




CHUGAI PHARMACEUTICAL CO., LTD.

 A member of the Roche group

OVERVIEW OF CONSOLIDATED COMPANY PERFORMANCE (Unaudited) (for the third quarter of fiscal year 2008)

Name of Company: **Chugai Pharmaceutical Co., Ltd.** October 21, 2008
 Stock Listings: Tokyo Stock Exchange, First Section
 Security Code No.: 4519
 (URL <http://www.chugai-pharm.co.jp/english>)
 Representative: Mr. Osamu Nagayama, President and CEO, Chairman of the Board of Directors
 Contact: Mr. Toshiaki Itagaki, General Manager of Finance and Accounting Department
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1. Consolidated Operating Results for the Third Quarter of FY 2008 (January 1 - September 30)

(1) Results of operations (Consolidated)

Note: Amounts of less than one million yen are omitted.

	Revenues	% change	Operating Income	% change	Recurring Profit	% change
3 rd quarter of FY 2008 (Jan.-Sep.)	¥229,680 million	(8.3)	¥39,823 million	(18.8)	¥42,707 million	(16.2)
3 rd quarter of FY 2007 (Jan.-Sep.)	¥250,451 million	10.3	¥49,024 million	24.2	¥50,959 million	20.8
FY 2007 (Jan.-Dec.)	¥344,808 million		¥66,702 million		¥67,687 million	

	Net Income	% change	Net Income per Share (Basic)	Net Income per Share (Fully Diluted)
3 rd quarter of FY 2008 (Jan.-Sep.)	¥30,141 million	(0.3)	¥55.32	¥55.32
3 rd quarter of FY 2007 (Jan.-Sep.)	¥30,220 million	11.1	¥55.17	¥55.11
FY 2007 (Jan.-Dec.)	¥40,060 million		¥73.23	¥73.16

Note : Percentages represent changes compared with the same period of the previous fiscal year.

(2) Financial conditions (Consolidated)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of Sep. 30, 2008	¥461,862 million	¥394,476 million	85.0%	¥720.66
As of Sep. 30, 2007	¥440,576 million	¥376,447 million	85.0%	¥687.54
As of Dec. 31, 2007	¥458,942 million	¥385,797 million	83.5%	¥703.80

(3) Results of cash flows (Consolidated)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Balance of Cash and Cash Equivalents
3 rd quarter of FY 2008 (Jan.-Sep.)	¥32,579 million	¥(19,097) million	¥(18,360) million	¥65,405 million
3 rd quarter of FY 2007 (Jan.-Sep.)	¥44,140 million	¥4,924 million	¥(45,682) million	¥72,329 million
FY 2007 (Jan.-Dec.)	¥60,364 million	¥(7,509) million	¥(47,173) million	¥73,723 million

2. Forecast for the Year ending December 31, 2008 (January 1, 2008 - December 31, 2008)(Consolidated)

The financial forecasts for fiscal year 2008 released on July 31, 2008 are not changed.

3. Others

- (1) Changes in the state of material subsidiaries during the period (changes regarding specific subsidiaries attendant with change in scope of consolidation): None
- (2) Adoption of simplified method: None
- (3) Change in accounting policies: None

Note: Explanation of the appropriate use of performance forecasts and other related items

Portions of this report that refer to performance forecasts or any other future events are believed to be reasonable under information available at the time of the forecasts. Actual financial results may materially differ from these forecasts due to potential risks and uncertainties.

[Reference] Outline of operations (Non-Consolidated)

Non-Consolidated Operating Results for the Third Quarter of FY 2008 (January 1 – September 30)

Results of operations

	Revenues	% change	Operating Income	% change	Recurring Profit	% change
3 rd quarter of FY 2008 (Jan.-Sep.)	¥218,085 million	(8.6)	¥29,318 million	(28.3)	¥31,944 million	(26.8)
3 rd quarter of FY 2007 (Jan.-Sep.)	¥238,611 million	10.2	¥40,890 million	21.0	¥43,640 million	16.2
FY 2007 (Jan.-Dec.)	¥329,203 million		¥56,469 million		¥57,355 million	

	Net Income	% change	Net Income per Share (Basic)	Net Income per Share (Fully Diluted)
3 rd quarter of FY 2008 (Jan.-Sep.)	¥24,063 million	(11.2)	¥44.17	¥44.17
3 rd quarter of FY 2007 (Jan.-Sep.)	¥27,103 million	8.4	¥49.48	¥49.42
FY 2007 (Jan.-Dec.)	¥33,788 million		¥61.77	¥61.71

Note : Percentages represent changes compared with the same period of the previous fiscal year.

