

Aiming to Become a Top Pharmaceutical Company - 2013 Results and 2014 Outlook -

CHUGAI PHARMACEUTICAL CO., LTD.
President & COO
Tatsuro Kosaka

January 30/31, 2014



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.

Mid-term Business Plan "ACCEL 15"

<Strategic Policies>

1. Increase of marketing productivity
2. Acceleration of Global Development
3. Continuous Generation of Innovative Projects
4. Further Strengthening of Management Infrastructure

ACCEL 15
(2013-15)

Realization of
"A Top
Pharmaceutical
Company"
(Late 2010s)

Sunrise
2012
(2008-12)

*CAGR: Compound Annual Growth Rate

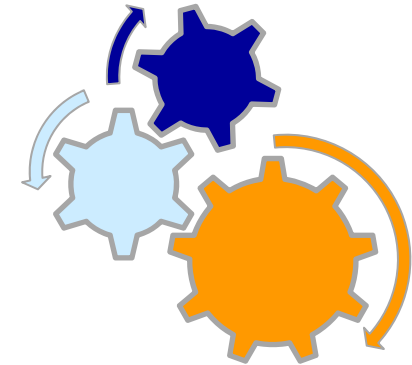
** Constant Exchange Rates (avg. full year 2012)

Quantitative guidance

- ✓ Core EPS CAGR* (2012-15)
 - Mid to high single-digit growth**
- ✓ Core EPS payout ratio
 - Approx. average 50%

Progress of ACCEL 15 (1)

- Launched 3 new products:
PERJETA, BONVIVA, ACTEMRA SC
- Achieved 3 major line extensions:
AVASTIN (two indications), TARCEVA
- Established EDIROL as the No.1 brand in oral anti-osteoporosis drugs
- Sales of ACTEMRA reached 1 billion CHF, a blockbuster
- Filed AF802 in Japan, gained a Breakthrough Therapy designation in the US
- Started development of 7 new projects



Progress of ACCEL 15 (2)

strategy	achievements
Increase of marketing productivity	<ul style="list-style-type: none">● Consulting promotion, e-promotion● Enhanced implementation of medical evidence activities● Utilization of contracted sales forces
Acceleration of Global Development	<ul style="list-style-type: none">● Progress of in-house antibody projects ACE910, CIM331, SA237
Continuous Generation of Innovative Projects	<ul style="list-style-type: none">● Full-fledged operation of Chugai Pharmabody Research● Advance in next-generation antibody technologies
Further Strengthening of Management Infrastructure	<ul style="list-style-type: none">● Strategic capital expenditure● Expansion of overseas business● Accelerated diversity

2013 Results

Both top- and bottom- line growth delivered

Strong growth in revenues more than offset FX impacts on cost of sales/operating expenses

billions JPY	2012 Jan - Dec actual	2013 Jan - Dec actual	Growth		2013 Jan - Dec forecast	achiev. (%)
Revenues	386.6	423.7	+37.1	+9.6%	416.0	101.9%
Sales	375.2	401.3	+26.1	+7.0%	394.3	101.8%
Royalties and other operating income	11.3	22.4	+11.1	+98.2%	21.7	103.2%
Core Operating Profit	75.6	79.9	+4.3	+5.7%	77.5	103.1%
Core EPS (yen)	85.64	94.69	+9.05	+10.6%	92.57	102.3%

2014 Outlook

Top-line growth driven by mainstay products and royalties

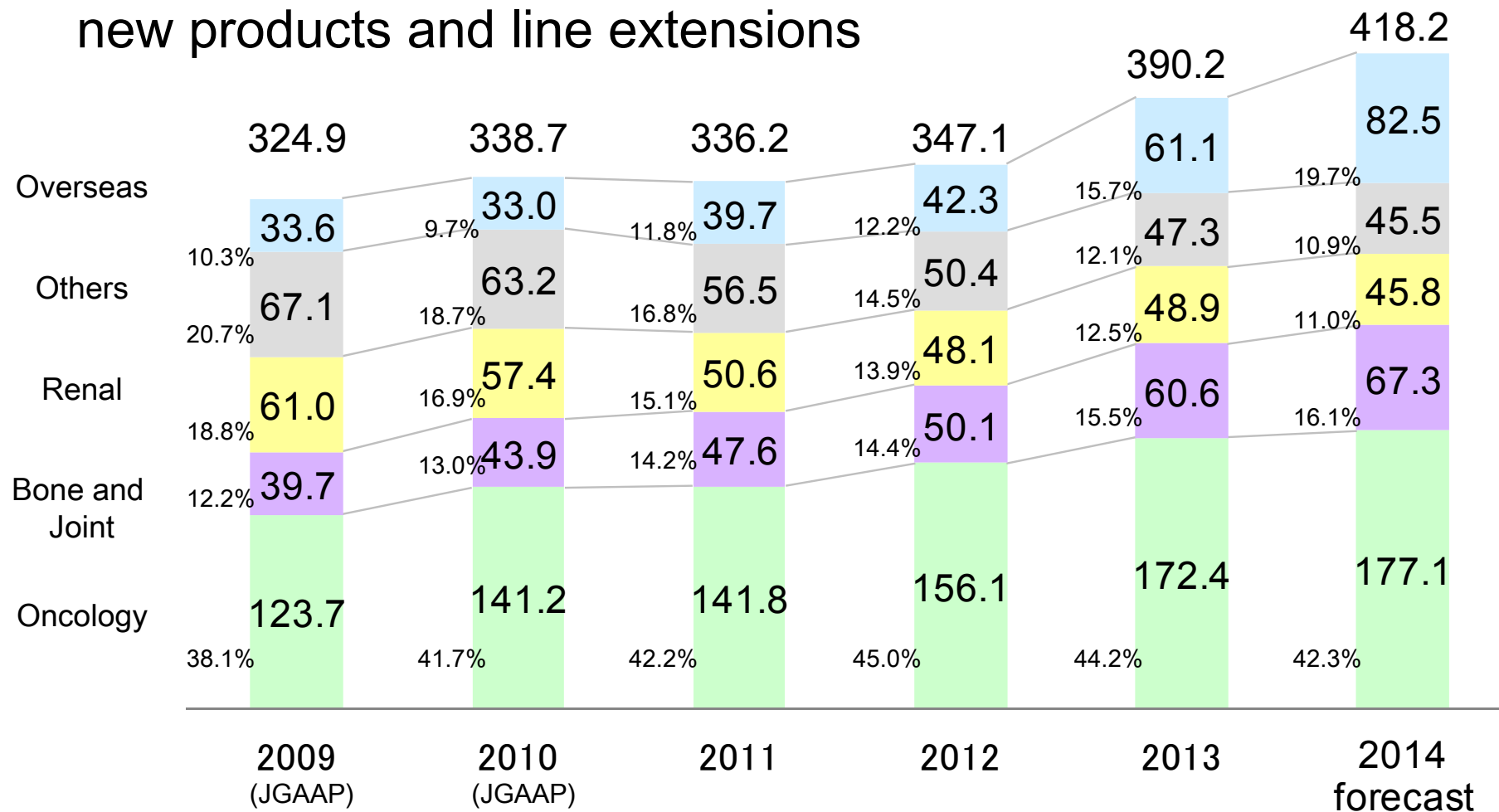
Negative bottom-line growth affected by increased cost of sales/operating expenses, mainly due to FX

billion JPY	2013 Jan - Dec	2014 Jan - Dec forecast	Growth	
Revenues	423.7	451.0	+27.3	+6.4%
Sales	401.3	427.0	+25.7	+6.4%
Royalties and other operating income	22.4	24.0	+1.6	+7.1%
Core Operating Profit	79.9	71.0	▲ 8.9	▲ 11.1%
Core EPS	94.69	82.62	▲ 12.07	▲ 12.7%

Sales Excluding Tamiflu

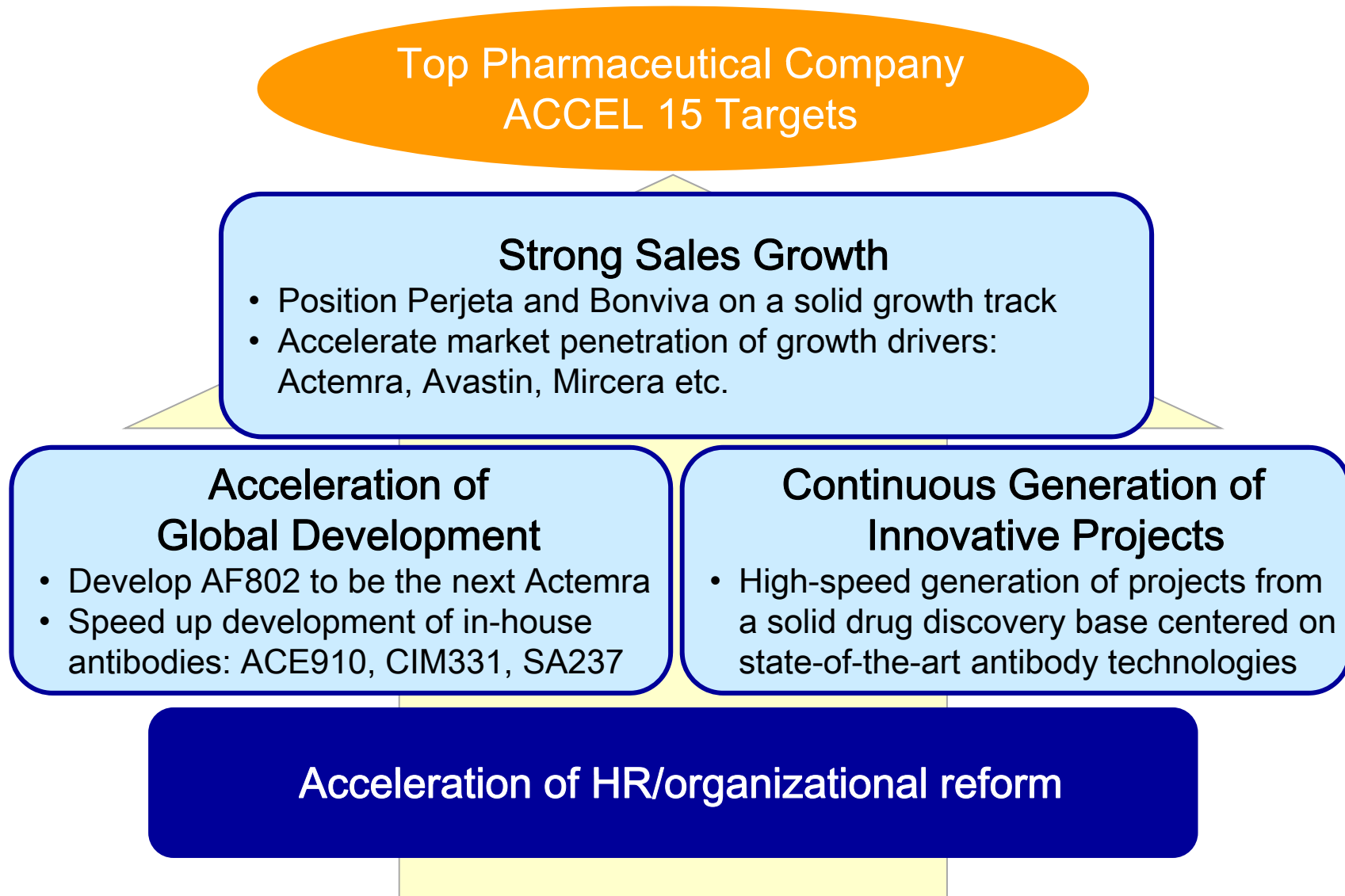
Entering into new growth phase supported by new products and line extensions

