Please note that the following is an English translation of the original Japanese version, prepared only for the convenience of shareholders residing outside Japan. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

TAKEDA PHARMACEUTICAL COMPANY LIMITED ("TAKEDA") HEREBY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THIS TRANSLATION, WHETHER EXPRESS OR IMPLIED INCLUDING, BUT WITHOUT LIMITATION TO, ANY REPRESENTATIONS OR WARRANTIES WITH RESPECT TO ACCURACY, RELIABILITY OR COMPLETENESS OF THIS TRANSLATION. IN NO EVENT SHALL TAKEDA BE LIABLE FOR ANY DAMAGES OF ANY KIND OR NATURE INCLUDING, BUT WITHOUT LIMITATION TO, DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR INCIDENTAL DAMAGES ARISING FROM OR IN CONNECTION WITH THIS TRANSLATION.

Better Health, Brighter Future

Notice of Convocation of the 140th Ordinary General Meeting of Shareholders

Date: June 29, 2016 (Wednesday), 10:00 a.m. (The reception is scheduled to open at 8:50 a.m.)

Venue: Osaka Prefectural Gymnasium (EDION Arena Osaka) 1st arena

Contents

Takeda Pharmaceutical Company Limited

Securities Code: 4502

Securities Code: 4502
June 7, 2016

Dear Shareholders

Notice of Convocation of the 140th Ordinary General Meeting of Shareholders

Takeda Pharmaceutical Company Limited (the "Company") sends its best wishes to everyone affected by the 2016 Kumamoto Earthquake which occurred in April this year.
This is to inform you that the Company shall be holding the 140th Ordinary General Meeting of Shareholders (the "Meeting") of the Company as follows and invite you to attend.
If you are unable to attend the Meeting, you may exercise your voting rights in writing or via electronic means (e.g., the Internet, etc.). Please be so good as to go through the Reference Document for the General Meeting of Shareholders and exercise your voting rights no later than 5:30 p.m. on June 28, 2016 (Tuesday).

Details

1. **Date: June 29, 2016 (Wednesday), 10:00 a.m.**
(The reception is scheduled to open at 8:50 a.m.)

2. **Venue: Osaka Prefectural Gymnasium (EDION Arena Osaka) 1st arena**
4-36, Nanbanaka 3-chome, Naniwa-ku, Osaka, Japan
(Please refer to the map at the end of this notice.)
(The map is omitted in this translation.)

3. **Objectives of the Meeting:**

Matters to be reported:

1. Reports on the Business Report, Consolidated Financial Statements and Unconsolidated Financial Statements for the 139th fiscal year (from April 1, 2015 to March 31, 2016)
2. Reports on the Audit Reports on the Consolidated Financial Statements for the 139th fiscal year by the Accounting Auditors and the Board of Corporate Auditors

Matters to be resolved:

First Proposal:	Appropriation of Surplus
Second Proposal:	Partial Amendment to the Articles of Incorporation
Third Proposal:	Election of Eleven (11) Directors (excluding Directors who are Audit and Supervisory Committee Members)
Fourth Proposal:	Election of Four (4) Directors who are Audit and Supervisory Committee Members
Fifth Proposal:	Determination of the Compensation Amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)
Sixth Proposal:	Determination of the Compensation Amount for Directors who are Audit and Supervisory Committee Members
Seventh Proposal:	Determination of the Amount and the Contents of Stock Compensation, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members)
Eighth Proposal:	Determination of the Amount and the Contents of Stock Compensation, etc. for Directors who are Audit and Supervisory Committee Members
Ninth Proposal:	Payment of Directors' Bonuses

Please note that the Company has decided to hold the Meeting on June 29, 2016 as a result that the Company prioritized retaining the venue having large capacity, since it is expected that many shareholders will attend the Meeting.

Guidance Notes on the Exercise of Voting Rights

●Exercise of Voting Rights by Attending the Meeting

Please be so kind as to submit the enclosed Voting Right Exercise Form to a receptionist at the venue as evidence of your attendance. We also ask that you bring this Notice of Convocation with you to the venue. *(The Voting Right Exercise Form is omitted in this translation.)*

Date: June 29, 2016 (Wednesday), 10:00 a.m. (The reception is scheduled to open at 8:50 a.m.)

●Exercise of Voting Rights in Writing

Please indicate your approval or disapproval of the proposals on the enclosed "Voting Right Exercise Form" and send it back to reach us before the deadline below. *(The Voting Right Exercise Form is omitted in this translation.)*

Deadline for Exercise (arrival): 5:30 p.m. on June 28, 2016 (Tuesday)

●Exercise of Voting Rights via Electronic Means (e.g.: the Internet, etc.)

Please refer to the "Guidance Notes on the Exercise of Voting Rights via Electronic Means (e.g., the Internet, etc.)" on page 107, and complete the entry of your approval or disapproval of the proposals in accordance with the instructions on the screen on or before the deadline below.

Deadline for Exercise (completion of entry): 5:30 p.m. on June 28, 2016 (Tuesday)

Guidance Notes on the Treatment of Exercise of Voting Rights

(1) If you exercise your voting rights both in writing and via electronic means (e.g., the Internet, etc.), the Company will regard only the vote cast via electronic means (e.g., the Internet, etc.) as valid, regardless of the time and date the votes are received.

(2) If you exercise your voting rights more than once via electronic means (e.g., the Internet, etc.), the Company will regard only your last vote as valid.

(3) If you exercise your voting rights by proxy, you may delegate your voting rights to one shareholder who holds voting rights in the Company. However, please note that you are required to submit a document certifying the authority of such proxy.

Disclosure of information via the Internet

- The documents listed below have been posted on the Company's website based on laws and regulations and Article 15 of the Company's Articles of Incorporation and have not been included in this Notice of Convocation.
  1. Notes on the Consolidated Financial Statements
  2. Notes on the Unconsolidated Accounts

  The Consolidated Financial Statements and Unconsolidated Financial Statements that the Accounting Auditors and the Corporate Auditors audited include, apart from the documents stated in the list of documents enclosed with the Notice of Convocation of the 140th Ordinary General Meeting of Shareholders, the Notes on the Consolidated Financial Statements and the Notes on the Unconsolidated Accounts posted on the Company's website.
- Any modification made to the Reference Document for the General Meeting of Shareholders and the Business Report, Unconsolidated Financial Statements and Consolidated Financial Statements shall be communicated by posting the modified information on the Company's website.

Company's website	http://www.takeda.com/investor-information/meeting/

Yours faithfully,

Christophe Weber
President and Representative Director
Takeda Pharmaceutical Company Limited
1-1, Doshomachi 4-chome
Chuo-ku, Osaka 540-8645, Japan

END OF DOCUMENT

Reference Document for the General Meeting of Shareholders

Proposals and Reference Matters:

First Proposal: Appropriation of Surplus

In addition to the steady company-wide implementation of growth strategies, the Company will endeavor to further increase capital efficiency, improving the Company's ability to generate cash and be sustainably profitable. Building upon a sound financial base, the Company will allocate capital to the following items in a balanced manner:

- R&D investments in the pipeline and platform technologies;
- External business development opportunities to strengthen Growth Drivers; and
- Shareholder returns through dividends and share buybacks.

Based on the policy above, the Company presents the following proposal with respect to the appropriation of surplus of this fiscal year:

Year-end dividends

(1) Type of dividend asset

Cash

(2) Allocation of dividend asset to shareholders and total amount of allocation

90 JPY per share of common stock;

Total amount: 71,112,342,060 JPY

(Reference)

Combined with the interim dividend of 90 JPY per share, the annual dividend will be 180 JPY per share (the same value as in the previous fiscal year).

(3) Effective date of distribution of the dividend

June 30, 2016

Second Proposal: Partial Amendment to the Articles of Incorporation

1. Reasons for the proposal

Through this amendment, the Company will become a “Company with Audit and Supervisory Committee” as established under the “Act Partially Amending the Companies Act” (Act No. 90 of 2014, the “Amended Companies Act”) and further increase the composition ratio of Outside Directors among the Board of Directors, and enhance the diversity of Outside Directors. Through these attempts, the Company will reinforce its management supervisory function and improve the transparency and objectivity of decision making, by granting a voting right of the Board of Directors to an Audit and Supervisory Committee Member as a Director, and having him/her exercise the voting right appropriately, and by having a substantial ratio of diversity of Outside Directors among the Board of Directors. In addition, the Company is also attempting to realize the appropriate and efficient division of roles between the Board of Directors and the Representative Director in line with the Company’s aims, by delegating the decision-making authority concerning the execution of the operations allowed for the Board of Directors of a Company with Audit and Supervisory Committee. Namely, the Company will further enhance its corporate governance, further accelerate decision-making concerning the execution of operations, and improve the decision-making structure so that it is not inferior to major global companies that are expanding their businesses globally. This amendment is based on the aforementioned ideas, and the concrete reasons for the amendment of each provision are as follows:

(a) In order to become a Company with Audit and Supervisory Committee, we will newly establish provisions regarding the Audit and Supervisory Committee and an Audit and Supervisory Committee Member; and delete provisions regarding the Board of Corporate Auditors and a Corporate Auditor (Article 4, Article 17, Paragraph 1 of Article 18, Article 19, Article 20, Article 22, and Paragraph 1 of Article 25 of the proposed amendments; and Paragraph 2 of Article 22 and Articles 28 to 34 of the current Articles of Incorporation). In addition, we will newly establish Article 24 of the proposed amendments regarding delegation of authority to Directors; and delete Article 27 of the current Articles of Incorporation, which stipulates that a resolution of the Board of Directors is required for the appointment of Consultants and Advisers, in order to enable us to make decisions and execute operations flexibly.

(b) In order to return profit to shareholders flexibly, we will newly establish Article 29 of the proposed amendments, that enables us to decide the acquisition of own shares and the dividend from surplus by a resolution of the Board of Directors. We will also delete Articles 7 and 37 of the current Articles of Incorporation that set forth the content that overlaps with Article 29 of the proposed amendments regarding the acquisition of own shares and interim dividends, and relocate part of the provision regarding the record date of the interim dividends in Article 37 of the current Articles of Incorporation to Paragraph 2 of Article 30 of the proposed amendments.

(c) We will amend Article 14 of the current Articles of Incorporation prescribing the matters concerning a Convener and the Chairman of the general meeting of shareholders, in order to make it clear that the Chairman of the Board would, in principle, serve as the Chairman of the general meetings of shareholders.

(d) As the number of Internal Directors (excluding Directors who are Audit and Supervisory Committee Members) is expected to continue to remain small in the future, the Company determines not to have Executive Vice Presidents, Senior Managing Directors, and Managing Directors for the time being, and will delete the related wording in Paragraph 1 of Article 24 of the current Articles of Incorporation, and delete Paragraph 4 of the same article. In addition, we will amend Paragraphs 2 and 3 of the same article prescribing the matters concerning the Chairman of the Board of Directors, in order to ensure the operational flexibility of the Board of Directors.

(e) Accompanied by the amendment to Paragraph 1 of Article 24 of the current Articles of Incorporation, we will also amend Article 25 of the current Articles of Incorporation that limits candidates for Representative Directors to Directors with title.

(f) As a result of expanding the scope of Officers who are entitled to conclude a contract for limitation of liability under the Amended Companies Act, it is proposed to change the scope of Directors who are entitled to conclude a contract for limitation of liability as prescribed in Paragraph 2, Article 26 of the current Articles of Incorporation, in order to enable non-executive Directors to fully demonstrate their expected roles, and to continue to procure talented persons. Each of the Corporate Auditors has approved this amendment.

(g) After deleting Article 34 of the current Articles of Incorporation regarding the exemption from liability and a contract for limitation of liability of Corporate Auditors, we will establish supplementary provisions in order to clarify that reduction or exemption based on the provision of the same article are continuously enabled for the required period.

(h) As a result of the amendments above, the title of a chapter and the number of chapters and articles will be adjusted where necessary.

2. Contents of amendments

The Company proposes to amend part of the current Articles of Incorporation, as stated in the following proposed amendments.

The partial amendment to the Articles of Incorporation under this proposal shall become effective at the close of this General Meeting of Shareholders.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed amendments
Article 4. (Organizations) In addition to the general meetings of shareholders and Directors, the Company shall have the following organizations: 1. Board of Directors 2. Corporate Auditors 3. Board of Corporate Auditors 4. Accounting Auditors	Article 4. (Organizations) In addition to the general meetings of shareholders and Directors, the Company shall have the following organizations: 1. Board of Directors 2. Audit and Supervisory Committee <To be deleted> 3. Accounting Auditors
Article 5. - Article 6. <Omission of description of the articles>	Article 5. - Article 6. <No change>
Article 7. (Acquisition of the Company's Own Shares) The Company may, by resolution of the Board of Directors, acquire its own shares by market transactions and other methods, as provided in Article 165, Paragraph 2 of the Companies Act.	<To be deleted>
Article 8. – Article 13. <Omission of description of the articles>	Article 7. – Article 12. <No change>
Article 14. (Convener and Chairman) A general meeting of shareholders shall be convened by the Representative Director in accordance with a resolution of the Board of Directors and shall be presided over by the Representative Director. <New>	Article 13. (Convener and Chairman) A general meeting of shareholders shall be convened by the Representative Director in accordance with a resolution of the Board of Directors. (2) The Chairman of a general meeting of shareholders shall be the Chairman of the Board.
(2) When there is more than one Representative Director, the Representative Director who shall have been appointed by the Board of Directors in advance shall serve as the Convener and/or Chairman provided for in the preceding paragraph.	<To be deleted>
(3) Should an accident prevent the Representative Director who shall have been appointed as the Chairman in accordance with the preceding two paragraphs, another Director shall substitute for such Representative Director according to the order established by the Board of Directors in advance.	(3) If the office of the Chairman of the Board is vacant, or, should an accident prevent the Chairman of the Board from being the Chairman of a general meeting of shareholders, another Director nominated by the Board of Directors shall serve as the Chairman of the general meeting of

Current Articles of Incorporation	Proposed amendments
	shareholders.
Article 15. – Article 17. <Omission of description of the articles>	Article 14. – Article 16. <No change>
Chapter IV Directors and Board of Directors	Chapter IV Directors and Board of Directors, and Audit and Supervisory Committee
Article 18. (Number of Directors) The Company shall have twelve (12) Directors or fewer.	Article 17. (Number of Directors) The Company shall have twelve (12) or fewer Directors (excluding Directors who are Audit and Supervisory Committee Members).
<New>	(2) The Company shall have four (4) or fewer Directors who are Audit and Supervisory Committee Members.
Article 19. (Appointment of Directors) The Directors shall be appointed at a general meeting of shareholders.	Article 18. (Appointment of Directors) The Directors shall be appointed at a general meeting of shareholders that distinguishes between Directors who are Audit and Supervisory Members and other Directors.
(2) Voting on resolutions for appointments under the terms of the preceding paragraph shall take place with the presence of shareholders who have one-third or more of the voting rights of shareholders entitled to exercise their voting rights, and a majority of the votes of the shareholders present shall be requisite for adoption of the resolution.	(2) <No change>
(3) The appointment of Directors shall not be made by cumulative voting.	(3) <No change>
Article 20. (Term of Office of Directors) The term of office of Directors shall be up to the time of closing of the ordinary general meeting of shareholders concerning the last business year ending within one (1) year after their election.	Article 19. (Term of Office of Directors) The term of office of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be up to the time of closing of the ordinary general meeting of shareholders concerning the last business year ending within one (1) year after their election.
<New>	(2) The term of office of Directors who are Audit and Supervisory Committee Members shall be up to the time of closing of the ordinary general meeting of shareholders concerning the last business year ending within two (2) years after their election.
<New>	(3) The term of office of a Director who is an Audit and Supervisory Committee Member and was appointed

Current Articles of Incorporation	Proposed amendments
	to fill a vacancy due to the retirement of a Director who is an Audit and Supervisory Committee Member from office before expiration of his or her term of office shall be up to the time of expiration of the term of office of such retiring Director.
<New>	(4) The effect of pre-election of a substitute Director who is an Audit and Supervisory Committee Member shall continue until the opening of the ordinary general meeting of shareholders concerning the last business year ending within two (2) years after the resolution of such pre-election.
Article 21. (Compensation, Etc. for Directors) The compensation, bonuses and other financial benefits given by the Company in consideration of the performance of duties (hereinafter referred to as the "Compensation, Etc.") for Directors shall be determined by a resolution at the general meeting of shareholders.	Article 20. (Compensation, Etc. for Directors) The compensation, bonuses, and other financial benefits given by the Company in consideration of the performance of duties for Directors shall be determined by a resolution at the general meeting of shareholders that distinguishes between Directors who are Audit and Supervisory Members and other Directors.
Article 22. (Notice of Meetings of the Board of Directors) Notice of a meeting of the Board of Directors shall be given at least three (3) days prior to the date set for the meeting; provided, however, that such period may be shortened in the case of an emergency.	Article 21. (Notice of Meetings of the Board of Directors) <No change>
(2) A meeting of the Board of Directors may be held without taking the convocation procedures with the unanimous consent of all Directors and Corporate Auditors.	(2) A meeting of the Board of Directors may be held without taking the convocation procedures with the unanimous consent of all Directors.
<New>	Article 22. (Notice of Meetings of the Audit and Supervisory Committee) Notice of a meeting of the Audit and Supervisory Committee shall be given at least three (3) days prior to the date set for the meeting; provided, however, that such period may be shortened in the case of an emergency.
	(2) A meeting of the Audit and Supervisory Committee may be held without taking the convocation procedures with the unanimous consent of all Audit and Supervisory Committee Members.

Current Articles of Incorporation	Proposed amendments
Article 23. (Deemed Resolution of the Board of Directors) <Omission of description of the article>	Article 23. (Deemed Resolution of the Board of Directors) <No change>
<New>	Article 24. (Delegation of a Decision on the Execution of Important Operations) Under Paragraph 6, Article 399-13 of the Companies Act, the Company may delegate all or some of the decisions concerning the execution of important operations (excluding matters listed in the items under Paragraph 5 of that article) to Directors by a resolution of the Board of Directors.
Article 24. (Directors with Title) The Board of Directors may, by its resolution, appoint one (1) Chairman of the Board, one (1) President & CEO and several Executive Vice Presidents, Senior Managing Directors and Managing Directors.	Article 25. (Chairman of the Board and President & CEO) The Board of Directors may, by its resolution, appoint from among Directors (excluding Directors who are Audit and Supervisory Committee Members) one (1) Chairman of the Board and one (1) President & CEO.
(2) The Chairman of the Board shall preside over a meeting of the Board of Directors.	(2) The Chairman of the Board shall preside over a meeting of the Board of Directors; however, another Director shall preside over a meeting of the Board of Directors if the office of the Chairman of the Board is vacant or if an accident prevents the Chairman of the Board from doing so.
(3) The President & CEO shall exercise control over the affairs of the Company, and shall preside over a meeting of the Board of Directors if the office of the Chairman of the Board is vacant or if an accident prevents the Chairman of the Board from doing so.	(3) The President & CEO shall exercise control over the affairs of the Company.
(4) Executive Vice Presidents, Senior Managing Directors and Managing Directors shall, assisting the President & CEO, handle the day-to-day business of the Company.	(4) <To be deleted>
Article 25. (Representing Directors) The Board of Directors shall, by its resolution, elect Representing Director(s) from among Directors with Title.	Article 26. (Representative Directors) The Board of Directors shall, by its resolution, elect Representative Director(s) from among Directors (excluding Directors who are Audit and Supervisory Committee Members).
Article 26. (Exemption from Liability of Directors) The Company may, by a resolution of the Board of Directors, exempt Directors from their liabilities for damages set forth in Paragraph 1, Article 423 of the	Article 27. (Exemption from Liability of Directors) <No change>

Current Articles of Incorporation	Proposed amendments
Companies Act to the extent permitted by law. (2) The Company may enter into agreements with Outside Directors that limit the maximum amount of the liability for damages set forth in Paragraph 1, Article 423 of the Companies Act to the amount provided by law.	(2) The Company may enter into agreements with Directors (excluding Executive Directors or the like provided for in (b), Item15, Article 2 of the Companies Act) that limit the maximum amount of liability for damages set forth in Paragraph 1, Article 423 of the Companies Act to the amount provided by law.
Article 27. (Appointment of Consultants and Advisers) The Company may appoint Consultants or Advisers by a resolution of the Board of Directors.	<To be deleted>
Chapter V Corporate Auditors and Board of Corporate Auditors	<To be deleted>
Article 28. (Number of Corporate Auditors) The Company shall have four (4) Corporate Auditors or fewer.	<To be deleted>
Article 29. (Appointment of Corporate Auditors) The Corporate Auditors shall be appointed at a general meeting of shareholders. (2) Voting on resolutions for appointments under the terms of the preceding paragraph shall take place with the presence of shareholders who have one-third or more of the voting rights of such shareholders entitled to exercise their voting rights, and a majority of the votes of the shareholders present shall be requisite for adoption of the resolution.	<To be deleted>
Article 30. (Term of Office of Corporate Auditors) The term of office of Corporate Auditors shall be up to the time of closing of the ordinary general meeting of shareholders concerning the last business year ending within four (4) years after their election. (2) The term of office of a Corporate Auditor who was appointed to fill a vacancy due to the retirement of a Corporate Auditor from office before expiration of his or her term of office shall be up to the time of expiration of the term of office of the retiring Corporate Auditor.	<To be deleted>

Current Articles of Incorporation	Proposed amendments
Article 31. (Compensation, Etc. of Corporate Auditors) The Compensation, Etc. for Corporate Auditors shall be determined by a resolution at a general meeting of shareholders.	<To be deleted>
Article 32. (Notice of Meetings of the Board of Corporate Auditors) Notice of a meeting of the Board of Corporate Auditors shall be given at least three (3) days prior to the date set for the meeting; provided, however, that such period may be shortened in the case of an emergency. (2) A meeting of the Board of Corporate Auditors may be held without taking the convocation procedures with the unanimous consent of all Corporate Auditors.	<To be deleted>
Article 33. (Full-time Corporate Auditors) The Board of Corporate Auditors shall, by its resolution, elect Full-time Corporate Auditor(s).	<To be deleted>
Article 34 (Exemption from Liability of Corporate Auditors) The Company may, by a resolution of the Board of Directors, exempt Corporate Auditors from their liabilities for damages set forth in Paragraph 1, Article 423 of the Companies Act to the extent permitted by law. (2) The Company may enter into agreements with Outside Corporate Auditors that limit the maximum amount of the liability for damages set forth in Paragraph 1, Article 423 of the Companies Act to the amount provided by law.	<To be deleted>
Chapter VI Accounts	Chapter V Accounts
Article 35. (Business Year) <Omission of description of the article>	Article 28. (Business Year) <No change>
<New>	Article 29. (Organ to decide on Matters including Dividends from Surplus) The Company may decide the matters listed in each item of Paragraph 1, Article 459 of the Companies Act including dividends from surplus by resolution of the Board of Directors, unless otherwise provided for in laws and regulations.

Current Articles of Incorporation	Proposed amendments
Article 36. (Record Date for Dividends from Surplus) The record date for year-end dividends of the Company shall be March 31 of each year.	Article 30. (Record Date for Dividends from Surplus) <No change>
<New>	(2) The record date for interim dividends of the Company shall be September 30 of each year.
Article 37. (Interim Dividends) The Company may, by a resolution of the Board of Directors, pay interim dividends, with the record date therefor being September 30 of each year.	<To be deleted>
Article 38. (Lapse of the Rights on Dividends) <Omission of description of the article>	Article 31. (Lapse of the Rights on Dividends) <No change>
<New>	Supplementary Provisions
<New>	Article 1. (Transitional Measure concerning Exemption from and Limitation of Liability of Corporate Auditors before becoming a Company with Audit and Supervisory Committee) Exemption from liabilities for damages of Corporate Auditors (including a person who was formerly a Corporate Auditor) by the Board of Directors concerning acts under Paragraph 1, Article 423 of the Companies Act before the closing of the 140th ordinary general meeting of shareholders held in June 2016, and contracts for limitation of liability concluded with Outside Corporate Auditors (including a person who was formerly an Outside Corporate Auditor) shall be governed by Paragraphs 1 and 2, Article 34 of the Articles of Incorporation before the amendment associated with the closing of the same ordinary general meeting of shareholders.
<New>	Article 2. (Deletion Date of Supplementary Provisions) Articles 1 and 2 of the Supplementary Provisions hereof are to be deleted as of June 29, 2026.

Third Proposal: Election of Eleven (11) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The Company will become a “Company with Audit and Supervisory Committee”, on the condition of the approval of the “Second Proposal: Partial Amendment to the Articles of Incorporation”. Also, the term of office of the eight (8) Directors, namely Yasuchika Hasegawa, Christophe Weber, Shinji Honda, Masato Iwasaki, Andrew Plump, Fumio Sudo, Yorihiko Kojima and Masahiro Sakane, will expire at the close of this General Meeting of Shareholders. Therefore, the Company proposes the election of eleven (11) Directors (excluding Directors who are Audit and Supervisory Committee Members) including six (6) Outside Directors for the purpose of further strengthening the corporate governance of the Company.

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows (*The photographs of the candidates are omitted in this translation.*):

Candidate No.1	Yasuchika Hasegawa	Number of Company Shares Owned (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)	148,148 shares (23,548 shares)

	Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held	
(Photo)	April 1970	Joined the Company
	October 1998	Corporate Officer and Senior Vice President, Pharmaceutical International Division of the Company
	June 1999	Director of the Company
	June 2001	Senior Vice President, Corporate Planning Department of the Company
	April 2002	Senior Vice President, Corporate Strategy & Planning Department of the Company
	June 2003	President and Representative Director of the Company
Born on June 19, 1946	April 2011	Chairman, KEIZAI DOYUKAI (Japan Association of Corporate Executives)
	April 2014	Chief Executive Officer of the Company
Attended 14 of the 14 meetings of the Board of Directors	June 2014	Chairman of the Board and Representative Director of the Company
	June 2015	Chairman of the Board of the Company (to present)
To be Reelected Internal Director	June 2015	Outside Director, Tokyo Electric Power Company, Incorporated (currently Tokyo Electric Power Company Holdings, Incorporated) (to present)

[Reason for Electing as Director]
Mr. Yasuchika Hasegawa became Director of the Company in June 1999. Since becoming President and Representative Director of the Company in June 2003, he has led the Company's transformation into a global pharmaceutical leader. From June 2014, he has been the Chairman of the Board of the Company, directing and monitoring the Company's continued transformation. Mr. Hasegawa's work experience at the Company spans more than 45 years. His rich experience and insights on global business management are necessary for the Company's Board of Directors as the Company continues to transform into a global pharmaceutical leader. The Company recommends that he continue as a Director of the Company.

