ANNUAL REPORT 2010

Transformation

into a New Takeda




Annual Report 2010

Our Contribution to Financial and Social Responsibility



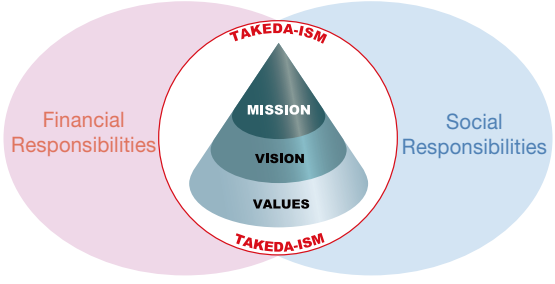

Takeda Pharmaceutical Company Limited

Takeda Pharmaceutical Company Limited

Editorial Policy

Takeda integrates its annual report and CSR report into a single publication with a mind to give readers a complete understanding of how our business operations are guided by our corporate philosophy.

Takeda has been supplying pharmaceuticals for 229 years, during which time we have developed a strong commitment to the highest ethical standards and strong sense of mission. As our operations became global in scale, demands concerning corporate social responsibility (CSR) have increased. We believe that developing outstanding pharmaceutical products in accordance with the principles of Takeda-ism is the essence of CSR for the Takeda Group. Due to this strong link between our business activities and CSR, since fiscal 2006, we have published an Annual Report featuring CSR activities and other non-financial information as part of our efforts to actively disclose information to all of our stakeholders. We believe that this approach is the best way to explain to readers how we fulfill both our financial and social responsibilities through our business activities. This publication covers the activities of Takeda Pharmaceutical Company Limited, its 55 consolidated subsidiaries and 15 equity method affiliates, a total of 71 companies.



[Reference Guidelines for Disclosure of Non-Financial Information]

Sustainability Reporting Guidelines:
Guidelines issued by the Global Reporting Initiative that specify a globally applicable framework for sustainability reports.

AA1000:
Guidelines issued by British firm AccountAbility that specify a systematic process in which stakeholders are involved in the course of developing communication systems, etc.

Inclusion Status in SRI Indexes

Recently investors are showing increasing interest in socially responsible investment (SRI) where investment fund managers evaluate not only financial aspects of companies for investment, but also their CSR initiatives. Takeda is a constituent of the FTSE4Good SRI index provided by FTSE, as well as the Morningstar, Inc. SRI index, MS-SRI. (As of May 31, 2010).

FTSE4Good

MS-SRI

Strive towards Better Health for Patients Worldwide

Precautions regarding Forward-Looking Statements

This annual report includes forward-looking statements regarding Takeda's plans, prospects, strategies and performance, etc. These prospects are the result of assessments obtained from information currently available, and since actual performance is subject to various risks and uncertainties, it should be noted that outcomes could differ substantially from those prospects. Factors that could affect future prospects would include, but are not limited to, economic circumstances in Takeda's business domains, competitive pressures, relevant laws and regulations, change in the status of product development, exchange rate risk and so on.

* The contents of this annual report are based on information as of fiscal 2009 (April 1, 2009 to March 31, 2010) with some activities of significant relevance in fiscal 2010 also included.

CONTENTS

Highlights

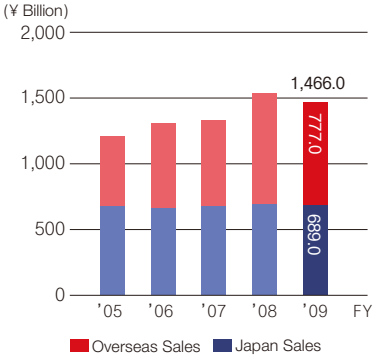
Takeda Pharmaceutical Company Limited and Subsidiaries Years ended March 31, 2010, 2009 and 2008

	Millions of yen 2010	Millions of yen 2009	Millions of yen 2008	% change 2010/2009	Thousands of U.S. dollars (Note) 2010
Net sales	¥ 1,465,965	¥ 1,538,336	¥ 1,374,802	(4.7)%	$ 15,763,065
Operating income	420,212	306,468	423,123	37.1	4,518,409
Income before income taxes and minority interests	415,829	398,546	576,842	4.3	4,471,280
Net income	297,744	234,385	355,454	27.0	3,201,548
Research and development expenses*	296,392	453,046	275,788	(34.6)	3,187,011
Capital expenditures*	114,505	906,855	38,908	—	1,231,237
Depreciation and amortization*	114,825	118,081	31,690	(2.8)	1,234,677
Total assets	¥ 2,823,274	¥ 2,760,188	¥ 2,849,279	2.3 %	$ 30,357,785
Equity	2,164,746	2,053,840	2,322,533	5.4	23,276,839
Treasury stock	(980)	(1,068)	(322,644)	—	(10,538)
Return on equity (ROE)	14.4%	10.9%	15.1%	3.5 %	
Earnings per share (EPS)	¥ 377.19	¥ 289.82	¥ 418.97	30.1 %	$ 4.06
Cash dividends per share	180.00	180.00	168.00	—	1.94

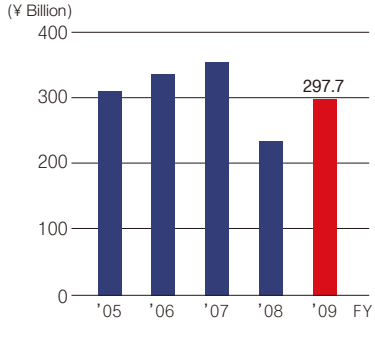
Note: The U.S. dollar amounts in this report represent translations of Japanese yen, solely for reader's convenience, at the rate of ¥93=US$1, the approximate exchange rate at March 31, 2010. Figures in parentheses indicate a decrease.

* In the fiscal year ended March 31 2009, research and development expenses, capital expenditures and depreciation and amortization increased significantly due to the consolidation of TAP Pharmaceutical Products Inc. and Millennium Pharmaceuticals, Inc. as subsidiaries.

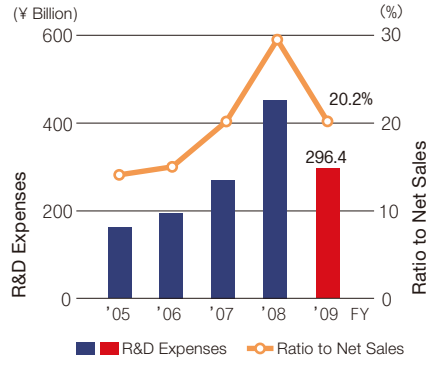
Net Sales



Net Income



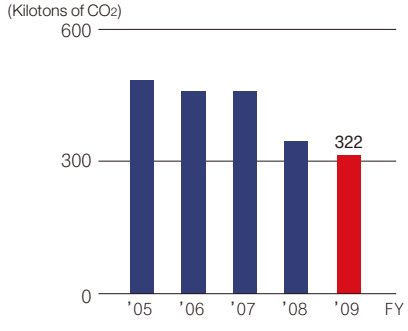
R&D Expenses / Ratio to Net Sales



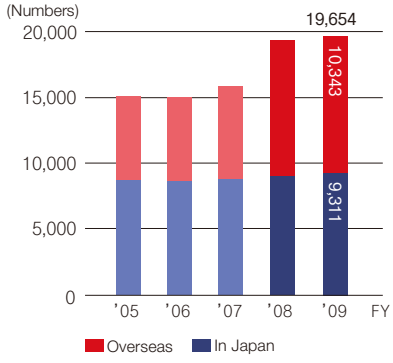
		Millions of yen 2010	Millions of yen 2009	Millions of yen 2008	% change 2010/2009	Thousands of U.S. dollars (Note) 2010
Net sales by region	Total	¥ 1,465,965	¥ 1,538,336	¥ 1,374,802	(4.7)%	$ 15,763,065
	Japan	688,921	695,207	680,600	(0.9)	7,407,753
	North America	561,787	631,634	463,365	(11.1)	6,040,721
	Europe	186,856	184,504	203,632	1.3	2,009,204
	Others	28,401	26,991	27,205	5.2	305,387

		2010	2009	2008	% change 2010/2009
Number of employees	Total	19,654	19,362	15,487	1.5%
	Japan	9,311	9,072	8,778	2.6
	Overseas	10,343	10,290	6,709	0.5
	Pharmaceutical business	17,474	17,194	13,203	1.6
	Other businesses	2,180	2,168	2,284	0.6
Input energies		5,968 million MJ	5,823 million MJ	7,364 million MJ	2.5%
CO_2 emissions		322 kilotons of CO_2	347 kilotons of CO_2	460 kilotons of CO_2	(7.2)
Input water resources		7,401 thousand m^3	7,771 thousand m^3	9,792 thousand m^3	(4.8)

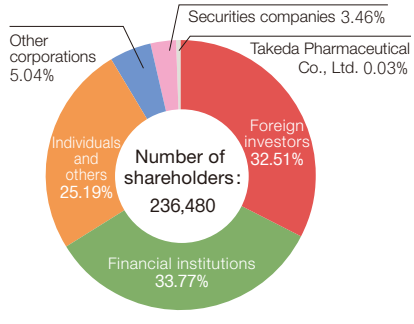
CO_2 Emissions



Number of Employees



Proportion of Shareholders



Yasuchika Hasegawa
President & CEO

Building a sound base for sustained growth through transformation into a new Takeda.

During the 2006-2010 Mid-Range Plan, Takeda implemented numerous initiatives based on the plan's central themes with the goal of becoming a world-class pharmaceutical company. Takeda strengthened its oncology pipeline by acquiring the world-class biopharmaceutical company Millennium Pharmaceuticals, Inc., into the Takeda Group. Takeda successfully realigned its operating structure through the division and consolidation of TAP Pharmaceutical Products Inc. (TAP), a joint venture with Abbott Laboratories. Following the consolidation of TAP as a wholly-owned subsidiary, the sales and marketing functions of TAP were merged into our U.S. subsidiary Takeda Pharmaceuticals North America Inc. (TPNA). In rapidly growing emerging countries, we expanded our network of sales bases. In addition, we strengthened our global governance structure by establishing the positions of Chief Scientific Officer, Executive Vice President International Operations and Chief Administrative Officer. These actions have brought us a long way forward in reinforcing our global base of operations.

Even as we make this progress, enormous changes are taking place in our operating environment: There are challenges to technological innovation throughout the pharmaceutical industry that have greatly slowed the discovery of novel drugs; and furthermore the industry faces more stringent approval procedures for its new drugs as well as considerable reforming of the healthcare systems in many countries. Takeda has also experienced several discontinuations in its development pipeline as well as delays in obtaining drug approvals. In order to respond flexibly to these changes in the business environment, the Company developed the 2010-2012 Mid-Range Plan, one year ahead of schedule.

Takeda is approaching a period of unprecedented challenge because of upcoming patent expirations for a number of major products. We are positioning the period covered by the 2010-2012 Mid-Range Plan as a time of transformation, in which the Company will move forward from our past successes and grow into a new Takeda. By the fiscal year ending in March 2016, we aim to restore earnings to same level as in the current fiscal year, which ends in March 2011. At that point, we plan to have a sound base for sustained growth. To reach these goals, we have decided on a new management policy referred to as the Vision, which focuses on our activities on the themes of Innovation, Culture and Growth.

Takeda will celebrate its 230th anniversary in 2011. Throughout this long history, Takeda has grown while overcoming countless challenges by adhering to a corporate philosophy we call "Takeda-ism = integrity meaning fairness, honesty and perseverance." We are determined to reach the goals of the 2010-2012 Mid-Range Plan in order to accomplish our mission of "striving towards better health for patients worldwide through leading innovation in medicine." We will tackle the challenges posed by today's challenging operating environment to build a sound base of operations that can support further growth. At the same time, Takeda will maintain a resolute commitment to corporate social responsibility on a global scale as we fulfill our obligations to all our stakeholders.

Interview

We are committed as one to meeting stakeholders' expectations and realizing the goals of our new growth strategy.

Yasuchika Hasegawa
President & CEO

Overview of Current Results and Previous Mid-Range Plan

Q1 **Fiscal 2009 became the final year of Takeda's previous Mid-Range Plan. Can you comment on Takeda's performance in fiscal 2009 and the overall accomplishments of the previous plan?**

A1 **The plan produced a number of significant accomplishments as we implemented a variety of initiatives to reach our goals. But there are still areas where we need to make more progress.**

In fiscal 2006, we started the 2006-2010 Mid-Range Plan, during the course of which we tackled several key management tasks shown to the left with the goal of becoming a "world-class pharmaceutical company." In fiscal 2009, our average annual EPS growth rate (excluding extraordinary income/loss, extraordinary factors arising from business acquisitions and similar events) was 7.8 percent, our ROE was 14.4 percent, and our weighted-average market share in countries where we have our own sales channels rose to 2.5 percent. In addition, we made significant progress in building a foundation for future growth, including strengthening our R&D pipeline in oncology and other areas, establishing global business infrastructure, and bolstering our global governance structure. But there are still remaining issues that we must tackle.

In fiscal 2009, the final year of our previous Mid-Range Plan, consolidated net sales totaled ¥1,466.0 billion (a decrease of 4.7 percent over the previous year). Total net sales were decreased due to the significant yen appreciation against the U.S. dollar and Euro and patent expiration of the peptic ulcer treatment *Prevacid* (generic name: lansoprazole) in the U.S. Sales by the ethical drugs amounted to ¥1,317.7 billion (down 4.8 percent year on year). In Japan, ethical drug sales decreased slightly to ¥548.8 billion despite increased sales of the type 2 diabetes treatment *Actos* (generic name: pioglitazone hydrochloride) and several other major products. Overseas, ethical drug sales totaled ¥768.9 billion (down 7.9 percent YOY). In the U.S., sales declined in local currency terms, despite increased net sales of *Actos* and the multiple myeloma treatment *VELCADE* (generic name: bortezomib), and the launch of two new products—the acid reflux treatment drug *DEXILANT* (generic name: dexlansoprazole, formerly known as *KAPIDEX*) and *ULORIC* (generic name: febuxostat), a drug for hyperuricemia for patients with gout—which were not sufficient to offset the drop in *Prevacid* sales following its patent expiration. In Europe, because of growth in sales of *Actos* and other products, net sales grew on a local-currency basis, but decreased on a yen basis due to a strong yen.

Management Tasks of the 2006-2010 Mid-Range Plan

- Enhancement of capability to create new drugs through in-house R&D activities
- Formulation of a tri-polar marketing function (Japan, the U.S. and Europe)
- Establishment of an efficient global management scheme for corporate headquarters' functions
- Securing the human resources pipeline necessary for global operations
- Pursuing the highest productivity and efficiency in each of the "MPDRAP" (marketing, production, development, research, alliances, and patents) functions

R&D expenses totaled ¥296.4 billion (down 34.6 percent YOY). The main reason was the inclusion of the one-off in-process R&D costs of $1,590 million recorded in fiscal 2008 as a result of consolidation of TAP and Millennium as wholly-owned subsidiaries. Operating income was increased by 37.1 percent YOY to ¥420.2 billion mainly due to the decrease of the selling and general administrative expenses, mainly R&D expense. Net income increased a significant 27.0 percent YOY to ¥297.7 billion.

2006-2010 Mid-Range Plan Accomplishments as of End of Fiscal 2009

Enhancement of R&D pipeline, toward sales of in-house ethical products of 2 trillion yen in fiscal 2015	Not achieved
Sales of in-house ethical products: 1.4 trillion yen*	Not achieved (¥1.2 trillion)
Market share: 2.5% weighted average in countries where Takeda has its own sales channels	2.5%
R&D expenses: investment up to 20% of the sales of ethical products	22.1%
Earnings per share (EPS)**: CAGR of more than 7%	7.8%***
Return on equity (ROE): Maintenance of 14-15% level	14.4%

* Excluding sales as a wholesaler
** Excluding extraordinary income/loss, extraordinary factors arising from business acquisitions and similar events
*** Average annual growth rate for fiscal 2006-2009

Returns to Shareholders as of End of Fiscal 2009

Dividend payout ratio of 45%	42.0%
Shares worth 622.2 billion yen were bought back by the end of FY2009 and all were cancelled.	

Background to the 2010-2012 Mid-Range Plan

Q2 Why did you decide to start a new Mid-Range Plan one year ahead of schedule?

A2 We created the 2010-2012 Mid-Range Plan to respond flexibly to changes in our operating environment and to put us on the path to achieve sustainable growth into the future.

For example, the following changes are reshaping the operating environment for pharmaceutical companies.
1) Facing barriers to successful technological innovation, R&D productivity is falling and expenses are rising rapidly.
2) Approval procedures for new drugs are becoming ever more stringent in many countries.
3) Radical changes are being made to healthcare systems in many countries.
4) Economic growth is slowing in industrialized countries, while the economies in emerging countries are expanding rapidly.

In addition to these challenges, Takeda had to discontinue several drug development programs and regulatory approval for several drug candidates took longer than expected. Due to these challenges, with one year remaining in the 2006-2010 Mid-Range Plan, it was no longer possible to realize some of the plan's goals despite the numerous initiatives we were taking to prepare for the future. There were particular challenges in realizing a pipeline able to generate ethical drug sales of ¥2 trillion by fiscal 2015 and to realize the ethical drug sales target of ¥1.4 trillion in fiscal 2010. For this reason, it was decided to create a new Mid-Range Plan—one year ahead of schedule. To establish a base for sustained growth, we will concentrate on continuous improvements in three areas:
1) Building a broad pipeline that can support sustained growth
2) Adapting to changes in market conditions with speed and flexibility
3) Improving the productivity of R&D activities
The period of the new Mid-Range Plan has been shortened to three years from the usual five-year period covered by Takeda's previous Mid-Range Plans. This will allow us to more flexibly and rapidly respond to changes in our operating environment.

The 2010-2012 Mid-Range Plan

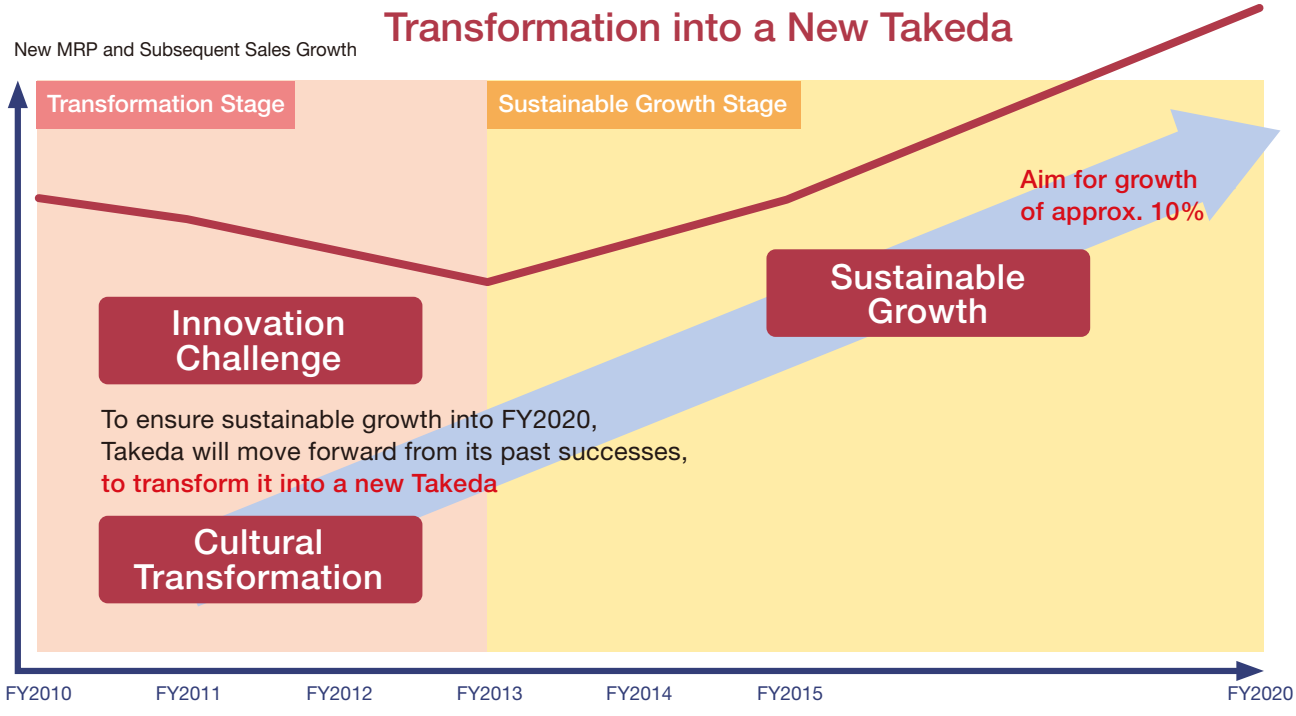
Q3 Please explain the major components of the 2010-2012 Mid-Range Plan.

A3 The objective is sustained growth. Takeda has established strategic objectives based on a new vision in order to achieve a transformation into a new Takeda.

The 2010-2012 Mid-Range Plan assumes that sales of generic versions of *Actos* will start in the U.S. in August 2012*. Consequently, the first full-year impact on our performance will occur in fiscal 2013. During the four-year period between now and fiscal 2013, which includes the new Mid-Range Plan, Takeda will have to deal with unprecedented challenges in its operating environment.

This is why we have positioned the new Mid-Range Plan as a period of transformation, in which we will move forward from our past successes and grow into a new Takeda. We will be guided by a new management policy referred to as the Vision with three central themes: "Innovation," "Culture" and "Growth." We plan to use these strengths for consistent growth in corporate value over the medium-and long term. In particular, we will take full advantage of the extra time and funds resulting from the delay in the launch of generic versions of *Actos*. Our goal is to return our fiscal 2015 performance to the same level as in fiscal 2010. Then we plan to maintain consistent growth of about 10 percent starting in fiscal 2016.

* Takeda and Takeda Pharmaceuticals North America (TPNA) have filed patent infringement lawsuits against companies that have submitted an Abbreviated New Drug Application (ANDA) for generic *Actos* and/or *ACTOplus met* with the U.S. Food and Drug Administration. Although until the lawsuits that are currently pending and those would be brought against companies who may submit ANDA, if any, are resolved or concluded, the date of entry of generic *Actos* is uncertain, while preparing the 2010-2012 Mid-Range Plan, Takeda is operating on the assumption that the entry of generic versions of *Actos* will be August 2012.



Innovation

Innovation based on bold leadership in science and medicine resulting in the discovery, development and delivery of high-quality, differentiated products focused on patient needs.

1. Secure launches of late-stage development projects
2. Enhancement of pipeline through refocusing on core therapeutic areas
3. Enhancement of pipeline through revitalized R&D productivity

Growth

Target sustainable growth in corporate value by leveraging core therapeutic areas, and an industry-leading pipeline and product portfolio.

1. Accelerate new product launches and maximize product value
2. Drive growth from new geographies

- Rigorously reset to a lower cost base
- Establish lean and flexible organizational networks
- Strategically invest cash / near term contribution to sales and earnings

Culture

A culture based on good corporate citizenship that empowers employees through collaboration, inclusion, trust and timely decision making.

1. Develop diversity
2. Develop global talent base
3. Empower the organization
4. Improve standing as a good corporate citizen

Specific strategies to realize transformation into a new Takeda based on the new corporate vision are as follows.

1. Innovation

Takeda will secure sources of growth by bringing new products to market from fiscal 2010 onwards through the conduct of high-quality clinical studies for late-stage development products. In addition, we aim to build a pipeline that is balanced across therapeutic areas, developmental stages and geographical regions by creating new drugs through our own R&D as well as actively pursuing M&A and licensing activities.

Takeda will concentrate investment of its management resources into new core therapeutic areas of “Metabolic & Cardiovascular” (obesity, diabetes and atherosclerosis), “Oncology,” and “Central Nervous System Diseases” (depression, schizophrenia, and Alzheimer’s disease), aiming to create new drugs that can prevent disease or treat underlying conditions. Outside of these core areas in areas such as immunological or inflammatory disease where medical needs remain largely unmet, we will work flexibly to develop a pipeline that can be clearly differentiated from competitive products.

Takeda will also take steps to improve R&D productivity. Specifically, we will increase the probability of success in clinical studies by rigorously selecting new drug candidates at the early development stage to select those with differentiable profiles for further development. Moreover, we will utilize our global framework centered around a new research center in the cities of Fujisawa and Kamakura, Kanagawa Prefecture, scheduled for completion during fiscal 2010, to further enhance alliances across regions and departments, while also making active use of external resources.

2. Growth

An important strategy for achieving the targets of our 2010-2012 Mid-Range Plan is to launch new drugs and maximize early their values. In Japan, we will maintain our position as Japan’s number one pharmaceutical company (by market share) by achieving early market penetration and sales expansion of a host of new products, developing and establishing cancer and central nervous system disease franchises, and strengthening franchises of existing products. In the U.S. and Europe, we will quickly penetrate new products into the market. At the same time, in line with the future product mix in these regions, we will establish a flexible sales and personnel structure to cover not only the primary care field but also specialized fields.

Takeda will actively expand into new regions. While continuing efforts to expand our presence in the large-scale markets of U.S. and Europe, we will also accelerate expansion into emerging markets, and other countries and regions where high market growth is expected in order to realize a globally balanced regional portfolio in terms of sales and profits. The goal is to cover about 90 percent of the global market by fiscal 2012.

Moreover, to set ourselves firmly on a trajectory for sustained growth from fiscal 2016 onwards, we will make strategic investments actively and flexibly, having strictly evaluated the effect of a proposed investment. We will pursue all opportunities, including M&A, product acquisitions, and in-licensing of pipeline products.

3. Culture

As part of the transformation into a new Takeda, we will create an open and active corporate culture. We will foster a corporate culture in which all Takeda Group employees can achieve their full potential by promoting diversity among employees, including people of different nationalities, cultures, genders and careers. Amid this diversity, we will also step up our training programs to develop staff with a global perspective. We will also work vigorously in CSR activities to further improve our standing as a good corporate citizen.

2010-2012 Mid-Range Plan Targets and FY2010 Forecast

Q4 What are your targets for Takeda's financial performance during the 2010-2012 Mid-Range Plan? Also, please talk about the outlook for the current fiscal year.

A4 We want to minimize the impact of the patent expirations of major products and return to consistent growth starting in fiscal 2014.

For fiscal 2012, the final year of the new Mid-Range Plan, we have established the following financial targets: net sales of ¥1,330 billion, R&D expenses of ¥300 billion, operating income of ¥290 billion, net income of ¥200 billion, earnings per share of ¥253, and earnings per share of ¥294 after excluding extraordinary income/loss, extraordinary factors arising from business acquisitions and similar events. I think that fiscal 2013 will be the bottom of our current decline in sales and earnings because this will be the first full fiscal year that reflects the negative impact of generic *Actos*.
In fiscal 2010, we forecast declines of 4.5 percent YOY in net sales to ¥1,400 billion, 21.5 percent YOY in operating income to ¥330 billion, 18.2 percent YOY in ordinary income to ¥340 billion and 26.1 percent YOY in net income to ¥220 billion. Despite net sales in Japan are expected to increase from the previous year due to the contribution of new products, consolidated net sales are expected to decrease from the previous year due to sales decrease by the November 2009 patent expiration of *Prevacid* in the U.S. and assumptions of foreign exchange rates, with a stronger Japanese yen from fiscal 2009 to fiscal 2010. Both operating income and ordinary income will decrease from fiscal 2009 because gross profit will decrease due to the sales decrease, and R&D expenses will increase due to operation start of new research facilities.

Targets for Fiscal 2012

Net sales	¥1,330 billion
Research and Development expenses	¥300 billion
Operating income	¥290 billion
Net income	¥200 billion

Earnings per share (EPS)	¥253
Earnings per share (EPS)*	¥294

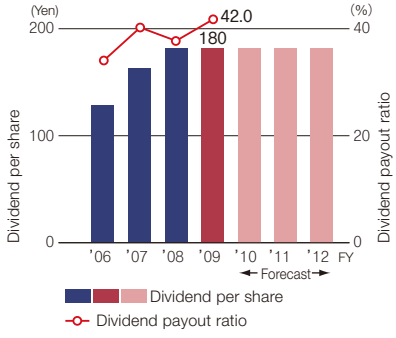
* Excluding extraordinary income/loss, extraordinary factors arising from business acquisitions and similar events

Shareholder Return

Q5 Takeda raised the dividend per share by ¥74 during the previous Mid-Range Plan. What are your plans for distributing earnings to shareholders during the new Mid-Range Plan?

A5 Our basic policy is to hold the dividend at the current level during the 2010-2012 Mid-Range Plan.

Dividend per Share and Payout Ratio



Our basic policy is that dividend per share for fiscal 2010, 2011 and 2012 be maintained at the same level as fiscal year 2009, ¥180, to realize stable profit distributions. The fiscal 2009 dividend of ¥180 per share was the same as in the previous fiscal year. The payout ratio was 42.0 percent*. For the fiscal year ending in March 31, 2011, we plan to pay an annual dividend of ¥180 per share, a same amount as fiscal year 2009.

* Consolidated payout ratio on earnings before amortization of intangible assets associated with acquisition of Millennium Pharmaceuticals, Inc.

Corporate Social Responsibility (CSR)

Q6 **Takeda has a large number of CSR programs and activities. Please explain Takeda's basic position concerning CSR.**

A6 **Takeda's identity is defined by a solid commitment to meeting our financial and social responsibilities while remaining true to our corporate philosophy of "Takeda-ism."**

"Takeda-ism" (Integrity) is at the heart of all activities of the Takeda Group. I believe that the focus of our business operations to create leading innovation in medicine is the core element of our CSR activities. Furthermore, as we become an increasingly global organization our responsibilities continue to grow with operations in ever increasing areas of the world, including emerging countries. In recognition of our greater responsibilities, we announced our participation in the United Nations Global Compact*1 in March 2009. This gives us a platform for further expanding CSR activities. Furthermore, we announced our goal to "further improve our standing as a good corporate citizen" as one part of our strategy for achieving our new corporate vision. With this goal in mind, we will continue to conduct and support CSR programs that are deeply rooted in countries and regions around the world.

In fiscal 2009, we started a new project as part of the United Nations Millennium Development Goals*2 in order to help improve health care in the developing countries of Asia and Africa. As a global pharmaceutical company, we will continue to enhance our CSR activities to build on a deep understanding of the diversity in global society and to promote dialogue with stakeholders.

I became president of the Japan Pharmaceutical Manufacturers Association in May 2010. In this position, I am playing a leading role in resolving many issues in the Japanese pharmaceutical industry. Examples include the establishment of a new scheme for National Health Insurance pricing to encourage new drug creation and activities to improve compliance. I look forward to using my term of office as president to contribute to progress in providing health care that can serve an ever larger number of people.

We are now taking on the challenge of transforming ourselves into a new Takeda. As this transformation advances, we will continue to base our activities on sincerity and a resolute dedication to achieving our mission of "striving towards better health for patients worldwide through leading innovation in medicine."

*1 The United Nations Global Compact is a world-wide framework for promoting voluntary actions by corporations as responsible corporate citizens. The compact was proposed in 1999 by former UN Secretary-General Kofi Annan and initiated in 2000. The Global Compact sets forth ten principles that participant businesses and organizations are required to observe in the four areas of human rights, labor standards, environment, and anti-corruption.

*2 The United Nations Millennium Development Goals are targets to be achieved by 2015 to help tackle common problems around the world. The eight goals include eradication of extreme poverty and hunger, reduction of child mortality, and universal primary schooling for all.

Yasuchika Hasegawa
President & CEO

Feature 1

Transformation into a New Takeda **Innovation**

At the forefront of R&D in areas of Metabolic & Cardiovascular (CV), Oncology and Central Nervous System (CNS) diseases

Our challenge is to create new drugs to respond the needs of patients worldwide using cutting-edge science and technology.

Taking on the challenge of "Innovation" is a key concept of Takeda's Vision in the 2010-2012 Mid-Range Plan. As part of these challenges, we are focusing our future R&D efforts on areas of high, unmet medical need (areas without effective therapies or the demand for treatment remains unsatisfied) where we could contribute either to disease prevention or cure.

The three core therapeutic areas that we are targeting are Metabolic & CV (Obesity, Diabetes and Atherosclerosis), Oncology and CNS diseases.

In fiscal year 2009, we enhanced our R&D structure to achieve the steady launch of in-house products by adopting a strategic shift from "volume/speed" to balanced "quality." Our goal is to increase the probability of success of clinical development projects by prioritizing and emphasizing, from early research onward, critical issues such as product concept, target market positioning, novelty and points of differentiation against competing products. We are already starting to see results from this shift in focus. However, we are determined to continue our challenge for further product innovation. By focusing on the core therapeutic areas of Metabolic & CV (Obesity, Diabetes and Atherosclerosis), Oncology and CNS diseases, we aim to provide patients worldwide with innovative medicines and bring hope to them.

Metabolic & CV (Obesity, Diabetes and Atherosclerosis): R&D Strategy

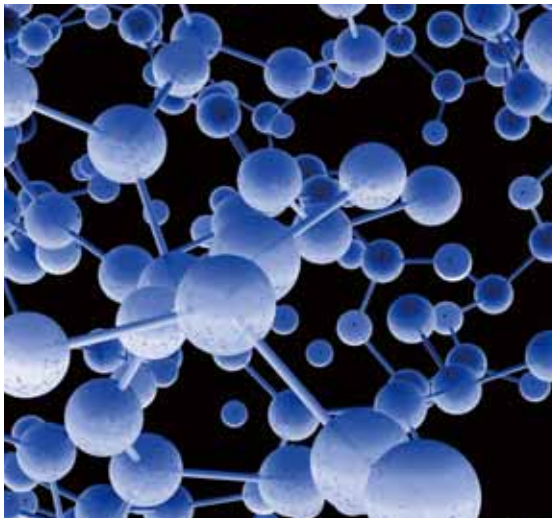
The therapeutic area of Metabolic & CV, particularly conditions such as obesity, diabetes and atherosclerosis, remains a core focus of R&D activities at Takeda.

Takeda has been involved in R&D focusing on the relationship between obesity and other metabolic diseases since the early 1960s, when the Company developed drugs to treat diabetes or lower blood pressure. Going forward, beyond continuing to develop highly effective and safe anti-diabetic drugs, we aim to build on our experience in this area to prevent diseases by focusing on obesity, as the most "upstream" target of metabolic diseases. We are also seeking to create original drugs to treat "downstream" conditions such as atherosclerosis.

In the area of obesity, we are building on previous Takeda research achievements and leveraging the proprietary peptide drug*1 technology developed at the Tsukuba Research Center (TRC) to create original products based on peptides or oral small molecules. In diabetes, we are seeking to develop drugs with regenerative effect of pancreatic beta cells, based on the expertise in regenerative medicine that we have gained from induced pluripotent stem ("iPS") cell research conducted at TRC. Our diabetes R&D programs are also pursuing drugs with weight reduction effects, protective effect of pancreatic beta cells as well as strong blood glucose reduction. In the area of atherosclerosis, we aim to boost the probability of success by adopting a translational medicine (TM)*2 approach based on the analysis of biomarkers and imaging, while also actively applying knowledge gained from our research into lipid metabolism pathway.

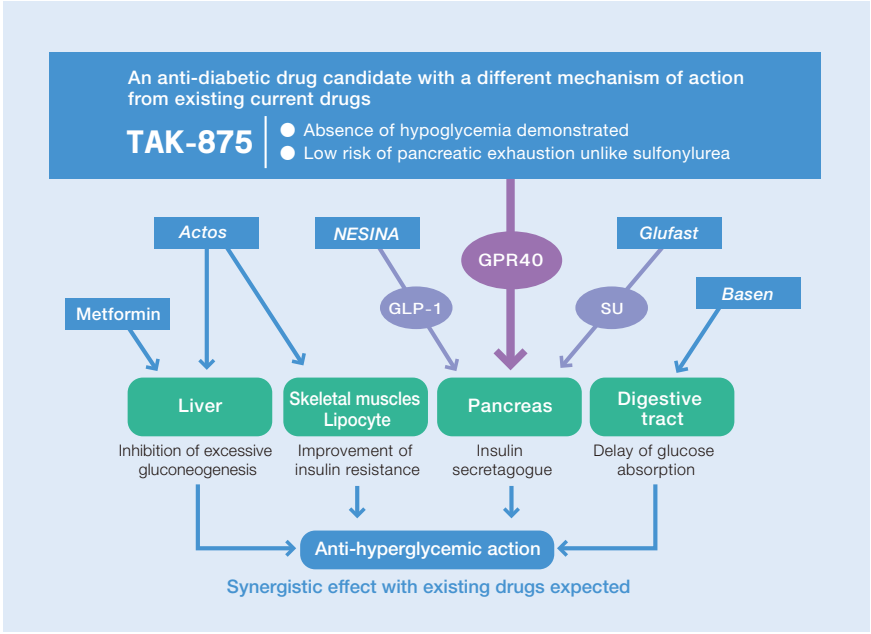
*1 Like a protein, a peptide is a molecule that is made up of multiple amino acids linked together in a chain. Peptides have lower molecular weights and simpler structures than proteins, and can often be used as medicines.

*2 Translational medicine (TM) aims to create seamless links between non-clinical and clinical studies. The TM approach works to add value to the treatment of patients by applying insights from the latest diagnostic imaging technology and genetic information directly to the development process.



Molecular structure of insulin

Metabolic & CV (Obesity, Diabetes and Atherosclerosis): Pipeline Development



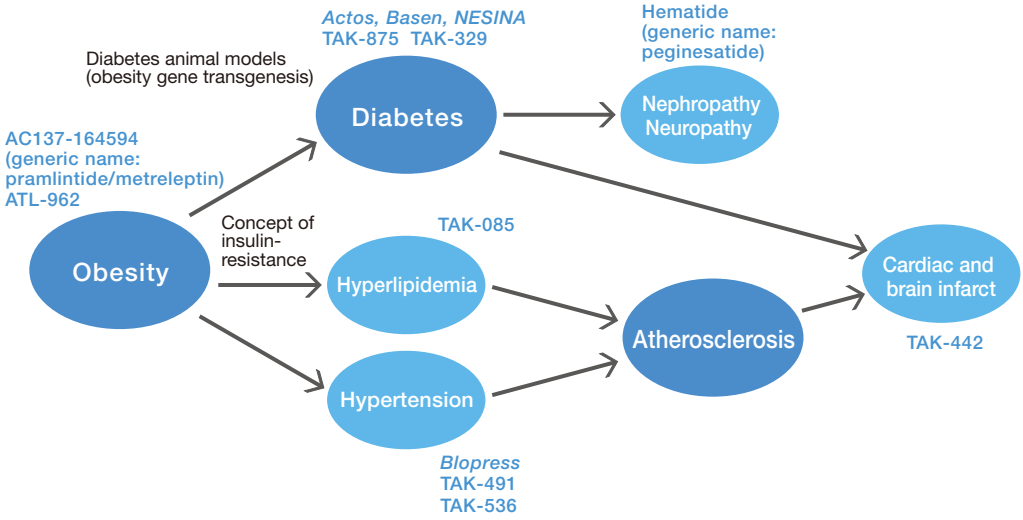
Our pipeline in this therapeutic area includes a range of drugs with the potential to become next-generation core products. The anti-type 2 diabetic drug Alogliptin (Japanese product name: *NESINA*) gained manufacturing and marketing approval in Japan in April 2010, and sales began in June 2010. We aim to launch this product in the U.S. market in 2012. Another drug is TAK-875, a promising candidate for a next-generation treatment for diabetes mellitus that has a different mechanism of action from current drugs. TAK-875 offers clear potential for differentiation from sulfonylurea in terms of efficacy and safety as it has a much lower risk of causing hypoglycemia or pancreatic exhaustion. Phase Ⅱ clinical trials for this drug are currently in progress in the U.S., Japan and Europe.