Qualitative Information

1. Qualitative Information Regarding Operating Results Financial Condition (Consolidated)

Consolidated net revenue for the fiscal period under review totaled ¥229,680 million, down 8.3% from the same period last year. The main reasons for this decline were the drop in sales of anti-influenza agent Tamiflu and the termination of the marketing agreement with sanofi-aventis K.K. at the end of last year. However, excluding these special factors, revenues were ¥18.1 billion higher compared to the same period last year. Other factors accounting for the decline in revenues were the change in the price for recombinant human erythropoietin Epogin and the decline in royalties and other operating income (mainly milestone income). On the other hand, anti-cancer agents Avastin, anti-vascular endothelial growth factor (VEGF) humanized monoclonal antibody, and Tarceva, human epidermal growth factor receptor (EGFR) tyrosine kinase inhibitor, launched respectively in June and December 2007, as well as Actemra, humanized anti-human IL-6 receptor monoclonal antibody, and anti-cancer agents Herceptin, anti-HER2 monoclonal antibody, and Xeloda which were approved for additional indications, booked much higher sales on an year on year basis.

Overseas revenues totaled ¥25,046 million (10.9% of consolidated net revenue), which was down 5.2% compared to the same period last year, mainly reflecting the decline in royalties and other operating income which principally consist of milestone income, while ¥1.6 billion for export sales of Actemra was included in overseas revenues.

At the profit level, in addition to the decrease in net revenue, cost related to the activities to promote appropriate usage of newly launched drugs and indications and post-marketing surveillances resulted in lower profit level than in the same period last year. The operating income and recurring profit totaled ¥39,823 million, down 18.8%, and ¥42,707 million, down 16.2%, respectively, from the same period last year. Net income was ¥30,141 million, a 0.3% decrease from the same period last year.

R&D expenses for the period under review amounted to ¥36,315 million.

2. Qualitative Information Regarding Financial Condition (Consolidated)

(1) Changes in the Company's Financial Condition

Total assets at the end of the fiscal period under review were ¥461,862 million, up ¥2,920 million from the previous fiscal year-end, mainly due to the increase in inventories and tangible fixed assets, offsetting decrease in cash and deposits and trade notes and accounts receivable. Total liabilities were ¥67,386 million, which was ¥5,757 million lower than at the previous fiscal year-end, mainly due to a decrease in accrued income tax that was more than the increase in notes and accounts payable. Net working capital (current assets less current liabilities) was ¥263,346 million, the current ratio was 509.6%, reflecting the Company's continuing sound financial position.

Net assets amounted to ¥394,476 million, increasing by ¥8,678 million compared to the previous fiscal year-end. The equity ratio was 85.0% (83.5% as of the previous fiscal year-end).

(2) Cash Flows

Cash and cash equivalents at the end of the fiscal period under review amounted to ¥65,405 million, down ¥8,317 million from the previous fiscal year-end.

Net cash provided by operating activities amounted to ¥32,579 million, a decrease of ¥11,561 million compared with the same period of the previous fiscal year, mainly because of an increase in income taxes paid.

Net cash used in investing activities amounted to ¥19,097 million, a decrease of ¥24,021 million compared with the same period of the previous fiscal year, mainly due to a decrease in sale of securities.

Net cash used in financing activities amounted to ¥18,360 million, an increase of ¥27,322 million compared with the same period of the previous fiscal year, mainly due to a decrease in the acquisition of treasury stock.

3. Others

(1) Changes in the state of material subsidiaries during the period (changes regarding specific subsidiaries attendant with change in scope of consolidation): None

(2) Adoption of simplified method: None

(3) Change in accounting policies: None

4. Financial Statements

(1) Consolidated Balance Sheets

Accounts	As of September 30, 2007 (A)		As of September 30, 2008 (B)		Change (B)-(A)	As of December 31, 2007	
	Millions of Yen	%	Millions of Yen	%		Millions of Yen	%
Assets							
I Current assets:							
Cash and deposits	72,329		65,405		(6,924)	73,167	
Trade notes and accounts receivable	91,778		93,296		1,518	107,012	
Marketable securities	60,993		66,325		5,331	65,547	
Inventories	59,728		72,716		12,987	55,186	
Deferred tax assets	18,525		21,328		2,802	20,467	
Other	7,587		8,614		1,026	8,478	
Reserve for doubtful accounts	(49)		(52)		(2)	(53)	
Total current assets	310,893	70.6	327,633	70.9	16,740	329,807	71.9
II Fixed assets:							
1. Tangible fixed assets:							
Buildings and structures	37,703		54,026		16,322	45,472	
Machinery and vehicles	14,060		22,500		8,439	18,605	
Furniture and fixtures	6,481		6,635		153	6,506	
Land	9,927		9,927		—	9,927	
Construction in progress	24,402		6,221		(18,180)	11,983	
Total tangible fixed assets	92,575		99,311		6,735	92,495	
2. Intangible fixed assets:							
Software	2,944		2,823		(120)	2,652	
Other	1,204		641		(563)	1,071	
Total intangible fixed assets	4,148		3,464		(684)	3,724	
3. Investments and other assets:							
Investment securities	17,131		15,952		(1,179)	16,832	
Long-term loans	76		48		(27)	64	
Deferred tax assets	8,310		9,512		1,201	8,991	
Other	7,681		6,191		(1,490)	7,269	
Reserve for doubtful accounts	(241)		(251)		(9)	(243)	
Total investments and other assets	32,959		31,453		(1,505)	32,915	
Total fixed assets	129,683	29.4	134,229	29.1	4,546	129,134	28.1
Total assets	440,576	100.0	461,862	100.0	21,286	458,942	100.0