<table>
<tr><td>Candidate No.2</td><td colspan="2">Christophe Weber</td><td>Number of Company Shares Owned (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)</td><td>114,247 shares (101,547 shares)</td></tr>
<tr><td colspan="2" rowspan="2">(Photo)</td><td colspan="3">Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held</td></tr>
<tr><td>May 2008</td><td colspan="2">Senior Vice President & Regional Director, Asia Pacific, GlaxoSmithKline</td></tr>
<tr><td colspan="2" rowspan="8">Born on November 14, 1966

Attended 14 of the 14 meetings of the Board of Directors

To be Reelected Internal Director</td><td>April 2012</td><td colspan="2">President & General Manager, GlaxoSmithKline Vaccines</td></tr>
<tr><td>April 2012</td><td colspan="2">CEO, GlaxoSmithKline Biologicals</td></tr>
<tr><td>April 2012</td><td colspan="2">Member of GlaxoSmithKline Corporate Executive Team</td></tr>
<tr><td>April 2014</td><td colspan="2">Chief Operating Officer of the Company</td></tr>
<tr><td>April 2014</td><td colspan="2">Corporate Officer of the Company</td></tr>
<tr><td>June 2014</td><td colspan="2">President and Representative Director of the Company (to present)</td></tr>
<tr><td>April 2015</td><td colspan="2">Chief Executive Officer of the Company (to present)</td></tr>
<tr><td colspan="5">[Reason for Electing as Director]
Mr. Christophe Weber has been Representative Director, President & CEO of the Company since April 2015. The Company highly values Mr. Weber's leadership in transforming the Company into a customer centric, agile and best-in-class global pharmaceutical company that can foster talent, produce world-class results from R&D activities and disciplined financial management and achieve sustainable and profitable growth.
The Company recommends that he continue as a Director in the best interest of the Company and its stakeholders.</td></tr>
</table>

Candidate No.3	Shinji Honda	Number of Company Shares Owned (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)	19,311 shares (9,273 shares)

	Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held	
(Photo)	April 1981	Joined the Company
	June 2008	Senior Vice President, Overseas Business Planning Department of the Company
	April 2009	President, Takeda Pharmaceuticals North America, Inc. (currently Takeda Pharmaceuticals U.S.A., Inc.)
	June 2011	Corporate Officer of the Company
	June 2011	Chief Integration Officer, Takeda Pharmaceuticals International, Inc.
Born on May 26, 1958	April 2012	Senior Vice President, Corporate Strategy Department of the Company
Attended 14 of the 14 meetings of the Board of Directors	June 2013	Director of the Company
	June 2013	President, Takeda Pharmaceuticals International, Inc. (to present)
	June 2014	Senior Managing Director of the Company (to present)
To be Reelected Internal Director	April 2015	Corporate Strategy Officer of the Company (to present)

[Reason for Electing as Director]
Mr. Shinji Honda became Director of the Company in June 2013 and Senior Managing Director in June 2014. As a Corporate Strategy Officer, he supervises a number of functions including group strategy, corporate governance and business development from April 2015.
The Company believes Mr. Honda's extensive experience at the Company and his insights are necessary for the Company's Board of Directors as the Company continues to transform into a global pharmaceutical leader. The Company recommends that he continue as a Director.

<table>
<tr><td>Candidate No.4</td><td colspan="2">Masato Iwasaki</td><td>Number of Company Shares Owned (Of which, Number of Company Shares to be provided under the Stock Compensation Plan)</td><td>9,670 shares (5,574 shares)</td></tr>
<tr><td colspan="2" rowspan="2">(Photo)</td><td colspan="3">Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held</td></tr>
<tr><td>April 1985
April 2008

June 2010
January 2012

April 2012

June 2012

April 2015</td><td colspan="2">Joined the Company
Senior Vice President, Strategic Product Planning Department of the Company
Corporate Officer of the Company
Head of CMSO Office, Takeda Pharmaceuticals International, Inc.
Senior Vice President, Pharmaceutical Marketing Division of the Company
Director of the Company (to present)
President, Japan Pharma Business Unit of the Company (to present)</td></tr>
<tr><td colspan="2">Born on November 6, 1958

Attended 14 of the 14 meetings of the Board of Directors

To be Reelected Internal Director</td><td colspan="3"></td></tr>
<tr><td colspan="5">[Reason for Electing as Director]
Dr. Masato Iwasaki became Director of the Company in June 2012. He has been managing ethical drug business in Japan from April 2012 as Senior Vice President, Pharmaceutical Marketing Division and as President, Japan Pharma Business Unit from April 2015.
The Company values Dr. Iwasaki's demonstrated insights and experiences in important strategic roles such as leading the partnership with Teva Pharmaceutical Industries Ltd. under the changing environment of the Japanese ethical drug market. The Company recommends that he continue as a Director.</td></tr>
</table>

<table>
<tr><td>Candidate No.5</td><td colspan="2">Andrew Plump</td><td>Number of Company Shares Owned (Of which, Number of Company Shares to be provided under the Stock Grant Plan)</td><td>18,796 shares (18,796 shares)</td></tr>
<tr><td colspan="2" rowspan="2">(Photo)</td><td colspan="3">Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held</td></tr>
<tr><td>January 2007</td><td colspan="2">Executive Director, Cardiovascular Disease Franchise Integrator and Head, Cardiovascular Translational Medicine, Merck & Co.</td></tr>
<tr><td colspan="2" rowspan="11">Born on October 13, 1965

Attended 10 of the 10 meetings of the Board of Directors held after becoming Director

To be Reelected Internal Director</td><td>January 2008</td><td colspan="2">Vice President, Cardiovascular Disease Franchise Integrator and Head, Cardiovascular Early Development & Cardiovascular Translational Medicine, Merck & Co.</td></tr>
<tr><td>January 2008</td><td colspan="2">Vice President, Cardiovascular Disease Franchise, Worldwide Discovery Head, Merck & Co.</td></tr>
<tr><td>July 2012</td><td colspan="2">Vice President & Deputy to the President, Research & Translational Medicine, Sanofi</td></tr>
<tr><td>March 2014</td><td colspan="2">Senior Vice President & Deputy to the President for Research & Translational Medicine, Sanofi</td></tr>
<tr><td>February 2015</td><td colspan="2">Chief Medical & Scientific Officer Designate of the Company</td></tr>
<tr><td>February 2015</td><td colspan="2">Corporate Officer of the Company</td></tr>
<tr><td>June 2015</td><td colspan="2">Director of the Company (to present)</td></tr>
<tr><td>June 2015</td><td colspan="2">Chief Medical & Scientific Officer of the Company (to present)</td></tr>
<tr><td>June 2015</td><td colspan="2">Executive Vice President, Takeda Pharmaceuticals International, Inc. (to present)</td></tr>
<tr><td colspan="5">[Reason for Electing as Director]
Dr. Andrew Plump became Director of the Company in June 2015. Since then, he has been Chief Medical & Scientific Officer, supervising the Company's global R&D activities. Dr. Plump has led to develop of the Company's new strategies for therapeutic areas for world class innovation that the Company currently implements. The Company believes his insights on R&D is necessary and recommends that he continue as a Director.</td></tr>
</table>

Candidate No.6	Fumio Sudo	Number of Company Shares Owned	4,800 shares

	Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held	
(Photo)	April 1964	Joined Kawasaki Steel Corporation (currently JFE Steel Corporation)
	June 2001	President and Representative Director, Kawasaki Steel Corporation
	April 2005	President and Representative Director, JFE Holdings, Inc.
	June 2010	Honorary Advisor, JFE Holdings, Inc.
	June 2010	Outside Director, LIXIL Group Corporation (to present)
	April 2011	Chairman of the Board of Governors, Japan Broadcasting Corporation
Born on March 3, 1941	June 2011	Outside Director, Taisei Corporation (to present)
	June 2011	Outside Director of the Company (to present)
Attended 13 of the 14 meetings of the Board of Directors	June 2012	Outside Director, Tokyo Electric Power Company, Incorporated (currently Tokyo Electric Power Company Holdings, Incorporated) (to present)
	April 2014	Chairman of the Board, Tokyo Electric Power Company, Incorporated (to present)
To be Reelected Outside Director	July 2014	Honorary Advisor, JFE Holdings, Inc. (to present)

[Reason for Electing as Director]
Mr. Fumio Sudo has long managed globally operating company and has advanced insights based on his rich experiences in corporate management. His terms of office will have been 5 years at the end of 140th Ordinary General Meeting of Shareholders. As an Outside Director, he has been showing strong presence in the Company's Board of Directors by proactively expressing his opinions, contributing to secure sound management of the Company. Furthermore, he has also been active as a Chairperson of the Nomination Committee which is one of the advisory committees to the Board of Directors. The Company believes these qualities are vital to the Board of Directors of the Company which operates global business. The Company recommends that he continue as an Outside Director.

Candidate No.7	Masahiro Sakane	Number of Company Shares Owned	600 shares

	Profile, Position and Responsibilities at the Company, and Important Duties Concurrently Held	
(Photo)	April 1963	Joined Komatsu Ltd.
	June 2001	President and Representative Director, Komatsu Ltd.
	June 2007	Chairman of the Board and Representative Director, Komatsu Ltd.
	June 2008	Outside Director, Nomura Holdings, Inc. (to present)
Born on January 7, 1941	June 2008	Outside Director, Nomura Securities Co., Ltd.
	June 2008	Outside Director, Tokyo Electron Limited (to present)
	June 2010	Chairman of the Board, Komatsu Ltd.
Attended 14 of the 14 meetings of the Board of Directors	March 2011	Outside Director, Asahi Glass Co., Ltd. (to present)
	April 2013	Director and Councilor, Komatsu Ltd.
	June 2013	Councilor, Komatsu Ltd. (to present)
To be Reelected Outside Director	June 2014	Outside Director of the Company (to present)
	June 2015	Outside Director, Kajima Corporation (to present)

[Reason for Electing as Director]
Mr. Masahiro Sakane has long managed globally operating company and has advanced insights based on his rich experiences in corporate management. His terms of office will have been 2 years at the end of 140th Ordinary General Meeting of Shareholders. As an Outside Director, he has been showing strong presence in the Company's Board of Directors by proactively expressing his opinions, contributing to secure sound management of the Company. Furthermore, he has also been active as a member of the Nomination Committee which is one of the advisory committees to the Board of Directors. The Company believes these qualities are vital to the Board of Directors of the Company which operates global business. The Company recommends that he continue as an Outside Director.

<table>
<tr><td>Candidate No.8</td><td colspan="2">Michel Orsinger</td><td>Number of Company Shares Owned</td><td>0 share</td></tr>
<tr><td rowspan="2">(Photo)</td><td colspan="4">Profile and Important Duties Concurrently Held</td></tr>
<tr><td>January 1996</td><td colspan="3">Head of Eastern Europe, Sandoz Nutrition, Consumer Health, Novartis AG</td></tr>
<tr><td rowspan="2">Born on September 15, 1957

To be Newly Elected Outside Director</td><td>July 1997</td><td colspan="3">President, Global Medical Nutrition, Consumer Health, Novartis AG</td></tr>
<tr><td>September 1999</td><td colspan="3">Regional President, Europe, Middle East and Africa, Consumer Health, Novartis AG</td></tr>
<tr><td>March 2001</td><td colspan="3">Chief Executive Officer and President, OTC Division Worldwide, Consumer Health, Novartis AG</td></tr>
<tr><td>October 2004</td><td colspan="3">Chief Operating Officer, Synthes, Inc. (currently Johnson & Johnson)</td></tr>
<tr><td>April 2007</td><td colspan="3">President and Chief Executive Officer, Synthes, Inc.</td></tr>
<tr><td>June 2012</td><td colspan="3">Worldwide Chairman, Global Orthopedics Group, DePuy Synthes Companies, Johnson & Johnson</td></tr>
<tr><td>June 2012</td><td colspan="3">Member of Global Management Team, Johnson & Johnson</td></tr>
<tr><td colspan="5">[Reason for Electing as Director]
Mr. Michel Orsinger has had various important roles in world leading mega pharmas such as Johnson & Johnson, Novartis. He has advanced insights based on his rich management experiences in global healthcare industries.
The Company believes these qualities are vital to the Board of Directors of the Company which operates global pharmaceutical business. The Company recommends that he be an Outside Director.</td></tr>
</table>

<table>
<tr><td>Candidate No.9</td><td colspan="2">Toshiyuki Shiga</td><td>Number of Company Shares Owned</td><td>0 share</td></tr>
<tr><td rowspan="2">(Photo)</td><td colspan="4">Profile and Important Duties Concurrently Held</td></tr>
<tr><td rowspan="2">Born on September 16, 1953

To be Newly Elected Outside Director</td><td>April 1976
April 2000
April 2005
June 2005
May 2010

November 2013
April 2014

June 2015</td><td colspan="2">Joined Nissan Motor Co., Ltd.
Senior Vice President (Officer), Nissan Motor Co., Ltd.
Chief Operating Officer, Nissan Motor Co., Ltd.
Director, Nissan Motor Co., Ltd.
Chairman, Japanese Automobile Manufacturers Association, Inc.
Vice Chairman, Nissan Motor Co., Ltd. (to present)
Vice Chairman, KEIZAI DOYUKAI (Japan Association of Corporate Executives) (to present)
Chairman and CEO, Innovation Network Corporation of Japan (to present)</td></tr>
<tr><td colspan="5">[Reason for Electing as Director]
Mr. Toshiyuki Shiga has not only long managed globally operating company but has been leading a public-private fund recently. He has advanced insights based on his rich experiences in corporate management and handling pivotal matters in the Japanese industries.
The Company believes these qualities are vital to the Board of Directors of the Company which operates global business. The Company recommends that he be an Outside Director.</td></tr>
</table>

<table>
<tr><td>Candidate No.10</td><td colspan="2">Emiko Higashi</td><td>Number of Company Shares Owned</td><td>0 share</td></tr>
<tr><td rowspan="2">(Photo)

Born on November 6, 1958

To be Newly Elected Outside Director</td><td colspan="4">Profile and Important Duties Concurrently Held</td></tr>
<tr><td>February 1988
May 1994

April 2000

January 2003

November 2010

October 2014</td><td colspan="3">Director, Wasserstein Perella & Co., Inc.
Managing Director, Investment Banking, Merrill Lynch & Co.
CEO, Gilo Ventures, LLC
Managing Director, Tomon Partners, LLC (to present)
Outside Director, KLA-Tencor Corporation (to present)
Outside Director, InvenSense Inc. (to present)</td></tr>
<tr><td colspan="5">[Reason for Electing as Director]
Ms. Emiko Higashi is Managing Director of Tomon Partners, LLC which specializes in M&A and strategic advisory for technology and healthcare companies etc. Previously, Ms. Higashi was Managing Director, Investment Banking of Merrill Lynch & Co. She has a globally high level knowledge and rich experiences in the area of technology, finance & healthcare industries.
The Company believes her knowledge and experiences are vital to the Board of Directors of the Company which operates global pharmaceutical business. The Company recommends that she be an Outside Director.</td></tr>
</table>

<table>
<tr><td>Candidate No.11</td><td colspan="2">Yoshiaki Fujimori</td><td>Number of Company Shares Owned</td><td>0 share</td></tr>
<tr><td rowspan="3">(Photo)

Born on
July 3, 1951

To be Newly Elected Outside Director</td><td colspan="4">Profile and Important Duties Concurrently Held</td></tr>
<tr><td>May 2001
October 2008

March 2011

June 2011

June 2011

August 2011

August 2011

June 2012

January 2016</td><td colspan="3">Senior Vice President, General Electric Company
Representative Director, Chairman, President and CEO, General Electric Japan Ltd.
Representative Director and Chairman, GE Japan Corporation (currently GE Japan GK)
Director, LIXIL Corporation
Director, LIXIL Group Corporation
Representative Director, President and CEO, LIXIL Corporation
Director, Representative Executive Officer, President and CEO, LIXIL Group Corporation (to present)
Outside Director, Tokyo Electric Power Company, Incorporated (currently Tokyo Electric Power Company Holdings, Incorporated) (to present)
Representative Director, Chairman and CEO, LIXIL Corporation</td></tr>
<tr><td colspan="5">[Reason for Electing as Director]
Mr. Yoshiaki Fujimori has advanced insights based on his rich experiences in a globally operating company as well as having had various important roles in one of the world leading U.S. global corporations.
The Company believes these qualities are vital to the Board of Directors of the Company which operates global business. The Company recommends that he be an Outside Director.</td></tr>
</table>

(Notes)

1. No special interests exist between the above candidates and the Company.
2. Among the above candidates, for Mr. Yasuchika Hasegawa, Mr. Christophe Weber, Mr. Shinji Honda, Dr. Masato Iwasaki and Dr. Andrew Plump, the "Number of Company Shares Owned" includes the number of Company shares (as of March 31, 2016) to be provided under the stock compensation plan (for Dr. Andrew Plump, the stock grant plan). Such Company shares are to be provided to each of the directors during his term of office or at the time of his retirement.

   [Description on the number of Company Shares to be provided under the Stock Compensation Plan, etc.]

   The Company has introduced since fiscal year 2014 the stock compensation plan for Directors (excluding Directors resident overseas and Outside Directors) and the stock grant plan for the executives of Takeda group in Japan and overseas (collectively, the "Plan").

   The Company shares to be provided to the above candidates include the following portions:

   (i) a fixed portion which is not linked with the Company's performance ("Fixed Portion"); and
   (ii) a variable portion which is linked with the Company's performance ("Performance-based Portion").

   The number of Company shares to be provided to the above candidates in accordance with the Plan includes only the Fixed Portion in (i) above, since such number of Company shares to be provided to the above candidates is fixed. The number of Company shares related to the Performance-based Portion in (ii) above is not included, since it will vary in the range of 0-200% depending on the performance achievement, etc. and is not fixed at this moment. In addition, with regard to the Company shares to be provided under the Plan, (a) the voting rights thereof will not be exercised before such shares are provided to each candidate; (b) 50% of such shares will be sold in the stock market to secure necessary funds for tax payment and the proceeds will be provided to each candidate.
3. Mr. Fumio Sudo, Mr. Masahiro Sakane, Mr. Michel Orsinger, Mr. Toshiyuki Shiga, Ms. Emiko Higashi and Mr. Yoshiaki Fujimori are candidates to become Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company. The Company has set the "Internal criteria for independence of Outside Directors of the Company" (The contents of such criteria are as set forth below.) and elected Outside Directors based on such criteria. All of these 6 persons have met the requirement for Independent Directors/Auditors based on the regulations of the financial instruments exchanges that the Company is listed on (e.g.: Tokyo Stock Exchange, Inc.). The Company has appointed Mr. Fumio Sudo and Mr. Masahiro Sakane as Independent Directors/Auditors and submitted a notification to each exchange, and the Company also plans to appoint Mr. Michel Orsinger, Mr. Toshiyuki Shiga, Ms. Emiko Higashi and Mr. Yoshiaki Fujimori as Independent Directors/Auditors and submit a notification to each exchange.
4. Nomura Securities Co., Ltd. ("Nomura") where Mr. Masahiro Sakane served as an Outside Director since June 2008 was the subject of a Business Improvement Order from the Financial Services Agency in August 2012 on the basis of the Financial Instruments and Exchange Act due to the recognition of deficiencies in its management of sensitive corporate information relating to public stock offerings. Mr. Masahiro Sakane has always spoken at the Board of Directors meetings and other occasions at Nomura on the importance of legal compliance. After the issue came to light, he offered opinions at Nomura on measures to prevent reoccurrence.
5. The Company has entered into contracts with Mr. Fumio Sudo and Mr. Masahiro Sakane limiting the maximum amount of liability for damages set forth in Paragraph 1, Article 423 of the Companies Act to the legally stipulated value. If the re-election of both is approved, the Company plans to continue the same contracts for limitation of liability with them. Also, if the election of Mr. Michel Orsinger, Mr. Toshiyuki Shiga, Ms. Emiko Higashi and Mr. Yoshiaki Fujimori is approved, the Company plans to conclude similar contracts for limitation of liability with each of these persons.

<Reference> Internal criteria for independence of Outside Directors of the Company

The Company will judge whether an Outside Director has sufficient independence against the Company with the emphasis on his/her meeting the following quality requirement, on the premise that he/she meets the criteria for independence established by the financial instruments exchanges.

The Company believes that such persons will truly meet the shareholders' expectations as the Outside Directors of the Company, i.e., the persons who can exert strong presence in a diversified members of the Directors of the Company by proactively continuing to inquire the nature of, to encourage improvement in and to make suggestions regarding the important matters of the Company doing pharmaceutical business globally, for the purpose of facilitating impartial and fair judgment on the Company's business and securing sound management of the Company.

The Company requires the persons to be the Outside Directors to meet two (2) or more items out of the following four (4) items of quality requirements:

(1) He/She has advanced insight based on the experience of corporate management;
(2) He/She has a high level of knowledge in the area requiring high expertise such as accounting and law;
(3) He/She is well versed in the pharmaceutical and/or global business; and
(4) He/She has advanced linguistic skills and/or broad experience which enable him/her to understand diverse values and to actively participate in discussion with others.

Fourth Proposal: Election of Four (4) Directors who are Audit and Supervisory Committee Members

The Company will become a "Company with Audit and Supervisory Committee", subject to the approval of the "Second Proposal: Partial Amendment to the Articles of Incorporation". Therefore, the Company proposes the election of four (4) Directors who are Audit and Supervisory Committee Members including three (3) Outside Directors.

The agreement of the Board of Corporate Auditors has been obtained regarding this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows (*The photographs of the candidates are omitted in this translation*.):

<table>
<tr><td>Candidate No.1</td><td colspan="2">Yasuhiko Yamanaka</td><td>Number of Company Shares Owned (Of which, Number of Company Shares to be provided in accordance with the Stock Compensation System)</td><td>17,160 shares (2,260 shares)</td></tr>
<tr><td rowspan="2">(Photo)</td><td colspan="4">Profile and Important Duties Concurrently Held</td></tr>
<tr><td rowspan="2">Born on January 18, 1956

Attended 14 of the 14 meetings of the Board of Directors as Director or Corporate Auditor

To be Newly Elected Internal Director</td><td>April 1979
June 2003

June 2004
April 2007

June 2007
June 2011

April 2012
June 2013
June 2014
June 2015</td><td colspan="2">Joined the Company
Senior Vice President, Corporate Strategy & Planning Department of the Company
Corporate Officer of the Company
Senior Vice President, Pharmaceutical Marketing Division of the Company
Director of the Company
Managing Director of the Company
Assistant to CEO, Globalization of the Company
Special Missions assigned by President of the Company
Special Missions of the Company
Corporate Auditor of the Company (to present)</td></tr>
<tr><td colspan="5">[Reason for Electing as Director (Audit and Supervisory Committee Member)]
Mr. Yasuhiko Yamanaka joined the Company in 1979, and became Director of the Company in June 2007, and Managing Director of the Company in June 2011. Since joining the Company, Mr. Yamanaka has held a variety of positions of increasing responsibility including Corporate Strategy, Pharmaceutical Marketing Division and the Company’s global transformation. Since June 2015, Mr. Yamanaka has been involved in the Company's management as one of the Company's Corporate Auditors. The Company believes Mr. Yamanaka's continued presence as a Director (Audit and Supervisory Committee Member) of the Company will further facilitate impartial and fair judgment and secure sound management of the Company. The Company recommends him as a Director (Audit and Supervisory Committee Member) candidate.</td></tr>
</table>

Candidate No.2	Shiro Kuniya	Number of Company Shares Owned	1,500 shares

	Profile and Important Duties Concurrently Held	
(Photo)	April 1982	Registered as an attorney-at-law (Osaka Bar Association)
	April 1982	Joined Oh-Ebashi Law Offices
	May 1987	Registered as an attorney-at-law at New York Bar Association
Born on February 22, 1957	June 1997	Outside Corporate Auditor, Sunstar Inc.
	April 2002	Managing Partner, Oh-Ebashi LPC & Partners (to present)
	June 2006	Outside Corporate Auditor, NIDEC CORPORATION
Attended 14 of the 14 meetings of the Board of Directors as Corporate Auditor	April 2011	Chairman, Inter-Pacific Bar Association
	March 2012	Outside Director, NEXON Co., Ltd. (to present)
	June 2012	Outside Director, EBARA CORPORATION (to present)
	June 2013	Outside Corporate Auditor of the Company (to present)
To be Newly Elected Outside Director	June 2013	Outside Director, Sony Financial Holdings Inc. (to present)

[Reason for Electing as Director (Audit and Supervisory Committee Member)]
Mr. Shiro Kuniya has been active as an attorney-at-law for many years. He has a wide-ranging experience and a high level of knowledge in the area of corporate and international legal affairs. Since June 2013, Mr. Kuniya has been involved in the Company's management as an Outside Corporate Auditor of the Company. The Company believes his continued presence as a Director (Audit and Supervisory Committee Member) of the Company will further facilitate impartial and fair judgment and ensure sound management of the Company. The Company recommends him as an Outside Director (Audit and Supervisory Committee Member) candidate.

<table>
<tr><td>Candidate No.3</td><td colspan="2">Koji Hatsukawa</td><td>Number of Company Shares Owned</td><td>0 share</td></tr>
<tr><td rowspan="2">(Photo)

Born on September 25, 1951

To be Newly Elected Outside Director</td><td colspan="4">Profile and Important Duties Concurrently Held</td></tr>
<tr><td>March 1974
July 1991

April 2000

October 2005

May 2009

June 2012

June 2012

June 2013</td><td colspan="3">Joined Price Waterhouse Accounting Office
Representative Partner, Aoyama Audit Corporation
Representative Partner, ChuoAoyama PricewaterhouseCoopers
Director and Manager of International Operations, ChuoAoyama PricewaterhouseCoopers
CEO, PricewaterhouseCoopers Arata
Audit & Supervisory Board Member, The Norinchukin Bank (to present)
Outside Audit & Supervisory Board Member, Accordia Golf co., Ltd. (to present)
Outside Audit & Supervisory Board Member, Fujitsu Limited (to present)</td></tr>
<tr><td colspan="5">[Reason for Electing as Director (Audit and Supervisory Committee Member)]
Mr. Koji Hatsukawa has been active in the audit on corporate accounting as a certified public accountant for many years. He has a wide-ranging experience and a high level of knowledge in the area of finance and corporate accounting.
The Company believes Mr. Hatsukawa's new presence in the Company as a Director (Audit and Supervisory Committee Member) will further facilitate impartial and fair judgment and secure sound management of the Company. The Company recommends him as an Outside Director (Audit and Supervisory Committee Member) candidate.</td></tr>
</table>

Candidate No.4	Jean-Luc Butel	Number of Company Shares Owned	0 share

	Profile and Important Duties Concurrently Held	
(Photo)	January 1994	President, Nippon Becton Dickinson Company, Ltd.
	January 1998	Corporate Officer, President, Worldwide Consumer Healthcare, Becton, Dickinson and Company
	November 1999	President, Independence Technology, Johnson & Johnson
	August 2003	Corporate Officer, Executive Committee Member, Senior Vice President and President, Asia Pacific, Medtronic, Inc.
	May 2008	Corporate Officer, Executive Committee Member, Executive Vice President and Group President, International, Medtronic, Inc.
Born on November 8, 1956	February 2012	Corporate Officer, Operating Committee Member and Corporate Vice President, Baxter International Inc.
	January 2015	President, International, Baxter International Inc.
To be Newly Elected Outside Director	July 2015	Global Healthcare Advisor, President, K8 Global Pte. Ltd. (to present)

[Reason for Electing as Director (Audit and Supervisory Committee Member)]
Mr. Jean-Luc Butel has managed a private healthcare consulting firm. Previously, he has had various important roles in world leading mega pharmas such as Baxter International, Medtronic. He has advanced insights based on his rich management experiences in global healthcare industries.
The Company believes Mr. Jean-Luc Butel's new presence in the Company as a Director (Audit and Supervisory Committee Member) will further facilitate impartial and fair judgment and secure sound management of the Company. The Company recommends him as an Outside Director (Audit and Supervisory Committee Member) candidate.