TAK-491 and TAK-536, both of which are positioned as successors to our core product *Blopress*, an anti-hypertension drug, combine outstanding antihypertensive efficacy with improvement of insulin resistance. We expect these drugs to provide significant clinical benefit as therapy options for patients with both hypertension and diabetes.

R&D Strategy in the Area of Metabolic & CV Diseases

New developments founded on years of research into drugs for diabetes and cardiovascular conditions

■ Metabolic disease focus on “upstream” (Obesity) and “downstream” (Diabetes, Atherosclerosis) conditions and on regenerative medicine



Shigenori Ohkawa, Ph.D.
Executive Vice President, Chief Scientific Officer

**In the areas of Oncology and CNS diseases,
we will bring innovative drugs quickly to market by concentrating resources
on pipeline that effectively leverages Takeda's strengths.**

Oncology: R&D Strategy

Millennium Pharmaceuticals, Inc., which joined the Takeda Group in 2008, spearheads building Takeda's Oncology presence. We continue to reinforce cooperative links between Millennium and TRC, the Osaka Research Center, and our other global research facilities in San Francisco and San Diego. We aim to discover and develop highly differentiated treatments that deliver survival advantages for cancer patients by leveraging our global network and the expertise that we have gained through the development of *VELCADE* (generic name: bortezomib) for the treatment of multiple myeloma and relapsed mantle cell lymphoma and *Leuplin*/*Lupron* (generic name: leuprorelin acetate) for the treatment of prostate cancer.

We discover and develop only those drugs that are first-in-class (groundbreaking new drugs), best-in-class (new drugs demonstrating a clear advantage over existing drugs of the same type) or fast-followers (successors to first-in-class drugs that offer an improved efficacy and safety profile), and prioritize projects based on an assessment of competitive advantage.

While seeking to discover new compounds through our in-house research, we are also taking steps to quickly expand our portfolio by in-licensing compounds in mid- and late-stage clinical development that could contribute to sales from fiscal 2013 onward, in a mid- and long-term perspective.

We are also accelerating the development of new high-quality drugs in the Japan market by leveraging expertise gained by Takeda Bio Development Center Ltd. in solid tumors and the development of antibody therapeutics. In addition to these, improvement in the probability of success of the development pipeline will be pursued through an early-stage qualitative evaluation where we apply knowledge acquired from translational medicine (TM) and other state-of-the-art basic research.

R&D Strategy in the Area of Oncology

Reinforce R&D capabilities using global network, aiming for leadership in Oncology

- Build upon our successes in proteasome inhibition (*VELCADE*) and hormone therapy in prostate cancer (*Leuplin*/*Lupron*)
- Pursue highly differentiated treatments to deliver survival advantages for cancer patients
  - Incorporate translational medicine (TM) research to improve probability of success
  - Expand pipeline by mid- and late-stage in-licensing

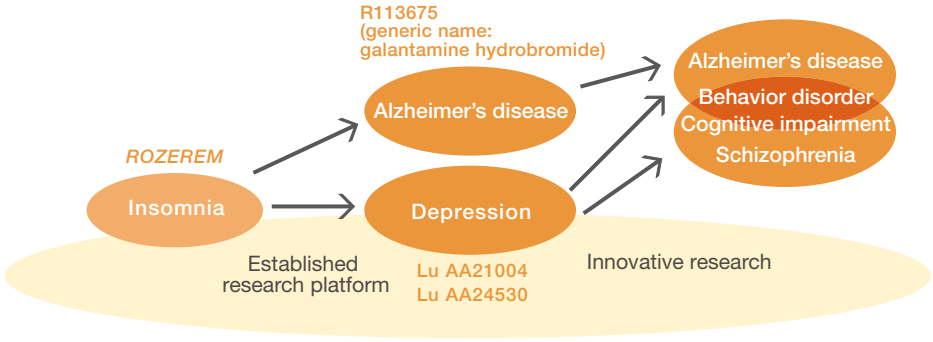
1. Rapidly establish portfolio from one core platform
2. Mid- and late-stage business development
3. Prioritize and accelerate high-quality differentiated pipeline
4. Comprehensive TM strategy

Deborah Dunsire, M.D., President & CEO
Millennium: The Takeda Oncology Company

R&D Strategy in the Area of CNS Diseases

Leveraging Takeda's internal research platform and external resources

- Leverage quarter-century of research platform in CNS, technology and knowledge for innovative research
- Enhance collaboration with CNS leaders in research, development and marketing



Oncology: Pipeline Development

In Japan, New Drug Application for anti-cancer agent *Vectibix* (generic name: panitumumab), which is an anti-EGFR human monoclonal antibody for treatment of advanced or recurrent colorectal cancer in-licensed from Amgen Inc., was approved in April 2010 and Takeda started promotion for it in June 2010. Today, in addition to it, Takeda has a robust oncology development pipeline of 16 molecules with a wide variety of mechanisms of action. This pipeline includes a number of compounds being co-developed with Amgen.

TAK-700, which is expected to be an important new therapy for the treatment of prostate cancer, has demonstrated efficacy in patients with chemotherapy-naïve metastatic castration-resistant prostate cancer. MLN9708, which is the next proteasome inhibitor from Millennium and is available in both oral and intravenous formulations, is currently in Phase Ⅰ clinical trials. MLN9708 currently is in accelerated clinical development for a broad range of cancers.

In December 2009, Millennium entered into an agreement with Seattle Genetics, Inc. to globally develop and commercialize SGN-35 (generic name: brentuximab vedotin) outside the U.S. and Canada. In April 2010, SGN-35 entered global Phase Ⅲ clinical trials for the treatment of post-transplant Hodgkin Lymphoma.

CNS Diseases: R&D Strategy

Takeda's drug discovery platform in CNS diseases is the result of more than 25 years of applied effort, which has produced numerous drugs, including the tranquillizer *Cercine* (generic name: diazepam); *Eurodine* (generic name: estazolam), a sleeping drug; *Hirtonin* (generic name: protirelin tartrate hydrate), a drug for patients suffering prolonged disturbance of consciousness; and *ROZEREM* (generic name: ramelteon) for insomnia. Over the years, we have also formed a strong basis of research on G protein-coupled receptors*1 (GPCR), which provide potential drug discovery targets for a wide range of conditions across the fields of CNS diseases and other therapeutic areas. In addition, we continue to leverage our broadly expanded global network of research facilities to further develop Takeda's unique strengths in areas such as animal model and regenerative medicine including iPS cells.

We are also participating in the J-ADNI consortium, which is researching biomarkers in Alzheimer's disease. Alliances with specialist companies such as H. Lundbeck A/S of Denmark and Japan-based Janssen Pharmaceutical K.K., both of which are strong in the area of CNS diseases, help to reinforce our own R&D capabilities in this area. Lu AA21004, a drug for major depressive disorder and generalized anxiety disorder licensed from Lundbeck, has thus far proven effective in the treatment of major depressive disorder (MDD). It is currently in Phase Ⅲ clinical trials, where we aim to establish clear points of differentiation over existing drugs as well as determine optimal dosages in terms of both safety and efficacy. In March 2010, we also entered a co-marketing agreement in Japan with Janssen Pharmaceutical for R113675 (generic name: galantamine hydrobromide)*2, a treatment for Alzheimer's disease.

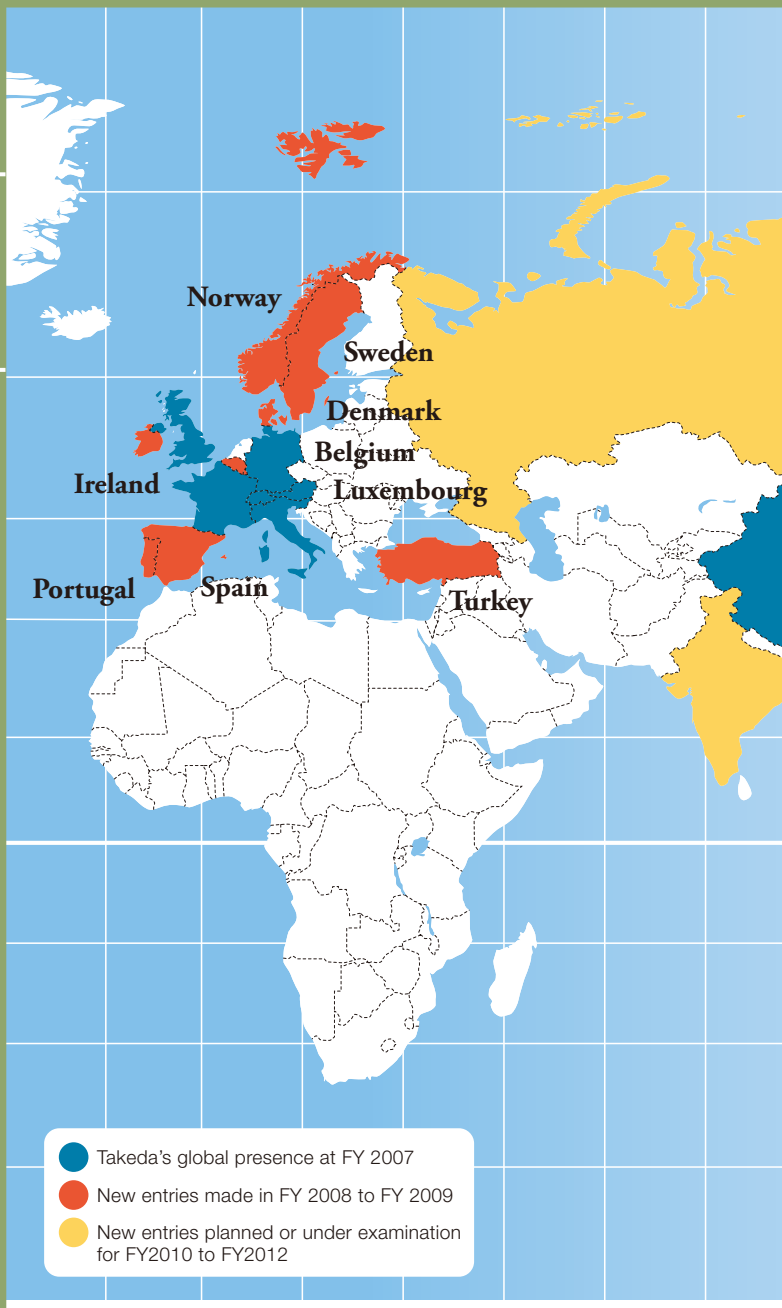
By leveraging these R&D platforms, we plan to make further progress in the development of treatment for depression in the short term. Over the longer term, we will focus on areas of high unmet medical needs such as Alzheimer's disease and schizophrenia.

*1 GPCRs are proteins with multiple physiological functions which play a central role in signaling cascade.
*2 Janssen Pharmaceutical submitted an application for manufacturing and marketing approval to Japan's Ministry of Health, Labour and Welfare in February 2010.

Feature 2

Transformation into a New Takeda
Growth

Global expansion plus CSR activities



We are accelerating worldwide activities so that we can fulfill our economic and social responsibilities as a global pharmaceutical company.

Achieving sustainable "growth" is one of the goals of Takeda's 2010-2012 Mid-Range Plan.
The two pillars of our growth strategy related to expansion are 1) to increase our presence in key regions by launching new products and maximizing their values early, and 2) expanding into new geographic areas to underpin growth. During fiscal years 2008 and 2009 we entered 12 new countries, expanding our global presence to 26 countries overall. This substantially increased our coverage of the global pharmaceutical market to 84 percent—a 13 percent increase. We will continue to enter additional markets during the period of the Mid-Range Plan, especially in emerging nations where markets are projected to expand rapidly in the future.
As we expand the territorial scope of Takeda's operations, we will also consider how to grow as a good global corporate citizen. We will respect the demands of international society based on the ten principles encoded in the United Nations Global Compact, which we joined in March 2009. We will also continue to undertake sincere corporate social responsibility activities based on our corporate philosophy of Takeda-ism.

Expanding Our Global Market Presence

A team reporting to the Executive Vice President (EVP) International Operations has been established to oversee Takeda's rapid expansion into new markets worldwide.
During fiscal 2008 to fiscal 2009, Takeda entered Canada, the eighth largest pharmaceutical market in the world, and in Europe commenced full-scale sales and marketing operations in Spain, Portugal and Ireland. We are establishing robust sales structures in eight additional national markets including Mexico, Sweden, Norway, Denmark, Belgium, Luxembourg, Turkey and Brazil. And we are pursuing a variety of sales activities in these countries

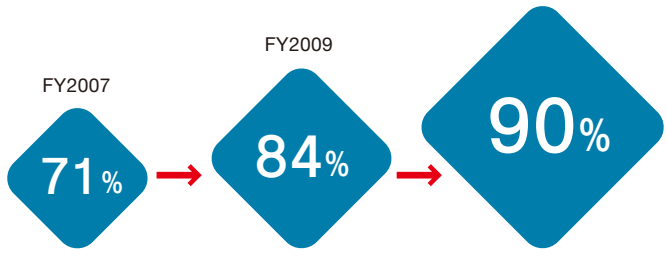
Takeda Global Reach

with the aim of making positive contributions to profits as quickly as possible.

In addition, in June 2010, we announced our entry into the market of South Korea. Going forward, we will continue to examine entry options for new markets such as India, Russia and Australia. By the end of fiscal 2012, we aim to increase our global market coverage to approximately 90 percent with presence in 30 countries. Achieving this goal will ensure that Takeda has a presence in the majority of the key markets worldwide.

To build a balanced portfolio of regional operations that covers the global market of the future, we will pursue appropriate strategies and deploy management resources across the regions of the Americas, Europe and Asia, including emerging markets. In building up Takeda's international sales activities, we will make decisions and implement the necessary policy measures with speed and efficiency, by coordinating with our global network.

Global market coverage
FY2012 target



WE SUPPORT

Based on the ten principles of the United Nations Global Compact, we are going beyond the creation of superior pharmaceuticals to promote global corporate citizenship activities.

Our business operations are rooted in the corporate philosophy of “Takeda-ism = Integrity.” In addition, all of our corporate activities as a responsible corporate citizen incorporate the 10 principles of the United Nations Global Compact, an important global framework for companies to autonomously exercise integrity in business operations.
In fiscal 2009, we sought to further fulfill our responsibilities as a global pharmaceutical company by establishing new initiatives in Asia and Africa as part of our continuing efforts to expand assistance for developing countries. We plan to continue promoting these initiatives from a long-term perspective.

Expansion of business operations in emerging and developing countries → Participation in UN Global Compact → Actions to realize UN Millennium Development Goals (MDGs)* → [Activities in Asia] Takeda-Plan Healthcare Access Program [Activities in Africa] Takeda Initiative

* The UN Millennium Development Goals are targets to be achieved by 2015 to help tackle common problems around the world on a global scale. Please refer to page 65 for more details.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Investing in our future
The Global Fund
To Fight AIDS, Tuberculosis and Malaria

Activities in Africa → P.64

Takeda Initiative

In March 2010, we launched the “Takeda Initiative,” an endowment program designed to support the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), with an aim of developing and strengthening the capacity of healthcare workers in Africa. Currently, some five million lives are lost worldwide each year due to HIV/AIDS, tuberculosis and malaria, which are three of the world’s most devastating infectious diseases. This constitutes a major obstacle to growth in developing countries, and addressing these diseases is a critical issue for the international community.
Africa suffers from a particularly severe shortage of healthcare providers, which hinders the provision of healthcare services to overcome such diseases. Takeda is contributing to Global Fund-supported programs in Africa, to enhance healthcare systems mainly through developing and strengthening individuals involved in providing healthcare. Takeda has committed ¥100 million in annual funds to this initiative for the ten-year period of 2010-2019. Most of these funds will be directed to Global Fund projects in Tanzania (malaria), Nigeria (HIV/AIDS) and Senegal (tuberculosis).

Activities in Europe → P.68

Our commercial subsidiaries in Europe each work closely with NGOs to develop autonomous corporate citizenship activities. Many employees are active participants in volunteer activities.

Activities in Japan → P.60

Among a wide range of corporate citizenship programs, we support a citizens' group whose activities help to empower children in long-term medical care for everyday life.

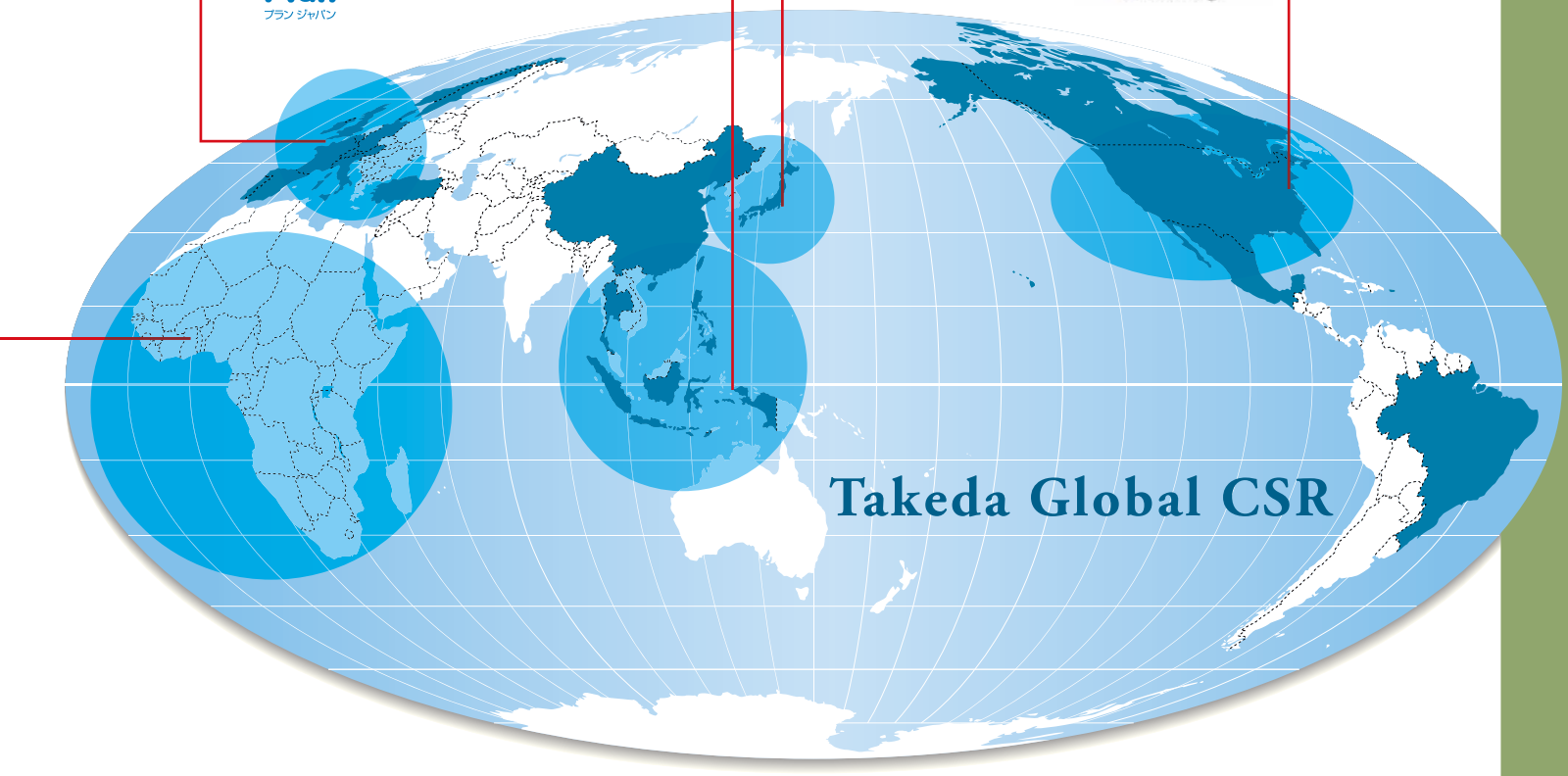
Activities in Asia → P.65

Takeda-Plan Healthcare Access Program

In August 2009, Takeda established the "Takeda-Plan Healthcare Access Program" in collaboration with Plan Japan. This initiative aims to support access to healthcare services for children in four countries in Asia.

Activities in the U.S. → P.66

Individual employees take part in various activities including NPO housing and local amenity development programs and activities in support of cancer patients.



Stakeholder's Voice

Rapid changes in the landscape of the pharmaceutical industry have presented Takeda's management with significant challenges. The Takeda Global Advisory Board (TGAB)* conducts vigorous exchanges of opinion with management about such issues.

Takeda is working to ensure sustained growth by expanding its business in emerging markets, including in developing countries. As a global pharmaceutical company engaged in the business of relieving human suffering, Takeda will need to become part of the solution for some of the problems confronting these countries. I fully expect the Company to carry out sincere CSR activities based on the principles of the United Nations Global Compact.

Dr. Tadataka Yamada, External Advisor

* The Takeda Global Advisory Board (TGAB) is a body comprised of four external advisors with executive-level experience at global pharmaceutical companies.

■External Advisors

Ms. Karen Katen Former Vice Chairman of Pfizer Inc. and currently Senior Advisor for Essex Woodlands Health Ventures

Dr. Frank Morich Former CEO of Bayer HealthCare and currently CEO of NOXXON Pharma

Mr. Sidney Taurel Former Chairman and CEO of Eli Lilly & Co. and currently Chairman Emeritus of Eli Lilly & Co.

Dr. Tadataka Yamada Former chairman of Research and Development and member of the Board of Directors at GlaxoSmithKline and currently President of the Global Health Program at the Bill & Melinda Gates Foundation

Feature 3

Transformation into a New Takeda **Culture**

Biodiversity initiatives

As a company engaged in businesses that protect life, Takeda has a long-standing commitment to dealing with issues involving biodiversity.

Creating an open and active corporate culture is one theme in the Vision defined by the 2010-2012 Mid-Range Plan. To establish this culture, we need to develop diversity and global talent base, and empower its organization. The aim is to further improve our standing as a good corporate citizen. As part of this, we will work even harder to help protect the global environment.

Estimates place the number of species in the world at approximately 30 million. According to the United Nations Millennium Ecosystem Assessment published in 2005, human activity has raised the species extinction rate to anywhere from about 100 to 1,000 times the natural rate. The United Nations has proclaimed 2010 the International Year of Biodiversity, and the 10th Conference of the Parties to the Convention on Biological Diversity (COP10) will take place in October in Nagoya, Aichi Prefecture, Japan.

Conserving biodiversity is not the only role of COP10. The gathering will also examine ways to create a framework for sharing the benefits from utilizing genetic resources fairly. This is an issue that is attracting much interest worldwide.

As a company engaged in businesses that protect life, Takeda has a long history of commitment to protecting biodiversity. We have contributed in many ways over the years, particularly through Takeda Garden for Medicinal Plant Conservation (Kyoto), which grows many plants that are on the verge of extinction. Our global activities as a pharmaceutical company give us a strong awareness and understanding of the many issues associated with utilizing genetic resources. We will carefully consider these issues while gathering accurate information and working with external organizations.

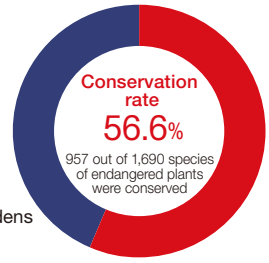
Initiatives to Preserve Biodiversity

Takeda Garden for Medicinal Plant Conservation (Kyoto)

Since its establishment in 1933, Takeda Garden for Medicinal Plant Conservation (Kyoto) has collected, grown and used herbal and other plants with medicinal value from around the world. Currently, the garden grows more than 2,400 species of rare plants.

In 2002, the Sixth Conference of the Parties to the Convention on Biological Diversity (CBD/COP6) set a 2010 target of protecting 60 percent of threatened plant species in accessible ex situ collections, preferably in the country of origin. In response, the World Botanic Gardens Congress established the goal of holding 50 percent of endangered plant species at botanical gardens in the each plant's country of origin by 2010. The Japan Association of Botanic Gardens addressed this issue by establishing a network of botanical garden centers to protect botanical diversity. By fiscal 2009, this association had protected 56.6 percent, or 957, of the endangered plant species in Japan.

As part of this network of botanical garden centers, Takeda Garden for Medicinal Plant Conservation (Kyoto) is playing a key role in preserving biodiversity in Japan. The garden currently holds 84 species, including 53 of the 120 endangered herbal plants species held by the entire network. Activities to collect more species continue with the goal of increasing the number to 100. In fiscal 2009, the garden led a project to complete a list of rare plant species at all herbal gardens in Japan. This list, allows botanical gardens to share their rare plant species and collaborate in other ways too.



Conservation Rate for Endangered Plant Species at Japanese Botanical Gardens (Fiscal 2009)

Seed storage room at Takeda Garden for Medicinal Plant Conservation (Kyoto)

Takeda Garden for Medicinal Plant Conservation (Kyoto)

Examples of endangered plants preserved at
Takeda Garden for Medicinal Plant Conservation (Kyoto)

Lithospermum erythrorhizon

Euyale ferox

Takeda Garden for Medicinal Plant Conservation (Kyoto) has been making improvements to its facilities following its 75th anniversary in 2008. The garden is dedicated to making an even greater contribution to preserving biodiversity as a herb garden operated by a global pharmaceutical company. Plans at the garden also include practical training in the field of pharmacology, environmental education for children and other activities.

Initiatives for Sustainable Use of Biological Resources

Takeda's environmental policy covers the entire Group and incorporates guidelines concerning biodiversity, and activities at all divisions of Takeda are consistent with the objectives of the Convention on Biological Diversity, which includes the international regime on Access and Benefit-Sharing (ABS) for genetic resources.

Takeda uses genetic resources in Japan and other countries as ingredients for products and indirectly utilizes these resources in its R&D activities. Genetic resources utilized as ingredients include herbal drugs used to manufacture Chinese herbal medicine products, which are over-the-counter drugs. Most of these ingredients are from cultivated plants but some are sourced from wild plants. We are currently studying the feasibility of switching from wild to cultivated plants.

When using genetic resources in R&D activities we observe the terms of the Convention on Biological Diversity. We will continue to conduct our operations in a sincere manner that reflects concern for biodiversity issues while deepening cooperative relationships with partners on a global scale.

Sources of Herbal Drugs (Fiscal 2009)

Percentage of wild plants (based on volume)	25%

Access and Benefit-Sharing (ABS) for Genetic Resources

ABS is an international framework to ensure that the benefits from using genetic resources of plants and microorganisms to develop drugs and health food products are shared fairly and in a balanced way among countries that supply the genetic resources. At the 2002 COP6, an agreement was reached to establish an international ABS guideline called the Bonn Guidelines. These guidelines are voluntary and cover a broad range of activities associated with ABS.

Objectives of the Convention on Biological Diversity

①Conservation of biological diversity
②Sustainable use of the components of biological diversity
③Fair and equitable sharing of benefits from the utilization of genetic resources (ABS)

↓

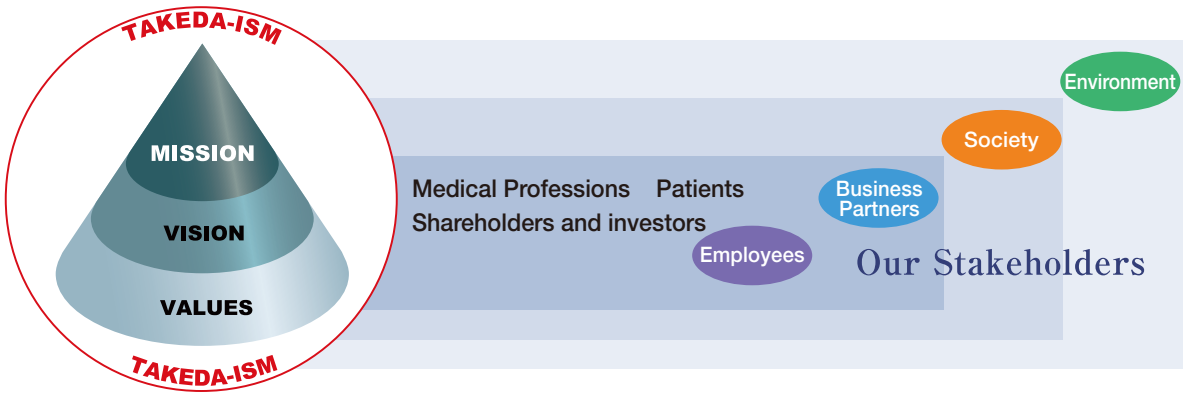
Takeda's Policy for Biodiversity (Environmental Policy)

Biodiversity Activities at Takeda

Research and development	Reflect biodiversity issues when using the library
Procurement	Consider the addition of biodiversity to the CSR Purchasing Guideline Investigate raising the proportion of cultivated ingredients used in herbal drugs
Production	Reduce environmental burden from production activities
Takeda Garden for Medicinal Plant Conservation (Kyoto)	Preserve threatened plant species with emphasis on herbal plants

Our Corporate Philosophy begins with Takeda-ism and informs all our corporate activities.

Corporate Philosophy



TAKEDA-ISM

Integrity = Fairness, Honesty and Perseverance

We, the members of the Takeda Group, pledge to act with integrity at all times, especially when facing difficulties or challenges. “Integrity” refers to our compliance with the highest ethical standards, our fairness and honesty in conducting every activity, and our perseverance in pursuing the ideal forms for our operations and management. Through the demonstration of these qualities, we show our commitment to building trust and confidence in all the people around us, and our determination to continue to expand the business. These empower our progress in our global endeavors to fulfill our mission to “strive towards better health for patients worldwide through leading innovation in medicine.”

MISSION

The Management Mission represents the purpose of presence, social mission and domain identity of the Takeda Group.

We strive towards better health for patients worldwide through leading innovation in medicine.

VISION

The Management Vision represents the Takeda Group’s stance toward the goal with a long-term perspective, based on our management mission.

Takeda’s vision is to embody global pharmaceutical leadership through innovation, culture and growth, guided by an unwavering commitment to significantly improve the lives of patients.

Innovation based on bold leadership in science and medicine resulting in the discovery, development and delivery of high-quality, differentiated products focused on patient needs.

A **culture** based on good corporate citizenship that empowers employees through collaboration, inclusion, trust and timely decision making.

Sustainable **growth** in corporate value by leveraging core therapeutic areas, and an industry-leading pipeline and product portfolio.

VALUES

The Corporate Values represent the beliefs and principles that every single Takeda Group employee will put into practice in order to realize the management mission.

We at Takeda focus on realizing the following values while upholding the highest ethical standards.

Diversity
Takeda respects and includes a broad range of peoples and ideas in its daily operations.

Teamwork
Takeda builds strong borderless teams through fairness and promoting shared goals.

Commitment
Takeda works to meet its responsibilities to stakeholders on a daily basis.

Transparency
Takeda appropriately shares information and promotes dialogue with stakeholders thereby building trust.

Passion
Takeda’s drive comes from perseverance and a strong desire to contribute to patients.

Innovation
Takeda implements bold initiatives on a daily basis.

Our Stakeholders

Stakeholders comprise all parties that are influenced by, and/or have an influence on, corporate activities.
Currently, Takeda views its relationship with stakeholders as shown in the diagram on the facing page, as it pursues its activities.

		Main Method of Dialogue
Relationship with Medical Professionals and Patients	Through its pharmaceutical business, Takeda builds relationships of trust with medical professionals by providing high-quality pharmaceutical information services based on scientific evidence. Takeda's aim in this is to enable as many people as possible to be healthy. To allow us to develop a greater number of superior pharmaceutical products at a faster pace, and to better understand patient's needs, we believe it is also vital to build good relationships with patients through organizations such as patient support groups.	●Pharmaceutical information activities ●Provide information through Customer Relations and through our website, etc. ●Hold health courses, etc. ●Provide information through advertising
Relationship with Shareholders and Investors	In order to meet the expectations of shareholders and investors, Takeda will fulfill its economic responsibilities by maintaining a stable increase of the dividend payout ratio while pursuing sustainable growth. Takeda will also build better relationships with shareholders and investors by continuing to disclose information in a timely and appropriate manner through its annual report and website.	●Provide information through our Annual Report, website, and other media ●Shareholders meetings and investors' briefings ●Proactive IR activities ●Respond to CSR surveys by socially responsible investors
Relationship with Society	Takeda fully recognizes that the development of society globally is closely linked to the Company's own development. We will constantly consider how we as a corporate citizen should respond to the challenges facing global society and promote our initiatives accordingly. ■Relationship with Public Organizations In the countries and regions where we conduct business, we will continue to contribute to those countries and associated regions, observing international rules and local laws, and cooperating with public organizations. ■Relationship with Economic Organizations Takeda cooperates with the activities of economic organizations in regions where it conducts business, recognizing that such activities contribute to the sustainable growth of global society. ■Relationship with Pharmaceutical Manufacturers' Associations Takeda's cooperation with pharmaceutical manufacturers' associations goes beyond problems facing pharmaceutical manufacturing at home in Japan. We also cooperate with pharmaceutical manufacturers' associations in the countries where we conduct business, to tackle global issues such as access to medicines and fighting disease in developing countries.	●Implement programs in cooperation with NGOs and NPOs ●Activities through involvement in economic and industry groups ●Hold CSR lectures for professional adults and students ●Exchange of views (dialogue) ●Volunteer activities
Relationship with Environment	Takeda is actively working in many ways to minimize the impact on the environment, including in relation to global warming, of the manufacturing process for pharmaceutical products. In addition, we are also taking steps to address biodiversity and water resource issues.	●Dialogue with local residents living near plants ●Disclosure of information through Annual Report and website, etc.
Relationship with Business Partners	Takeda considers partnerships with business partners to be vital to its efforts to develop superior-quality pharmaceutical products. We hope to grow together with our business partners, having gained their understanding of our aspiration to create pharmaceutical products of outstanding Takeda quality.	●Sincere purchasing based on Takeda Code of Compliance Standards and Takeda Basic Purchasing Policy ●Surveys of business partners ●Exchange of views, explanations, study sessions ●Inquiries desk
Relationship with Employees	Takeda aims to establish a work environment where all employees can be proud to work as members of the Takeda Group. We place a value on diversity, personality and individuality among staff, as well as human rights, and consider staff development to be the key driver for growth.	●Global Employee Survey ●Company intranet ●Consultation channel ●Labor-management cooperation ●Counseling ●Internal bulletins ●Hold "Takeda-ism Month" ●A range of skills development training

Takeda at a Glance

Industry Trends

Enormous changes have occurred during the past two years in the operating environment for the global pharmaceutical industry.

For R&D activities, there are challenges to technological innovation throughout the entire pharmaceutical industry have virtually halted the discovery of novel drugs. Increasingly stringent approval procedures for new drugs in many countries are another challenge. Regulatory agencies give priority to unmet medical needs, which means the areas without effective therapies or the demand for treatment remains unsatisfied. But the approval process is very strict for drugs targeting market sectors that are already served by branded or generic drugs.

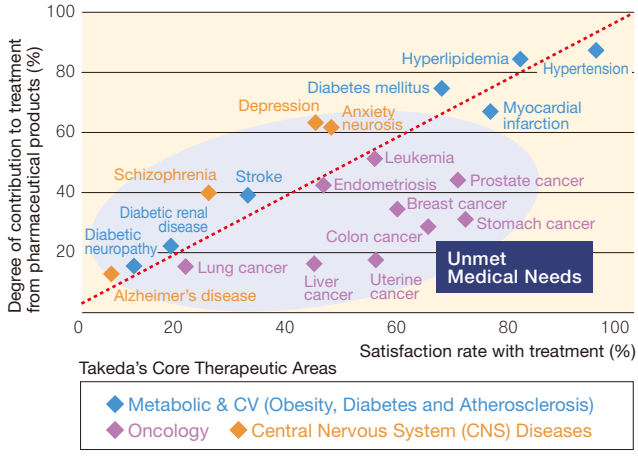
In addition, countries worldwide are fundamentally reforming their healthcare systems in order to reduce expenses. Examples include the reformed U.S. health insurance system and measures in Japan to increase the use of generic drugs and expand the use of the DPC (Diagnosis Procedure Combination) medical fee payment system.

Amid these conditions, a transition is also taking place in the structure of the global pharmaceutical market. In March 2010, IMS Health Inc., a provider of pharmaceutical and healthcare market information, announced that 17 high-growth pharmaceutical markets are now ranked as “pharmerging,” up from the previous seven. This announcement reflects the unprecedented shift in pharmaceutical industry growth to emerging economies. Among the 17 countries, particularly high growth rates are forecast in China, Brazil, Russia and India.

In order to respond flexibly to these changes in the operating environment, Takeda developed its 2010-2012 Mid-Range Plan designed to establish a base for sustainable growth. All members of the Takeda Group have been mobilized toward the plan’s central goal of achieving a transformation into a new Takeda.

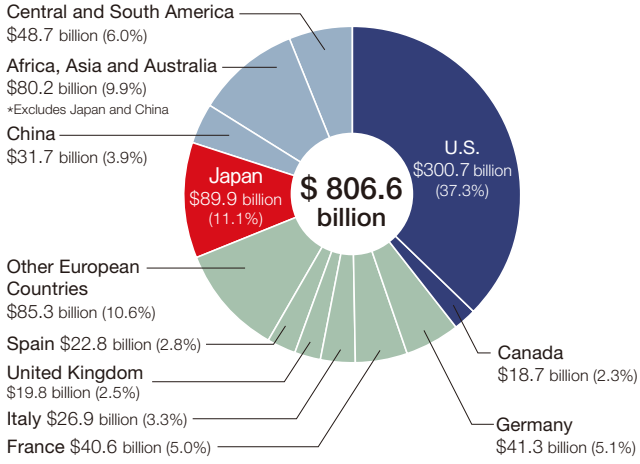
Unmet Patient Needs and Contribution from Pharmaceutical Products (2005, target: physicians)

Source: Report on Basic Technology in Japan, 2005, Japan Health Sciences Foundation, partially revised



Global Pharmaceutical Market Sales (2009)

Source: World Review 2010 Reprinted with Permission.