Billion JPY



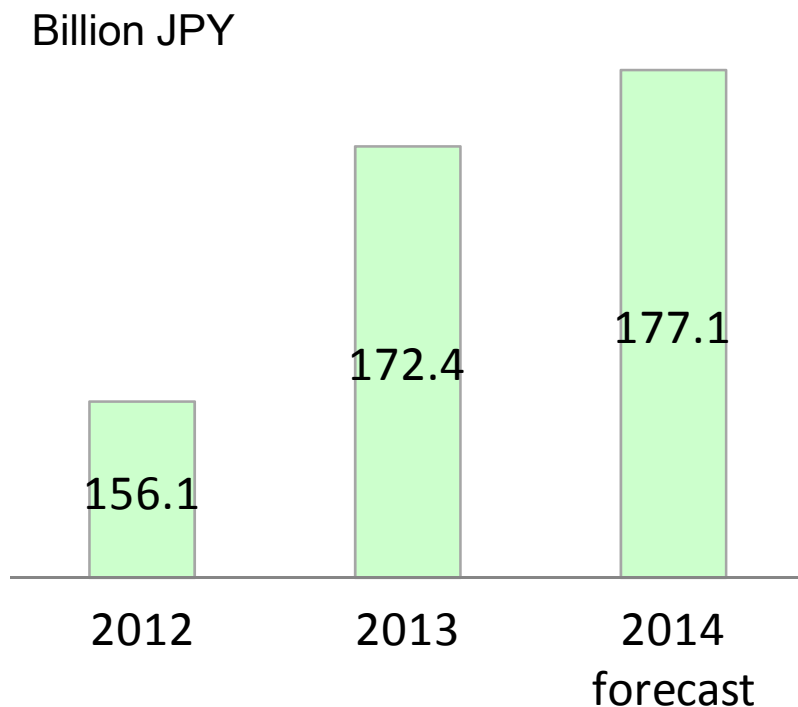
*Sales of Evista are excluded from numbers in 2012 and before

Focus for 2014



2014 Goals: Oncology

Contribute to cancer care as a leading company in Oncology
Advance consulting promotion activity based on a high expertise



HER2 franchise

- Achieve fastest penetration of Perjeta synergized by rich product lineup in breast cancer
- Continue efforts for early launch of Kadcyla and promote PHC with the full franchise

Avastin

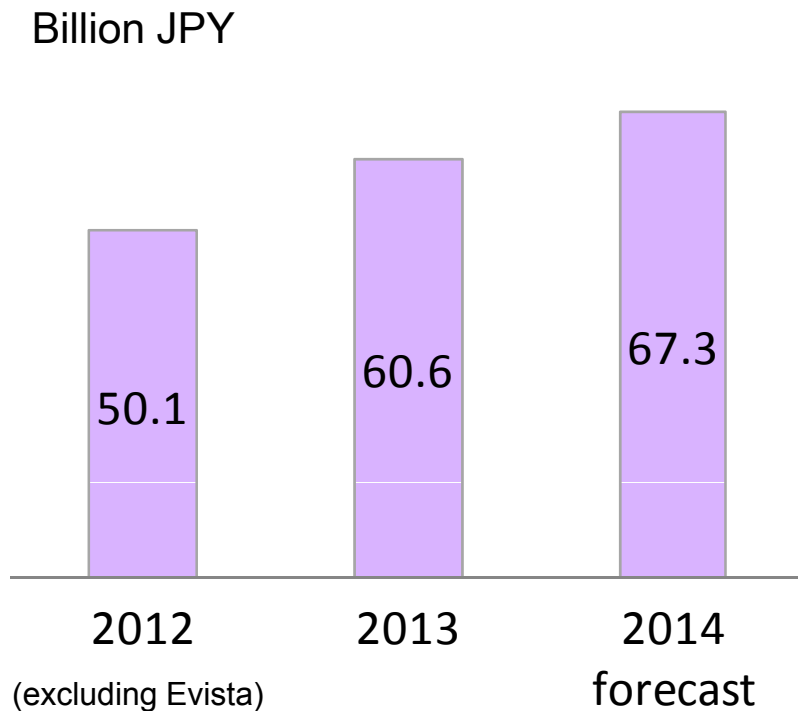
Steady take off of new indications (malignant glioma, ovarian cancer) and further growth in non-small cell lung cancer and breast cancer

R&D

- Pursue fast approval of AF802
- Filing for a line extension of Xeloda (adjuvant gastric cancer)

2014 Goals: Bone and Joint

Aim for a double digit growth with newly launched Bonviva and fast-growing mainstay products – Actemra, Edirol



Actemra

- Promote subcutaneous formulation as a first priority
- Reiterate benefits of targeting IL-6 with a view to the start of longer-term prescription

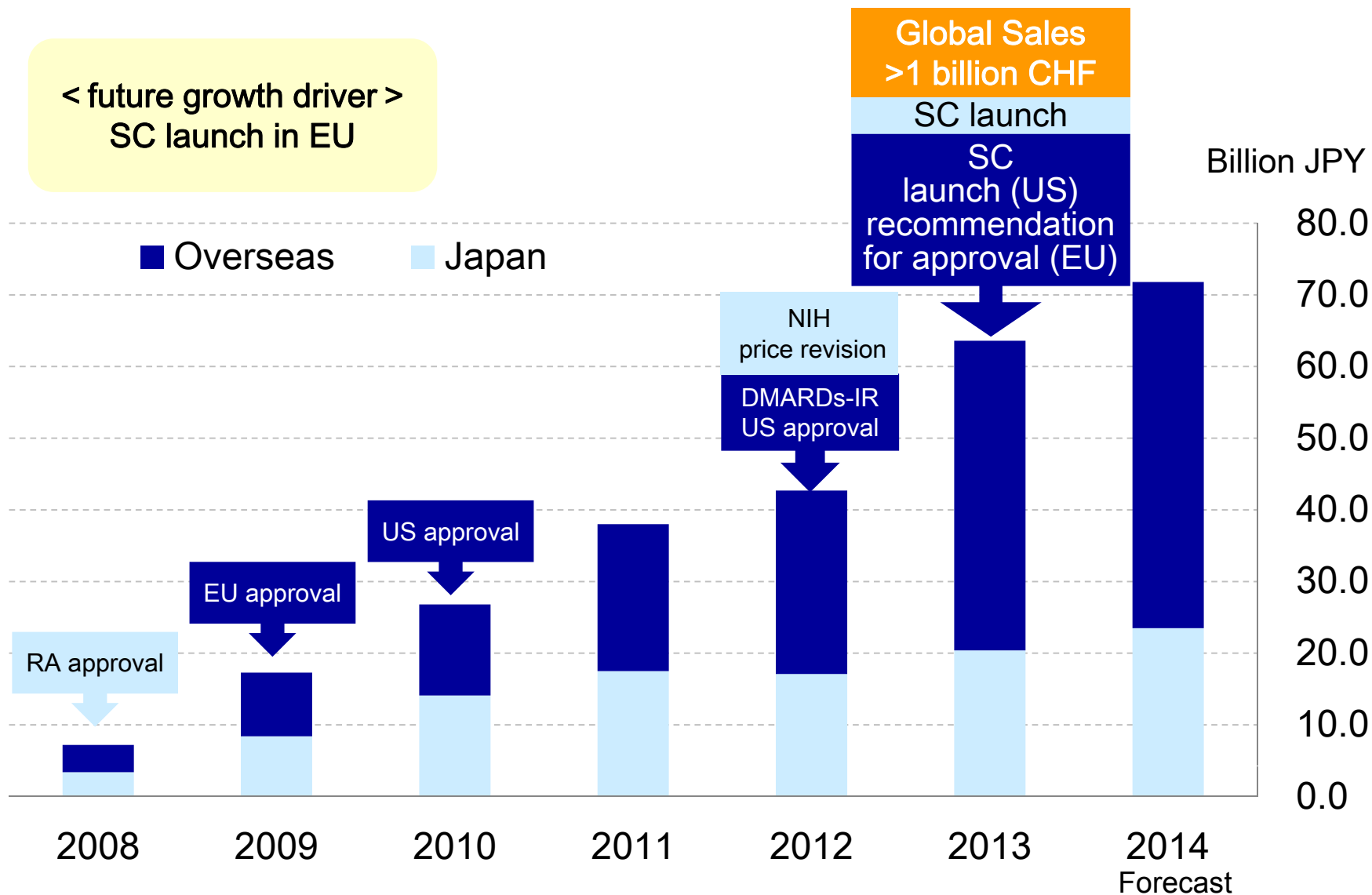
Edirol

Lead market growth as a No.1 brand in oral osteoporosis agents

Bonviva

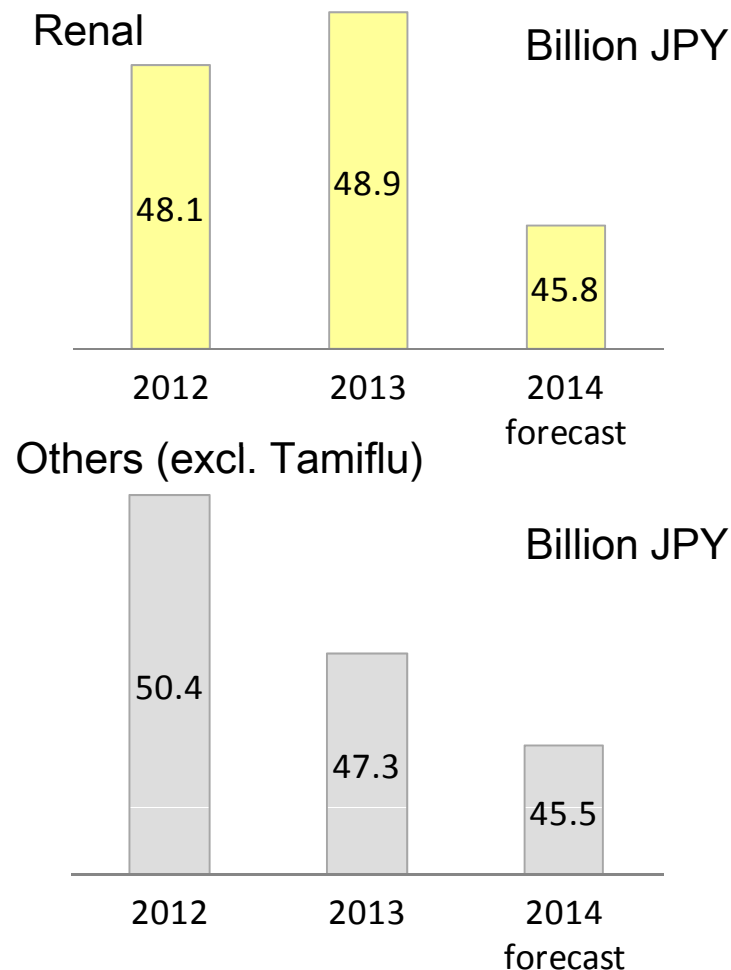
Achieve fast market introduction with unique product profile (once-monthly injection)