(Notes)

1. No special interests exist between the above candidates and the Company.
2. For Mr. Yasuhiko Yamanaka, the “Number of Company Shares Owned” includes the number of Company shares (as of March 31, 2016) to be provided under the stock compensation plan. Such Company shares are to be provided to him during his term of office or at the time of his retirement. Please refer to [Description on the number of Company Shares to be provided under the Stock Compensation Plan, etc.] in the Note No.2 of the “Third Proposal: Election of Eleven (11) Directors (excluding Directors who are Audit and Supervisory Committee Members)” with regard to the number of such shares to be provided.
3. Mr. Shiro Kuniya, Mr. Koji Hatsukawa and Mr. Jean-Luc Butel are candidates to become Outside Directors of the Company who are Audit and Supervisory Committee Members. The Company has set the “Internal criteria for independence of Outside Directors of the Company” (The contents of such criteria are as set forth on page 25.) and elected Outside Directors based on such criteria. All of these 3 persons have met the requirement for Independent Directors/Auditors based on the regulations of the financial instruments exchanges that the Company is listed on (e.g.: Tokyo Stock Exchange, Inc.). The Company has appointed Mr. Shiro Kuniya as an Independent Director/Auditor and submitted a notification to each exchange. The Company also plans to appoint Mr. Koji Hatsukawa and Mr. Jean-Luc Butel as Independent Directors/Auditors and submit a notification to each exchange.
4. The Company has entered into a contract with Mr. Shiro Kuniya limiting the maximum amount of liability for damages set forth in Paragraph 1, Article 423 of the Companies Act to the legally stipulated value. If the election of him is approved, the Company plans to conclude a contract for limitation of liability with him anew. Also, if the election of Mr. Koji Hatsukawa and Mr. Jean-Luc Butel is approved, the Company plans to conclude similar contracts for limitation of liability with each of these persons.

<Explanation regarding the compensation system for Directors in relation to the Fifth to Ninth Proposals>

As the Company proposed from the Second to Forth Proposals, the Company will become a “Company with Audit and Supervisory Committee” as established under the “Amended Companies Act” and further increase the composition ratio of Outside Directors among the Board of Directors, and enhance the diversity of Outside Directors (for the purposes, etc. for becoming a Company with Audit and Supervisory Committee, please refer to the former part of “1. Reasons for the proposal” of the Second Proposal).

The Fifth to Eighth Proposals are intended to make the compensation level and compensation structure for Directors under a Company with Audit and Supervisory Committee competitive enough as a global pharmaceutical company, to attract any global managerial talent and to motivate such talent to exert his/her utmost efforts to maximize the Company's performance.

Among the Directors, the following "(1) The compensation structure for Directors who are eligible for performance-linked compensation (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)" will be carried on in essence in accordance with the compensation structure for Directors (excluding Directors resident overseas and Outside Directors) which was approved at the 138th Ordinary General Meeting of Shareholders on June 27, 2014. The following "(2) The compensation structure for Directors who are not eligible for performance-linked compensation (Directors who are Audit and Supervisory Committee Members and Outside Directors)" will consist of Basic Compensation and stock compensation in the appropriate range (non- performance based) based on their roles.

The Ninth Proposal is regarding payment of Directors' bonuses for fiscal year 2015 (excluding Directors resident overseas and Outside Directors).

(1) The compensation structure for Directors who are eligible for performance-linked compensation

The compensation for Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors; hereinafter "Directors who are eligible for performance-linked compensation") consists of "Basic Compensation" which is paid in a fixed amount and "Performance-based Compensation" which is paid in a variable amount based on performance results, etc.
"Performance-based Compensation" further consists of bonus (Note 1) to be paid based on the consolidated financial results, etc. for each fiscal year, and compensation based on the long-term incentive plan (stock compensation) (Note 2) linked with mid/long-term performance results over 3 years and the Company's share price.

(2) The compensation structure for Directors who are not eligible for performance-linked compensation

The compensation structure for Outside Directors and Corporate Auditors was previously only "Basic Compensation", but in order to further strengthen their commitment to mid/long-term corporate value and their shared awareness of profitability with our shareholders, the compensation structure for Directors who are elected as Audit and Supervisory Committee Members in accord with the Company's transition into a "Company with Audit and Supervisory Committee" and Outside Directors (hereinafter "Directors who are not eligible for performance-linked compensation") will consist of "Basic Compensation" which is paid in a fixed amount and "non-performance based compensation" whose payout amount is not related to performance results. Taking into consideration their roles, "non-performance based compensation" will be a long-term incentive plan (stock compensation) (Note 3) which is not related to performance results but only to share price. The stock compensation for Directors who are not eligible for performance-linked compensation will not vest while they are in office but after their resignation/retirement so that they would not focus on the factors which exert influence on short-term share price, but on those which enhance the awareness to contribute to the Company's mid/long-term corporate value.

(Notes)

1. The payment of the Bonus for the Directors who are eligible for performance-linked compensation ranges from 0% to 200% against the target bonus amount calculated based on the roles and responsibilities of each Director who is eligible for performance-linked compensation, depending on the achievement, etc. of key performance indicators of business objectives of each fiscal year (consolidated revenue, Core Earnings and Earnings Per Share (EPS), etc.). Regarding Directors who also work as employees, the performance achievement, etc. of the function in charge is also reflected in the variation of bonus payments.
2. The stock compensation plan for Directors who are eligible for performance-linked compensation is a plan based on the Performance Share system and Restricted Stock system. To enhance commitment to the increase of the corporate value in the mid/long term, Performance Share portion will be linked with the achievement of mid/long-term performance objectives (consolidated revenue, operating free cash flow, EPS and R&D target, etc., which are transparent and objective indicators), and payout amount will range in a certain period of time from 0% to 200% against the target amount calculated based on the roles and responsibilities of each Director.
3. The stock compensation for Directors who are not eligible for performance-linked compensation will be up to a ceiling of about 40% of the Basic Compensation and provided in a stock compensation equivalent to the predefined amount regardless of the Company's performance results, etc. at the time of their resignation/retirement, in order to ensure the adequate supervisory functions which judge the validity of the execution of the duties from an objective standpoint and to avoid excessive

risk-taking activities to achieve performance results in the short-term.

<table>
<tr><th colspan="2">Directors who are not Audit and Supervisory Committee Members</th><th colspan="2">Directors who are Audit and Supervisory Committee Members</th></tr>
<tr><td>Internal Directors</td><td>Outside Directors</td><td>Internal Directors</td><td>Outside Directors</td></tr>
<tr><td>Directors who are eligible for performance-linked compensation</td><td colspan="3">Directors who are not eligible for performance-linked compensation</td></tr>
<tr><td>Plan I (*)</td><td>Plan II (*)</td><td colspan="2">Plan III (*)</td></tr>
<tr><td colspan="2">The Seventh Proposal</td><td colspan="2">The Eighth Proposal</td></tr>
</table>

(*) Please refer to the Seventh Proposal with regard to Plan I and II, and to the Eighth Proposal with regard to Plan III.

The Company has established the Compensation Committee with an Outside Director as its Chairperson and a majority of outside members, to serve as an advisory organization for the Board of Directors to ensure the appropriateness of Directors' compensation, etc. and the transparency in the decision-making process thereof. The revision thereof has been reviewed at the Compensation Committee before resolution by the Board of Directors.

Based on the above, the Company proposes to this General Meeting of Shareholders the Fifth to Ninth Proposals.

As stated above, the compensation plans for Directors who are eligible for performance-linked compensation (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and Directors who are not eligible for performance-linked compensation (Directors who are Audit and Supervisory Committee Members and Outside Directors) are designed separately but, in the following Fifth Proposal to Eighth Proposal, as the “Amended Companies Act” stipulates, the Company proposes separately the compensation for Directors who are Audit and Supervisory Committee Members and that for Directors who are not Audit and Supervisory Committee Members.

Fifth Proposal: Determination of the Compensation Amount for Directors (excluding Directors who are Audit and Supervisory Committee Members)

The compensation amount (basic compensation portion) of the Directors of the Company was approved at the 138th Ordinary General Meeting of Shareholders on June 27, 2014, and has been to date, within a monthly amount of 90 million JPY (from among such amount, the compensation amount for Outside Directors is within a monthly amount of 10 million JPY; excluding salaries paid as the employee portion for Directors who also work as employees). On the condition of approval of the “Second Proposal: Partial Amendment to the Articles of Incorporation” in the form of the original proposal, the Company would like to abolish the current compensation amount (basic compensation portion) for Directors, and to establish the compensation amount for Directors (excluding Directors who are Audit and Supervisory Committee Members) as being within a monthly amount of 150 million JPY (from among such amount, the compensation amount for Outside Directors being a monthly amount of 30 million JPY), taking into account various circumstances such as the increase of the number of Outside Directors and economic situations.

The compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) does not include salaries paid as the employee portion for Directors who also work as employees.

The current number of Directors is eight (8) (from among such Directors, the number of Outside Directors is three (3)). In the event that the Third Proposal is approved in the form of the original proposal, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be eleven (11) (from among such Directors, the number of Outside Directors will be six (6)).

Sixth Proposal: Determination of the Compensation Amount for Directors who are Audit and Supervisory Committee Members

On the condition of approval of the "Second Proposal: Partial Amendment to the Articles of Incorporation" in the form of the original proposal, the Company would like to establish the compensation amount for Directors who are Audit and Supervisory Committee Members as being within a monthly amount of 15 million JPY, taking into account the duties and responsibilities of the Directors who are Audit and Supervisory Committee Members.

In the event that the Fourth Proposal is approved in the form of the original proposal, the number of Directors who are Audit and Supervisory Committee Members will be four (4).

Seventh Proposal: Determination of the Amount and the Contents of Stock Compensation, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members)

1. Reason for the proposal and reason for considering such compensation, etc. as appropriate
   The Company received approval at the 138th Ordinary General Meeting of Shareholders on June 27, 2014 regarding the introduction of the stock compensation plan targeting the Directors of the Company (excluding Directors resident overseas and Outside Directors) (hereinafter, the "Previous Plan"). On the condition of approval of the "Second Proposal: Partial Amendment to the Articles of Incorporation" in the form of the original proposal, this Proposal requests for your approval of the new establishment of the stock compensation plan as compensation, etc. for each fiscal year for the Directors (excluding the Directors who are Audit and Supervisory Committee Members and Directors residing overseas who are not Outside Directors) (hereinafter, the "Plan") substituting for the Previous Plan.

   From among this Proposal, the contents of the Proposal for Directors who are not Outside Directors (excluding Directors who are Audit and Supervisory Committee Members and Directors resident overseas. hereinafter for the purposes of this Proposal "Internal Directors") are substantially the same as the contents of the Previous Plan, and such Proposal is to be introduced with the purpose of further enhancing the awareness of contributing to the enhancement of the Company's mid/long-term achievements as well as the increase of the corporate value. In addition, with respect to the contents of the Proposal for Outside Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter for the purposes of this Proposal),

in light of the roles of the Outside Directors and in order to ensure the adequate supervisory functions which judge the validity of the execution of the duties from an objective standpoint and to avoid excessive risk-taking activities to achieve performance objectives in the short-term, such Proposal is not linked with the performance achievements, but is to be introduced with the purpose of further enhancing the awareness of contributing to the increase of our corporate value. Therefore, the Company considers that each such Proposal is appropriate.

With respect to the amount and the contents of the compensation, etc. for Directors under the Plan, the Company requests for your approval in a framework separate from the compensation amount for Directors (excluding Directors who are Audit and Supervisory Committee Members) which is proposed as the Fifth Proposal. This compensation, etc. does not include the salaries paid as the employee portion for Directors who also work as employees.

In accord with the introduction of the Plan, we will abolish the Previous Plan, and we will not grant new base points under the Previous Plan any longer.

The current number of Directors subject to the Previous Plan is four (4) (the number of Outside Directors is zero (0)). In the event that the Third Proposal is approved in the form of the original proposal, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members and Directors resident overseas who are not Outside Directors) subject to the Plan will be ten (10) (from among such number of Directors, the number of Outside Directors will be six (6)).

2. Amount and contents, etc. of the compensation, etc. under the Plan

(1) Overview of the Plan

The Plan is a stock compensation plan in which the shares of the Company are acquired through trust, sourced from the money amount contributed by the Company, and the shares of the Company and the monies equivalent to the cash conversion amount of the shares of the Company (hereinafter collectively, “Company Shares, etc.”) are delivered and provided (hereinafter, “Deliveries”) to the Directors (excluding Directors who are Audit and Supervisory Committee Members; the same hereinafter for the purposes of this Proposal) through such trust. (Under the Plan, the plan for internal directors is hereinafter referred to as “Plan I”, and the plan for outside directors is hereinafter referred to as “Plan II”. The details are as described in and after (2).)

(i) Eligible persons of Deliveries of Company Shares, etc. subject to this Proposal
<Plan I> Internal Directors
<Plan II> Outside Directors

(ii) Effect of the shares of the Company subject to this Proposal upon the total number of issued shares

(a) Maximum amount to be contributed by our company (as described in (2) below)
<Plan I> Annual total of 2,700 million JPY targeting three (3) fiscal years
<Plan II> Annual total of 300 million JPY targeting three (3) fiscal years

(b) Maximum number of Company Shares, etc. to be acquired by the eligible persons of this Proposal (as described in (3) below)

<Plan I>

The maximum number of shares is the number obtained by dividing 2,700 million JPY, the maximum monetary amount to be contributed to the Trust as Plan I by the Company, by the closing price of the shares of the Company at the Tokyo Stock Exchange on July 1 of the year in which such Trust was established (with respect to the Trust established in Fiscal Year 2016, September 1), targeting three (3) fiscal years.

<Plan II>

The maximum number of shares is the number obtained by dividing 300 million JPY, the maximum monetary amount to be contributed to the Trust as Plan II by the Company, by the closing price of the shares of the Company at the Tokyo Stock Exchange on July 1 of the year in which such Trust was established (with respect to the Trust established in Fiscal Year 2016, September 1), targeting the first of three (3) fiscal years.

(c) Method of acquisition of the shares of the Company to be acquired by the eligible persons of this Proposal (as described in (3) below)

Under both Plans I and II, the shares of the Company are scheduled to be acquired from the stock market.

Therefore, there will be no dilution of the share value of the issued shares.

(iii) Contents of the conditions for performance achievement (as described in (3) below)

<Plan I> Fluctuate depending upon the degree of achievement, etc. in relation to consolidated revenue, free cash flow, EPS and R&D target, etc. of the final fiscal year

<Plan II> Not linked to performance results (fixed)

(iv) Timing of Deliveries of Company Shares, etc. towards the eligible persons of this Proposal (as described in (4) below)

<Plan I>

- For the portion equivalent to 50% of the points which will be the basic of the vesting of the shares, etc., deliveries will be made every year
- For the remaining portion equivalent to 50%, deliveries will be made depending upon the achievement, etc. of the performance objectives after the elapse of three (3) fiscal years

<Plan II> To be delivered at resignation/retirement

* Both Plans I and II include the shares converted into cash (in which case, the monetary equivalent to the cash conversion amount will be provided to the eligible persons).

(2) Maximum monetary amount to be contributed by the Company

The Company will contribute every year, as compensation, etc. for Directors, monies up to a total of 3,000 million JPY (2,700 million JPY for Plan I and 300 million JPY for Plan II) per three (3) consecutive fiscal years (initially the three (3) fiscal years from the fiscal year ending on the last day of March 2017 to the fiscal year ending on the last day of March 2019; hereinafter, the “Plan Period” for the purposes of this Proposal), and create a trust (hereinafter for the purposes of this Proposal, the “Trust” which is created respectively for Plan I and Plan II.) for a three (3) year trust period with the beneficiaries being the Directors meeting the beneficiary requirements (“create” includes continuous use of the preexisting Trust by extending the trust period of the Trust; the same applies

hereinafter). The Trust will acquire the shares of the Company from the stock market, sourced by monies subject to trust, in accordance with the instructions of the trust administrator. During the trust period, the Company will grant share conversion points and make Deliveries of Company Shares, etc. towards the Internal Directors every year during the trust period, and grant share conversion points towards the Outside Directors every year during the trust period and make Deliveries of Company Shares, etc. at the time of the resignation/retirement of the Outside Directors.

The Company creates a Trust initially in Fiscal Year 2016, but the Company may also implement an incentive plan under the Plan by creating a Trust with a three (3) year trust period, similarly as the Trust created in Fiscal Year 2016, even for each fiscal year in and after Fiscal Year 2017.

For Plan I and Plan II, respectively, the number of the Trust capable of being created in one (1) fiscal year will be one (1), and in the event a Trust is created in every fiscal year, a maximum of three (3) Trusts will coexist.

The Trust may be continued by changing the trust agreement and adding trust in place of creating a new Trust at the time of the expiry of the trust period of the Trust. In that case, the trust period will be extended for a three (3) fiscal year period, and the Company will grant share conversion points and make Deliveries of Company Shares, etc., in the same manner as indicated above, within such extended three (3) fiscal year period of the Plan Period. In the case that additional contribution is made upon the extension of the trust period, the maximum monetary amount which may be additionally contributed when the shares of the Company (excluding, from among Company Shares, etc. equivalent to share conversion points granted to the Directors, those for which the Deliveries are not yet made) and monies (hereinafter for the purposes of this Proposal, “Remaining Shares”) remain within the trust property on the last day of the trust period prior to the extension, will be 3,000 million JPY (2,700 million JPY for Plan I and 300 million JPY for Plan II) minus the amount of the Remaining Shares.

If, at the time of the expiry of the trust period and the extension above is not made, and in the case that an Outside Director possibly meeting at his/her resignation/retirement the beneficiary requirements holds office, points will not be granted thereafter to such Outside Director, but the trust period of the Trust may be extended for a maximum of ten (10) years till the resignation/retirement of such Outside Director and the completion of the Deliveries of Company Shares, etc. towards such Outside Director.

(3) Calculation method and maximum of the number of Company Shares, etc. to be acquired by the Directors

The Company will grant, for the Internal Directors, “share conversion points” calculated in accordance with the degree of achievement, etc. of the performance objectives of the Company, and for the Outside Directors, “share conversion points” of a fixed number irrespective of the degree of achievement, etc. of the performance objectives of the Company, respectively, in accordance with the base points to be granted in accordance with the contents of the duties and responsibilities, etc. of each Director. The number of the shares of the Company to be delivered to each Director through the Plan is determined to be one (1) share for one (1) point of share conversion point granted to each Director. In the event that the shares of the Company subject to the Trust increase or decrease due to share split, share allotment without contribution, share consolidation, etc., the

Company will adjust, in accordance with a reasonable method, the number of the shares of the Company to be delivered for each one (1) point of the share conversion points.

Concretely, first of all, base points will be granted to a Director holding office on July 1 of the year of creation of the Trust (for the Trust created in Fiscal Year 2016, September 1, 2016) in accordance with the following formula.

(Calculation formula of base points)

Basic annual compensation amount × target ratio / closing price of the shares of the Company at the Tokyo Stock Exchange on July 1 of the year of creation of the Trust (for the Trust created in Fiscal Year 2016, September 1, 2016) (if there is no closing price for such date, then the closing price of the date on which the transaction was performed immediately prior to such date)

* Fractions after the decimal point will be disregarded.
* The basic annual compensation amount and the target ratio will be determined taking into account such factors as the contents of the duties and responsibilities of each Director, and the respective percentage shares of the monetary compensation and the stock compensation among the total compensation of Directors.

<Calculation formula of share conversion points in Plan I>

Share conversion points will be granted to an Internal Director holding office on June 1 of each year from the year following the creation of the Trust till three (3) years thereafter, in accordance with the following formula.

(Calculation formula of share conversion points to be granted to Internal Directors)

(i) Year following the creation of the Trust and the year after such year
[Initial base points × 50% × 1/3]

(ii) During and after three (3) years after the creation of the Trust
[Initial base points × 50% × 1/3] ＋ [Initial base points × 50%] × Performance linked coefficient

* If there occurs any fractions after the decimal point, for the share conversion points for the year following the creation of the Trust and the year following such year, such fractions will be disregarded, and the total number of such fractions (any fractions after the decimal point of such total number will be disregarded) will be added to the share conversion points after three (3) years after the creation of the Trust.
* The performance linked coefficient will be determined within a scope of 0%-200% in accordance with the achievement, etc. of the consolidated revenue, operating free cash flow, EPS and R&D target, etc., for the fiscal year ending in March after three (3) years after the creation of the Trust set at the time of the creation of the Trust. However, in the case that an Internal Director assumes, after his/her resignation/retirement, the position of Director who is an Audit and Supervisory Committee Member, the performance linked coefficient will be calculated as 100% irrespective of the achievement, etc. of the performance objectives during the Plan Period.
* The evaluation of the achievement of the performance objectives will be reported to, and

determined at, the Board of Directors upon discussion by the Compensation Committee.

* The number of base points granted to the Internal Directors will be decreased, at the time of the calculation of the share conversion points of each fiscal year, by the portion equivalent to the number of base points used in such calculation (calculated by [ ] within the abovementioned formula).

In the event of the resignation/retirement of an Internal Director (excluding resignation due to his/her own convenience or resignation due to dismissal), share conversion points will be granted similarly as the case that he/she remains in office till the expiry of the Plan Period after his/her resignation/retirement, and he/she may receive Deliveries from the Trust of Company Shares, etc. of a number in accordance with the share conversion points.

<Calculation of share conversion points in Plan II>

For an Outside Director holding office on June 1 of the year following the creation of the Trust, share conversion points will be granted in accordance with the following formula.

(Calculation formula of share conversion points to be granted to Outside Directors)
Initial base points × 100%

* The number of base points granted to Outside Directors will decrease in its entirety at the time of calculation of the share conversion points.

However, in the case an Outside Director resigns/retires by June 1 of the year following the creation of the Trust (excluding resignation due to his/her own convenience or resignation due to dismissal), the share conversion points calculated by the formula above based on the base points granted by the time of his/her resignation/retirement will be granted immediately from the Trust.

The maximum of the total number of Company Shares, etc. for which Deliveries are to be made to the Directors from the Trust during the trust period of the Trust under Plans I and II will be the number (fractions after the decimal point are to be disregarded) obtained by dividing (i) 3,000 million JPY (2,700 million JPY for Plan I and 300 million JPY for Plan II), the maximum monetary amount to be contributed to such Trust by the Company, by (ii) the closing price of the shares of the Company at the Tokyo Stock Exchange on July 1 of the year of creation of the Trust (for the Trust created in Fiscal Year 2016, September 1) (if there is no closing price of such date, then the closing price of the date on which the transaction was performed immediately prior to such date), for each Plan Period.

(4) Timing of the Deliveries of Company Shares, etc. towards the Directors

An Internal Director meeting the beneficiary requirements may, by performing the prescribed beneficiary determination procedures every year during the trust period, receive, after a certain period after being granted share conversion points, the delivery of 50% (the number of shares less than share unit will be disregarded) of the shares of the Company corresponding to such share conversion points, and in addition, may convert the remainder (including those equivalent to the number of shares less than share unit described above) within the Trust and receive monies equivalent to such cash conversion amount.

An Outside Director meeting the beneficiary requirements may, by performing the prescribed beneficiary determination procedures, at the time of his/her resignation/retirement, receive the

delivery of 50% (the number of shares less than share unit will be disregarded) of the shares of the Company corresponding to the share conversion points, and in addition, may convert the remainder (including those equivalent to the number of shares less than share unit described above) within the Trust and receive monies equivalent to such cash conversion amount.

In the event that a Director dies during the trust period, the inheritor of such Director will convert into cash within the Trust any and all of the shares of the Company corresponding to the share conversion points granted to such director, and receive such monies.

(5) Voting rights regarding the shares of the Company within the Trust

With respect to the shares of the Company within the Trust, voting rights will not be exercised during the trust period in order to ensure neutrality towards management.

(6) Other contents of the Plan

Other contents regarding the Plan will be determined by the Board of Directors each time the Trust is created.

Eighth Proposal: Determination of the Amount and the Contents of Stock Compensation, etc. for Directors who are Audit and Supervisory Committee Members

1. Reason for the proposal and reason for considering such compensation, etc. as appropriate

On the condition of the approval of the “Second Proposal: Partial Amendment to the Articles of Incorporation” in the form of the original proposal, this Proposal requests for your approval of the new establishment of the stock compensation plan as compensation, etc. for each fiscal year for the Directors who are Audit and Supervisory Committee Members (hereinafter for the purposes of this Proposal, the “Plan”).

This Plan, targeting the Directors who are Audit and Supervisory Committee Members, is to be introduced with the purpose of further enhancing the awareness of contribution to the increase of the corporate value of the Company, without linking it to the performance results in light of the roles of the Audit and Supervisory Committee Members, in order to ensure the adequate supervisory functions which judge the validity of the execution of the duties from an objective standpoint and to avoid excessive risk taking activities to achieve performance results in the short-term. Therefore, the Company considers that the Plan is appropriate.

With respect to the amount and the contents of the compensation, etc. for the Directors related to the Plan, the Company requests for your approval in a framework separate from the compensation amount for Directors who are Audit and Supervisory Committee Members which is proposed as Sixth Proposal.

In the event that the Fourth Proposal is approved in the form of the original proposal, the number of Directors who are Audit and Supervisory Committee Members will be four (4).

2. Amount and contents, etc. of the compensation, etc. under the Plan

(1) Overview of the Plan

The Plan is a stock compensation plan in which the shares of the Company are acquired through trust, sourced from the money amount contributed by the Company, and the Company Shares, etc. are delivered to the Directors who are Audit and Supervisory Committee Members (hereinafter, "Audit and Supervisory Committee Members") through such trust, in the same manner of the plan which we request for your approval in the Seventh Proposal. (The stock compensation plan towards the Audit and Supervisory Committee Members is hereinafter referred to as "Plan III". The details are as described in and after (2)).

