

February 1, 2018

Name of listed company: Chugai Pharmaceutical Co., Ltd.
Code number: 4519 (1st Section of Tokyo Stock Exchange)
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Notice of Distribution of Retained Earnings

Chugai Pharmaceutical Co., Ltd. (the Company) announced that the Company resolved at the meeting of its Board of Directors held today to distribute retained earnings with the record date being December 31, 2017, as described below.

1. Contents of Dividends

| | Amount decided | Latest forecast for dividend (February 1, 2017) | Actual in the previous fiscal year (ended Dec. 31, 2016) |
|---------------------|--------------------|--|--|
| Record date | December 31, 2017 | December 31, 2017 | December 31, 2016 |
| Dividends per share | JPY33.00 | JPY29.00 | JPY26.00 |
| Total dividends | JPY18,044 million | - | JPY14,203 million |
| Effective date | March 23, 2018 | - | March 24, 2017 |
| Dividend resource | Accumulated profit | - | Accumulated profit |

2. Reasons for the Revision

Regarding income distribution, taking into account the strategic funding needs and earnings prospects, Chugai aims for a consolidated dividend payout ratio of 50% on average in comparison with Core EPS to provide a stable allocation of profit to all shareholders. In addition, internal reserves will be used to increase corporate value through investments to attain further growth in existing strategic domains and to identify future business opportunities.

In the fiscal year ended December 31, 2017, Chugai achieved the highest results in the past or increased by 35.3% year-on-year, which resulted in Core EPS exceeding the officially announced forecast by 11.7%.

Reflecting the favorable results and based on our principles of “aiming a consolidated dividend payout ratio of 50% on average in comparison with Core EPS,” year-end regular dividends for the fiscal year ended December 31, 2017 are planned to be JPY33 per share, JPY4 higher than the forecast at the beginning of the fiscal year. As a result, total dividends for the fiscal year under review will be JPY62 per share, and the Core dividend payout ratio is 44.7% (an average of 48.4% for the past five years).

(For reference) Contents of annual dividends:

| | Dividend per share | | |
|--------------------------------|-----------------------|--------------------|----------|
| | End of second quarter | End of fiscal year | Total |
| Fiscal year ended Dec. 2017 | JPY29.00 | JPY33.00 | JPY62.00 |
| Fiscal Year ended Dec. 2016 | JPY26.00 | JPY26.00 | JPY52.00 |