ACTEMRA – a Birth of “Blockbuster”



2014 Goals: Renal and Others

Putting top priority on Mircera, maintain market presence of other products
Accelerate development of in-house projects



Mircera

Increasing market share in the pre-dialysis setting with favorable product profile

Pegasys

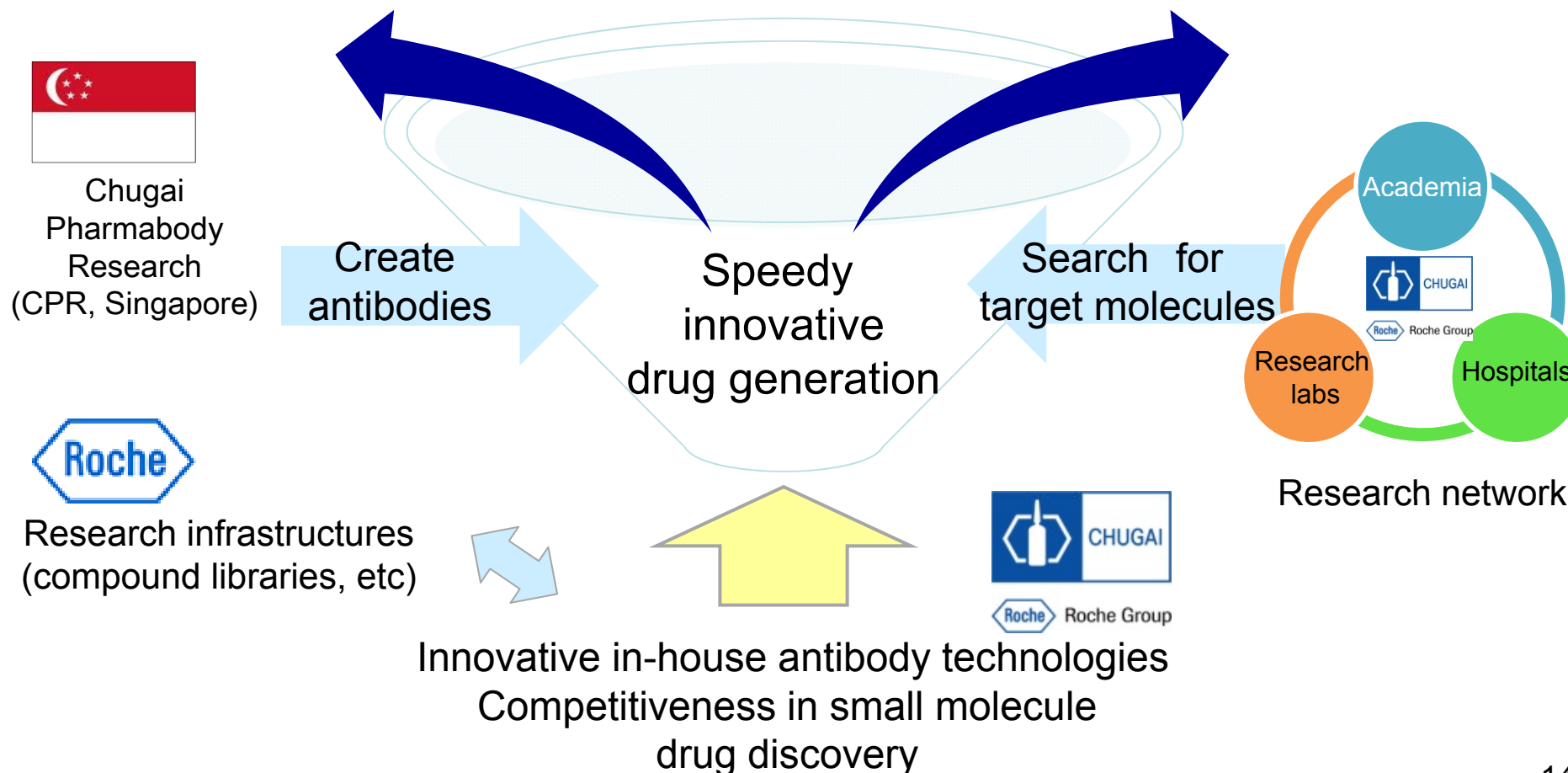
Maintain sales in a shrinking market by providing therapeutic options including combination therapy with antivirals, low dose long-term monotherapy

R&D

Accelerate global development of in-house antibody projects: ACE910, CIM331, SA237

For the Generation of Innovative Drugs

Continuous creation of innovative drugs
utilizing unique technologies for
both antibodies and small molecules



FY2013 Consolidated Financial Overview (IFRS based)

CHUGAI PHARMACEUTICAL CO., LTD.
Executive Vice President CFO
Yoshio Itaya

January 30/31, 2014



Summary

■ Revenues: 423.7 billion JPY (+9.6% YoY)

- Domestic sales excl. TAM (+2.6%) : continued strong growth in oncology and new products outweighed the impact from termination of Evista and the NHI price revision
- Overseas sales (+44.4%) : increased more than 40% due to weak yen and growth in Actemra export
- Royalties and other operating income: almost doubled due to an increase in milestone income

■ Cost of sales / Operating expenses

- Cost of sales: the ratio to sales worsened due primarily to yen depreciation
- Operating expenses: high single-digit increase in expenses due to increase in promotion activities related to launching new products and approval for additional indications and an increase in R&D expenses attributed primarily to full-fledged operation at CPR, etc

■ Profits

- IFRS based profits: operating profit 78.7 billion JPY (+5.5%), net income 51.9 billion JPY (+10.8%)
- Core operating profit: 79.9 billion JPY (+5.7%), Core EPS: 94.69 JPY (+10.6%)



IFRS and Core Results Jan – Dec

(Billion JPY)	IFRS results	Non-core items		Core results	Non-Core items
	2013 Jan - Dec	Intangible assets and Business combinations	Other eliminated items	2013 Jan - Dec	
Revenues	423.7			423.7	1. Intangible/Business combinations Amortization of intangible assets: +1.0bn JPY Impairment of intangible assets: +0.1bn JPY No business combinations
Sales	401.3			401.3	
Royalties and other operating income	22.4			22.4	
Cost of sales	-187.0	+0.9		-186.1	2. Other eliminated items Restructuring: +0.2bn JPY Environmental costs: -0.1 bn JPY Legal costs: immaterial
Gross profit	236.7	+0.9		237.6	
Operating expenses	-157.9	+0.1	+0.1	-157.7	(Billion JPY)
Marketing and distribution	-71.6	+0.0	+0.1	-71.5	Core net income attributable to Chugai shareholders
Research and development	-74.3	+0.1	+0.1	-74.1	51.6
General and administration	-12.1		-0.1	-12.1	
Operating profit	78.7	+1.1	+0.1	79.9	(Millions of shares)
Financing costs	-0.0			-0.0	Weighted average number of shares and equity securities in issue used to calculate diluted earnings per share
Other financial income (expense)	-1.8			-1.8	545
Profit before taxes	76.9	+1.1	+0.1	78.1	
Income taxes	-25.1	-0.4	-0.0	-25.5	
Net income	51.9	+0.7	+0.1	52.6	
Chugai shareholders	50.9	+0.7	+0.1	51.6	(JPY)
Non-controlling interests	1.0			1.0	Core EPS

Year on Year (Core)



Financial Overview Jan – Dec

(Billion JPY)	2012		2013		Growth	
	Jan - Dec		Jan - Dec			
	vs. Rev*		vs. Rev*			
Revenues	386.6		423.7		+37.1	+9.6%
Sales	375.2		401.3		+26.1	+7.0%
excl. Tamiflu	363.2		390.2		+27.0	+7.4%
Domestic	320.9		329.2		+8.3	+2.6%
Export to Roche	25.6		42.9		+17.3	+67.6%
Other overseas	16.7		18.1		+1.4	+8.4%
Tamiflu	12.0		11.0		-1.0	-8.3%
Ordinary	10.2		10.1		-0.1	-1.0%
Stockpiling	1.9		0.9		-1.0	-52.6%
Royalties and other operating income	11.3		22.4		+11.1	+98.2%
Cost of sales	-167.3	43.3%	-186.1	43.9%	-18.8	+11.2%
Gross profit	219.3	56.7%	237.6	56.1%	+18.3	+8.3%
Operating expenses	-143.7	37.2%	-157.7	37.2%	-14.0	+9.7%
Operating profit	75.6	19.6%	79.9	18.9%	+4.3	+5.7%
Financing costs	-0.0		-0.0		+0.0	0.0%
Other financial income (expense)	-1.9		-1.8		+0.1	-5.3%
Taxes	-26.2		-25.5		+0.7	-2.7%
Net income	47.4	12.3%	52.6	12.4%	+5.2	11.0%
EPS (JPY)	85.64		94.69		+9.05	10.6%

(Billion JPY)