Accounts	As of September 30, 2007 (A)		As of September 30, 2008 (B)		Change (B)-(A)	As of December 31, 2007	
	Millions of Yen	%	Millions of Yen	%		Millions of Yen	%
Liabilities							
I Current liabilities:							
Trade notes and accounts Payable	16,708		24,606		7,898	17,325	
Bonds with warrants due within one year	300		—		(300)	300	
Convertible bonds due within one year	42		—		(42)	42	
Other payables	9,145		9,099		(45)	5,201	
Accrued tax liabilities	8,294		5,061		(3,233)	16,325	
Accrued consumption taxes	982		53		(929)	1,164	
Accrued expenses	9,435		12,332		2,896	17,635	
Reserve for bonuses to employees	9,213		8,391		(822)	4,534	
Reserve for bonuses to directors	148		154		6	198	
Reserve for sales rebates and other items	2,945		2,470		(474)	4,090	
Other	3,232		2,116		(1,115)	2,979	
Total current liabilities	60,449	13.7	64,287	13.9	3,837	69,797	15.2
Fixed liabilities:							
Deferred tax liabilities	3		1		(2)	2	
Reserve for employees' retirement benefits	2,981		2,248		(732)	2,604	
Reserve for directors' retirement benefits	610		742		132	633	
Other	84		106		22	106	
Total fixed liabilities	3,679	0.9	3,099	0.7	(580)	3,346	0.7
Total liabilities	64,129	14.6	67,386	14.6	3,256	73,144	15.9

Accounts	As of September 30, 2007 (A)		As of September 30, 2008 (B)		Change (B)-(A)	As of December 31, 2007	
	Millions of Yen	%	Millions of Yen	%		Millions of Yen	%
Net assets							
I Shareholders' equity:							
1. Common stock	72,947	16.5	72,966	15.8	19	72,947	15.9
2. Additional paid-in capital	92,796	21.1	92,815	20.1	18	92,796	20.2
3. Retained earnings	238,265	54.1	261,892	56.7	23,626	248,098	54.1
4. Treasury stock, at cost	(35,124)	(8.0)	(35,162)	(7.6)	(38)	(35,108)	(7.7)
Total shareholders' equity	368,885	83.7	392,512	85.0	23,626	378,733	82.5
II Valuation and translation adjustments:							
1. Net unrealized gain on securities	3,232	0.7	1,722	0.4	(1,510)	2,757	0.6
2. Foreign currency translation adjustments	2,451	0.6	(1,602)	(0.3)	(4,054)	1,944	0.5
Total valuation and translation adjustments	5,684	1.3	119	0.0	(5,565)	4,701	1.1
III New share warrants	93	0.0	279	0.1	186	139	0.0
IV Minority interests	1,783	0.4	1,565	0.3	(218)	2,222	0.5
Total net assets	376,447	85.4	394,476	85.4	18,029	385,797	84.1
Total liabilities and net assets	440,576	100.0	461,862	100.0	21,286	458,942	100.0