(i) Eligible persons of Deliveries of Company Shares, etc. subject to this Proposal
<Plan III> Audit and Supervisory Committee Members

(ii) Effect of the shares of the Company subject to this Proposal upon the total number of issued shares

(a) Maximum amount to be contributed by the Company (as described in (2) below)
<Plan III> Annual total of 200 million JPY targeting two (2) fiscal years

(b) Maximum number of Company Shares, etc. to be acquired by the eligible persons of this Proposal (as described in (3) below)
<Plan III>
The maximum number of shares is the number obtained by dividing 200 million JPY the maximum monetary amount to be contributed by every targeting fiscal year to the Trust as Plan III by the Company, by the closing price of the shares of the Company at the Tokyo Stock Exchange on July 1 of the year in which such Trust was established (with respect to the trust established in Fiscal Year 2016, September 1), targeting two (2) fiscal years.

(c) Method of acquisition of the shares of the Company to be acquired by the eligible persons of this Proposal (as described in (3) below)
Under Plan III, the shares of the Company are scheduled to be acquired from the stock market.
Therefore, there will be no dilution of the share value of the issued shares.

(iii) Contents of the conditions for performance achievement (as described in (3) below)
<Plan III> Not linked to the performance results (fixed)

(iv) Timing of Deliveries of Company Shares, etc. towards the eligible persons of this Proposal (as described in (4) below)
<Plan III> To be delivered at the time of the resignation/retirement
* Including the shares converted into cash (in which case, the monetary equivalent to the cash conversion amount will be provided to the eligible persons)

(2) Maximum monetary amount to be contributed by the Company

The Company will contribute, as compensation, etc. for the Audit and Supervisory Committee Members, monies up to 200 million JPY annually per two (2) consecutive fiscal years (initially the two (2) fiscal years from the fiscal year ending on the last day of March 2017 to the fiscal year

ending on the last day of March 2018; hereinafter, the “Plan Period”) and create a trust (hereinafter for the purposes of this Proposal, the “Trust”) for a two (2) year trust period with the beneficiaries being the Audit and Supervisory Committee Members meeting the beneficiary requirements (“create” includes continuous use of the preexisting Trust by extending the trust period of the Trust; the same applies hereinafter). The Trust will acquire the shares of the Company from the stock market, sourced by monies subject to trust, in accordance with the instructions of the trust administrator. The Company will, during the trust period, grant share conversion points towards the Audit and Supervisory Committee Members every year during the trust period, and make Deliveries of Company Shares, etc. at the time of the resignation/retirement of the Audit and Supervisory Committee Members.

The Company creates a Trust initially in Fiscal Year 2016, but the Company may also implement an incentive plan under the Plan by creating a Trust with a two (2) year trust period, similarly as the Trust created in Fiscal Year 2016, even for each fiscal year in and after Fiscal Year 2017. In that case, the Plan Period of the Trust will be a consecutive two (2) fiscal year period with the initial fiscal year being a fiscal year on which the date on which such Trust is created falls, and the Company will make contributions of monies, grant of share conversion points, and Deliveries of Company Shares, etc. similarly as the above.

The number of the Trust capable of being created in one (1) fiscal year will be one (1), and in the event a Trust is created in every fiscal year, a maximum of two (2) Trusts will coexist.

The Trust may be continued by changing the trust agreement and adding trust in place of creating a new Trust at the time of the expiry of the trust period of the Trust. In that case, the trust period will be extended for a two (2) fiscal year period and the Company will grant share conversion points and make Deliveries of Company Shares, etc., in the same manner as indicated above, within such extended two (2) fiscal year period of the Plan Period. In the case that additional contribution is made upon the extension of the trust period, the maximum monetary amount which may be additionally contributed when the shares of the Company (excluding, from among Company Shares, etc. equivalent to share conversion points granted to the Audit and Supervisory Committee Members, those for which the Deliveries are not yet made) and monies (hereinafter for the purposes of this Proposal, “Remaining Shares”) remain within the trust property on the last day of the trust period prior to the extension, will be 200 million JPY minus the amount of the Remaining Shares.

If, at the time of the expiry of the trust period and the extension above is not made, and in the case that an Audit and Supervisory Committee Member possibly meeting at his/her resignation/retirement the beneficiary requirements holds office, points will not be granted thereafter to such Audit and Supervisory Committee Member, but the trust period of the Trust may be extended for a maximum of ten (10) years till the resignation/retirement of such Audit and Supervisory Committee Member and the completion of the Deliveries of Company Shares, etc. towards such Audit and Supervisory Committee Member.

(3) Calculation method and maximum of the number of Company Shares, etc. to be acquired by the Audit and Supervisory Committee Members

The Company will grant to the Audit and Supervisory Committee Members “share conversion points” of a fixed number irrespective of the degree of attainment, etc. of the achievement target of the Company in accordance with the base points to be granted in accordance with the contents of the

execution of duties and responsibilities, etc. of each Audit and Supervisory Committee Member. The number of the shares of the Company to be delivered to each Audit and Supervisory Committee Member through the Plan is determined to be one (1) share for one (1) point of share conversion point granted to each Audit and Supervisory Committee Member. In the event that the shares of the Company subject to the Trust increase or decrease due to share split, share allotment without contribution, share consolidation, etc., the Company will adjust, in accordance with a reasonable method, the number of the shares of the Company to be delivered for each one (1) point of the share conversion points.

Concretely, first of all, base points will be granted to an Audit and Supervisory Committee Member holding office on July 1 of the year of creation of the Trust (for the Trust created in Fiscal Year 2016, September 1, 2016) (only a Director who is appointed (including who is reappointed) as Audit and Supervisory Committee Member from the next day of the Ordinary General Meeting of Shareholders held on the previous year of the creation of the Trust till the day of the Ordinary General Meeting of Shareholders of the year of the creation of the Trust), in accordance with the following formula.

(Calculation formula of base points)

Basic annual compensation amount × target ratio / closing price of the shares of the Company at the Tokyo Stock Exchange on July 1 of the year of creation of the Trust (for the Trust created in Fiscal Year 2016, September 1, 2016) (if there is no closing price for such date, then the closing price of the date on which the transaction was performed immediately prior to such date)

* Fractions after the decimal point will be disregarded.
* The basic annual compensation amount and the target ratio will be determined taking into account such factors as the contents of the duties and responsibilities of each Audit and Supervisory Committee Member, and the respective percentage shares of the monetary compensation and the stock compensation among the total compensation of the Directors.

For an Audit and Supervisory Committee Member who is granted the base points in accordance with the calculation above and holding office on June 1 of the year following the creation of the Trust, share conversion points will be granted in accordance with the following formula.

(Calculation formula of share conversion points to be granted to Audit and Supervisory Committee Members)
Initial base points × 100%

* The number of base points granted to Audit and Supervisory Committee Members will decrease in its entirety at the time of calculation of the share conversion points.

In the second place, additional base points will be granted to an Audit and Supervisory Committee Member who is holding office on July 1 of the year of creation of the Trust and is granted the base points and continues to be holding office on July 1 of the year following the creation of the Trust (excluding a Director who is elected as substitute Audit and Supervisory Committee Member and took office as an Audit and Supervisory Committee Member after July 1 (for Fiscal Year 2016, September 1, 2016) of the fiscal year of the Ordinary General Meeting of Shareholders in which such election is made) in accordance with the following formula.

(Calculation formula of additional base points)

Basic annual compensation amount × target ratio / closing price of the shares of the Company at the Tokyo Stock Exchange on July 1 of the year following the creation of the Trust (if there is no closing price for such date, then the closing price of the date on which the transaction was performed immediately prior to such date)

* The treatment of the fractions after the decimal point and the method to determine the basic annual compensation amount and the target ratio are the same as the base points above.

For an Audit and Supervisory Committee Member who is granted the additional base points in accordance with the calculation above and holding office on June 1 of two years later following the creation of the Trust, share conversion points will be granted and additional base points will be decreased in accordance with the following formula.

(Calculation formula of share conversion points to be granted to Audit and Supervisory Committee Members)

Additional base points × 100%

* The number of additional base points granted to Audit and Supervisory Committee Members will decrease in its entirety at the time of calculation of the share conversion points.

However, in the case an Audit and Supervisory Committee Member resigns/retires by June 1 of two years later following the creation of the Trust (excluding resignation due to his/her own convenience or resignation due to dismissal), the share conversion points calculated by the formula above based on the base points and additional base points granted by the time of his/her resignation/retirement will be immediately granted from the Trust.

The maximum of the total number of Company Shares, etc. for which Deliveries are to be made to the Audit and Supervisory Committee Members from the Trust during the trust period of the Trust under Plan III will be the number (fractions after the decimal point are to be disregarded) obtained by dividing (i) 200 million JPY the maximum monetary amount to be contributed to such Trust by the Company, by (ii) the closing price of the shares of the Company at the Tokyo Stock Exchange on July 1 of the year of creation of the Trust (for the Trust created in Fiscal Year 2016, September 1) (if there is no closing price of such date, then the closing price on the date on which the transaction was performed immediately prior to such date).

(4) Timing of the Deliveries of Company Shares, etc. towards the Audit and Supervisory Committee Members

An Audit and Supervisory Committee Member meeting the beneficiary requirements may, by performing the prescribed beneficiary determination procedures at the timing of his/her resignation/retirement, receive the delivery of 50% (the number of shares less than share unit will be disregarded) of the shares of the Company corresponding to the share conversion points, and in addition, may convert the remainder (including those equivalent to the number of shares less than share unit described above) within the Trust and receive monies equivalent to such cash conversion amount.

In the event that an Audit and Supervisory Committee Member dies during the trust period, the inheritor of such Audit and Supervisory Committee Member will convert into cash within the Trust

any and all of the shares of the Company corresponding to the share conversion points granted to such Audit and Supervisory Committee Member, and receive such monies.

(5) Voting rights regarding the shares of the Company within the Trust

With respect to the shares of the Company within the Trust, voting rights will not be exercised during the trust period in order to ensure neutrality towards management.

(6) Other contents of the Plan

Other contents regarding the Plan will be determined by the Board of Directors each time the Trust is created.

Ninth Proposal: Payment of Directors' Bonuses

The Company proposes to pay bonuses within a total of 550 million JPY (excluding bonuses paid as the employee portion for Directors who also work as employees) to the four (4) Directors (excluding Directors resident overseas and Outside Directors) in office as of the end of this fiscal year, in accordance with the achievement of key performance indicators such as the consolidated revenue, Core Earnings and EPS set forth for this fiscal year.

END OF DOCUMENT

(Enclosed Documents)

Business Report

(From April 1, 2015 to March 31, 2016)

1. Current State of the Takeda Group

(1) Overview of Business and Results

Consolidated results (April 1, 2015 to March 31, 2016):

Billion JPY

	Amount	*Change over the previous year*	
Revenue	1,807.4	+29.6	+ 1.7%
R&D expense	345.9	+36.2	- 9.5%
Operating profit	130.8	+260.1	- %
Profit before tax	120.5	+266.0	- %
Net profit for the period (attributable to owners of the Company)	80.2	+225.9	- %
EPS(JPY)	102.26	+287.63	- %

[Revenue]

Consolidated revenue was 1,807.4 billion JPY, an increase of 29.6 billion JPY (+1.7%) compared to the previous year.

- ENTYVIO (for ulcerative colitis and Crohn's disease), first marketed in the U.S. and Europe in June 2014, has experienced strong sales uptake, and in the U.S. there was also an increase in sales of VELCADE (for multiple myeloma), DEXILANT (for acid reflux disease), and BRINTELLIX (*) (for depression). ADCETRIS (for malignant lymphoma) experienced sales growth in Japan, Europe, and emerging markets, which are the regions where Takeda has marketing rights. In Japan, sales of AZILVA (for hypertension) and LOTRIGA (for hyperlipidemia) significantly increased compared to the previous year.

  On the other hand, negative factors impacting revenue included the decrease of sales of large products such as CANDESARTAN (for hypertension), mainly due to the penetration of generic products.

  In total, consolidated revenue increased by 29.6 billion JPY.

(*) BRINTELLIX will be marketed in the United States under the new name TRINTELLIX starting June of 2016. The formulation, indication and dosages of TRINTELLIX remain the same as that of BRINTELLIX.

- Consolidated revenue of Takeda's major ethical drugs:

Billion JPY

Indications / Product Name	Amount	Change over the previous year	
Multiple myeloma / VELCADE	162.0	+ 9.3	+6.1%
Prostate cancer, breast cancer and endometriosis / LEUPRORELIN (Japan product name: LEUPLIN)	124.4	+ 0.4	+0.3%
Peptic ulcer / PANTOPRAZOLE	100.8	- 3.0	-2.9%
Peptic ulcer / LANSOPRAZOLE (Japan product name: TAKEPRON)	89.5	- 13.4	-13.1%
Ulcerative colitis and Crohn's disease / ENTYVIO	86.2	+ 58.3	+209.5%
Hypertension / CANDESARTAN (Japan product name: BLOPRESS)	84.8	- 41.0	-32.6%
Acid reflux disease / DEXILANT	75.1	+ 12.8	+20.6%
Hypertension / AZILVA	59.0	+ 13.7	+30.1%
Diabetes / NESINA	48.9	+ 4.6	+10.5%
Gout / COLCRYS	46.5	- 12.4	-21.0%
Malignant Lymphoma / ADCETRIS	27.6	+ 4.8	+20.8%
Major depressive disorder / BRINTELLIX (Note 2)	24.5	+ 10.9	+79.9%

(Note1) Revenue amount includes royalty income and service income.

(Note2) BRINTELLIX will be marketed in the United States under the new name TRINTELLIX starting June of 2016.

- In the U.S., in December 2015, Takeda launched NINLARO (for relapsed or refractory multiple myeloma), the first and only oral proteasome inhibitor. Since clinical research started for the first proteasome inhibitor, VELCADE, 20 years ago, Takeda has advanced scientific understanding of multiple myeloma, which culminated in the introduction of NINLARO, an efficacious once-weekly pill with a tolerable safety profile. This highly innovative product is expected to provide a significant contribution to Takeda's mid- to long-term sustained growth.
  In Japan, TAKECAB (for acid-related diseases) was launched in February 2015, and activities of providing information to healthcare professionals have been continuing in co-promotion with Otsuka Pharmaceutical Company, Limited. In March 2016, the 2-week limit on the prescription period was lifted for TAKECAB, contributing to an expansion in sales. Also in Japan, in May 2015, Takeda launched ZAFATEK, the world's first once weekly oral type 2 diabetes treatment option.

- In April 2016, Takeda and Teva Pharmaceutical Industries Ltd., the global leader in generics, established Teva Takeda Yakuhin Ltd. in Japan. The new company, along with Teva Pharma Japan Inc., will deliver Takeda's long listed products and Teva's high-quality generic medicines to patients. It is expected to meet a wide-range of needs and correspond to the growing importance of generics in Japan.

  In December 2015, Takeda announced the sale of its respiratory portfolio to AstraZeneca and in April 2016, the transaction was completed.

  Focusing on its core therapeutic areas of Oncology, GI (Gastroenterology), and CNS (Central Nervous System), Takeda will further strengthen its initiatives to lead innovation in medicine and provide innovative new drugs to patients around the world including in emerging markets.

[Operating profit]
Consolidated operating profit was 130.8 billion JPY, an increase of 260.1 billion JPY compared to the previous year.

- Gross profit increased by 15.1 billion JPY (+1.2%) due to revenue increase.
- Selling, general and administrative expenses increased by 38.2 billion JPY (+6.2%) mainly due to the increase in sales expenses related to new products in the U.S.
- R&D expenses were 345.9 billion JPY, a decrease of 36.2 billion JPY (-9.5%).
- Amortization and impairment losses on intangible assets associated with products decreased by 51.3 billion JPY (-29.1%), mainly due to 30.5 billion JPY of COLCRYS impairment loss being recognized in the previous year. In addition, 8.6 billion JPY of impairment reversal related to COLCRYS was recognized based on the revised favorable sales forecast in the year.
- Other operating income decreased by 82.1 billion JPY (-76.6%), mainly due to 53.8 billion JPY of reversal of COLCRYS contingent consideration and 32.8 billion JPY (*) of the gains on sales of property, plant and equipment being recognized in the previous year.
  (*) Ethical Drug Business: 17.1billion JPY, Other Business: 15.7 billion JPY
- Other operating expenses decreased by 277.8 billion JPY (-86.2%), mainly due to 274.1 billion JPY of loss on Actos litigation in the U.S. (*) being recognized in the previous year.
  (*) 274.1 billion JPY was calculated by offsetting 324.1 billion JPY for covering the settlement and other related expenses with 50.0 billion JPY of insurance income which will be probably covered by the product liability insurance.

[Net profit for the year (attributable to owners of the Company)]
Consolidated net profit for the year was 80.2 billion JPY, an increase of 225.9 billion JPY compared to the previous year.

- Net profit before tax increased by 266.0 billion JPY, mainly due to 274.1 billion JPY of loss on the Actos litigation in the U.S. being recognized in the previous year.
- In the previous year, 50.8 billion JPY of the temporary factors such as revaluation of a recoverability of deferred tax assets and a reduction of the effective tax rate in Japan were recognized. On the other hand, 96.1 billion JPY of favorable impact on income tax expenses due to the Actos litigation in the U.S. was also recognized in the previous year. As a result, income tax expenses increased by 39.5 billion JPY.
- Basic earnings per share was 102.26 JPY, an increase of 287.63 JPY compared to the previous year.

Underlying growth (Note1) (April 1, 2015 to March 31, 2016):

Billion JPY

	Change over the previous year	
Revenue	+3.4 %	+60.3
Core Earnings (Note2)	+8.1 %	+23.1
Core EPS (JPY) (Note3)	+21.7%	+50.16

(Note1) "Underlying Growth", comparing two periods of financial results under a common basis, shows the real performance of the business. It excludes the impact of foreign exchange and exceptional items such as product divestments and acquisitions, impact of purchase accounting, amortization and impairment loss of intangible assets, restructuring costs and major litigation costs. Takeda adopts "Underlying Growth" of revenue, Core Earnings and Core EPS as its indicators for management guidance.

(Note2) Core Earnings is calculated from operating profit by excluding the impact of exceptional items, such as purchase accounting, amortization and impairment loss of intangible assets, restructuring costs and major litigation costs.

(Note3) Core EPS is earnings per share based on Core Net Profit, which is calculated from Net profit for the year by excluding the impact of exceptional items, similar to those listed above, and the tax effects on them.

- Underlying revenue growth was +3.4% (+60.3 billion JPY) compared to the previous year.
- Underlying Core Earnings growth was +8.1 % (+23.1 billion JPY) compared to the previous year. Underlying selling, general and administrative expenses increased by 3.3% due to the increase of investment for new products, and underlying R&D expenses decreased by 3.5%.
- Underlying Core EPS growth was +21.7% (+50.16 JPY) compared to the previous year.

Revenue and operating profit by business segment (April 1, 2015 to March 31, 2016):

Billion JPY

Type of Business	Revenue		Operating profit	
	Amount	Change over the previous year	Amount	Change over the previous year
Ethical Drug	1,648.7	+34.2	102.8	+281.7
<Japan>	<541.7>	< -19.7>		
<Overseas>	<1,107.0>	< +53.8>		
Consumer Healthcare	80.1	+6.5	18.9	+1.7
Other	78.6	-11.1	9.1	-23.4
Total	1,807.4	+29.6	130.8	+260.1

[Ethical Drug Business]

Revenue in the Ethical Drug Business was 1,648.7 billion JPY, an increase of 34.2 billion JPY (+2.1%) compared to the previous year, and operating profit was 102.8 billion JPY, an increase of 281.7 billion JPY compared to the previous year.

- Revenue in Japan was 541.7 billion JPY, a decrease of 19.7 billion JPY (-3.5%). Contribution from the sales increase of products such as AZILVA and LOTRIGA could not fully offset the sales decrease of products such as BLOPRESS mainly due to the penetration of generic products.

- The following table shows revenue results of major products in Japan:

Billion JPY

Product Name (Indications)	Amount	Change over the previous year	
AZILVA (Hypertension)	59.0	+ 13.7	+30.1%
BLOPRESS (Hypertension)	58.5	- 36.1	-38.1%
LEUPLIN (Prostate cancer, breast cancer and endometriosis)	53.8	- 3.8	-6.5%
TAKEPRON (Peptic ulcer)	41.3	- 11.3	-21.4%
NESINA (Diabetes)	36.9	- 1.5	-3.9%
LOTRIGA (Hyperlipidemia)	22.3	+ 9.1	+69.0%
VECTIBIX (Colorectal cancer)	18.4	+ 0.0	+0.3%
REMINYL (Alzheimer-type dementia)	16.0	+ 2.0	+14.5%

- Revenue in overseas markets was 1,107.0 billion JPY, an increase of 53.8 billion JPY (+5.1%) compared to the previous year. Some products decreased in sales due to the penetration of generic products, but this impact was greatly exceeded by the positive factors driving overseas sales such as the favorable sales growth of ENTYVIO and the stable sales increase of VELCADE and DEXILANT in the U.S.

- The following table shows revenue results of major products in overseas markets:

Billion JPY

Product Name (Indications)	Amount	Change over the previous year	
VELCADE (Multiple myeloma)	157.4	+ 11.2	+7.7%
PANTOPRAZOLE (Peptic ulcer)	100.8	- 3.0	-2.9%
ENTYVIO (Ulcerative colitis and Crohn's disease)	86.2	+ 58.3	+209.5%
DEXILANT (Acid reflux disease)	75.1	+ 12.8	+20.6%
LEUPRORELIN (Prostate cancer, breast cancer and endometriosis)	70.6	+ 4.1	+6.2%
LANSOPRAZOLE (Peptic ulcer)	48.2	- 2.2	-4.4%
COLCRYS (Gout)	46.5	- 12.4	-21.0%
CANDESARTAN (Hypertension)	26.2	- 4.9	-15.7%

(Note) Revenue amount includes royalty income and service income.

- Operating profit increased by 281.7 billion JPY to 102.8 billion JPY, mainly due to 274.1 billion JPY of loss on the Actos litigation in the U.S. being recognized in the previous year.

Activities and Results of "Research & Development"

Major R&D events and business development contracts, press released from April 2015 to date, are listed as follows (chronologically by therapeutic area):

Oncology

[NINLARO]

- In May 2015, Takeda announced that it has started the Phase III maintenance study (TOURMALINE-MM4 study) of NINLARO (generic name: ixazomib), an oral proteasome inhibitor, in patients with newly diagnosed multiple myeloma who have responded to initial therapy and have not undergone an autologous stem cell transplant.

- In July 2015, Takeda submitted a New Drug Application (NDA) to the Food and Drug Administration (FDA) for NINLARO, an oral proteasome inhibitor for the treatment of patients with relapsed and/or refractory multiple myeloma. A Marketing Authorization Application (MAA) for ixazomib for the treatment of patients with relapsed and/or refractory multiple myeloma was also submitted to the European Medicines Agency (EMA), and the Committee for Medicinal Products for Human Use (CHMP) of the EMA granted an accelerated assessment (*) to ixazomib for the treatment of patients with relapsed and/or refractory multiple myeloma. In August 2015, the EMA accepted the MAA for ixazomib.

(*) The EMA awards an accelerated assessment to those medicines deemed to be of major public health interest and, in particular, therapeutic innovation.

In November 2015, Takeda received approval from the FDA for NINLARO indicated in combination with lenalidomide and dexamethasone for the treatment of patients with multiple myeloma who have received at least one prior therapy. The FDA approval of NINLARO is based on results from the Phase III study (TOURMALINE-MM1 study), the first double-blind, placebo-controlled trial with a proteasome inhibitor. Approval was granted 4 months and 10 days following submission of the NDA. In December 2015, data from TOURMALINE-MM1 study was presented at the 57th Annual Meeting of the American Society of Hematology (ASH). In April 2016, the result from the study was published in the *New England Journal of Medicine (NEJM).*

- In February 2016, the Japanese Ministry of Health, Labour and Welfare (MHLW) has granted Orphan Drug designation (*) to NINLARO for the treatment of patients with relapsed and/or refractory multiple myeloma.

  (*) The Orphan Drug designation is a system for supporting and promoting the development of drugs that are not sufficiently researched and developed due to a small number of patients, regardless of high medical need.

[MLN8237 (alisertib)]

- In May 2015, Takeda announced that it has decided to discontinue the Phase III trial of MLN8237 (generic name: alisertib), an inhibitor of Aurora A kinase, for patients with relapsed or refractory peripheral T-cell lymphoma (PTCL) following the results of a pre-specified interim analysis that indicated the study is unlikely to meet the primary endpoint over the standard-of-care in this treatment setting. Takeda continues to investigate the utility of MLN8237 in small cell lung cancer.

[LEUPLIN]

- In September 2015, Takeda received approval from the Japanese MHLW for LEUPLIN (generic name: leuprorelin) 24 week depot, for the treatment of prostate cancer and premenopausal breast cancer.

[ADCETRIS]

- In October 2015, Takeda and Seattle Genetics, Inc. of the U.S. announced that the companies have achieved completion of target patient enrollment in the Phase III ECHELON-1 trial of ADCETRIS (generic name: brentuximab vedotin), a treatment for malignant lymphoma which Takeda in-licensed from Seattle Genetics. ECHELON-1 is a randomized trial evaluating ADCETRIS as part of a frontline combination chemotherapy regimen in patients with previously untreated advanced classical Hodgkin lymphoma. The expected timing of data readout from the trial is in the 2017 to 2018 timeframe.

- In December 2015, post-treatment follow up data from the pivotal Phase II study of single-agent ADCETRIS for the treatment of relapsed or refractory Hodgkin lymphoma following autologous stem cell transplantation (ASCT), was presented at the 57th ASH.

- In January 2016, Takeda announced that the European Commission (EC) has approved a Type II variation for ADCETRIS to include data on the retreatment of adult patients with relapsed or refractory Hodgkin lymphoma or relapsed or refractory systemic anaplastic large cell lymphoma who previously responded to ADCETRIS and who later relapse.

[Partnership/Business Development]
- In April 2015, Takeda and the National Cancer Center (NCC) of Japan signed a partnership agreement with the goal to discover and develop anti-cancer agents. Takeda and the NCC have agreed to share information and hold regular discussions in order to collaborate and transition findings from basic research to clinical research and development activities.
- In August 2015, Takeda and Gencia LLC of the U.S. signed a partnership agreement to develop a new class of small molecule drugs, called Mitochondrial Agonists of the Glucocorticoid Receptor, as potential treatments for hematological and inflammatory diseases. The initial aim of the collaboration will be joint research and development leading to two preclinical drug candidates, one each in the areas of inflammation and oncology.

