

FY2010 1Q Consolidated Financial Overview

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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)	2009 Jan-Mar	As % of Revenues	2010 Jan-Mar	As % of Revenues	Variance	%
Revenues	94.7		87.1		-7.6	-8.0
Sales	92.9		86.2		-6.7	-7.2
excl. Tamiflu	72.5		75.4		+2.9	+4.0
Tamiflu	20.4		10.8		-9.6	-47.1
Other Operating Revenues	1.8		0.9		-0.9	-50.0
Operating Income	17.5	18.5	11.1	12.7	-6.4	-36.6
Non-operating Income	5.4		1.3		-4.1	-75.9
Non-operating Expenses	0.2		0.3		+0.1	+50.0
Recurring Profit	22.8	24.1	12.1	13.9	-10.7	-46.9
Extraordinary Gain	0.3		0.1		-0.2	-66.7
Extraordinary Loss	0.0		0.0		+0.0	-
Net Income	13.8	14.6	7.9	9.1	-5.9	-42.8

	(Billion JPY)
➤ Sales excl. Tamiflu	+2.9
➤ Sales of Tamiflu*	-9.6
➤ Other operating Revenues	-0.9
Milestone Income for Actemra (2009)	
➤ Operating Income	-6.4
➤ Non-operating Inc./Exp.	-4.2
Decrease in gain on exchange forward contract	

Average rate (JPY)

	2009 Jan-Mar	2010 Jan-Mar
CHF	81.55	85.80
EUR	122.06	125.58

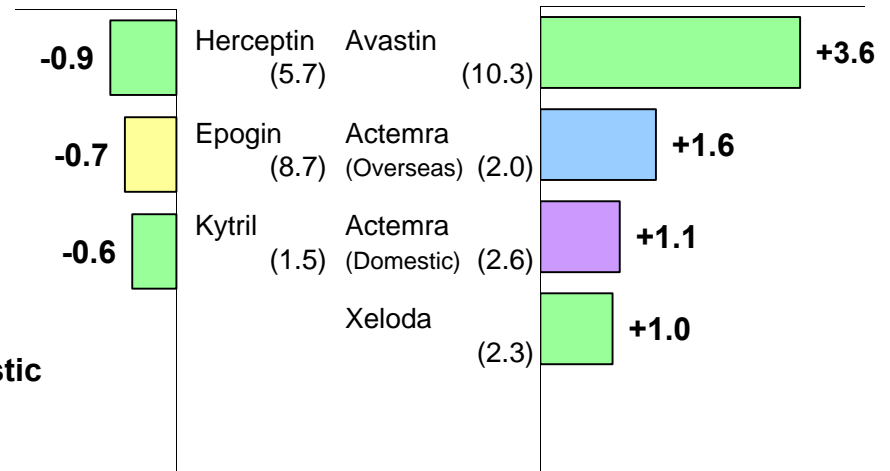
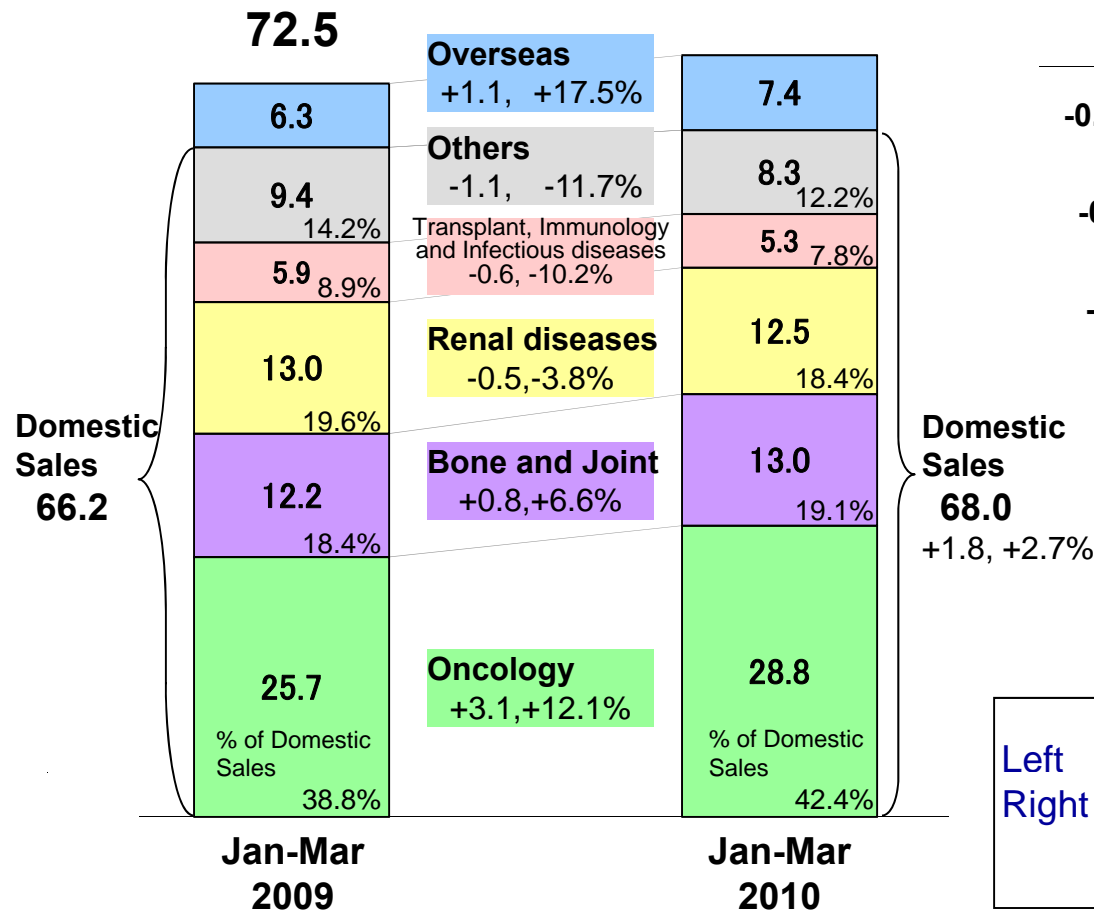
* Tamiflu

