

May 23, 2008

Name of listed company: Chugai Pharmaceutical Co., Ltd.
Code number: 4519 (1st Section of Tokyo Stock Exchange)
Head office: 1-1, Nihonbashi-Muromachi 2-Chome, Chuo-ku, Tokyo
President & CEO: Osamu Nagayama
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Announcement of an Opinion on the Tender Offer for the Shares of Chugai Pharmaceutical Co., Ltd.

Chugai Pharmaceutical Co., Ltd. (“Chugai” or the “Company”) is pleased to announce that the Company resolved at the meeting of its Board of Directors held on May 23, 2008 to express an opinion on a tender offer for Chugai’s shares by Roche Pharmholding B.V. (the “Offeror”) (the “Tender Offer”) as described below.

1. Overview of the Offeror

(1)	Company Name	Roche Pharmholding B.V.
(2)	Business	Shareholding and financing to the affiliates
(3)	Date Incorporated	April 7, 1982
(4)	Head Office Address	Beneluxlaan 2A, 3446 GR Woerden, The Netherlands
(5)	Name and Title of the Representative	Beat Lieberherr, the Representative
(6)	Capital	467,847,857 Euros
(7)	Major Shareholder and Shareholding Ratio	Roche Finance Ltd: 100%

(8) Relationship between the Offeror and the Company	Capital Relationship	The Offeror is the parent of the Company holding approximately 50.1% (280,293,245 shares) of the issued and outstanding shares of the Company (as of December 31, 2007). The Offeror also holds the Company's bonds with stock acquisition rights valued at 300 million yen (as of December 31, 2007), and the number of the shares to be issued upon the exercise of the stock acquisition rights attached thereto is 224,556 in total (as of December 31, 2007).
	Personnel Relationship	There is no personnel relationship between the Offeror and the Company. However, some of the board members of the Company, namely Christopher Murray (Executive Vice President), Franz B. Humer, William M. Burns, Jonathan K.C. Knowles, and Erich Hunziker are the officers or employees of Roche Holding Ltd, which indirectly holds all of the issued and outstanding shares of the Offeror, or F. Hoffmann-La Roche Ltd which is a subsidiary of Roche Holding Ltd.
	Business Relationship	The Company pays the stock dividend and the interest of the Company's bonds. Under the agreement with the Offeror, the Company has become the sole pharmaceutical operating company of Roche Group in Japanese market and is in alliance with them in the areas including joint R&D, introduction (in/out) of newly developed products, and procurement of products and raw materials.
	Status as a Related Party	The Company is a consolidated subsidiary of the Offeror and falls under the category of its Related Party.

2. Opinion on the Tender Offer; Reasons for and Grounds of the Opinion

(1) Opinion on the Tender Offer

Chugai resolved at the meeting of its Board of Directors held on May 23, 2008, to endorse the tender offer for Chugai's shares to be made by Roche Pharmholding B.V. [headquartered in The Netherlands] ("Roche Pharmholding") and to leave the decision whether to tender for the Tender Offer to the discretion of each shareholder.

(2) Reasons for the Opinion on the Tender Offer

F. Hoffmann-La Roche Ltd [Head Office: Switzerland] (hereafter "Roche") and its affiliates (hereafter, the "Roche Group") are one of the world's leading enterprises in the fields of pharmaceuticals and diagnostics. The Roche Group is an innovator of products and services for the early detection, prevention, diagnosis, and treatment of diseases. The Roche Group is the world leader in in-vitro diagnostics and drugs for cancer and transplantation, and is a market leader in virology. It is also active in other major therapeutic areas such as autoimmune diseases, inflammatory and metabolic disorders, and diseases of the central nervous system. In fiscal 2007,

the Roche Group had sales of 46.1 billion Swiss Francs and invested over 8.4 billion Swiss Francs in research and development.

In Japan, the world's second largest pharmaceutical drug market following the U.S., Roche Pharmholding signed, in December 2001, a Basic Alliance Agreement (hereafter the "Basic Agreement") with Chugai to establish a strategic alliance centering on the integration of their pharmaceutical drug businesses. At the same time, based on the Japan Umbrella Rights Agreement signed by Chugai and Roche, Chugai became the sole pharmaceutical business company of Roche Group in Japan, and has the first right of refusal on the development and marketing in Japan of all development compounds advanced by Roche Group.

Under the Rest of the World Umbrella Rights Agreement signed by Chugai and Roche in May 2002, Roche has the right of first refusal on the development and marketing of Chugai's development compounds in markets outside of Japan, excluding South Korea, in cases where Chugai determines that it requires a partner for such activities.

Also, in September 2002, Roche and Chugai signed research cooperation agreements for biotechnology based drug discovery and small molecular synthetic drug research.

In line with these agreements, Roche Pharmholding acquired 50.1% of the shares in Chugai in October 2002, while Chugai merged with Nippon Roche K.K., thus commencing the strategic alliance based on the Basic Agreement.