- In February 2016, Takeda and Mersana Therapeutics of the U.S. entered a new strategic partnership granting Takeda rights to Mersana's lead product candidate, XMT-1522, outside the U.S. and Canada. The deal also expands an existing collaboration between the companies to provide Takeda with additional access to Mersana's Fleximer antibody-drug conjugate (ADC) platform and grants Mersana an option at the end of Phase 1 to co-develop and co-commercialize one of these programs in the U.S. In addition, the companies will co-develop new payloads for use with ADCs.

Gastroenterology

[ENTYVIO]
- In October 2015, data highlighting the efficacy and safety of ENTYVIO (generic name: vedolizumab) for the treatment of ulcerative colitis and Crohn's disease, was presented during the 2015 American College of Gastroenterology (ACG) Annual Scientific Meeting and during the United European Gastroenterology Week (UEGW).

- In March 2016, the interim findings from the GEMINI Long-Term Safety (LTS) study were presented during the 2016 European Crohn's and Colitis Organization (ECCO) Annual Scientific Meeting. The presented data showed that patients with moderately to severely active ulcerative colitis (UC) reported clinical improvements with approximately three years of treatment with ENTYVIO.

[TAKECAB]
- In February 2016, Takeda received approval from the Japanese MHLW for VONOSAP pack and VONOPION pack for H. pylori eradication, each being a triple-drug blister pack containing the TAKECAB for the treatment of acid-related diseases.

[Partnership/Business Development]
- In December 2015, Takeda and Cour Pharmaceutical Development Company, Inc. of the U.S. entered into a partnership to research and develop novel immune modulating therapies for the potential treatment of celiac disease. The collaboration will explore the potential of Tolerizing Immune Modifying nanoParticle (TIMP) therapy to allow celiac patients to tolerate gluten in their diet.

- In January 2016, Takeda and Enterome Bioscience SA of France entered into a strategic drug discovery collaboration to research and develop potential new therapeutics directed at microbiome targets thought to play crucial roles in gastrointestinal disorders, including inflammatory bowel diseases (e.g. ulcerative colitis) and motility disorders (e.g. irritable bowel syndrome).

- In January 2016, Takeda and enGene, Inc. of Canada entered into a strategic alliance to discover, develop and commercialize novel therapies for specialty gastrointestinal diseases using enGene's "Gene Pill" gene delivery platform. Takeda will also collaborate with enGene in developing Gene Pill into a platform for oral delivery of antibodies.

CNS

[LATUDA]

- In May 2015, Takeda announced that it has reached an agreement with Sumitomo Dainippon Pharma Co., Ltd. to terminate the license agreement for the joint development and exclusive commercialization in Europe of LATUDA (generic name: lurasidone), an atypical antipsychotic agent. In January 2016, Takeda transferred development and commercialization rights with respect to LATUDA to Sumitomo Dainippon Pharma.

[BRINTELLIX]

- In August 2015, the FDA accepted a supplemental New Drug Application (sNDA) for review to include new data in the clinical trials section of the U.S. label of BRINTELLIX (generic name: vortioxetine), which Takeda in-licensed from H. Lundbeck A/S of Denmark, for treating certain aspects of cognitive dysfunction in adults with Major Depressive Disorder (MDD). In February 2016, FDA Psychopharmacologic Drugs Advisory Committee (PDAC) held in February 2016, voted 8 to 2 that Takeda and Lundbeck presented substantial evidence to support a claim of effectiveness for BRINTELLIX in treating certain aspects of cognitive dysfunction in adults with MDD. However, in March 2016, the FDA issued a complete response letter for the sNDA.

[AD-4833/TOMM40]

- In February 2016, Takeda and Zinfandel Pharmaceuticals of the U.S. announced the completion of enrollment in the TOMMORROW trial of AD-4833 (generic name: pioglitazone)/TOMM40, the largest Phase 3 trial of its kind.

[COPAXONE]

- In September 2015, Takeda received approval from the Japanese MHLW for COPAXONE (generic name: glatiramer), which Takeda in-licensed from Teva Pharmaceutical Industries Ltd. of Israel, for the treatment of multiple sclerosis.

[Partnership/Business Development]

- In January 2016, Takeda and NsGene, Inc. of the U.S. signed a research agreement to develop encapsulated cell therapies for the potential treatment of Parkinson's disease. The partnership will focus on the delivery of recombinant Glial Cell Line-Derived Neurotrophic Factor (GDNF) to affected brain regions by way of implanted, encapsulated cell therapy devices.

Vaccines

[Organization]

- In June 2015, Takeda announced that it will consolidate its Global Vaccine Business Unit (VBU) operations by establishing global and regional hubs, as well as consolidating the U.S. vaccine sites, as the organization continues to grow and advance its important vaccine programs. The Boston/Cambridge, Massachusetts area, and Zurich, Switzerland will serve as VBU's global hubs for the vaccine business outside of Japan. VBU will maintain regional hubs in Singapore and in Brazil.

Takeda will close its vaccine site in Bozeman, Montana as well as the Madison, Wisconsin and Fort Collins, Colorado sites. In addition, vaccine activities in Deerfield, Illinois, which currently serves as the global headquarters for VBU, will shift to the Boston/Cambridge area.
This transition will occur in phases over the next two years, with the completion of U.S. consolidation by mid- 2017.

[Seasonal Influenza Vaccine]

- In August 2015, Takeda reached an agreement with Nanotherapeutics, Inc. of the U.S. providing Takeda with expanded commercialization and technology access rights related to Nanotherapeutics' Vero cell technology platform – a cell culture-based platform for vaccine production which Nanotherapeutics acquired from Baxalta, formerly Baxter International's BioScience division. Takeda gains rights to commercialize its pandemic and seasonal influenza vaccine products based on the Vero cell technology platform in certain regions outside of Japan and will have access to Vero cell technology and reagents for the development of vaccines beyond influenza.

[VAXEM Hib]

- In January 2016, Takeda received approval from the Japanese MHLW for VAXEM Hib, which Takeda in- licensed from Novartis(*) of Switzerland, for a conjugate vaccine to prevent infections caused by Haemophilus influenza type b (Hib) in children aged from 2 months to under 5 years of age.

(*) In April 2014, GlaxoSmithKline plc (GSK) announced a transaction with Novartis which closed in March 2015. As result of this transaction, GSK acquired Novartis' non-influenza global vaccines business including VAXEM Hib.

[Partnership/Business Development]

- In May 2016, Takeda entered into a partnership agreement with the Bill & Melinda Gates Foundation of the U.S., to support global polio eradication in developing countries. Under the terms of the agreement, the Gates Foundation will provide a 38 million USD grant to Takeda to leverage its innovative vaccine manufacturing platform to develop and license a safe and effective Sabin-strain inactivated poliovirus vaccine (sIPV), and make at least 50 million doses per year available at an affordable price for more than seventy developing countries receiving Gavi(*) support.

(*) Gavi (Global Alliance for Vaccine and Immunization) is a global vaccine alliance, bringing together public and private sectors with the shared goal of creating equal access to new and underused vaccines for children living in the world's poorest countries.

Others

- In April 2015, Takeda and the Center for iPS Cell Research Application (CiRA) of Kyoto University entered into a 10-year collaboration on iPS cell research. Takeda and CiRA will work together to develop clinical applications of induced pluripotent stem cells. In December 2015, the T-CiRA began research in six core directions to explore clinical applications of stem cells across multiple, including oncology and CNS.

- In April 2015, Takeda announced that it has signed an agreement to undertake collaborative research with Keio University School of Medicine and Niigata University at Takeda's Shonan Research Center regarding the search for, and functional analysis of, disease-related RNA-binding proteins.

- In April 2015, the Endocrinologic and Metabolic Drugs Advisory Committee (EMDAC) of the FDA convened to review EXAMINE, a global cardiovascular safety outcomes trial of type 2 diabetes treatment NESINA (generic name: alogliptin), and voted that the use of alogliptin in patients with Type 2 diabetes has an acceptable CV risk profile. In June 2015, a post hoc analysis and additional post hoc analyses of data from EXAMINE were presented at the American Diabetes Association's (ADA) 75th Scientific Sessions.

- In June 2015, Takeda and the Drugs for Neglected Diseases *initiative* (DND*i*) of Switzerland signed an agreement to collaborate in the “Lead Optimization Program” aimed at identifying the best compound among aminopyrazole series for developing an innovative drug for the treatment of visceral leishmaniasis.
  The program is being funded by Global Health Innovative Technology Fund.

- In July 2015, Takeda announced the completion of the study to fulfill the post-marketing commitment and submissions of data to regulatory authorities from the Pan European Multi-Database Bladder Cancer Risk Characterization Study, a large multi-database retrospective matched cohort study, conducted in four European countries, for pioglitazone containing medicines, including ACTOS (generic name: pioglitazone) with up to 10 years of follow-up. Findings demonstrate that there is no association between the use of pioglitazone and the risk of bladder cancer.

- In September 2015, Takeda submitted a NDA to the Japanese MHLW for the fixed-dose combination of NESINA and metformin for the treatment of type 2 diabetes.

- In March 2016, Takeda and Frazier Healthcare Partners of the U.S. announced the formation of Outpost Medicine, a biopharmaceutical company focused on the development of new treatments of urologic and gynecologic diseases and disorders. Takeda has granted an exclusive license to Outpost for the worldwide development and commercialization rights to OP-233 (formerly TAK-233), a clinical-stage product candidate being studied for the treatment of stress urinary incontinence.

[Consumer Healthcare Business]
Revenue in the Consumer Healthcare Business was 80.1 billion JPY, an increase of 6.5 billion JPY (+8.9%) compared to the previous year, mainly due to the increase in sales of ALINAMIN tablets (vitamin-containing products). Operating profit increased by 1.7 billion JPY (+10.0%) to 18.9 billion JPY, mainly due to the increase in gross profit resulting from revenue increase.

[Other Business]
Revenue in Other Business was 78.6 billion JPY, a decrease of 11.1 billion JPY (-12.4%) compared to the previous year, mainly due to the end of sales contribution from the Mizusawa Group as a result of the sale of all shares of Mizusawa Industrial Chemicals, Ltd. in April, 2015. Operating profit was 9.1 billion JPY, a decrease of 23.4 billion JPY (-72.0%), mainly due to 15.7 billion JPY of gains on sales of

property, plant and equipment being recognized in the previous year in addition to a decrease in royalty income and a decrease in income from subsidiaries in other business.

(2) Facility Investment / Fund Procurement

The total value of facility investment during the term under review was 94.0 billion JPY. We financed most part of capital investments from our own capital.

On the other hand, in March 2016, Takeda reimbursed the bond of 30.0 billion JPY and loan of 70.0 billion JPY which were raised in March, 2012 while raised new loan of 150.0 billion JPY. As a consequence, Takeda had straight bond issuance outstanding of 408.2 billion JPY and debt outstanding of 360.0 billion JPY on a consolidated basis at the end of March 2016.

(3) Issues for the Company to Address

Basic Management Policy

Takeda places “Takeda-ism” (Integrity: Fairness, Honesty and Perseverance) at the heart of all its activities and prioritizes, in order of importance, Patient (put the patient at the center), Trust (build trust with society), Reputation (reinforce our reputation), and Business (develop the business). Takeda is a patient and customer centric company, with an agile global organization, fostering talent to be best-in-class.

Takeda is focused on honing and developing its world class R&D capabilities with new approaches to innovation, and is well positioned to sustain sales and profit growth through its growth drivers (GI, Oncology, CNS, and Emerging Markets) and cost discipline.

Takeda is pursuing its Mission of “striving towards better health for people worldwide through leading innovation in medicine”, which has been summarized in the tagline “Better Health, Brighter Future”.

Medium to Long Term Management Strategy and Issues to be Addressed

Takeda has devised a strategic roadmap, which consists of the following pillars: [Value], [People], [R&D], and [Business Performance]*. Takeda believes this strategic roadmap will deliver our long-term aspiration to be No.1 in GI, top 10 in Oncology, and with strong presence in CNS and in Emerging Markets. Takeda also sets its medium-term milestones (three-year CAGR) of mid-single digit % of underlying revenue growth and double digit % of underlying core earnings growth.

*Takeda currently has seven business units (BUs). The road maps for the Global Oncology and Vaccine BUs are listed in the [R&D] section below; regional BUs (the Unites States, Japan, Emerging Markets, Europe & Canada, and Japan Consumer Healthcare) are included within the [Business Performance] section.

[Value]

Takeda will put “Takeda-ism” and the Values of “Patient-Trust-Reputation-Business” in practice through a number of initiatives such as implementing Compliance Monitoring Policy across all countries, as well as rolling out Corporate Social Responsibility and Access to Medicine strategies in FY2016.

[People]

Takeda will continue to pursue patient and customer centricity, an agile global organization, and the fostering of talent through various activities. Through tracking a “Customer Satisfaction Index” and executing action plans, we further improve customer satisfaction. And we strengthen global talent development programs, and implement Japan Diversity & Inclusion acceleration plans in FY2016.

[R&D]

Takeda has announced that its top priority is leadership in Oncology, Gastroenterology and CNS, emphasizing psychiatry. Second, it will develop an innovative business and global health approach in Vaccines and deliver maximum, targeted value in Specialty cardiovascular.

As a patient-centric, innovation-driven, R&D-based company, Takeda will focus and strengthen its pipeline in these Therapeutic Areas, broaden its therapeutic modality expertise and ensure it has the right mix of capabilities to drive continued success well into the future. These capabilities include:

- A balanced expertise in therapeutic modalities beyond small molecules, including biologics and a strong commitment to regenerative medicine centered around its “Takeda-CiRA Joint Program for iPS Cell Applications” (T-CiRA)
- Expertise in data sciences, including digital medicine, bioinformatics and genomic research
- Translational medicine as a foundational capability
- A deep, strong commitment to meaningful external partnerships and collaborations, as these are a key source of innovation

Global Oncology BU

At Takeda Oncology, we aspire to cure cancer by discovering, developing and delivering transformative medicines to people living with cancer worldwide. We have an innovative and rapidly growing pipeline as well as multiple marketed products with combined global sales of 3000 Oku Yen. These products include ADCETRIS (HL, sALCL), VECTIBIX (colorectal cancer), LUPRON (prostate cancer), MEPACT (osteosarcoma), VELCADE (MM and MCL), and NINLARO (MM). NINLARO was recently approved in the U.S. (with approval anticipated in the EU later in FY16) and is the result of decades of Nobel-prize winning science and research in multiple myeloma. It is the first oral proteasome inhibitor and represents the first global oncology launch for Takeda. The efficacy and safety profile of NINLARO, coupled with its convenience, allows for longer duration of treatment, which may improve outcomes. ADCETRIS harnesses novel antibody-drug conjugate technology to target CD30, a critical driver in the pathogenesis of Hodgkin lymphoma. It offers the first new treatment option in over 30 years for patients with this rare blood cancer, and is also the first treatment specifically approved for systemic anaplastic large cell lymphoma. It is now available to patients in more than 60 countries. Takeda is committed to building on our ADC expertise through the next wave of targeted delivery technologies exemplified by our recent partnerships with ImmunoGen, Mersana Therapeutics and Seattle Genetics. Additionally, we continue to look for external innovation through strategic partnerships with leading research and academic centers worldwide. Through these collaborations we continue to explore the promise of future oncology targets as new treatment options for patients. We will continue to work to ensure our suite of innovative therapies are available to additional patient populations worldwide.

Global Vaccine BU

Takeda is developing and delivering vaccines to address some of the most important challenges in global public health. Dengue and Norovirus are estimated to cause 1 billion infections around the world each year. Takeda has two of the most promising vaccine candidates for these diseases in our late-stage pipeline, and intends to change this picture. We are seeking ways to build upon our strong foundation in Japan, by bringing new products such as the Haemophilus influenzae Type B (Hib) and Varicella vaccines to the market, and entering partnerships with other companies to expand our portfolio further. We have established a highly-innovative vaccine manufacturing platform at our site in Hikari Japan, and are preparing our Japan operation to supply important vaccines to populations in developed and developing countries around the globe.

[Business Performance]

U.S. BU

As Takeda's largest business outside Japan, the U.S. Business Unit will continue significant growth by strengthening our focus on recent successful product launches in GI (ENTYVIO) and CNS (BRINTELLIX (*)), while continuing to grow our core brands in GI, Gout and Diabetes. The U.S. BU will deliver growth through an integrated approach to commercialization built around the needs of patients, payors and providers in order to truly provide value through our medicines. To increase focus and agility, we have created two business units within the U.S. BU. The Specialty Business will support ENTYVIO including commercialization, patient support and evidence generation, and General Medicine will support the company’s portfolio in central nervous system, gastroenterology, gout and diabetes. Additionally, the U.S. is building best-in-class capabilities in patient support, multi-channel marketing and analytics and insights.

(*) BRINTELLIX will be marketed in the United States under the new name TRINTELLIX starting June of 2016.

Japan Pharma BU

Japan Pharma Business Unit (JPBU) will focus primarily on four product families (AZILVA Family, Takeda DPP-4 Family, LOTRIGA and TAKECAB Family) as the growth drivers during FY2016-2018, while offsetting the negative impact from National Health Insurance price reductions. We will place a particular focus on these product families during FY2016.Going forward, Takeda's global specialty products such as ENTYVIO, Rasagiline, and BRINTELLIX will be available in Japan in the near future. With these products, JPBU will provide even greater value to healthcare providers and patients.
In addition, JPBU has transferred long-listed products to the new Business Venture with Teva Pharmaceuticals in Japan, which was established in April to meet the wide-ranging needs of patients and the growing importance of generics. As a result of these initiatives, JPBU will maintain its

longstanding position as a leading company in the pharmaceutical industry in Japan during FY2016-2018.

Emerging Markets BU

Takeda is committed to bring its portfolio of trusted Value Brands and Innovative Medicines in core therapy areas of GI, Oncology and Diabetes to patients across more than 35 Emerging Markets where we have a presence today; whilst exploring partnerships to expand access and address unmet need in others countries. Applying the values of Takeda-ism and instilling a culture of uncompromised compliance, we aspire to position Takeda as a top 10 pharmaceutical company in the region, viewed as best in class in the eyes of patients, customers and our employees.

Europe and Canada BU

With its transformation into an agile specialty care provider in acceleration phase, Takeda's Europe and Canada Business Unit will continue to grow.
This will be achieved through the successful execution of ENTYVIO 1st line strategy, strong cost discipline and efficient mature portfolio management. In addition, launch preparations are well underway to ensure a Best in Class launch of NINLARO. Focussed development of our talent via differentiated and robust talent management practices will allow continuous development of core and new capabilities ensuring the sustainability of the transformation.
The patient will continue to be at the core of everything we do supported by key strategic initiatives such as a patient support program, digital health initiatives and implementation of an industry leading customer engagement/MCM platform.

Japan Consumer Healthcare BU

With the aim of becoming a leading consumer healthcare company in Japan and across Asia, the Japan Consumer Healthcare business will be transferred into a wholly owned subsidiary, Takeda Consumer Healthcare Company Limited, which was established in April 2016. This new company will operate with a more agile business model in the consumer healthcare market and will respond faster to changes in the market. The new company is expected to start business in April 2017.

Management Indicators

It is crucial to monitor the real performance of the business in order to enhance corporate value sustainably. Takeda believes that **"**Underlying Growth**"**, excluding the impact of foreign exchange and exceptional items such as business divestitures, represents its real business performance. In accordance with this, Takeda regards "Underlying Revenue Growth", "Underlying Core Earnings* Growth", and "Underlying Core EPS** Growth" as important management indicators.

* From fiscal 2016, Core Earnings will be calculated by taking gross profit and deducting selling, general and administrative expenses and R&D expenses. In addition, certain other items that are significant in value (over 1 billion JPY) and non-recurring or non-core in nature will be adjusted. This includes, amongst other items, impact of natural disasters, purchase accounting effects, major litigation costs, integration costs and government actions.

** From fiscal 2016, Core EPS will be calculated by taking Core Earnings and adjusting for items that are significant in value (over 1 billion JPY) and non-recurring or non-core in nature within each account line below operating profit. This includes, amongst other items, fair value adjustments and the imputed financial charge related to contingent consideration. In addition to the tax effect related to these items, the tax effects related to the adjustments made in Core Earnings will also be adjusted for when calculating Core EPS.

Fiscal 2016 Management Guidance

Underlying Revenue	Mid-single digit growth (%)
Underlying Core Earnings	Low- to mid-teen growth (%)
Underlying Core EPS	Low- to mid-teen growth (%)

Financial Forecasts for fiscal 2016*

Revenue	1720.0 billion JPY
R&D expenses	325.0 billion JPY
Operating profit	135.0 billion JPY
Profit before tax	132.5 billion JPY
Net profit for the year (attributable to owners of the Company)	88.0 billion JPY
EPS (JPY)	112.31 JPY

* The exchange rate assumptions are 1US$=110 yen and 1 euro=125 yen.

Basic Policy for Profit Distribution

In addition to the steady company-wide implementation of growth strategies, Takeda will endeavor to further increase capital efficiency, improving the company's ability to generate cash and be sustainably profitable. Building upon a sound financial base, Takeda will allocate capital to the following items in a balanced manner:

- R&D investments in the pipeline and platform technologies (both internal R&D and external licensing & acquisition)

- External business development opportunities to strengthen Growth Drivers (GI, Oncology, CNS, and Emerging Markets)
- Shareholder returns through dividends and share buybacks, while also placing importance on capital gain for shareholders through the increase of enterprise value

(4) Litigation

(i) U.S. AWP litigation

In the U.S., civil lawsuits have been filed by patients, insurance companies and state governments against numerous pharmaceutical companies, including major enterprises, over the sale of certain pharmaceutical products. The complaints seek, among other things, damages resulting from price discrepancies between the average wholesale price (AWP) as published and the actual selling prices. Thus, these types of lawsuits are sometimes called “AWP litigation”. Actions are pending against TAP Pharmaceutical Products Inc.* in three state courts over lansoprazole (U.S. product name: Prevacid). In one case, the Company is also named as a defendant.
Takeda is diligently defending itself in each of the remaining aforementioned lawsuits.

* TAP was merged into Takeda Pharmaceuticals North America, Inc. (hereinafter “TPNA”) in June 2008 and TPNA changed its name to Takeda Pharmaceuticals U.S.A., Inc. (“TPUSA”) in January 2012. TAP marketed Prevacid before its merger with TPNA.

(ii) Product liability litigation regarding pioglitazone-containing products

Takeda Pharmaceutical Company Limited, Takeda Pharmaceuticals U.S.A., Inc., and certain affiliates located in the U.S. (collectively, "Takeda" in this section (4)) have been named as defendants in lawsuits in U.S. federal and state courts in which plaintiffs allege to have developed bladder cancer or other injuries as a result of taking products containing type 2 diabetes treatment pioglitazone (U.S. brand name: ACTOS) (hereafter, “ACTOS” is used to refer generally to Takeda products containing pioglitazone). Eli Lilly & Co. has been named as a defendant in many of these lawsuits. Outside the U.S., lawsuits and claims have also been brought by persons claiming similar injuries.

On April 29, 2015 (U.S. time April 28), Takeda reached an agreement with the lead plaintiffs’ lawyers that was expected to resolve the vast majority of ACTOS product liability lawsuits pending against Takeda in the U.S. The settlement would cover all bladder cancer claims pending in any U.S. court as of the date of settlement, and claimants with unfiled claims in the U.S. represented by counsel as of the date of settlement and within three days thereafter would also be eligible to participate. The settlement would become effective if 95% of litigants and claimants opted in, and once that threshold was achieved, Takeda agreed to pay 2.37 billion USD into a settlement fund. That figure would rise to 2.4 billion USD if more than 97% of the current litigants and claimants opted to participate in the settlement. Under the settlement, litigants and claimants who met prescribed criteria would receive payouts from the fund.

On September 12, 2015 (U.S. time September 11), Takeda announced that more than 96% of eligible litigants and claimants have opted into the ACTOS product liability resolution program. On October 7, 2015 (U.S. time), it was verified that more than 97% of eligible litigants and claimants have opted into the resolution program, and that the resolution program had become effective. In March, 2016, Takeda paid out 2.4 billion USD into the settlement fund.

As of the end of March, 2016, more than 99% of eligible litigants and claimants have opted into the resolution program.

Takeda believes that the claims made in this litigation are without merit, and does not admit liability. Takeda believes that the company acted responsibly with regard to ACTOS. Takeda will continue to vigorously defend through all available legal means any cases that continue or are newly filed after the settlement.

(iii) Patent infringement litigation and administrative litigation regarding colchicine product

On September 30, 2014, the U.S. Food and Drug Administration (“FDA”) granted approval to Hikma Pharmaceuticals PLC (“Hikma”) for colchicine capsules, to be marketed under the name Mitigare. In response Takeda Pharmaceuticals U.S.A., Inc. (“TPUSA”) filed a patent infringement lawsuit against Hikma and Hikma subsidiaries in the District Court for the District of Delaware asserting that their colchicine product infringes several TPUSA patents applicable to Colcrys, the first single-ingredient oral colchicine product approved by the FDA. TPUSA also filed a request for a temporary restraining order (“TRO”) and a preliminary injunction prohibiting the launch of Mitigare. On October 9, the court granted a TRO pending its decision on TPUSA’s motion for a preliminary injunction. On November 4, the court denied TPUSA’s motion for a preliminary injunction. The court further ruled, however, that the TRO would remain in place, provided TPUSA filed an immediate, expedited appeal. In response, TPUSA filed a notice of appeal in the Federal Circuit Court of Appeals. On January 9, 2015, the Federal Circuit Court of Appeals affirmed the denial of the preliminary injunction, allowing Hikma to launch its product. Takeda intends to proceed with its patent infringement claims against Hikma in the trial court, where Takeda will seek a permanent injunction and damages, including lost profits caused by the launch of Hikma’s product.

In parallel, shortly after filing the patent infringement lawsuit in October 2014, TPUSA filed a lawsuit against the FDA in the District Court for the District of Columbia seeking an order rescinding or staying approval of Mitigare. The lawsuit claims that the FDA violated the Administrative Procedure Act in approving Hikma's Mitigare. On January 9, 2015, the court denied TPUSA’s claims. Takeda has appealed the court’s ruling.

(5) Financial Position and Income Summary

The Company has adopted International Financial Reporting Standards ("IFRS") for the consolidated financial statements from the 137th fiscal year, and the accounting terms in this section are also based on IFRS.