Royalties and other operating income

+11.1

Milestone income increased

Other financial income (exp.) +0.1

Exchange gains/losses -1.9

Gains/Losses on derivatives +2.1

Cost of sales ratio vs. Sales

2012 Jan– Dec	2013 Jan–Dec
44.6%	46.4%

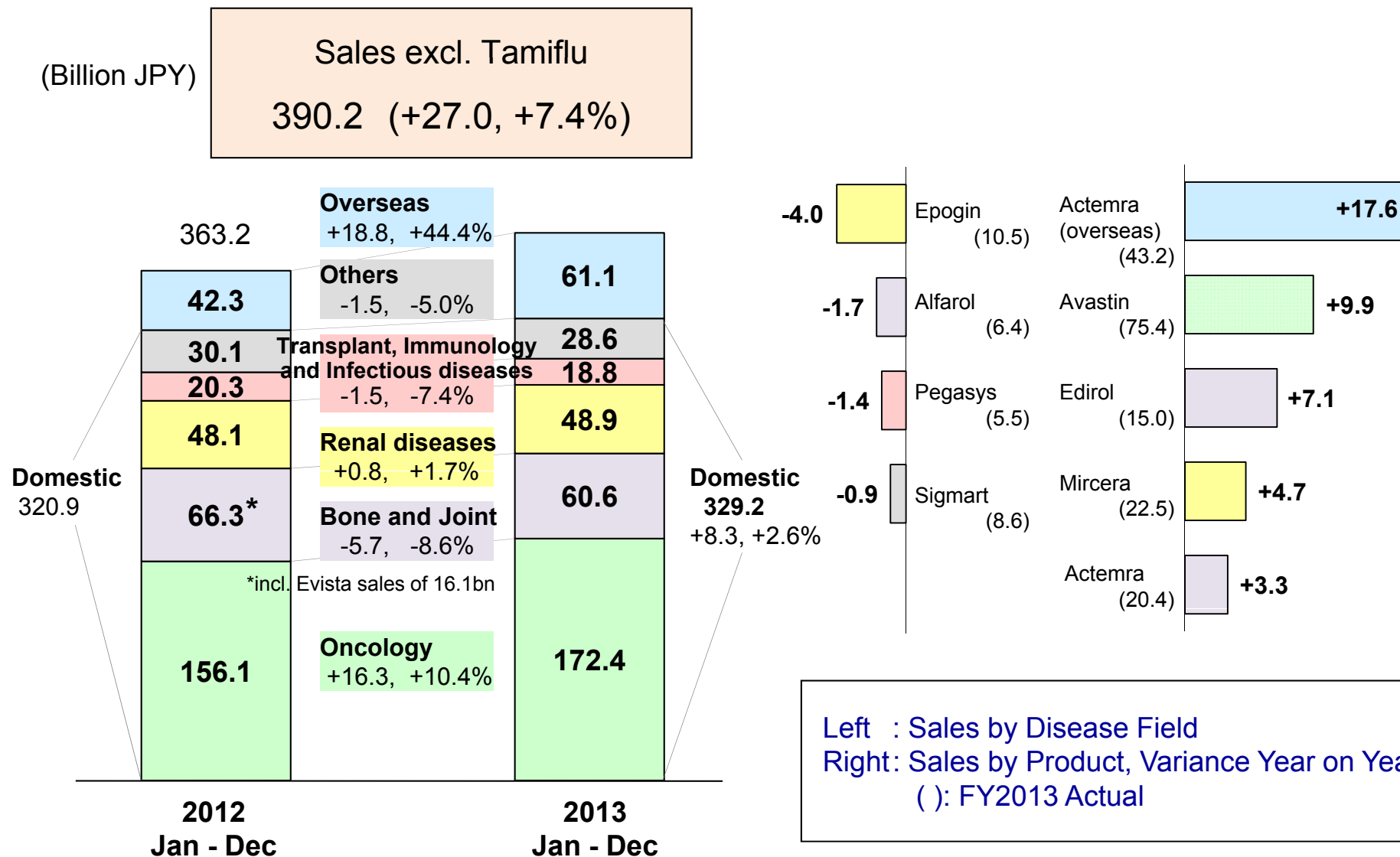
Average exchange rate (JPY)

	2012 Jan–Dec	2013 Jan–Dec
CHF	85.12	105.24
EUR	102.59	129.51

*Revenues

Year on Year

Sales (excl. Tamiflu) Jan – Dec





Tamiflu Sales Performance

(Billion JPY)		Fiscal Term Sales										Forecast		Seasonal Sales	Cases per sentinel* (millions)
		FY2009.12		FY2010.12		FY2011.12		FY2012.12		FY2013.12		FY2014.12			
		Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec		
Ordinary	2008-09	11.0												16.7	1.27
	2009-10		25.2	1.4										26.6	2.02
	2010-11				0.2	4.1								4.3	1.26
	2011-12						1.3	7.8						9.1	1.63
	2012-13								2.4	8.2				10.6	1.11
	2013-14										1.9	7.5		9.4	-
	2014-15												1.3	-	-
Ordinary		36.2 (+29.1)		1.6 (-34.6)		5.4 (+3.8)		10.2 (+4.8)		10.1 (-0.1)		8.8 (-1.3)			

Govt. Stockpile etc.	2008-09	14.4												15.5	
	2009-10		25.6	10.6										36.2	
	2010-11				5.9	0.5								6.4	
	2011-12						2.8	0.4						3.2	
	2012-13								1.5	0.8				2.3	
	2013-14										0.1	0.1		0.2	
	2014-15												0.0	-	
Govt. Stockpile etc.		40.0 (+38.7)		16.6 (-23.4)		3.3 (-13.3)		1.9 (-1.4)		0.9 (-1.0)		0.1 (-0.8)			

Total		25.4	50.8	12.0	6.1	4.6	4.1	8.1	3.9	9.0	2.0	7.5	1.3		
		76.2 (+67.8)		18.2 (-58.0)		8.7 (-9.5)		12.0 (+3.3)		11.0 (-1.0)		8.8 (-2.2)			

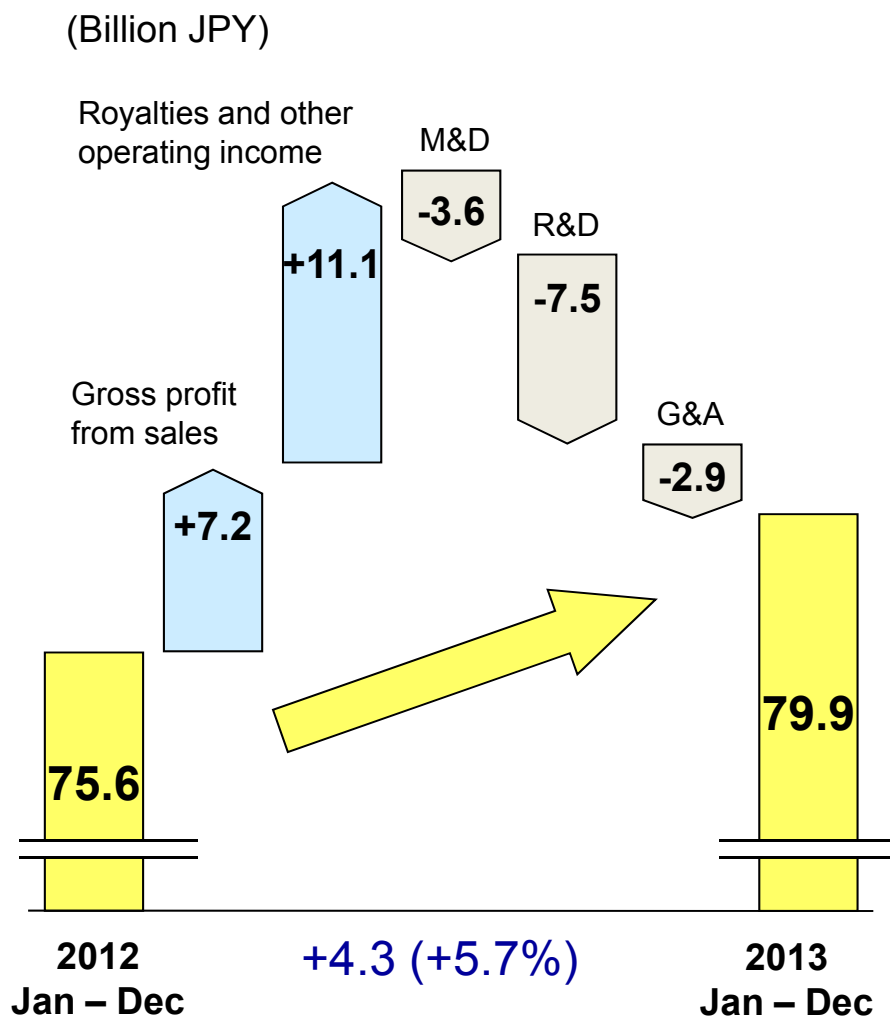
*Total patient number of the controlled samples in the infectious Diseases Weekly Report, period between late October and mid-April (between early July 2009 and mid-March 2010 for 2009/2010), published by Japan's National Institute of Infectious Diseases.

Company forecast
() Year on year

Year on Year (Core)



Operating Profit Jan – Dec



(Billion JPY)	2012 Jan - Dec	2013 Jan - Dec	Growth
Revenues	386.6	423.7	+37.1
Cost of sales	-167.3	-186.1	-18.8
Gross profit	219.3	237.6	+18.3
Sales	208.0	215.2	+7.2
Royalties, etc.	11.3	22.4	+11.1
Marketing and distribution	-67.9	-71.5	-3.6
Research and development	-66.6	-74.1	-7.5
General and administration	-9.2	-12.1	-2.9
Operating profit	75.6	79.9	+4.3

Increase in gross profit from sales	+7.2
Increase in new products and Actemra overseas	
Increase in royalties and other operating income	+11.1
Increase in marketing and distribution	-3.6
Increased promotion activities for new products, negative foreign exchange impact on expenses of overseas sales subsidiaries, etc	
Increase in research and development	-7.5
Negative foreign exchange impact, full-fledged operation of CPR*, renewal of facilities, etc	
Increase in general and administration	-2.9

*Chugai Pharmabody Research: antibody research center in Singapore

Year on Year (Core)