(2) Consolidated Statements of Income

		Third quarter of FY 2007 (Jan. 1, 2007-Sep. 30, 2007) (A)		Third quarter of FY 2008 (Jan. 1, 2008-Sep. 30, 2008) (B)		Change (B)-(A)	FY 2007 (Jan. 1, 2007-Dec. 31, 2007)	
Accounts		Millions of Yen	%	Millions of Yen	%		Millions of Yen	%
I	Revenues	<u>250,451</u>	100.0	<u>229,680</u>	100.0	<u>(20,771)</u>	<u>344,808</u>	100.0
	Sales	242,838		224,876		(17,961)	332,943	
	Royalties and other operating income	7,613		4,803		(2,810)	11,864	
II	Cost of sales	100,959	40.3	87,614	38.1	(13,345)	137,293	39.8
	Gross profit	149,492	59.7	142,065	61.9	(7,426)	207,514	60.2
III	Selling, general and administrative expenses	<u>100,467</u>	40.1	<u>102,241</u>	44.5	<u>1,774</u>	<u>140,812</u>	40.8
	Sales promotion expenses	7,570		9,979		2,408	13,066	
	Salaries and benefits	17,389		18,894		1,504	27,264	
	Reserve for bonuses	5,563		5,136		(427)	2,700	
	R&D Expenses	38,842		36,315		(2,527)	54,243	
	Other	31,101		31,916		815	43,537	
	Operating income	49,024	19.6	39,823	17.3	(9,201)	66,702	19.3
IV	Non-operating income:	<u>2,996</u>	1.2	<u>4,314</u>	1.9	<u>1,317</u>	<u>4,312</u>	1.3
	Interest income	945		1,245		299	1,345	
	Dividend income	56		64		7	98	
	Life insurance dividends Received	314		332		18	314	
	Gain on foreign exchanges	32		1,647		1,614	575	
	Gain on derivatives	356		—		(356)	368	
	Insurance income received	334		—		(334)	—	
	Other	956		1,024		67	1,610	
V	Non-operating expenses:	<u>1,062</u>	0.4	<u>1,431</u>	0.6	<u>368</u>	<u>3,327</u>	1.0
	Interest expenses	136		98		(37)	176	
	Loss on disposal of fixed Assets	153		193		40	326	
	Loss on inventories	299		843		544	2,236	
	Other	474		295		(179)	587	
	Recurring profit	50,959	20.3	42,707	18.6	(8,252)	67,687	19.6
VI	Extraordinary gain:	<u>293</u>	0.1	<u>7,256</u>	3.2	<u>6,962</u>	<u>293</u>	0.1
	Gain on disposal of fixed Assets	—		415		415	—	
	Gain on the liquidation of affiliates	293		—		(293)	293	
	Gain on settlement of co-development costs	—		6,340		6,340	—	
	Subsidies received	—		500		500	—	
VII	Extraordinary loss:	<u>1,177</u>	0.5	<u>363</u>	0.2	<u>(814)</u>	<u>1,553</u>	0.5
	Loss on disposal of fixed Assets	—		5		5	—	
	Impairment loss	13		31		18	32	
	Loss on office realignment costs	1,164		199		(965)	1,520	
	Retirement benefit expenses	—		107		107	—	
	Loss on revaluation of investment securities	—		19		19	—	
	Income before income taxes and minority interests	50,075	20.0	49,600	21.6	(474)	66,427	19.3
	Income taxes	18,423	7.4	18,138	7.9	(284)	24,537	7.1
	Minority interests	1,431	0.6	1,319	0.6	(112)	1,829	0.5
	Net income	<u>30,220</u>	12.1	<u>30,141</u>	13.1	<u>(78)</u>	<u>40,060</u>	11.6

(3) Consolidated Statements of Changes in Net Assets

The third quarter of FY 2007 (Jan. 1, 2007–Sep. 30, 2007)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of Dec. 31, 2006	72,893	92,747	226,209	(7,590)	384,258
Changes:					
New stock issuance	54	54			108
Dividends paid			(18,146)		(18,146)
Third quarter net income			30,220		30,220
Purchase of treasury stocks				(27,610)	(27,610)
Disposition of treasury stocks		(5)	(17)	77	54
Net changes except for shareholders' equity					
Net changes	54	49	12,056	(27,533)	(15,373)
Balance as of Sep. 30, 2007	72,947	92,796	238,265	(35,124)	368,885

(Millions of Yen)

	Valuation and translation adjustments			New share warrants	Minority interests	Total net assets
	Net unrealized gain on securities	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance as of Dec. 31, 2006	3,236	2,103	5,339	—	2,006	391,604
Changes:						
New stock issuance						108
Dividends paid						(18,146)
Third quarter net income						30,220
Purchase of treasury stocks						(27,610)
Disposition of treasury stocks						54
Net changes except for shareholders' equity	(3)	348	345	93	(222)	216
Net changes	(3)	348	345	93	(222)	(15,157)
Balance as of Sep. 30, 2007	3,232	2,451	5,684	93	1,783	376,447

The third quarter of FY 2008 (Jan. 1, 2008–Sep. 30, 2008)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of Dec. 31, 2007	72,947	92,796	248,098	(35,108)	378,733
Changes:					
New stock issuance	19	18			37
Dividends paid			(16,344)		(16,344)
Third quarter net income			30,141		30,141
Purchase of treasury stocks				(62)	(62)
Disposition of treasury stocks			(2)	8	5
Net changes except for shareholders' equity					
Net changes	19	18	13,794	(54)	13,778
Balance as of Sep. 30, 2008	72,966	92,815	261,892	(35,162)	392,512