Following the merger, Chugai, as a specialized pharmaceutical drug company, has focused on creating its own highly innovative drugs based on its strength in antibody drug research and small molecular drug discovery, and at the same time has worked to enhance its clinical development pipeline and product lineup in oncology and other therapeutic areas through collaboration with Roche. In these ways, Chugai has endeavored to establish a top-caliber competitive franchise in Japan. As a result, Chugai has now reached the stage where the fruits of the Alliance are being realized in significant ways. For example, in fiscal 2007 three drug candidates — two in the area of oncology and one in diabetes — were licensed out to Roche from among development stage projects. In addition, applications were filed in Europe and the United States for approval of Actemra, Chugai's proprietary antibody drug for which it has signed an overseas joint development and promotion agreement with Roche. During the same year in Japan, Chugai launched the anti-cancer drugs Avastin and Tarceva, which are licensed in from Roche.

The alliance between Chugai and Roche Group represents a new business model that differs from conventional practices in corporate acquisitions and the formulation of joint ventures. Although Chugai is a consolidated subsidiary of Roche Pharmholding, as an independent listed company, all management decisions of Chugai are made based on the principle of self-governance. Also, all transactions with the Roche Group are conducted in a fair manner on an arms-length basis.

As of the end of March 2008, Chugai's Board of Directors consists of fourteen members, five of whom are from Roche Group, including one full-time director. Chugai maintains its management autonomy since the number of directors from Roche Group is smaller than a half of the number of all directors. Also, from the standpoint of further increasing management autonomy and objectivity, Chugai has three outside directors who do not belong to the Roche Group.

Six joint committees, including the Management Committee, have been established between Chugai and Roche, and they meet regularly to deepen mutual understanding and strengthen cooperation. Personnel exchanges are actively implemented at various levels including management level, and friendly relations are maintained between Chugai and Roche.

Chugai targets ¥460 billion in consolidated revenues and ¥80 billion in consolidated operating income in the fiscal year ending December 2012 in "Sunrise 2012", Chugai's Mid-Term Business

Plan for fiscal 2008 through fiscal 2012. To achieve these goals, it is important for Chugai to further enhance its competitiveness by making full use of its strengths and its close and cooperative relationship with Roche.

We believe that the proposed increase in the share holding ratio held by Roche Pharmholding in Chugai would make it possible to further enhance the relationship between Chugai and Roche Group along with establishing a robust management foundation.

Furthermore, this increase in the share holding ratio complies with the Basic Agreement. Chugai and Roche Pharmholding agreed on the “Restriction on the purchase of Chugai common shares” in the Basic Agreement. According to the agreement, Roche Group will not raise its share holding ratio (i) above 50.1% for the first five years after the merger (until September 30, 2007), and (ii) above 59.9% for the next five years (until September 30, 2012). On and after the tenth year from the merger, there is no restriction regarding increases in the share holding ratio, but both companies have agreed to cooperate to maintain Chugai’s listing on the First Section of the Tokyo Stock Exchange.

Chugai believes that Chugai can expand its profits and increase corporate value by pursuing synergies with Roche Group more aggressively after this tender offer. In addition, since the proposal is in accordance with the Basic Agreement, Chugai resolved, at the Board of Directors meeting, to endorse the tender offer.

The purchase price of the Tender Offer was determined by the Offeror, by considering factors such as the recent trends in Chugai’s share price; and Chugai has not requested a third party assessment of Chugai’s share price, nor has it independently confirmed whether this offer price reflects the fair value of Chugai’s shares. In this regard, although having determined that the Offeror’s purchase of additional shares in Chugai at a certain level would contribute to enhancing Chugai’s corporate value, the Board of Directors of Chugai resolved that they would leave the decision whether to tender for the Tender Offer, to the discretion of each shareholder.

(3) The measures taken to assure the Fairness of the Offer Price and to prevent a Conflict of Interests

Given the fact that certain members of the Board of Directors, namely Christopher Murray (Executive Vice President), Franz B. Humer, William M. Burns, Jonathan K.C. Knowles and Erich Hunziker are the officers or employees of Roche Holding Ltd., which indirectly holds all of the issued and outstanding shares of the Offeror, or Roche, a subsidiary of Roche Holding Ltd., these five members, in order to prevent a conflict of interests, refrained from participating in discussions and resolution at the meeting of the Board of Directors and from taking part in discussion or negotiation with the Offeror from the standpoint of the Company.

(4) Likelihood of Delisting

The Offeror has set a maximum limit to the number of shares sought in this Tender Offer (54,930,326 shares) and has no intention of letting the Company become delisted from the stock exchange. In addition, as mentioned above, the Basic Agreement provides that Roche Group shall cooperate and make reasonable efforts required to maintain the Company’s listing on the First Section of the Tokyo Stock Exchange; thus the Company will continue to be listed after the completion of the Tender Offer. At this stage, the Offeror has no plan to acquire additional shares in the Company after the completion of this Tender Offer.

The Company, while supporting the Offeror’s basic policies for group management as a consolidated subsidiary of the Offeror which will hold the majority of voting rights after the

completion of the Tender Offer, will continue its autonomous corporate activities using self-initiative and mobility, securing its independence of management as a public company, and pursuing the maximum benefits of the entire shareholders as well as sustainable increase of the corporate value.

(5) Outlook on the Impact of the Tender Offer

There will be no material impact of the Tender Offer on the performance, management, research and development, capital expenditure and other matters of the Company.

3. Description of Profit Offerings by the Offeror or Its Specially Related Parties

Not applicable.

4. Policies Concerning the Basic Policy of Control over the Company

Not applicable.

5. Questions Addressed to the Offeror

Not applicable.

