

Chugai - Roche Alliance Creating Shareholder Value

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CHUGAI PHARMACEUTICAL CO., LTD.

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.

Today's key messages

- New Chugai will be positioned for superior growth both in the short-term and the long-term
- New Chugai will be a stronger and broader pharmaceutical franchise
- The transaction will be EPS accretive for Chugai shareholders by the second full year of the alliance (3/2005)

Chugai's key objectives in the alliance with Roche

- Enhance sustainable growth in Chugai's Rx business
 - Increase short-term growth through Nippon Roche products
 - Access Roche Group's R&D pipeline¹ for the Japanese market as a foundation for sustainable growth in the long-term
- Position Chugai as a leading integrated pharmaceutical company
 - Strengthen existing capabilities and engage in advanced life science research
 - Enrich pipeline with both Chugai and Nippon Roche products
 - Leverage manufacturing capabilities through collaboration with Roche
 - Create one of the strongest marketing forces in Japan

¹ Including Genentech products which Roche opts in

New Chugai will be more broadly based with a deeper product portfolio in existing therapeutic area and additional therapeutic focus

Anti-Infectives/ Immunology

- *Tamiflu*
- *Rocephin*
- *CellCept*
- *Keiten*
- *Cefotax*

Liver

- *Monilac*
- * *FS-69*
- * *VAL*
- * *Pegasys*
- * *Copegus*

• Existing product

* Product in development

Oncology

- *Furtulon*
- *Neutrogin*
- *Kytril*
- *Herceptin*
- *Rituxan*
- * *CHC12103*
- * *AHM/CAL/MRA*
- * *Xeloda*
- * *Tarceva*

Cardiovascular

- *Sigmart*
- *Rythmodan*
- *Preran*
- *Bezalip*
- * *FS-69*
- * *BO-653*

Hematological

- *Epogin*
- *Oxarol*
- * *PB-94*
- * *Second Generation EPO*

Bone/arthro

- *Alfarol*
- *Rocaltrol*
- *Suvenyl*
- * *CHS13340*
- * *ED-71*
- * *Raloxifene*
- * *Bonviva*
- * *MRA*

Diabetes

- * *Xenical*
- * *R483*

CNS

- *Amoban*
- *Rohypnol*
- *Lexotan*
- *Madopar*
- *Rivotril*
- * *NK-1*

Red: Chugai
Blue: Nippon Roche

New Chugai will have the broadest oncology portfolio & pipeline in Japan

	New Chugai	<i>Taiho</i>	<i>Nippon Kayaku</i>	<i>Takeda</i>	<i>Kyowa Hakko</i>	<i>Kirin</i>	<i>Astra Zeneca</i>	<i>BMS</i>
Cytostatics	CHC12103 (pre)	TOP-53 (P1) TAS-105 (pre)	Randa Lastet Pinorubin Pepleo	□	Farmorubicin Adriacin Navelbine KW-2170 (P1)	KRN7000 (pre) KRN5500 (pre)	ZD9331 (P1)	Taxol Paraplatin Briplatin Vepesid
Antimetabolites	Furtulon Xeloda (Filed)	Futraful UFT TS-1			5-FU			
Hormones	Femara (Filed)	Miproxifen (Filed)	Fareston Odyne	Leuplin	Hysron		Zoladex Casodex Nolvadex Arimidex Fulvestrant (P2)	
G-CSF	Neutrogin				Neu-up	Gran		
Antiemetics	Kytril	Serotone						Serotone
Antibodies	Herceptin Rituxan AHM(P1) CAL(P1) MRA(P1)				KW-2871 (pre) KM8969 (pre)			
Others	Tarceva (pre)	SU-5416 (P1) SU6668 (P1)	Bestatin		Leunase KW-2401 (P1) GRN163 (pre)	Bsrufan (pre)	ZD1839 □(P2) ZD9331 □(P1)	BMS214662 (pre)