High-Growth “Pharmerging” Markets

Source: Market Prognosis 2010 Reprinted with Permission.

China

- Annual pharmaceutical sales expected to be more than $40 billion higher by 2013
- Poised to become the world’s third-largest pharmaceutical market in 2011

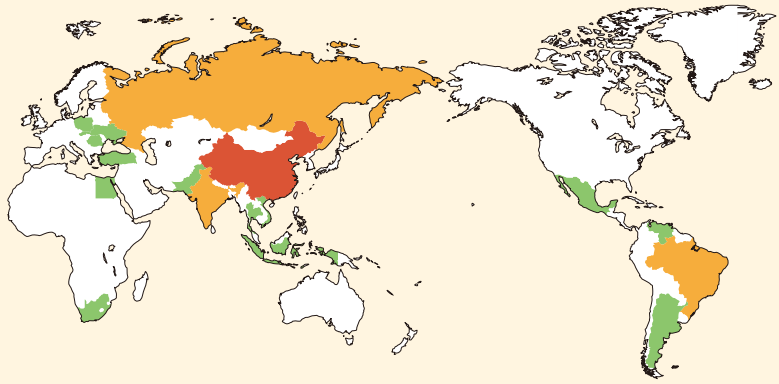
Brazil, Russia and India

- Annual pharmaceutical sales expected to grow by $5 billion to $15 billion in each country by 2013

“Fast Followers”

- Annual pharmaceutical sales expected to grow by $1 billion to $5 billion in each country by 2013

Venezuela, Poland, Argentina, Turkey, Mexico, Vietnam, South Africa, Thailand, Indonesia, Romania, Egypt, Pakistan and the Ukraine



Business Overview

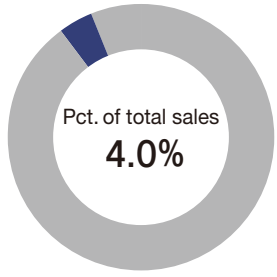
Ethical Drug Business

Fiscal 2009 sales:
¥1,317.7 billion

The Takeda Group classifies its businesses into two segments: namely, "pharmaceutical business" and "other businesses." These segments are based on how group companies manage their operations. The pharmaceutical business segment is further divided into two components: the ethical drug business and the consumer healthcare business.

The ethical drug business is Takeda's core business. Innovative new drugs created at our R&D bases in Japan, the U.S., Europe and Asia are delivered to patients through our worldwide sales network that covers 84 percent of the global pharmaceutical market. Including sales by licensees, Takeda pharmaceutical products are marketed in about 100 countries. Plants in Japan and Ireland produce drugs for global distribution and there are also production bases in Italy, China and Indonesia.

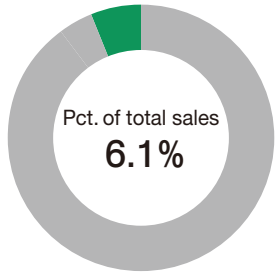
Consumer Healthcare Drugs and Quasi-Drugs (Consumer Healthcare Business)



Fiscal 2009 sales:
¥58.2 billion

In its consumer healthcare business, Takeda manufactures and markets consumer healthcare drugs and quasi-drugs that help keep people healthy in their everyday lives. In this business, we are building brands that have been well-known for many years into lifelong brands that stand for products people of all ages can use with confidence. Our *Alinamin* and *Benza* brands are prime examples.

Other Businesses



Fiscal 2009 sales:
¥90.1 billion

The manufacture and marketing of reagents, clinical diagnostics and chemical products account for most of the sales in this segment.

Pharmaceutical Market Net Sales Ranking (Fiscal 2009)

Net Sales
¥1,466 billion

Japan Ranking: No. 1*

World Ranking: No. 15*

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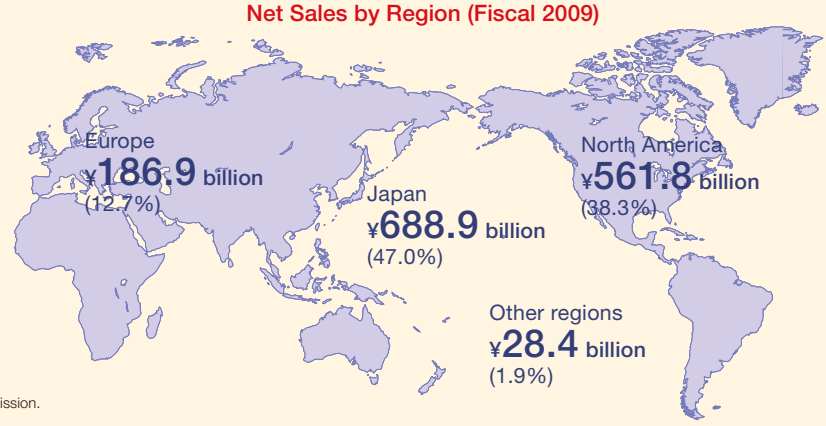
Source: World Review 2010 Reprinted with Permission.

Net Sales by Region (Fiscal 2009)



Takeda's History

Takeda's History

Takeda's history has been one of ongoing self-transformation through the ages to achieve progress in drug innovation.


Founder, Chobei Takeda Ⅰ

Takeda began operations in 1781 when Chobei Takeda I started a business selling traditional Japanese and Chinese medicines in Dosho-machi, Osaka.

Following Japan's Meiji Restoration in the late 1860s, Takeda was one of the first companies in Japan to turn its attention to Western medicine. In 1895, the company established its own factory, thereby achieving its transformation by becoming a pharmaceutical manufacturer.

In 1950, Takeda increased its reputation for expertise in "drug innovation" by introducing *Panvitan*, Japan's first multivitamin, and developing antibiotics and other drugs. With these strides in business, Takeda in 1940 stipulated its original credo in a written form named "Nori," which states it is the most fundamental and important aspect of company management to conduct business while being aware of public nature of the business and to contribute to the society.

In the 1960s, Takeda, targeting an international market, began the full-scale start of operations outside Japan. Extending operations to other Asian countries came first. Overseas activities were then extended to Europe and the U.S. in the 1970s and 1980s. In the late 1980s and early 1990s, Takeda accelerated its progress toward becoming a world-class pharmaceutical company by launching its four international strategic products. As of March 2010, Takeda had its global presence in 26 countries overall.

Over the years, Takeda has repeatedly translated challenges into the energy and sustained its growth. Takeda will continue to move forward and evolve while looking ahead to future challenges and opportunities.


Takeda research facility in 1939

2005 **Ramelteon** (insomnia treatment) launched in the U.S.

1999 **Pioglitazone Hydrochloride** (type 2 diabetes treatment) launched in the U.S. and Japan

1997 **Candesartan Cilexetil** (angiotensin Ⅱ receptor antagonist and anti-hypertensive agent) launched in Europe

1991 **Lansoprazole** (proton pump inhibitor and anti-peptic ulcer treatment) launched in Europe

1989 **Leuprorelin Acetate** (prostate cancer, breast cancer and endometriosis treatment) launched in the U.S. and Europe

1985 Began operations in the U.S.

1978 Began operations in Europe

1962 Began operations in Asia

1954 *Alinamin*, a vitamin B1 derivative, launched

1950 *Panvitan*,the first multivitamin, launched in Japan

1895 Pharmaceutical manufacturing business launched

1781 Foundation

International strategic products

Jun. to Jul. 2010 **Six new products** launched in Japan

Feb. 2010 ***Mepact*** (non-metastatic osteasarcoma treatment) launched in Europe

Mar. 2009-Feb. 2010
Expanded own sales network into 12 more countries

Mar. 2009 ***ULORIC*** (treatment for the management of hyperuricemia in patients with gout) launched in the U.S.

Apr. 2009
Reorganized global operating structure

Feb. 2009 ***DEXILANT***
(treatment for acid reflux disease) launched in the U.S.

2008 Acquired Millennium Pharmaceuticals, Inc

2008 Restructured U.S. operations

Millennium research laboratory in 2009

Significant Events of 2009 and 2010

Launch of *DEXILANT* for the Treatment of Acid Reflux Disease

In February 2009, Takeda started selling *DEXILANT* (generic name: dexlansoprazole; former name: *KAPIDEX*), a treatment for acid reflux disease, in the U.S. This drug is positioned as the successor to the peptic ulcer treatment *Prevacid* (generic name: lansoprazole), which has been one of Takeda's international strategic products.

Launch of *ULORIC* for the Management of Hyperuricemia in Patients with Gout

In March 2009, Takeda started selling *ULORIC* (generic name: febuxostat), a treatment for hyperuricemia in patients with gout, in the U.S. This is the first new treatment for gout in about 40 years.

Reorganization of Global Operating Structure

In April 2009, Takeda created three corporate-level centers of excellence led by executives in the newly created positions of Chief Scientific Officer, Executive Vice President International Operations, and Chief Administrative Officer. This gives us a further strengthened global operating structure that can be more responsive to rapid changes taking place in the pharmaceutical industry's operating environment. The new framework supports faster and more flexible decision-making as well as better lines of communication.

Own Sales Network Expanded to Include 12 More Countries

During fiscal 2008 and 2009, Takeda entered 12 new countries: Canada, Spain, Portugal, Ireland, Mexico, Sweden, Norway, Denmark, Belgium, Luxembourg, Turkey and Brazil. Takeda expanded its global presence to 26 countries overall (including Japan). This substantially increased its coverage of the global pharmaceutical market to 84 percent.

Launch of *Mepact* for Non-Metastatic Osteosarcoma (Malignant Bone Cancer) Treatment

In February 2010, Takeda started selling *Mepact* (generic name: mifamurtide), a treatment for non-metastatic osteosarcoma, in Europe. The first new drug in 20 years for this disease, *Mepact* is expected to help people suffering from osteosarcoma fight against the disease.

Launch of Six New Products in Japan

Takeda started selling six drugs in Japan in June and July 2010: *NESINA* (generic name: alogliptin benzoate), a treatment for type 2 diabetes; *ROZEREM* (generic name: ramelteon), an insomnia drug; *Vectibix* (generic name: panitumumab), anti-cancer agent; *METACT* (a fixed-dose combination of *Actos* and metformin) with two active ingredients, each with a different action mechanism, that is a treatment for type 2 diabetes; *UNISIA* (a fixed-dose combination of *Blopress* and amlodipine besilate), a treatment for hypertension; and *Actos Orally Disintegrating Tablets* (generic name: pioglitazone hydrochloride), a treatment for type 2 diabetes that offers improved ease of administration.

Pharmaceutical Business

Based on Takeda-ism

Contribution to Society through Pharmaceutical Business

Taking on the challenge of developing superior pharmaceutical products—that is the role Takeda must fulfill for the sake of people worldwide. We will continue to uphold our “Takeda-ism” as we pursue our mission to create outstanding pharmaceutical products.

R&D

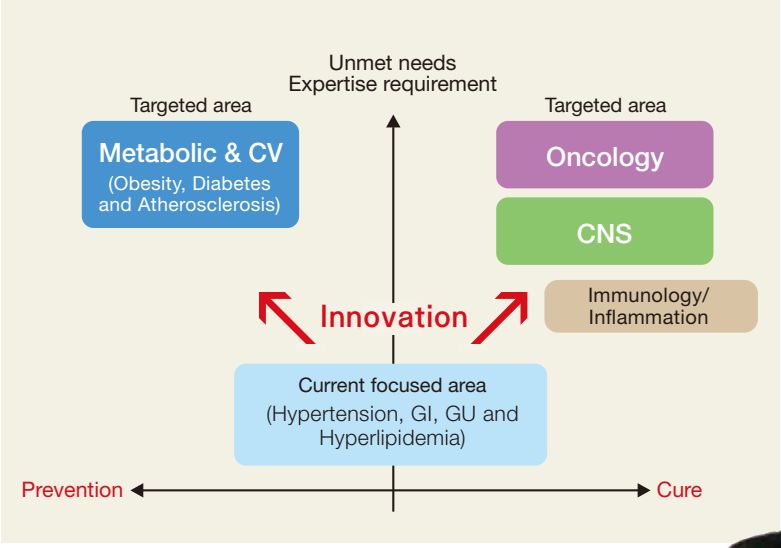
Takeda contributes to better health for individuals and progress in medicine by creating a stream of drugs to satisfy unmet medical needs using the latest medical science and technology.

We aim to expand Takeda's R&D pipeline, building on our achievements to date to realize the 2010-2012 Mid-Range Plan. At the same time, we will boost our initiatives to raise productivity and realize greater cost efficiencies within R&D while also seeking to promote innovative, future-oriented drug discovery. In doing so, our goal is to discover and develop innovative pharmaceuticals that will satisfy unmet medical needs (areas without effective therapies or the demand for treatment remains unsatisfied).

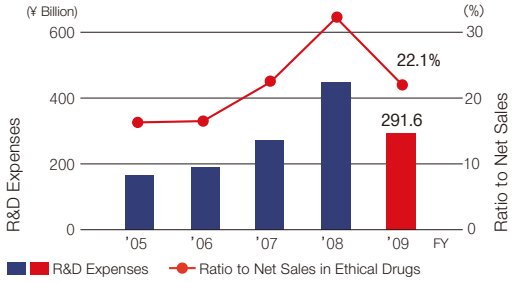
Upgrading the Pipeline by Focusing Resources on Core Therapeutic Areas

Previously Takeda has focused on the four core therapeutic areas of Lifestyle-Related diseases (Metabolic & CV), Oncology and Urological diseases, Central Nervous System (CNS) diseases, and Gastroenterological diseases. The drug markets for some of these areas have matured in recent years for various reasons, despite our strong market presence. For instance, in areas such as hypertension and gastroenterological diseases, patient satisfaction with therapies has risen and market segments have matured, making it increasingly difficult for new drugs to be approved unless they are clearly differentiable from existing products. In addition, the historically stable growth in the value of these markets will be difficult to maintain with the impending patent expiration of many leading pharmaceutical compounds. Nonetheless, even if we do not currently have a significant presence in them, there exist therapeutic areas with a high degree of unmet medical needs and major growth potential where we can leverage our accumulated R&D expertise. From this perspective, we are focusing on those areas where we can contribute either to disease prevention or cure. We are concentrating management resources on the core therapeutic areas of Metabolic & Cardiovascular (CV) (specifically Obesity, Diabetes and Atherosclerosis), Oncology, and CNS diseases.

Focusing R&D Resources on Core Therapeutic Areas



R&D Expenses / Ratio to Net Sales in the Ethical Drug Business



* Fiscal 2008 includes in-process R&D expenses associated with the integration of TAP Pharmaceutical Products Inc. and Millennium Pharmaceuticals, Inc.

Nancy Joseph-Ridge, M.D., General Manager, Pharmaceutical Development Div.
Hiroyuki Odaka, Ph.D., General Manager, Pharmaceutical Research Div. (from left)

Takeda will improve R&D productivity through cross-regional and cross-functional cooperation, focusing the entire Group on the pursuit of innovation.

Strategy for Improving Productivity in R&D

- Cost-effective R&D process and POC&C (Proof of Concept and Competitiveness) model
- Improvement of global R&D organization
- Enhancement of entire research capability with New Research Center
- Promotion of aggressive alliances

A Highly Cost-Effective R&D Process and the "POC&C Model"

Creating a stronger pipeline entails promoting high-quality R&D to ensure compounds cater to market needs and are differentiable versus competitor drugs. Improving R&D productivity based on optimal cost efficiencies is also extremely important.

Under the POC&C (Proof of Concept and Competitiveness) model adopted by Takeda, the strategic pillars supporting improvements in R&D productivity include not only the concept behind a compound, but also solid proof of its competitive superiority. As part of our strategy to improve productivity under this POC&C model, a cross-functional review committee composed of representatives from research, development, CMC*1 and marketing oversees a clear decision-making process to determine pipeline prioritization and decide go / no go. This committee also applies strict criteria to evaluate in-licensing candidates.

What is the POC&C model?

Under the POC&C (Proof of Concept & Competitiveness) model, Takeda aims to prove the concept behind a compound in clinical trials and to establish clear differentiability versus competitor drugs. This approach is a key element of our strategy to improve productivity.

Expected Benefits

- Create high-quality compounds with clear competitiveness and high possibility to launch
- Improve of probability of success in late-stage development
- Utilize effectively R&D resources

Through our Pharmaceutical Research Division we aim to refine our drug-targeting capabilities by introducing the POC&C model and a corresponding framework, optimizing allocation of Takeda's research resources to the new core therapeutic areas, and promoting better understanding of disease pathology. On the development side, as well as formulating clinical development plans that appropriately reflect compound characteristics, we are building stronger relations with the U.S. FDA and other regulatory authorities and working to create a robust yet leaner global operation system. These efforts will help us to develop multiple high-quality compounds that demonstrate a clear competitive advantage and high possibility to launch, while improving the probability of success in late-stage development and realizing more efficient utilization of R&D resources.

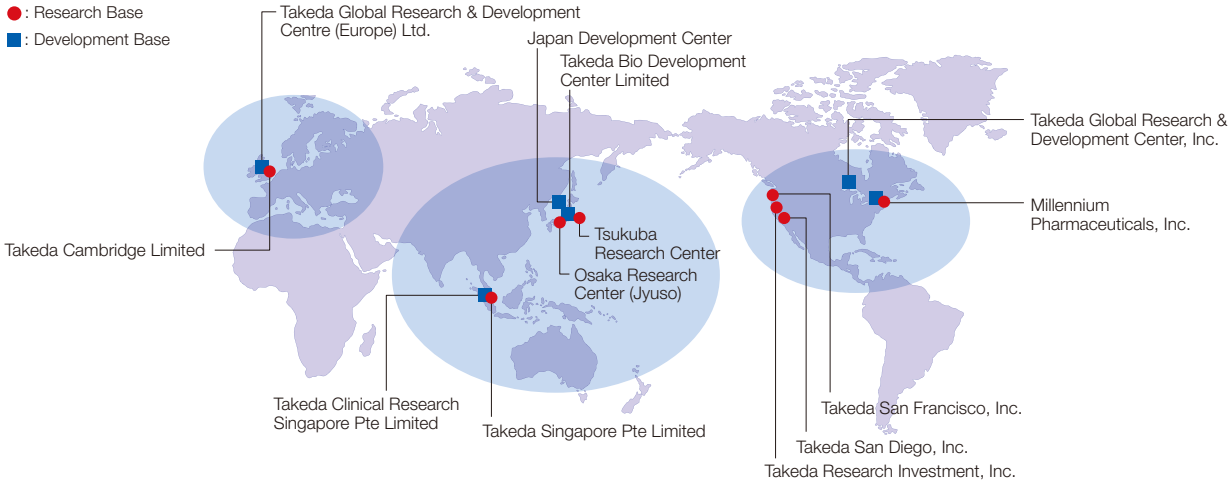
*1. CMC stands for "Chemistry, Manufacturing and Control." In April 2009, Takeda set up the CMC Center separate from the Pharmaceutical Production Division to provide a compact function focused on research into drug formulation and manufacture, able to respond flexibly to Takeda's global expansion.

Improving Our Global R&D Organization

We are building up a global network of R&D facilities to connect Takeda's central research laboratories in Osaka (Jyuso) and Tsukuba to our R&D bases outside of Japan, such as Millennium, which leads Takeda Group R&D in the area of oncology. In fiscal 2009, we established a Chief Scientific Officer to help to strengthen ties between research and development divisions while forging closer links with R&D and marketing functions centered in the U.S. One of the results of this move was the establishment of the review committee which has begun to evaluate development pipeline and in-licensing candidates. Going forward, we plan to use this framework to enhance more cross-functional and cross-regional collaboration within the Takeda Group and to promote quick, optimal decision-making.

R&D

Global Research & Development Network



Enhancement of Entire Research Capability with New Research Center

Construction of Takeda's new state-of-the-art global research facility is underway at a site in Kanagawa Prefecture, Japan, located between the cities of Fujisawa and Kamakura. Due for completion in fiscal 2010, the new center will lead the drive for quality-oriented, innovative drug discovery research. By integrating the Osaka (Jyuso) and Tsukuba sites, the new facility will promote cooperation between therapeutic areas, help to expand indications and efficacies related to our research themes, and promote rapid decision-making. Many highly qualified researchers from different regions and departments in Japan and overseas will work at the research center. Through various initiatives, management will seek to cultivate a culture that encourages collaboration and creative discussions amongst researchers.

Artist's impression of new research center

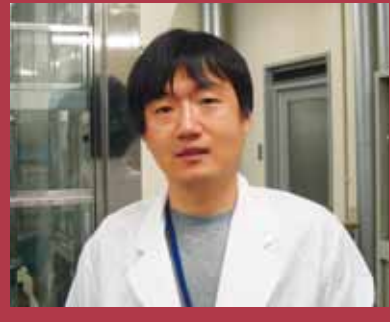
Promotion of Aggressive Alliances

In-licensing activities and alliances also form part of Takeda's strategy for increasing productivity within R&D. By harnessing external resources to the fullest extent, we aim to realize high-quality outcomes across research and development.

Within our research division, we continue to promote existing joint research programs while at the same time seeking to expand and strengthen connections with academia so that we can build long-term win-win relationships with the world-class researchers. Our in-licensing activities introduce high quality compounds —even to the extent of considering potential rivals to in-house drug candidates. As a new initiative, we will begin seeking partners to undertake co-development. This approach can help to mitigate the risks associated with in-house drug candidates in late-stage clinical studies and contribute to lower costs.

Takeda's Voice

At the Medicinal Chemistry Research Laboratories where I work, we design new compounds as candidates for future drugs, and synthesize them using organic chemistry. The compounds we are synthesizing right now may take five to ten years to reach the market as a drug, but we take great care to think through every aspect of each compound to find ways to improve its efficacy and pharmacokinetics. This is the best way to make drugs that will truly help patients. I am making every effort to create innovative drugs that include my ideas even in a small way.



Takatoshi Yogo, Ph.D.
Medicinal Chemistry Research Laboratories, Pharmaceutical Research Div.

R&D Topics

R&D Pipeline

The R&D pipeline represents ethical drugs under development, from the start of research to approval and launch. Clinical trials are conducted on humans for drugs for which basic research and non-clinical trials have been completed. Newly developed drugs that have undergone efficacy and safety evaluation via three phases of clinical trials are launched onto the market as new drugs after approval by the regulatory authorities.

Basic research / Non-clinical trials

↓

Clinical trials

Phase Ⅰ

Conducted using a small group of healthy adult volunteers in order to evaluate safety and ADME (Absorption, Distribution, Metabolism, Excretion) of the drug.

Phase Ⅱ

Conducted using a small group of patient volunteers in order to evaluate safety, efficacy, dosage, and administration methods.

Phase Ⅲ

Conducted using a large number of patient volunteers in order to evaluate safety and efficacy in comparison to medications used previously.

↓

Application

Approval

Major Pipeline Drugs Offering Potential as Next-Generation Core Products

Metabolic & CV (Obesity, Diabetes and Atherosclerosis)

Anti-Hypertension Drugs: TAK-491/TAK-536

TAK-491 and TAK-536 are positioned as successors to our core product *Blopress*. In clinical trials they have demonstrated superior efficacy in lowering blood pressure than angiotensin-II receptor blocker (ARB) medications that are currently available.

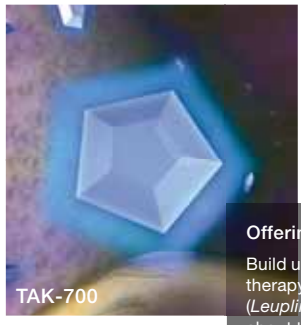
Therapeutic Drug for Renal Anemia/ Chemotherapy-Induced Anemia: Hematide (Generic Name: Peginesatide)

In-licensed from US-based Affymax Inc., Hematide is a synthetic peptide that binds to receptors for erythropoietin, a hormone that stimulates the production of red blood cells. Trials have demonstrated an increase in red blood cell count on administration every four weeks. Compared to similar types of drugs already on the market, Hematide offers the benefit of greater patient convenience due to longer intervals between separate injections.

Oncology

Prostate Cancer Drug: TAK-700

TAK-700 is an oral, selective, non-steroidal inhibitor of the 17,20 lyase, which is a key enzyme in the production of steroidal hormones. The compound is currently in clinical trials evaluating its use in patients with metastatic castration resistant prostate cancer.



TAK-700

Offering innovative drugs

Build upon our success in hormone therapy in prostate cancer (*Leuplin*/*Lupron*). We are excited about the potential of TAK-700 as a new treatment option.

Therapeutic Drug for Hematologic Malignancies: MLN4924

MLN4924 is a small molecule inhibitor of the NEDD8-Activating Enzyme (NAE), which is upstream of the proteasome. Both the target and the molecule were discovered by Millennium scientists. MLN4924 is the first small molecule inhibitor to specifically target this class of enzyme and is currently in Phase Ⅰ clinical trials.

Central Nervous System (CNS)

Therapeutic Drug for Alzheimer's Disease: R113675 (Generic Name: Galantamine Hydrobromide)

In-licensed from Janssen Pharmaceutical K.K. and the latter's parent company Janssen Pharmaceutica of Belgium, Alzheimer's treatment R113675 works by raising the concentration of acetylcholine inside the brain. This has a positive effect on neural conduction. Marketed in over 70 countries around the world, it is one of the standard treatments that are indicated in patients diagnosed with mild to moderate Alzheimer's disease.

Therapeutic Drug for Major Depressive Disorder (MDD)/ Generalized Anxiety Disorder (GAD): Lu AA21004

In-licensed from H. Lundbeck A/S of Denmark, Lu AA21004 is being jointly developed for treatment of MDD and GAD. Its mechanism of action is different to antidepressants that are currently available, and it is expected to be the first in a new class of drugs for treating mood disorders such as MDD and GAD.

R&D Alliance

Advances in In-Licensing and Alliance Activities from April 2009 Onwards

Partners	Activities
Novartis AG (Switzerland)	In May 2009, Takeda entered into a license agreement with Novartis in Switzerland for vaccine for prevention of infection caused by Haemophilus influenzae type B (Hib vaccine).
Amgen Inc. (U.S.A.)	In August 2009, the top line results from Phase Ⅲ clinical trial of *Vectibix* (generic name: panitumumab) was announced. This trial was conducted by Amgen, Inc. and Takeda Bio Development Center as a second-line treatment for patients with metastatic colorectal cancer. *Vectibix* significantly improved progression-free survival when being used in combination with an irinotecan-based chemotherapy, compared to the said irinotecan-based chemotherapy alone, in patients with KRAS* wild type metastatic colorectal cancer, and the results were reported to the Japanese Ministry of Health, Labour and Welfare (MHLW). In April 2010, Takeda received an approval of production and marketing for *Vectibix*, for treatment of advanced or recurrent colorectal cancer, and marketed this product in June 2010. *KRAS plays an important role in cell growth regulation.
Santhera Pharmaceuticals AG (Switzerland)	In August 2009, Santhera of Switzerland started Phase Ⅲ clinical trials of Idebenone, for the treatment of Duchenne muscular dystrophy in Europe and North America, which is co-developed with Takeda.
Amylin Pharmaceuticals, Inc. (U.S.A.)	In October 2009, Takeda entered into a worldwide exclusive license, development and commercialization agreement with Amylin in the U.S. to co-develop and commercialize pharmaceutical products for the treatment of obesity and related indications and in February 2010, Takeda decided to start the Phase Ⅲ clinical trials of AC137-164594 (generic name: pramlintide/metreleptin) for the treatment of obesity.
Pronova BioPharma ASA (Norway)	In December 2009, Takeda started Phase Ⅲ clinical trials of TAK-085, which Takeda in-licensed from Pronova in Norway, for the treatment of hypertriglyceridemia in Japan.
Seattle Genetics, Inc. (U.S.A.)	In December 2009, Millennium, Takeda's wholly owned subsidiary, entered into an agreement with Seattle Genetics in the U.S. to globally develop and commercialize SGN-35 excluding the U.S. and Canada for the treatment of relapsed and refractory Hodgkin lymphoma and systemic anaplastic large cell lymphoma. In April 2010, a Phase Ⅲ clinical trial of SGN-35 for post-transplant Hodgkin lymphoma patients was initiated in the U.S., Europe and Russia.
Affymax Inc. (U.S.A.)	In February 2010, Takeda started the Phase Ⅲ clinical trials of Hematide (generic name: peginesatide) for the treatment of anemia in chronic renal failure in Japan. *Hematide* which is in-licensed from Affymax, Inc. in the U.S. is a drug for chronic kidney disease related anemia and chemotherapy-induced anemia.
H. Lundbeck A/S (Denmark)	In March 2010, Takeda decided to initiate the additional Phase Ⅲ pivotal clinical trials with Lu AA21004, which Takeda in-licensed from Lundbeck in Denmark for the treatment of major depressive disorder (MDD) and generalized anxiety disorder (GAD). The study results with patients with MDD which Takeda received so far suggest that a higher dose may be more efficacious. The pivotal program is planned to commence in the first half of 2010. In March 2010, Takeda also decided to start Phase Ⅲ clinical trials of Lu AA24530 which Takeda in-licensed from Lundbeck in Denmark for the treatment of MDD and GAD. The pivotal program is planned to commence by the end of 2010.
Janssen Pharmaceutical K.K. (Japan)	In March 2010, Takeda signed an agreement with Janssen Pharmaceutical K.K. and Janssen Pharmaceutica N.V. of Belgium regarding co-marketing in Japan of R113675 (generic name: galantamine hydrobromide), which is a drug for Alzheimer's disease. Following the development overseas of R113675 by Janssen Pharmaceutica N.V., for the treatment of Alzheimer's disease, Janssen Pharmaceutical K.K. developed it in Japan and submitted an application for production and marketing approval to the MHLW in February 2010. Once approved, Takeda and Janssen Pharmaceutical K.K. will co-market it under the same brand name.
AMAG Pharmaceuticals, Inc. (U.S.A.)	In March 2010, Takeda entered into an exclusive development and commercialization agreement related to *Feraheme* (generic name: ferumoxytol) Injection for intravenous (IV) use in all therapeutic indications in five regions, including Europe, Canada, Turkey, the Commonwealth of Independent States (CIS) and Asia-Pacific countries, excluding Japan, China and Taiwan.

As of June 30, 2010

Partner's Voice

In March 2010, we at Janssen Pharmaceutical K.K. concluded with Takeda a contract of the joint sale of an Alzheimer's dementia medication, R113675 (generic name: galantamine hydrobromide) in Japan which filed to the Ministry of Health, Labour and Welfare recently.

In Japan in which society is aging, Alzheimer's dementia which requires fulfilling treatment options is an area remaining a large unmet medical need. It is the greatest pleasure that we could provide one of a new treatment option to more patients, their families and medical personnel through the joint sale with our business partner Takeda who is interested in not only the area of the central nervous system but also the area of Metabolic & CV.

Mr. Toon Overstijns President and Representative Director, Janssen Pharmaceutical K.K.

Pipeline

Development Code	Generic Name	Brand Name (Country/Region)	Drug Class
Metabolic & CV (Obesity, Diabetes and Atherosclerosis)			
AD-4833	Pioglitazone hydrochloride	*Actos* (Japan, U.S.A., Europe, Asia) *Glustin* (Europe)	Insulin sensitizer
AO-128	Voglibose	*Basen* (Japan, Asia)	Alpha-glucosidase inhibitor
SYR-322	Alogliptin	*NESINA* (Japan)	DPP-4 inhibitor
SYR-472	Not decided		DPP-4 inhibitor
TAK-428	Not decided		Neurotrophic factor production accelerator
TAK-875	Not decided		GPR40 agonist (Glucose-dependent insulin secretagogue)
TAK-329	Not decided		Glucokinase activator
TCV-116	Candesartan cilexetil	*Blopress* (Japan, Europe, Asia) *Amias, Kenzen,* etc. (Europe)	Angiotensin Ⅱ receptor blocker
TAK-491	Azilsartan medoxomil		Angiotensin Ⅱ receptor blocker
TAK-536	Azilsartan		Angiotensin Ⅱ receptor blocker
TAK-591	Not decided		Angiotensin Ⅱ receptor blocker
TAK-085	Omega-3-acid ethyl esters 90		EPA/DHA agent
TAK-442	Not decided		Selective factor Xa (FXa) inhibitor
ATL-962	Cetilistat		Lipase inhibitor
AC137-164594	Pramlintide/Metreleptin		Synthetic amylin analog/ synthetic leptin analog
Feraheme	Ferumoxytol		Ⅳ iron
Hematide	Peginesatide	*Hematide* (U.S.A.)	Synthetic, peptide-based erythropoiesis-stimulating agent

R&D Pipeline

Indication /Formulation	Country/Region	Stage of Development				
		Phase Ⅰ	Phase Ⅱ	Phase Ⅲ	NDA Submission	NDA Approval
Diabetes/Orally disintegrating tablet	Japan					2010.01
Diabetes/Fixed-dose combination with metformin	Japan					2010.04
Diabetes/Fixed-dose combination with glimepiride	Japan				2009.07	
Prevention of onset of Type 2 diabetes with impaired glucose tolerance (IGT)	Japan					2009.10
	Asia (Philippines)					2010.02
Diabetes	U.S.A.				2007.12 *1	
	Europe					
	Japan					2010.04
Diabetes/Concomitant therapy with alpha-GI	Japan					2010.04
Diabetes/Fixed-dose combination with *Actos*	U.S.A.				2008.09 *2	
	Europe					
	Japan				2009.06	
Diabetes/Concomitant therapy with thiazolidinediones	Japan				2009.06	
Diabetes/Concomitant therapy with sulfonylurea	Japan				2010.03	
Diabetes/Concomitant therapy with biguanides	Japan				2010.03	
Diabetes/Fixed-dose combination with metformin	U.S.A.					
	Europe					
Diabetes	U.S.A.					
	Europe					
	Japan					
Diabetic neuropathy	U.S.A.					
	Europe					
Diabetes	U.S.A.					
	Europe					
	Japan					
Diabetes	—					
Hypertension/Fixed-dose combination with hydrochlorothiazide (high dose)	Europe (Ireland)					2009.06
	Europe (Switzerland)					2009.08
	Europe (Italy)					2009.09
Hypertension/Fixed-dose combination with amlodipine besilate	Japan					2010.04
Hypertension accompanying Type 2 diabetes/Fixed-dose combination with *Actos*	Japan					
Hypertension	U.S.A.				2010.04	
	Europe					
Hypertension/Fixed-dose combination with chlorthalidone	U.S.A.					
Hypertension	U.S.A.					
	Europe					
	Japan					
Hypertension	—					
Hypertriglyceridemia	Japan					
Venous and arterial thromboembolism	U.S.A.					
	Europe					
	Japan					
Obesity	Japan					
Obesity	U.S.A.					
Iron deficiency anemia	Canada				2009.12	
	Europe					
	Europe (Switzerland)					
Chronic kidney disease related anemia	U.S.A.					
	Europe					
	Japan					
Chemotherapy-induced anemia	—		※Development suspended			

*1 FDA complete response letter (2009.06) *2 FDA complete response letter (2009.09)

As of May 12, 2010 (the date of FY2009 financial results announcement)

Pipeline

Development Code	Generic Name	Brand Name (Country/Region)	Drug Class
Oncology			
MEPACT	Mifamurtide	*Mepact* (Europe)	Immunostimulant
Vectibix	Panitumumab	*Vectibix* (Japan)	Human monoclonal antibody (MAb) against the human EGFR
VELCADE	Bortezomib	*VELCADE* (U.S.A.)	Proteasome inhibitor
AMG 706	Motesanib diphosphate		VEGFR1-3 inhibitor
SGN-35	Brentuximab vedotin		CD30 monoclonal antibody
MLN0518	Tandutinib		Inhibitor of receptor kinases (FLT3, PDGFR, c-KIT)
MLN8237	Not decided		Aurora A kinase inhibitor
CBP501 *1	Not decided		Cell cycle dysregulator
TAK-700	Not decided		Non-steroidal androgen synthesis inhibitor
TAK-448	Not decided		Metastin analog
TAK-285	Not decided		HER2 inhibitor
TAK-701	Not decided		HGF antibody
TAK-901	Not decided		Aurora B kinase inhibitor
TAK-733	Not decided		MEK inhibitor
MLN4924	Not decided		NEDD8 activating enzyme inhibitor
MLN9708	Not decided		Proteasome inhibitor
AMG 655	Conatumumab		Human monoclonal antibody agonist directed against DR5 (TRAIL-R2)
AMG 386	Not decided		Anti-angiopoietin peptibody
AMG 479	Not decided		Human monoclonal antibody against human type 1 insulin-like growth factor receptor (IGF-1R)
AMG 403	Not decided		Human monoclonal antibody against human Nerve Growth Factor (NGF)
Central Nervous System Diseases			
TAK-375	Ramelteon	*ROZEREM* (Japan, U.S.A., Asia)	MT_1/MT_2 receptor agonist
R113675	Galantamine hydrobromide		Acetylcholinesterase inhibitor and nicotinic acetylcholine receptor enhancer
Sovrima	Idebenone		Mitochondria targeted anti-oxidant
Lu AA21004	Not decided		Multi-modal acting antidepressants
Lu AA24530	Not decided		Multi-modal acting antidepressants
TAK-065	Not decided		Neuroregeneration enhancer
Gastroenterological Diseases, Urological Diseases and Immunological Diseases			
AG-1749	Lansoprazole	*Takepron* (Japan, Asia) *Prevacid* (U.S.A., Asia) *Ogast, Agopton, Lansox,* etc. (Europe)	Proton pump inhibitor
TAK-390MR	Dexlansoprazole	*DEXILANT* (U.S.A.)	Proton pump inhibitor
AMITIZA	Lubiprostone	*Amitiza* (U.S.A.)	Chloride channel opener
MLN0002	Vedolizmab		Humanized monoclonal antibody against $\alpha 4\beta 7$ integrin
NE-58095	Risedronate	*Benet* (Japan)	Bone resorption inhibitor
TAK-438	Not decided		Potassium-competitive acid blocker
TAK-385	Not decided		LH-RH receptor antagonist
MLN0415	Not decided		IKK2 inhibitor
Vaccine			
TAK-816	Not decided		Hib vaccine

R&D Pipeline

Indication /Formulation	Country/Region	Stage of Development				
		Phase Ⅰ	Phase Ⅱ	Phase Ⅲ	NDA Submission	NDA Approval
Non-metastatic osteosarcoma	Europe (Switzerland)					2009.11
Unresectable, advanced or recurrent colorectal cancer with wild-type *KRAS*	Japan					2010.04
Squamous cell carcinoma of the head and neck	Japan					
Follicular NHL	U.S.A.					
First line MCL	U.S.A.					
Subcutaneous formulation	U.S.A.					
Advanced non-squamous non-small cell lung cancer	U.S.A. Europe Japan					
Breast cancer	U.S.A.					
Relapsed or refractory Hodgkin's lymphoma	Europe					
Relapsed or refractory systemic anaplastic large cell lymphoma	Europe					
Glioblastoma	U.S.A.					
Aggressive NHL, Acute myelogenous leukemia (AML), High-risk myelodysplastic syndrome (MDS); Ovarian cancer	U.S.A. Europe					
Malignant pleural mesothelioma	U.S.A.					
Non-small cell lung cancer	U.S.A.					
Prostate cancer	U.S.A. Japan					
Prostate cancer	—					
Solid tumors	U.S.A.					
Advanced malignancies	U.S.A.					
Advanced malignancies	—					
Solid tumors	U.S.A.					
Advanced malignancies	U.S.A.					
Advanced malignancies	U.S.A.					
Progressive cancer	Japan					
Progressive cancer	Japan					
Progressive cancer	Japan					
Pain	Japan					
Insomnia	Europe Japan				✶2	2010.04
Alzheimer's disease	Japan				2010.02	
Friedreich's ataxia	Europe				✶3	
Duchenne muscular dystrophy	Europe					
Major depressive and generalized anxiety disorders	U.S.A. Japan					
Major depressive and generalized anxiety disorders	U.S.A. Japan		✶4			
Alzheimer's disease, Parkinson's disease	—					
Secondary eradication of Helicobacter pylori (single pack of three drugs)	Japan				2009.03	
Prevention of onset of low dose aspirin related gastric ulcers	Japan				2009.03	
Helicobacter pylori eradication by concomitant therapy with Proton Pump Inhibitors	Japan				2009.10	
Prevention of NSAID-associated gastric ulcers	Japan				2009.11	
Erosive esophagitis (healing and maintenance) and non-erosive gastro-esophageal reflux disease	Japan					
Opioid-induced bowel dysfunction (OBD)	U.S.A.					
Ulcerative colitis, Crohn's disease	U.S.A. Europe					
Once-monthly formulation	Japan					
Acid-related diseases (GERD, Peptic ulcer, etc.)	Japan					
Endometriosis, Uterine fibroids	—					
Inflammatory diseases	—					
Prevention of infectious disease caused by Haemophilus influenzae Type b (Hib)	Japan					

✶1 CanBas and Takeda announced terminating collaboration for CBP501 on June 17, 2010 ✶2 Re-submission of MAA is under consideration
✶3 Re-submission subject to positive study outcome ✶4 To be prepared for P-Ⅲ in the U.S.

