.5	+11.9	+20.6	
	SG&A (excl. R&D) exp.	29.2		28.3		-0.9	-3.1	
	R&D exp.	16.9		17.5		+0.6	+3.6	
O	perating Income	11.7	12.0	23.8	20.0	+12.1	+103.4	· ·
R	ecurring Profit	14.6	15.0	24.4	20.5	+9.8	+67.1	
Ne	et Income	9.1	9.4	15.7	13.2	+6.6	+72.5	

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 Revei	nues +3.3
Milestone Income	
Co-promotion Income	
Operating Income	+12.1

* Tamiflu	2008 2009		Variance	
Tarrinu	Oct-Dec	Oct-Dec	variance	
Ordinary	5.6	17.7	+12.1	
Govt. Stockpile etc.	1.1	2.7	+1.6	

Financial Overview Jan - Dec

(Billion JPY)

1.9 1.8 1.3
1.3
0.7
0.7
0.7
3. 8
1.2
1.2
.3

Operating Ir	ncome +	15.6
--------------	---------	------

	Revised Forecast Oct. 7		Actual		Variance	
(Billion JPY)	2009		2009			
	Jan-Dec	As%of Revenues	Jan-Dec	As%of Revenues		Achiev. (%)
Revenues	420.0		428.9		+8.9	102.1
Sales	410.0	97.6	419.1	97.7	+9.1	102.2
excl. Tamiflu	345.2	82.2	342.9	79.9	-2.3	99.3
Tamiflu	64.9	15.5	76.2	17.8	+11.3	117.4
Other Operating Revenues	10.0	2.4	9.8	2.3	-0.2	98.0
Cost of sales	-		192.9		-	-
Gross Profit	-		236.1	55.0	-	-
SG&A (excl. R&D) exp.	-		98.2		-	-
R&D exp.	-		55.3		-	-
Operating Income	67.0	16.0	82.6	19.3	+15.6	123.3
Recurring Profit	74.0	17.6	90.4	21.1	+16.4	122.2
Net Income	46.0	11.0	56.6	13.2	+10.6	123.0



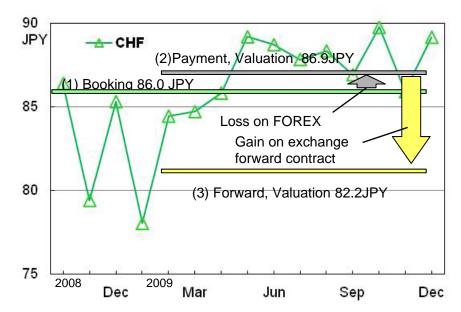


Impact from Foreign Exchange Rate

(Billion JPY)	vs. Exchange rate assumption
	+1.0
Revenues	Neutrogin (Overseas)+0.8Actemra(Overseas)+0.2
Cost of sales SG&A expenses	Cost of Roche products -4.7 SG&A of overseas affiliates -0.3
Operating Income	-4.0
Non-operating Inc. / Exp.	Gain on foreign exchanges and exchange forward contract +6.3
Recurring Profit	+2.3

Amounts are our estimation.

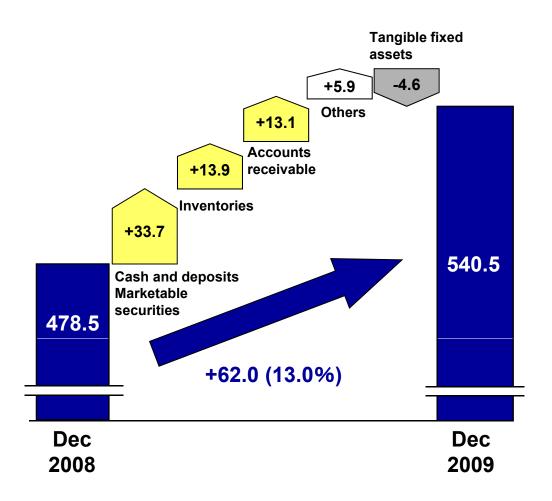
- Exchange rate assumption CHF : 85.00JPY EUR : 125.00JPY
- Cost of Roche products -4.7
 Price review
 Purchase price variance
- > (Reference) FOREX impact on Non-operating Income