Source: Company estimate based on published data, Red: Product in development

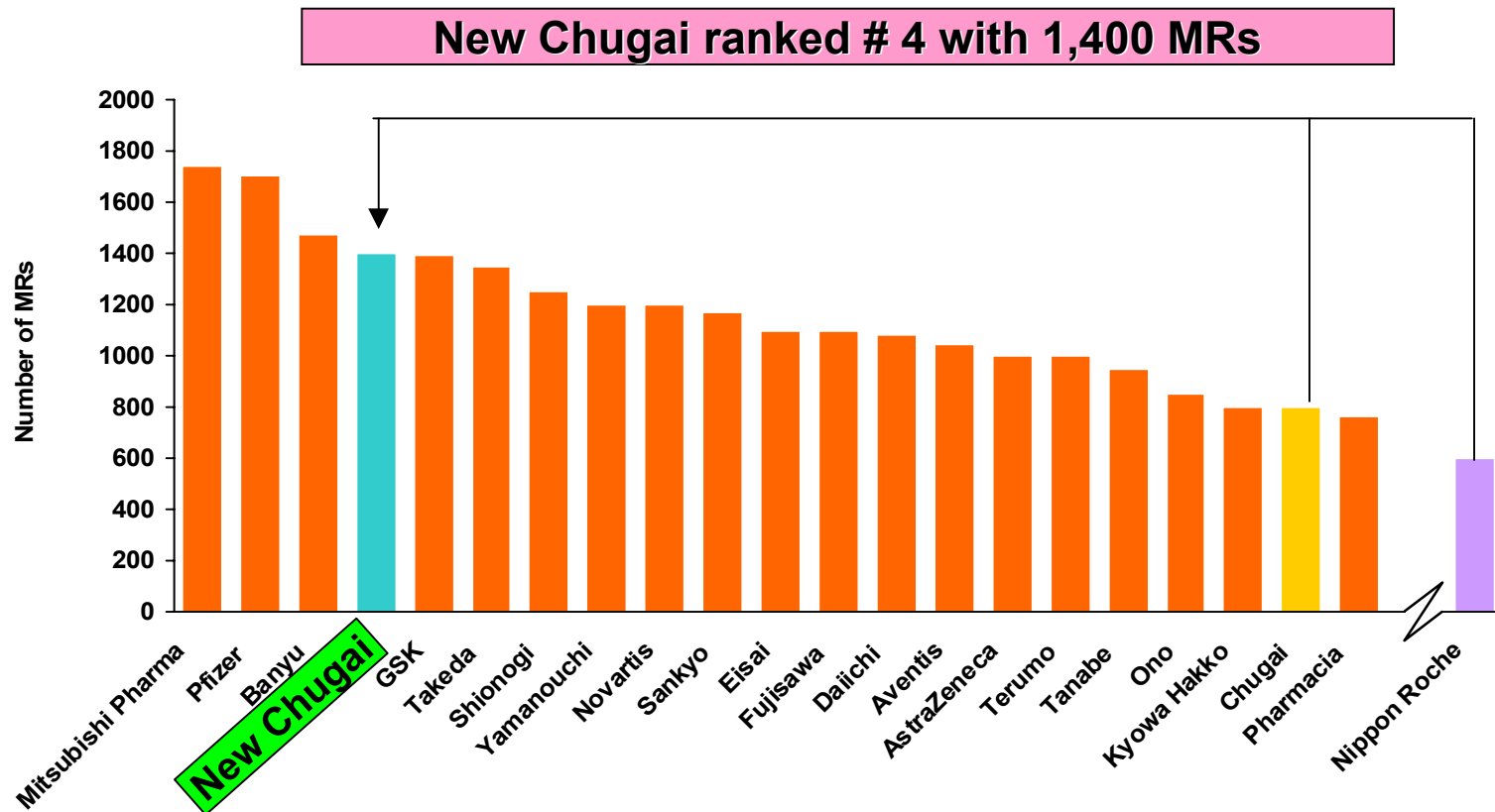
In addition, New Chugai will have the most comprehensive product line in osteoporosis