Financial Overview Oct - Dec

(Billion JPY)	2012 Oct - Dec vs. Rev*.		2013 Oct - Dec vs. Rev*.		Growth	
Revenues	111.0		117.1		+6.1	+5.5%
Sales	106.6		112.5		+5.9	+5.5%
excl. Tamiflu	102.8		110.5		+7.7	+7.5%
Domestic	91.0		94.8		+3.8	+4.2%
Export to Roche	7.4		11.6		+4.2	+56.8%
Other overseas	4.4		4.1		-0.3	-6.8%
Tamiflu	3.8		2.0		-1.8	-47.4%
Ordinary	2.3		1.9		-0.4	-17.4%
Stockpiling	1.5		0.1		-1.4	-93.3%
Royalties and other operating income	4.3		4.6		+0.3	+7.0%
Cost of sales	-46.7	42.1%	-53.6	45.8%	-6.9	+14.8%
Gross profit	64.3	57.9%	63.6	54.3%	-0.7	-1.1%
Operating expenses	-40.2	36.2%	-42.7	36.5%	-2.5	+6.2%
Operating profit	24.0	21.6%	20.9	17.8%	-3.1	-12.9%
Financing costs	-0.0		0.0		+0.0	-
Other financial income (expense)	-0.6		-0.4		+0.2	-33.3%
Taxes	-7.8		-7.4		+0.4	-5.1%
Net income	15.6	14.1%	13.1	11.2%	-2.5	-16.0%

(Billion JPY)

Royalties and other operating income

+0.3

Increase in royalties

Operating expenses

-2.5

M&D

-0.5

FX impact, promotions for new products, etc

R&D

-1.5

FX impact, increase in CPR activities, etc

G&A

-0.5

Increase in activities

Cost of sales ratio vs. Sales

2012 Oct - Dec	2013 Oct - Dec
43.8%	47.6%

*Revenues

vs. Forecast (Core)



Financial Overview Jan – Dec

(Billion JPY)	Actual	Forecast on Jan 30		
	2013 Jan - Dec	2013 Jan - Dec	+/-	Achiev.
Revenues	423.7	416.0	+7.7	101.9%
Sales	401.3	394.3	+7.0	101.8%
excl. Tamiflu	390.2	385.5	+4.7	101.2%
Domestic	329.2	329.3	-0.1	100.0%
Export to Roche	42.9	40.6	+2.3	105.7%
Other overseas	18.1	15.6	+2.5	116.0%
Tamiflu	11.0	8.8	+2.2	125.0%
Royalties and other operating income	22.4	21.7	+0.7	103.2%
Cost of sales	-186.1	-183.2	-2.9	101.6%
Gross profit	237.6	232.8	+4.8	102.1%
Operating expenses	-157.7	-155.3	-2.4	101.5%
Operating profit	79.9	77.5	+2.4	103.1%
EPS (JPY)	94.69	92.57	+2.12	102.3%

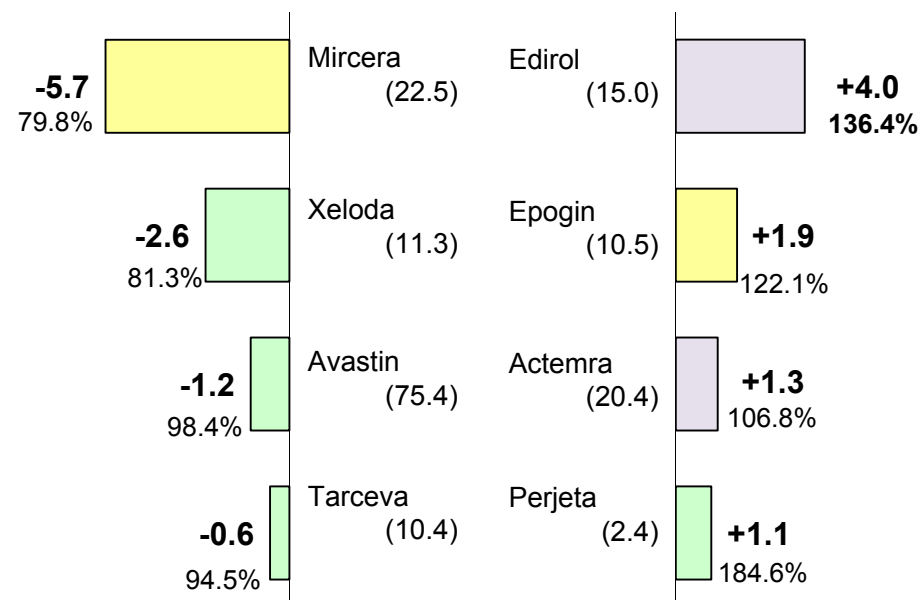
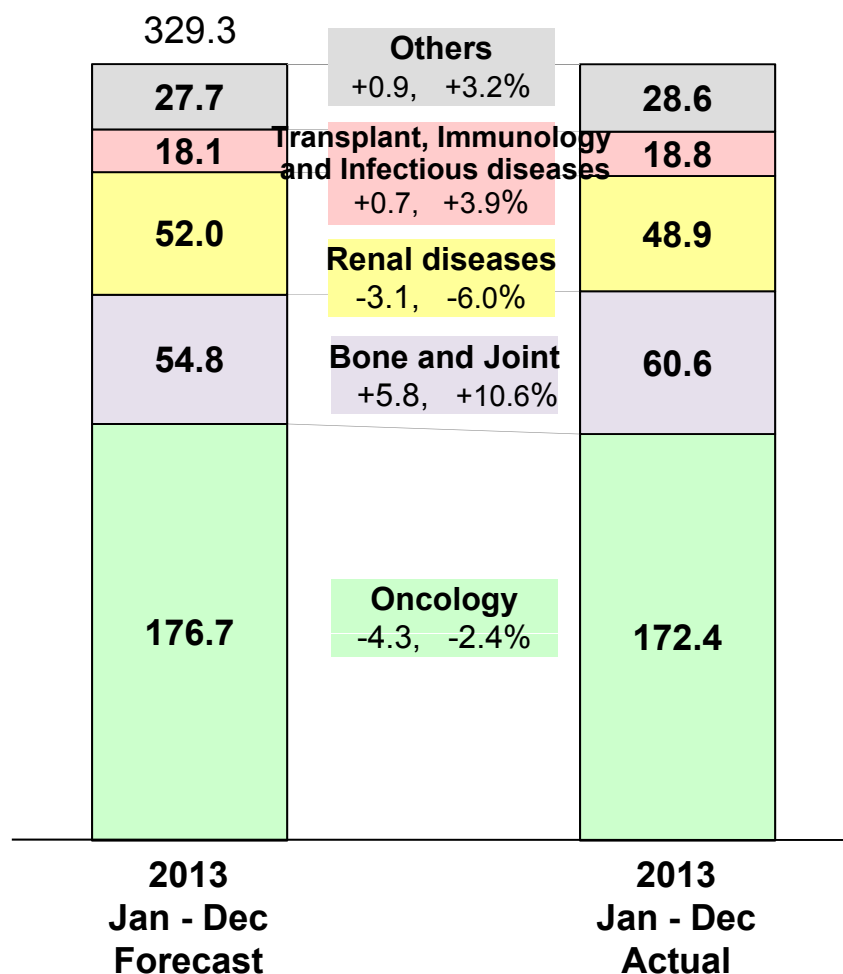
vs. Forecast (Core)



Domestic Sales (excl. Tamiflu) Jan – Dec

(Billion JPY)

Domestic Sales excl. Tamiflu
329.2 (-0.1, 100.0%)



Forecasts for Perjeta and Bonviva as disclosed on Oct .25

Left : Sales by Disease Field
Right: Sales by Product, vs. 2013 Forecast
(): FY2013 Actual, %: Achiev.

vs. Forecast (Core)

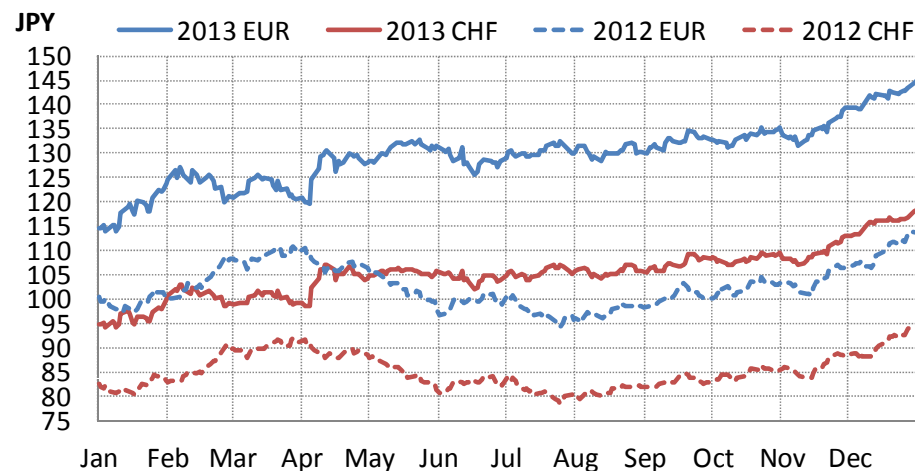


Impact from Foreign Exchange

(Billion JPY)	FX impact Jan – Dec (vs. Forecast on Jan. 30)
Revenues	+7.6
	Sales +6.5
	Royalties and other operating income +1.1
Cost of sales	Cost of sales -7.4
Operating expenses	Expenses -2.4
Operating Profit	-2.2

FX rate to the JPY	1CHF	1EUR
Assumption Jan – Dec (as of Jan. 30)	95.00	115.00
Actual Jan –Dec avg.	105.24	129.51
Reference Actual Jan –Dec avg. (2012)	85.12	102.59

[Reference]
Historical exchange rates to the JPY (Jan – Dec)



vs. 2012 Year End



Balance Sheet Items

(Billion JPY)	2012 Dec	2013 Dec	Change
Trade accounts receivable	115.7	111.1	- 4.6
Inventories	108.4	128.5	+ 20.1
Trade accounts payable	-41.8	-35.9	+ 5.9
Other net working capital	-24.4	-26.6	- 2.2
Net working capital	157.9	177.1	+ 19.2
Property, plant and equipment	143.1	140.4	- 2.7
Intangible assets	6.5	9.5	+ 3.0
Other long-term assets -net	0.4	-1.8	- 2.2
Long-term net operating assets	150.0	148.1	- 1.9
Net operating assets	307.9	325.2	+ 17.3
Debt	-0.3	-0.2	+ 0.1
Marketable securities	116.5	119.6	+ 3.1
Cash and cash equivalents	95.4	115.1	+ 19.7
Net cash	211.7	234.4	+ 22.7
Other non-operating assets - net	9.6	13.6	+ 4.0
Net non-operating assets	221.3	248.0	+ 26.7
Total net assets	529.2	573.2	+ 44.0
Total net assets	529.2	573.2	+ 44.0
Total assets	645.3	697.2	+ 51.9
Total liabilities	-116.2	-124.0	- 7.8
End of the reporting period rate			
CHF	94.16	118.42	+ 24.26
EUR	113.68	145.16	+ 31.48
USD	86.02	105.16	+ 19.14

