

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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Relationship with the Parent Companies and Related Parties

1. Business Name of the Parent Companies, etc. (As of December 31, 2008)

Parent Company, etc.	Attribute	Ratio of Ownership Voting Rights (%)	Stock Exchange where Shares Issued by Parent Company Are Listed
Roche Holding Ltd.	Parent company	61.5 (61.5)	Swiss Exchange NASDAQ (ADR)
Roche Finance Ltd.	Parent company	61.5 (61.5)	
Roche Pharmholding B.V.	Parent company	61.5	

Note: In parentheses, "Ratio of Ownership Voting Rights" ratios of indirect ownership, which is a breakdown, are shown.

2. Business Name of the Most Influential Parent Company and the Reason of Influence

Business Name	Roche Holding Ltd.
Reasons	The two companies Roche Finance Ltd. and Roche Pharmholding B.V. are virtually holding companies. All decisions by the Roche Group are made by Roche Holding Ltd.

3. Position of the Listed Company in the Group at the Parent Companies and Other Relations with the Parent Companies

Roche is our parent company owning 61.5% of voting rights.

As part of the Basic Alliance Agreement signed in December 2001, Roche and Chugai entered into certain arrangements covering the future operation and governance of Chugai starting in October 2002.

The main agreements regarding the alliance are as follows.

■ Financial Deal

- Roche became majority shareholder of Chugai
 - Roche ownership restrictions
 - ・ Up to 5th anniversary(September 30, 2007) : maximum of 50.1%
 - ・ From and after 5th anniversary up to 10th anniversary (September 30, 2012) : maximum of 59.9%
- Roche completed the tender offer for Chugai shares in June 2008, and increased its shareholding from 50.1% to 59.9%.

- From and after 10th anniversary(From October 1, 2012)

: Maintain listing on TSE

(The restrictions do not apply to increase in Roche's shareholding that result from share repurchases by Chugai.)

■ Business Arrangements

- Chugai has first refusal rights to sell Roche products in Japan
- Roche has first refusal rights to sell Chugai products outside Japan, whenever Chugai seeks for a partner or decides to license out

■ Management Arrangements

- Roche respects autonomy of Chugai management
- Six Joint Committees provide senior management-level oversight

The aim of this alliance is to establish a new business model that differs from conventional practices in corporate acquisitions and the formation of joint ventures. Although Roche Pharmholding includes Chugai in its consolidated accounts, Chugai functions as an independent listed company and makes all of its own management decisions based on the principles of self-governance.

In addition, all transactions with the Roche Group are conducted in a fair manner at an arms-length basis.

As of March 25, 2009, five of Chugai's 14 directors are from the Roche Group. (four are members of the Roche Executive Committee, and one is Chugai's Executive Vice President.) Chugai maintains its management independence as fewer than half of its directors are members of the Roche Group. Furthermore, the Company has in place three outside directors who do not belong to the Roche Group with an eye to enhancing management independence.

(Concurrent positions held by directors from the Roche Group)

Title	Name	Position in the parent company	Reason for inauguration
Director	Severin Schwan	CEO	To make suggestions on the company's management and businesses as necessary as an officer of the Roche Group
Director	William M. Burns	CEO of the Pharmaceuticals Division	To make suggestions on the company's management and businesses as necessary as an officer of the Roche Group
Director	Jonathan K. C. Knowles	Head of Global Research	To make suggestions on the company's management and businesses as necessary as an officer of the Roche Group
Director	Erich Hunziker	CFO	To make suggestions on the company's management and businesses as necessary as an officer of the Roche Group

(Director invited from the Roche Group)

Title	Name	Reason for appointment
Director Executive Vice President	Christopher Murray	To introduce Roche's global capabilities into the development / marketing function in Chugai

4. Transaction with the Parent Companies

(Transaction with the Related Parties)

For the year ended Dec. 31, 2008 (Jan. 1, 2008 - Dec. 31, 2008)

Subsidiary of Parent Company

Attribute	Name of company	Address	Common stock	Business contents	Rate of ownership of voting	Relationship		Transaction	Amount of transaction (*)	Account	Ending balance (*)
						Interlocking directors	Relationship on business				
Subsidiary of parent company	F. Hoffman-La Roche Ltd.	Basel, Switzerland	Swiss francs 150,000,000	Production and sale of drugs	—	Directors 2 persons	Material purchase	Material purchase	69,695	Accounts payable	21,451

(*): Millions of Yen

Note: "Amount of transaction" and "Ending balance" are reported net of consumption taxes.

Guideline of determination for business conditions

- Business transactions are determined as the same as general transactions when considering market value.