	New Chugai	Teijin	Asahi Kasei	Takeda	Eizai	Yamanouchi	Banyu
Vitamin D	Alfarol Rocaltrol ED-71 (P2)	Onealfa					
Calcitonin			Elcitonin Elcitonin nasal (P2)			Salmotonin	
SERM	Raloxifene (P3)						
Bisphosphonate	Bonviva (P2)	Bonalon		Risedronate (app.)		Bisfonal (P3)	Fosamac
PTH	CHS13340 (P1)		PTH inj. (P3)				
Others				Osten	Glakey		

Source: Company estimate based on published data , Red: Product in development



Create the fourth largest marketing force in Japan



Enriched pipeline for New Chugai

	<i>Phase 1</i>	<i>Phase 2/Phase 3</i>	<i>Filed</i>
Cancer	<p>AHM (Multiple Myeloma)</p> <p>CAL □ (Hypercalcemia)</p> <p>Tarceva (Lung cancer)</p>		<p>Femara[®] (Breast cancer)</p> <p>Xeloda[®] (Breast cancer)</p>
Renal / bone –related	<p>CHS13340 (Osteoporosis)</p> <p>Second Generation EPO (Anemia)</p>	<p>MRA (RA)</p> <p>Raloxifene (Osteoporosis) ED-71 (Osteoporosis)</p> <p>Bonviva[®] (Osteoporosis)</p>	
Cardiovascular		<p>□□□□□ BO-653 (Restenosis in post-PTCA)</p>	<p>□□□□□ AVS (Subarachnoidal hemorrhage)</p>
Others	<p>VAL (Liver-regeneration)</p> <p>Alpha 1 agonist □□ (Stress incontinence)</p> <p>NK-1 (Depression)</p>	<p>GM-611 (GERD) Pegasys[®] (HCV)</p> <p>FS-69 (Enhancement of ultrasound images)</p> <p>Xenical[®] (Obesity) Copegus[®] (HCV)</p>	<p>PB-94 (Hyperphosphatemia)</p>

Products in development excluding line extension and additional indications

Chugai's pipeline :NMEs in Japan and overseas
Nippon Roche's pipeline :NMEs in Japan



Largest clinical development resources in Japan

	Number of clinical staff	Number of newly domestic developed medicines			
		P1	P2 / 3	Filed	Total
New Chugai	279	8	10	4	22
Japan Co. A	N.A.	2	5	0	7
Japan Co. B	130	5	6	2	13
Japan Co. C	140	2	9	2	13
Japan Co. D	210	4	3	1	8
Japan Co. E	180	2	7	0	9
Japan Co. F	150	4	7	1	12
Japan Co. G	110	3	3	2	8

Source: Based on the company's in-house data

Leverage manufacturing capabilities through collaboration with the Roche Group

- Collaboration with the Roche Group in antibody manufacturing
 - Manufacturing skills
 - Manufacturing of clinical supplies
 - Commercial manufacturing
- Utilization of the Roche Group's global supply chain

Strengthen existing capabilities and engage in advanced life science research

Strength of Chugai

- *Biopharmaceuticals / Antibodies*
- *Vitamin D derivatives*
- *Transgenic technology*

Strength of Nippon Roche

- *Cancer research*
- *Medicinal chemistry*

Strength of New Chugai: chemical function (Medicinal chemical) in addition to the presence of biotechnology


- *Improve creation of drug candidates*
- *Develop vitamin D potential to cancer area*
- *Enhance creation of antibodies in cancer area*
- *Develop new chemistry such as peptide drugs*

Possible research collaborations with the Roche Group

- New targets for therapeutic antibodies
- New drug targets through proteomics

New Chugai's enhanced financial outlook

- Accelerated sales growth
- Enhanced profit growth
- Longer-term growth driver in place
- Reduced risk profile