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

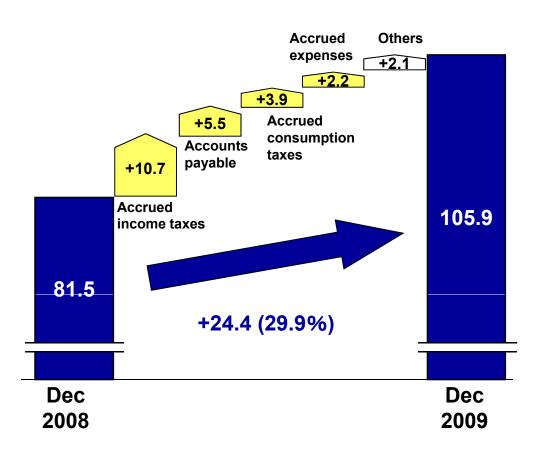
Accounts receivable +13.1 Increase in Sales

Others +5.9 Increase in other receivables from Roche



Balance Sheet Items (Liabilities)

(Billion JPY)



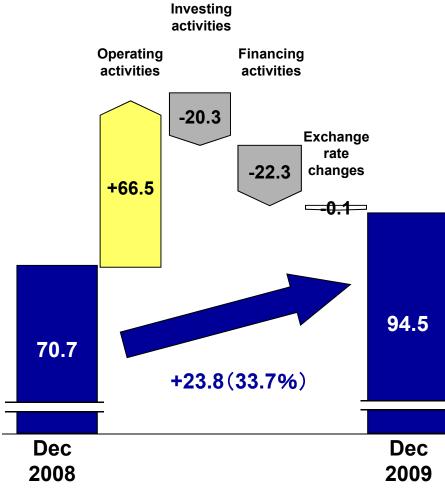
- > Accrued income taxes +10.7
- Accounts payable +5.5
 Increase in purchase of Tamiflu
- Accrued consumption taxes +3.9
 Increase in Sales

Equity Ratio		
Dec. 2008	Dec. 2009	Variance
82.6%	80.0%	-2.6%pts



Cash Flow Statement Jan - Dec

(Billion JPY)



	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
\triangleright	Cash flow from investing activities	-20.3
	Payment into time deposits	-12.2
	Decrease of marketable and investment sec	urities
		+7.6
	Purchases of fixed assets	-16.1
\triangleright	Cash flow from financing activities	-22.3
	Payment of dividends	-19.6





2010 Forecast Jan - Dec

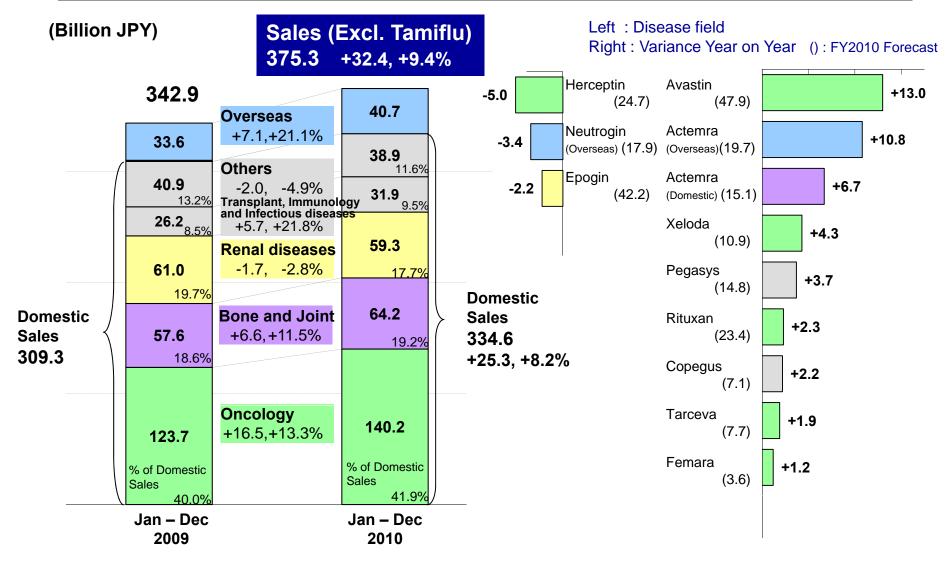
(Billion JPY)		Actual		Forecast		Variance		
		2009 Jan-Dec	As %of	2010 Jan-Dec	As %of	variai		
		Jan-Dec	Revenues	Jan-Dec	Revenues		%	
Reve	enues	428.9		418.5		-10.4	-2.4	
Sa	ales	419.1		414.0		-5.1	-1.2	
e	excl. Tamiflu	342.9		375.3		+32.4	+9.4	
٦	Famiflu	76.2		38.7		-37.5	-49.2	
Oth	ner Operating Revenues	9.8		4.5		-5.3	-54.1	
Co	ost of sales	192.9	45.0	184.5	44.1	-8.4	-4.4	
Gros	ss Profit	236.1	55.0	234.0	55.9	-2.1	-0.9	Exchange rate (JPY) 2009 2010
SC	G&A (excl. R&D) exp.	98.2	22.9	105.0	25.1	+6.8	+6.9	Jan-Dec Jan-Dec
R8	≩D exp.	55.3	12.9	59.0	14.1	+3.7	+6.7	(Assumption) CHF 86.20 88.00
Ope	rating Income	82.6	19.3	70.0	16.7	-12.6	-15.3	EUR 131.10 130.00
Recu	urring Profit	90.4	21.1	70.5	16.8	-19.9	-22.0	Sensitivity to currency (Estimation)
Net I	Income	56.6	13.2	44.0	10.5	-12.6	-22.3	-1JPY / CHF or EUR
	(EPS*) 103.98 JPY		3.98 JPY	80.85 JPY		-23 13 IPV!		CHF :+0.7 billion JPY EUR :-0.1 billion JPY
						to Operating Income		