(i) Financial Position and Income Summary of Takeda Group

(Billion JPY, unless otherwise indicated)

	136th fiscal year		137th fiscal year	138th fiscal year	139th fiscal year
	April 1, 2012 to March 31, 2013		April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
	(Japan GAAP)	(IFRS)	(IFRS)	(IFRS)	(IFRS)
Revenue	1,557.3	1,557.0	1,691.7	1,777.8	1,807.4
Operating profit	122.5	65.0	139.3	(129.3)	130.8
Ordinary income	113.2	—	—	—	—
Profit before income taxes	129.7	133.1	158.9	(145.4)	120.5
Net profit for the year attributable to owners of the Company	131.2	148.6	106.7	(145.8)	80.2
Basic earnings per share (JPY)	166.25	188.21	135.10	(185.37)	102.26
Total assets	3,955.6	4,052.6	4,569.1	4,296.2	3,824.1
Total equity	2,223.4	2,338.3	2,540.6	2,206.2	2,011.2

(ii) Revenue by Business Category of Takeda Group (Billion JPY)

	136th fiscal year		137th fiscal year	138th fiscal year	139th fiscal year
	April 1, 2012 to March 31, 2013		April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
	(Japan GAAP)	(IFRS)	(IFRS)	(IFRS)	(IFRS)
Ethical Drug Business	1,401.7	1,401.5	1,529.1	1,614.5	1,648.7
Japan	588.4	588.2	582.1	561.3	541.7
Overseas	813.3	813.3	947.0	1,053.2	1,107.0
Consumer Healthcare Business	66.9	66.9	72.9	73.6	80.1
Other Businesses	93.1	88.6	89.8	89.7	78.6
Total	1,557.3	1,557.0	1,691.7	1,777.8	1,807.4

(Note) In Japan GAAP, revenue of Other Businesses includes rental income received from third parties; however the rental income from third parties is not included in the Total line due to the reclassification to "Non-operating income." In IFRS, revenue of Other Businesses doesn't include such income and there is not such reclassification.

(iii) Overseas Revenue of Takeda Group (Billions JPY, unless otherwise indicated)

	136th fiscal year		137th fiscal year	138th fiscal year	139th fiscal year
	April 1, 2012 to March 31, 2013		April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
	(Japan GAAP)	(IFRS)	(IFRS)	(IFRS)	(IFRS)
Overseas revenue	822.8	822.7	957.8	1,065.0	1,119.3
Proportion of overseas revenue to Takeda Group Revenue (%)	52.8	52.8	56.6	59.9	61.9

(iv) R&D Expenses of Takeda Group (Billions JPY, unless otherwise indicated)

	136th fiscal year		137th fiscal year	138th fiscal year	139th fiscal year
	April 1, 2012 to March 31, 2013		April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
	(Japan GAAP)	(IFRS)	(IFRS)	(IFRS)	(IFRS)
R&D expenses	324.3	321.3	341.6	382.1	345.9
Ratio of R&D expenses to Takeda Group Revenue (%)	20.8	20.6	20.2	21.5	19.1

For your reference, the "Financial Position and Income Summary of the Company" is as follows:

(Billions JPY, unless otherwise indicated)

	136th fiscal year	137th fiscal year	138th fiscal year	139th fiscal year
	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
Net sales	789.9	796.5	776.2	777.0
Operating income	88.1	114.0	110.1	94.2
Ordinary income	96.3	209.9	239.5	292.9
Net income	155.3	205.5	60.7	263.0
Net income per share (JPY)	196.68	260.27	77.20	335.48
Total assets	2,426.1	2,728.5	2,591.2	2,699.5
Net assets	1,528.0	1,584.3	1,477.9	1,572.2

(6) Main Businesses of Takeda Group (as of March 31, 2016)

Takeda Group is engaged in the manufacture and sale of the following products:

Type of Business	Main Products
Ethical Drug Business Segment	Ethical drugs
Consumer Healthcare Business Segment	OTC drugs, Quasi-ethical drugs
Other Business Segment	Laboratory chemicals, Diagnostic reagents, Chemical products

(7) Material Business Affiliations (as of March 31, 2016)

Principal Subsidiaries and Affiliates

Name of company (major offices)		Capital stock	Percentage of total shares	Principal business
United States	Takeda Pharmaceuticals International, Inc. (Head office: Deerfield, Illinois, U.S.)	US$1	100.0	Supervision of R&D and the U.S. sales of pharmaceuticals
	Takeda Pharmaceuticals U.S.A., Inc. (Head office: Deerfield, Illinois, U.S.)	US$1thousand (¥112thousand)	100.0	Holding company in the U.S. and Sales of pharmaceuticals
	Millennium Pharmaceuticals, Inc. (Head office: Cambridge, Massachusetts, U.S.)	US$0.1	100.0	R&D and sales of pharmaceuticals
	Takeda California, Inc. (Head office: San Diego, California, U.S.)	US$1	100.0	Research of pharmaceuticals
	Takeda Vaccines, Inc. (Head office: Deerfield, Illinois, U.S.)	US$1	100.0	R&D of pharmaceuticals
	Takeda Development Center Americas, Inc. (Head office: Deerfield, Illinois, U.S.)	US$1	100.0	Development of pharmaceuticals
	Takeda Ventures, Inc. (Head office: Palo Alto, California, U.S.)	US$1	100.0	Research-related venture investment
Europe and Canada	Takeda Europe Holdings B.V. (Head office: Hoofddorp, the Netherlands)	280.16 million euros (¥35,711million)	100.0	Holding company in Europe
	Takeda A/S (Head office: Taastrup, Denmark)	0.11 million euros (¥14 million)	100.0	Holding company in Europe
	Takeda Pharmaceuticals International AG (Head office: Zurich, Switzerland)	3.50 million Swiss francs (¥407 million)	100.0	Supervision of sales of pharmaceuticals for areas other than Japan and the U.S.
	Takeda Pharmaceuticals Europe Limited (Head office: London, U.K.)	£4 million (¥647 million)	100.0	Supervision of Europe sales of pharmaceuticals

Europe and Canada	Takeda GmbH (Head office: Konstanz, Germany) (Factory: Singen and Oranienburg, Germany)	10.90 million euros (¥1,389 million)	100.0	R&D, production and sales of pharmaceuticals
	Takeda Pharma Vertrieb GmbH & Co.KG (Head office: Berlin, Germany)	1 million euros (¥127 million)	100.0	Sales of pharmaceuticals
	Takeda Italia S.p.A. (Head office: Rome, Italy) (Factory: Celano, Italy)	11.25 million euros (¥1,434 million)	100.0	Production and sales of pharmaceuticals
	Takeda Austria GmbH (Head office, Factory: Linz, Austria)	14.86 million euros (¥1,895 million)	100.0	Production and sales of pharmaceuticals
	Takeda Pharma Ges.m.b.H (Head office: Vienna, Austria)	0.60 million euros (¥76 million)	100.0	Sales of pharmaceuticals
	Takeda France S.A.S. (Head office: Paris, France)	3.24 million euros (¥413 million)	100.0	Sales of pharmaceuticals
	Takeda Pharma A/S (Head office: Taastrup, Denmark) (Factory: Hobro, Denmark)	948.70 million Danish kroner (¥16,228 million)	100.0	Development, production and sales of pharmaceuticals
	Takeda AS (Head office, Factory: Asker, Norway)	272.70 million Norwegian kroner (¥3,692 million)	100.0	Production and sales of pharmaceuticals
	Takeda Belgium SCA/CVA (Head office: Brussels, Belgium)	0.44 million euros (¥56million)	100.0	Sales of pharmaceuticals
	Takeda Christiaens SCA/CVA (Head office: Brussels, Belgium)	5.58 million euros (¥711 million)	100.0	Production and sales of pharmaceuticals
	Takeda UK Limited (Head office: Buckinghamshire, U.K.)	£50 million (¥8,083 million)	100.0	Sales of pharmaceuticals
	Takeda Oy (Head office: Helsinki, Finland)	1.32 million euros (¥169 million)	100.0	Sales of pharmaceuticals
	Takeda Pharma AG (Head office: Pfäffikon, Switzerland)	0.55 million Swiss francs (¥64 million)	100.0	Sales of pharmaceuticals
	Takeda Farmaceutica Espana S.A. (Head office: Madrid, Spain)	1.21 million euros (¥155 million)	100.0	Sales of pharmaceuticals

Europe and Canada	Takeda Nederland B.V. (Head office: Hoofddorp, the Netherlands)	10 million euros (¥1,275 million)	100.0	Sales of pharmaceuticals
	Takeda Pharma AB (Head office: Solna, Sweden)	2 million Swedish kroner (¥28 million)	100.0	Sales of pharmaceuticals
	Takeda Pharma Sp. z o.o. (Head office: Warsaw, Poland) (Factory: Łyskowice, Poland)	191.33 million Polish zlotys (¥5,709 million)	100.0	Production and sales of pharmaceuticals
	Takeda Hellas S.A. (Head office: Athens, Greece)	3 million euros (¥382 million)	100.0	Sales of pharmaceuticals
	Takeda Ireland Limited (Head office: Kilruddery, Ireland) (Factory: Kilruddery and Dublin, Ireland)	396.02 million euros (¥50,478 million)	100.0	Production of pharmaceuticals
	Takeda Cambridge Limited (Head office: Cambridge, U.K.)	£2.94 million (¥475 million)	100.0	Research of pharmaceuticals
	Takeda Development Centre Europe Ltd. (Head office: London, U.K.)	£0.80 million (¥129 million)	100.0	Development of pharmaceuticals
	Takeda Canada Inc. (Head office: Oakville, Canada)	C$58.00 million (¥5,029 million)	100.0	Sales of pharmaceuticals
Russia/ CIS	Takeda Pharmaceuticals Limited Liability Company (Head office: Moscow, Russia)	26 thousand Russian ruble (¥43 thousand)	100.0	Sales of pharmaceuticals
	Takeda Ukraine LLC (Head office: Kiev, Ukraine)	50 thousand Ukrainian hryvnia (¥221 thousand)	100.0	Sales of pharmaceuticals
	Takeda Kazakhstan LLP (Head office: Almaty, Kazakhstan)	150 thousand Kazakhstan tenge (¥49 thousand)	100.0	Sales of pharmaceuticals
Latin America	Takeda Distribuidora Ltda. (Head office: São Paulo, Brazil)	11.33 million Brazilian reals (¥354 million)	100.0	Sales of pharmaceuticals
	Multilab Indústria e Comércio de Produtos Farmacêuticos Ltda. (Head office, Factory: São Jerônimo, Brazil)	525.15 million Brazilian reals (¥16,403 million)	100.0	R&D, production and sales of pharmaceuticals

Latin America	Takeda Pharma Ltda. (Head office, Factory: São Paulo, Brazil)	23.83 million Brazilian reals (¥744 million)	100.0	Production and sales of pharmaceuticals
	Takeda Mexico S.A. de C.V. (Head office, Factory: Naucalpan, Mexico)	386.94 million Mexican pesos (¥2,525 million)	100.0	Production and sales of pharmaceuticals
	Takeda Pharma, S.A. (Head office, Factory: Buenos Aires, Argentina)	97.74million Argentine pesos (¥752 million)	100.0	Production and sales of pharmaceuticals
Asia	Takeda (China) Holdings Co., Ltd. (Head office: Shanghai, China)	US$75 million (¥8,432 million)	100.0	Holding company in China and development of pharmaceuticals
	Takeda Pharmaceuticals (Asia Pacific) Pte. Ltd. (Head office: Singapore)	S$15.43 million (¥1,285 million)	100.0	Supervision of Asia sales of pharmaceuticals
	Guangdong Techpool Bio-Pharma Co., Ltd. (Head office, Factory: Guangzhou, China)	100 million Chinese yuan (¥1,740 million)	51.3	R&D, production and sales of pharmaceuticals
	Takeda Pharmaceutical (China) Company Limited (Head office: Taizhou, China)	US$61.60 million (¥6,925 million)	100.0	Sales of pharmaceuticals
	Tianjin Takeda Pharmaceuticals Co., Ltd. (Head office, Factory: Tianjin, China)	US$75.60 million (¥8,499 million)	100.0	Production and sales of pharmaceuticals
	Takeda Pharmaceuticals Korea Co., Ltd. (Head office: Seoul, Korea)	2,000 million Korean won (¥197 million)	100.0	Sales of pharmaceuticals
	Takeda (Thailand), Ltd. (Head office: Bangkok, Thailand)	102 million bahts (¥325 million)	52.0	Sales of pharmaceuticals
	Takeda Pharmaceuticals Taiwan, Ltd. (Head office: Taipei, Taiwan)	90 million NT dollars (¥314 million)	100.0	Sales of pharmaceuticals
	P.T. Takeda Indonesia (Head office: Jakarta, Indonesia) (Factory: Bekasi, Indonesia)	1,467 million rupiahs (¥12 million)	70.0	Production and sales of pharmaceuticals
	Takeda Healthcare Philippines Inc. (Head office: Manila, the Philippines)	140.00 million Philippine pesos (¥341 million)	100.0	Sales of pharmaceuticals

Asia	Takeda Development Center Asia, Pte. Ltd. (Head office: Singapore)	S$5 million (¥416 million)	100.0	Development of pharmaceuticals
	Takeda Vaccines Pte. Ltd. (Head office: Singapore)	S$7 thousand (¥1 million)	100.0	R&D of pharmaceuticals
Others	Takeda (Pty.) Ltd. (Head office: Johannesburg, South Africa)	1.40 million South African rand (¥11 million)	100.0	Sales of pharmaceuticals
	Takeda Pharmaceuticals Australia Pty. Ltd. (Head office: Sydney, Australia)	A$0.45 million (¥39 million)	100.0	Sales of pharmaceuticals
Japan	Nihon Pharmaceutical Co., Ltd. (Head office: Chiyoda-ku, Tokyo) (Factory: Narita City, Izumisano City)	¥760 million	87.5	R&D, production and sales of pharmaceuticals
	Takeda Healthcare Products Co., Ltd. (Head office, Factory: Fukuchiyama City)	¥400 million	100.0	Production of pharmaceuticals
	Amato Pharmaceutical Products, Ltd. (Head office, Factory: Fukuchiyama City)	¥96 million	30.0	R&D, production and sales of pharmaceuticals
	Wako Pure Chemical Industries, Ltd. (Head office: Osaka City) (Factory: Kawagoe City, Toyohashi City, Amagasaki City)	¥2,340 million	71.8	Production and sales of Laboratory chemicals, Diagnostic reagents, Chemical products

(Notes) 1. The figures in parentheses under the column “Capital stock” show Japanese yen equivalents, calculated using the exchange rates as of March 31, 2016.
2. The figures for “Percentage of total shares” include indirect shares held indirectly through subsidiaries.
3. Except for Takeda Healthcare Products Co., Ltd. (Consumer Healthcare business), Amato Pharmaceutical Products, Ltd. (Consumer Healthcare business) and Wako Pure Chemical Industries, Ltd. (Other business), the above principal subsidiaries and affiliates are subsidiaries and affiliates relating to the Ethical Drug business.
4. As of March 31, 2016, the number of consolidated subsidiaries (including partnership) was 135 and the number of equity method affiliates was 15.
5. No subsidiaries and affiliates fall into “Specific Wholly Owned Subsidiary” described in the Ordinance for Enforcement of the Companies Act.
6. Takeda America Holdings, Inc. which was a specific subsidiary disappeared due to being merged into Takeda Pharmaceuticals U.S.A., Inc. in March, 2016.

(8) Major Offices of the Company (as of March 31, 2016)

Head Office	1-1, Doshomachi 4-chome, Chuo-ku, Osaka
Tokyo Head Office	12-10, Nihonbashi 2-chome, Chuo-ku, Tokyo
Branches	Sapporo Branch, Tohoku Branch (located in Sendai), Tokyo Branch, Yokohama Branch, Chiba-Saitama Branch (located in Tokyo), Kitakanto/Koshin-etsu Branch (located in Tokyo), Nagoya Branch, Osaka Branch, Kobe Branch, Kyoto Branch, Shikoku Branch (located in Takamatsu, Kagawa), Chugoku Branch (located in Hiroshima) and Fukuoka Branch
Plants	Osaka Plant and Hikari Plant (located in Hikari, Yamaguchi)
Research Centers	Cardiovascular and Metabolic Drug Discovery Unit, CNS Drug Discovery Unit, Oncology Drug Discovery Unit, Inflammation Drug Discovery Unit, Extra Value Generation & General Medicine Drug Discovery Unit, Gastrointestinal Drug Discovery Unit, Regenerative Medicine Unit, Medicinal Chemistry Research Laboratories, Biomolecular Research Laboratories, Integrated Technology Research Laboratories, Drug Safety Research Laboratories, Drug Metabolism & Pharmacokinetics Research Laboratories (the above are located in Fujisawa, Kanagawa) Research & Development Department, Chemical Development Laboratories, Pharmaceutical Technology R&D Laboratories, Analytical Development Laboratories, Innovation Technology Laboratories (the above are located in Osaka) Hikari CMC Operations, Hikari Bio-Manufacturing Technology Laboratories (the above are located in Hikari, Yamaguchi)

(Note) The above branches, plants and research centers are branches, plants and research centers of the Ethical Drug Business (excluding Research & Development Department of the Consumer Healthcare Business).

(9) Employees (as of March 31, 2016)

(i) Number of employees of Takeda Group

Number of employees	Increase (decrease) from the previous fiscal year end
31,168	(160)

(Notes) 1. The number of employees represents the number of working employees.

2. Out of the above employees, 28,762 employees engage in the Ethical Drug Business, 500 employees engage in the Consumer Healthcare Business and 1,906 employees engage in Other Business.

(ii) Number of employees of the Company

Number of employees	Increase (decrease) from the previous fiscal year end	Average age	Average length of employment (years)
6,780	—	40.0	14.5

(Notes) 1. The number of employees represents the number of working employees.

2. Out of the above employees, 6,449 employees engage in the Ethical Drug Business, 314 employees engage in the Consumer Healthcare Business and 17 employees engage in Other Business.

(10) Principal lenders and loan amounts (as of March 31, 2016)

Lender	Loan balance
Syndicated loans	170,000 million JPY
Sumitomo Mitsui Trust Bank, Limited	50,000 million JPY
The Norinchukin Bank	50,000 million JPY
Nippon Life Insurance Company	40,000 million JPY
Mizuho Trust & Banking Co., Ltd.	30,000 million JPY
Shinkin Central Bank	20,000 million JPY

(Note) The syndicated loans are joint financing by several lenders arranged by Sumitomo Mitsui Banking Corporation and others.

2. Common Stock of the Company (as of March 31, 2016)

(1) Total number of shares authorized to be issued by the Company
3,500,000,000 shares

(2) Total number of issued shares 790,284,095shares
(including 146,961 shares of treasury stock)

(3) Number of shareholders 265,421

(4) Principal Shareholders

Name of Shareholder	Investment in the Company by shareholder	
	Number of shares held (thousands)	Percentage of total shares (%)
Nippon Life Insurance Company	50,760	6.42
The Master Trust Bank of Japan, Ltd. (Trust account)	36,308	4.60
Japan Trustee Services Bank, Ltd. (Trust account)	33,223	4.20
JP Morgan Chase Bank 380055	30,670	3.88
Takeda Science Foundation	17,912	2.27
Barclays Capital Japan Limited	15,000	1.90
State Street Bank West Client-Treaty 505234	13,741	1.74
JP Morgan Chase Bank 385147	11,358	1.44
Japan Trustee Services Bank, Ltd. (Trust account 7)	10,903	1.38
State Street Bank and Trust Company 505225	10,044	1.27

Note. The percentage of total shares is based on the number of shares (790,137,134shares) calculated by subtracting the number of treasury stock from the total number of issued shares.

(5) Material items on Common Stock of the Company other than the items mentioned above

(i) For the purpose to improve the Company's medium-long term performance as well as further increase awareness of contribution to increasing its corporate value, the Company has introduced BIP (Board Incentive Plan) trust compensation system for directors (except Directors resident overseas and Outside Directors), based on the resolution of the 138th Ordinary General Meeting of Shareholders held on June 27, 2014 and the resolution of the Board of Directors made in accordance with such shareholders' resolution.

The number of stocks of the Company the trust account regarding BIP trust owns is 567,536 shares as of March 31, 2016.

(ii) For the purpose to improve the Company's medium-long term performance as well as further increase awareness of contribution to increasing its corporate

value, from 138th fiscal year (fiscal year 2014), the Company has introduced the stock grant ESOP (Employee Stock Ownership Plan) trust for senior management of the Takeda Group, based on the resolution of the Ordinary Meeting of the Board of Directors.

The number of stocks of the Company the trust account regarding stock grant ESOP trust owns is 5,948,184 shares as of March 31, 2016.

3. Matters Concerning the Stock Acquisition Rights of the Company

Overview of the Stock Acquisition Rights distributed as a consideration for the execution of duties owned by Directors and Corporate Auditors (excluding Outside Directors/Corporate Auditors) of the Company (as of March 31, 2016)

Name (Date of resolution for issuance)	Recipients of the Stock Acquisition Rights at the time of issuance	Payment value of Stock Acquisition Rights	Financial value to be invested upon execution of the Stock Acquisition Rights	Period during which the Stock Acquisition Rights may be exercised	Main conditions for execution of the Stock Acquisition Rights	Type and number of shares subject to Stock Acquisition Rights (and the number of Stock Acquisition Rights)	Number of Directors and Corporate Auditors of the Company (excluding Outside Directors/Corporate Auditors) possessing the Stock Acquisition Rights and the number of such Stock Acquisition Rights (Note 1)
Stock Acquisition Rights FY2010-issued (June 25, 2010)	5 Directors (excluding Outside Directors) of the Company	3,028 JPY per share	1 JPY per share	July 11, 2013 to July 10, 2020 (Note 2)	(Note 3)	Ordinary shares in the Company; 11,500 shares (115)	1 Corporate Auditor: 70 Stock Acquisition Rights
1st Series of Stock Acquisition Rights FY2011-issued (June 24, 2011)	4 Directors (excluding Outside Directors) of the Company	2,726 JPY per share	1 JPY per share	July 16, 2014 to July 15, 2021 (Note 2)	(Note 3)	Ordinary shares in the Company; 29,700 shares (297)	1 Director: 195 Stock Acquisition Rights; 1 Corporate Auditor: 101 Stock Acquisition Rights
2nd Series of Stock Acquisition Rights FY2011-issued (June 24, 2011)	113 members of Corporate Officers and other senior management of the Company	427 JPY per share	3,705 JPY per share	July 16, 2014 to July 15, 2031 (Note 4)	(Note 5)	Ordinary shares in the Company; 1,209,300 shares (12,093)	2 Directors: 947 Stock Acquisition Rights
1st Series of Stock Acquisition Rights FY2012-issued (June 26, 2012)	4 Directors (excluding Outside Directors) of the Company	2,678 JPY per share	1 JPY per share	July 18, 2015 to July 17, 2022 (Note 2)	(Note 3)	Ordinary shares in the Company; 62,600 shares (626)	2 Directors: 412 Stock Acquisition Rights; 1 Corporate Auditor: 107 Stock Acquisition Rights
2nd Series of Stock Acquisition Rights FY2012-issued (July 30, 2012)	118 members of Corporate Officers and other senior management of the Company	369 JPY per share	3,725 JPY per share	July 18, 2015 to July 17, 2032 (Note 4)	(Note 5)	Ordinary shares in the Company; 1,806,600 shares (18,066)	1 Director: 632 Stock Acquisition Rights
1st Series of Stock Acquisition Rights FY2013-issued (June 26, 2013)	4 Directors (excluding Outside Directors) of the Company	3,709 JPY per share	1 JPY per share	July 20, 2016 to July 19, 2023 (Note 2)	(Note 3)	Ordinary shares in the Company; 45,900 shares (459)	3 Directors: 377 Stock Acquisition Rights; 1 Corporate Auditor: 82 Stock Acquisition Rights

(Notes) 1. No Stock Acquisition Rights are possessed by the Outside Directors/ Corporate Auditors of the Company.

2. A Director who has received an allocation of these Stock Acquisition Rights may exercise said Stock Acquisition Rights from the day following the day of resignation/retirement in cases of resignation/retirement due to the expiration of the Director's term of office or in the case of any other valid reason even prior to the initial date of the period stated above during which the Stock Acquisition Rights may be exercised.

3. [1] A person who exercises a Stock Acquisition Right must be a Director of the Company at the time the right is exercised. However, this shall not apply if a Director has resigned/retired due to the expiration of a term of office or if there is any other valid reason.

   [2] A single Stock Acquisition Right may not be exercised in part.

4. A person who has received an allocation of these Stock Acquisition Rights may exercise said Stock Acquisition Rights from the day following the day of resignation/retirement in cases of resignation/retirement due to the expiration of a term of office or mandatory retirement or in the case of any other valid reason even prior to the initial date of the period stated above during which the Stock Acquisition Rights may be exercised.

5. [1] A person who exercises a Stock Acquisition Right must be a Director, employee or any other person equivalent thereto of the Company or subsidiaries of the Company at the time the right is exercised. However, this shall not apply if the person has resigned/retired due to the expiration of a term of office or mandatory retirement or if there is any other valid reason.

   [2] A single Stock Acquisition Right may not be exercised in part.

4. Executives of the Company

(1) Directors and Corporate Auditors (as of March 31, 2016)

For the purposes of formulating optimal rules for appointment of Directors and appointing appropriate persons as Directors, the Company has established the Nomination Committee, in which an Outside Director serves as the chairperson, as the advisory body to the Board of Directors.

The state of Directors and Corporate Auditors of the Company as of the end of this fiscal year is as follows.

Name	Position	Duty	Important Positions Held Concurrently, etc
Yasuchika Hasegawa	Chairman of the Board		
Christophe Weber	President (Representative Director)	Chief Executive Officer	
Shinji Honda	Senior Managing Director	Corporate Strategy Officer	President, Takeda Pharmaceuticals International, Inc.
Masato Iwasaki	Director	President, Japan Pharma Business Unit	
*Andrew Plump	Director	Chief Medical & Scientific Officer	Executive Vice President, Takeda Pharmaceuticals International, Inc.
Fumio Sudo	Director		Chairman of the Board, Tokyo Electric Power Company, Incorporated
Yorihiko Kojima	Director		Chairman of the Board, Mitsubishi Corporation
Masahiro Sakane	Director		Councilor, Komatsu Ltd.
Naohisa Takeda	Corporate Auditor		
*Yasuhiko Yamanaka	Corporate Auditor		
Tsuguoki Fujinuma	Corporate Auditor		Certified Public Accountant
Shiro Kuniya	Corporate Auditor		Managing Partner, Oh-Ebashi LPC & Partners

(Notes) 1. Director and Corporate Auditor marked with an * were newly elected at the 139th Ordinary General Meeting of Shareholders held on June 26, 2015 and took office.