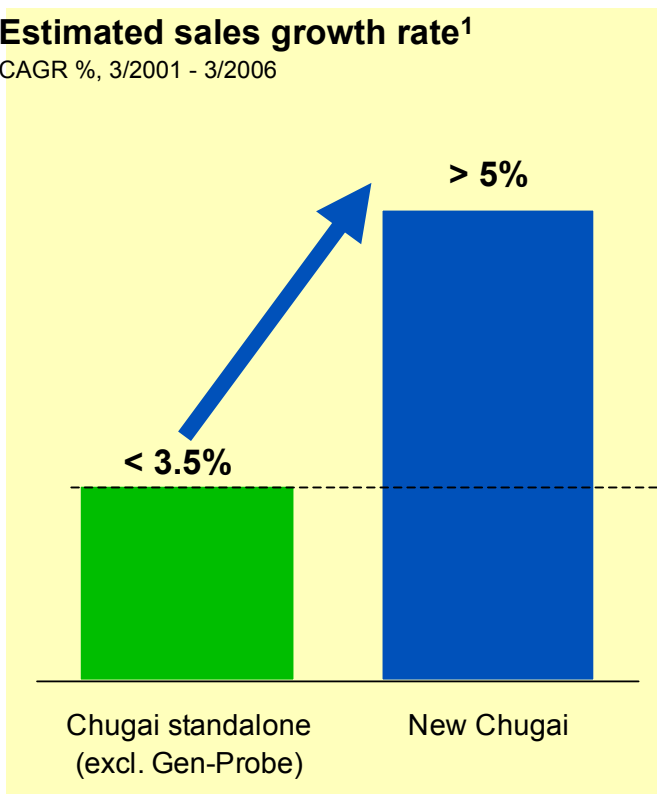


***Earnings accretive
by the second full year of the alliance (3/2005)***

Nippon Roche accelerates New Chugai's short-term growth¹

Estimated sales growth rate¹

CAGR %, 3/2001 - 3/2006



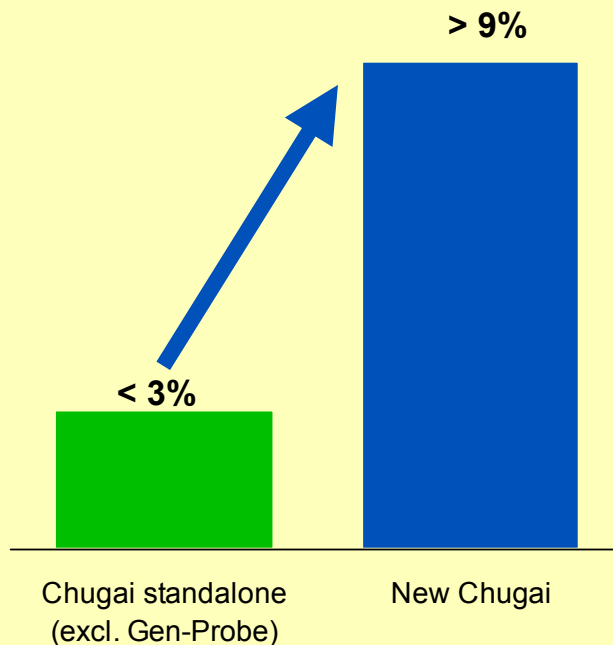
Growth drivers

- Nippon Roche products
 - Tamiflu
 - Rituxan
 - Herceptin
 - CellCept
 - Pegasys
 - Xeloda
- Sales upside, derived from alliance
- Chugai products
 - Suvenyl
 - Oxarol
 - Raloxifene
 - Epogin-S
 - PB-94

