

(4) Basic Policies and Status of Implementation of Measures Concerning Corporate Governance

Takeda, which uses the corporate auditor system, had 12 directors (including no outside directors) and four auditors (including three outside auditors) as of March 31, 2003, and has not established any committees. There are no personal, equity or business relationships nor any other interests between Takeda and the outside auditors.

In addition to the Board of Directors, the highest decision-making body after the General Meeting of Shareholders, the Company has established an Executive Committee and a Corporate Product Planning Committee, whose members include the Chairman, President and Executive Vice President. These committees discuss major proposals concerning company-wide management and product strategies, and promote expedited, more efficient decision making.

A change in the offices of Chairman of the Board and President of the Company is planned, subject to a resolution of an extraordinary meeting of the Board of Directors following the Ordinary General Shareholders' Meeting to be held on June 27 this year. The Chairman of the Board will serve as Chief Executive Officer, overseeing the entire Takeda Group, supervising management and performing strategic decision making for management in general. The President, as Chief Operating Officer, will supervise overall execution of business operations.

As for internal controls, systematic internal audits will be carried out by the Auditing Department, which reports directly to the president. The Company will also strengthen measures in regard to risk management, compliance and the internal system of checks and balances.

(5) Litigation

Regarding the cartel issues including the bulk vitamin cartel, civil litigation in the United States and Canada is ongoing. In addition, regarding losses alleged to have been sustained as a result of marketing and sales practices for leuprolide acetate by TAP Pharmaceutical Products Inc. (TAP), in which the Company's wholly owned subsidiary Takeda America Holdings, Inc. (TAH) owns a 50 percent stake (the other 50 percent is owned by Abbott Laboratories), lawsuits seeking damages have been brought against TAP, Abbott Laboratories, TAH and the Company in federal and state courts by patients and insurance companies and others. The Company is diligently coping with these matters.