Other net working capital: accrued payable, accrued expenses, etc

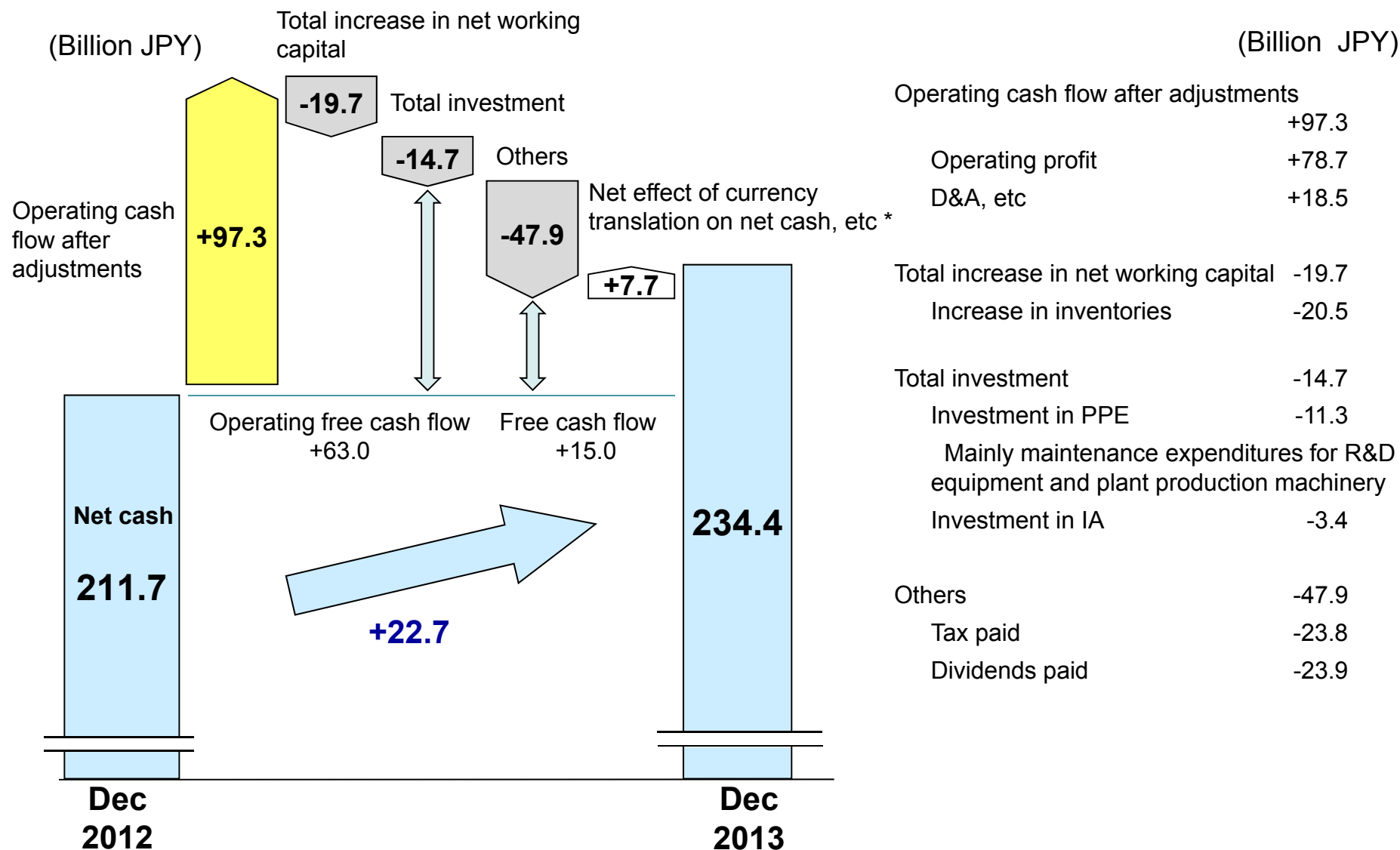
Other long-term assets: long term prepaid expenses, deferred income, etc.

Other non-operating assets: deferred income tax assets, accrued corporate tax, etc

	(Billion JPY)
Net working capital	+19.2
Inventories	+20.1
Increase in safety stocks to ensure stable supply, FX impact and launch of new products	
Long-term net operating assets	-1.9
Property, plant and equipment	-2.7
Intangible assets	+3.0
Product in-licensing	
Other long-term assets – net	-2.2
Deferred income from products out-licensing	
Net cash	+22.7
Equity ratio attributable to Chugai shareholders	+0.2%pts
2013 Dec	82.0%
2012 Dec	81.8%

vs. 2012 Year End

Net Cash



*Net effect of currency translation on net cash, etc : (P28) Transaction in own equity instruments + Net effect of currency translation on net cash

Year on Year

Free Cash Flow Jan - Dec



(Billion JPY)				(Billion JPY)	
	2012 Jan-Dec	2013 Jan-Dec	Change		
Operating profit - IFRS basis	74.7	78.7	+4.0	Operating profit, net of operating cash adjustments	+9.1
Depreciation and impairment of Property, plant and equipment	13.6	15.2	+1.6	Increase in revenues	
Amortization and impairment of intangible assets	0.9	1.1	+0.2		
Other cash adjustment on operating profit	-0.9	2.3	+3.2		
Operating profit, net of operating cash adjustments	88.2	97.3	+9.1	Total increase (-) / decrease in net working capital	-38.1
Increase (-) / decrease in trade accounts receivable	-6.4	4.9	+11.3	Increase (-) / decrease in inventories	-15.1
Increase (-) / decrease in inventories	-5.4	-20.5	-15.1	Increase / decrease (-) in trade accounts payable	-30.3
Increase / decrease (-) in trade accounts payable	24.3	-6.0	-30.3		
Other change in net working capital	5.9	1.9	-4.0		
Total increase (-) / decrease in net working capital	18.4	-19.7	-38.1		
Investment in Property, plant and equipment	-14.8	-11.3	+3.5		
Investment in intangible assets	-0.8	-3.4	-2.6		
Total investment	-15.6	-14.7	+0.9	Total investment	+0.9
Operating free cash flow as % of revenues	91.0	63.0	-28.0	Operating free cash flow	-28.0
	23.5%	14.9%	-8.7%pts	Increase in revenues outweighed by increase in purchases due to FX impact, launch of new products and enhanced safety stocks to ensure stable supply	
Treasury activities	-3.5	-0.2	+3.3		
Tax paid	-25.5	-23.8	+1.7		
Dividends paid	-22.7	-23.9	-1.2		
Free cash flow	39.3	15.0	-24.3		
Transaction in own equity instruments	0.0	0.8	+0.8		
Net effect of currency translation on net cash	2.8	6.9	+4.1		
Net change in net cash	42.2	22.7	-19.5	Operating free cash flow as % of revenues	-8.7%pts
Average exchange rate (JPY)				Revenues	+37.1
CHF	85.12	105.24	+20.12		
EUR	102.59	129.51	+26.92		
USD	79.81	97.54	+17.73		

Treasury activities: interest income/expenses, foreign exchange gains/losses etc.

Net effect of currency translation on net cash, etc (P27) : Transaction in own equity instruments + Net effect of currency translation on net cash

2014 Forecast (Core)

2014 Forecast Jan - Dec



(Billion JPY)	Actual		Forecast		Growth	
	2013 Jan-Dec	vs. Rev*.	2014 Jan-Dec	vs. Rev*.	(%)	
Revenues	423.7		451.0		+27.3	+6.4%
Sales	401.3		427.0		+25.7	+6.4%
excl. Tamiflu	390.2		418.2		+28.0	+7.2%
Domestic	329.2		335.7		+6.5	+2.0%
Export to Roche	42.9		64.6		+21.7	+50.6%
Other overseas	18.1		17.9		-0.2	-1.1%
Tamiflu	11.0		8.8		-2.2	-20.0%
Ordinary	10.1		8.8		-1.3	-12.9%
Stockpiling	0.9		0.1		-0.8	-88.9%
Royalties and other operating income	22.4		24.0		+1.6	+7.1%
Cost of Sales	-186.1		-213.0		-26.9	+14.5%
Gross Profit	237.6	56.1%	238.0	52.8%	+0.4	+0.2%
Operating Expenses	-157.7	37.2%	-167.0	37.0%	-9.3	+5.9%
Operating Profit	79.9	18.9%	71.0	15.7%	-8.9	-11.1%
EPS (JPY)	94.69		82.62		-12.07	-12.7%

Cost of sales ratio vs. Sales

2013 Jan– Dec	2014 Jan–Dec
46.4%	49.9%

Exchange rate (JPY)

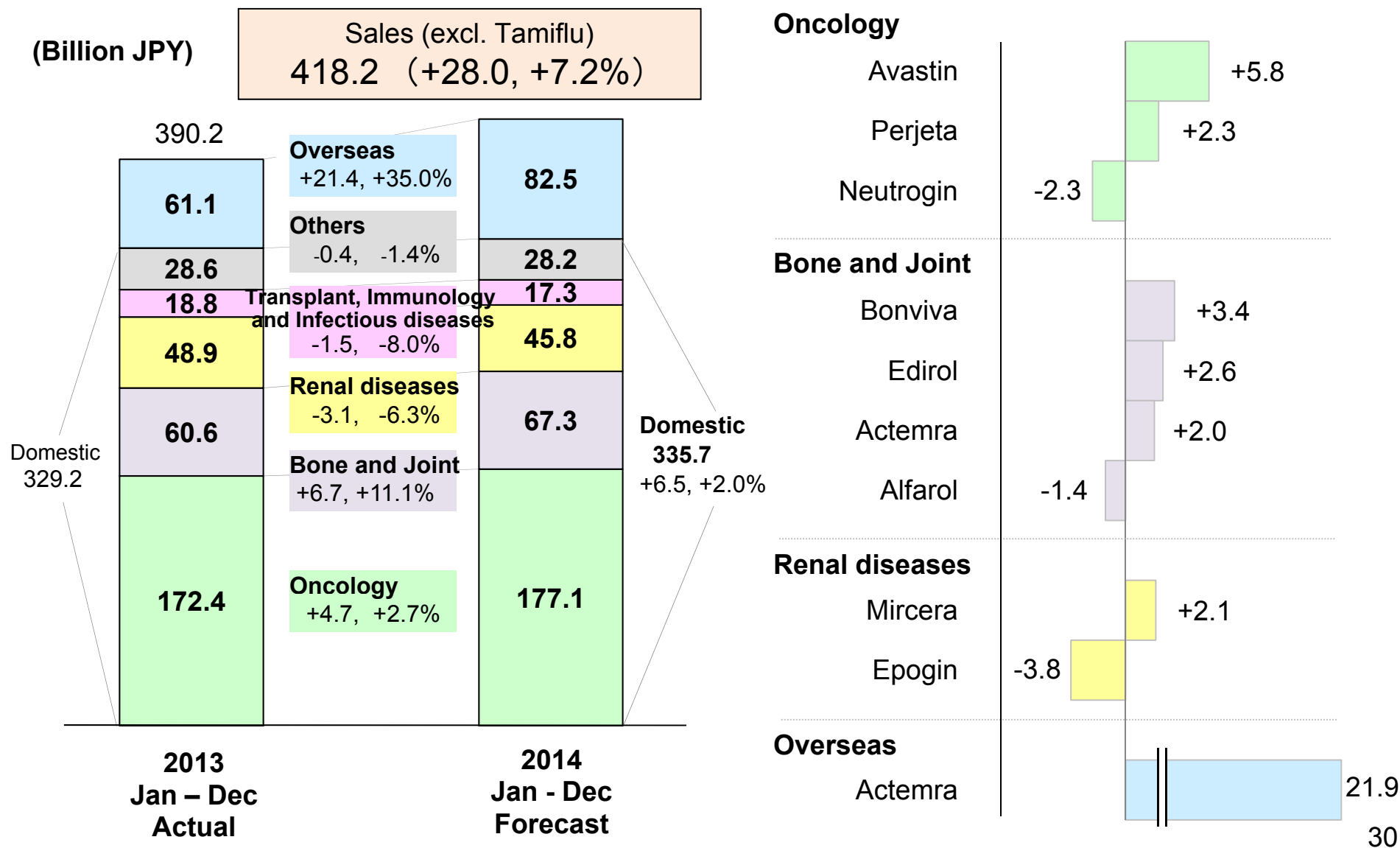
	2013 Actual	2014 Forecast
CHF	105.24	116.00
EUR	129.51	142.00