¹ Excluding Gen-Probe

Integrating operations will increase New Chugai's operating profit growth rate

Estimated operating profit growth rate
CAGR %, 3/2001 - 3/2006

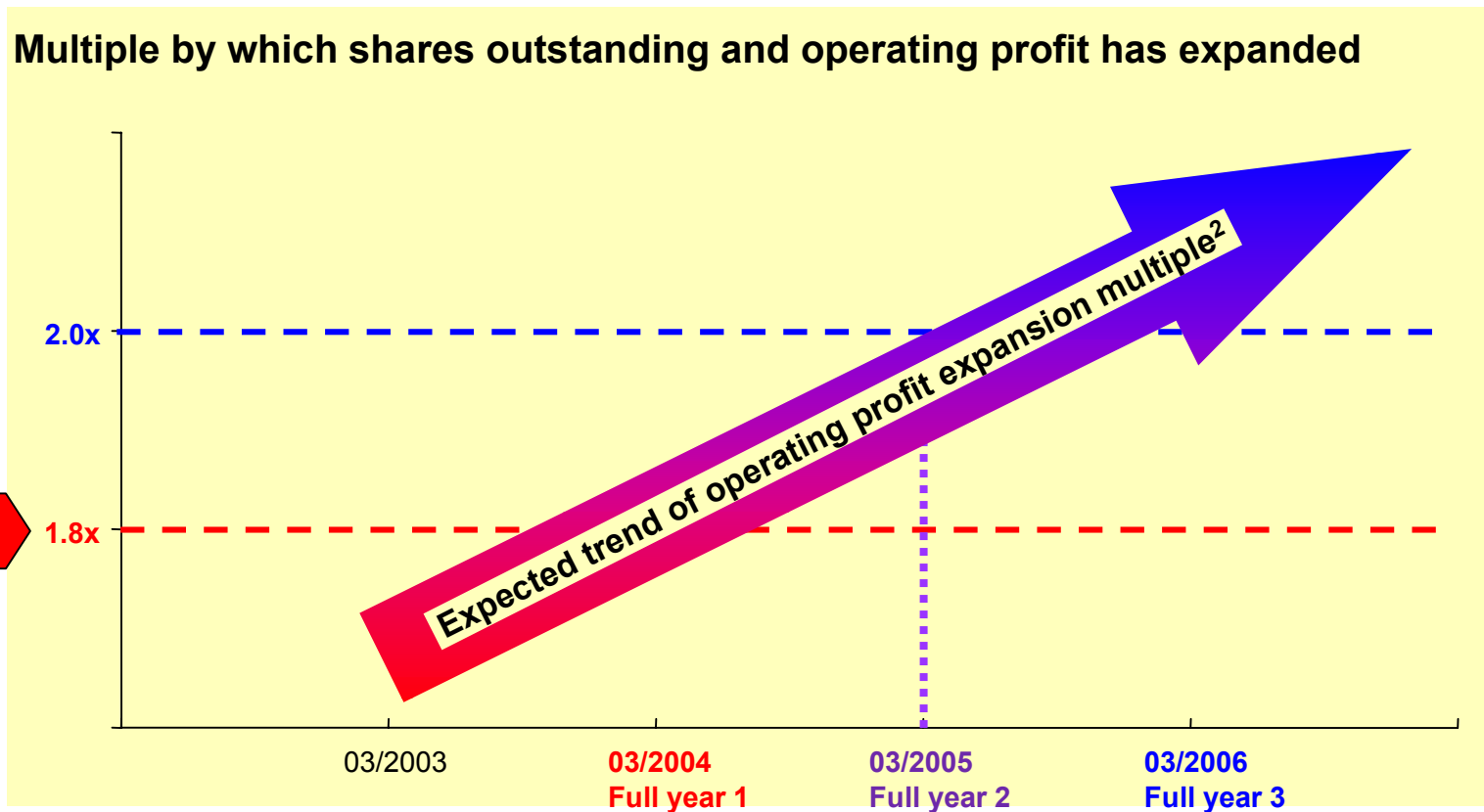


Profit growth increase

- Growing revenue base without having to expand the infrastructure
- Higher marginal profits from sales synergy
- Cost synergies expected through natural attrition and voluntary retirement
- Supply prices with respect to Roche originated products are set at arm's length basis

➡ Target 3/2006 operating margin of 20%

New Chugai expects to make the transaction accretive for shareholders by the second full year of the alliance