As of May 12, 2010 (the date of FY2009 financial results announcement)

We will continue establishing a global supply network which enables stable product supply to customers in every region of the world at high quality and low cost.

Hikari plant

TIL drug product plant

TIL drug substance plant

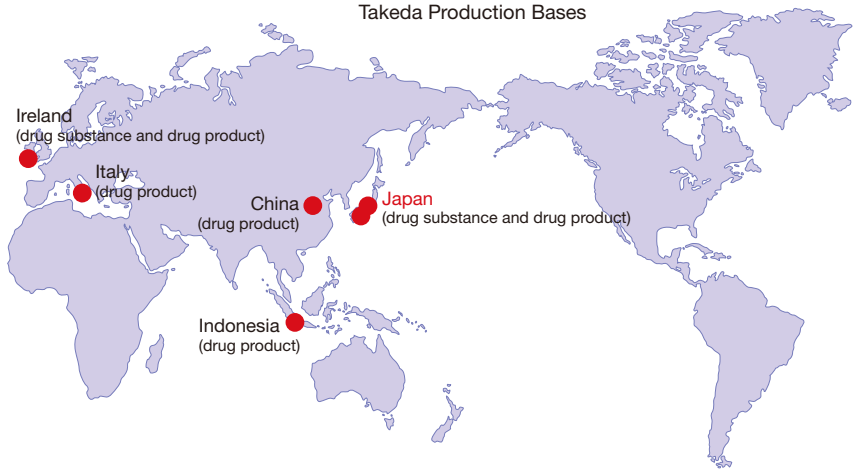
Five Basic Policies for Establishment of Our Global Supply Network

In tandem with rapid international expansion of its sales network, Takeda is establishing the global supply network based on the following five policies:

Takashi Inkyo, Senior Vice President, Pharmaceutical Production Div.

1. Establish the global supply network and quality assurance system to cope with new geographic expansion
2. Promote technology-driven cost reduction
3. Passing on and enhancing our manufacturing technologies at domestic and overseas manufacturing plants
4. Develop human resources to support globalization and technology succession
5. Promote environmental sustainability

Takeda's global production system, which forms the core of the developing global supply network, comprises three key manufacturing plants in Japan (at Osaka and Hikari) and Ireland (Takeda Ireland Limited: TIL). These sites will support the smooth launch of new products. We are continuing our efforts to establish the global supply network through enhancement and integration of system of global purchasing, production and distribution.



Production System

Patient-Oriented Formulation Technology and Quality Design

Takeda is working to develop carefully-crafted, quality pharmaceuticals that offer value to patients.

Takeda's mission is "striving towards better health for patients worldwide through leading innovation in medicine." As part of this, we are constantly developing technology to produce medicines that are more effective, easier to use and of higher quality. This includes developing our formulation technologies so as to maximize the efficacy of the drug's active ingredient while making it easier to take. Examples include orally disintegrating tablets that dissolve quickly in the mouth and can be taken without water, and sustained release formulations designed to extend the drug's efficacy over long periods. As part of our quality assurance program, we design the pharmaceutical packaging to protect the product from the surrounding environment (including factors such as heat, light, humidity and physical shock from dropping). We are also developing improved labels and drug presentations to ensure that medicines are taken properly.

GOOD DESIGN 2009

Good Design Award 2009 winner product

GOOD PACKAGING

2009 Japan Packaging Contest Appropriate Packaging Award winner product

We designed the packaging for this drug by imagining the situations in which patients would take it.

Benet 17.5mg tablets: a treatment for osteoporosis

Benet 17.5mg tablets (generic name: risedronate sodium hydrate) can be taken once a week for the treatment of osteoporosis. To prevent mistakes in taking the drug, we have developed a blister card packaging with a single tablet per card and space alongside to write the date on which the tablet should be taken. This presentation also has several ease-of-use features for elderly patients with this condition. The blister card won two design awards during fiscal 2009: the Good Design Award 2009 and the Japan Packaging Contest Appropriate Packaging Award.

Takeda's Voice

The idea was to launch this once-a-week tablet in a push-through-pack (PTP or blister) presentation. At first we were unsure what would work best, and so we tried to imagine how a patient would actually use the drug. We employed large, easy-to-read lettering in the packaging design and also put the label in Braille. We designed the paper card and plastic sheet used in the blister pack to be easier to separate and discard. We believe that the result is a simple, easy-to-use package design that preserves the quality of the product and is convenient for patients.

Yasutaka Furutani
Pharmaceutical Technology R&D Laboratories, Chemistry, Manufacturing and Controls (CMC) Center

We are reinforcing our global marketing activities by expanding across Japan, Americas, Europe and Asia, and into new emerging markets. Our mission is to provide high-quality medicines to patients worldwide.

Global Marketing Strategy

As Takeda expands into new geographical areas, it will build efficient sales and personnel systems to support its global presence. We also aim to generate sustainable "growth" by introducing a steady stream of new, clearly differentiated products to markets across the world and maximizing their value early.

Oncology

FY2009 net sales
¥46.2 billion

For Multiple Myeloma
Bortezomib

Discovered by Millennium, bortezomib is the only drug for treating multiple myeloma (MM) that has overall survival benefit data included within its prescribing information in the U.S. Approved in more than 90 countries around the world, it is indicated in Europe and the U.S. as a first-line treatment for MM patients that have not undergone chemotherapy.

● **In-house sales regions: U.S.**

Brand Names: *VELCADE* (U.S.)

Metabolic & CV
(Obesity, Diabetes and Atherosclerosis)

FY2009 net sales
¥222.0 billion

For Hypertension
Candesartan Cilexetil

Candesartan cilexetil is an angiotensin Ⅱ receptor blocker* (ARB) for hypertension treatment. A once-daily dosing provides patients with a long lasting mild anti-hypertensive effect. Candesartan cilexetil is marketed in around 90 countries worldwide, and enjoys a trusted reputation in the medical profession in each country. Candesartan cilexetil also has an indication for the treatment of chronic heart failure. In addition, a fixed-dose combination with a diuretic agent is also marketed in around 60 countries for hypertension.

* Angiotensin Ⅱ receptor blocker: blocks the action of angiotensin Ⅱ, a hormone that increases blood pressure.

● **In-house sales regions: Japan, Europe and Asia**

Brand Names: *Blopress* (Japan, Europe, Asia), *Amias, Kenzen,* etc. (Europe)

New Product
in FY2010

For Type 2 Diabetes
Alogliptin Benzoate

Originally discovered by Takeda San Diego, Inc., this type 2 diabetes treatment alogliptin has a novel mechanism of action. It lowers blood glucose levels by inhibiting an enzyme (DPP-4) that breaks down glucagon-like peptide-1 (GLP-1), a hormone that stimulates secretion of insulin.

● **In-house sales regions: Japan**

Brand Names: *NESINA* (Japan)

FY2009 net sales
¥384.7 billion

For Type 2 Diabetes
Pioglitazone Hydrochloride

A once-daily dose of type 2 diabetes treatment pioglitazone hydrochloride improves insulin sensitivity and reduces blood glucose levels, without placing an additional burden on the pancreas. The drug is marketed in around 100 countries worldwide. In the U.S., *ACTOplus met*, a fixed-dose combination tablet of pioglitazone hydrochloride and metformin, as well as *Duetact*, a fixed-dose combination tablet of pioglitazone hydrochloride and glimepiride, are also marketed.

● **In-house sales regions: Japan, U.S., Europe and Asia**

Brand Names: *Actos* (Japan, U.S., Europe, Asia), *Glustin* (Europe)

Marketing

FY2009 net sales
¥122.2 billion

For Prostate Cancer,
Breast Cancer and Endometriosis

Leuprorelin Acetate

Leuprorelin acetate is an LH-RH agonist with a sustained-release formulation to which we devoted the results of our drug delivery system (DDS) research. It is marketed in around 80 countries worldwide and is considered a gold standard therapy for prostate cancer. Its sustained-release injectable formulation, available up to once every six months, has also been marketed in Europe.

● In-house sales regions: Japan, Europe and Asia

Brand Names: *Leuplin* (Japan), *Enantone*, etc. (Europe, Asia)

New Product
in FY2010

For Cancer

Panitumumab

In-licensed from Amgen Inc., panitumumab is an anti-EGFR human monoclonal antibody* that inhibits epidermal growth factor receptors (EGFR). Inhibiting EGFR function supresses tumor growth.

* A genetically engineered artificial human antibody, which selectively targets cancer cells and stimulates the immune system.

● In-house sales regions: Japan

Brand Names: *Vectibix* (Japan)

FY2009 net sales
¥6.9 billion

For Insomnia

Ramelteon

Ramelteon has a different mechanism of action to conventional insomnia treatments. It acts on melatonin* receptors to induce a state close to physiologically natural sleep. Since the drug promotes sleep without needing to suppress anxiety or sedate the user it is expected to show an established safety profile.

* Melatonin is the hormone that induces sleep; it regulates the circadian rhythms that govern when we sleep and wake.

● In-house sales regions: Japan, U.S. and Asia

Brand Names: *ROZEREM* (Japan, U.S., Asia)

Central Nervous System (CNS) Diseases

Gastroenterology/Urology/ Immunology

FY2009 net sales
¥218.1 billion

For Peptic Ulcer

Lansoprazole

A once-daily dosing with lansoprazole, a proton pump* inhibitor, provides fast symptom relief for gastric and duodenal ulcers, and achieves high healing rates. Lansoprazole is marketed in around 100 countries worldwide and is recognized as the top brand in major countries.

* Proton pump: an enzyme that functions in the final stages of acid secretion in gastric parietal cells.

● In-house sales regions: Japan, U.S., Europe and Asia

Brand Names: *Takepron* (Japan, Asia), *Prevacid* (U.S. Asia), *Ogast, Lansox, Agopton,* etc. (Europe)

For Acid Reflux Disease

Dexlansoprazole

FY2009
net sales
¥8.5 billion

Dexlansoprazole is the first proton pump inhibitor specifically designed for the release of medicine in two stages over time. It has a powerful and sustained suppressant effect on gastric acid secretion. It was first launched under the brand name *KAPIDEX*.

● In-house sales regions: U.S.

Brand Names: *DEXILANT* (U.S.)

For Gout and Hyperuricemia

Febuxostat

FY2009
net sales
¥4.4 billion

Discovered by Teijin Pharma Limited, febuxostat is a treatment for hyperuricemia in patients with gout. It lowers the level of uric acid in the blood of hyperuricemic patients with gout by blocking the enzyme that is responsible for the synthesis of uric acid.

● In-house sales regions: U.S.

Brand Names: *ULORIC* (U.S.)

Japanese Market

Yasuhiko Yamanaka
Senior Vice President,
Pharmaceutical Marketing Div.

During the period covered by the 2010-2012 Mid-Range Plan, we have positioned Takeda's home market of Japan as the region that can deliver the most stable growth in sales. We expect to launch a stream of new products in Japan during this time to set the stage for continued expansion. Our top-ranked domestic sales and marketing structure will help us achieve rapid growth in new products. As well as continuing to build on the formidable position that we have established in the therapeutic area of Metabolic & CV, we will begin full-scale sales activities in the areas of Oncology and Central Nervous System (CNS). We will expand and upgrade promotional activities using a patient-based approach attuned to the perspectives of healthcare professionals. In doing so, we hope to offer valuable medicinal treatments that meet the needs of individual patients and contribute to their greater happiness.

Top Share of Domestic Market Achieved Again in Fiscal 2009

At ¥548.8 billion, our ethical drug sales in Japan were flat compared with the prior year, but we kept our overall No.1 share of the Japanese prescription drug market.

During fiscal 2009, the anti-hypertension drug *Blopress* (generic name: candesartan cilexetil) retained its position as Japan's top-selling ethical drug. In April 2010, *ECARD*, a fixed-dose combination of *Blopress* and a diuretic, became eligible for long-term prescription. We plan to expand the *Blopress* family of products further in fiscal 2010 with the launch of *UNISIA*, a fixed-dose combination of *Blopress* and a calcium channel blocker, that is also expected to achieve significant sales. It will offer a more convenient alternative for the treatment of hypertension. Other core products that delivered robust sales performances in fiscal 2009 included *Takepron* (generic name: lansoprazole) for the treatment of peptic ulcers, *Actos* (generic name: pioglitazone hydrochloride) for type 2 diabetes, and *Enbrel* (generic name: etanercept) for rheumatoid arthritis.

We will continue to maximize the value of these core products so that we can achieve sustainable growth into the future.

A Stream of New Drug Launches for Fiscal 2010

In June-July 2010 we launched no fewer than six new products in Japan. The names and characteristics of these drugs are outlined below.

■ ***NESINA*** (generic name: alogliptin benzoate): treatment for type 2 diabetes

This highly-selective once-a-day dipeptidyl peptidase-4 (DPP-4) enzyme inhibitor is an orally active anti-diabetic with a novel mechanism of action. We are committed to nurturing this product into a major pillar of our sales growth in Japan.

■ ***METACT***: treatment for type 2 diabetes

METACT is a fixed-dose combination of *Actos* and metformin. It is the first fixed-dose combination for type 2 diabetes approved in Japan.

■ ***Actos Orally Disintegrating Tablets:*** treatment for type 2 diabetes

This is the only thiazolidine for the treatment of type 2 diabetes available in Japan in an orally disintegrating tablet formulation.

The launch of these three products has filled out Takeda's lineup of orally active anti-diabetic drugs, enabling physicians in Japan to offer individual diabetic patients a new range of therapeutic options.

■ ***UNISIA***: treatment for hypertension

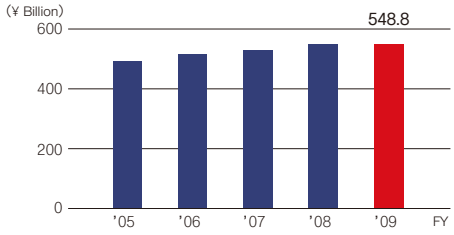
A fixed-dose combination of *Blopress* and amlodipine besilate (calcium channel blocker), *UNISIA* brings together two of the most widely used drugs for treating hypertension in Japan. Offering a more convenient alternative for those with high blood pressure, it is expected to help improve patient adherence (active participation in treatment) to dosing regimens.

The Sapporo Representative Office: **Moriya Suda, Midori Yamaguchi, Rika Nakano, Junzou Kurata, Takumi Fukumoto** (from left)

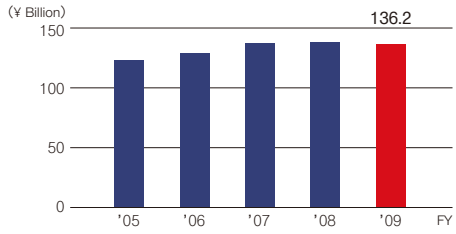
Marketing

Performance in Japan

Sales of Ethical Drugs



Net Sales of Core Product *Blopress*



Six new Takeda products marketed in Japan in June and July 2010

■ *Vectibix* (generic name: panitumumab): anti-cancer agent

An anti-EGFR human monoclonal antibody for treatment of advanced or recurrent colorectal cancer, *Vectibix* is the first key product for Takeda in Japan as we enhance our efforts in the area of Oncology.

■ *ROZEREM* (generic name: ramelteon): treatment for insomnia

Combining a completely novel mechanism of action, improving lifestyle rhythm, with an established safety profile, we are positioning it as a key product in building Takeda's franchise within the therapeutic area of CNS.

We plan to launch a total of eight new products in Japan in fiscal 2010 (including the six above). In addition, in May 2010 we signed a co-promotion agreement with Janssen Pharmaceutical K.K. in Japan for multiple myeloma treatment *VELCADE** (generic name: bortezomib), which was originally discovered by Millennium: The Takeda Oncology Company. Coupled with the marketing of new anti-cancer *Vectibix*, our promotion of *VELCADE* in Japan will be an important step in reinforcing Takeda's position in the area of Oncology in Japan. We hope to make a significant future contribution to the treatment of patients suffering life-threatening conditions.

* Millennium owns the sales rights to *VELCADE* in the U.S., while the Johnson & Johnson Group owns the sales rights in Europe and other territories. In Japan, Janssen launched *VELCADE* for the treatment of relapsed or refractory multiple myeloma in 2006.

As the Most Professional Medical Representatives in Japan

The basic philosophy underpinning the activities of Takeda's medical representatives (MRs) is to contribute to the happiness of patients and to share the satisfaction with healthcare professionals by offering the needed Takeda drugs with appropriate promotional activities to provide the relevant information. Our MRs will continue to actively strive towards the development of goal orientation and self-acquired skills. They are dedicated to maintaining high professional standards so that Takeda retains a leading reputation in the Japanese market.

Stakeholder's Voice

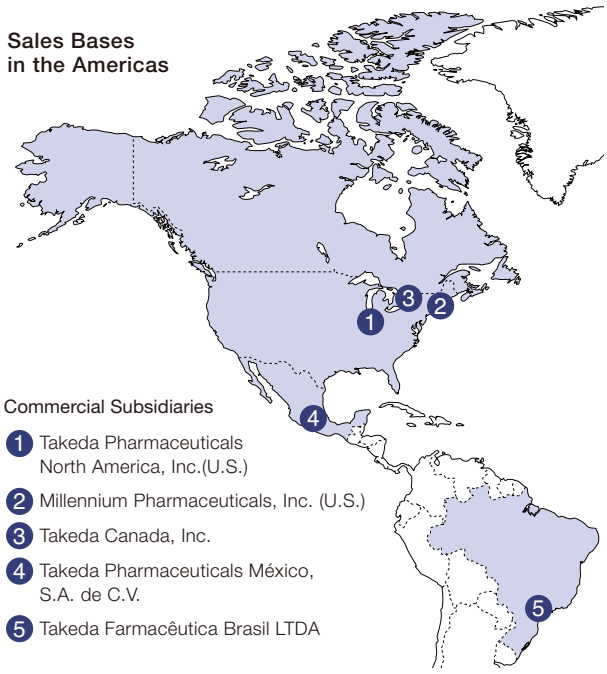
Actos and *Basen* have brought a remarkable change from our sulfonylurea based treatment of diabetes. Together with the highly-selective DDP-4 enzyme inhibitor *NESINA* and *METACT*, the first fixed-dose combination diabetes treatment in Japan, we now have a range of options that enables us to adjust treatment to suit the pathology of each individual diabetes patient. The full lineup of oral anti-diabetes treatments allowing us to propose treatment options from a patient perspective is a real achievement in adding value on Takeda's part, and I expect that Takeda will contribute significantly to reducing diabetes-related complications.

Dr. Ryuzo Kawamori

Director and Professor, Sportology Center, Juntendo University Graduate School of Medicine
(Federal Affairs of Ministry of Education, Culture, Sports, Science and Technology)

Americas Market

Sales Bases in the Americas



Commercial Subsidiaries

1. Takeda Pharmaceuticals North America, Inc.(U.S.)
2. Millennium Pharmaceuticals, Inc. (U.S.)
3. Takeda Canada, Inc.
4. Takeda Pharmaceuticals México, S.A. de C.V.
5. Takeda Farmacêutica Brasil LTDA

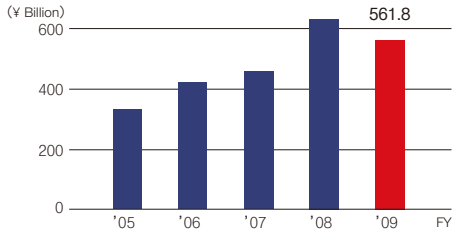
During fiscal 2009, Takeda commenced operations at a newly established commercial subsidiary in Canada, the world's eighth largest pharmaceutical market, and in the rapidly growing market of Mexico. Takeda also established a sales subsidiary in the emerging economy of Brazil, where the pharmaceutical market accounts for more than 40 percent of the pharmaceutical sales throughout Latin America. These moves significantly expanded the scope of Takeda Group operations in the Americas. Moving ahead we will actively develop our new subsidiaries' commercial activities in line with local market conditions.

Sales in North America in fiscal 2009 declined 11.1 percent in year-on-year terms to ¥561.8 billion. This reflected the negative impact of a significant appreciation of the yen against the U.S. dollar and the expiry of patent protection for gastroesophageal reflux disease (GERD) treatment *Prevacid* (generic name: lansoprazole). These factors were partially offset by sales contributions from two new products launched by Takeda Pharmaceuticals North America, Inc. (TPNA) and by growth in sales of multiple myeloma treatment *VELCADE* (generic name: bortezomib), a core product of Millennium Pharmaceuticals, Inc.

Takeda Pharmaceuticals North America, Inc.
Chris Antoniou, Simona Albiani, Valerie Turner (from left)

Performance in the Americas

Net Sales (North America)



Takeda Pharmaceuticals North America, Inc. (TPNA)

Shinji Honda
President & CEO,
Takeda Pharmaceuticals North America, Inc.

TPNA posted sales of U.S. $4,966 million (down 2.1 percent in year-on-year terms) in fiscal 2009. The impact of the *Prevacid* patent expiry was minimized by higher sales of existing core products plus revenue from two new products, *DEXILANT* (generic name: dexlansoprazole) and *ULORIC* (generic name: febuxostat).

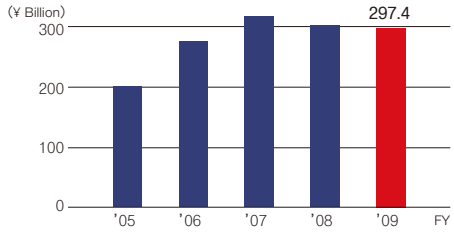
Growth in Sales of Core Products

Sales of the *Actos* (generic name: pioglitazone hydrochloride) family of products for the treatment of type 2 diabetes continued to grow in fiscal 2009, increasing by 6.5 percent to U.S. $3,193 million compared with the previous year. *ACTOplus met*, a fixed-dose combination formulation of *Actos* and metformin, made a major contribution to this growth. Marketing and sales efforts emphasized the importance of quality blood sugar control and an established cardiovascular safety profile, supported Takeda's position as a leader in the diabetes market.

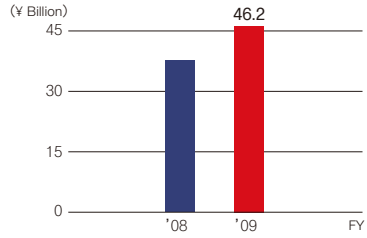
A treatment for GERD, *DEXILANT*, formerly known as *KAPIDEX*, was launched in the U.S. in February 2009. *DEXILANT* builds upon Takeda's legacy in GERD treatment first established with *Prevacid*, one of Takeda's core strategic global products. Sales have grown steadily since launch and reached U.S. $92 million in fiscal 2009. *DEXILANT* has been well received by physicians as the first and only proton pump inhibitor with a unique formulation designed to provide two distinct releases of medication.

Marketing

Net Sales of Core Product *Actos* (Americas)



Net Sales of Core Product *VELCADE* (U.S.)



ULORIC, which was launched in March 2009 for the treatment of hyperuricemia in patients with gout, recorded sales of U.S. $48 million in fiscal 2009. As the first new medicine for the treatment of gout in more than 40 years, *ULORIC*'s share of new prescriptions achieved in the launch year was noteworthy, both among specialists and non-specialist physicians. This bodes well for growth in prescriptions in fiscal 2010 and beyond. Going forward, TPNA's marketing strategy within this therapeutic area is to focus on the importance of long-term management of gout and hyperuricemia.

New Drug Portfolio Set to Reinforce Business

In April 2010, Takeda submitted a New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA) for TAK-491 (generic name: azilsartan medoxomil), a treatment for hypertension. The drug will enhance Takeda's global experience in the area of cardiovascular therapy, and is expected to provide a new treatment option for patients and physicians. In the period of the 2010-2012 Mid-Range Plan, TPNA also expects to launch the type 2 diabetes treatment SYR-322 (generic name: alogliptin benzoate) and Hematide (generic name: peginesatide), a treatment for renal or chemotherapy-induced anemia, in the U.S. market.

Moving forward, in addition to a continued focus on activities that enhance product value, TPNA aims to establish a flexible sales structure to handle its future product mix.

Millennium Pharmaceuticals, Inc. (Millennium)

Millennium: The Takeda Oncology Company, recorded sales of U.S. $769 million (up 30.2 percent in year-on-year terms) in fiscal 2009. This result continued rapid growth in sales of the core product *VELCADE*.

Addition of Three-Year Overall Survival Benefit Data to Label for Core Product *VELCADE*

In December 2009, the U.S. FDA approved a supplemental new drug application (sNDA) for *VELCADE* to expand its prescribing information to include extended three-year overall survival benefit data to its label. This information is based on the updated results of VISTA*, a 682-patient Phase Ⅲ international clinical trial studying the use of *VELCADE*-based therapy in patients with previously untreated multiple myeloma (MM). The new prescribing information includes a demonstrated overall survival benefit after a median three-year follow-up, providing additional clinical evidence that *VELCADE* can help patients with MM to survive longer—a first for any MM treatment label. These data provide hope to patients, and are expected to support the continued growth of *VELCADE*.

* *VELCADE* as Initial Standard Therapy in multiple myeloma: Assessment with melphalan and prednisone

Stakeholder's Voice

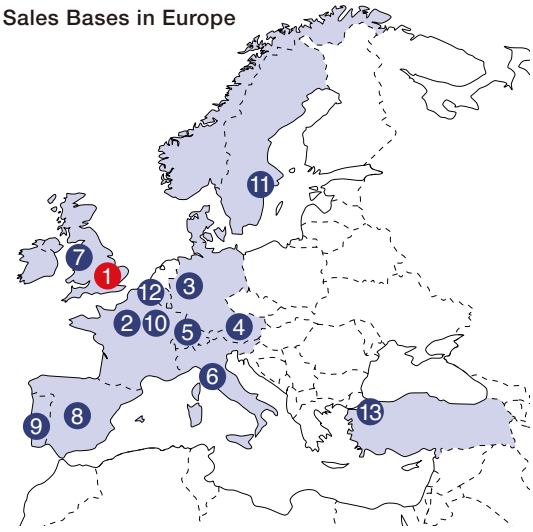
In the U.S., about six million patients live with gout, which causes intense pain and significant disability. Takeda's *ULORIC*, approved by the FDA in March 2009, is the first new drug for gout in more than 40 years, and is the most extensively studied treatment for the condition. As a practicing physician and educator, half the battle is helping people understand the chronic nature of the disease and the need to lower uric acid levels. *ULORIC*, at 80mg daily, is superior to the most commonly used dose of allopurinol at lowering uric acid levels. *ULORIC* is less dependent on the kidney for excretion than allopurinol, making *ULORIC* a valuable option for many patients with gout and kidney dysfunction.

Takeda has been committed not only to a strong clinical research program, but to major gout educational programs for medical practitioners.

Dr. Theodore Fields
Professor of Clinical Medicine, Weill Cornell Medical College

European Market

Sales Bases in Europe



Pan-European Commercial Center of Excellence

1 Takeda Pharmaceuticals Europe Limited (UK)

Commercial Subsidiaries

2 Laboratoires Takeda (France)
3 Takeda Pharma GmbH (Germany)
4 Takeda Pharma Ges.m.b.H (Austria)
5 Takeda Pharma AG (Switzerland)
6 Takeda Italia Farmaceutici S.p.A.
7 Takeda UK Limited
8 Takeda Farmacéutica España S.A.U
9 Takeda Farmacêuticos Portugal, Unipessoal LDA
10 IDM Pharma, S.A.S. (France)
11 Takeda Pharmaceuticals Nordics AB
12 Takeda Pharmaceuticals Benelux BVBA
13 Takeda İlaçları Ticaret Limited Şirketi (Turkey)

Regional Coverage Expanded to 15 Countries

The sales activities of Takeda European Subsidiaries (TES) in Europe are supervised and coordinated by Takeda Pharmaceuticals Europe Limited (TPEU). The six subsidiaries in France, Germany, Austria, Switzerland, Italy and the UK were joined by full-scale sales operations in Spain, Portugal and Ireland in fiscal years 2008 and 2009. Takeda is also building sales networks in Sweden, Norway, Denmark, Belgium, Luxembourg and Turkey. In addition, the French subsidiary of U.S. company IDM Pharma, Inc. was also brought under the TPEU umbrella following Takeda's acquisition of IDM in June 2009. Operations in the region now cover the majority of countries in Western Europe, where Takeda is focusing on establishing a stronger presence within these various markets. We will keep working to create operating platforms in new markets to help increase Takeda's presence in Europe and then maximizing those operations as soon as possible.

Additionally, as a global pharmaceutical company we will explore opportunities for research and commercial alliances serving even more patients and physicians.

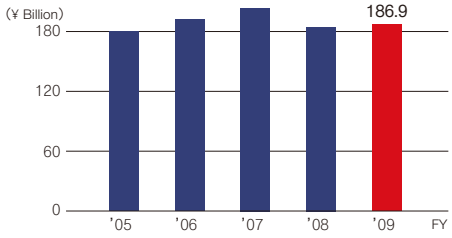
Erich Brunn
CEO, Takeda Pharmaceuticals Europe Limited

Laboratoires Takeda
Valérie Baurain, Jean-Luc Canovas, Isabelle Sellier, Christophe Soriano, Valérie Bergere-Bosc (from left)

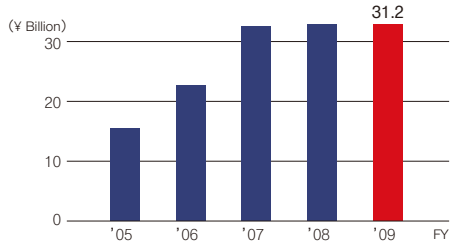
Marketing

Performance in Europe

Net Sales



Net Sales of Core Product *Actos*



Financial Performance in Fiscal Year 2009

Market conditions within Europe remained challenging in fiscal 2009 due to reductions in drug pricing by national governments and other measures to restrict healthcare costs. Total sales in Europe amounted to ¥186.9 billion, an increase of 1.3 percent compared with the previous year. The generally good performance of existing TES was partially offset by the appreciation of the yen against the euro.

Growth from Core Products *Blopress* and *Actos* and Others

Sales of the antihypertensive *Blopress**1 (generic name: candesartan cilexetil), a growth driver for Takeda in Europe, continued to expand steadily in fiscal 2009 across all sales subsidiaries amidst fierce competition. Through initiatives such as the introduction of a fixed-dose combination tablet of 32mg *Blopress* and diuretic in Germany in June 2009, Takeda remains focused on increasing sales of *Blopress* across all territories.

Sales of the type 2 diabetes treatment *Actos**2 (generic name: pioglitazone hydrochloride) rose in local currency terms, but regional net sales of the product fell 4.9 percent on a year-on-year basis to ¥31.2 billion due to the impact of a stronger yen.

Sales of *Leuplin**3 (generic name: leuprorelin acetate), a treatment for prostate cancer, totaled ¥36.2 billion. A six-month depot formulation has been introduced in some countries to further reinforce this brand, and others are planned to follow.

*1 Takeda also markets *Blopress* in Europe under the brand names *Amias* and *Kenzen*.
*2 Takeda also markets *Actos* in Europe under the brand name *Glustin*.
*3 Takeda also markets *Leuplin* in Europe under brand names such as *Enanton*.

New Product *Mepact* Helps to Treat Rare Disease

In February 2010, sales of *Mepact* (generic name: mifamurtide) for the treatment of non-metastatic osteosarcoma (malignant bone cancer) commenced in Germany, and in the rest of Europe on a paid named-patient program* basis where it was not initially reimbursed. Osteosarcoma is a rare and often fatal disease with approximately 1,200 new cases diagnosed each year in Europe, primarily among children and young adults. As the first treatment in 20 years to gain regulatory approval for osteosarcoma, *Mepact* promises to satisfy serious unmet medical needs.

Takeda has several other innovative drugs progressing steadily in clinical development promising to support continuous, autonomous growth in the future. In the near term these include the antihypertensive TAK-491 (generic name: azilsartan medoxomil); Hematide (generic name: peginesatide), a treatment for renal or chemotherapy-induced anemia; Feraheme (generic name: ferumoxytol) initially for treatment of iron deficiency anemia (IDA) in adult patients with chronic kidney disease, and SGN-35 (generic name: brentuximab vedotin), a treatment for malignant lymphoma.

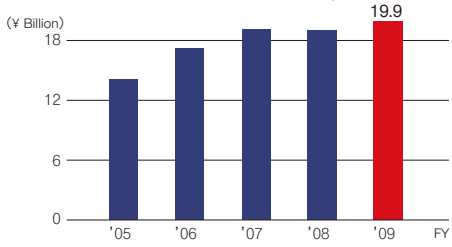
* A named patient program is a facility that enables individual patients to gain access to a designated medicine in cases where it is currently not licensed or reimbursed in that country. Under such a program, the drug's manufacturer can register individual patients and supply medicine for each patient at the request of the consulting physician.

Mepact exhibition booth at the European Oncology Nursing Society meeting in the Hague, Netherlands, April 2010

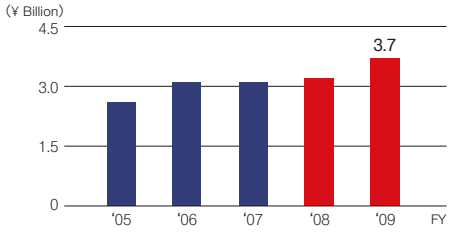
Marketing

Performance in Asia

Net Sales of In-House Ethical Drugs



Net Sales of Core Product Lansoprazole



Targeting Sustainable Growth in the Expanding Asian Region

Stefan Ziegler, CEO, Takeda Pharmaceuticals Asia Private Limited

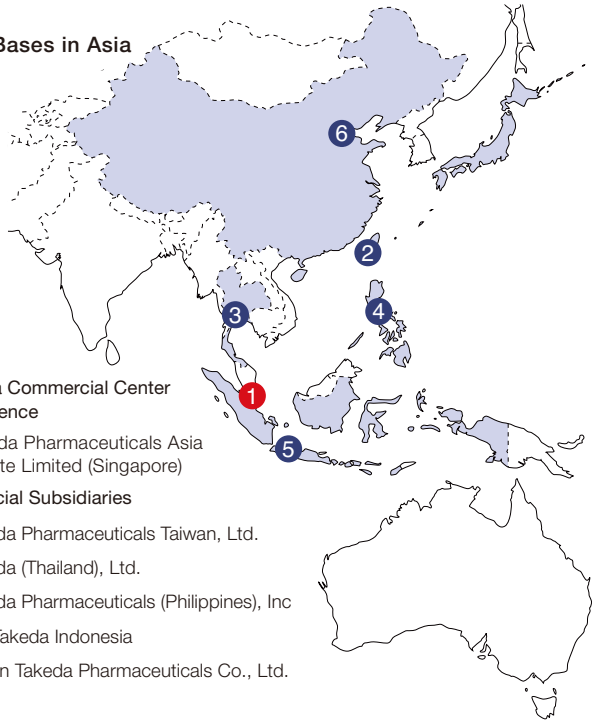
Takeda Pharmaceuticals Asia Private Limited (TPAsia) oversees sales and marketing activities by Takeda subsidiaries established in five countries—Taiwan, Thailand, the Philippines, Indonesia and China. TPAsia is also responsible for promoting optimized sales and marketing strategies from a medium-to-long-term perspective. In June 2010, Takeda decided to enter South Korea, a market that is expected to grow annually at a rate of around 10 percent according to IMS Data. Looking ahead, we are also evaluating options for expanding into India, Australia and other countries as part of a set of deep investments within the high-growth Asian region. Our aim is to quickly build a framework to connect the high growth in this region to support steady growth in the performance of the Takeda Group.