6. Request of Extension of the Tender Offer Period

Not applicable.

7. Press Release of the Tender Offeror

See the attached document.

8. Contact for individual shareholders

Those who are seeking further information on the procedures for tendering may contact the tender offer agent, Nikko Citigroup Limited, or the tender offer sub-agent, Nikko Cordial Securities Inc. For individual shareholders, Nikko Contact Center which is operated by Nikko Cordial Securities Inc. is in service to respond to shareholders' queries regarding the procedures for tendering.

► Nikko Contact Center for individual shareholders use only

Toll Free Dial: 0120-250-959

Period: Tender offer period (expected to be from May 23, 2008 to June 23, 2008)
from 9 a.m. to 5 p.m. (Except for Saturday, Sunday and national
holidays in Japan.)

(Note) To request application forms for the tender offer, shareholders should contact the call center in person.

May 23, 2008

Roche Pharmholding B.V.

Roche Pharmholding B.V. Announces Commencement of Tender Offer

Roche Pharmholding B.V. (the “Tender Offeror” or the “Company”), an indirect wholly-owned subsidiary of Roche Holding Ltd based in Basel, Switzerland, hereby announced that it decided today that it would launch a tender offer for Shares of Common Stock (the “Tender Offer”) of Chugai Pharmaceutical Co., Ltd. (listed on the first section of the Tokyo Stock Exchange, code 4519, hereinafter called the “Target”).

1 Purpose of the Tender Offer

The Tender Offeror is an indirect, wholly-owned subsidiary of Roche Holding Ltd based in Basel, Switzerland. The Tender Offeror is a limited company formed under the laws of the Netherlands for the purpose of holding shares of certain Group companies which are based in countries other than Switzerland. As of December 31, 2007, the Tender Offeror holds approximately 50.1% of the total number of issued shares of the Target.

The Tender Offeror and its affiliates (collectively, the “Group” or the “Roche Group”) are one of the world’s leading global, research-focused health care enterprises in the fields of pharmaceuticals and diagnostics. The Group is an innovator of products and services for the early detection, prevention, diagnosis and treatment of diseases. The Group is the world-leader in in-vitro diagnostics and drugs for cancer and transplantation, and is a market leader in virology. It is also active in other major therapeutic areas such as autoimmune diseases, inflammatory and metabolic disorders and diseases of the central nervous system. In 2007, the Group had sales of 46.1 billion Swiss Francs and invested over 8.4 billion Swiss Francs in research and development. Worldwide, the Group employs approximately 78,500 people.

The Group’s pharmaceutical activities in Japan, the second largest pharmaceutical market in the world, have been carried out by the Target since October 2002. At that time, the Tender Offeror, acquired ownership of approximately 50.1% of the shares in the Target through a series of transactions that included a tender offer and a merger of Nippon Roche K.K., the Group’s pre-existing Japanese affiliate, with and into the Target. Since October 2002, the Target is a member of the Group and forms a strategic alliance with the Roche Group (the “Alliance”).

The Alliance is formed via a number of agreements. The Basic Alliance Agreement executed as of December 10, 2001 (the “BAA”) between the Tender Offeror and the Target has established the Target as the Group’s sole pharmaceutical enterprise in Japan and describes the governance principles among the Target and the Group. The Japan Umbrella Rights Agreement executed as of the same date between F. Hoffmann-La Roche Ltd and the Target provides the Target with the exclusive right to launch and market Roche Group’s pharmaceutical products in Japan. The Rest-of-the world Umbrella Rights Agreement executed as of May, 2002 between F. Hoffmann-La Roche Ltd and the Target provides Roche Group with certain rights to develop, launch and market the Target’s products outside of Japan (excluding the Republic of Korea). In addition to the foregoing, the Alliance provides for co-operation in research, development, manufacturing, finance, accounting and other areas. As described above, through the Alliance, the Tender Offeror intends to establish the Target as a leading Japanese integrated pharmaceutical company with the support of the Group as the Target’s primary commercial partner and majority shareholder. The Tender Offeror currently has no plans to make any significant changes in the business policies of the Target after the Tender Offer.

During its first five years of operation, the Alliance had made significant progress toward its goals. For example, in 2003, Roche Group and the Target agreed to jointly develop and the Target to co-promote in certain countries Actemra, the Target’s proprietary antibody drug. In 2007, three drug candidates — two in the area of oncology and one in diabetes — were licensed to Roche Group from among the Target’s development stage projects. During the same year, in Japan, the Target launched the anti-cancer drugs Avastin and Tarceva, which are licensed-in from Roche Group.

After more than five years into the Alliance, the Tender Offeror now desires to strengthen the cooperative

relationship by having the Tender Offeror acquire additional capital contribution of the Target. The Tender Offeror and the Target have contemplated this possibility already upon establishment of the Alliance, as the BAA signed in 2001 permits the Tender Offeror to increase its ownership to 59.9% at any time following the fifth anniversary of the closing of the Alliance.

The Tender Offeror chose a tender offer as the means for the increase in the Tender Offeror's capital contribution, because the Tender Offeror would like to provide all of the shareholders with the opportunity to convert their shares under equitable and uniform conditions. Following the successful completion of the transaction, the Tender Offeror will own in maximum 59.9% of the total number of issued shares of the Target.