(Millions of Yen)

	Valuation and translation adjustments			New share warrants	Minority interests	Total net assets
	Net unrealized gain on securities	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance as of Dec. 31, 2007	2,757	1,944	4,701	139	2,222	385,797
Changes:						
New stock issuance						37
Dividends paid						(16,344)
Third quarter net income						30,141
Purchase of treasury stocks						(62)
Disposition of treasury stocks						5
Net changes except for shareholders' equity	(1,035)	(3,547)	(4,582)	139	(657)	(5,099)
Net changes	(1,035)	(3,547)	(4,582)	139	(657)	8,678
Balance as of Sep. 30, 2008	1,722	(1,602)	119	279	1,565	394,476

FY2007 (Jan. 1, 2007–Dec. 31, 2007)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance as of Dec. 31, 2006	72,893	92,747	226,209	(7,590)	384,258
Changes:					
New stock issuance	54	54			108
Dividends paid			(18,146)		(18,146)
Net income			40,060		40,060
Purchase of treasury stocks				(27,614)	(27,614)
Disposition of treasury stocks		(5)	(25)	97	66
Net changes except for shareholders' equity					
Net changes	54	49	21,889	(27,517)	(5,524)
Balance as of Dec. 31, 2007	72,947	92,796	248,098	(35,108)	378,733

(Millions of Yen)

	Valuation and translation adjustments			New share warrants	Minority interests	Total net assets
	Net unrealized gain on securities	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance as of Dec. 31, 2006	3,236	2,103	5,339	—	2,006	391,604
Changes:						
New stock issuance						108
Dividends paid						(18,146)
Net income						40,060
Purchase of treasury stocks						(27,614)
Disposition of treasury stocks						66
Net changes except for shareholders' equity	(478)	(159)	(637)	139	215	(281)
Net changes	(478)	(159)	(637)	139	215	(5,806)
Balance as of Dec. 31, 2007	2,757	1,944	4,701	139	2,222	385,797

(4) Consolidated Statements of Cash Flow

	Third quarter of FY 2007 (Jan. 1, 2007-Sep. 30, 2007)	Third quarter of FY 2008 (Jan. 1, 2008-Sep. 30, 2008)	FY 2007 (Jan. 1, 2007-Dec. 31, 2007)
Accounts	Millions of Yen	Millions of Yen	Millions of Yen
I Cash flows from operating activities:			
Income before income taxes and minority interests	50,075	49,600	66,427
Depreciation and amortization	10,013	14,270	14,913
Impairment loss	13	31	32
Increase (decrease) in reserve for employees' retirement benefits	(1,160)	(348)	(1,534)
Interest and dividend income	(1,002)	(1,310)	(1,444)
Interest expense	136	98	176
Loss on disposal of fixed assets	153	193	326
Loss (gain) on sales of fixed assets	31	(410)	34
Loss (gain) on sales and revaluation of investment securities	20	19	21
Decrease (increase) in notes and accounts receivable	14,114	13,269	(1,257)
Decrease (increase) in inventories	1,799	(18,274)	6,174
Increase (decrease) in notes and accounts payable	(11,418)	7,640	(10,709)
Increase (decrease) in accrued consumption tax	946	(2,445)	1,128
Other	(437)	(964)	5,639
Subtotal	63,284	61,370	79,929
Interest and dividends received	970	1,182	1,365
Interest paid	(136)	(99)	(176)
Income taxes paid	(19,977)	(29,873)	(20,754)
Net cash provided by (used in) operating activities	44,140	32,579	60,364
II Cash flows from investing activities:			
Purchase of marketable securities	(160,891)	(152,614)	(225,852)
Proceeds from sales of marketable securities	181,900	154,500	242,900
Purchase of investment securities	(3,004)	(4,003)	(3,504)
Proceeds from sales of investment securities	1,335	—	1,335
Purchases of fixed assets	(14,451)	(17,502)	(22,596)
Proceeds from sales of fixed assets	35	503	191
Net decrease (increase) in short-term loans	(1)	5	2
Net decrease (increase) in long-term loans	1	13	14
Net cash provided by (used in) investing activities	4,924	(19,097)	(7,509)
III Cash flows from financing activities:			
Redemption of bonds	(0)	(304)	(0)
Net decrease (increase) in treasury stock	(27,533)	(57)	(27,517)
Cash dividends paid	(18,149)	(16,347)	(18,136)
Cash dividends paid to minority interests	—	(1,651)	(1,519)
Net cash provided by (used in) financing activities	(45,682)	(18,360)	(47,173)
IV Effect of exchange rate changes on cash and cash equivalents	614	(3,439)	(291)
V Net increase (decrease) in cash and cash equivalents	3,996	(8,317)	5,390
VI Cash and cash equivalents at beginning of period	68,332	73,723	68,332
VII Cash and cash equivalents at end of period	72,329	65,405	73,723