*Revenues

2014 Forecast (Core)



Sales (excl. Tamiflu) vs. 2013 Actual



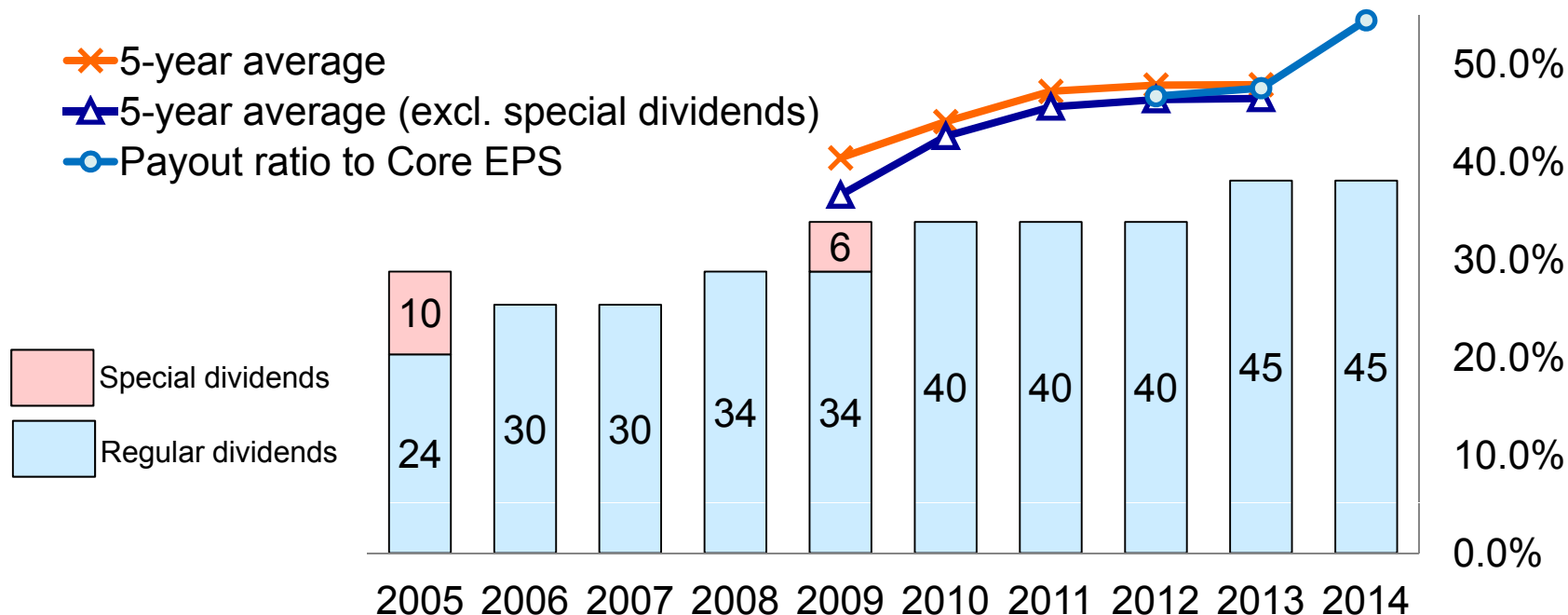


Dividend Policy

➤ Policy

Aiming to ensure stable profit for all shareholders and a consolidated dividend payout ratio of 50% on average to Core EPS, taking account of strategic funding needs and earnings prospects.

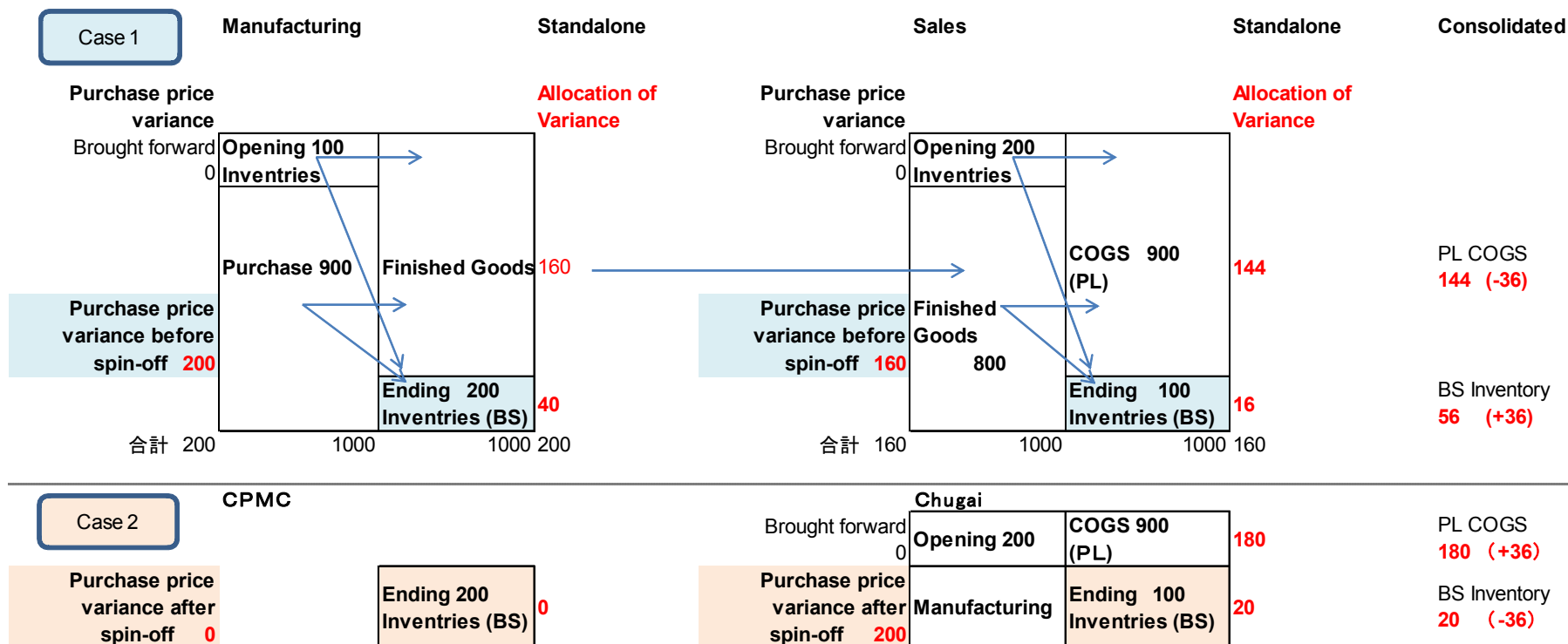
- **Dividends for FY2013 (Plan)** **45JPY: 22 + 23**
- **Dividends for FY2014 (Forecast)** **45JPY: 22 + 23**





Reference:

Allocation method of Purchase price variance



<Refinement of allocation method of Purchase price variance>

Before spin-off, Chugai Pharmaceutical Co., Ltd. ("Chugai") had a manufacturing process and allocated the purchase price variance to Inventory through Manufacturing process and Sales process.

After spin-off, the Manufacturing process was transferred to Chugai Pharma Manufacturing Co., Ltd. ("CPMC"). Chugai allocated the variance through the Sales process only until 2Q 2013, while Chugai sells materials to CPMC at standard costs.

The consolidated accounting results of purchase price variance after spin-off are different from those before the spin-off. The difference was allowed when the amounts were small, but Chugai adjusted the consolidated accounting results in 3Q 2013 to get the same results as before the spin-off to reflect the impact of the significant depreciation of the yen.

Before spin-off	After spin-off
Variances are allocated in both Manufacturing and Sales process.	Variances are allocated in Sales process only.

Note: This slide is for explanation purpose only. 32

Overview of Development Pipeline

CHUGAI PHARMACEUTICAL CO., LTD.