The Tender Offer Price of ¥1,730 per share, represents a premium of 35.4% (rounded to the nearest 0.1%) over ¥1,278, which is the average closing price of the Common Stock of the Target on the first section of the Tokyo Stock Exchange for the three-month period ending May 21, 2008, a premium of 18.7% (rounded to the nearest 0.1%) over ¥1,458, which is the average closing price of Common Stock of the Target for the one-month period ending May 21, 2008, and a premium of 11.7% (rounded to the nearest 0.1%) over ¥1,549, which is the closing price of Common Stock of the Target on May 21, 2008, two days prior to announcement of the Tender Offer.

The Tender Offeror has for now, no plan to purchase additional shares in the Target after purchasing 54,930,326 shares in the Target as a result of the Tender Offer, i.e., the "Maximum Number of Shares to be Purchased on Fully Diluted Basis" in the Tender Offer. In addition, the Tender Offeror has made no decision on possible purchases of additional shares in the Target in the event that the number of tendered shares does not reach 54,930,326.

- (Note 1) The Tender Offer will be conducted in order to purchase Shares of the Common Stock of the Target, a company incorporated in Japan. The Tender Offer will be conducted in compliance with the procedures prescribed by the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended)(the "Law") and related disclosure standards. However, these procedures and standards are not necessarily identical to those in the United States of America. In particular, Sections 13(e) and 14(d) of the U.S. Securities Exchange Act of 1934 and the Rules and Regulations thereunder shall not apply to the Tender Offer, and the Tender Offer may or may not be conducted in compliance with any procedure or standard thereunder.
- (Note 2) This press release contains forward-looking statements as defined in Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934 ("Forward-Looking Statements"). Due to known or unknown risks, uncertainties, or other factors, actual results may materially differ from any forecast expressly or implicitly indicated as a Forward-Looking Statement contained herein. Neither the Tender Offeror nor any of its affiliates guarantee that any forecast expressly or implicitly indicated as a Forward-Looking Statement will ultimately be accurate. Any Forward-Looking Statement has been prepared based on information held by the Tender Offeror as of the date hereof, and the Tender Offeror and its affiliates do not intend, and disclaim any obligation, to update or modify any such statement in order to reflect future events or developments, except as may be required by any applicable laws and regulations or financial instruments exchange rules.
- (Note 3) Rule 14e-5 under the U.S. Securities Exchange Act of 1934 prohibits a "covered person", including the Target, from purchasing any shares of the Target outside of the Tender Offer while the Tender Offer remains open, subject to certain exceptions. The U.S. Securities and Exchange Commission has granted a limited exception on behalf of any Japanese target that is a "covered person" that is required to make purchases of its shares constituting less than one unit from the holders of such shares during the relevant period pursuant to the Company Law of Japan. The Tender Offeror understands that the Target intends to comply with its obligation to make such purchases. The total number of shares constituting less than one unit as of December 31, 2007 that is entered in the Securities Report for the Fiscal Year ended December 2007 filed by the Target on March 27, 2008 is 318,361 shares.

2 Information concerning the Target

(1) Profile of the Target

①	The Name of the Target	Chugai Pharmaceutical Co., Ltd.	
②	Main Business	Research, development, manufacture, delivery and trading of Pharmaceutical products	
③	Established	May, 1943	
④	Head Office	1-1, Nihonbashi Muromachi 2-chome, Chuo-ku, Tokyo	
⑤	Name and Title of Representatives	Osamu Nagayama Chairman, President & CEO	
⑥	Amount of Paid-in Capital	72,947 million yen (as of December 31,2007)	
⑦	Major Shareholders and Ownership ratio (as of December 31, 2007)	Roche Pharmholding B.V. (Standing Proxy: Nishimura & Asahi)	50.08%
		JP Morgan Chase Bank 380055 (Standing Proxy: Mizuho Corporate Bank, Ltd., Kabutocho Securities Clearance Office)	4.19%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	3.35%
		Japan Trustee Services Bank, Ltd. (Trust Account)	3.28%
		The Chase Manhattan Bank, N.A. London SL Omnibus Account (Standing Proxy: Mizuho Corporate Bank, Ltd., Kabutocho Securities Clearance Office)	1.69%
		Tokio Marine & Nichido Fire Insurance Co., Ltd.	1.35%
		State Street Bank and Trust Company (Standing Proxy: Mizuho Corporate Bank, Ltd., Kabutocho Securities Clearance Office)	1.06%
		InvestorsBank (Standing Proxy: Standard Chartered Bank)	0.88%
		BNP PARIBAS Securities (Japan) Limited	0.81%
		Representative in Japan: Yusuke Yasuda	
		Japan Trustee Services Bank, Ltd. (Trust Account 4)	0.68%
⑧	Relationship with the Company	Capital Relationship	The Company owns 280,293 thousand shares of the Target (approximately 50.1% of the outstanding shares as of December 31, 2007). The Offeror also holds the Company’s bonds with share purchase warrants (as of December 31, 2007, valued at 300 million yen, and the number of the shares to be issued upon the exercise of the share purchase warrants attached thereto is 224,556 in total).
		Personnel Relationship	Roche Group seconds 5 directors to the Target.
		Business Relationship	Roche Group and the Target keep a strategic alliance, based on the BAA.
		Related Party Status	The Target is the Company’s consolidated subsidiary.