TPAsia cooperates closely with Takeda Clinical Research Singapore Private Limited (TCRS), Takeda's clinical development center in the Asia-Oceania region. This cooperation enables us to secure regulatory approvals to sell new drugs in line with the needs of local markets in Asia and to maximize added value in our products.

Sales Structure for *Actos* Strengthened through Co-Promotion with Pfizer

In December 2009, Takeda concluded an agreement under which Tianjin Takeda Pharmaceuticals will co-promote anti-type 2 diabetic drug *Actos* (generic name: pioglitazone hydrochloride) with Pfizer in China. Currently the world's fifth-largest market by sales of prescription drugs, China is predicted to rise to third in the global rankings by 2011. Research published on diabetes by the International Diabetes Federation suggests that diabetes is a major and growing healthcare concern and particularly in China because of the large size of the population, fast changing social lifestyle and adoption of high calorie and high lipid diets. The IDF estimates 50 million diabetics in China by 2025. In 2007, the Chinese Diabetes Society estimated that 75 percent of treated diabetic patients did not reach treatment goal. Amid growth market conditions, Takeda aims to expand sales of *Actos* by building on the current sales capability through an increased number of medical representatives supporting the sales and marketing of the product and expanding the product reach utilizing the territory coverage of Pfizer China, the largest multinational pharmaceutical company in China.

Sales Bases in Asia



Pan-Asia Commercial Center of Excellence

1 Takeda Pharmaceuticals Asia Private Limited (Singapore)

Commercial Subsidiaries

2 Takeda Pharmaceuticals Taiwan, Ltd.
3 Takeda (Thailand), Ltd.
4 Takeda Pharmaceuticals (Philippines), Inc
5 P.T. Takeda Indonesia
6 Tianjin Takeda Pharmaceuticals Co., Ltd.

Healthcare

Consumer Healthcare Drugs and Quasi-Drugs (Consumer Healthcare Business)

A Reliable Partner for Consumers in the Age of Self-Medication

Masashi Sugimoto, SVP, President of Consumer Healthcare Company

In the consumer healthcare business, Takeda sells over-the-counter (OTC) drugs as one element of its overall pharmaceuticals business. Takeda believes OTC drugs will become an increasingly important product category in view of the coming age of self-medication.

The Japanese market for OTC drugs experienced harsh conditions in fiscal 2009 because the economic slowdown depressed consumer spending and the sales of the Class 1 OTC drugs (those classified as having potentially serious adverse effects on consumers) were negatively affected by the revisions to Japanese Pharmaceutical Affairs Law that came into force in June 2009. The emergency response to the new strains of influenza virus also had an impact on purchasing patterns. Over the long term, however, we expect OTC drugs to play a more prominent role as Japanese society continues to age and individuals become increasingly health consciousness. Under such market conditions, we believe that it will be vital for pharmaceutical companies to supply safe, effective and high-quality medicines while also appropriately providing product information.

Swift Response to Amended Japanese Pharmaceutical Affairs Law and New Product Launches

Stlage Type H

In the consumer healthcare business, Takeda generated sales of ¥58.2 billion in fiscal 2009, a fall of 9.5 percent compared with the previous year.

Prior to the revisions to Japanese Pharmaceutical Affairs Law in June 2009, we produced pamphlets explaining the background of the revisions and changes and distributed this information to pharmacies and drugstores. Fiscal 2009 also featured two major product introductions. We established the *Stlage* brand of Chinese herbal medicine, which is designed to treat stomach disorders caused by stress and help people cope with the stresses of modern society. We also introduced anti-inflammatory analgesic products for topical application called *Actage Mini* patches and *Actage L* patches.

Accelerated Marketing Initiatives with Core Brands

● For the *Alinamin* lineup of products, we continue to use high-profile advertising and marketing activities to make this brand synonymous with the relief of fatigue. Commercials for these products feature the line “Good job. Have an *Alinamin*,” and individual products in the lineup are designed to treat the various causes of fatigue. The lineup has been expanded to reflect varied consumer needs and includes *Alinamin A* or *Alinamin EX PLUS* and *Alinamin V* or *Alinamin R*. With this larger selection, we can help an even broader range of customers remain energetic all day.

Alinamin A

Alinamin EX-PLUS

Alinamin V

Alinamin R

● The *Benza* lineup of cold medications has three main products: *Benza Block S*, *Benza Block L* and *Benza Block IP*. These variants are tailored to particular cold symptoms, allowing people to select a version that best treats their particular cold symptoms.

Benza Block S

Banze Block L

Banza Block IP

● For *Nicorette*®* brand, Takeda is taking actions to capture a larger share of the market for OTC products used to help people quit smoking. Demand is strong because smoking is now recognized as a significant issue in Japanese society.

* This trademark is registered by McNeil AB.

● The *Actage* lineup of products is designed to treat localized pain or inflammation. Takeda introduced *Actage AN* for joint pain and neuralgia, *Actage SN* for pain or stiffness in the shoulders and neck, and *Actage Mini* patches and *Actage L* patches for application to painful areas. The *Actage* lineup helps customers treat internal or external pain using two distinct approaches.

Actage Mini patches

Actage L patches

Actage SN tablets

Actage AN tablets

An Even Better Lifestyle Partner for Consumers

Going forward, we plan to leverage Takeda’s strengths across research, manufacturing and sales and develop ways of providing customers with appropriate information about our products while focusing on our core brands such as *Alinamin* and *Benza* in order to develop business activities in this sector and become an even better lifestyle partner in helping consumers to lead healthier daily lives.

Supplying superior pharmaceuticals of outstanding quality.
Takeda is working on establishing a comprehensive quality assurance system to meet the requirements and expectations for a global pharmaceutical company, taking into account various factors including counterfeit drug issues as well as cultural and religious differences.

[Quality Assurance System]

Fundamental Policy

It is very natural that Takeda's mission is strict compliance with applicable laws and regulations, Takeda has structured a comprehensive quality assurance and safety control system above all to supply safe, high-quality products that patients and customers can use with complete confidence. With cooperation among QA departments of Takeda Group companies worldwide, Takeda is committed to maintaining the reliability of its global operations at all stages extending from research, clinical studies, manufacturing, distribution, and provision of information on appropriate use, to monitoring and analysis of safety and quality information as its products become widely used.

Yasutaka Igari, Ph.D., Senior Director, Global Quality Assurance Dept.

Global Quality Assurance Policy

Takeda established the "Global Quality Assurance Policy" in 2008 as a company policy indicating the appropriate attitude in comprehensive quality assurance activities including risk management and crisis management. All Takeda Group companies around the world are required to comply with this policy. As a pivot of Takeda Group's quality assurance, the Global Quality Assurance Department promotes the establishment of a quality assurance system expected of a global pharmaceutical company by creating and disseminating global policy and guidelines to all Takeda Group companies.

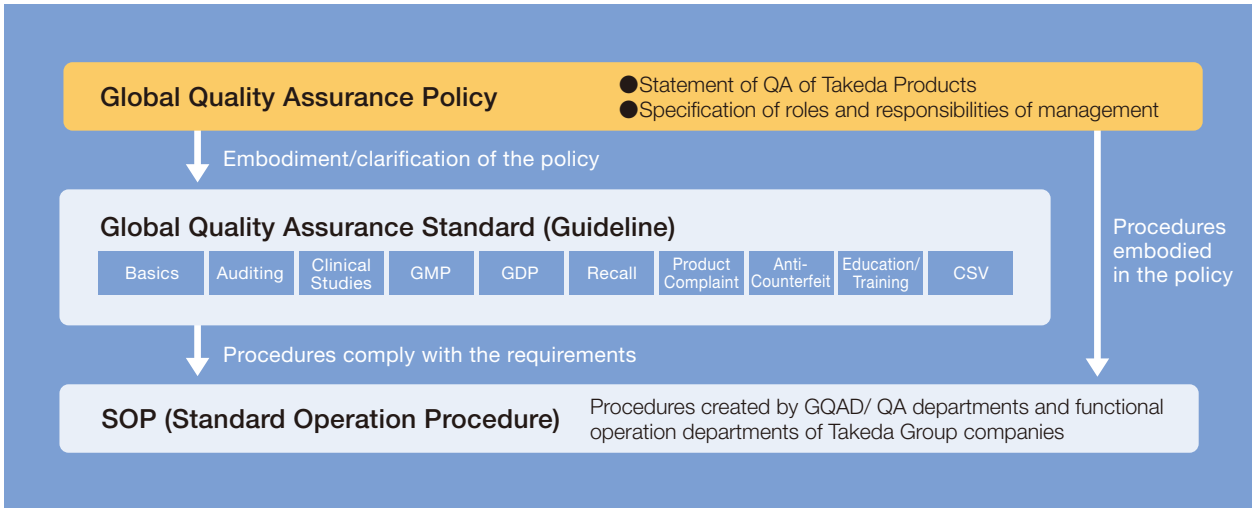
"Quality" that Takeda Pursues

①Product conformity to required specifications at all stages of processing: raw materials, drug substances, investigational medicinal products, finished products, and marketed products during distribution and storage;

②Complete and accurate information (collection, recording, and documentation of information comprising a product profile, and validation including computerized systems);

③Dissemination of information, such as efficacy, dosage, usage, and precautions, to customers in a timely manner

System for Quality Assurance of Takeda Products



GMP (Good Manufacturing Practice)
GDP (Good Distribution Practice)
CSV (Computerized System Validation)

Quality Assurance System

Quality Assurance Spanning the Entire Product Life Cycle

■Research and Non-Clinical Studies

Takeda stringently manages studies and maintains data integrity and also strictly follows each country's regulations for GLP (Good Laboratory Practice) for non-clinical studies to assess the safety of candidate compounds of pharmaceutical products.

■Clinical Development

All of Takeda's clinical studies, wherever conducted, comply with the Japanese, European, and U.S. International Conference on Harmonization-Good Clinical Practice (ICH-GCP), in addition to national and regional regulations as well as Takeda Group's own standard operating procedures and adherence to protocols.

■Manufacture of IMP and Pharmaceutical Products

Takeda complies with GMP (Good Manufacturing Practice), a set of regulations for the manufacture and quality control of pharmaceuticals, and keeps up to date with the latest revisions to these regulations. We also apply our own quality standards to assure that Takeda pharmaceutical products meet international requirements for quality regardless of where they are manufactured.

■Post-Marketing Quality Control

In the post-marketing stage, we carry out not only quality control before shipping out products but also the collection of quality-related information from the market. Examining and evaluating the information obtained allows us to detect potential quality issues at an early point and make continuous improvements in quality control. In Japan, Takeda follows the GQP (Good Quality Practice) regulations for quality control of pharmaceutical products.

■Safety Surveillance of Pharmaceutical Products

Takeda implements pharmacovigilance activities to provide medical institutions and marketing companies with the latest safety information and information on the appropriate use of Takeda products in correct and timely fashion, by collecting information from patients and healthcare service providers from the development phase and continuously even after their launch, and examining and evaluating such information. In Japan, Takeda follows the GVP (Good Vigilance Practice) regulations for safety control of pharmaceutical products.

Risk Management and Crisis Management

Even under the most stringent quality and safety control, unforeseen product defects or adverse drug reactions may occur. Takeda makes the utmost effort to minimize the likelihood and mitigate the risk of these by gathering and analyzing risk-related information appropriately on a global scale to prevent injury to health by Takeda products.

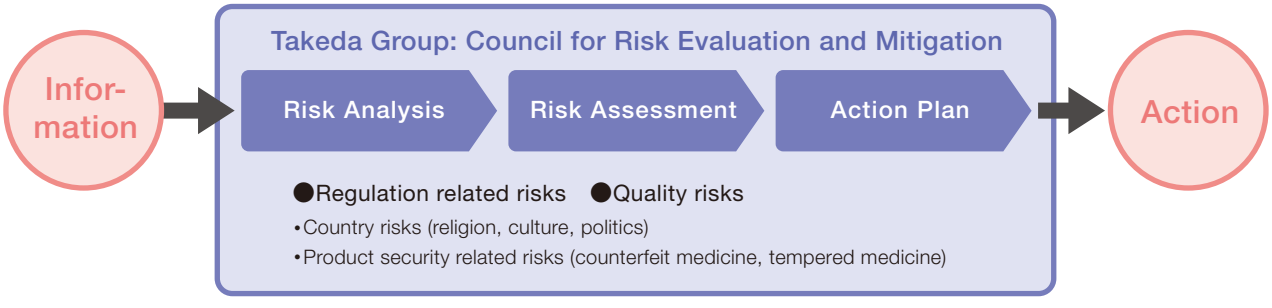
■Council for Risk Evaluation and Mitigation

Takeda has set up a Council for Risk Evaluation And Mitigation (CREAM) hosted by the Global Quality Assurance Department, aiming to deal with illegal activities such as counterfeit pharmaceutical products and situations peculiar to each country due to differences in culture and religion as well as political, economical, and social environments.

■Global Recall System

Individual Takeda Group companies are responsible for developing and implementing a system for local product recall and have taken actions in this regard when necessary. Since the supply management of products for global markets is becoming more complex due to the manifold manufacturing sites and multiple sales and distribution channels in different countries around the world, a global recall system that addresses unexpected recall of products in multiple countries on a global basis has been established in an effort to strengthen the crisis management system.

Concept of Risk Management



For further details about Takeda's quality assurance system, please see the CSR Data Book (PDF)
http://www.takeda.com/csr/

Intellectual property activities are vital to our ability to contribute to society as a provider of outstanding pharmaceutical products.

Intellectual Property Underpinning Takeda's Business

The pharmaceuticals that are the cornerstone of Takeda's business are the product of idea applied in research, development and marketing, with the goal of delivering quality pharmaceuticals to people all over the world. The way we protect the fruits of this accumulated idea is by using the intellectual property rights.

Intellectual property rights include patents, trademarks and other rights; patents are the main way of protecting technologies in our pharmaceutical business, while trademarks protect our brands. Well over 10 years is needed for the R&D process that extends from drug discovery to final approval of a new pharmaceutical product. Furthermore, despite the enormous expenditures required to research and develop drugs, only a very small percentage of compounds reach the market. We therefore protect the pharmaceuticals that are produced through this process by patents and re-invest the proceeds into further R&D—this is the fundamental cycle for a successful pharmaceutical business.

The patents that protect our pharmaceuticals include substance patents that cover the active ingredients, and related patents covering the application, manufacturing process and formulation of drugs, among other things. Such variety of patents generally provides comprehensive protection for the business that is formed around a drug. The substance patent is extremely important as a base patent, and its status can impact on the viability of a business.

The duration of a patent right expires generally after a period of 20 years from the filling date of the patent application. The duration of the patent right for pharmaceuticals may be extended for up to five years, depending on the time needed for the drug approval process.

Transformation into a New Takeda

Yoichi Okumura, General Manager, Intellectual Property Dept.

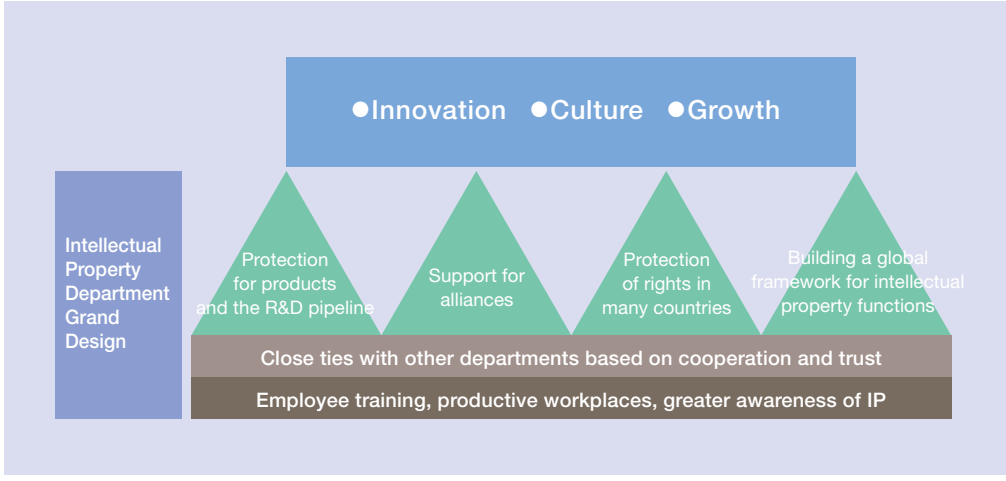
In order to achieve transformation into a new Takeda, we have developed a new corporate vision based on the key themes of innovation, culture, and growth.

Takeda aims to achieve this vision through its business activities, including R&D, alliances and marketing. The Intellectual Property Department supports these business activities through its efforts in four central themes.

1) Protection for products and the R&D pipeline
2) Support for alliances
3) Protection of rights in many countries
4) Building a global framework for intellectual property functions

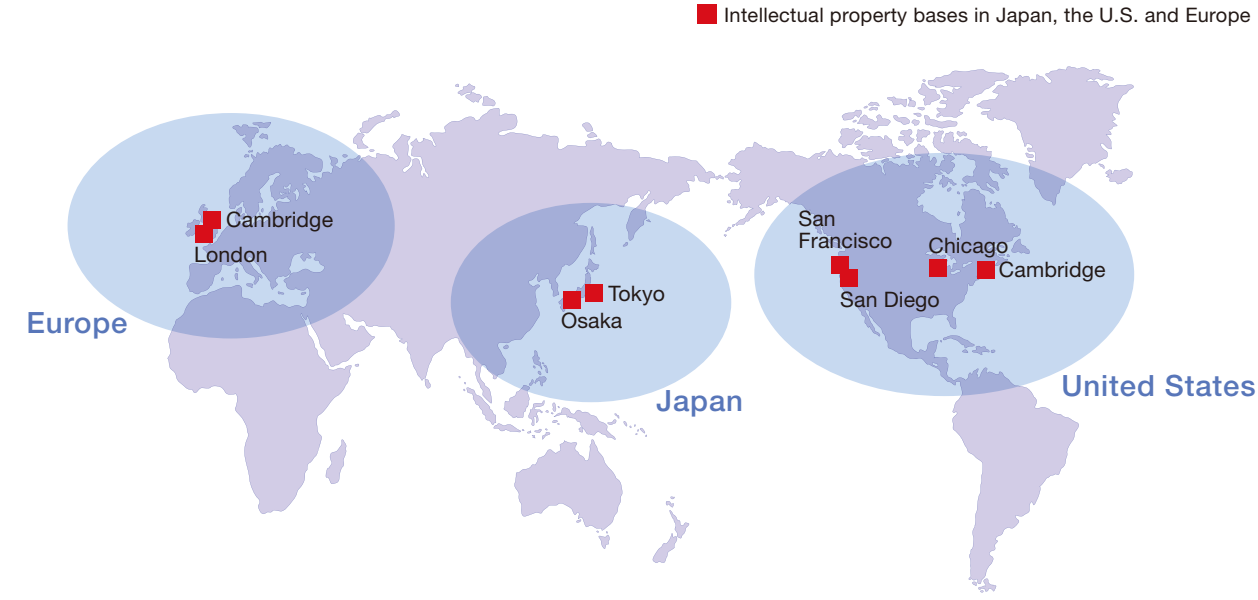
A key part of our transformation into a new Takeda is strengthening our R&D pipeline. Takeda has established the position of Chief Scientific Officer to oversee global R&D and intellectual property. A major benefit of this reorganization is greater collaboration among the Intellectual Property Department, Pharmaceutical Research Division, Chemistry, Manufacturing and Controls (CMC) Center and Pharmaceutical Development Division. We believe that the resulting ability to perform R&D programs more effectively will make the pipeline even stronger. Our Intellectual Property Department works to support businesses by protecting the technologies we develop in our R&D activities. These technologies include not only biologics such as antibody and nucleic acid drugs, but also innovations for future drug discovery such as preventative and tailor-made healthcare, and regenerative medicine.

The Four Central Themes of Intellectual Property Activities



Intellectual Property

The Global Intellectual Property Network



Potential Risks Involving Intellectual Property Rights

Infringement of our intellectual property rights by others pose the risk of lowering our earnings derived from these rights. To protect our earnings, therefore, we have instituted a program to appropriately manage patents and other intellectual property. This program includes a high level of vigilance for patent infringements and other illegal actions by others. We also exercise care to confirm that our products and other activities do not violate the intellectual property rights of others. We perform thorough studies beginning with the R&D stage to be certain that our operations respect all such rights. Through these activities we ensure not only the continued growth of our businesses, but also the stable supply of Takeda products to patients in countries all over the world.

Competition is fierce in drug markets worldwide—and particularly in the U.S. Two major causes are generic drug competition following expiration of patents for our products and those of competitors, and the conversion of prescription drugs to OTC status. In this context, Takeda works continuously to supply patients with more beneficial drug options, including by adding drug indications, and changing drug formulations. By properly protecting these technologies for improving drugs, the Intellectual Property Department helps Takeda to extend the product lifecycle and continue business activities.

The Global Intellectual Property Network

As part of measures to achieve sustained growth, Takeda has overseas intellectual property operations in the U.S. (Chicago, San Diego, San Francisco and Cambridge) and Europe (London and Cambridge). The U.S. and Europe account for approximately 40 percent and approximately 30 percent of the global pharmaceuticals market, respectively. With intellectual property bases in these two regions and Japan, we can respond to competition from both new and generic drugs from a global perspective. We have the flexibility to take preventive, offensive or defensive measures as required. Moreover, our activities involve more than just protecting our own products; we are also active in licensing our intellectual property to third parties and other avenues for effectively utilizing these assets.

Progress in Research and Development in the Life Sciences Field

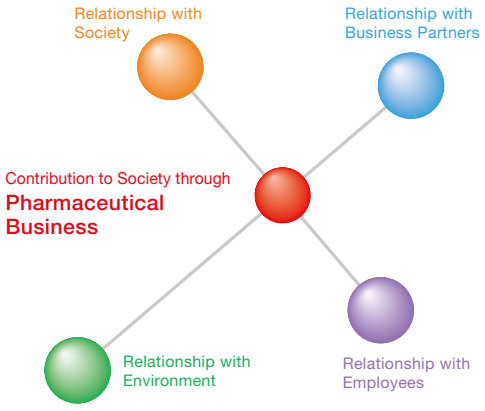
Takeda believes that further progress in R&D in the field of life sciences will require an intellectual property system that reflects industry policy while allowing for protection of inventions and utilization of the rights to them. To accomplish these goals, we are cooperating and holding discussions with governmental ministries and agencies as well as industrial and business associations. In addition, we participate in activities of the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) and other multinational organizations in order to help solve intellectual property issues at the global level.

Relationship with Our Stakeholders

Based on Takeda-ism

To make an ongoing contribution to people worldwide through a commitment to financial and social responsibility—this lies at the heart of everything Takeda does.

Takeda acts sincerely, always conscious of its social responsibility as a business that involves people's lives.



Basic Policy on CSR

For Takeda, the heart of CSR is embodied in our corporate mission of "striving towards better health for patients worldwide through leading innovation in medicine." In short, we believe that our most important responsibility to society is in helping patients and healthcare professionals through our core business.

That said, another perspective we take is that to lose the ability to sustain a healthy society is to lose our own sustainability. We have developed a deep awareness of this truth over our 229 year history. In particular, as our business becomes global we realize that our role as a corporate citizen has become more important than ever before. We believe it is important that we turn our attention to social problems of a global scale as well as issues confronting regional societies. In doing so, we aim to become involved in initiatives for patients, their families and other stakeholders, and in building a framework to promote the development of pharmacology.

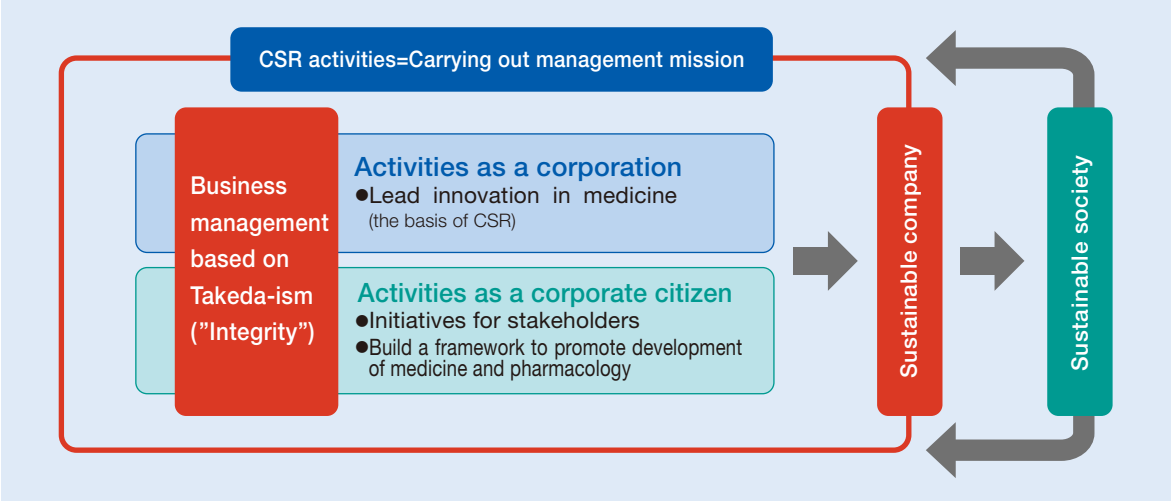
CSR Promotion Framework

We have established a dedicated team within the Corporate Communications Department for promoting CSR activities. The role of the organization is to raise the level of CSR activity throughout the entire Company. The new team will achieve this by communicating closely with the internal departments responsible for global governance of social, environmental, human rights and procurement aspects of Takeda's business. This is in addition to similar communication with those departments responsible for product quality and safety in the core pharmaceuticals business. In each case, the new organization will provide lateral support for those departments' everyday CSR activities. The framework treats important CSR-related matters in the same way as business matters: responsible departments must make reports and proposals as necessary to the Board of Directors and at the Management and Operations Committee.

Specifying Materiality for CSR and Setting Key Performance Indicators

Takeda is actively working to create opportunities to engage with stakeholders, in an effort to gain a firm understanding of their expectations and demands with respect to global pharmaceuticals companies. In addition to our participation in the United Nations Global Compact and BSR*, we promote dialogue with international organizations that evaluate CSR activities, civic groups and NGO/NPO entities. We also participate in CSR-related Committees of Nippon Keidanren (Japan Business Federation) and sit on various committees for pharmaceutical associations. We use the information we gain through these activities to decide on critical activities and key performance indicators, while also considering the ISO guidance on Social Responsibility (draft) and the importance of the activities to Takeda. Most of our critical activities are shown in the feature pages of this report along with the results of our activities. Key performance indicators are mainly set for environmentally related fields, and form a means of improving our activities.

* BSR (Business for Social Responsibility): BSR is a global association of member companies for CSR, formed in the U.S. in 1992.



Takeda incorporates the ten principles of the United Nations Global Compact in all its corporate activities to promote CSR.

Initiatives for the United Nations Global Compact

As a global pharmaceutical company, Takeda will meet the demands of global society based on observing the ten principles of the United Nations Global Compact, including adhering to international agreements such as human rights standards, and giving due consideration to the environment in conducting its business activities.

Relationship with Society

Based on our participation in the United Nations Global Compact, we are accelerating our assistance programs that target developing countries, since these are the main focus of the United Nations Millennium Development Goals (MDGs).* In fiscal 2008 we instigated the "Takeda-Plan Healthcare Access Program," whose aim is to improve the health of children in Asia in partnership with an international NGO. In fiscal 2009 we established the "Takeda Initiative," a support program that aims to develop and strengthen the capacity of healthcare workers in Africa to assist in the fight against the three major infectious diseases of HIV/AIDS, tuberculosis and malaria. Through these programs we are conducting disease prevention and health education activities and improving access to healthcare services across developing nations.

* Please refer to p. 65 for more details about the Millennium Development Goals.

Relationship with Environment

All Takeda Group companies around the world carry out ongoing global environmental activities. These take a long-term perspective and are based on the "Basic Principles on the Environment" that are shared throughout the company. Takeda Garden for Medicinal Plant Conservation (Kyoto) currently cultivates more than 2,400 species of precious plants from around the world, including 84 endangered species, thus helping to protect biodiversity. As a pharmaceutical company with global operations, we are also aware that the use of genetic resources is an important issue, and have adopted a cautious stance relating to procurement in this area. As part of our response to climate change, we have initiated measures to realize significant reductions in our CO_2 emissions, including conversion to more eco-friendly fuels at the Hikari Plant, the Takeda Group's largest manufacturing facility. We also strive to actively disclose information as part of our participation in the Carbon Disclosure Project.

Relationship with Business Partners

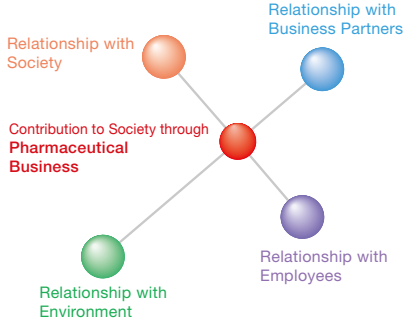
In accordance with the "Takeda Code of Compliance Standards," Takeda strives to establish an equal, fair and impartial relationship with business partners. We are committed to the ten principles of the United Nations Global Compact relating to anti-corruption. We are also formulating a "CSR Purchasing Guideline" to help us build even stronger partnerships with all of our business partners. In addition, Takeda is a corporate member of an advisory group of "supply chain sustainability" which is a United Nations Global Compact-driven project to formulate guidelines on how to implement sustainable supply chains. We give top priority to the safety of patients by working to build a global value chain that ensures product quality at every stage, from supply of raw materials to when pharmaceutical products reach patients.

Relationship with Employees

As a pharmaceutical company with global operations, Takeda is committed to promoting workforce diversity and actively cultivating people with international skills. The management policies Takeda formulated in fiscal 2009 specifically advocate creating a dynamic corporate culture to support this goal. The Human Resources Department has recently set up a special diversity team to oversee various initiatives aimed at fostering an attractive internal company culture based on cultural receptiveness. In terms of human resource development, we operate a global leadership development program through an alliance with leading France-based business school INSEAD.

CSR Activities in Fiscal 2010

Takeda has formulated CSR activities for fiscal 2010 that clearly correlate with the United Nations Global Compact's ten principles in the key fields of "Relationship with Society," "Relationship with Environment," "Relationship with Business Partners," and "Relationship with Employees." Please refer to the facing page for an overview of fiscal 2009 achievements and fiscal 2010 initiatives.



THE GLOBAL COMPACT
WE SUPPORT

CSR Activities and Targets

Field	GC10 Principles	Fiscal 2009 Activities	Evaluation	Fiscal 2010 Targets
Relationship with Society	Principle 1 Principle 2	Provide information spanning treatments, preventative measures and other topics ●Held courses and seminars on health and lifestyle-related diseases, etc.	○	Continue to provide information spanning treatments, preventative measures and other topics
		Improve access to health and medical services in developing countries in Asia ●Started the Takeda-Plan Healthcare Access Program	○	Continue to improve access to health and medical services in developing countries on a global level
		Train and support the human resources who will contribute to the progress of healthcare ●Held the Takeda Young Forum	○	Continue to train and support the human resources who will contribute to the progress of healthcare
		Grant research in a wide range of fields that contribute to healthcare development ●Research grants from the Takeda Science Foundation	○	Continue grant research in a wide range of fields that contribute to healthcare development
		Build partnerships with NGOs and NPOs ●Promoted joint programs with the Civil Society Initiative Fund, Plan Japan and others	○	Continue to build partnerships with NGOs and NPOs
		Develop a clear picture of current volunteer activities within the Takeda Group ●Conducted a best practice analysis of Group companies outside of Japan	△	Continue to provide Japanese staff with opportunities to participate in volunteer activities
Relationship with Environment	Principle 7 Principle 8 Principle 9	Implement policies on the environment and accident prevention ●Planned activities based on policy	○	Continue to implement policies on the environment and accident prevention
		Formulate the Takeda Pharmaceutical Environmental Action Plan ●Formulated proposals for the Takeda Pharmaceutical Environmental Action Plan	△	Continue to formulate the Takeda Pharmaceutical Environmental Action Plan
		Build the Takeda Group Environmental Management System ●Ascertained each business site's compliance with Takeda Group's Standard for Environmental Protection and Accident Prevention Work	○	Continue to build the Takeda Group Environmental Management System
		Set medium-term targets for climate change initiatives ●Set targets for fiscal 2015	○	Strengthen initiatives to promote biodiversity
		Formulate guidelines for management of chemical substances ●Established a framework for evaluating hazard potential and promote measures to prevent exposure in manufacturing processes	○	Continue to strengthen management of chemical substances and formulate guidelines
		Set medium-term targets for use of water resources ●Ascertained current status and ensured risks are low	○	Continue to set medium-term targets for use of water resources
Relationship with Business Partners	Principles 1 to 10	Effectively implement initiatives against counterfeit drugs ●Implemented initiatives in cooperation with international organizations (ICPO, WHO), regulatory agencies and industry group	○	Build a framework in accordance with GDP (Good Distribution Practice), and tighten the security throughout the supply chain
		Reinforce adherence to the Basic Purchasing Policy ●Executed 6 training sessions per year in the General Purchasing Department	○	Have all departments fully aware of and following CSR Purchasing Guideline
		Evaluate our suppliers' progress in CSR initiatives ●Carried out surveys of suppliers	○	
		Other company benchmarks for supply chain management ●Implemented in coordination with consulting companies	○	
		Promote green procurement ●Steady implementation based on policy	○	Continue to promote green procurement
Relationship with Employees	Principles 1 to 6	Reinforce adherence to the Global Human Resources Policy ●Carried out personnel exchanges between Group companies in and outside of Japan	○	Rebuild human resources vision
		Run the Takeda Leadership Institute program ●Held the program in 9 countries for 36 people	○	Continue to run the Takeda Leadership Institute program
		Hold the Takeda Global Awards ●Awarded not only high performance, but also employees who embodied Takeda-ism, and who contributed to society	○	Continue to hold the Takeda Global Awards
		Carry out the Global Employee Survey (biannually) ●Surveyed employees in Japan. 94.5% response rate	○	Continue to carry out the Global Employee Survey (biannually)
		Improve mental healthcare services ●Held Line Care Training for company executives and Self Care Training for regular employees	○	Continue to improve mental healthcare services
		Take steps to create workplaces that are easy to work in ●Acquired the Kurumin next generation accreditation mark for a second consecutive year	○	Continue to take steps to create workplaces that are easy to work in

Evaluations: ○: Target achieved △: Progress made, but target not yet achieved ×: Target not achieved

For details on Takeda's CSR activities, please see the "CSR Data Book" (PDF).

Since fiscal 2006, Takeda has published an Annual Report featuring CSR activities and other non-financial information as part of our efforts to actively disclose information to our stakeholders. To exercise greater accountability for our activities, we now produce a companion CSR Data Book (PDF), which supplements the information in the Annual Report.

The CSR Data Book can be downloaded from our website. http://www.takeda.com/csr/

In carrying out its mission Takeda promotes initiatives that make use of its knowledge.

Fundamental Approach to Our Role as a Corporate Citizen

Takeda's stated mission is "we strive towards better health for patients worldwide through leading innovation in medicine," and we conduct our business accordingly. Our core operation of creating and providing patients with superior pharmaceuticals is key to achieving this mission, but we also place great importance on our initiatives for corporate citizenship activities. In particular, Takeda's business as a pharmaceutical company is one that involves people's lives. We recognize that the expectations of patients and their families are very real. Takeda is therefore committed to using its business resources, such as personnel, equipment, money and information, in order to realize our mission and contribute to society.

Focus of Our Corporate Citizenship Activities

Takeda focuses its corporate citizenship activities where it has developed strengths over 200 years as a pharmaceutical manufacturer—in the field of healthcare. Our activities also reflect our effort to balance global and local perspectives; we tackle issues that confront global society at our head office, while group companies outside of Japan focus efforts on issues in their respective regions. Our head office gathers examples of the main activities that Takeda is involved with around the world and shares them with group companies as a guide to best practices. Activities proceed using the following basic framework to ensure that each activity is balanced with the overall direction of the whole Group.

1. Initiatives for Patients and Other Stakeholders

a. Provision of information	Providing information spanning treatments, preventative measures and other topics
b. Empowerment	Empower patients and their families for living
c. Supplying pharmaceuticals	Supply pharmaceuticals and services tailored to the needs of each region
d. Research and development	Address unmet medical needs

2. Building a Framework to Promote Development of Healthcare

a. Research grants	Grant research in a wide range of fields that contribute to healthcare development
b. Nurturing human resources	Train and support the human resources who will contribute to the progress of healthcare
c. Making use of legacy assets	Make effective use of legacy assets to contribute to healthcare development
d. Advocacy activities	Participate in initiatives to promote CSR

Relationship with Society

Long-Term Ongoing Corporate Citizenship Activities through Links with NGOs and NPOs

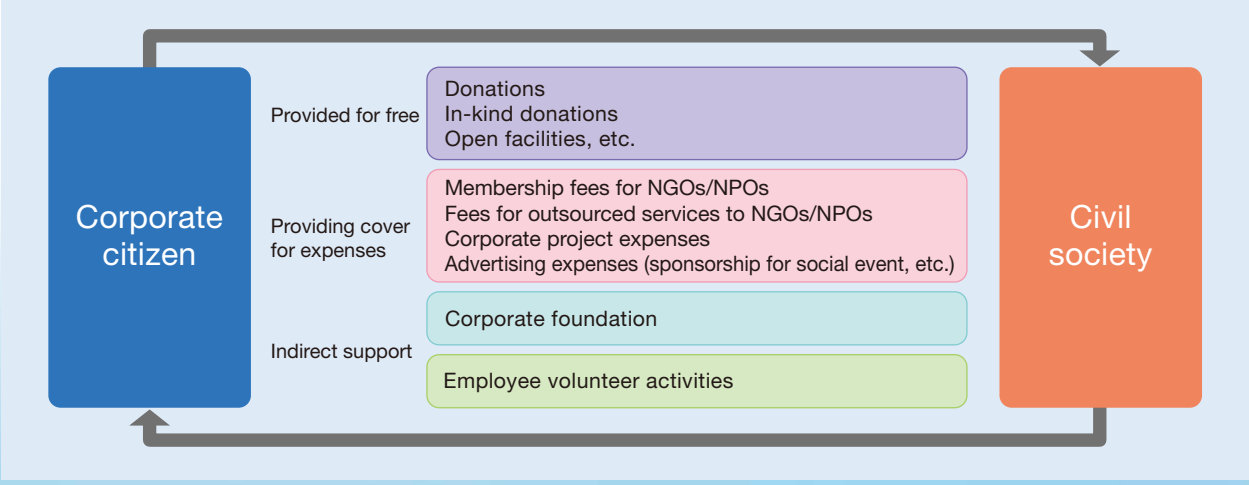
Since the healthcare field is fundamentally involved with the lives of people, one of important things which corporations working in this field must tackle is establishing a framework for long-term, ongoing support. Takeda has developed links with NGOs and NPOs who have a deep understanding of social issues on the front line. Based on these links, we estimate the time needed to improve each situation and create an ongoing support program to help tackle it.

