

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

Takeda, which uses the corporate auditor system, had nine directors (including no outside directors) and four auditors (including two outside auditors) as of March 31, 2004, and has not established any voluntary committees. There are no personal, equity or business relationships nor any other interests between Takeda and the outside auditors.

As for internal controls, the Auditing Department, which reports directly to the president, and each related division strengthen measures for promoting compliance, establishing an internal system of checks and balances and risk management through regular internal audits of the headquarters and domestic and overseas affiliates in each area for which they are responsible.

In order to flexibly and quickly respond to management issues, which are diversifying both quantitatively and qualitatively, starting June 2003 the Chairman of the Board serves as Chief Executive Officer, overseeing the whole Takeda Group, supervising management and performing strategic decision making for management in general. The President, as Chief Operating Officer, supervises overall execution of business operations.

#### **(5) Litigation**

Regarding the bulk vitamin cartel issue and the food flavor enhancer cartel issue, 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, a treatment for prostate cancer and endometriosis, by TAP Pharmaceutical Products Inc. (TAP), in which the Company's wholly owned subsidiary Takeda America Holdings, Inc. owns a 50 percent stake (the other 50 percent is owned by Abbott Laboratories), lawsuits seeking damages have been brought against TAP, Abbott Laboratories and the Company in federal and state courts by patients and insurance companies and others. The Company is diligently coping with these matters.