(2) Tender Offer Period

(i) Initial term as of statement submission date

Tender Offer Period	From Friday, May 23, 2008 to Monday, June 23, 2008 (22 business days)
Date of Public Notice	Friday, May 23, 2008

(ii) Possibility of extension of Tender Offer Period upon request of the Target

The Period of Tender Offer shall be From May 23, 2008 to July 4, 2008 (31 business days) in the case where the Report Concerning the Expression of Opinion which states that the Target demands an extension of the Tender Offer Period is filed by the Target pursuant to Article 27-10, Paragraph 3 of the Law.

(iii) Contact to Confirm Period Extension

Contact: Nikko Citigroup Limited
1-5-1 Marunouchi, Chiyoda-Ku, Tokyo
Telephone: 03-6270-4250
Time: 9:00 a.m. to 5:00 p.m. of weekday
(excluding Saturday, Sunday and National Holidays)

(3) Price of Tender Offer, Etc.

1,730 yen per Share of Common Stock

(4) Basis of the tender price

(i) Calculation Basis

The Tender Offeror determined reference value ranges for the Tender Offer Price by conducting an analysis of the Target shares using valuation methodologies such as i) Historical Trading Range Analysis; and ii) Public Comparable Companies Reference Valuation.

The reference ranges derived from the aforementioned valuation methods are, on a per share basis, as follows:

(i) Historical Trading Range Analysis. The Tender Offeror analyzed the trading ranges of the closing prices of the Target shares for periods of 1 month (¥1,243 to ¥1,560), 3 months (¥1,087 to ¥1,560) and 6 months (¥1,087 to ¥1,953) on and prior to May 21, 2008 (the "Base Date"), which is the day two days prior to the day on which the Tender Offeror is to issue a press release announcing the Tender Offer. In addition, the Tender Offeror also analyzed trading ranges of closing share prices for the following two periods leading up to the Base Date: a) from January 31, 2008 (¥1,087 to ¥1,560), the day immediately after the day on which the Target announced its fiscal year results and b) from April 23, 2008 (¥1,353 to ¥1,560), the day immediately after the day on which the Target announced the amendment of its estimates for FY2008.

(ii) Public Comparable Companies Reference Valuation. An implied public market share price was derived using the Public Comparable Companies method, by comparing share price and profitability of other public companies engaged in businesses similar to the Target to the forecasted profitability of the Target. The reference share price range was calculated at ¥1,057 per share to ¥1,264 per share by using Target's 2008 estimated net income and at ¥1,021 per share to ¥1,228 per share by using Target's 2008 estimated EBITDA.

The Tender Offeror also considered a third valuation approach, called a Tender Offer Premiums Paid Analysis, however elected not to take this approach into account in determining the Tender Offer Price. Under this methodology, the Tender Offeror considered both announced and closed tender offer transactions over the past several years in which the target companies were domestic (Japanese) companies, in which the tender offerors owned greater than 50% of the equity of the target companies prior to the transactions, and in which the tender offerors owned less than two-thirds of the equity of the target companies following the completion of the tender offer transactions. However, the Tender Offeror found that there were very few comparable tender offers during this time period which met these criteria. Therefore, the Tender Offer concluded that it would not take this analysis into consideration in determining the Tender Offer Price.

The Tender Offeror determined the Tender Offer Price of ¥1,730 per share after taking into consideration a) the results of the reference value ranges calculated above; b) that a certain premium should be added to the current stock price level given the expectation of the results of the Tender Offer and the positive effects of the ongoing strategic alliance with the Target. The Tender Offer Price of ¥1,730 per share, represents a premium of 35.4% over ¥1,278, which is the average closing price of the Common Stock of the Target on the first section of the Tokyo Stock Exchange for the three-month period ending May 21, 2008, a premium of 18.7% over ¥1,458, which is the average closing price of Common Stock of the Target for the one-month period ending May 21, 2008, and a premium of 11.7% over ¥1,549, which is the closing price of Common Stock of the Target on May 21, 2008, two days prior to announcement of the Tender Offer.

(ii) Calculation Background

The Roche Group and the Target entered into the BAA on December 10, 2001 in order to realize the strategic alliance which aimed to integrate Roche's and Target's pharmaceutical businesses in the Japanese market. The Tender Offeror, as affiliated company of the Roche Group, currently owns approximately 50.1% of the total number of issued shares of the Target's shares, through a series of transactions including the third party allotment, the merger with Nippon Roche K.K. and the previous tender offer, all of which were specified in the Basic Alliance Agreement.

The Basic Alliance Agreement between Roche Group and the Target permits the Roche Group to purchase additional shares of the Target up to 59.9% of the issued shares of the Target on or after October 1, 2007. As such, the Roche Group has decided to raise its ownership of Target in order to promote the strategic alliance between the Roche Group and the Target.

(The Tender Offer Price)

On May 22, 2008, the Tender Offeror resolved to determine the Tender Offer Price of ¥1,730 per share after taking into consideration a) the results of the reference value ranges calculated above and; b) that a certain premium should be added to the current stock price level given the expectation of the results of the Tender Offer and the positive effects of the ongoing strategic alliance with the Target. The Tender Offeror did not retain an independent party to provide a valuation of the Target.

(iii) The relationship with the valuation agency

The Tender Offeror did not ask a third party for a valuation of the shares of the Target.