	2009 Jan-Mar	2010 Jan-Mar	Variance
Ordinary	6.0	1.4	-4.6
Govt. Stockpile etc.	14.4	9.5	-4.9

Sales (excl. Tamiflu) Jan-Mar

(Billion JPY)

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



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

Tamiflu sales performance

(Billion JPY)		Fiscal Term Sales												Seasonal Sales	Cases per sentinel* (millions)
		FY2005.12		FY2006.12		FY2007.12		FY2008.12		FY2009.12		FY2010.12			
		Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Mar	Apr-Dec		
Ordinary	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
	2007/2008						5.2	1.4						6.6	0.66
	2008/2009								5.7	11.0				16.7	1.27
	2009/2010										25.2	1.4		26.6	2.02
	2010/2011												19.1		
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)		

Govt. Stockpile etc.	2005/2006		0.2	6.5										6.7	
	2006/2007				17.9	18.9								36.8	
	2007/2008						9.6	0.2						9.8	
	2008/2009								1.1	14.4				15.5	
	2009/2010										25.6	9.5		35.1	
	2010/2011												8.7		
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)		

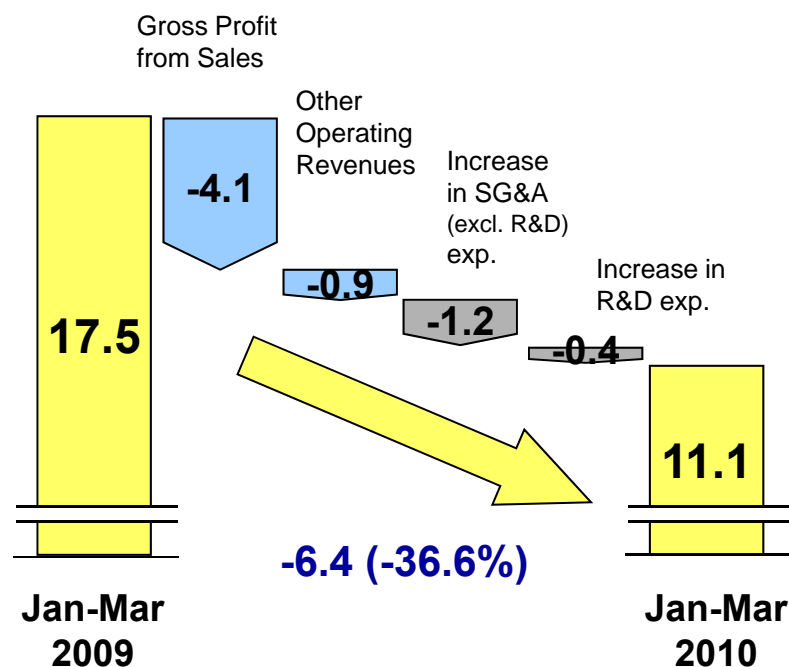
Total		23.2	12.0	16.3	21.6	23.8	14.8	1.6	6.8	25.4	50.8	10.8	27.9		
		35.2	(+26.6)	38.0	(+2.8)	38.7	(+0.7)	8.4	(-30.3)	76.2	(+67.8)	38.7	(-37.5)		

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

 Company forecast

Operating Income Jan-Mar

(Billion JPY)



(Billion JPY)	2009 Jan-Mar	2010 Jan-Mar	Variance	(%)
Revenues	94.7	87.1	-7.6	-8.0
Cost of Sales	43.7	41.1	-2.6	-5.9
Gross Profit	51.0	46.0	-5.0	-9.8
Sales	49.2	45.1	-4.1	-8.3
Other Operating Revenues	1.8	0.9	-0.9	-50.0
SG&A (excl. R&D) exp.	21.6	22.8	+1.2	+5.6
R&D exp.	11.8	12.2	+0.4	+3.4
Operating Income	17.5	11.1	-6.4	-36.6

- 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

(Billion JPY)	Actual	Forecast (Feb. 3)		2008 Jan-Mar Half-year prog. (%)	2009 Jan-Mar Half-year prog. (%)
	2010 Jan-Mar	2010 Jan-Jun	Progress (%)		
Revenues	87.1	189.1	46.1	45.4	49.4
Sales	86.2	187.4	46.0	45.5	50.0
excl. Tamiflu	75.4	170.6	44.2	44.9	45.1
Tamiflu	10.8	16.8	64.3	100.0	80.3
Other Operating Revenues	0.9	1.7	52.9	20.0	31.6
Operating Income	11.1	26.5	41.9	43.7	47.0
as % of Revenues	12.7	14.0	—	—	—
Recurring Profit	12.1	27.0	44.8	42.0	52.4
Net Income	7.9	16.7	47.3	35.4	52.5

Overview of Development Pipeline

CHUGAI PHARMACEUTICAL CO., LTD.
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April 23, 2010

Development Status - Oncology

In-
licensed

**RG3616 (hedgehog pathway inhibitor):
colorectal cancer , ovarian cancer**

In-license agreement in Feb. 10

- P1 planed to start in the second half

In-
licensed

**Herceptin and Xeloda (combination therapy):
gastric cancer**

Filed in Mar. 10

- Based on positive results from ToGA study

In-
licensed

Tarceva : non-small cell lung cancer (1st line)

P2 started in Apr. 10

Development Status - Bone & Joint

In-house

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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