¹ Assuming that the TOB is 100% successful. Total shares outstanding is assumed to increase from 307 million to approximately 554 million shares ($554 \div 307 = 1.8x$)

² Relative to the March 31, 2002 level which is estimated at 29 billion yen

Long-term growth outlook is also secured by a rich combined pipeline portfolio

- Enriched long-term pipeline with both Chugai and Nippon Roche products
 - Pipeline product to be launched after 2006
 - Chugai
 - MRA
 - AHM
 - CAL
 - BO-653
 - Nippon Roche
 - Xenical
 - Bonviva
 - NK-1
 - Alpha-1 agonist
 - Second Generation EPO
 - Tarceva
- New Chugai's right of first refusal to Roche's research pipeline
 - Currently Roche has 46 new molecular entities under development
- Long-term synergies from alliance
 - Enhanced research capabilities
 - Accelerated development timeline
 - Stronger market platform in Japan

Chugai's existing shareholders will benefit from a stronger Chugai pharmaceutical franchise as well as ownership in Gen-Probe

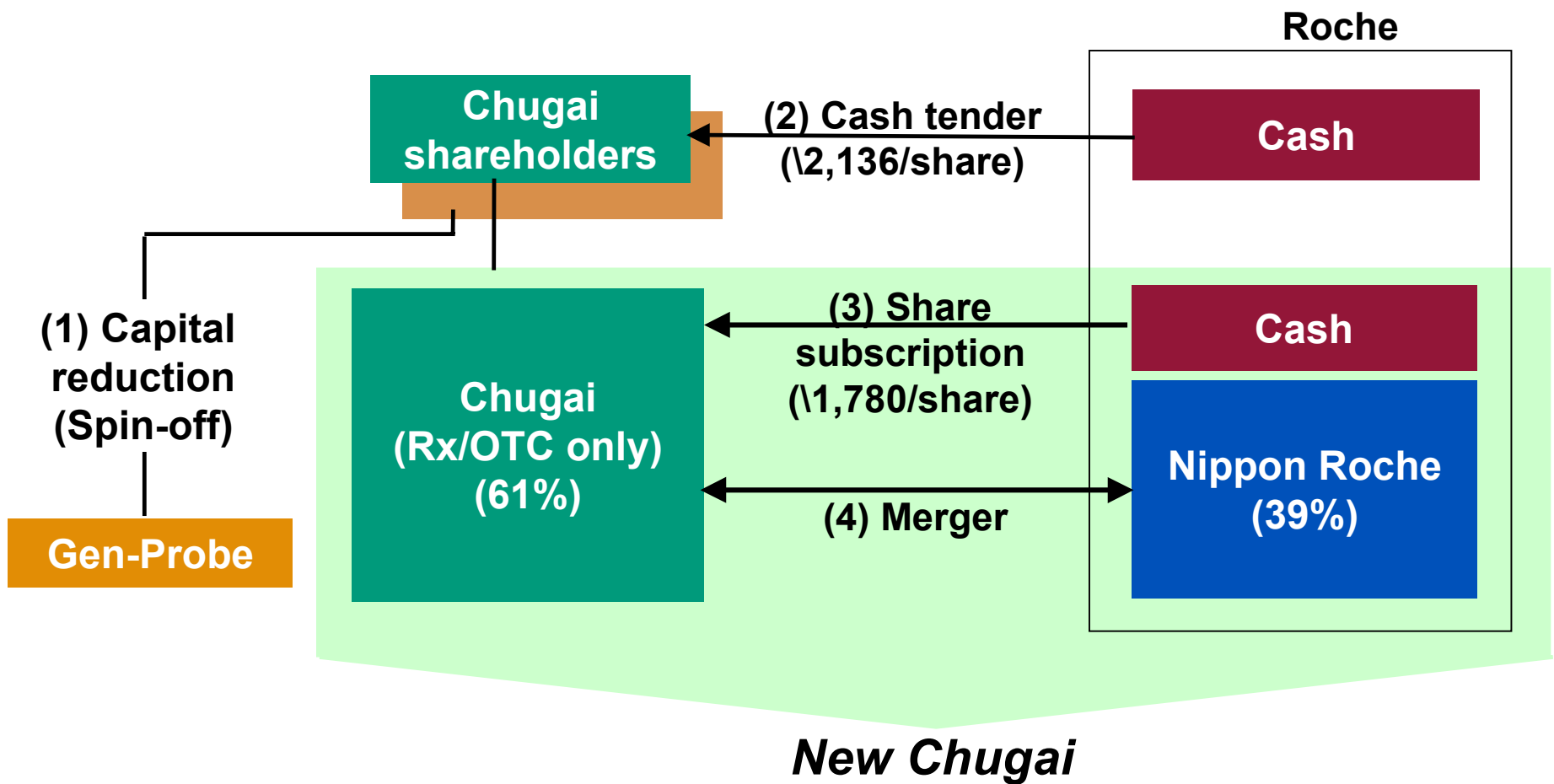
Chugai shareholders will have

- Shares in a higher growth/ lower risk pharmaceutical franchise (49.9%)
- Direct ownership of a listed Gen-Probe share and 100% of its earnings
- Approximately 1/10 tender offer for Chugai shares¹ at 2,136 yen

¹ after the spin-off of Gen-Probe

Appendix: Overview of the transaction structure

Transaction overview



Overview of key steps of the alliance

- Shareholder approval at Chugai's AGM
- Spin-off of Gen-Probe
- Roche launches tender offer
- Chugai issues new shares to Roche by third party allotment
- Merger of Chugai and Nippon Roche

Events leading to Chugai's AGM

- **End of March** **Record date for AGM**
 - Shareholders on the register as of March 31 have the right to vote in the AGM
- **By early June** **Gen-Probe to file Form 10**
 - Chugai distributes to its shareholders (as of March 31) information on Gen-Probe
- **End of June** **Chugai's AGM**
 - Chugai's shareholders as of the AGM record date vote for