(5) Number of Share Certificates, Etc. Scheduled for Tender Offer

Expected Number of Shares to be Acquired if Converted into Shares (if any)	Minimum Number of Shares to be acquired if Converted into Shares (if any)	Maximum Number of Shares to be Acquired if Converted into Shares (if any)
54,930,326 (shares)	— (shares)	54,930,326 (shares)

(Note 1) If the total number of tendered shares is the “Number of Shares to be Purchased on Fully Diluted Basis” (54,930,326 shares) or less, all of the tendered shares will be purchased. If the total number of tendered shares exceeds the “Maximum Number of Shares to be Purchased on Fully Diluted Basis” (54,930,326 shares), all or a part of such excess portion will not be purchased and the Tender Offeror will conduct deliveries and receipts of the tendered shares and other settlements in the manner of purchasing shares on a pro-rata basis in accordance with Article 27-13 Paragraph 5 of the Law and Article 32 of the Cabinet Office Ordinance Concerning Disclosure of the Tender Offer of Shares, Etc., by Non-Issuer (Ordinance of Minister of Finance No. 38 of 1990, as amended)(the “Cabinet Office Ordinance”).

(Note 2) The Tender Offeror will not purchase any of the treasury shares held by the Target through the Tender Offer.

(Note 3) Shares constituting less than one unit are also subject to the Tender Offer. However, Tendering Shareholders are required to deposit share certificates at the time of tendering the shares (if shares constituting less than one unit are held by Japan Securities Depository Center, Inc. through the Tender Offer Agent, Tendering Shareholders, etc. are not required to deposit share certificates). The Target may repurchase its Shares during the Tender Offer Period from any shareholder who exercises a shareholder’s right under the Company Law of Japan to require the Target to repurchase Target Shares constituting less than one unit. The Target is required to make any such repurchases at a price equal to the market price for its Shares.

(Note 4) There is a possibility that any Share Purchase Warrant could be exercised by the end of the Tender Offer period. Shares of the Target’s Common Stock issued or transferred upon the exercise of such right or warrant are also subject to the Tender Offer.

(6) Proportion of Ownership of Shares Certificate after the Tender Offer

Number of Voting Rights represented by Shares, etc. Owned by the Tender Offeror before the Tender Offer	2,805,177	(Percentage of Voting Rights represented by Shares, etc. to be Purchased divided by the Number of Voting Rights of All Shareholders, etc. 51.64%)
Number of Voting Rights represented by Shares, etc., to be Purchased	549,303	(Percentage of Ownership of Shares, etc., after the Tender Offer 61.71%)
Total Number of Voting Rights of All Shareholders, etc. of the Target	5,444,807	

(Note 1) “Number of Voting Rights represented by Shares, etc. to be Purchased” is the number of voting rights represented by the 54,930,326 shares to be purchased under the Tender Offer.

(Note 2) “Total Number of Voting Rights of All Shareholders, etc. of the Target” is based on the total number of voting rights of the shareholders as of December 31, 2007, as stated in the Securities Report for the FY 2007 period filed by the Target on March 27, 2008. However, since shares constituting less than one unit are subject to the Tender Offer, for the purposes of the calculation of the “Percentage of Voting Rights represented by Shares, etc. to be Purchased divided by the Number of Voting Rights of All Shareholders, etc.” and the “Percentage of Ownership of Shares, etc., after the Tender Offer”, the “Number of Voting Rights of All Shareholders, etc. of the Target” is 5,447,990, including the number of voting rights represented by shares constituting less than one unit (3,183 voting rights represented by the shares (318,315) as calculated by deducting the number of shares constituting less than one unit held by the Target (46 shares) that are not subject to the Tender Offer from the aggregate number of shares constituting less than one unit (318,361 shares) as of December 31, 2007 as stated in the above-mentioned Securities Report) (the number of shares constituting one unit is 100 for the Target).

(Note 3) Since shares owned by Parties having Special Relationships with the Tender Offeror (excluding the treasury shares owned by the Target) are subject to the Tender Offer, if Parties having Special Relationships tender their shares, all or, in the case where the pro-rata method is applied, a part of such shares will be purchased. If such purchase is effected, “Percentage of Ownership of Shares, etc., after the Tender Offer” will ultimately fall below 61.71%.

(Note 4) The “Percentage of Voting Rights represented by Shares, etc. to be Purchased divided by the Number of Voting Rights of All Shareholders, etc.” and the “Percentage of Ownership of Shares, etc., after the Tender Offer” are rounded to two decimal points.

(7) Funds, Etc. Required for the Tender Offer, Etc.

Purchase Price (yen)	Approximately 95,029 million
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(8) Commencement Date of Settlement

(i) Name and Location of Head Office of Securities Company, Bank, etc. to Settle the Tender Offer.

Nikko Citigroup Limited	1-5-1 Marunouchi, Chiyoda-Ku, Tokyo
Nikko Cordial Securities Inc.	3-3-1 Marunouchi, Chiyoda-Ku, Tokyo

(ii) Commencement Date of Settlement

Friday, June 27, 2008

(iii) Settlement Procedure

A notice of purchase will be mailed to the address or location of shareholders wishing to tender their share certificates in the Tender Offer (the “Tendering Shareholders”) (or the standing proxy in the case of shareholders and other parties who reside outside of Japan (including corporate shareholders, hereinafter referred to as the “Non-Resident Shareholders”)) promptly after the end of the Tender Offer Period. Payment of the purchase price will be made in cash. The Tender Offer Agent or the Sub-Agent will, in accordance with the shareholder’s instructions, remit the purchase price for share certificates promptly after the settlement commencement date to the account designated by the Tendering Shareholder (or the standing proxy in the case of Non-Resident Shareholders).