5. Other Information

<Change in Presentation>

Insurance income received

“Insurance income received” was disclosed as a separate line item on the income statement until the same period of the previous fiscal year, but since “Insurance income received” has fallen below one-tenth of total non-operating income, we will disclose “Insurance income received” in the “Other” item under “Non-operating income” starting from the fiscal period under review. In addition, “Insurance income received” in the period under review that was included in the “Other” item under “Non-operating income” was ¥3 million.

[Reference]

Statements of Revenues

(Millions of Yen)*1

	Consolidated					
	Third quarter of FY2007 (Jan.-Sep.)	Third quarter of FY2008 (Jan.-Sep.)	Change (%)	Third quarter of FY2007 (Jul.-Sep.)	Third quarter of FY2008 (Jul.-Sep.)	Change (%)
Epogin	40,400	32,800	(18.8)	12,200	11,100	(9.0)
Neutrogin	28,600	28,700	0.3	9,900	9,900	0.0
Herceptin	11,700	16,200	38.5	3,800	6,400	68.4
Rituxan	13,200	14,600	10.6	4,700	5,100	8.5
Avastin	1,300	12,800	884.6	1,000	5,600	460.0
Sigmart	12,800	12,500	(2.3)	4,200	4,000	(4.8)
Evista	11,100	11,700	5.4	3,900	4,100	5.1
Alfarol	10,300	10,000	(2.9)	3,500	3,300	(5.7)
Suvenyl	7,800	8,700	11.5	2,800	3,000	7.1
Kytril	9,700	8,100	(16.5)	3,400	2,700	(20.6)
Oxarol	6,100	7,300	19.7	2,200	2,500	13.6
Pegasys	4,100	6,700	63.4	1,700	2,600	52.9
Rocephin	4,100	4,200	2.4	1,400	1,400	0.0
Renagel	4,000	4,200	5.0	1,400	1,400	0.0
Actemra	300	3,500	1,066.7	100	2,600	2,500.0
Xeloda	1,900	3,300	73.7	700	1,300	85.7
Tarceva	—	3,200	—	—	1,200	—
Copegus	1,100	2,900	163.6	600	1,100	83.3
CellCept	2,400	2,800	16.7	800	1,000	25.0
Tamiflu	31,800	1,700	(94.7)	8,000	100	(98.8)
Femara	700	1,200	71.4	300	400	33.3
Other *2, 3	46,900	32,900	(29.9)	13,000	12,800	(1.5)
Total	250,500	229,700	(8.3)	79,600	83,800	5.3

- Notes: 1. Figures are rounded to the nearest 100 million. The percentages are calculated based on the rounded numbers.
2. Royalties and other operating income are included in the “Other” (7,600 million yen for Jan.-Sep. 2007, 100 million yen for Jul.-Sep. 2007, 4,800 million yen for Jan.-Sep. 2008, 3,800 million yen for Jul.-Sep. 2008)
3. Sales of the products for which the marketing agreement in Japan with sanofi-aventis K.K. ended on December 31, 2007, are included in the “Other” (8,800 million yen for Jan.-Sep. 2007, 2,900 million yen for Jul.-Sep. 2007)

(Millions of Yen)*1

	Non-consolidated					
	Third quarter of FY2007 (Jan.-Sep.)	Third quarter of FY2008 (Jan.-Sep.)	Change (%)	Third quarter of FY2007 (Jul.-Sep.)	Third quarter of FY2008 (Jul.-Sep.)	Change (%)
Epogin	40,400	32,800	(18.8)	12,200	11,100	(9.0)
Herceptin	11,700	16,200	38.5	3,800	6,400	68.4
Rituxan	13,200	14,600	10.6	4,700	5,100	8.5
Avastin	1,300	12,800	884.6	1,000	5,600	460.0
Evista	11,100	11,700	5.4	3,900	4,100	5.1
Sigmart	10,800	10,800	0.0	3,600	3,500	(2.8)
Alfarol	10,300	10,000	(2.9)	3,500	3,300	(5.7)
Suvenyl	7,800	8,700	11.5	2,800	3,000	7.1
Neutrogen	8,900	8,500	(4.5)	3,000	3,100	3.3
Kytril	9,700	8,100	(16.5)	3,400	2,700	(20.6)
Oxarol	6,100	7,300	19.7	2,200	2,500	13.6
Pegasys	4,100	6,700	63.4	1,700	2,600	52.9
Rocephin	4,100	4,200	2.4	1,400	1,400	0.0
Renagel	3,900	4,100	5.1	1,400	1,400	0.0
Xeloda	1,900	3,300	73.7	700	1,300	85.7
Tarceva	—	3,200	—	—	1,200	—
Copegus	1,100	2,900	163.6	600	1,100	83.3
CellCept	2,400	2,800	16.7	800	1,000	25.0
Actemra	300	1,800	500.0	100	1,100	1,000.0
Tamiflu	31,800	1,700	(94.7)	8,000	100	(98.8)
Femara	700	1,200	71.4	300	400	33.3
Neutrogen (Export)	7,300	7,900	8.2	2,400	2,600	8.3
Actemra (Export)	—	1,700	—	—	1,500	—
Sigmart (Export)	1,700	1,500	(11.8)	500	500	0.0
Ulcerlmi (Export)	1,200	1,100	(8.3)	400	400	0.0
Other *2, 3	46,600	32,600	(30.0)	12,900	12,700	(1.6)
Total	238,600	218,100	(8.6)	75,400	79,800	5.8