For our links with these organizations we are examining a variety of options above and beyond free provision of business resources.

Takeda's Main Corporate Citizenship Activities and Their Timeframes

Program name	Summary (Partner Organization)	Started	Timeframe
Takeda Initiative	Support fight against AIDS, TB and Malaria in Africa (The Global Fund to Fight AIDS, Tuberculosis and Malaria)	2010	10 years
Takeda-Plan Healthcare Access Program	Support efforts to improve access to healthcare for children in Asia (Plan Japan)	2009	5 years
Takeda Well-Being Program	Support Japanese children in long-term treatment and their families (Civil Society Initiative Fund)	2009	5 years
Prevention of Cervical Cancer in Thailand	Support for a cervical cancer prevention program in Thailand (Peoples' Hope Japan)	2007	3 years

Takeda's Ideal Relationship with the Public



Activities in Japan

What important for giving children in long-term treatment the energy to live—Takeda listens to the views of people involved in related support activities.

Stakeholder Dialogue

Date: March 18, 2010

Takeda's Philosophy and Approach on Stakeholder Engagement

For Takeda, stakeholder engagement means understanding the position and concerns of stakeholders and then reflecting these in corporate activities and decision making. We take a variety of approaches to communicate with stakeholders. In this case, we held a round-table discussion based on the relevant AA1000 scheme so that we could identify relevant upcoming issues through direct dialogue. Please refer to page 23 for other related initiatives.

■Representing Organizations Supported by the "Takeda Well-Being Program":

Network for Support of Children with Diseases - Play Volunteers, NPO
Ms. Kazuko Sakaue, Director
Mr. Kozo Mantani, Vice Director

Shibutane (Sibling Support Seeding Project)
Ms. Hisayo Kiyota, Representative

Japan Hospital Clowns Association (NPO)
Ms. Hiromi Taneyama, Tokyo office staff member

ES-Bureau, NPO
Ms. Teruko Ando, Representative Director
Mr. Masatoshi Nagasawa, Operations Manager

■Representing the Administrative Arm of the "Takeda Well-Being Program":

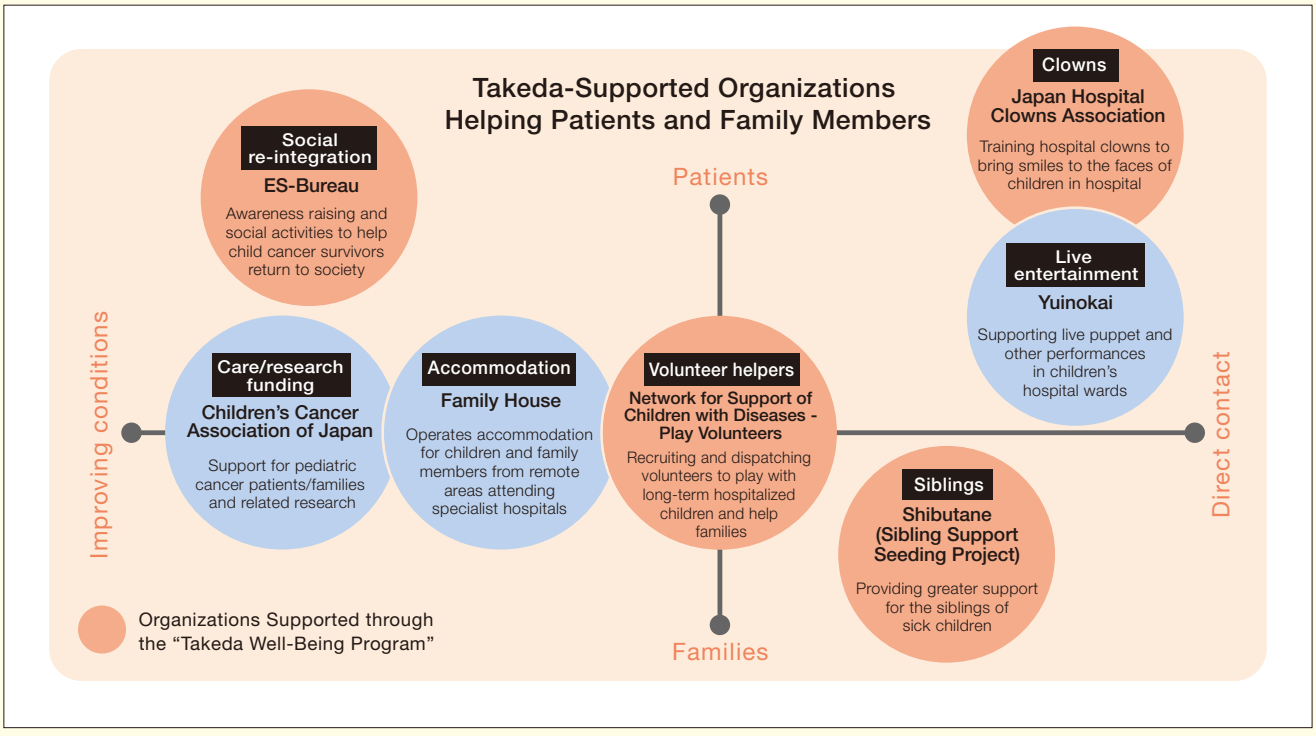
Civil Society Initiative Fund (NPO)
Prof. Yoshinori Yamaoka, Chairman, Management Committee
Ms. Kuniko Kamiyama, Program Officer
Ms. Mina Shimoda, Assistant Program Officer

■Outside Experts:

Prof. Shigeko Saiki-Craighill, Faculty of Nursing and Medical Care, Keio University
Ms. Emiko Nagasawa, Manager, Planning, Research & Development, NIPPON KEIDANREN (Japan Business Federation) Business Services

■Participants from Takeda:

Corporate Communications Department
Koichi Kaneda, Senior Director / **Kouji Kido,** Coordinator / **Akemi Yanai** / **Haruhi Ichikawa**



Relationship with Society

"Takeda Well-Being Program" and the Objectives of Stakeholder Dialogue

Working in conjunction with the Civil Society Initiative Fund (CSIF), in fiscal 2009 the "Takeda Well-Being Program" was set up to support the activities of groups which provide support to children undergoing long-term treatment for diseases and to their families. Based on advice provided by a CSIF-appointed expert advisory board, four NPOs were selected to receive grants in fiscal 2009. These organizations are the Network for Support of Children with Diseases - Play Volunteers, ES-Bureau, Shibutane (Siblings Support Seeding Project) and the Japan Hospital Clowns Association.
When children have to undergo long-term medical care, in many cases this affects not only the child involved but also has a serious impact on the life of the entire family. Through the "Takeda Well-Being Program," Takeda aims to collaborate with a range of stakeholders to promote initiatives that, by giving children and their families the energy to live, help to improve their quality of life as they fight illness on a psychological, cultural and social level. A round-table stakeholder dialogue between the organizations receiving grants, the CSIF and experts in the field was organized to have a direct discussion concerning the following points, and to exchange views about the program.

■Objectives of the Stakeholder Dialogue:

①Introduce activities of each organization and promote mutual understanding

②Confirm current issues

③Discuss the program as a whole

④Discuss and identify future ways of tackling issues

Discussion on Activities of Organizations Receiving Grants

Yamaoka: In the first half of this discussion, we hope to share the concept behind the activities of each group. Then we will discuss any current issues. In the second half of the discussion, we will be asking everyone for their views and trying to identify some issues relevant to how we can improve the funding program.

Network for Support of Children with Diseases - Play Volunteers

[Introduction] Being in hospital can place a lot of stress on a child and his/her family. The group organizes volunteers, mainly people working in childcare, to visit children in hospital for play sessions. The group's current staff extends to about 70 volunteers. Many activities take place at the National Center for Global Health and Medicine. (Established: 1991) ◎Grant: ¥2 million

Saiki: What approach is being taken with new hospitals that have never had such volunteers?
Sakaue: In most cases people are not allowed to approach the bedside. We are compiling a manual for volunteers, but we hope that more hospitals will hear about our group's activities through lectures.

Saiki: I think it's important that hospitals educate their staff and provide support for these kinds of volunteers. We need people who are prepared to try new things if we want to shake up society and make changes.
Taneyama: How do you ensure safety while working in hospitals?
Sakaue: Staff members wear gowns and masks to prevent infecting the patients.

Stakeholder Dialogue

Takeda will utilize feedback from those who really know how children in long-term care actually feel in planning future initiatives.

ES-Bureau

[Introduction] The group provides rehabilitation support services to help children who have survived cancer to re-integrate into society. (Established: 2000) ◎Grant: ¥3 million

M. Nagasawa: With this grant we will be able to organize a national convention for patients and their families.
E. Nagasawa: I think that the fact that the group's activities are carried out from the perspective of beneficiaries. It's great that you use the grant to step up these activities.
Ando: Being involved in this area also means that we understand the personal challenges the children face. That is our strength as a group, I believe.
E. Nagasawa: I think it is important for those studying in medical fields to be involved in such activities, because they are the people who can change hospitals in the future.

Shibutane (Sibling Support Seeding Project)

[Introduction] The group organizes events and undertakes public relations activities to support the siblings of children who are sick. (Established: 2003) ◎Grant: ¥0.25 million

Kiyota: Since I am the only full-time member of staff, we cannot organize anything particularly large. However, we are looking at developing a program aimed at children in junior and senior high school.
Saiki: Society needs to hear more about people and groups involved in giving support to the siblings of sick children.
Taneyama: I think it is important to communicate the feelings of siblings to adults in addition to their parents themselves.

Japan Hospital Clowns Association

[Introduction] The organization trains clowns for work in hospitals and sends them to entertain sick children. The aim is to use laughter to boost children's motivation to help them fight illness. Currently the group has about 40 clowns visiting 30 hospitals. (Established: 1995) ◎Grant: ¥1.75 million

Taneyama: People wanting to be hospital clowns must complete a workshop as well as a full-time training course over three days so that they can learn all the basics and avoid causing any offence to any of the sick children or their families.
Saiki: As well as setting the bar high, it would be good if you could develop a broader variety of means to spark people's interest in what you do.
E. Nagasawa: There is also a need to prepare society in general to be accepting of the program, including the patients and their parents.
Saiki: We ask clowns to come to talk to our students at the university. Since hospitals are not all receptive to voluntary activities, I think that you need to take any chance you can get to talk about the program.

Ways of Improving the "Takeda Well-Being Program"

Yamaoka: First, let us hear from Takeda about the idea behind establishing this program of grants, and why now.
Kaneda: Our core business is to deliver superior pharmaceutical products to patients, and we thought we could contribute to improving the lives of patients in other ways than disease treatment and prevention approaches. That is the idea behind this program.
Yamaoka: We have chosen four organizations for this first round of grants, but in the future we plan to disburse grants as and when required.

Relationship with Society

Saiki: There is no other program targeting children in long-term medical care, which is why I thought that it would be good to highlight it. I think that we need to make the best use of the power of volunteers, and perhaps that we also need to change society's thinking in this area.
E. Nagasawa: What we would like for Takeda is to ask employees to volunteer to be part of these activities as well. Organizing a volunteer group or making donations could help employees gain a new perspective or sensitivity, which could even help in their daily work.

Yanai: Employee participation in such activities is unfortunately not so active. We will use our internal communications channels to introduce these activities to employees and encourage them to get involved.
Mantani: It is great to sit down and talk face to face. I hope that this will not be the last meeting, and that we can set up future opportunities to discuss how we have moved forward.
Saiki: I think that it is important we have a regular meeting and discussion forum for these groups.
Kaneda: Do other programs provide means for groups to communicate with one another?
Yamaoka: There are group associations that double up as information forums, but this is the only CSIF program where we have organized a meeting of groups based on a common grant-related theme. I think it would be easy to get discussions going if the theme were narrowed down to giving children the energy to live.
E. Nagasawa: It would be good if Takeda could create a forum to help groups communicate and exchange information and know-how. If we could also get medical professionals and other companies involved as well, that would enlarge the circle of support substantially.

M. Nagasawa: It might also help to get the message across if Takeda were to host a section about the activities of such groups on its web site.
Saiki: In my classes, I find myself telling students that the current situation in Japanese hospitals at the frontline of nursing care leaves a lot of room for improvement. These are the sorts of fresh initiatives that I also hope to communicate to students.
Kido: Here at Takeda we also want to broaden the range of opportunities to improve patient care at the frontline.

Kaneda: Thank you to everyone for your sincere and valuable comments. We will incorporate all of your feedback to try to improve the "Takeda Well-Being Program" along with the rest of our CSR activities. We really appreciate your contribution today.

Challenges Arising from Stakeholder Dialogue

1. Provide support for the collaboration among NPOs
2. Promote greater involvement by Takeda employees
3. Raise social awareness of the issue of children in long-term treatment and their families

Takeda plans to discuss the issues raised by this stakeholder dialogue with various NGOs and NPOs, both to deepen awareness and to discuss possible improvements. We will also study practical ways of promoting greater involvement in related voluntary activities by Takeda employees. We plan to provide updates on the progress made in these areas in future editions of the Annual Report and CSR Data Book.

In line with United Nations Millennium Development Goals (MDGs),
we are focusing our efforts on preventing the spread of HIV/AIDS, tuberculosis and malaria.

Activities in Africa

The Takeda Initiative

Targeted MDG: Goal 6

As a pharmaceutical company with global operations, Takeda aims to contribute to better health and increased longevity for people worldwide. The "Takeda Initiative" is a new financial aid program to fund various programs supported by the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). Through this program we aim to upgrade the assistance given by Takeda to countries in the developing world where previously we had not been able to make a substantial contribution. The Takeda Initiative puts into practice the philosophy behind the United Nations Global Compact, which we joined in fiscal 2008. Through the initiative Takeda is focusing its efforts to prevent the spread of the three major diseases of HIV/AIDS, tuberculosis and malaria, in line with a key MDG.

Based in Switzerland, the Global Fund is a non-profit organization dedicated to attracting and disbursing additional resources to prevent and treat HIV/AIDS, tuberculosis and malaria. The fund was formed in 2002 in response to calls from the former UN Secretary General Kofi Annan and the G8 group of nations, in the wake of the G8 summit held in Kyushu/Okinawa in 2000, at which the Japanese government declared the fight against infectious diseases to be a major international challenge. To date, the Global Fund has raised funds from the governments of the G8 countries, the Bill & Melinda Gates Foundation, as well as other government agencies, foundations, and private companies. It has approved proposals totaling U.S. $19.2 billion in 144 countries, saving an estimated 5.7 million lives.

Overview of the Takeda Initiative

■ Recipient

Global Fund to Fight AIDS, Tuberculosis and Malaria
(Donations within Japan are accepted by the Japan Center for International Exchange, the administrative secretariat for the Friends of the Global Fund Japan)

■ Donation

¥100 million annually (for ten years 2010-2019)

■ Application

1) Takeda's donations support Global Fund-recommended projects in three countries aimed at giving assistance to strengthen health systems, mainly by developing and strengthening healthcare-related human resources

◎**Malaria in Tanzania**
National Insecticide Treated Nets Implementation Plan (NATNETS)
—Strengthening the system to distribute insecticide-treated nets and developing the human resources engaged in promoting the use and dissemination of the nets

◎**HIV and AIDS in Nigeria**
Scale-Up of Comprehensive HIV/AIDS Treatment, Care and Support
—Community-based care for HIV/AIDS patients and orphans; advocacy and awareness-raising activities to eliminate discrimination

◎**Tuberculosis in Senegal**
Reinforce Tuberculosis Control in Senegal
—Capacity development of health workers engaged in tuberculosis diagnosis and treatment

2) Support for the Global Fund's public relations and advocacy efforts in Japan

Stakeholder's Voice

We are extremely pleased with the commitment from Takeda. I hope it will inspire other corporations in Asia and across the world to step up and join the fight against AIDS, tuberculosis and malaria. The Global Fund's innovative financing mechanism gives companies and businesses who are not focusing on the three diseases, such as Takeda Pharmaceutical the opportunity to really have an impact on the lives of those in need.

Professor Michel Kazatchkine
Executive Director of the Global Fund

Activities in Asia

Takeda-Plan Healthcare Access Program

In August 2009, Takeda partnered with Plan Japan to establish the “Takeda-Plan Healthcare Access Program.” Plan Japan is a member of Plan International, a global NGO registered by the United Nations that is active in 65 countries throughout the world.
Improving and maintaining the health of children in developing countries requires measures that match the differing needs of each region. The Takeda-Plan program operates in China, Indonesia, the Philippines and Thailand, promoting a range of detailed measures aimed at giving children better access to healthcare. Progress status for each project as of the end of 2009 is outlined below.

■Activities in Thailand
A major health issue in Thailand is that most new cases of HIV infection are among young people. The project has conducted health education activities across 21 schools (public and private) to try to prevent the spread of HIV/AIDS.

■Activities in the Philippines
Targeting regions lacking healthcare support infrastructure, the project has provided monetary support for hospitalization and treatment (39 patients), purchase of medications (11 patients) and provided medical equipment (2 patients). Patients faced life-threatening illnesses in 14 of these cases.

■Activities in China
Malnutrition is widespread in children in certain rural parts of China. The project has undertaken educational activities in four schools (with 6,500 students in total) and began distributing free food supplies in December 2009.

Activities in Thailand
Prevention of spread of HIV/AIDS among young people
Targeted MDG: Goal 6

Activities in the Philippines
Healthcare for children
Targeted MDG: Goal 2 & Goal 8

Activities in Indonesia
Elimination of defecation outdoors
Targeted MDG: Goal 4 & Goal 7

Activities in China
More nutritious diets for children
Targeted MDG: Goal 1 & Goal 2

Photo courtesy of Plan Japan

■Activities in Indonesia
Many children in Indonesia die from diarrhea-type diseases. The program targets five villages each year, promoting activities aimed at eliminating the unhygienic habit of defecation outdoors.

The United Nations Millennium Development Goals (MDGs)

The Millennium Development Goals are a common framework integrating the United Nations Millennium Declaration that was adopted in September 2000 at the United Nations Millennium Summit with international development goals that were adopted at various international conferences and summits during the 1990s. The MDGs consist of the following eight goals to be achieved by 2015.

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

CSR Activity in the U.S.

Restoring a school with NPO Rebuilding Together

TPNA employees apply a new coat of paint to brighten up a wall

In August 2009, more than 300 employees from Takeda Pharmaceuticals North America (TPNA) and Takeda Global Research & Development Center (TGRD) refurbished a local school in North Chicago, Illinois near the company's North American headquarters. This volunteer event helped to create a renewed environment for students and teachers.

TPNA and TGRD partnered with Rebuilding Together * Metro Chicago, an affiliate of the nation's largest nonprofit volunteer home and community center rehabilitation organization, to identify a local school in need. We donated time and money for the building materials and supplies required for the renovations.

During the all-day event, we painted the wide hallways of the high school and landscaped an outside area enclosed by the buildings to create a more collegiate setting.

The high school hallways after being painted

Stakeholder's Voice

TPNA and TGRD's commitment to the local community for this event made a tremendous impact on the students. It has been a pleasure to work with Takeda for the past 8 years.

Ms. Wanda Ramirez
Executive Director,
Rebuilding Together * Metro Chicago

Painting the hallways transformed the entire look and feel of the school. We were so pleased that with TPNA and TGRD's help the inside of the school now reflects our commitment to bettering North Chicago High School.

Dr. Daniel McDermott
Principal, North Chicago High School

Relationship with Society

Helping to light the night and bring hope to cancer patients

Team Millennium

Each fall, the Light The Night Walk is held at twilight to commemorate the lives of those touched by leukemia, lymphoma and myeloma. Cancer patients and survivors along with their families, friends, caregivers and other supporters walk to raise awareness and much needed funding for life saving research and treatment of blood cancers.

As dusk settles, thousands of illuminated balloons—white for survivors, red for supporters and gold in memory of loved ones lost to cancer—bring light to the dark world of cancer as supporters make their way around the historic Boston Common.

Millennium employees participate in the Light The Night Walk

Last October, over 400 walkers joined Team Millennium and raised $17,000 for The Leukemia & Lymphoma Society to help find a cure for blood cancers.

Stakeholder's Voice

Millennium: The Takeda Oncology Company is a National Supporting Sponsor of Light The Night Walk. Millennium aspires to be part of the step-by-step process to cure cancer. With similar missions of helping patients with life-threatening illnesses, Millennium and LLS are a tremendous team. Along with its involvement in Light The Night, Millenium has provided extensive support for patient education programs in the areas of myeloma and lymphoma, along with education and outreach about clinical trials. Millennium has also provided research support for LLS's Career Development Program and medical education programs.

Thank you for your participation and support.

Ms. Andi Ciminello
Senior National Director of Corporate Giving,
The Leukemia & Lymphoma Society

CSR Activity in France

Support for patients with Friedreich's Ataxia and their families

Friedreich's Ataxia patients, the AFAF staff and LT employees

Since 2003, Laboratoires Takeda (LT) has developed a relationship with the French Association of Friedreich's Ataxia (AFAF)—a national patient association. Friedreich's Ataxia is a rare genetic neurological disease that causes difficulties in coordination and neurological symptoms. A progressive disease, it leaves sufferers unable to walk unaided within 10 to 20 years of onset.

With AFAF, LT has developed two programs. One, created in 2005, is a program of information support that provides a medical newsletter for health professionals and information sheets for patients. This year, the information sheets covered swallowing disorders and rehabilitation. The second program, created in 2007, is a volunteer assistance program. Over two days, several volunteer employees, wearing orange tee-shirts, assist patients and families by helping patients to eat and move.

A medical newsletter for health professionals

Stakeholder's Voice

This year again, Laboratoires Takeda has shown us strong commitment!
We worked together to implement new information support programs for patients and health professionals. At the AFAF annual general meeting, several employees, still wearing orange tee-shirts, participated in care-giving by cheerfully offering their help.
A profound thank you to LT; for the support and whole-hearted humanity that they offer.

Ms. Juliette Dieusaert
Head of the French Association of Friedreich's Ataxia

Relationship with Society

CSR Activity in Germany

Donations to improve a children's adventure playground

Gifts and donations from Takeda Pharma bring smiles

Since 2006, Takeda Pharma (TP) has supported local institutions and associations that work with socially underprivileged and disadvantaged people. In the past year, for example, the Kinderschutzbund Aachen e.V. (Aachen Child Protection Association) received a donation from TP to help renovate the association's adventure playground. The playground is a facility where children between the ages of five and 15 can play under the supervision of trained staff. At the presentation of the donation cheque on St. Nicholas Day (December 6), TP produced a special surprise for the children: two of the company's trainees dressed up as St. Nicholas and his helper to deliver 80 small bags, hand-filled with chocolate, cookies and fruit from TP staff, to the children.

TP trainees with surprise gifts for children

Stakeholder's Voice

In 2011, our adventure playground will celebrate its 25th anniversary. As we are constantly improving and expanding the playground, which extends over approximately 10,000 square metres, there is always construction going on somewhere on the site, and Takeda Pharma's support is therefore very welcome. In addition to needing funds, we are also continually looking for volunteers. The initiative on St. Nicholas Day was a great way to get involved and give the children a treat at the same time. It was a really nice surprise, which we and the children will definitely remember for a long time.

Ms. Andrea Weyer
Director Kinderschutzbund Aachen e.V.

Takeda continues to promote initiatives based on
the Takeda-ism corporate philosophy in countries around the world.

CSR Activity in Italy

Mobile campaign to inform and raise awareness about diabetes

A vehicle for the TakeCare campaign tour

Takeda Italia Farmaceutici (TIF) organized the TakeCare tour to promote education, awareness and screening for diabetes. Embarking from Rome on September 18, 2009 with a press conference attended by the Italian Minister of Health, the tour travelled through Italy with a fully equipped mobile surgery, providing medical expertise, free tests, information and advice to help recognise diabetes and treat it more effectively. Through the tour, TIF provided prevention advice to over 3,400 patients, 1,400 glycated haemoglobin tests, and around 2,000 consultations with doctors to assess diabetes risk. Over 1,200 people took tests on-line on the web site www.diabetesottocontrollo.it. Through this project Takeda Italia Farmaceutici (TIF) renewed its commitment to helping institutions and patients in the fight against diabetes and its complications.

Free diagnostic tests for diabetes

Stakeholder's Voice

Fondazione Associazione Nazionale Pazienti Diabetici (FAND) and other associations of diabetes patients appreciated the TakeCare campaign because it contributed effectively to bridgeing information gaps addressing a lack of a structured therapeutic education on the disease.

All too often, the doctor-patient relationship is extremely brief with not enough time devoted to the patient, who then tends to underestimate the disease and its complications until they become evident and seriously effect the quality of life.

Education and information are the keys to curbing the present diabetes pandemic, as also indicated by the ONU resolution dated December 2006.

Mr. Antonio Papaleo
National Vice President of FAND

Relationship with Society

CSR Activity in the UK

Participation in a campaign to educate children about diabetes

Pupils of Carrington Junior School

As part of World Diabetes Day (WDD) on November 14, 2009, Takeda UK (TUK) encouraged a local school to increase awareness among pupils of diabetes, its prevention and the benefits of exercise.

Thirty pupils aged nine and ten at Carrington Junior School, High Wycombe, were provided with pedometers by TUK to measure their exercise levels during a specially organised Physical Education lesson. Each child was presented with a WDD glow band as a memento.

The TUK Diabetes team delivered an interactive presentation to the children prior to the lesson and presented certificates to demonstrate their achievements. The initiative was so well received that additional pedometers were provided to enable more than 220 pupils to benefit from the project.

The TUK Diabetes team with pupils

Stakeholder's Voice

We have had a number of children with diabetes attend the school and I think it's important for the children to learn more about the disease. Teaching them how much exercise they should take each day, whether it's walking or playing, will help them to realize the importance of exercise. With the help of Takeda UK, the children now have a greater understanding of diabetes and the role exercise can play in preventing the disease.

Ms. Jo Plaskitt
Headteacher of Carrington Junior School

Takeda is continuously working to create basic infrastructure for healthcare development.

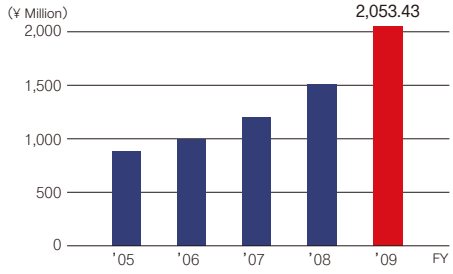
Foundations, Employee Volunteer Activities, etc.

Takeda Science Foundation

Since its establishment in 1963 with an endowment from Takeda, the Takeda Science Foundation has consistently expanded its activities based on the spirit of the Buddhist teaching “Intokuyouhou”: Good deeds, even performed unwittingly, will be rewarded. Major activities of the foundation and results for fiscal 2009 (in brackets) are as follows:
1. Financial incentives for research centers and research scientists involved in scientific technology projects (351 grants totaling ¥2,053.4 million); 2. Scholarships for foreign medical doctors and researchers conducting research in Japan (39 persons received a total of ¥93.5 million) 3. The Takeda Prize for Medical Science, which recognizes outstanding achievements in scientific research (Dr. Kazuwa Nakao, Professor, Kyoto University; Dr. Keiji Tanaka, Director, Tokyo Metropolitan Institute of Medical Science); 4. Publication of literature promoting scientific technologies; 5. Storage, preservation and exhibitions of Oriental medical books and other documents at Kyo-U Sho-Oku, the foundation’s library; and 6. Other activities to encourage and support research into scientific technologies

Kyo-U Sho-Oku

Research Grant Amounts



Kyo-U Sho-Oku, which was opened in 1978, is a museum of medicine as well as a library that has many priceless books, including a large number designated as national treasures or important cultural assets. After the Great Kanto Earthquake of 1923, Chobei Takeda, the fifth generation descendent of the founder of Takeda, donated funds to begin assembling a collection of historical herbal and medical texts of Japanese and Chinese origin to prevent them from being lost. The resulting collection formed the start of the library, which was opened in 1978 with funds from the Takeda Science Foundation as Kyo-U Sho-Oku. Its role is to store these books in perpetuity and to provide a place for researchers and the general public to view them.

Kaitai Shinsho (New Text on Anatomy), 1774

Summary of Research Grants (Fiscal 2009)

Item	Overview	Amount	No. of Recipients
Specific research grant	Assistance for research facilities to assist in joint research projects that commit the entire power of the organization to developments in medicine	¥800.1 million	10 recipients
Takeda HOUSHOU grant for research in medicine	Support for world-leading medical research targeting medical researchers who have been in a university or research institution laboratory for less than three years	¥150 million	5 recipients
Bioscience research grant	Support for research activities deemed to make a significant contribution to advancement and development in bioscience-related scientific technology that contributed to improved human health	¥300 million	30 recipients
Bioscience research award	Support for research activities deemed to make a significant contribution to advancement and development in bioscience-related scientific technology that contributed to improved human health (excluding medicine, dentistry, and pharmaceutical related research)	¥90 million	30 recipients
Medical research award	Support for up-and-coming medical researchers under the age of 45 or groups led by such individuals, whose original research activities are deemed to have contributed to advancement and development in the field of medicine in Japan	¥525 million	175 recipients
Ongoing support for medical research award recipients	Ongoing support for excellent research by recipients of the medical research award in fiscal 2007	¥36 million	12 recipients
Pharmaceutical research award	Support for up-and-coming pharmaceutical researchers under the age of 45 or groups led by such individuals, whose original and cutting-edge research activities are deemed to have contributed to the advancement and development in the field of pharmaceuticals in Japan	¥120 million	40 recipients
Ongoing support for pharmaceutical research award recipients	Ongoing support for excellent research by recipients of the pharmaceutical research award in fiscal 2007	¥18 million	6 recipients
Kyo-U Sho-Oku research award	Support for books for the Kyo-U Sho-Oku library and for related research activities	¥3.5 million	7 recipients
High school science education promotion award	Support for research activities deemed to contribute to high school science education	¥10.8 million	36 recipients

Relationship with Society

Shoshisha

Shoshisha dates back to 1923 when Chobei Takeda Ⅴ started using his own money to support deserving students with financial needs. The Shoshisha Foundation was established in 1960 to carry on this spirit. Scholarships are given with no obligation to repay the funds or to work at Takeda after graduation. Since its establishment through fiscal 2009, the foundation has granted a total of 556 scholarships.

Institute for Fermentation, Osaka

The Institute for Fermentation, Osaka (IFO) was established as a foundation in 1944 under the name Koku-Hakko Kenkyusho with joint funding by the Japanese government and Takeda Chemical Industries, Ltd. For more than 60 years, IFO has been devoted to the collection, preservation and distribution of microorganisms to support research in microbial communities in Japan and abroad. In 2002, the microbe stocks preserved in IFO and researchers were transferred to the National Institute of Technology and Evaluation Biological Research Resource Center (NBRC) by government request. Since April 2003, the institute has been a research foundation dedicated to the advancement of microbial science.

Volunteer Activities

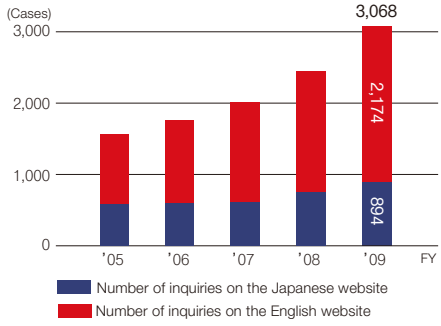
Employees can access information on volunteer activities in each region on the intranet website, Philan-net Takeda (PINT). One self-initiated activity in the Osaka area during fiscal 2009 was a clean up activity in Kashiwara city, Nara Prefecture, in which volunteers enjoyed walking around the streets of the ancient capital of Japan, while helping to clean up. PINT also provides a variety of information on Takeda's corporate citizenship activities as well as introducing NPOs, thus acting as a media bridge between social needs and employees' aspirations toward society.

PINT Osaka volunteers clean up in Kashiwara City, Nara

Reply to Inquiries on the Website

Takeda accepts feedback and inquiries by email from outside the company through its website. The total number of inquiries in fiscal 2009 reached 894 on the Japanese website (up by 139 inquiries from the previous fiscal year) and 2,174 on the English website (up by 488 from the previous fiscal year).

Number of Inquiries Received through Our Website



Worker's Union Activities

Members of the Takeda Worker's Union are involved in many types of community and charitable activities. Union members serve as volunteers, participate in disaster relief programs, support campaigns for various charities and take part in many other activities. The union has also been active in an ongoing educational and cultural program in Mongolia: based on the concept of "from hand to hand," the union donates stationery, hygiene products and other supplies to schools and supports cultural exchange with children. Through these heartfelt activities, the program has been run for over ten years.

A traditional puppet theater forms part of a cultural exchange in Mongolia

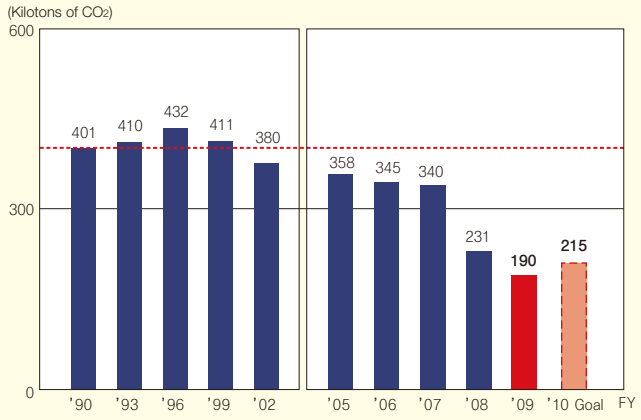
For further details about other activities, please see the CSR Data Book (PDF)
http://www.takeda.com/csr/

Feature | Climate Change and Water Resources Conservation Initiatives

Since 1974 Takeda has systematically implemented energy conservation measures that help reduce CO_2 emissions. We will continue to take a long-term stance on initiatives in this area.

Hikari Plant is located in the Seto Inland Sea area, seeking to coexist in harmony with the environment.

Trend of Takeda's CO_2 Emissions



Data collection: Osaka Plant, Hikari Plant, Tsukuba Research Center, Osaka Head Office and Tokyo Head Office

[Climate Change]

Our Fundamental Stance toward Global Warming Prevention

As a pharmaceuticals manufacturer operating on a global scale, Takeda strives to reduce greenhouse gas (GHG) emissions. We established an Energy Conservation Committee in 1974, and for more than three decades we have taken a long-term, global perspective in conducting energy conservation activities that have helped reduce GHG emissions. We also strive to actively disclose information to comply with programs such as the Carbon Disclosure Project (CDP), which requires companies around the world to publicize their strategies for dealing with climate change, and their GHG emissions.

Setting Targets for Fiscal 2015

Takeda is determined to control the rise in CO_2 emissions that will follow its continuing globalization and business expansion. As part of this we set a target to cut our CO_2 emissions by 30 percent from fiscal 1990 levels by fiscal 2015. We will continue to take a long-term perspective as we tackle this issue.

Results of Fiscal 2009

Takeda is pursuing a number of initiatives to ensure efficient energy use. Our "9th Energy Conservation Program" covering the five-year period from fiscal 2006 to 2010 sets a target of reducing CO_2 emissions by 40 percent (or 30 percent across the Takeda Group as a whole) by fiscal 2010 compared to the fiscal 2005 level. Takeda Group's CO_2 emissions in fiscal 2009 amounted to 320 kilotons, a 33.8 percent decrease compared to the fiscal 2005 level, achieving our target one year ahead of schedule.

Fiscal 2010 is the final year of the 9th Energy Conservation Program. However, to achieve our targets for fiscal 2015, we will formulate a three-year action plan (10th Energy Conservation Program) starting in fiscal 2010 that links with the Mid-Range Plan for our business.

In addition, the Japan Pharmaceutical Manufacturers Association has set up its own voluntary action plan to reduce the CO_2 emissions of Japanese pharmaceutical

Relationship with Environment

companies to fiscal 1990 levels by fiscal 2010. Since fiscal 2001 Takeda has consistently maintained a level of CO_2 emissions below that of fiscal 1990 and in fiscal 2009 we reduced emissions 54 percent compared to the fiscal 1990 level.

Fuel Conversion at Production Sites

In fiscal 2008 Takeda invested approximately ¥3.6 billion at its Hikari Plant to convert the fuel for the plant from fuel oil to city gas. This, along with the effects of business reorganization, resulted in a significant reduction in CO_2 emissions (Fiscal 2009 results reduced CO_2 emissions by 155 kilotons compared with fiscal 2007). We also converted the plant of Tianjin Takeda Pharmaceuticals Co., Ltd (China) from coal to city gas, which is expected to reduce 2.2 kilotons of CO_2 each year. Takeda will continue to work towards reducing CO_2 emissions across the entire Takeda Group.

Tianjin Takeda Pharmaceuticals Plant: A newly installed boiler at the plant runs on city gas

Takeda Group's CO_2 Emissions in Fiscal 2009

320 kilotons (33.8% down from fiscal 2005 level)

Company-Wide Initiatives

The Takeda Eco Project, started in fiscal 2008 and covers offices and sales departments. Under the project we are pursuing a number of detailed measures to prevent global warming, such as controlling room temperatures by implementing the "Cool Biz" dress code, using low-emission vehicles and converting waste cooking oil from our canteen into biodiesel.

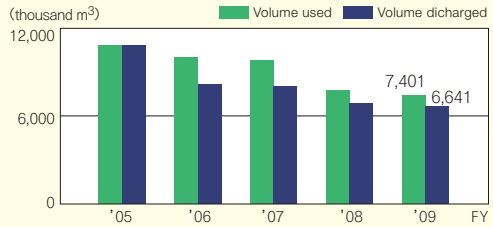
The ratio of low-emission sales vehicles reached 100 percent (excluding 4-wheel-drives for use in cold climates), and in fiscal 2009 we purchased 50 electric vehicles for use in sales activities in the Tokyo and Kanagawa areas. We are also making the most of renewable energy sources, installing a 25kW solar power generation system at our new HR development center in Suita, Osaka, which was completed in March 2010.