(9) Other Conditions and Procedures Relating to the Tender Offer.

- (i) Existence and Details of Conditions Listed in the Items of Paragraph 4 of Article 27-13 of the Law

If the total number of shares tendered in this Tender Offer exceeds the number listed above under the “Maximum Number of Shares to be Purchased on Fully Diluted Basis”, none of the excess shares will be purchased, and settlement through delivery or other such means of settlement in respect of a tender offer for shares will be conducted through the Pro Rata Method prescribed in Article 27-13, Paragraph 5 of the Law and Section 32 of the Cabinet Office Ordinance. (If a portion of a particular number of shares tendered consists of shares constituting less than a whole unit, the number of shares purchased calculated according to the Pro Rata Method shall be the maximum number of shares tendered.) If the total number of shares to be purchased from all Tendering Shareholders is calculated pursuant to the Pro Rata Method, in which shares constituting less than a whole unit are rounded off, and as a result, such total number of shares to be purchased becomes less than the “Maximum Number of Shares to be Purchased on Fully Diluted Basis,” the Tender Offeror will purchase a whole unit from each tendering shareholder, in descending order, beginning with the shareholders that own the most rounded-off number of shares, until the total number of shares to be purchased is equal to the number listed under the “Maximum Number of Shares to be Purchased on Fully Diluted Basis.” (If, by purchasing units, the Tender Offeror will exceed the number of shares tendered in the Tender Offer, the Tender Offeror will then purchase shares until the number of shares to be purchased is equal to the number of shares tendered.)

However, if the Tender Offeror purchases units from all Tendering Shareholders who hold equal numbers of shares that were rounded-up, and the results of such purchase exceed the “Maximum Number of Shares to be Purchased on Fully Diluted Basis” the Tender Offeror will select, by lottery, the shareholders whom the Tender Offeror will purchase units from, to the extent that the total number of shares to be purchased is no less than the “Maximum Number of Shares to be Purchased on Fully Diluted Basis.” If the total number of shares to be purchased from all Tendering Shareholders is calculated pursuant to the Pro Rata Method, in which shares constituting less than a whole unit are rounded off, and as a result, such total number of shares exceeds the “Maximum Number of Shares to be Purchased on Fully Diluted Basis,” the Tender Offeror will decrease, by a whole unit, the number of tendered shares from each tendering shareholder, in descending order, beginning with the shareholders that own the most rounded-up number of shares, when rounded, until the total number of shares to be purchased is equal to the “Maximum Number of Shares to be Purchased on Fully Diluted Basis.” (If a part of the total number of shares to be purchased, as calculated by the Pro Rata Method consists of shares constituting less than a whole unit, the relevant number of shares will be decreased.) However, if the Tender Offeror decreases the number of shares purchased from all tender shareholders who hold equal numbers of shares that were rounded-up, and the result is less than the “Minimum number scheduled to be purchased, represented by shares,” the Tender Offeror will select, by lottery, the shareholders whose number of shares to be purchased by the Tender Offeror will be decreased, to the extent that the total number of shares to be purchased is no less than the “Minimum number scheduled to be purchased, represented by shares.”

- (ii) Existence of Conditions for Withdrawal, etc. of the Tender Offer, Details thereof, and Manner of Disclosing Withdrawal, etc.

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1.1 through 1.9 and Items 1.12 through 1.18, Item 2, Items 3.1 through 3.8, Item 4 and Item 5, as well as Article 14, Paragraph 2, Items 3 through 6 of the Enforcement Order of the Financial Instruments and Exchange Law (Cabinet Order No. 321 of 1965, as amended)(the “Enforcement Order”), the Tender Offeror may withdraw the Tender Offer during the Tender Offer Period. Should the Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will give notice through electronic disclosure and notify the disclosure in The Nihon Keizai Shimbun; provided, however, that, if it is impracticable to give such notice within the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the Cabinet Office Ordinance and give public notice forthwith.

- (iii) Existence of Conditions for Reducing the Tender Offer Price, Details thereof, and Manner of Disclosing Reduction

Pursuant to Article 27-6, Paragraph 1, Section 1 of the Law, if the Target takes any action enumerated in Article 13, Paragraph 1 of the Enforcement Order, the Tender Offeror may reduce the purchase price of the Tender Offer through the methods provided in Article 19, Paragraph 1 of the Cabinet Office Ordinance. Should the Tender Offeror intends to reduce the purchase price of the Tender Offer, the Tender Offeror will give notice through electronic disclosure and notify the disclosure in The Nihon Keizai Shimbun; provided, however, that, if it is impracticable to give such notice within the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the Cabinet Office Ordinance and give public notice forthwith. If the purchase price is reduced, the Tender Offeror will purchase any and all shares or other securities tendered prior to the announcement of such change at the amended purchase price.