 - Spin-off of Gen-Probe through capital reduction
 - Merger of Chugai and Nippon Roche
 - Issuance of Chugai shares to Roche at JPY 1,780 per share
 - Election of Directors, etc.

For the contemplated transaction to be completed, these items need to be approved

Gen-Probe spin-off

- **End of July Record date for Gen-Probe spin-off¹**
 - Chugai shareholders as of this date will receive Gen-Probe shares
- **Mid-August Effective date of spin-off/capital reduction**
 - Form 10 becomes effective
 - Listing for Gen-Probe on U.S. stock exchange will be approved
 - Gen-Probe shares will be distributed to Chugai shareholders and thereafter regular trading in Gen-Probe shares can take place²
- To achieve an orderly market in Gen-Probe shares at the time the spin-off becomes effective, financial advisors of Chugai and Gen-Probe will take steps to create an awareness of Gen-Probe shares through a program of investor relations activities, including roadshows and the publication of equity analysts research material, etc.

¹ Note that the record date for the spin-off is not the same as the record date for the AGM

² In general, the Form 10 filings become effective within 60-75 days following the filing

Tender offer for Chugai shares by Roche

- **Beginning of August** **Following the record date for Gen-Probe spin-off**
 - Roche to launch a tender offer for 10% of Chugai's outstanding shares (approximately 30 million shares) at 2,136 yen per share

- **Beginning of September** **Expiration of tender offer**
 - Pro-rata allocation of Chugai's outstanding shares if more than 10% of Chugai's shares are tendered

Allotment of shares to Roche by TPA and Merger

- **End of September** **Allotment of shares to Roche by third party allotment**
 - Chugai to issue new shares to Roche at JPY 1,780 per share
 - The size of issuance is subject to the outcome of the tender offer

- **4th quarter 2002** **Merger**
 - Chugai to merge with Nippon Roche



Roche will own a 50.1% interest in Chugai