Senior Vice President

Head of Project & Lifecycle Management Unit

Yutaka Tanaka

January 30/31, 2014

Oncology Field

Projects under Development (as of 30 January, 2014)



	Phase I	Phase II	Phase III	Filed
Oncology	<p>CIF / RG7167 (Japan / overseas) - solid tumors</p> <p>CKI27 / RG7304 (Japan / overseas) - solid tumors</p> <p>PA799 (overseas) - solid tumors</p> <p>RG7414 / parsatuzumab (EGFL7) ★ - solid tumors</p> <p>RG7321 / pictilisib - solid tumors</p> <p>RG7446 / MPDL3280A - solid tumors</p>	<p>GC33 / RG7686 - LC</p> <p>RG340 / Xeloda - aGC</p> <p>AF802 (RG7853) / alectinib (overseas) - NSCLC (PI/II)</p> <p>RG7204 / vemurafenib - melanoma (PI/II)</p>	<p>RG1273 / Perjeta - aBC - GC</p> <p>RG435 / Avastin - aBC</p> <p>RG3502 / Kadcyla ★ - GC (PII/III)</p> <p>RG3638 / onartuzumab - NSCLC</p> <p>GA101 (RG7159) / obinutuzumab - NHL</p>	<p>AF802 (RG7853) / alectinib (Japan) - NSCLC</p>

Letters in orange: in-house projects

★: Projects with advances in stages since 25 October, 2013

★: Roche removed from the pipeline in October, 2013

Primary Field Projects under Development (as of 30 January, 2014)



	Phase I	Phase II	Phase III	Filed
Bone & Joint			RG484 / Bonviva (oral) - osteoporosis NRD101 / Suvenyl - enthesopathy	
Autoimmune	SA237 - RA RG7415 / rontalizumab ★ - SLE	MRA / Actemra (overseas) - systemic sclerosis	MRA / Actemra (overseas) - giant cell arteritis	MRA / Actemra (EU) - RA (sc)
CNS	RG1450 / gantenerumab - alzheimer's disease RG1577 - alzheimer's disease	RG7090 - major depressive disorder	RG1678 / bitopertin - schizophrenia	
Others	RG7652 (overseas) ★ - hyperlipidemia URC102 (South Korea) - gout	CIM331 ★★ - atopic dermatitis ACE910 - hemophilia A (PI/II)	RG3637 / lebrikizumab - asthma	

Letters in orange: in-house projects

★: Projects with advances in stages since 25 October, 2013

★: Candidate for partnering-out in Roche

★: Global study managed by Chugai



Development Status - Oncology Field

In-
licensed

RG435 / Avastin® :

Indication: Ovarian Cancer

Approved in November 2013

In-
licensed

RG7446 / MPDL3280A (Engineered anti-PDL1 MAb) :

Expected Indication: Non-Small Cell Lung Cancer

In preparation to start global P3 in the first half of 2014



Development Status - Primary Field

In-house

MRA / Actemra® :

Subcutaneous Injection Formulation

Expected Indication: Rheumatoid Arthritis

Filed in November 2013 (Taiwan)

Gained CHMP positive opinion in December 2013 (EU)

In-house

SA237 (anti-IL-6R MAb) :

Expected Indication: Neuromyelitis Optica

In preparation to start global P3 in the first half of 2014
(Managed by Chugai)



Development Status - Primary Field

In-house

ACE910 (anti-factor IX × anti-factor X humanized bispecific antibody) :

Expected Indication: Hemophilia A

Designated as an orphan drug in December 2013 (EU)

Designated as an orphan drug in January 2014 (US)

In-house

CIM331 (anti-IL-31R MAb) :

Expected Indication: Atopic Dermatitis

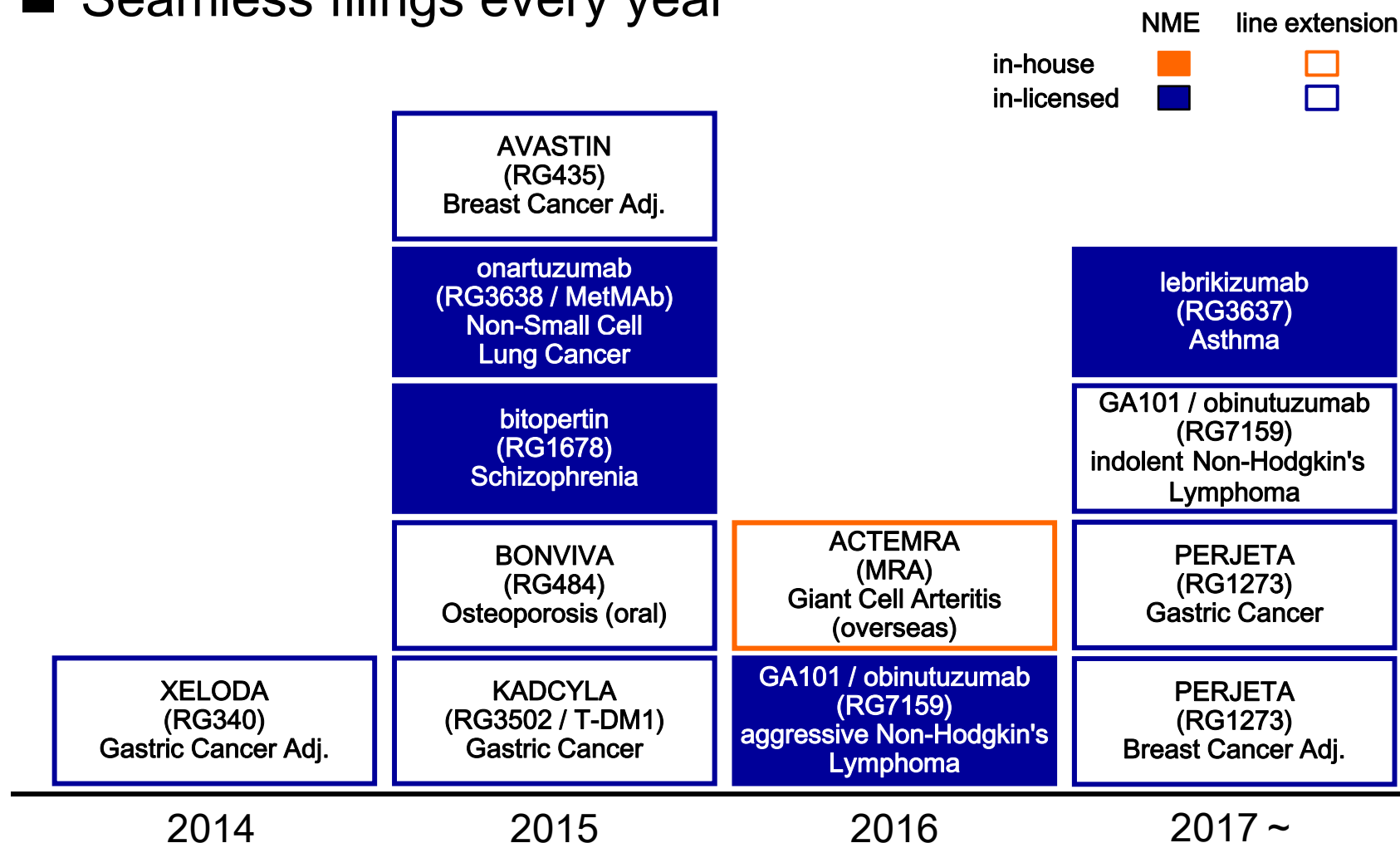
Started global P2 in December 2013

(Managed by Chugai)



Projected Submissions (Post PoC NMEs and products)

■ Seamless filings every year



SA237 - NMO, a Promising Target Disease

■ Neuromyelitis optica (NMO)

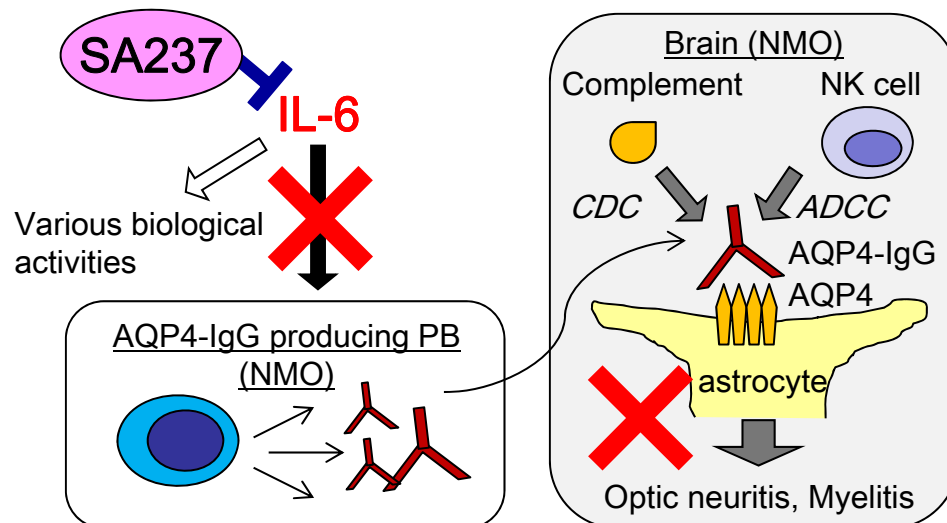
- ❑ Severe demyelinating inflammatory autoimmune disease of CNS
- ❑ Orphan disease with high unmet medical needs. No drugs approved.
- ❑ Prevalence: 0.3-4.4 patients per 100,000 people

■ IL-6 is involved in the pathology of NMO

- ❑ Anti-IL-6R blockade selectively inhibited survival of PBs, which produce pathogenic autoantibody, AQP4-IgG, *in vitro*¹⁾

■ PoC is obtained from small studies by using tocilizumab to show a reducing effect on relapse rates^{2, 3, 4)}

- ❑ Improvement of fatigue, etc., is characteristic to tocilizumab



IL-6: Interleukin-6

CNS: Central nervous system

AQP: Aquaporin

PB: Plasmablast

CDC: Complement Dependent Cytotoxicity

ADCC: Antibody-Dependent Cellular Cytotoxicity

1. Proc Natl Acad Sci USA 2011; 108:3701-6

2. Mod Rheumatol. 2013; 23(4):827-31

3. JAMA Neurol. 2013; 70(3):390-3

4. JAMA Neurol. 2013; 70(3):394-7



Update on the Development Requests for Unapproved Drugs/Indications

- Review Committee of Development Request for Unapproved Drugs/Indication
 - Ten indications (including additional dosages and administrations) of eight products from first round requests have been approved
 - Three indications of the three products were requested in the second round

	Product	Indication	Current Situation
1st round requests	Avastin	Ovarian cancer	Approved on 22 November 2013
2nd round requests	Avastin	Recurrent glioblastoma	Approved for malignant glioma on 14 June 2013
	Herceptin	Weekly dosage with chemotherapy for HER2 positive adjuvant breast cancer	Approved on 14 June 2013
	Cellcept	Lupus nephritis	Submitted company opinion and waiting for its evaluation by the committee

Letters in red: Projects with change in status since July 25, 2013

Contacts: Corporate Communications Dept.

Media Relations Group

Tel: +81 (0)3-3273-0881 Fax: +81 (0)3-3281-6607

e-mail: pr@chugai-pharm.co.jp

Kouki Harada, Koichi Kawahara, Hiroshi Araki, Sachiyo Yoshimura

Investor Relations Group

Tel: +81 (0)3-3273-0554 Fax: +81 (0)3-3281-6607

e-mail: ir@chugai-pharm.co.jp

Kae Miyata, Takayuki Sakurai, Tomoko Shimizu, Shingo Kumagai