2. Directors and Corporate Auditor who resigned or retired from office during this fiscal year.
   - Managing Director Yasuhiko Yamanaka (retired on June 26, 2015)
   - Director Tadataka Yamada (retired on June 26, 2015)
   - Director François Roger (retired on June 26, 2015)
   - Corporate Auditor Teruo Sakurada (retired on June 26, 2015)
3. Directors Fumio Sudo, Yorihiko Kojima and Masahiro Sakane are Outside Directors as prescribed in Article 2, Item 15 of the Companies Act.
4. Corporate Auditors Tsuguoki Fujinuma and Shiro Kuniya are Outside Corporate Auditors as prescribed in Article 2, Item 16 of the Companies Act.
5. Corporate Auditor Tsuguoki Fujinuma is a Certified Public Accountant and has expert knowledge of finance and accounting.
6. The Company conducts raw material purchase transactions with Mitsubishi Corporation, where Director Yorihiko Kojima also serves concurrently, but the proportion of the annual value of those transactions to the sales of the Company and of Mitsubishi Corporation is less than 1% in both cases.

7. The Company receives advice, etc., on legal matters as needed basis from other lawyers working at Oh-Ebashi LPC & Partners, the law firm where Corporate Auditor Shiro Kuniya works concurrently, but the proportion of the annual value of those transactions to the sales of the Company and of Oh-Ebashi LPC & Partners is less than 1% in both cases.
8. There are no relationships between the Company and the organizations in which Outside Directors/Corporate Auditors serve concurrently that should be noted other than those described in Note 6 and Note 7 above.
9. The Company has set the "Internal criteria for independence of outside directors/corporate auditors of the Company" and has elected Outside Directors/Corporate Auditors based on this criteria. Since all Outside Directors/Corporate Auditors (i.e.: Directors Fumio Sudo, Yorihiko Kojima, Masahiro Sakane and Corporate Auditors Tsuguoki Fujinuma, Shiro Kuniya) have met the requirement for Independent Directors/Auditors based on the regulations of the financial instruments exchanges that the Company is listed on (e.g.: Tokyo Stock Exchange, Inc.), the Company has appointed all of them as Independent Directors/Auditors and submitted notifications to each exchange.

(2) Compensation, etc. for Directors and Corporate Auditors

The compensation, etc., for Directors is comprised of fixed value basic compensation, a bonus in consideration of the consolidated results for each fiscal year, and long-term incentive plan (stock compensation) linked with long-term financial results over 3 years and with the share price of the Company, while Outside Directors receive only fixed value basic compensation in light of the role of supervision of the execution of duties of the Company. In addition, to assure the appropriateness of the amount and the transparency of decision making process with regard to the compensation etc., for Directors (except Outside Directors), Compensation Committee, the chairman of which is an Outside Director, has been established as an advisory body to the Board of Directors.

The Company has integrated the compensation, etc., for Corporate Auditors (including Outside Corporate Auditors) in fixed value basic compensation.

The total amounts of remuneration, etc., for Directors and Corporate Auditors for this fiscal year are as follows.

Directors 11: 1,183 million JPY
(3 of the Directors are Outside Directors: 54 million JPY)
Corporate Auditors 5: 137 million JPY
(2 of the Corporate Auditors are Outside Corporate Auditors: 29 million JPY)

(Notes) 1. The figures above include 3 Directors and 1 Corporate Auditor who retired as of the conclusion of the 139th Ordinary General Meeting of Shareholders held on June 26, 2015.

2. The total amounts of remuneration, etc., for Directors above include the following basic compensation and cost postings related to stock compensation including Stock Options which were granted until fiscal year 2013. These amounts do not include the salaries that Directors who also work as employees receive as the employee portions of their remuneration, and the bonuses.

[1] The basic compensation is fixed amount depending on each portion, and its total amount per month is no more than 90 million JPY (among these, no more than 10

million JPY per month is for Outside Directors) (based on a resolution of the 138th Ordinary General Meeting of Shareholders held on June 27, 2014).

[2] The cost posting related to stock options is the value posted during this fiscal year within remuneration, etc., concerning Stock Acquisition Rights allotted as stock options (68 million JPY). The number of Stock Acquisition Rights to be allotted is, in principle, calculated by dividing the amount equivalent to 60% of the basic compensation by the option value of the Stock Acquisition Rights on the allotment date, and the maximum amount of remuneration, etc., concerning Stock Acquisition Rights is 350 million JPY per year (based on a resolution of the 132nd Ordinary General Meeting of Shareholders held on June 26, 2008). The cost posting related to stock compensation is the value posted during this fiscal year (559 million JPY). The number of stock compensation is, in principle, calculated by dividing the Company's stock price on the grant date, and the maximum amount of remuneration, etc., concerning stock compensation is 2,000 million JPY per year (based on a resolution of the 138th Ordinary General Meeting of Shareholders held on June 27, 2014).

3. If the proposal of "Payment of Directors' Bonuses" is proposed at this General Meeting of Shareholders and approved as proposed, Directors' bonuses, among the remuneration, etc., for Directors for this fiscal year, are to be paid within the amount set forth in the said proposal. Directors' bonuses are calculated depending on each position based on the Company's financial results (achievement of key performance indicators such as the consolidated revenue, Core Earnings and EPS). Based on the report of the Compensation Committee, the actual payment amount of bonuses is to be resolved at the meeting of the Board of Directors to be held after this General Meeting of Shareholders.
4. The value of the basic compensation of Corporate Auditors is no more than 15 million JPY per month (based on a resolution of the 132nd Ordinary General Meeting of Shareholders held on June 26, 2008).

(3) Outside Directors and Corporate Auditors

Major activities during the fiscal year under review

Category	Name	Major activities
Outside Director	Fumio Sudo	Fumio Sudo attended 13 of the 14 meetings of the Board of Directors held during the fiscal year under review (12 ordinary meetings and 2 extraordinary meetings of the Board of Directors) and appropriately made statements necessary for the deliberation of agendas based on his plentiful experience and knowledge as a management executive.
Outside Director	Yorihiko Kojima	Yorihiko Kojima attended 12 of the 14 meetings of the Board of Directors held during the fiscal year under review (12 ordinary meetings and 2 extraordinary meetings of the Board of Directors) and appropriately made statements necessary for the deliberation of agendas based on his plentiful experience and knowledge as a management executive.

Outside Director	Masahiro Sakane	Masahiro Sakane attended all of the 14 meetings of the Board of Directors held during the fiscal year under review (12 ordinary meetings and 2 extraordinary meetings of the Board of Directors) and appropriately made statements necessary for the deliberation of agendas based on his plentiful experience and knowledge as a management executive.
Outside Corporate Auditor	Tsuguoki Fujinuma	Tsuguoki Fujinuma attended 12 of the 14 meetings of the Board of Directors held during the fiscal year under review (12 ordinary meetings and 2 extraordinary meetings of the Board of Directors) and appropriately made statements necessary for the deliberation of agendas from his specialist perspective as a Certified Public Accountant. Furthermore, Tsuguoki Fujinuma also attended 29 of the 30 meetings of the Board of Corporate Auditors and exchanged opinions actively.
Outside Corporate Auditor	Shiro Kuniya	Shiro Kuniya attended all of the 14 meetings of the Board of Directors held during the fiscal year under review (12 ordinary meetings and 2 extraordinary meetings of the Board of Directors) and appropriately made statements necessary for the deliberation of agendas from his specialist perspective as a lawyer. Furthermore, Shiro Kuniya also attended all of the 30 meetings of the Board of Corporate Auditors and exchanged opinions actively.

(Note) The Company received an order to improve business operation from the Ministry of Health, Labour and Welfare based on the Act on Securing Quality, Efficacy and Safety of Pharmaceuticals and Medical Devices, etc. as of June 12, 2015 based on the decision that a part of the promotional materials targeting healthcare professionals for the hypertension medicine Blopress® are applicable as extravagant and misleading advertisements. Outside Directors Fumio Sudo, Yorihiko Kojima, Masahiro Sakane and Outside Corporate Auditors Tsuguoki Fujinuma, Shiro Kuniya always make statements from the perspective of the compliance, and they have also stated their opinions and made proposals for prevention of recurrence after such fact became clear as well.

(4) Outline of the terms of the liability limitation agreement

The Company has executed agreements with Outside Directors Fumio Sudo, Yorihiko Kojima, Masahiro Sakane and Outside Corporate Auditors Tsuguoki Fujinuma, Shiro Kuniya stating that the maximum amount of their liabilities for damages as set forth in Article 423, Paragraph 1 of the Companies Act shall be the amount provided by law.

5. Accounting Auditor

(1) Name of Accounting Auditor KPMG AZSA LLC

(2) Amount of Remuneration, etc. of Accounting Auditor for this Fiscal Year

(i)	Amount of remuneration, etc. for the fiscal year under review	529 million JPY
(ii)	Total amount of money and other financial benefits to be paid by the Company and the subsidiaries	558 million JPY

(Notes) 1. As the audit agreement between the Company and its Accounting Auditor does not differentiate the amount of remuneration, etc. for audit under the Companies Act from the one for audit under the Financial Instruments and Exchange Act and such differentiation is impossible in practice, the above amounts show total remuneration, etc. for both audits.

2. Board of the Corporate Auditors confirms and examines the auditing plan of the Accounting Auditor, the implementation status of auditing by Accounting Auditor and the rationale for calculating the estimated remuneration thereof based on the Guideline of Practice for Cooperation with Accounting Auditor published by Japan Audit & Supervisory Members Association. As a result of such confirmation ad examination, Board of Corporate Auditors agreed on the remuneration, etc. of the Accounting Auditor pursuant to Section 399, Paragraph 1 of the Companies Act.

3. Among the subsidiaries set forth on pages 66 to 70 herein, audit firms other than KPMG AZSA LLC audit the financial statements of Nihon Pharmaceutical Co., Ltd., Wako Pure Chemical Industries, Ltd. and the subsidiaries of the Company located overseas.

(3) Services other than Audit

The Company delegates to the Accounting Auditor the services which fall under services other than the services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act in respect of advisory services for “International Financial Reporting Standards”, etc.

(4) Decision-Making Policy on Dismissal or Rejection of the Reappointment of Accounting Auditor

If the Accounting Auditor is determined to fall under any of the events prescribed in each item of Article 340, Paragraph 1 of the Companies Act, or if an event which has a material adverse effect on the audit procedures of the Company occurs, including, but not limited to, the case in which such Accounting Auditor’s auditing license is suspended, the Accounting Auditor shall be dismissed by the Board of Corporate Auditors.

In addition, the Board of Corporate Auditors, taking into consideration the audit quality, the quality control and independence of the Accounting Auditor and other factors, shall determine whether or not the Accounting Auditor will be reappointed.

6. Overview of the Systems that Ensure the Appropriateness of Operations of the Company and the Status of Implementation of such Systems (as of March 31, 2016)

(1) Overview of the Systems that ensure the appropriateness of operations

Based on the “Mission” and “Takeda-ism” (Integrity: Fairness, Honesty and Perseverance),” the Company shares the priority order of Patient-Trust-Reputation-Business within the entire Takeda Group and promotes the creation of a disciplined and sound corporate culture. Based on the above mentioned principle, the Company has implemented the following measures for the internal control system, taking it as an important component of corporate governance functioning alongside risk management:

(i) Systems that ensure the appropriateness of operations in Takeda Group

- The Board of Directors makes decisions related to the most important matters for the business operation of Takeda Group, including the matters related to Basic Management Policy such as Values, etc., and the matters related to the policy on internal control including compliance and risk management, and monitors and supervises the execution of operations.
- To strengthen its global business management system, the Company shall establish Takeda Executive Team (“TET”) that manage and supervise each function of Takeda Group under President and Chief Executive Officer, and also establish Business Review Committee (which is responsible for general management matters), Product Review Committee (which is responsible for R&D and products related matters) (Note: Product Review Committee was renamed as Portfolio Review Committee as of April 1, 2016.), and Audit, Risk and Compliance Committee (which is responsible for internal audit, risk management and compliance matters) that review important matters to ensure systems whereby faster and more flexible work execution and deeper cooperation among the various functions take place.
- The Company shall clarify the roles and responsibilities of each function based on the “Takeda Group’s Management Policy”, which summarizes the business management systems, decision-making systems and its operational rules and other important management rules of the Takeda Group. With regard to certain material items, the Company shall oblige each function to propose or report to the decision making bodies including the Board of Directors of the Company according to the materiality. Concurrently, a certain level of decision making authorities shall be delegated to President and Chief Executive Officer or to each TET member, and the decision making authorities shall be exercised under the proper governance. In addition, the Company shall maintain Global Policies, etc. (Global Policies mean the rules applied to employees of three or more TET organizations) for respective operations of specialized

functions and shall manage and supervise across the entire Takeda Group based thereon.

- Based on the “Global Risk Management Policy,” “Global Crisis Management Policy” and “Takeda Group Global BCP (Business Continuity Plan) Policy”, which respectively lay out the structure of risk management system, crisis management systems and BCPs of the Takeda Group, the Company shall promote the construction of the system in which each group company responds adequately to risks and crises and ensures business continuity, and shall facilitate the disciplined management in Takeda Group.
- The Global Compliance, in conjunction with the relevant function, shall disseminate the “Takeda Global Code of Conduct” to all group companies and construct and disseminate the compliance programs of all group companies based on that code under the Global Compliance Promotion System. In addition, the Global Compliance and the relevant function shall periodically report to the Board of Directors about compliance related affairs of Takeda Group, including affairs notified through interoffice notification.
- The Group Internal Audit shall conduct regular internal audit of each function of the Company and each group company based on the “Group Internal Audit Charter.”
- The Corporate Finance, Global Finance, shall apply the “Control Self Assessment (CSA) Program” to each group company and each function of the Company so that the head of each group company and each function of the Company shall conduct self-assessment of the status of the internal control, shall undertake the implementation of the improvement plan responding to warnings or recommendations, and shall certify the appropriateness of its internal control.
- Based on the Financial Instruments and Exchange Act, the Company shall maintain systems of internal control to ensure the reliability of financial reporting and conduct effective and efficient management and assessment of those systems.

(ii) System for retention and management of information in connection with the execution of the duties of Directors

- The minutes of meetings of the Board of Directors, requests for and approvals of managerial decisions and other information concerning the execution of the duties of Directors shall be appropriately retained and controlled in keeping with the term, method and place of retention designated for each category of information determined in accordance with the “Policy on Document Control” in either form of hard copy or electromagnetic record and for ease of inspection.

(iii) Risk management rules and other systems

- With respect to all risk factors, including major potential risks of the Company (research and development, intellectual property rights, decline of sales due to the expiration of

patents, etc., side-effects, drop in prices caused by measures for constraint of cost of medicines, fluctuation of foreign exchange rates, corporate acquisitions, country risks, stable supply, and litigation and other legal matters), the person(s) in charge of each function shall control and manage these risk factors in each area of charge from the aspect of qualitative and quantitative criteria in designing and implementation of mid-range and annual plans and shall take all necessary measures or remedies available to avoid and minimize such risk factors, depending on the degree and content of the risk the Company is exposed to, in compliance with the countermeasures to cope therewith and any contingency plans.

- In order to prevent and respond to emergency situations, the Company shall establish the crisis management systems through appointing persons to be in charge of crisis management and persons to be in charge of crisis management in each local region and establishing crisis management committee under the "Policy on Crisis Management". In addition, from the perspective of business continuity, the Company shall design Business Continuity Plan in each function under the "BCP Policy."

(iv) Systems that ensure the duties of Directors are executed efficiently

- A system that enables the duties of Directors to be executed appropriately and efficiently shall be ensured pursuant to the "Bylaws of Board of Directors" and other internal company regulations with respect to authorities and rules for decision-making.

(v) Systems that ensure Directors and employees comply with laws and regulations and the Company's Articles of Incorporation in executing their duties

- In accordance with the "Compliance Promotion Rule" that provides for basic policies and procedures in relation to the implementation of the compliance program on ethical and legal requirements of the Company, Compliance Officer, Compliance Promotion Committee and Compliance Secretariat shall be established to promote the company-wide compliance policy.
- The interoffice notification system, a system established for the purpose of i) reflecting the opinions and proposals of corporate executives and employees to the Company's compliance and ii) protecting the whistleblowers, shall be fully utilized in compliance practices.

(vi) System that ensures audits by Corporate Auditors are conducted effectively

Each of the items stated below shall be set forth in accordance with the "Corporate Auditors Audit Rule":

- The Office of the Corporate Auditors shall be established to provide assistance to the Corporate Auditors in their duties and functions as a secretariat of the Board of Corporate Auditors.

- Personnel matters with respect to the members of the Office of the Corporate Auditors shall be handled through consultations among the Directors and the Corporate Auditors.
- A Director shall notify to the Board of Corporate Auditors those matters concerning the Company's basic management policy and plans, material matters including the ones in subsidiaries and affiliated companies in advance (provided, however, that this shall not apply if Corporate Auditors attend a meeting of the Board of Directors or any other meeting at which such matter is discussed).
- If a Director becomes aware of a fact that might cause material damage to the Company, such Director shall, without delay, notify such fact to the Board of Corporate Auditors.
- A Corporate Auditor shall, upon consultation with the President of the Company, attend important meetings, in addition to meetings of the Board of Directors, in order to gain a better understanding of the decision-making process with respect to material issues and the execution of operations.
- A Corporate Auditor may have access to important documents concerning the execution of operations and may ask Directors or employees to provide an explanation in respect thereof, whenever necessary.
- A Corporate Auditor shall investigate each function and, if it is necessary to audit the execution of the duties of Directors, request reports on the business from the subsidiaries, or investigate the operational and financial status of the subsidiaries.
- A Corporate Auditor shall have a close communication with the Group Internal Audit and Accounting Auditors, and improve the efficiency of audit by utilizing their audit results.
- A Corporate Auditor shall request the Company to reimburse the cost for performing their duties, and submit the budget therefor to the Company every year.

(2) Overview of the Status of Implementation of Systems that ensure the appropriateness of operations

In this fiscal year, we made efforts on appropriate implementation of the system described in above (1). Our major efforts in this fiscal year considered important for internal control included the following:

[Efforts by Top Management of the Company]

- By posting the message on the intranet and holding the town hall meetings, top management of the Company including the President and Chief Executive Officer disseminated the Basic Management Policy which consists of the Values (Patient-Trust-Reputation-Business), etc., based on the Takeda-ism (Integrity: Fairness, Honesty and Perseverance) and emphasized the importance of the compliance to the entire employees of Takeda Group .

[Status of the Board of Directors]

- Having 14 times meetings in this fiscal year, the Board of Directors made resolutions, received reports on important matters related to the management of Takeda Group, and supervised execution of the duties of Directors. At the meetings of the Board of Directors, Chairman of the Board, who does not execute operations, leads the discussion, while other Directors and Corporate Auditors, including 3 Outside Directors and 2 Outside Corporate Auditors, who are highly independent from the Company, deliver necessary statements as appropriate from their perspectives.
- In this fiscal year, the review of the performance and effectiveness of the Board of Directors was conducted by third party organizations in a way that the individual opinions of the Directors and the Corporate Auditors were easily provided. That is, all Directors and Corporate Auditors individually completed a questionnaire and then were individually interviewed. This review and discussion based thereon provided an opportunity for the members of the Board of Directors to gain a deeper understanding of its strengths and opportunities to enhance its processes and better align its strategic priorities to deliver maximum corporate value. Also in this review, the Board of Directors of the Company was deemed that it works effectively.

[Efforts to promote the internal control system in Takeda Group]

- “Takeda Group’s Management Policy” and internal company regulations were updated in a timely manner, and important issues of Takeda Group were decided, based on these regulations depending on the contents and level of importance, by appropriate decision making bodies, including the Board of Directors, Business Review Committee, Product Review Committee, and Audit, Risk and Compliance Committee.
- Among the above-mentioned decision making bodies, Audit, Risk and Compliance Committee is a decision making body overseeing Internal Audit Committee, Risk Management Committee, and Global Compliance Committee, which respectively control internal audits, risk management and compliance. Audit, Risk and Compliance Committee reviewed and decided mid-range plan and annual plan and key initiatives of these subordinate committees, while periodically receiving reports of activities and their results of these committees.
- Authorities related to the matters not requiring resolution of the above-mentioned decision making bodies are delegated to the President and Chief Executive Officer and TET members who represent each function, and the rules for approval of the matters within this scope were established for rapid and adequate decision-making. By holding a TET meeting composed of the President and Chief Executive Officer and TET members in a timely manner, important matters were deliberated and information was shared.
- The Group Internal Audit conducted internal audits of each company of Takeda Group and each function of the Company, while the Corporate Finance, Global Finance

examined status of control activities regarding financial reporting in subsidiaries and the functions of the Company that were subject to the internal control reporting system designed to comply with Financial Instruments and Exchange Act.

[Efforts to promote compliance]

- A compliance campaign month was designated globally to accelerate our efforts for thorough enforcement of compliance in the entire Takeda Group. Also, the Company implemented the e-learning in order to disseminate the “Takeda Global Code of Conduct (Japan edition).”
- Global Investigations Policy and Global Compliance Issue Reporting and Handling Rules were prepared, while whistleblowing system was globally introduced.
- Takeda Group’s compliance-related issues were reported to the Board of Directors and top management regularly or in a timely manner.
- The Company received an order to improve business operation from the Ministry of Health, Labour and Welfare based on the Act on Securing Quality, Efficacy and Safety of Pharmaceuticals and Medical Devices, etc. in this fiscal year. The order was based on the decision that a part of the promotional materials, which was developed based on the results of the investigator-led clinical research using the hypertension medicine Blopress® and targeted healthcare professionals, were applicable as extravagant and misleading advertisements. While the Company has reviewed the promotional materials targeting the healthcare professionals at the “Takeda Information Brochure Review Committee”, in accordance with such order, the Company strengthened the system and functions of such committee by asking outside experts to join it, enlarging the scope of advertisements to be reviewed, and ensuring advance review of those advertisements.

[Efforts related to risk management]

- The Company amended the “Global Crisis Management Policy,” which stipulates the crisis management system in case of a crisis, to meet the global organization structure introduced in April 2015. Additionally, in order to appropriately manage risks in Takeda Group, “Global Risk Management Policy” was newly established.
- The Board of Directors discussed how cyber security and information risk management should be.
- The Company executed drills to properly handle specific crises such as cybercrime.

[Efforts related to audit by Corporate Auditors]

- The audit by Corporate Auditors was conducted in accordance with the “Corporate Auditors Audit Rule.” The Board of Corporate Auditors had meetings 30 times in this fiscal year and the information exchange related to the matters to be discussed at the Board of Directors meeting and audit activity, etc. was made. Corporate Auditors made statements proactively about the execution of the duties of Directors in the discussion at the meetings of the Board of Directors and other occasions.

・ The Corporate Auditors reported their findings from the audits conducted in the 138th fiscal year, as well as audit policy and audit plans of this fiscal year, to the Board of Directors, where they also exchanged opinions with Directors regarding these matters.

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[Note to Business Report]

All monetary amounts indicated in the Business Report are rounded to the nearest unit.