- (iv) Matters regarding Right of Tendering Shareholders, etc. to Cancel Agreement

The Tendering Shareholders may, at any time during the Tender Offer Period, cancel an application for the Tender Offer. In case of such cancellation, the Tendering Shareholders must deliver or mail a written request for the cancellation of the application for the Tender Offer (the "Written Request for Cancellation"), enclosing the Receipt of Application for the Tender Offer (if one was received), to one of the entities listed below by 15:30 on the last day of the Tender Offer Period. If by mail, the cancellation of the acceptance of the Tender Offer will not be effective unless the Written Request for Cancellation is delivered to one of the entities listed below by 15:30 on the last day of the Tender Offer Period. (The hours in which each branch office of Nikko Cordial Securities Inc. operates and manages investment securities differ. Please confirm, in advance, details such as the business hours of the branch office you wish to visit).

No compensation for damages or penalty payments shall be claimed against any tendering shareholder by the Tender Offeror in the event that the application by the tendering shareholder is canceled. The cost of returning the share certificates held in custody by the Tender Offeror will be borne by the Tender Offeror.

Entities authorized to receive the Written Request for Cancellation:

Nikko Citigroup Limited

1-5-1 Marunouchi, Chiyoda-Ku, Tokyo

Nikko Cordial Securities Inc.

3-3-1 Marunouchi, Chiyoda-Ku, Tokyo

(and other branch offices of Nikko Cordial Securities Inc. located in Japan)

- (v) Manner of Disclosure in case of a Modification of Conditions, etc. of the Tender Offer

Except in the instance forbidden by Article 27-6 of the Law and Article 13 of the Cabinet Office Ordinance, the Tender Offeror may change the conditions or other terms of the Tender Offer. Should any terms or conditions of the Tender Offer be changed, the Tender Offeror will give public notice thereof through electronic disclosure and notify the disclosure in The Nihon Keizai Shimbun; provided, however, that, if it is impracticable to make such notice within the Tender Offer Period, the Tender Offeror will make a public announcement in accordance with Article 20 of the Cabinet Office Ordinance and give public notice forthwith. The purchase of the shares tendered on or prior to such public notice will also be made in accordance with the terms and conditions, as amended.

- (vi) Manner of Disclosure upon Filing of an Amendment to the Registration Statement

If an Amendment Statement is submitted to the Director-General of the Kanto Local Finance Bureau, except in the circumstances provided for under the proviso of Article 27-8, Paragraph 11 of the Law, the Tender Offeror will forthwith make a public announcement of the contents thereof to the extent relevant to the contents of the public notice of the Tender Offer, in accordance with the manner set forth in Article 20 of the Cabinet Office Ordinance. The Tender Offeror will also forthwith amend the Tender Offer Explanatory Statement and provide the

Amended Tender Offer Explanatory Statement to the Tendering Shareholders who have received the previous Tender Offer Explanatory Statement. If, however, the amendments are limited, the Tender Offeror, instead of providing an Amended Tender Offer Explanatory Statement, may prepare and deliver, to the tendering shareholders, a document stating the reason(s) for the amendments, the matters amended and the details thereof.

(vii) Manner of Disclosure of Results of the Tender Offer:

The Tender Offeror will make a public announcement regarding the results of the Tender Offer, in accordance with Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Office Ordinance, on the day following the last day of the Tender Offer Period.

(10) Date of Public Notice

Friday, May 23, 2008

(11) Tender Offer Agent

Nikko Citigroup Limited

1-5-1 Marunouchi, Chiyoda-Ku, Tokyo

The tender offer agent appointed the following sub-agent and delegated part of its business:

Nikko Cordial Securities Inc.

3-3-1 Marunouchi, Chiyoda-Ku, Tokyo

3 Other

- (1) Existence of Agreements Between the Offeror and the Target or its Directors and the Details of any such Agreements

The Target and the Tender Offeror have agreed in the BAA to restrict the Tender Offeror's ability to acquire additional shares in the Target as follows:

- (1) During the period starting from October 1, 2007 and ending on September 30, 2012, the Tender Offeror must ensure that it and any of its affiliates shall not directly or indirectly acquire additional shares of the Target in order to increase their aggregate shareholding ratio to above 59.9% of the issued shares of the Target without the prior approval of the Board of Directors of the Target.
- (2) From and after October 1, 2012, there shall be no restrictions on the Tender Offeror and its affiliates increasing their shareholding ratio.
- (3) The Tender Offeror and each of its affiliates (i) shall cooperate with the Target in maintaining the listing of the Target's common stock on the first section of the Tokyo Stock Exchange, and (ii) shall take all reasonable actions to ensure this maintenance.

- (2) Other information that is useful for investors to conclude the application

Not applicable.

Chugai Pharmaceutical shareholders:

Chugai Pharmaceutical shareholders seeking further information on the procedures for tendering may contact the tender offer agent, Nikko Citigroup Limited, or the tender offer sub-agent, Nikko Cordial Securities Inc. For individual shareholders, Nikko Contact Center which is operated by Nikko Cordial Securities Inc. is in service to respond to shareholders' queries regarding the procedures for tendering.

► Nikko Contact Center for individual shareholders use only

Toll Free Dial: 0120-250-959

Period: Tender offer period (expected to be from May 23, 2008 to June 23, 2008)
from 9 a.m. to 5 p.m. (Except for Saturday, Sunday and national holidays in Japan.)

(Note) To request application forms for the tender offer, shareholders should contact the call center in person.