[Water Resources]

Fundamental Stance regarding the Preservation of Water Resources

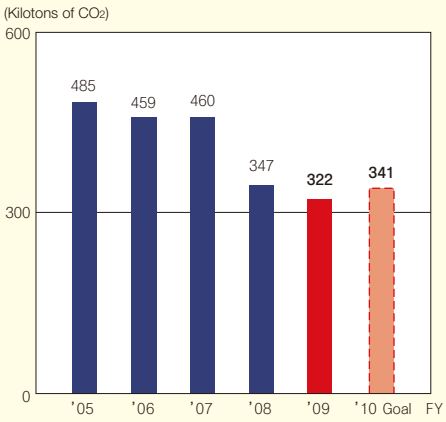
All Takeda Group production and research facilities in Japan and other countries are taking steps to reduce water consumption, including the introduction of equipment using recycled water. Water scarcity is not therefore a serious risk at any Takeda Group business site. We do however recognize that Tianjin Takeda Pharmaceuticals Co., Ltd. operates in an area where there is a potential risk of water scarcity. To gauge effects of pharmaceuticals on aquatic organisms and the ecosystem, we are conducting environmental impact assessments at the new-drug application (NDA) stage in compliance with the official guidelines. We are also considering introduction of risk assessments at the initial stages of R&D as well as after the launch of a drug onto the market.

Volumes of Water Used and Discharged



Data collection sites: Takeda Group production and research sites worldwide

Trend of Takeda Group's CO_2 Emissions



Data collection: global production and research sites of the Takeda Group

Calculation Method

■CO_2 emissions

CO_2 emissions refer to direct emissions generated by combustion of fossil fuels and indirect emissions from electricity use.

■CO_2 emissions factor

Japanese results are calculated based on the "Law Concerning the Rational Use of Energy," and the CO_2 emissions factor for purchased electricity is based on the default value (0.000555 t-CO_2/kWh) stipulated by the ministerial ordinance concerning calculation of GHG emissions associated with business activities by specific emissions generators. The CO_2 emissions factor for electricity purchased outside Japan is based on country-specific factors stipulated in the GHG Protocol.

Takeda implements measures in all areas of its business, improving the management structure with the “Basic Principles on the Environment” as its benchmark.

Basic Principles on the Environment

1. Overall Policy
Give serious consideration to the impact on the environment in every aspect of corporate activities, including R&D, production, distribution, marketing, procurement and clerical works, and make the best efforts to conserve and improve the environment.

2. Efficient Utilization of Resources and Minimization of Waste
Conserve energy and other resources, and actively pursue waste minimization and resource recycling.

3. Assessment of Environmental Impact from Products and Manufacturing Processes
When developing new products and processes, evaluate the impact on the environment in advance, during development, and periodically after commercialization. Consider the entire business cycle from procurement of raw materials and supplies through the use and the final disposal of products to reduce the impact on the global environment.

4. Development and Utilization of Environmental Technologies
Develop technologies for environmental protection and improvement, and actively pursue outside technologies when it is beneficial.

5. Response to Emergencies
When an adverse effect on the environment is foreseen, exercise the best possible contingent efforts to eliminate or minimize such adverse impact.

6. Clear Definition of Accountability and Responsibility
Appoint executives and managers in charge of environment-related activities and clearly define their authority.

7. Cooperation with the Community and Society at Large
Actively cooperate with the environmental efforts of local communities and provide fair and unbiased information.

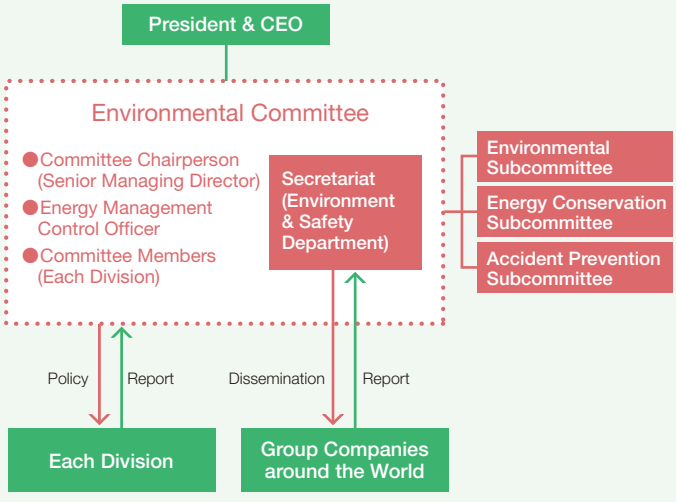
8. Education and Training
Educate and train each employee to understand and realize the importance of environmental issues and to act accordingly in his or her daily routine.

Basic Principles on the Environment ▶ Responsible Care Program ▶ Environmental Policy for Fiscal Year ▶ Implementation Plan

Takeda has established a Responsible Care program and an environmental policy for the fiscal year in order to implement various environmental measures with the “Basic Principles” as its benchmark.

For further details, please see Takeda’s website
http://www.takeda.com/csr/policies/article_1007.html

Environment and Safety Management Structure



Takeda has established an Environmental Committee, consisting of managers in charge of environmental activities from each division, to promote our business operations based on the “Basic Principles on the Environment.” At the Environmental Committee, various issues regarding the environment, including companywide environmental protection, energy conservation and accident prevention are deliberated and the annual environmental policies are determined. Under the Environmental Committee, three subcommittees—for the environment, energy conservation and accident prevention—have been established, and measures related to each issue are devised and implemented at the managers’ level. Moreover, personnel in charge of environmental activities are appointed at manufacturing plants and research centers, promoting activities based on the medium-term implementation plan, as well as the annual environmental policies. When necessary the matters deliberated by the Environmental Committee are relayed by the Secretariat to all Group companies around the world.

For further information about ISO 14001-certified sites, please see the CSR Data Book (PDF)
http://www.takeda.com/csr/

Relationship with Environment

Takeda's Major Environmental Protection Policies and Achievements in Fiscal 2009

◎: Excellent ○: Good

Theme	Policies	Fiscal 2009 Achievements	Assessment
Fundamental measures involving environmental issues	Establish framework for legal compliance and comply with internal standards	Maintained a legal compliance framework by using periodic environmental monitoring based on internal standards, which are more stringent than those of laws and regulations	○
Conserve energy and reduce greenhouse gas emissions	Achieve 40% reduction in CO_2 emissions by FY2010 compared to FY2005	FY2009 CO_2 emissions of 190,000 tons were 47% less than in FY2005	◎
Reduce amount of waste materials	Achieve 30% reduction across all Group Companies in waste for final disposal by FY2010 compared to FY2004	By promoting zero-emission and other activities, FY2009 waste for final disposal amounted to 70 tons, 77% less than in FY2004	◎
	Fulfill responsibilities as a generator of waste by confirming the proper treatment of waste at waste disposal contractors	Visited 18 waste disposal contractors and 5 new contractors to confirm the proper treatment of waste	○
Manage chemical substances properly and reduce amount released into the environment	Achieve 50% reduction in chemical substances released by FY2010 compared to FY2005	Release of PRTR (Pollutant Release and Transfer Register) chemical substances in FY2009 were 20 tons, 55% less than in FY2005	◎
Conduct educational programs and awareness campaigns	Reinforce the understanding and awareness of environmental issues among all employees	Increased employees' commitment to the environment by using the employee newsletter and company intranet as well as by conducting the Eco Contest, participating in the Light-Down Campaign (turning off light at the same time in all buildings on a specific day), and taking other actions	○
	Conduct educational activities for environmental compliance	Conducted compliance education programs that included the use of the company intranet and compliance status checklists	○
Community contribution activities	Assist in protecting and improving regional environments by maintaining close communications with local governments and community residents	Collected information from residents designated as "Environmental Monitors" near plants to confirm that there are no problems. There were five noise complaints; all were addressed promptly and preventive measures were taken	○

Data collection: Osaka Plant, Hikari Plant, Tsukuba Research Center (in terms of CO_2 emissions, Osaka Head Office and Tokyo Head Office are included.)

Takeda's Major Accident Prevention Policies and Achievements in Fiscal 2009

Theme	Policies	Fiscal 2009 Achievements	Assessment
Improve accident prevention measure	Comply with laws and regulations concerning accident prevention and upgrade the system for managing it	Upgraded the system for managing accident prevention by reexamining rules and guidelines, reinforcing awareness in all departments, using educational programs, and taking other actions	○
	Prevent accidents by using the Manual for Non- Standard Operations, such as facility maintenance, trouble shooting, changeover productions and test trials, and the Accident Prevention Manual	Improved accident prevention measures by reexamining the Manual for Non-Standard Operations and the Accident Prevention Manual to make revisions and establish new rules as necessary	○
	Conduct periodic inspections and maintenance for facilities and pipes, planned replacements of aging facilities and measures to ensure the safety of unused facilities	Inspected aging and unused facilities, performed replacements as planned and implemented safety measures	○
Reinforce accident prevention measures	Prevent accidents through rigorous static electricity prevention measures and safety checks	Worked on preventing accidents caused by static electricity by confirming the effectiveness of measures through the periodic monitoring of grounding resistance, leakage resistance and the electric potential of charged equipment	○
	Eliminate risks associated with flammable substances and rigorously confirm safety	Improved accident prevention by performing periodic inspections of nitrogen-seal equipment and facilities to confirm the effectiveness of accident-prevention measures	○
	Improve measures for dealing with earthquakes at major facilities and buildings to prevent widespread damage following an earthquake	Rigorously implemented measures to prevent objects from falling over during an earthquake, evaluated the earthquake resistance of major facilities, and undertook planned construction to improve earthquake resistance	○
Improve education and training for accident prevention	Upgrade accident prevention skills and methods through education and drills reflecting the characteristics of each business site and plant, and pass on this knowledge to younger workers in a well-planned manner	Used the Manual for Non-Standard Operations and the Accident Prevention Manual to perform training and drills based on a plan and pass on knowledge to younger workers	○
	Offer guidance to on-site partner companies to help them conduct thorough accident prevention training programs	Conducted accident prevention and safety training programs for all on-site partner companies to prevent any incidents occurring	○

Takeda Group's Standard for Environmental Protection and Accident Prevention Work

Takeda institutes the "Takeda Group's Standard for Environmental Protection and Accident Prevention Work" as a uniform criterion when implementing environmental protection and accident prevention operations at worldwide group production and research sites. The standard supplements the requirements of ISO 14001 certification—a globally accredited standard for environmental management system—by stipulating more detailed operating criteria, including standards for managing accident prevention. Environmental Protection and Accident Prevention Audit verifies compliance with the standard.

All production sites in Japan are currently ISO 14001 certified.

Responsible Care Activities

Responsible Care is an international voluntary program dealing with the management of chemical substances by businesses, and its activities now extend to 53 countries. The purpose of the program is to ensure consideration for the environment, safety and health while handling chemical substances. Takeda has been implementing such activities since 1995, when the Japan Responsible Care Council was launched.

The entire Takeda Group is implementing a raft of initiatives around the world based on the “Takeda Group’s Standard for Environmental Protection and Accident Prevention Work.”

Environmental Protection and Accident Prevention Audit

An environmental protection and accident prevention audit at Wako Pure Chemical Industries, Ltd.

Takeda implements group-wide environmental protection and accident prevention audits, which are designed to ensure thorough risk management and risk assessment by internal specialists. Furthermore, an internal audit is conducted at all of our production/research sites to verify compatibility with the “Takeda Group’s Standard for Environmental Protection and Accident Prevention Work.”

In fiscal 2009, environmental protection and accident prevention audits were implemented at five sites in Japan and one site overseas, including affiliated companies. No critical problem was identified as a result of the audits.

Stakeholder’s Voice

As a plant that handles large quantities of chemical substances we work hard on responsible care activities. We have had an Environmental Protection and Accident Prevention Audit once every two years from the Environment & Safety Department, who have guided us on improving and enhancing our measures for areas that we had not noticed. This has helped us to prepare a comprehensive structure for protecting the environment and preventing accidents, covering both tangible and intangible aspects. We will make use of our experience of the Environmental Protection and Accident Prevention Audits in our own autonomous internal audits to make our safety management structure even stronger.

Mr. Osamu Iwamoto
General Manager of Tokyo Plant,
Wako Pure Chemical Industries, Ltd.

Accident Prevention Initiatives

Accident prevention training at the Hikari Plant

Takeda formulates its “Policies on Accident Prevention” each fiscal year. All operating sites establish a concrete plan based upon the policies and pursue measures that encompass both tangible and intangible aspects of the issue.

On the “tangible” front, we monitor our facilities thoroughly, implementing planned maintenance of aging facilities, and take steps to avoid accidents by controlling static electricity and flammable substances. Measures from the “intangible” point of view include working on our “Accident Prevention Manual” and our “Manual for Non-Standard Operations.” These accident prevention measures are implemented at all Takeda Group production sites in Japan and overseas.

Reduction in Releases of Chemical Substances

Takeda aims to reduce releases of the substances subject to the Pollutant Release and Transfer Register (PRTR) scheme into the atmosphere by 50 percent in fiscal 2010, compared to fiscal 2005. We therefore work to appropriately manage chemical substances, which we use in relatively large amounts, prioritizing them in our releases reduction efforts.

In fiscal 2009, the Takeda Group as a whole reported 52 substances to the government under the PRTR scheme. The releases of PRTR substances amounted to 53 tons, a 12 percent decrease compared to the previous year. We are working to reduce our use of formaldehyde by making use of substitutes as a way to lower environmental and workplace risks. The substance with the largest atmospheric releases rate was dichloromethane, at 17 tons. This was followed by toluene, of which 13 tons were released. The total amount of chemical substances released into public bodies of water was 1.8 tons.

Reduction in Releases of PRTR Substances in Fiscal 2009 (Takeda Group)

12% down from fiscal 2008 level (PRTR substance releases: 53 tons)

Relationship with Environment

Air and Water Quality Protection

At each of its operating sites Takeda has established in-house standards more stringent than those required by law, local government regulations or regional agreements, and ensures continued compliance with such standards through regular environmental monitoring. When a measurement exceeding the level of the in-house standard emerges in the regular monitoring, we immediately determine and rectify the causes to prevent any problem occurring. This is specified in the "Takeda Group's Standard for Environmental Protection and Accident Prevention Work," and applies to all Takeda group sites worldwide. We also regularly check for evidence of excessive noise and unpleasant odors in order to confirm there are no problems in this regard.

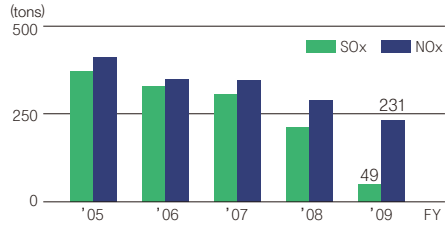
Waste Reduction

Takeda has been continually promoting waste reduction activities since fiscal 1993. The 4th waste reduction program, which commenced in fiscal 2006, aims to reduce the amount of industrial (hazardous) and general (non-hazardous) waste for final disposal by 30 percent (20 percent at the production and research sites of the Group in Japan) compared to the fiscal 2004 level by fiscal 2010. We achieved our target ahead of schedule in fiscal 2008, and in fiscal 2009 we reduced our emissions even further, partly through the effects of zero-emission activities. Takeda's waste for final disposal in fiscal 2009 amounted to 70 tons (down 77 percent from fiscal 2004) and the Takeda Group amount within Japan was 553 tons (down 49 percent from fiscal 2004).

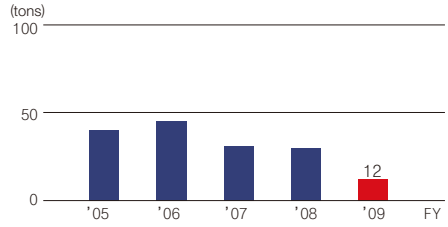
Takeda's Achievement on Waste Reduction in Fiscal 2009

77% down from fiscal 2004 level (amount of final waste disposal: 70 tons)

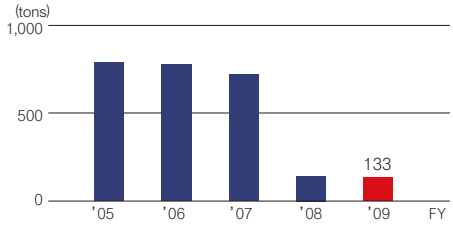
SOx Emissions / NOx Emissions



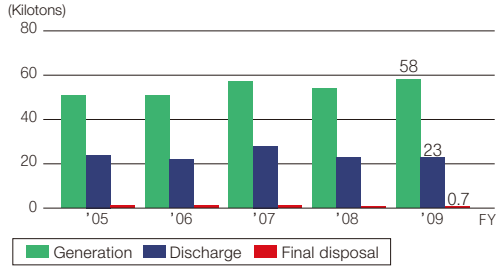
Dust Emissions



COD Discharges



Trends in Waste Generation, Discharge and Final Disposal



Data collection sites: Global production and research sites of the Takeda Group
Waste: The total sum of industrial (hazardous) and general (non-hazardous) waste and valuable resources

Achieving Zero Emissions (Osaka Plant and Hikari Plant)

Takeda defines the Zero Emission activities as measures taken to bring the amount of waste sent to landfill as close as possible to zero by reducing the generation amount of industrial and general waste, as well as promoting recycling of the generated waste. Takeda's principle manufacturing plants in Japan, the Osaka Plant and Hikari Plant have been fully committed to achieving the Zero Emission since fiscal 2007 and have made solid progress toward achieving this goal through measures that include sorting general waste by type before collection, and recycling waste liquids. This resulted in our achieving our initial target of Zero Emissions for fiscal 2010 a year early.

	Fiscal 2010 target	Fiscal 2009 result
Percentage sent for final disposal in landfill	0.5% or less	0.2%
Amount sent directly to landfill	0	0
Percentage recycled	90% or more	95.4%
Recycling rate*	99% or more	99.8%

*Recycling rate = Recycled waste / (Final amount sent to landfills + Recycled waste)

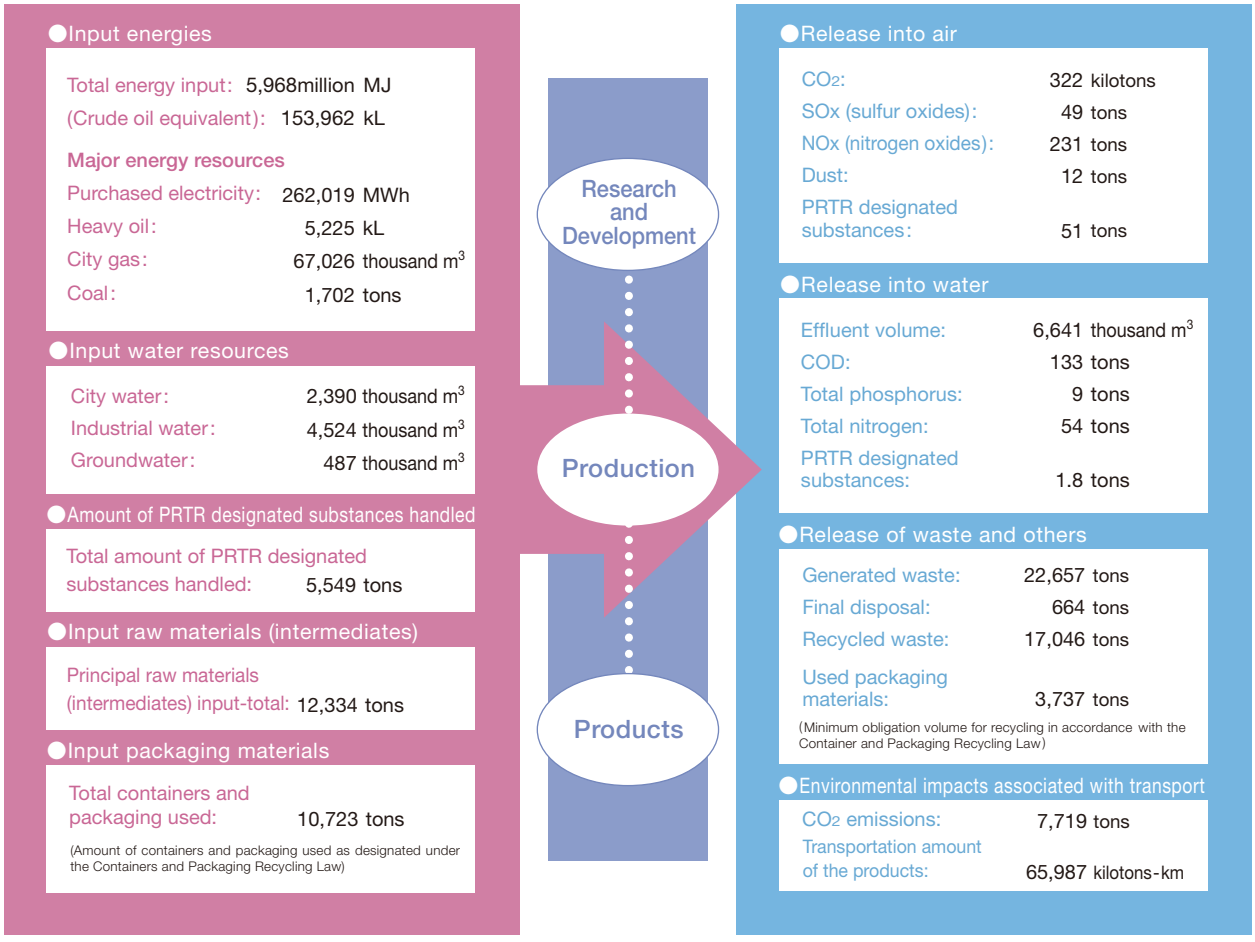
Campaign to re-use office supplies (Osaka Plant)

For further details about Takeda's environmental protection and accident prevention audit, accident prevention initiatives, measures to protect air and water quality, and waste reduction, please see the CSR Data Book (PDF)

http://www.takeda.com/csr/

We prioritize controlling environmental impacts during the production process, and implement various measures to fulfill this goal we also promote interaction with residents living near our manufacturing sites.

Environmental Impacts Associated with Takeda Group Business Activities



Compilation Method of Environmental Data
Data collection period: From April 1, 2009 to March 31, 2010
Data collection sites: Global production and research sites. However, in regard to the PRTR designated substances, total phosphorus, total nitrogen and environmental impacts associated with transport, production and research sites in Japan only. Input raw materials (intermediates) refers to Takeda's production sites.

Environmental Accounting

Takeda has been monitoring and supervising environmental protection investments and expenditures since fiscal 1980. The table on the right shows the costs in business areas for the Takeda Group in Japan, upstream and downstream costs, and the cost of administrative activities. In fiscal 2009, environmental protection investments totaled ¥586 million and expenditures were ¥2,683 million. Upgrading and replacing aging environmental protection equipment accounted for the majority of the investments. In addition, there were about ¥2,000 million of investments to prevent accidents, such as by replacing aging equipment and making facilities resistant to earthquakes. The economic benefits of energy conservation measures for Takeda itself totaled approximately ¥214 million.

Environmental Protection Costs

(Million yen)

Category		Investments	Expenditures
Business area costs	Pollution prevention	261	793
	Environmental protection	112	119
	Resources recycling	200	1,146
Upstream and downstream costs		—	37
Administrative costs		13	588
Total		**586**	**2,683**

- Data collection period: April 1, 2009 to March 31, 2010
- Data collection sites: Takeda Group production and research sites in Japan
- Reference guidelines: The Ministry of the Environment's 2005 Environmental Accounting Guidelines, The Japan Chemical Industry Association's Environmental Accounting Guidelines for Chemical Companies

For further details about the environmental impacts of Takeda's operations, please see the CSR Data Book (PDF)
http://www.takeda.com/csr/

Relationship with Environment

Dialogue with Stakeholders

[Programs at the Osaka Plant]

The Osaka Plant is proactive in running cleanup activities, and also participated in the Clean Osaka 2009 campaign to clean up the city. The plant also cooperates with local disaster prevention training activities, and has fostered ongoing relations with local residents by running programs such as the Takeda Gardening Class and a Volleyball Tournament for Mothers. Providing plant tours are another example of the many ways that the plant maintains communication with local residents.

[Programs at the Hikari Plant]

The Hikari Plant participated in a large-scale clean up campaign involving 30 million people targeting the Seto Inland Sea and also conducted volunteer cleanup activities. The Takeda Summer Festival, when the plant grounds are open to the public, and other events provide more opportunities to interact with local residents. In addition, we invite members of local fisheries associations to observe the plant and discuss matters of mutual interest.

Volunteer cleanup activities (Osaka Plant)

Participation in the Clean Osaka 2009 Campaign (Osaka Plant)

Yodogawa District Volunteer Fire-Fighting Skills Competitions (Osaka Plant)

Communication through factory tours (Osaka Plant)

Takeda Summer Festival (Hikari Plant)

Clean up campaign for the Seto Inland Sea (Hikari Plant)

[Environmental Monitors: Hikari Plant, Osaka Plant]

Takeda invites residents living near the Hikari and Osaka plants to become Environmental Monitors, conducting surveys to find out whether they are aware of any noise or unpleasant odors from the plant. The plant's management is meticulous about responding to any feedback from these surveys.

Environmental monitors for Hikari Plant

[Activities for the New Research Center]

A pamphlet explaining the operations of the new research center

Takeda is constructing a research institute slated for completion in the fiscal year ending in March 2011 on a site spanning the border between the cities of Fujisawa and Kamakura in Kanagawa Prefecture. Following the design concept of "a forested laboratory," we have created a rich green environment on the site and installed a range of equipment to reduce CO_2 emissions. An environmental impact assessment for this facility was conducted as required by the prefectural government, and the assessment concluded that the new research center will not have any major negative impacts on the surrounding area. We have taken many actions, such as holding a town meeting and distributing a pamphlet, to give nearby residents information about the new facility. We will continue to maintain channels of communication during construction and after the center's completion.

For further details about dialogue with stakeholders, please see the CSR Data Book (PDF)
http://www.takeda.com/csr/

Feature | Value Chain Management

We are implementing value chain management on a global basis, ranging from procurement of raw materials to anti-counterfeit measures, while striving to build a sound partnership with our suppliers.

[CSR Procurement]

Development of "CSR Purchasing Guideline"

Takeda has promoted its business activities to live up to social expectations in compliance with the "Takeda Code of Compliance Standards" which Takeda established based on its corporate philosophy of Takeda-ism. Today's global society, however, increasingly requires corporations to promote implementation of CSR not only for their own business activities but also for their overall value chain. With that background in mind, Takeda is working on the development of a "CSR Purchasing Guideline," in an effort to request suppliers' involvement in CSR activities as well as to provide CSR standard that purchasing departments for manufacturing plants and laboratories should follow and implement.

[Anti-Counterfeit Measures]

Safety Measures for Products and Raw Materials

The health hazards associated with counterfeit drugs as well as counterfeit and adulterated raw materials have recently become a serious problem globally. In particular, there have been nearly 2,000 incidents around the world involving counterfeit pharmaceutical products in 2008 alone, and such incidents have reportedly doubled over the past few years. Meanwhile, counterfeit products are becoming increasingly sophisticated and there are even cases in which elaborate counterfeits were identified in legitimate distribution channels. In light of these developments, giving top priority to the safety of patients, Takeda confirms eligibility and conducts risk assessment of potential partners from viewpoints focused on quality assurance in selecting them. On top of that, Takeda performs regular audits of suppliers of raw materials, contract manufacturers and packagers, logistic centers, and dealers. Furthermore, introducing a new quality assurance framework set forth in GDP (Good Distribution Practice), Takeda takes proactive measures to minimize

GDP Audit and Field Survey of Logistics Service Provider (conducted 2008 - 2009)

Japan

Distribution and logistics center of major wholesaler (1 location)
Distribution branch of a wholesaler (1 location)
Contracted logistics warehouse (1 location)

Overseas

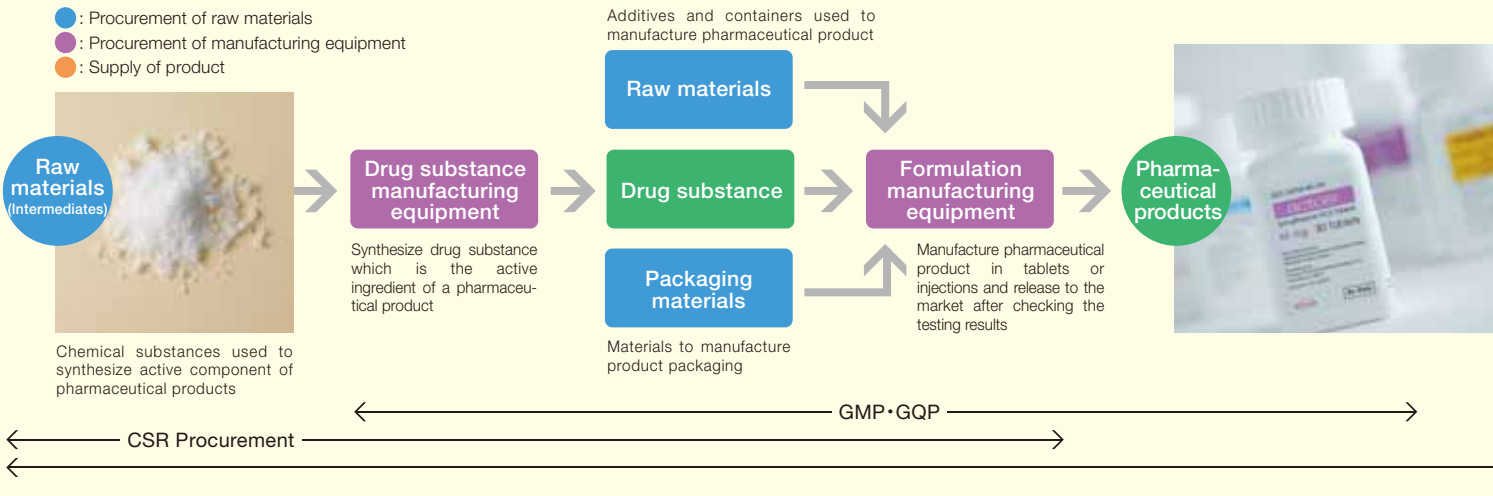
■North America
Distribution and logistics center of major wholesaler (1 location)
Contracted logistics warehouse (1 location)

■Europe
Distribution and logistics centers of major wholesaler (2 locations: Germany and Italy)
Contracted logistics warehouse in Europe (1 location)

■Asia
Distribution and logistics centers of major wholesaler (5 locations: Thailand, Philippines, Indonesia, Hong Kong and Taiwan)

Excluding audit of logistics service providers operating within the respective countries where each sales company operates.

Relationship of Business Partners to the Process of Manufacturing of Pharmaceutical Products



Relationship with Business Partners

the entry of counterfeit products and prevent intentional tampering as well as to preserve the quality of pharmaceutical products and raw materials during distribution. Takeda collects information about counterfeit drugs on a global scale and performs its own investigations, the results of which are provided to government authorities and judicial authorities in each country, while promoting cooperation with international organizations such as WHO and ICPO (International Criminal Police Organization). In addition, Takeda implements measures to ensure the quality of Takeda products by promoting studies and research on anti-counterfeit and anti-tampering technologies. Takeda is working on establishing an organization to develop and promote the above activities globally, and has deployed dedicated personnel, responsible for investigation and creating countermeasures on counterfeits, in Asia, the U.S., and Europe. The personnel in each region takes multi-faceted approaches to detect and mitigate the distribution of counterfeit and other fraudulent drugs in cooperation with Takeda Group companies, mainly quality assurance and intellectual property departments, in order to protect patient safety.

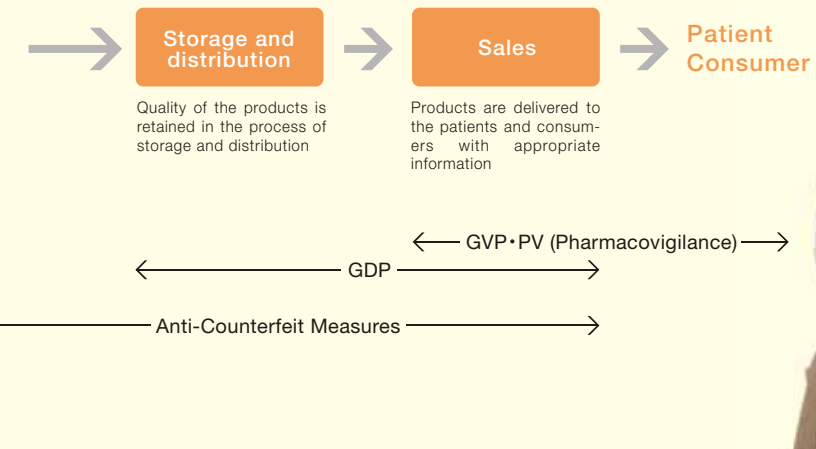
[Initiative in the Industry]

Serving as the chairman of the Quality and Technology Committee of the JPMA (Japan Pharmaceutical Manufacturers Association), Takeda aims to facilitate quality-related initiatives taken by R&D-oriented pharmaceutical companies. Takeda has also joined the BSR (Business for Social Responsibility), an international corporate membership organization launched in 1992 in the U.S. with the focus on CSR. The BSR provides various types of information and supports activities so that member companies can make business success compatible with consideration of ethical values, human rights, regional communities, and the environment. In addition, Takeda participates in the Healthcare Working Group of the BSR comprising global renowned pharmaceutical companies to aim at further enhancement of the value chain management.

Stakeholder's Voice

Counterfeiting is increasingly becoming a more serious threat, including cases of massive death associated with counterfeit drugs, increasing seizure of counterfeit drugs, overt involvement of international criminal organizations, etc. The appearance of blockbuster 'life-style' drugs, globalization of markets, and easy access to consumers and markets through the Internet are spurring deterioration of this situation. I was impressed that Takeda has initiated working on CSR activities appropriate for a global pharmaceutical company, recognizing the seriousness of the counterfeit drug problem and proactively taking measures to combat counterfeit and other fraudulent drugs.

Dr. Kazuko Kimura
Professor of Kanazawa University Graduate School



Building sound and fair relationships as equals with business partners based on the Takeda Compliance Program for Globalization.

Committed to Sound and Fair Business Relationships

Building relationships with business partners in the spirit of "soundness and fairness based on a partnership as equals" is of particular importance in the pharmaceutical industry. Unlike other industries that have a large number of suppliers, successful pharmaceutical operations require partnerships only with companies capable of consistently supplying raw materials, equipment and other products of high quality for manufacturing pharmaceutical products that comply with strict government regulations for manufacturing and sales of pharmaceuticals. Procuring materials and equipment for factories and research centers is the responsibility of the General Purchasing Department. Members of the department establish sound and fair relationships in line with the "Purchasing Criteria." These Criteira, in turn, are based on the "Basic Purchasing Policy," which incorporates the spirit of CSR. In further effort, the department is now creating "CSR Purchasing Guideline." We use an exhaustive selection process for suppliers. All candidate companies must excel in terms of technologies, quality, prices, delivery schedules, financial soundness, corporate citizenship and other aspects. Final selections are made after a multi-stage examination process.

Major Categories of Items Procured

Raw materials for R&D	Equipment for production and research
Raw materials for bulk drug substances and drug products	Construction services
Drug substances and intermediates	Fuel
Containers and packaging materials	Supplementary materials and miscellaneous supplies

Osaka Plant: Storage building for raw materials and packaging materials

Hikari Plant: Boiler facility

Response to Applications for New Accounts

For raw materials and packaging materials	For processing or equipment
Contact from new applicant company or survey of candidate business partners	Survey new candidate company
↓	↓
Survey company	Select candidate business partners for requesting estimates
↓	↓
Request estimate/select leading candidate company	Select company for requesting estimate
↓	↓
Conference for selecting business partner	Request estimate
↓	↓
Order sample/evaluate	Examine estimate
↓	↓
Use test/evaluate	Select supplier
↓	↓
On-site check/negotiate price/conclude contract	Negotiate price/conclude contract
↓	↓
Begin transactions	Begin transactions

Assessment of Business Partners

As part of its CSR procurement activities, Takeda annually asks business partners to complete questionnaires. We use the responses to conduct a comprehensive annual business partner assessment. Evaluations cover management systems, such as systems for quality assurance, good manufacturing practices and delivery schedules, as well as the business continuity plans, CSR programs and other activities. Business partners receive the results of these studies as feedback for use in self-improvement programs. Sometimes business partners contact us for information about our stance on CSR, the environment and employees. These CSR questionnaires allow us to gain a thorough understanding of our business partners' policies and build even stronger partnerships. This is why we provide sincere responses to CSR inquiries while drawing on the cooperation of all associated departments as required.

Business Partner Assessment Items

■Assessment Item

1. Prices	Measures to lower prices
2. Quality	Measures to improve quality
3. Delivery	Measures to deliver goods on time
4. Information	Provision of technical information
5. Citizenship	CSR, environmental and other programs
6. Financial	Financial soundness

A comprehensive assessment is determined by combing items 1 through 6.

Relationship with Business Partners

Basic Purchasing Policy

We implement bona fide purchasing activities in line with Takeda-ism; representing fairness and honesty. The Company pledges to strive for enhancement of the corporate value and continuous business growth as well as achieving the management mission: "we strive towards better health for patients worldwide through leading innovation in medicine" on a global scale through purchasing activities.

Purchasing Ideal

- In order to develop superior pharmaceutical products and contribute to the business progression of the Company, the General Purchasing Department buyers and staff shall obtain the best and most economical materials from global purchasing markets in a stable manner; competing with the purchasing staff of other global pharmaceutical companies.

Compliance

Compliance with relevant laws and regulations

- Comply with all related statutes such as antitrust laws and laws for the prevention of payment arrears to subcontractors' charges, etc.

Conformity to purchasing ethics

- Conform to social and corporate ethics and good purchase practices.
- Do not request unjustifiable discounts and/or compensation from any suppliers when selecting suppliers or making decisions on prices during purchasing affairs.
- Do not have personal interest with any suppliers.
- Do not receive, demand or promise unjustifiable interests (money, goods. hospitality, favors, etc.) through influence peddling.

Relationship with Suppliers

Cooperative relationship with suppliers

- Maintain an equal, impartial and fair attitude toward suppliers and strive to build a cooperative and trusting relationship and/or appropriate partnership with the latter.

Assessment of suppliers

- Regularly implement a fair, transparent, objective and reasonable assessment of suppliers with the aim of maintaining a stable relationship with excellent suppliers in aspects of technology, quality, price, supply capacity, stability of management and sociality, etc.

Response to applications for new accounts

- Takeda sincerely deals with applicant suppliers wishing to be partners, by providing each with an impartial and fair opportunity to enter, regardless of nationality, region or size, and responds to unsuccessful suppliers by stating specific reasons.