CONSOLIDATED STATEMENT OF INCOME [IFRS]

(April 1, 2015 to March 31, 2016) (Million JPY)

Item	Amount	[Reference] Amount of previous period
Revenue	1,807,378	1,777,824
Cost of sales	(535,405)	(520,990)
Gross profit	1,271,972	1,256,834
Selling, general and administrative expenses	(650,773)	(612,613)
Research and development expenses	(345,927)	(382,096)
Amortization and impairment losses on intangible assets associated with products	(125,140)	(176,402)
Other operating income	25,081	107,181
Other operating expenses	(44,386)	(322,158)
Operating profit	130,828	(129,254)
Financial income	21,645	15,357
Financial expenses	(31,931)	(32,878)
Share of profit of associates accounted for using the equity method	(3)	1,337
Profit before tax	120,539	(145,437)
Income tax expenses	(37,059)	2,403
Net profit for the year	83,480	(143,034)
Attributable to:		
Owners of the Company	80,166	(145,775)
Non-controlling interests	3,313	2,741
Net profit for the year	83,480	(143,034)

[Reference] CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME [IFRS]

(April 1, 2015 to March 31, 2016) (Million JPY)

Item	Amount	[Reference] Amount of previous period
Net profit for the year	83,480	(143,034)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	(18,140)	(4,532)
	(18,140)	(4,532)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(85,772)	(47,559)
Net changes on revaluation of available-for-sale financial assets	(17,303)	15,040
Cash flow hedges	(1,867)	(774)
	(104,942)	(33,293)
Other comprehensive income for the year, net of tax	(123,082)	(37,826)
Total Comprehensive income for the year	(39,602)	(180,860)
Attributable to:		
Owners of the Company	(40,334)	(186,618)
Non-controlling interests	732	5,759
Total comprehensive income for the year	(39,602)	(180,860)

(Note) Consolidated Statement of Income and Other Comprehensive Income is not requested by the Companies Act and is not audited.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION [IFRS]

(As of March 31, 2016) (Million JPY)

Item	Amount	[Reference] Amount of previous period	Item	Amount	[Reference] Amount of previous period
ASSETS			**LIABILITIES**		
Non-current assets			**Non-current liabilities**		
Property, plant and equipment	551,916	526,162	Bonds and loans	539,760	629,416
Goodwill	779,316	821,911	Other financial liabilities	102,120	70,105
Intangible assets	743,128	939,381	Net defined benefit liabilities	84,867	91,686
Investment property	26,626	30,218	Provisions	34,421	47,075
Investments accounted for using the equity method	10,016	10,425	Other non-current liabilities	71,032	78,778
Other financial assets	149,548	241,323	Deferred tax liabilities	123,469	156,132
Other non-current assets	18,975	52,192	Total non-current liabilities	**955,668**	**1,073,191**
Deferred tax assets	170,773	154,506			
Total non-currents assets	**2,450,298**	**2,776,120**	**Current liabilities**		
			Bonds and loans	228,464	99,965
Current assets			Trade and other payables	191,089	170,782
Inventories	254,010	262,354	Other financial liabilities	37,168	42,105
Trade and other receivables	415,379	444,681	Income taxes payables	43,133	41,071
Other financial assets	108,600	61,275	Provisions	115,341	418,587
Income taxes recoverables	15,192	22,148	Other current liabilities	226,899	238,469
Other current assets	64,145	63,225	Subtotal	**842,094**	**1,010,978**
Cash and cash equivalents	451,426	652,148	Liabilities related to assets held for sale	15,119	5,846
Subtotal	**1,308,752**	**1,505,830**	Total current liabilities	**857,213**	**1,016,824**
Assets held for sale	65,035	14,243	**Total liabilities**	**1,812,882**	**2,090,016**
Total current assets	**1,373,787**	**1,520,072**			
			EQUITY		
			Share capital	64,766	64,044
			Share premium	68,829	59,575
			Treasury shares	(35,974)	(18,203)
			Retained earnings	1,523,127	1,601,326
			Other components of equity	327,944	430,305
			Equity attributable to owners of the Company	**1,948,692**	**2,137,047**
			Non-controlling interests	62,511	69,129
			Total equity	**2,011,203**	**2,206,176**
TOTAL ASSETS	**3,824,085**	**4,296,192**	**TOTAL LIABILITIES AND EQUITY**	**3,824,085**	**4,296,192**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY [IFRS]

(April 1, 2015 to March 31, 2016) (Million JPY)

	Equity attributable to owners of the Company					
					Other components of equity	
	Share capital	Share premium	Treasury shares	Retained earnings	Exchange differences on translating foreign operations	Net changes on revaluation of available-for-sale financial assets
As of April 1, 2015	64,044	59,575	(18,203)	1,601,326	355,692	75,685
Net profit for the year				80,166		
Other comprehensive income					(83,331)	(17,162)
Comprehensive income for the year	–	–	–	80,166	(83,331)	(17,162)
Issuances of new shares	722	722				
Acquisitions of treasury shares			(22,346)			
Disposals of treasury shares		1	3			
Dividends				(141,585)		
Changes in the ownership interest in subsidiaries				1,359		
Transfers from other components of equity				(18,140)		
Share-based payments		8,531	4,573			
Total transactions with owners	722	9,254	(17,771)	(158,366)	–	–
As of March 31, 2016	64,766	68,829	(35,974)	1,523,127	272,361	58,523

	Equity attributable to owners of the Company			Total	Non-controlling interests	Total equity
	Other components of equity					
	Cash flow hedges	Remeasurements of defined benefit plans	Total			
As of April 1, 2015	(1,073)	–	430,305	2,137,047	69,129	2,206,176
Net profit for the year			–	80,166	3,313	83,480
Other comprehensive income	(1,867)	(18,140)	(120,501)	(120,501)	(2,581)	(123,082)
Comprehensive income for the year	(1,867)	(18,140)	(120,501)	(40,334)	732	(39,602)
Issuances of new shares			–	1,444		1,444
Acquisitions of treasury shares			–	(22,346)		(22,346)
Disposals of treasury shares			–	3		3
Dividends			–	(141,585)	(1,868)	(143,453)
Changes in the ownership interest in subsidiaries			–	1,359	(5,481)	(4,122)
Transfers from other components of equity		18,140	18,140	–		–
Share-based payments			–	13,104		13,104
Total transactions with owners	–	18,140	18,140	(148,021)	(7,350)	(155,371)
As of March 31, 2016	(2,940)	–	327,944	1,948,692	62,511	2,011,203

UNCONSOLIDATED BALANCE SHEET

(As of March 31, 2016) (Million JPY)

Item	Amount	[Reference] Amount of previous period	Item	Amount	[Reference] Amount of previous period
Current assets	**781,634**	**814,411**	**Current liabilities**	**529,032**	**478,099**
Cash and deposits	242,072	210,200	Accounts payable	69,113	63,350
Notes receivable	1,551	1,658	Other payable	78,550	62,554
Accounts receivable	163,172	179,394	Accrued expenses	85,759	44,873
Marketable securities	-	105,000	Deposits received	72,583	66,992
Merchandise and products	57,950	57,006	Bonds (Due within one year)	179,400	70,000
Work in process	36,428	39,196	Loans (Due within one year)	-	30,000
Raw materials and supplies	22,936	26,321	Reserve for employees' bonuses	21,852	17,393
Deferred tax assets	130,600	146,949	Reserve for share-based payments	712	387
Income taxes receivables	6,148	16,295	Reserve for bonuses for directors and corporate auditors	510	450
Other	121,083	33,257	Reserve for Actos litigation	1,330	103,840
Allowance for doubtful receivables	(-) 306	(-) 866	Other reserve	7,299	7,298
			Other	11,925	10,961
Noncurrent assets	**1,917,821**	**1,776,773**	**Noncurrent liabilities**	**598,224**	**635,231**
Tangible noncurrent assets	**245,377**	**253,833**	Bonds	180,000	359,400
Buildings and structures	150,151	160,578	Long-term loans	360,000	210,000
Machinery and equipment	34,925	42,807	Deferred tax liabilities	573	1,000
Vehicles	26	37	Reserve for employees' retirement benefits	3,721	3,674
Tools and fixtures	3,288	3,839	Reserve for SMON compensation	1,501	1,606
Land	35,863	37,695	Reserve for share-based payments	1,193	403
Lease assets	5,159	5,672	Reserve for Actos litigation	6,878	11,565
Construction in progress	15,964	3,206	Asset retirement obligations	4,086	4,346
			Long-term deferred income	33,984	36,256
			Other	6,289	6,982
Intangible noncurrent assets	**38,035**	**38,806**	**Total liabilities**	**1,127,256**	**1,113,330**
			Shareholders' equity	**1,517,591**	**1,413,077**
Investments and other assets	**1,634,409**	**1,484,134**	Common stock	64,766	64,044
Investment securities	99,417	117,476	Capital surplus	50,864	50,142
Investment in subsidiaries and affiliates	1,192,752	1,263,801	Additional paid-in capital	50,863	50,141
Contributions to subsidiaries and affiliates	293,319	48,155	Other capital surplus	1	0
Long-term deposits	14,265	14,082	Retained earnings	1,437,921	1,317,080
Long-term loans receivable from subsidiaries and affiliates	15,569	15,989	Legal reserve	15,885	15,885
Prepaid pension costs	19,358	18,368	Other retained earnings	1,422,036	1,301,195
Other	1,754	6,269	Reserve for retirement benefits	5,000	5,000
Allowance for doubtful accounts	(-) 2,025	(-) 6	Reserve for dividends	11,000	11,000
			Reserve for research and development	2,400	2,400
			Reserve for capital improvements	1,054	1,054
			Reserve for promotion of exports	434	434
			Reserve for special depreciation	72	121
			Reserve for reduction of noncurrent assets	37,164	40,680
			General reserve	814,500	814,500
			Unappropriated retained earnings	550,412	426,006
			Treasury stock	(-) 35,961	(-) 18,189
			Valuation and translation adjustments	**52,711**	**62,888**
			Unrealized gains on available-for-sale securities	52,948	63,186
			Deferred gains on derivatives under hedge accounting	(-) 236	(-) 298
			Stock acquisition rights	**1,896**	**1,889**
			Total net assets	**1,572,199**	**1,477,854**
TOTAL ASSETS	**2,699,455**	**2,591,184**	**TOTAL LIABILITIES AND EQUITY**	**2,699,455**	**2,591,184**

UNCONSOLIDATED STATEMENT OF INCOME

(April 1, 2015 to March 31, 2016) (Million JPY)

Item	Amount	[Reference] Amount of previous period
Net sales	776,998	776,222
Cost of sales	327,037	290,992
Gross profit	449,961	485,230
Selling, general and administrative expenses	355,729	375,164
Operating income	94,232	110,066
Non-operating income	217,971	142,958
Interest and dividend income	205,710	123,749
Other	12,260	19,209
Non-operating expenses	19,308	13,515
Interest expenses	3,760	3,935
Other	15,548	9,580
Ordinary income	292,895	239,509
Extraordinary income	9,595	18,061
Gain on sales of investment securities	7,689	436
Gain on sales of investment in subsidiaries	1,906	-
Gain on sales of noncurrent assets	-	17,625
Extraordinary loss	13,375	136,578
Restructuring costs	1,869	2,829
Impairment loss	5,235	9,692
Devaluation of investment in subsidiaries	733	8,651
Loss on Actos litigation	1,262	115,405
Cancellation payment	4,275	-
Income before income taxes	289,115	120,992
Current	3,443	(8,438)
Deferred	22,649	68,717
Net income	263,023	60,714

UNCONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(April 1, 2015 to March 31, 2016) (Million JPY)

	Total shareholders' equity									Valuation and translation adjustments			Stock Acquisition rights	Total net assets
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity	Unrealized gains or losses on available-for-sale securities	Deferred gains or losses on derivatives under hedge accounting	Total valuation and translation adjustments		
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings (*)	Total retained earnings							
Balance as of April 1, 2015	64,044	50,141	0	50,142	15,885	1,301,195	1,317,080	(-) 18,189	1,413,077	63,186	(-) 298	62,888	1,889	1,477,854
Changes during the fiscal year														
Issuance of new stock (Exercise of stock acquisition rights)	722	722		722			–		1,444					1,444
Dividends from surplus						(-) 142,182	(-) 142,182		(-) 142,182					(-) 142,182
Reversal of reserve for special depreciation							–		–					–
Reversal of reserve for reduction of noncurrent assets							–		–					–
Net income						263,023	263,023		263,023					263,023
Purchase of treasury stock							–	(-) 22,347	(-) 22,347					(-) 22,347
Disposal of treasury stock			1	1			–	4,575	4,576					4,576
Net change in items other than shareholders' equity during the fiscal year							–		–	(-) 10,239	62	(-) 10,176	7	(-) 10,169
Total changes during the fiscal year	722	722	1	722	–	120,842	120,842	(-) 17,772	104,514	(-) 10,239	62	(-) 10,176	7	94,345
Balance as of March 31, 2016	64,766	50,863	1	50,864	15,885	1,422,036	1,437,921	(-) 35,961	1,517,591	52,948	(-) 236	52,711	1,896	1,572,199

*Breakdown of other retained earnings (Million JPY)

	Reserve for retirement benefits	Reserve for dividends	Reserve for research and development	Reserve for capital improvements	Reserve for promotion of exports	Reserve for special depreciation	Reserve for reduction of noncurrent assets	General reserve	Unappropriated retained earnings	Total
Balance as of April 1, 2015	5,000	11,000	2,400	1,054	434	121	40,680	814,500	426,006	1,301,195
Changes during the fiscal year										
Issuance of new stock (Exercise of stock acquisition rights)										–
Dividends from surplus (Exercise of stock acquisition rights)									(-) 142,182	(-) 142,182
Reversal of reserve for special depreciation						(-) 49			49	–
Reversal of reserve for reduction of noncurrent assets							(-) 3,516		3,516	–
Net income									263,023	263,023
Purchase of treasury stock										–
Disposal of treasury stock										–
Net change in items other than shareholders' equity during the fiscal year										–
Total changes during the fiscal year	–	–	–	–	–	(-) 49	(-) 3,516	–	124,406	120,842
Balance as of March 31, 2016	5,000	11,000	2,400	1,054	434	72	37,164	814,500	550,412	1,422,036

[English Translation of the Accounting Auditors' Report Originally Issued in the Japanese Language]
[Certified Copy of the Accounting Auditors' Report related to the Consolidated Financial Statements]

Independent Auditor's Report

May 6, 2016

The Board of Directors
Takeda Pharmaceutical Company Limited

KPMG AZSA LLC

Koichi Kohori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kengo Chida (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Naohiro Nishida (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated statement of income , the consolidated statement of financial position, the consolidated statement of changes in equity and the related notes on the consolidated financial statements of Takeda Pharmaceutical Company Limited (the "Company") as of March 31, 2016 and for the year from April 1, 2015 to March 31, 2016 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including

the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, present fairly, in all material respects, the financial position and the results of operations of the Company and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

1. As discussed in the "Significant Subsequent Events" of the notes on the consolidated financial statements, on April 1, 2016, the company split off its off-patented and data exclusivity expired products business via an absorption type company split and transferred to a wholly owned subsidiary of Teva Pharmaceutical Industries Ltd. ("Teva"). The succeeding company became a business venture of the Company and Teva.
2. As discussed in the "Significant Subsequent Events" of the notes on the consolidated financial statements, on April 26, 2016, the company borrowed new funds in large amounts.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

End of Document

[English Translation of the Accounting Auditors' Report Originally Issued in the Japanese Language]
[Certified Copy of the Accounting Auditors' Report]

Independent Auditor's Report

May 6, 2016

The Board of Directors
Takeda Pharmaceutical Company Limited

KPMG AZSA LLC

Koichi Kohori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kengo Chida (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Naohiro Nishida (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes on the accounts, and the supplementary schedules of Takeda Pharmaceutical Company Limited (the "Company") as of March 31, 2016 and for the 139th fiscal year from April 1, 2015 to March 31, 2016 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements

and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

1. As discussed in the "Significant Subsequent Events" of the notes on the accounts, on April 1, 2016, the company split off its off-patented and data exclusivity expired products business via an absorption type company split and transferred to a wholly owned subsidiary of Teva Pharmaceutical Industries Ltd. ("Teva"). The succeeding company became a business venture of the Company and Teva.
2. As discussed in the "Significant Subsequent Events" of the notes on the accounts, on April 15, 2016, the Company established a wholly owned subsidiary, Takeda Consumer Healthcare Company Limited, to spin off its Japan Consumer Healthcare Business Unit.
3. As discussed in the "Significant Subsequent Events" of the notes on the accounts, on April 26, 2016, the company borrowed new funds in large amounts.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

End of Document

[English Translation of the Report of the Board of Corporate Auditors Originally Issued in the Japanese Language]

[Certified Copy of the Audit Report of the Board of Corporate Auditors]

Audit Report

The Board of Corporate Auditors prepared this audit report regarding the performance of duties of the Directors of the Company during the 139th fiscal year from April 1, 2015 to March 31, 2016, upon deliberation, based on the audit reports prepared by each Corporate Auditor and hereby reports as follows:

1. Auditing Method Employed by Corporate Auditors and Board of Corporate Auditors and Details Thereof

The Board of Corporate Auditors established the audit policy and duties of each Corporate Auditor, received reports from each Corporate Auditor on the execution of audits and results thereof and received reports from Directors and other related persons and Accounting Auditors, KPMG AZSA LLC, on the performance of their duties, and, when necessary, requested explanations.

In accordance with the audit policy established by the Board of Corporate Auditors and the duties assigned to each Corporate Auditor by the Board of Corporate Auditors, each Corporate Auditor has had communication with Directors, employees and other related persons and the internal audit function of the Company and endeavored to gather information and create an improved environment for auditing. Each Corporate Auditor also attended meetings of the Board of Directors and other important meetings, received from Directors, employees and other related persons reports on the performance of their duties, and, when necessary, requested explanations. The Corporate Auditors also inspected the important materials used for the deliberation and reporting, and examined the status of operations and properties at the head office and the principal offices of the Company. In regard to the substance of resolution by the Board of Directors regarding establishment of the systems necessary to ensure that Directors comply with laws and regulations as well as the Articles of Incorporation of the Company in executing their duties, and other systems provided for in Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act of Japan necessary for ensuring that the operation of the Company's group which consists of the Company and its subsidiaries will be conducted appropriately, and the system being established in accordance with such resolution (Internal Control System), the Corporate Auditors received from Directors, employees and other related persons reports on the status of establishment and implementation of such systems, and, when necessary, requested explanations and expressed opinions. In regard to the internal controls related to financial reporting in the Financial Instruments and Exchange Act, the Corporate Auditors received evaluations of internal controls and reports on audits from Directors, etc, and the Accounting Auditors, KPMG AZSA LLC and requested explanations as required. As for the subsidiaries of the Company, the Corporate Auditors received reports on the businesses of the subsidiaries by asking for reports on their respective business from the Directors and other related persons of the Company in charge of the subsidiaries, having communication with the directors and corporate auditors of the subsidiaries and sharing information among them as well as visiting the subsidiaries as necessary. According to the foregoing method, we examined the business report and the accompanying supplementary schedules for this fiscal year.

In addition, the Corporate Auditors also monitored and examined whether the Accounting Auditors maintain their independence and conduct their audits in an appropriate manner. The Corporate Auditors received reports from the Accounting Auditors on the performance of their duties and, when necessary, requested their explanations. The Corporate Auditors also received notification from the Accounting Auditors that they have taken steps to improve the "system for ensuring appropriate execution of the duties of the accounting auditors" (as set forth in Items of Article 131 of the Ordinance for Corporate Accounting) in compliance with the "Quality Control Standard for Auditing" (adopted by the Business Accounting Council on October 28, 2005). The Corporate Auditors requested explanations on such notifications as necessary. Based on the method described above, the Corporate Auditors reviewed the unconsolidated financial statements (the unconsolidated balance sheet, the unconsolidated statement of income, the unconsolidated statement of changes in net assets and the notes on the unconsolidated accounts) and their supplementary schedules and the consolidated financial statements (the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of changes in equity and the notes on the

consolidated financial statements, which were prepared omitting a part of items required to disclose by the International Financial Reporting Standards in accordance with the latter clause of Paragraph 1, Article 120 of the Ordinance for Corporate Accounting) for this fiscal year.

2. Results of Audit

(1) Results of Audit of the Business Report, etc.

A. We confirm that the business report and the accompanying supplementary schedules present fairly the status of the Company in conformity with the applicable laws and regulations as well as the Articles of Incorporation of the Company.

B. With regard to the performance of the duties of the Directors, as is described in the business report, the Company received an order to improve business operation from the Ministry of Health, Labour and Welfare based on the Act on Securing Quality, Efficacy and Safety of Pharmaceuticals and Medical Devices, etc. in this fiscal year. The order was based on the decision that a part of the promotional materials, which was developed based on the results of the investigator-led clinical research using the anti-hypertensive treatment BLOPRESS and targeted healthcare professionals, fell under extravagant and misleading advertisements. Except for this matter, we confirm that there are no fraudulent acts or material facts that violated the applicable laws and regulations or the Articles of Incorporation of the Company in the course of the performance of the duties of the Directors.

C. We confirm that the substance of the resolutions made by the Board of Directors regarding the Internal Control System is appropriate. We do not recognize any matters that should be pointed out in regard to the performance of the duties of the Directors regarding the Internal Control System, including the Internal Control System related to financial reporting. With regard to the order to improve business operation from the Ministry of Health, Labour and Welfare mentioned above, the Company took it very seriously; and made effort to carry out the recurrence prevention measures thoroughly in accordance with the improvement plan. We, the Board of the Corporate Auditors, also will continue to monitor the improvement status and pay close attention to this matter from now on for enhancement of the Internal Control including thorough observance of Compliance.

(2) Results of Audit of the Unconsolidated Financial Statements and the Accompanying Supplementary Schedules

We confirm that the method and the results of the audit conducted by the Accounting Auditors are appropriate.

(3) Results of Audit of the Consolidated Financial Statements

We confirm that the method and the results of the audit conducted by the Accounting Auditors are appropriate.

May 9, 2016

The Board of Corporate Auditors
of Takeda Pharmaceutical Company Limited

Corporate Auditor: Naohisa Takeda
Corporate Auditor: Yasuhiko Yamanaka
Corporate Auditor: Tsuguoki Fujinuma
Corporate Auditor: Shiro Kuniya

Note: Corporate Auditors Tsuguoki Fujinuma and Shiro Kuniya are Outside Corporate Auditors as provided in Item 16, Article 2 of the Companies Act of Japan.

END

(Reference) Recent Topics

TOPICS 1 (General Management):

Efforts to Promote Women's Success and Diversity in the Workplace

In November 2015, the Company was granted "*Platinum Kurumin*" certification by the Minister of Health, Labour and Welfare. The "*Platinum Kurumin*" certification is awarded to "*Kurumin*" certified companies which have provided support to employees raising children because of their higher effort therefor. The Company is the first pharmaceutical company to receive the "*Platinum Kurumin*" certification. Based on the Act on Promotion of Women's Participation and Advancement in the Workplace that took effect in April 2016, the Company has set three targets*.

On March 15, an in-house network called "*Hanamizuki*" consisting of female employees in managerial position took a lead in holding Takeda Women's Day with support from the executives including Mr. Christophe Weber, President and Chief Executive Officer. The meeting was held with the aim of gaining deeper understanding of diversity by each and every individual employee. On the day of the meeting, Japanese offices such as Osaka Head Office, Tokyo Head Office, Shonan Research Center, Osaka Plant, Hikari Plant, etc. were linked by video-conference and approximately 2,500 female/male employees including Mr. Christophe Weber, President and Chief Executive Officer and Ms. Ramona Sequeira, President, US Business Unit attended the meeting. To promote diversity, it is essential for all employees to understand the importance of diversity regardless of gender, age, job position, etc. and to recognize and respect one another, and the Company will continue to take such actions.

*The Company actively engages in promoting diversity, sets new key performance indicators (KPIs), and will strive during the period from FY 2016 to FY 2018.

Indicator	Target	
Rate of newly appointed female employees in managerial position	30%	FY2016
Turnover rate in employees within 10 years after joining the Company (female/male)	Same ratio	FY2018
Term before getting promoted to the managerial position	Lifting the rate of newly appointed employees in the managerial position who have work experience for 8 years or less in the Company to 10%	FY2016

TOPICS 2 (R&D): Promotion of Open Innovation

The Company is engaging in promoting open innovation in order to provide the pharmaceutical drugs which meet unmet medical needs by driving world-class innovation. In the collaborative research conducted by the Company and the Center for iPS Cell Research and Application (CiRA) of Kyoto University to develop clinical applications of induced pluripotent stem (iPS) cells related technologies, research programs in six therapeutic areas including heart failure, diabetes mellitus, neurodegenerative disorders and intractable muscular diseases were launched in December 2015. Application of iPS cells related technologies covers a variety of fields, including drug discovery, cell therapy, and drug safety evaluations and has the potential to bring about groundbreaking transformations to future healthcare.

Additionally, the Company entered into collaborative development agreement with Cour Pharmaceutical Development Company, Inc. to develop drugs for the treatment of gastrointestinal disorders such as celiac disease, which is an autoimmune reaction disease to gluten, in December 2015 and collaborative research and development agreement with Enterome Bioscience SA to research and develop new drugs in gastrointestinal therapeutic area directed at microbiome targets in January 2016. The Company has also made efforts to strengthen technical platforms and entered into collaborative research agreement with NsGene, Inc. to research encapsulated cell therapies for the potential treatment of Parkinson's disease and collaboration agreement with enGene, Inc. to develop novel therapies for gastrointestinal diseases using enGene's gene delivery platform.

We will strive to bring innovative therapies to patients through promoting open innovation.

TOPICS 3 (Ethical Drug Business): Launch of New Drugs

“NINLARO®”, launched in the United States in December 2015, is a once-weekly oral agent for the treatment of multiple myeloma and a groundbreaking drug that makes it possible for patients to receive continuous medication thanks to its efficacy, safety and convenience. It is anticipated to be a global product, which is extremely important for the Company’s sustainable growth.

In Japan, the Company launched the "Copaxone® Subcutaneous Injection 20 mg Syringe" for the treatment of multiple sclerosis in November 2015. Copaxone is a drug developed by Teva Pharmaceutical Industries Ltd. (hereinafter “Teva”), and one of the most widely used drugs in multiple sclerosis worldwide. The Company received marketing authorization based on its license agreement with Teva after receiving a request from the Ministry of Health, Labour and Welfare to develop it as an "unapproved drug highly needed in medical care." Additionally, in December 2015, the Company launched the "Leuplin® PRO for Injection Kit 22.5 mg" for the treatment of prostate cancer and premenopausal breast cancer. The new 24-week formulation, in addition to the 4-week and 12-week formulations, can expand the options for patients with prostate cancer or premenopausal breast cancer in Japan, and provide optimal drug treatments according to each patient’s lifestyle.

The Company will continue to make efforts to deliver innovative new drugs, which are very much needed by patients and healthcare professionals around the world, including Japan, to provide treatment options that can contribute to the convenience of such people, and to further enhance its corporate value.

(Reference) Basic Data concerning Stock, etc.

Memo for shareholders

Fiscal year	April 1 each year to March 31 of the following year
Ordinary General Meeting of Shareholders	June each year
Reference dates	Ordinary General Meeting of Shareholders: March 31 each year Term-end dividend: March 31 each year Interim dividend: September 30 each year
Number of shares per share unit	100 shares
Methods used for public notices	Electronic public notice Public notices are published on the website: http://www.takeda.co.jp/investor-information/koukoku/index.html However, if the Company is unable to make public notices by electronic means due to breakdown or other unavoidable reason, public notices will be published in the Nihon Keizai Shimbun.

Guidance Notes on Services concerning Stock

Transfer agent and Administrator of the Special Account
Mitsubishi UFJ Trust and Banking Corporation
Inquiries:
Mitsubishi UFJ Trust and Banking Corporation
Osaka Corporate Agency Division
6-3, Fushimimachi 3-chome, Chuo-ku, Osaka 541-8502

0120-094-777 (toll-free number)
(Operating hours: 9:00 to 17:00, excluding Saturdays, Sundays and public holidays)

- ♦For procedures such as changes of address, shareholders are asked to direct inquiries to the securities company, etc., where they have opened a trading account.
- ♦ For procedures related to dividends after the payment period has passed or related to shares listed in the Special Account, please direct inquiries to the Mitsubishi UFJ Trust and Banking Corporation as shown above.

Guidance Notes on the Website

The information regarding Takeda Pharmaceutical Company Limited is available at the following website:

http://betterhealth.takeda.com/

The details on the R&D activities are also available at the website above.

Guidance Notes on the Exercising of Voting Rights via Electronic Means (e.g., the Internet, etc.)

If you wish to exercise your voting rights via electronic means (e.g., the Internet, etc.), please ensure that you do so after confirming the following items.
If you attend the Meeting in person, exercising your voting rights by mailing (using the Voting Right Exercise Form) or via electronic means (e.g., the Internet, etc.) is not necessary.

Details

1. Website for Exercising Voting Rights

(1) You may exercise your voting rights via the Internet only by accessing the website for exercising voting rights specified by the Company (http://www.evote.jp/) using a personal computer, a smartphone or a cellular phone. Please note that you will not be able to access the above URL from 2:00 a.m. to 5:00 a.m. each day during the period prescribed for exercising these rights.

(2) In some cases, you may not be able to use the website for exercising voting rights, depending upon the network environment, the service and the equipment you are using.

(3) Although the exercising of voting rights via the Internet will be accepted **until 5:30 p.m. on Tuesday, June 28, 2016**, we recommend that you exercise your voting rights earlier. If you have any inquiries, please contact the help desk shown below.

2. Method for Exercising Voting Rights via the Internet

(1) On the website for exercising voting rights (http://www.evote.jp/), please enter your approval or disapproval of the proposals, using the “Code” and “Tentative Password” provided in the Voting Right Exercise Form and following the instructions on the screen.

(2) Please note that if you wish to exercise your voting rights via the Internet, you will be asked to change your “Tentative Password” on the website for exercising voting rights to prevent unauthorized access and falsification of voting by non-shareholders.

3. Costs Arising from Access to the Website for Exercising Voting Rights

Any Internet access fees or communication charges, etc., arising from access to the website for exercising voting rights shall be borne by the user.

For inquiries with respect to systems, please contact:

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division (help desk)
Telephone: 0120-173-027 (toll-free number)
Operating Hours: 9:00 to 21:00

To Institutional Investors:
It is possible to use the “Electronic Voting Platform” as a method for exercising voting rights.

END OF DOCUMENT