to Operating Income

* EPS(2009) : After adjustment for latent stock



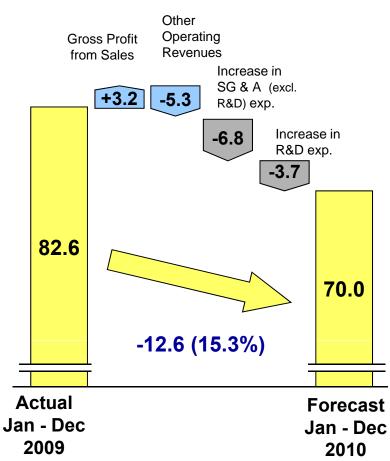
Sales (Excl. Tamiflu) Jan - Dec





Operating Income Jan - Dec

(Billion JPY)



	Actual	Forecast			
(Billion JPY)	2009 Jan-Dec	2010 Jan-Dec	Variance	(%)	
Revenues	428.9	418.5	-10.4	-2.4	
Cost of Sales	192.9	184.5	-8.4	-4.4	
Gross Profit	236.1	234.0	-2.1	-0.9	
Sales	226.3	229.5	+3.2	+1.4	
Other Operating Revenues	9.8	4.5	-5.3	-54.1	
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	

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

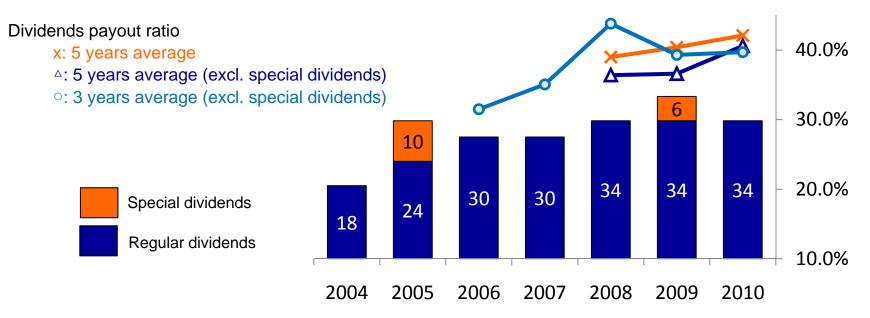


Dividend Policy

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





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)

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



Development Status - Oncology (2)



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.



Development Status - Bone & Joint, Others



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:

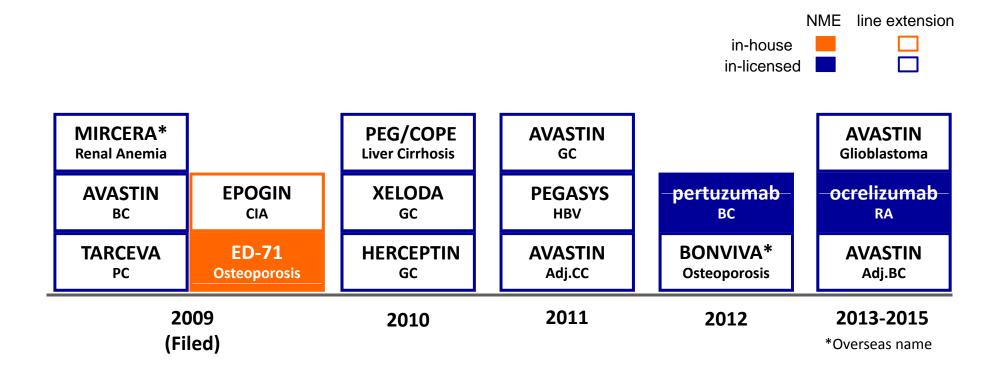
Prophylaxis of Influenza in Infants and Children

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





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