Notes: 1. Figures are rounded to the nearest 100 million. The percentages are calculated based on the rounded numbers.

2. Royalties and other operating income are included in the “Other” (8,600 million yen for Jan.-Sep. 2007, 500 million yen for Jul.-Sep. 2007, 5,800 million yen for Jan.-Sep. 2008, 4,200 million yen for Jul.-Sep. 2008)

3. Sales of the products for which the marketing agreement in Japan with sanofi-aventis K.K. ended on December 31, 2007, are included in the “Other” (8,800 million yen for Jan.-Sep. 2007, 2,900 million yen for Jul.-Sep. 2007)

Development pipeline (as of October 21, 2008)

Development code	Indication # Additional indication	Stage (date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
<u>Oncology</u>					
R340	Colorectal cancer #	Filed Feb.08	capecitabine Xeloda Oral	Roche Xeloda	Antimetabolite, 5-FU derivative
	Gastric cancer #	Phase III			
R435	Colon cancer (adjuvant) #	Phase III Multinational study	bevacizumab Avastin Injection	Roche /Genentech Avastin	Anti-VEGF(Vascular Endothelial Growth Factor) humanized monoclonal antibody
	Gastric cancer #	Phase III Multinational study			
	Breast cancer (adjuvant) #	Phase III Multinational study			
	Non-small cell lung cancer #	Phase II			
	Breast cancer #	Phase II			
R597	Gastric cancer #	Phase III Multinational study	trastuzumab Herceptin Injection	Roche /Genentech Herceptin	Anti-HER2 humanized monoclonal antibody
EPOCH	Chemotherapy-induced anemia #	Phase III	epoetin beta Epogin Injection	In-house	Recombinant human erythropoietin
R1415	Pancreatic cancer #	Phase II	erlotinib Tarceva Oral	OSI/Genentech/ Roche Tarceva	EGFR tyrosine kinase inhibitor
R744	Chemotherapy-induced anemia	Phase II		Roche Mircera	Continuous erythropoietin receptor activator
MRA	Multiple myeloma	Phase II Overseas	tocilizumab Actemra Injection	In-house (Roche)	Humanized anti-human IL-6 receptor monoclonal antibody
R1273	Breast cancer, etc	Phase I	pertuzumab Injection	Roche /Genentech	HER dimerization inhibitory humanized monoclonal antibody
TP300	Colorectal cancer, etc	Phase I Overseas		In-house	Topoisomerase I inhibitor
CIF (R7167)	Solid tumors	Phase I Overseas		In-house (Roche)	-
GC33	Liver cancer	Phase I Overseas		In-house	-
R7159 (GA101)	Non-Hodgkin's lymphoma	Phase I		Roche/GlycArt	Humanized anti-CD20 monoclonal antibody
			Injection		

Development code	Indication # Additional indication	Stage (date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
<u>Bone and Joint</u>					
MRA	Rheumatoid arthritis #	Launched Apr.08 Japan	tocilizumab Actemra Injection	In-house	Humanized anti-human IL-6 receptor monoclonal antibody
		Filed Nov.07 Overseas	tocilizumab Actemra Injection	In-house (Roche)	
	Systemic onset juvenile idiopathic arthritis (sJIA) #	Launched Apr.08 Japan	tocilizumab Actemra Injection	In-house	
		Phase III Overseas	tocilizumab Actemra Injection	In-house (Roche)	
R1594	Rheumatoid arthritis	Phase III Multinational study	ocrelizumab Injection	Roche /Genentech	Humanized anti-CD20 monoclonal antibody
ED-71	Osteoporosis	Phase III	eldecalcitol Oral	In-house (Taisho Pharmaceutical)	Activated Vitamin D derivative
R484	Osteoporosis	Phase II / III	ibandronate sodium hydrate Injection	Roche Boniva in US / Bonviva in EU	Bisphosphonate
		Phase II	ibandronate sodium hydrate Oral	(Taisho Pharmaceutical)	
<u>Renal diseases</u>					
R744	Renal anemia	Phase III	 Injection	Roche Mircera	Continuous erythropoietin receptor activator
<u>Transplant, Immunology and Infectious diseases</u>					
R964	Compensated liver cirrhosis caused by hepatitis C virus #	Phase II / III	ribavirin Copegus Oral	Roche Copegus	Anti-viral agent in combination with Pegasys
R442	Chronic hepatitis B #		Phase II / III	peginterferon alfa-2a Pegasys Injection	Roche Pegasys
	MRA	Crohn's disease #	Phase II	tocilizumab Actemra Injection	In-house
Castleman's disease		Phase I Overseas	tocilizumab Actemra Injection	In-house (Roche)	
Systemic lupus erythematosus (SLE)		Phase I Overseas			
NA808	Chronic hepatitis C	Phase I Japan	Injection	In-house	-
		Phase I Overseas			

Development code	Indication # Additional indication	Stage (date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
<u>Other diseases</u>					
EPOCH	Predeposit of autologous blood transfusion #	Filed Mar.02	epoetin beta Epogin Injection	In-house	Recombinant human erythropoietin
R1678	Schizophrenia	Phase II Multinational study	Oral	Roche	GLYT1 inhibitor
GM-611	Diabetic gastroparesis	Phase I Completed Japan	mitomcinal Oral	In-house	Motilin agonist Recovery of gastrointestinal motility
		Phase II Overseas			
	Irritable bowel syndrome (IBS)	Phase II Overseas			
R1583 (ITM-077)	Type II diabetes	Phase I	taspoglutide Injection	Roche / Ipsen (Teijin)	GLP-1 analogue
CSG452 (R7201)	Type II diabetes	Phase I	Oral	In-house (Roche)	-
R1579	Type II diabetes	Phase I	Oral	Roche	DPP-IV inhibitor

Changes from the last announcement on July 31, 2008

Oncology

- GC33 Started Phase I (liver cancer)
- R7159(GA101) Started Phase I (Non-Hodgkin's lymphoma)

Cardio/Cerebro-vascular diseases

- NA808 Started Phase I (chronic hepatitis C / Japan)

R&D Activities (Aug.1, 2008 – Oct. 21, 2008)

As for clinical development activities in Japan, the Company saw progress as described below:

Oncology

- In October, we started Phase I clinical trials for R7159(GA101) (expected indication: Non-Hodgkin's lymphoma).
- In September, we obtained the approval for modification of manufacturing process for drug substance (to use porcine derived material) for humanized anti-HER2 monoclonal antibody R597 (product name: Herceptin).

Cardio/Cerebro-vascular diseases

- In October, we started Phase I clinical trials for NA808 in Japan (expected indication: chronic hepatitis C).

At present, we are awaiting the approval of applications (new molecular entities or additions of indications) filed for 2 development themes, including R340 (expected indication: colorectal cancer).

Also, as for clinical development activities overseas, the Company saw progress as described below.

- In October, we started Phase I clinical trials for GC33 (expected indication: liver cancer).

Currently running clinical trials in oncology field in Japan

Theme	Expected Indication	Regimen	Stage	Planned Filing Date
R435 (bevacizumab) Avastin	Non-small cell lung	carboplatin + paclitaxel ± R435	Phase II	2008
	Breast	paclitaxel + R435	Phase II	2009
	Breast (adjuvant)	standard chemotherapy ± R435	BEATRICE study Phase III Multinational study	2011 2013
R435 (bevacizumab) Avastin R340 (capecitabine) Xeloda	Colon (adjuvant)	FOLFOX4 ± R435 XELOX + R435	AVANT study : Phase III Multinational study	2011 2013
	Gastric	R340(5FU) + CDDP ± R435	AVAGAST study : Phase III Multinational study	2011 2013
	Colorectal	XELOX + R435	Phase II	Filed (Feb.08)
R1415 (erlotinib) Tarceva	Pancreatic	gemcitabine + R1415	Phase II	2009
R597 (trastuzumab) Herceptin	Breast (adjuvant)	R597	HERA study : Phase III Multinational study	Launched (Feb.08)
R597 (trastuzumab) Herceptin R340 (capecitabine) Xeloda	Gastric	R340/5FU + CDDP ± R597	ToGA study : Phase III Multinational study	2010