Confidentiality

- Ensure a confidentiality agreement is made with each of the suppliers and do not use any confidential information of suppliers made known to us over the course of implementing purchasing affairs for any other purpose other than the transaction in question or disclose such to third parties.

Response to Environmental Issues

- Comply with relevant environmental laws and regulations and prioritize the purchase of materials with a reduced environmental load and ecologically friendly products.

Employee Compliance Program

Takeda has prepared two sets of rules based on the "Takeda Compliance Program for Globalization": The "Company-Wide Guidance for Purchasing Affairs" apply to activities throughout the company. The "Departmental Purchasing Criteria" are established specifically for the purchasing activities of individual business units. Our goal is to prevent any purchasing activity from violating internal controls and applicable laws and regulations, including laws for preventing monopolies and late payments etc. to subcontractors.

The General Purchasing Department has prepared several manuals to assist employees with proper compliance. Examples include the "Purchasing Ethics Manual," "Anti-Monopoly Law Compliance Manual" and "Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors Compliance Manual." The departments also conduct ongoing staff education. We also have a program for individuals in each department who are responsible for negotiating prices and other purchasing terms with business partners. These individuals are registered as negotiators and undergo special training that includes courses taught by instructors from outside the Takeda Group.

These training programs are structured to give employees an understanding of the importance of compliance and help create a workplace culture that is imbued with a commitment to self-discipline. We believe that these programs are vital to enable purchasing activities that will earn the trust of business partners.

Training Programs Run in FY2009

General Purchasing Department Compliance Training	At least 6 times per year per person

Takeda's Voice

In October 2009 I transferred from MR, which promotes Takeda's products, to the General Purchasing Department, which is responsible for purchasing the materials used to manufacture those products. My introductory training started with compliance education, during which I learned about how Takeda interacts with each business partner, this time at the input side of the Company, rather than the output end where I used to work. I had regular follow up training on this. I strive to build and maintain fair and sound relationships with our business partners, always remembering that Takeda-ism = integrity, and adhering to the Takeda Values for our workplace in order to ensure fair, transparent purchasing practices.

Takeshi Kamine
General Purchasing Dept., Pharmaceutical Production Div.

Feature | Promoting Diversity

To support Takeda's global development,
we are actively promoting employee diversity as part of our effort
to create an open and active corporate culture.

Basic Thinking on Diversity-Related Issues

Takeda's 2010-2012 Mid-Range Plan emphasizes the importance of developing employee diversity and global talent base, and empower the organization. Since fiscal 2010 we have recognized the strategic importance of workforce diversity by making the creation of "an open and active corporate culture" one of the key strategies of our management vision. In April 2010, the Human Resources Department established a Diversity Team to forge a new diversity management function aimed at developing and making best use of a workforce with multiple viewpoints and capabilities. We will actively promote initiatives in this areas aimed at "attracting and developing global talent," "promoting the development of a diverse workforce without nationality or gender bias," and "enhancing cultural acceptance through increased cross-cultural understanding."

Key Issues in Promotion of Diversity at Takeda

Nationality	Recruit and develop talented people from around the world as part of creating a business that utilizes diverse values
Gender	Develop systems to enable staff to combine work with parenting duties and support career development for women
Disability	Expand employment opportunities for people with disabilities and provide workplaces where they can contribute
Work-life balance	Ensure a corporate culture and workplace environment that allow diverse people to fulfill their potential

Diversity and Cultural Acceptance

Takeda believes that it is important as a global enterprise to utilize diversity in the nationality, culture and values of employees. As part of this approach, the Management and Operations Committee has both Japanese and non-Japanese members to reflect a greater diversity of views in senior management decisions. We are also promoting a range of diversity-related initiatives, such as programs to facilitate personnel exchanges between Japan and overseas bases.

International Employee Symposium (IES)

The first IES was convened in February 2010 as a venue for discussing issues relating to the globalization of Takeda's operations. Participants included employees with extensive international experience, senior managers and representatives of the Human Resources Department. The meeting generated various proposals, including the formulation of guidelines to help employees from different cultures and backgrounds work together effectively and further HR development measures to help employees set and reach career goals. We are looking at options for reflecting the proposals in future policies.

International Employee Symposium

International Employee Symposium

Women's Leadership Exchange Breakfast:
Deborah Dunsire, M.D., President & CEO, Millennium (third from left)
Nancy Joseph-Ridge, M.D., General Manager, Pharmaceutical Development Div. (fourth from left)

Relationship with Employees

Female Staff Career Development

Takeda recognizes that promoting the employment of women is a priority issue in Japan. We are actively engaged in cultivating senior women leaders and in creating systems to promote employee-friendly workplaces that support staff with family responsibilities.

Women's Leadership Exchange Breakfast

In December 2009, female participants in the Takeda Leadership Institute program and female employees of Takeda in Japan took part in a round-table breakfast dialogue with Deborah Dunsire, M.D. (President & CEO, Millennium Pharmaceuticals), and Nancy Joseph-Ridge, M.D. (General Manager, Pharmaceutical Development Division). The aim of the event was to raise awareness of career development issues via interchange with international female executives while also providing attendees with an excellent networking opportunity.
Participants exchanged views on various topics, including how to combine work with household duties and raising a family, and ways of finding mentors and role models. Leaving a strong impression on the participants, the two senior women managers urged those attending the breakfast "not to be afraid of being a pioneer."

Comments from attendees of Women's Leadership Exchange Breakfast

"Hearing the various opinions of women working in a range of different jobs really helped to broaden my perspective."

"Dr. Dunsire's comment that 'Life is exciting! But it's not easy,' made a strong impression on me. I felt she was saying that it is difficult to realize your dream, but the opportunities do exist."

Takeda Women's Network

The Takeda Women's Network (TWN) was created in fiscal 2006 as a company-wide project to enable female employees to discuss and propose solutions to gender-related issues in the workplace. Wherever necessary, the TWN forms subcommittees to promotes initiatives for specific situations. For example, in the Pharmaceutical Development Division, the TWN subcommittee organized a women's networking group to share information relating to work-life balance and to hold discussions with General Manager Nancy Joseph-Ridge, M.D. In the Pharmaceutical Research Division, the TWN subcommittee initiated a project studying the activities of female researchers, organized activities in cooperation with Olympus Corporation, and submitted a report to divisional General Manager Hiroyuki Odaka, Ph.D.

Employment of People with Disabilities

Takeda's aim is to create a workplace where all employees can fulfill their potential regardless of any disabilities. We are working resolutely to achieve this.

LI Takeda Ltd.

Established as a special subsidiary in 1995, LI Takeda operates under the Management Mission of "being a friendly company for workers with disabilities." It was the first company of its kind in the Japanese pharmaceutical industry. People with disabilities comprise the majority of the workforce, numbering 56 out of a total of 67 employees. LI Takeda provides services that include printing, cleaning, processing of packaging materials and laundry. These activities help individual employees to attain greater social independence within a positive and friendly setting.

Pharmaceutical Research Division TWN subcommittee members
Dr. Sachiko Karaki, General Manager, Fundamental Technology Dept., R&D Center, Olympus Corporation (fifth from left), who gave a lecture for female staff at Takeda

Staff at LI Takeda Ltd. cleaning the new "CLI" training facility

We are cultivating a corporate culture based on Takeda-ism while seeking to develop the next generation of global leaders.

Respect for the Rights of Individuals

Takeda takes a global perspective on respecting human rights, and observes employment laws and regulations in each country. In addition, all business activities are based on the "Takeda Code of Compliance Standards," which prescribes compliance standards that include the treatment of employees. This code prohibits discrimination based on nationality, race, beliefs, religion, gender, age, disabilities and disorders, and social status. All forms of discrimination and harassment are also forbidden. The "Takeda Code of Compliance Standards" also set a clear directive to take steps to prevent such discrimination or harassment.

Global Human Resources Policy

To realize "Takeda's Human Resources Vision," we have drawn up a concept and basic principles for HR development within a "Global Human Resources Policy." This forms the basis for the various internal systems covering the recruitment, assignment, training and development, performance evaluation and remuneration of our employees.

Human Resources Vision

We aspire to develop a high-performance, results-oriented culture within our organization with motivated employees who take pride in and find a sense of accomplishment from their work.

Takeda Global Employee Survey

Since fiscal 2008, Takeda has undertaken a global survey of all employees to determine internal attitudes toward the company's culture. Targeting all Takeda Group companies, the survey asks questions on employees' awareness and understanding of Takeda-ism, work satisfaction and working environment. The results are being used to compile an action plan on how to foster an active corporate culture with higher awareness of Takeda-ism.

Amid a rapidly globalizing business environment and increasingly diverse attitudes and values, Takeda believes it is vital for management plans to reflect employee feedback.

Survey outline (plan)

- October 4-22, 2010
- Targeting 20,000 people in 23 countries
- 15 languages (including English, Japanese, Mandarin, French, Italian, German, Thai and Indonesian)
- Online and paper formats
- Survey response rate in fiscal 2008: 91% (Japan), 79% (Takeda Group)

World Wide Takeda-ism Months (WWT-M)

Each year we proclaim the three-month period starting June 12, the anniversary of the founding of Takeda, as "World Wide Takeda-ism Months." During this time we promote various activities to reinforce the spirit of Takeda-ism within the Group. Each Takeda Group company re-examines the principles of Takeda-ism, organizing workshops or other events based on its own ideas. In fiscal 2009 we published a newsletter highlighting the range of voluntary activities undertaken by employees worldwide as part of WWT-M.

Employees donated food and time to a local food bank (Takeda San Diego, Inc.)

Takeda Global Awards

Since fiscal 2006 we have held the "Takeda Global Awards," targeting Takeda Group employees the world over. The "Takeda Global Awards," were established with the aim of: 1) Enhancing permeation of Takeda-ism; 2) Fostering a strong sense of unity as the Takeda group; and 3) Developing a corporate culture where employees can feel a sense of pride. In fiscal 2009, awards were presented to 129 employees.

Takeda Leadership Institute

Since fiscal 2007, Takeda has collaborated with the globally renowned business school INSEAD to develop the Takeda Leadership Institute (TLI) program aimed at cultivating global leaders among Takeda employees. TLI participants are selected from the U.S., Europe, Japan and Asia. Conducted entirely in English, the wide-ranging program helps participants to develop skills in leadership, business and management, and practice making presentations to management. The fiscal 2010 TLI program will have a total of 35 participants, and will take place in the U.S. and Japan over a period of about seven months from September 2010 to March 2011.

Takeda has also developed regionally targeted versions of the TLI program for Europe (the "TLI-EU" program) and Japan ("Global Leader Training" (Courses A/B)). These training courses are another means for actively cultivating the next generation of global leaders.

	Fiscal 2007	Fiscal 2008	Fiscal 2009
TLI program participants (tot.)	30	28	36

Relationship with Employees

Japan

Training Programs that Enable All Employees to Realize Their Potential

At Takeda, we put a lot of effort into cultivating a self-reliant professional workforce. In addition to task-specific training programs aimed at developing specialist knowledge or building specific technical skills needed for each division, we hold various courses within a "stratified training program" to train and develop new employees, mid-level employees, and newly promoted managers. There is a six-month training program for new employees who will become Takeda medical representatives (MRs) in Japan. After completing this program, prospective MRs are assigned to sales offices nationwide, where they refine their MR skills through a combination of e-learning courses, on-the-job training and stratified training.

We offer many other opportunities to learn. For example, employees can participate in external training that includes courses at universities in Japan and overseas. To study on their own, employees can use e-learning courses to acquire business skills and learn English. The Test of English for International Communication (TOEIC) is held at the company. By providing a diverse array of training programs, Takeda powerfully supports each employee's abilities to help them achieve their career goals.

The Training Program System

Training Program on Corporate Philosophy and Strategy
◎Takeda-ism session
(also part of task-specific and leadership development programs)

Stratified Training Program
◎Training for new employees ◎Training for third-year employees
◎J2 training ◎Training for new managers

Task-Specific Programs
◎Business skills development ◎English proficiency training
◎Cross-cultural awareness training

Leadership Development Program
◎Selective-intake management training program
◎HR development programs provided at educational institutions in Japan and overseas

Departmental Programs
◎Department-funded professional education

Support for Self-Development
◎In-house TOEIC and e-learning, etc.

Others
◎Training programs relating to workplace harassment (sexual/managerial), mental health, etc.
◎Career development and life-planning support

Number of Participants in Training Programs	Fiscal 2007	Fiscal 2008	Fiscal 2009
Stratified training	1,214	1,386	1,335
New employee training (part of above)	(279)	(401)	(352)
Task-specific training (business skills/English proficiency)	777	955	1,149
Leadership development training	125	76	121
Second career training	368	274	92

Center for Learning and Innovation (CLI)

In its effort to develop a global talent base, besides upgrading training systems, Takeda is also investing in better HR development facilities. As part of this, a new training facility in Suita, Osaka Prefecture was completed in March 2010. The name of the Center for Learning and Innovation (CLI), which was based on an employee suggestion, signifies that it will be a place not only for personal growth through learning, but also a source of the innovation needed to generate sustained future growth for the Takeda Group.

The CLI has on-site accommodation for up to 294 people. It has various conference and training rooms, and is also completely equipped with video conferencing equipment and simultaneous interpreting facilities. In addition, its design incorporates environmental features such as solar power panels and a rainwater recycling system. A special display on Takeda's history and our CSR activities promotes understanding of Takeda's Mission and Takeda-ism.

The CLI will be the venue for various training programs, including global leadership development programs such as the TLI, as well as training courses for new employees. We also plan to make full use of it as a conference venue for events, meetings and other communications-related initiatives.

The Center for Learning and Innovation (CLI)

The CLI's "Global Wing" training room

Takeda is further improving its human resources practices and employee benefits to create an environment where all employees can commit totally to their work.

Work-Life Balance

Takeda is promoting a variety of efforts to support work-life balance, including adopting a range of work styles, such as a flextime system, and improving its employee leave system. In January 2010 we started a “power-up day” on the third Wednesday of every month, as a day to promote leaving the office on time without doing any overtime.

We are also proactively providing information on work-life balance to employees, including setting up a “Life Balance UP Navi” section on the Company intranet. In fiscal 2009 the Pharmaceutical Marketing Division published an in-house magazine called “Beautiful Beings” that introduces a model for MRs to achieve a balance between job responsibilities and personal events such as marriage, the birth of a child, child care and the care of an aging parent.

Takeda is dedicated to giving employees the opportunity to fulfill their responsibilities at work while also caring for their children. In recognition of this stance, in June 2009 Takeda received its second certification under Japan’s Law for Measures to Support the Development of the Next Generation. In April 2010, we extended the period for parents to work shorter hours to allow them to care for their children, and allowed even greater reduction of hours. We also worked to make it easier for male employees to take paternity leave by allowing part of such time to be paid time off. In fiscal 2008 15 male employees took time off for child care, and in fiscal 2009 there were 8.

Next generation accreditation mark

Takeda has a philanthropy leave system to support employees who want to participate in charitable or community activities. A number of employees in Japan have used this system for volunteer activities arranged through the Japan International Cooperation Agency and others.

Life Balance UP Navi

Beautiful Beings

Working Hours Program and Employee Benefit Program

●Discretionary working hours

At departments engaged in research and development activities, employees can decide themselves how to perform their jobs and allocate their working time.

●Outside de facto working hours

This system allows MRs, who are often away from the office, to receive credit for having fulfilled the required number of working hours.

●Flex-time and stay home work

These systems improve productivity and efficiency for employees who have responsibilities at home, such as child or aging parent care, or who do their work while remaining in touch with overseas business sites. Employees can choose their working hours and locations.

●Consecutive holidays

Employees can combine company vacation time with national holidays to take off five or more consecutive days.

●Special paid leave for spouse pregnancy

An employee can receive five days of special paid leave from one week before the spouse’s expected date of delivery to the end of the child care leave period.

●Child care leave

Employees can take time off until a child reaches the age of 18 months or until the end of April following the first birthday, whichever is longer. Only the first five consecutive days taken off are paid.

●Senior care leave

Employees can take off up to one year to care for an aging parent or other senior (up to 93 days if the number of days off is less than 93 days over a 12-month period).

●Recruiting of former employees

Employees who resigned due to marriage, childbirth, child care, parent care or other personal reasons can register for an opportunity to rejoin the Takeda workforce.

●Philanthropy leave

Maximum of one year (with pay) for volunteer programs sponsored by a government agency, non-government organization or non-profit organization.

Utilization of Takeda’s Employee Benefit Programs		Fiscal 2007	Fiscal 2008	Fiscal 2009
Paid holidays	Utilization rate	58.9%	62.2%	64.7%
	Avg. days used	10.7	11.1	11.6
Reduced working hours for child care* Employees		32	38	42
Child-care leave	Employees (female)	48	61	65
	Employees (male)	—	15	8
No overtime* Employees		1	2	0
No late-night work* Employees		1	2	0
Child nursing care* Employees		5	2	1
Reduced working hours for elderly care Employees		—	1	0
Elderly care leave Employees		2	5	5
Philanthropy leave Employees		Aggregate until FY2009: 6		

*Until child starts elementary school

Relationship with Employees

Employment of People with Disabilities

■LI Takeda Ltd.

Takeda's special subsidiary LI Takeda employs people with mainly intellectual or hearing disabilities. Surmounting a variety of challenges such as one in communication, each employee maintains a positive effort in their duties, which include production of printed materials including brochures, leaflets and posters, bagging of promotional items, forwarding direct mail and the provision of cleaning and laundry services.

We are expanding employment opportunities for these workers as cleaners at our newly completed training facility CLI in Suita, Osaka.

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Ratio of people with disabilities employed at Takeda	1.99%	1.86%	1.95%

* As of March 31 of each fiscal year

LI Takeda Ltd.
Employees communicate using sign language while working to produce printed materials

Mental Healthcare

The Takeda Total Human Safety Net (THS) is a support system for both the mental and physical health management of employees. The THS supports activities such as prevention, early detection and treatment with regard to mental healthcare in particular. In addition to the usual periodical health checkups and provision of a medical staff of industrial physicians, Takeda employs an external employee assistance program (EAP) that gives employees in need access to consultations with specialists such as doctors and clinical psychotherapists outside the company. Since fiscal 2007 we have offered employees training by clinical psychotherapists and industrial physicians specializing in mental health. For employees in manager positions we offer Line Care Training, while other employees are offered Self Care Training.

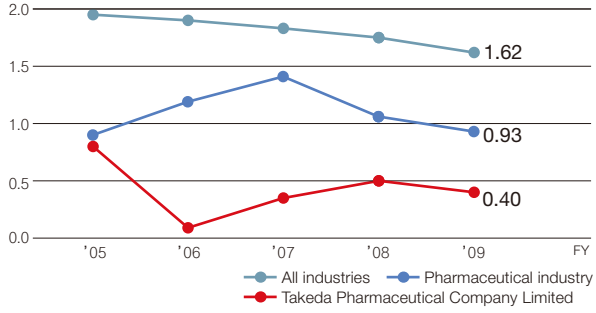
In addition, the THS supports employees who need to take long-term medical leave, ensuring their livelihood and facilitating their return to work. It also supports employees who have to leave the company due to illness or injury after a long leave of absence, helping their families as well to maintain stability in their lives.

Health and Safety

In accordance with its basic principle of upholding respect for people's lives and dignity, Takeda strives to secure the participation of all employees in ensuring health and safety. The company established Safety and Health Committees at the head office and branch offices as well as at production sites and research centers. In addition, Takeda takes steps to prevent occupational accidents and improve the health of employees by drawing up action programs based on the company-wide occupational health and safety management policies formulated each year.

Frequency of Occupational Accidents

* Frequency rate refers to the number of deaths or injuries per 1 million net working hours.



Takeda Healthcare Receives the Minister of Health, Labour and Welfare Award for Health and Safety

Takeda Healthcare Products Co., Ltd received the fiscal 2009 Minister of Health, Labour and Welfare Incentive Award for a Company, Group or Person Achieving Excellence in Health and Safety. Takeda Healthcare's unstinting daily efforts to ensure safety have resulting in a record of over 15 years without having operations interrupted by an accident. Encouraged this award, the entire Takeda Group will make a sincere effort in health and safety activities.

Relations with Worker's Unions

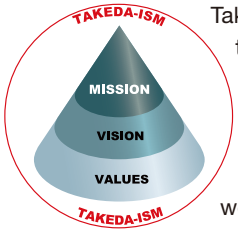
Takeda has established sound industrial relations by concluding a collective bargaining agreement with the Takeda Worker's Union. The company holds regular consultations with the union regarding conditions of employment, the human resources practices and other matters. All the companies of the Takeda Group likewise hold discussions with their worker's unions and employee representatives in accordance with the laws in each respective country.

Management Organization

Corporate Governance

Fundamental Policy and Structure

Policy toward Corporate Governance



Takeda's management mission is "we strive towards better health for patients worldwide through leading innovation in medicine." In line with this mission, Takeda is working to establish a management framework befitting a world-class pharmaceutical company that operates globally. We are strengthening internal control, including rigorous compliance, and establishing a structure to facilitate rapid decision-making that is sound and transparent. Through these initiatives, we will further enhance our corporate governance, thereby maximizing the corporate value.

Management Structure

At Takeda, the Board of Directors determines fundamental policies for the Takeda Group. Management and business operations are then conducted in accordance with the decisions of the Board of Directors. In order to respond swiftly and flexibly to a diversifying range of management issues and to enhance and promote global management, in fiscal 2009, Takeda established the positions of Chief Scientific Officer (CSO), Executive Vice President (EVP) International Operations, and Chief Administrative Officer (CAO). In addition, Takeda established the Management and Operations Committee, comprised of Takeda executives including the CSO, EVP, International Operations, and CAO, which holds regular meetings to discuss important management issues. These steps have facilitated greater cooperation among the different functions while improving speed and flexibility in execution of business operations, and the new structure allows Takeda to conduct all its business activities in a more efficient manner.

Takeda has given its Board of Directors the primary functions of observing and overseeing business execution as well as decision-making for company management. The Board of Directors consists of five directors, and meets once per month in principle to make resolutions and report on important matters regarding management.

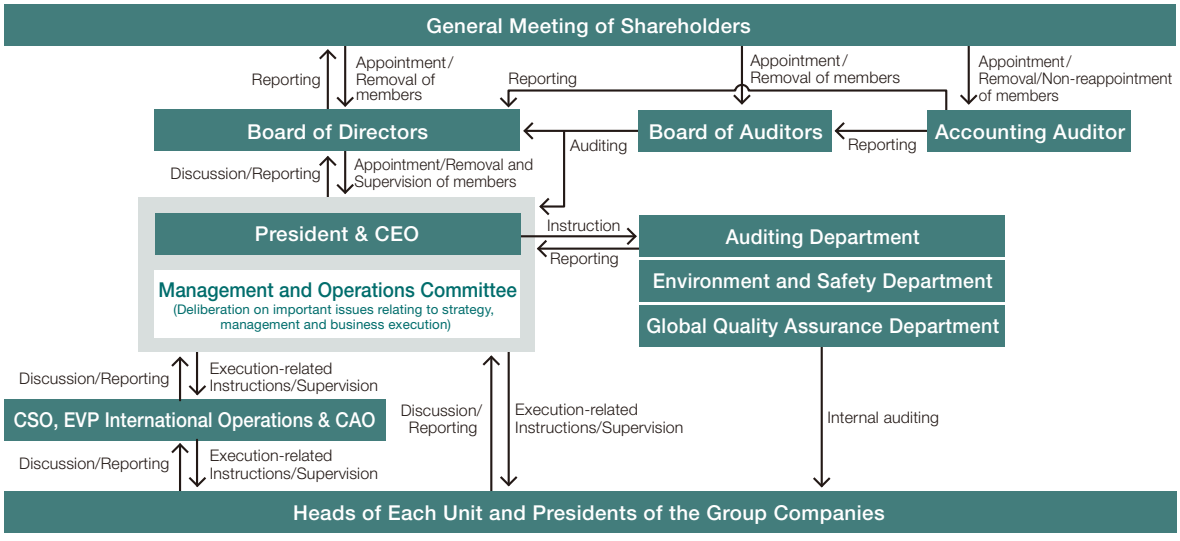
Where business execution is concerned, Takeda envisages a responsive and highly effective system for operating its business. Takeda believes that we have achieved this by creating an organization centered on talented personnel with detailed knowledge of the pharmaceutical business and conditions within the company. For this reason, we have not appointed external directors.

Any risks we may face in the course of global business operations are managed by the personnel responsible for risk management in the key organizations within the relevant domain. We therefore have set a system in place to prevent or mitigate risks, according to their degree and nature.

Furthermore, based on the "Takeda Group's Management Policy" and the "Management Policy for Affiliated Companies," we work to clarify the roles and responsibilities of all group companies, while ensuring compliance and appropriate business operations. To this end, we also implement periodic internal audits and Control Self Assessment (CSA) program*.

* Under the CSA program, personnel responsible for internal control assess the status of internal control in their particular company or division and pledge to implement a program of improvement. They then take an oath to confirm that the proposed program of improvement is appropriate. The CSA program forms the basis for evaluation and confirmation of financial reporting by the management.

Schematic Diagram of Internal Control Structure



Corporate Governance

Auditing System

Takeda is a Company with Auditors as defined in Japan's Companies Act. Takeda has established a system to ensure audits by auditors are implemented effectively, formulating the "Audit Rules by Corporate Auditors" to prescribe the activities of auditors, including attendance at important meetings and authority to review important documents.

To ensure greater transparency of management by utilizing personnel from outside the company, Takeda has appointed two external auditors (out of four auditors in total), who conduct effective audits from an external perspective. We therefore consider that we have ensured objective and impartial management oversight. In addition, KPMG AZSA & Co. serves as the accounting auditor.

Compliance

In order to fulfill social expectations and achieve recognition for its value to society, Takeda continues to have all members of the Takeda Group practice Takeda-ism to ensure that the business is operated not only in compliance with laws but also in accordance with Takeda's own high moral and ethical standards.

Takeda Compliance Program for Globalization

To ensure all executives and employees comply with domestic and foreign laws and business ethics, Takeda started the "Takeda Compliance Program for Globalization" in April 1999. Under this program, Takeda established the "Takeda Code of Compliance Standards" as standards of conduct to which executives and employees must adhere, and advanced company-wide measures by designating a "Compliance Officer" and establishing a "Compliance Promotion Committee" and a "Compliance Secretariat."

Compliance Programs in Each Division

The heads of each division act as "Compliance Enforcer" and cooperate with the "Compliance Sub-Enforcer / Area Compliance Enforcer" in their division to prepare and implement the "Compliance Promotion Annual Plan." In this way they offer their staff the required training and instruction, and ensure that compliance is rigorously enforced. The results of initiatives each fiscal year are reported to the Compliance Officer in the form of an "Assessment Report" and reviewed by the Committee, then reflected in company-wide planning for the following fiscal year.

Voice of Takeda System

The "Voice of Takeda System" was established to collect information from employees in the form of compliance-related questions, reports and proposals, which are then reflected in practice. The system also helps to safeguard those who disclose information. In November 2008 we added an external contact at our outside counsel. The Secretariat deals appropriately with the information sent, whether by e-mail, the internal mailing system, or any other means. Where there are issues requiring improvement, the Secretariat contacts the relevant divisions to arrange corrective action, thereby enhancing compliance.

Promotion of Compliance at Domestic and Overseas Subsidiaries

Takeda enhances the Compliance Program for Globalization at domestic and overseas subsidiaries, either directly, or by collaborating with the division in charge of the relevant subsidiary. In addition, the Secretariat exchanges information periodically with personnel in charge of compliance in the subsidiaries.

Protection of Personal Information

Takeda introduced "Personal Information Protection Rules" in January 2005 to enable the company to respond appropriately to Japan's Personal Information Protection Law. The rules provide for systems for protecting personal information, as well as methods for handling such information appropriately. In view of the importance of personal information protection, Takeda also formulated a "Policy of Personal Information Protection," which can be viewed on the Takeda web site.

Promotion of Compliance in Research

In pursuing its research activities Takeda complies with relevant laws, such as the Pharmaceutical Affairs Act, as well as in-house regulations, in order to develop superior pharmaceutical products. When conducting experiments with animals, which are essential to the research and development of new drugs, we observe laws and regulations, including the Act on Welfare and Management of Animals, and we make every effort to practice the 3Rs*, the fundamental ethical and scientific principles for respecting life and caring for animals.

In addition, when dealing with biohazards and chemical hazards we take all possible measures to protect the environment as well as our researchers.

* The 3Rs are Reduction (of the number of animals in experiments), Replacement (of animal-based experiments with non-animal-based ones) and Refinement (of methods to reduce animal suffering).

Crisis Management

Enhancement of the Takeda Group's Crisis Management Structure

Preventing emergency situations, or responding precisely when they occur, is an important aspect of the Takeda Group's corporate governance. It has therefore been necessary to establish a crisis management structure, improving it as required, in addition to ensuring adequate audits and other internal controls and promoting compliance on a group-wide basis.

When implementing crisis management, it is important to act with fairness and integrity to ensure the Takeda Group's employees and finances are safeguarded. This is a responsibility that Takeda must fulfill toward its stakeholders, who include shareholders, customers, business partners, employees, communities and society at large.

Takeda is therefore working on a Business Continuity Plan (BCP), as part of its response, to prevent the interruption of business activities in the event of any accident or disaster, or, where interruption is unavoidable, to resume business at the earliest opportunity.

In 2008, Takeda created "Basic Policies for Guideline Development" regarding business continuity and "Guidelines for Pandemic Influenza Phase 4." The latter addressed the possibility of a bird flu pandemic, which was believed to be a global threat. For employees, we developed "Preventive Measures against Pandemic Influenza and Action Manual," and established a website specifically to improve communications with employees in the event of a major outbreak. By these means, we have straightened our possible measures to prevent or deal with new forms of influenza by providing appropriate information to employees and their families. We believe that these steps to ensure both the health and safety of our employees, and our capacity to fulfill our role as a pharmaceutical company by maintaining a reliable supply of drugs, will minimize any potential impact on our operations.

Crisis Management Guidelines

Takeda strives to ensure that all possible preventive measures are taken to avoid potential crises in accordance with the "Takeda Group Crisis Management Guidelines," which comprise basic policies, rules and standards for crisis management. The guidelines also underpin systems and mechanisms we have put in place to respond to each type of crisis swiftly and appropriately. In this way, we aim to minimize any potential harm to employees, any impact on the Takeda Group's finances, and any effect on society at large in the event of a crisis.

Scope of Crises as Defined in the Guidelines

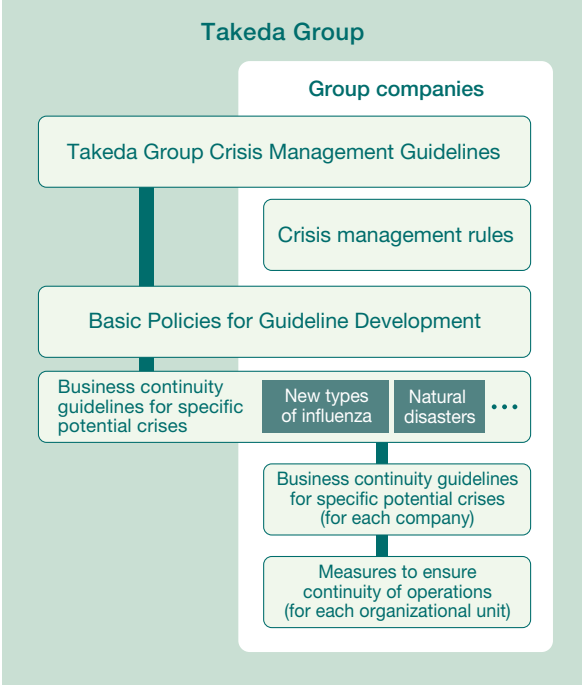
Crises denote situations in which:

- Serious damage is caused to company assets, management or business activities.
- The life, personal safety or human rights of management or employees is endangered by an incident or accident.
- The reputation of the Company or the confidence in a Company brand is seriously damaged.
- Shareholders, customers, business partners or the public are seriously affected.

Cooperation with Group Companies

Each division of Takeda and its Group company is responsible for establishing its own crisis management system, implementing preventive measures and taking appropriate action if a crisis occurs. In the case of a crisis that requires group-wide action, we maintain mutual cooperation and the "Crisis Management Committee," which has its office in the Human Resources Department of Takeda Pharmaceutical Company Limited, coordinates a joint understanding of the situation and any relevant information. The Committee provides necessary reports to top management, and instructs each division and Group company on countermeasures to be taken, later following up on the implementation of the countermeasures.

Positioning of Crisis Management Guidelines



Board of Directors, Auditors and Corporate Officers

Yasuhiko Yamanaka, Makoto Yamaoka, Yasuchika Hasegawa, Toyoji Yoshida, Shigenori Ohkawa (from left)

Board of Directors

President & CEO
Yasuchika Hasegawa

1970 Joined the Company
1998 General Manager,
Pharmaceutical International Division
1998 Corporate Officer
1999 Director
2001 General Manager,
Corporate Planning Department
2002 General Manager,
Corporate Strategy & Planning Department
2003 President and Representative Director (to present)
2009 President & CEO (to present)

Director and Senior Vice President,
Pharmaceutical Marketing Division
Yasuhiko Yamanaka

1979 Joined the Company
2003 General Manager,
Corporate Strategy & Planning Department
2004 Corporate Officer
2007 General Manager,
Pharmaceutical Marketing Division (to present)
2007 Director (to present)

Senior Managing Director
Makoto Yamaoka

1969 Joined the Company
1999 Corporate Officer
2000 General Manager,
Pharmaceutical Marketing Division
2002 Director
2004 Managing Director
2006 Senior Managing Director (to present)
2007 General Manager,
Corporate Strategy & Planning Department
2009 President, Takeda Pharmaceuticals
International, Inc. (to present)

Director and Chief Scientific Officer
Shigenori Ohkawa, Ph.D.

1979 Joined the Company
2005 General Manager,
Pharmaceutical Research Division
2007 Corporate Officer
2008 Director (to present)
2009 Chief Scientific Officer (to present)
2009 Executive Vice President,
Takeda Pharmaceuticals
International, Inc. (to present)

Managing Director and
Chief Administrative Officer
Toyoji Yoshida

1971 Joined the Company
1997 Manager, Public Relations,
General Affairs and Personnel Division
1998 General Manager,
Public Relations Department
2000 Corporate Officer
2002 General Manager,
Corporate Communications Department
2003 Director
2007 Corporate Auditor
2009 Managing Director (to present)
2009 Chief Administrative Officer (to present)

Corporate Auditors

Corporate Auditor
Naohisa Takeda

1972 Joined the Company
2000 General Manager, Department of Europe, Pharmaceutical International Division
2003 General Manager, Department of Europe and Asia
2005 Corporate Officer
2007 General Manager, Overseas Business Planning Department
2008 Corporate Auditor (to present)

Corporate Auditor
Teruo Sakurada

1970 Joined the Company
2000 General Manager, Tohoku Branch, Pharmaceutical Marketing Division
2005 General Manager, Osaka Branch, Pharmaceutical Marketing Division
2006 Corporate Officer
2009 Corporate Auditor (to present)

Corporate Auditor
Tadashi Ishikawa

1967 Assistant, Faculty of Law, University of Tokyo (Specializing in administrative law)
1973 Registered Attorney-at-Law (Osaka Bar Association) (to present)
2002 Office Representative of Oh-Ebashi LPC & Partners
2005 Corporate Auditor of the Company (to present)
2006 Outside Director, West Japan Railway Company (to present)
2008 Member of Oh-Ebashi LPC & Partners (to present)

Corporate Auditor
Tsuguoki Fujinuma

1970 Joined Arthur Young & Co.
1974 Registered as a certified public accountant (to present)
1986 Joined ASAHI SHINWA & Co. as Partner
1991 Representative Partner of Asahi Shinwa & Co.
1993 Joined Showa Ota & Co. (present name: Ernst & Young ShinNihon) as Representative Partner
2004 Chairman and President of the Japanese Institute of Certified Public Accountants
2007 Retired Ernst & Young ShinNihon
2007 Outside Director of Tokyo Stock Exchange Group, Inc.
2007 Outside Director of Tokyo Stock Exchange Regulation (to present)
2008 Professor of Chuo Graduate School of Strategic Management (to present)
2008 Corporate Auditor of the Company (to present)
2008 Outside Corporate Auditor of Sumitomo Corporation (to present)
2008 Outside Director of Nomura Holdings, Inc. (to present)
2008 Outside Director of Sumitomo Life Insurance Company (to present)
2009 Outside Corporate Auditor of Seven & i Holdings Co., Ltd. (to present)

*Corporate auditors Tadashi Ishikawa and Tsuguoki Fujinuma are Outside Corporate Auditors as provided in Article 2, Item 16 of the Companies Act of Japan.

Corporate Officers

Hiroshi Takahara
Senior Vice President
Finance & Accounting Department

Takashi Inkyo
Senior Vice President
Pharmaceutical Production Division

Hiroshi Ohtsuki, Ph.D.
Senior Vice President
Corporate Communications Department

Masato Iwasaki
Senior Vice President
Strategic Product Planning Department

Hiroshi Sakiyama
Vice President
Pharmaceutical Marketing Division

Hiroyuki Odaka, Ph.D.
General Manager
Pharmaceutical Research Division

Kanji Negi
Senior Vice President
Administrative Management Department Pharmaceutical Affairs

Naoyuki Suzuki
Vice President
Ethical Products Marketing Department
Pharmaceutical Marketing Division

Masumitsu Inoue
Senior Vice President
Corporate Strategy & Planning Department

Haruhiko Hirate
Senior Vice President
International Operations (Asia)

Major Subsidiaries and Affiliates

Takeda Pharmaceutical Company Limited

Pharmaceuticals

Japan

Nihon Pharmaceutical Co., Ltd.
9-8, Higashikanda 1-chome
Chiyoda-ku, Tokyo 101-0031, Japan
Tel: +81-3-3864-8411
Fax: +81-3-3864-8837
Voting Shares Owned: 87.5%

Takeda Healthcare Products Co., Ltd.
21, Osadano-cho 2-chome
Fukuchiyama-shi
Kyoto 620-0853, Japan
Tel: +81-773-27-5421
Fax: +81-773-27-5489
Voting Shares Owned: 100%

Takeda Bio Development Center Limited
7-12, Marunouchi 1-chome
Chiyoda-ku, Tokyo 100-0005, Japan
Tel: +81-3-5224-9050
Voting Shares Owned: 100%

Amato Pharmaceutical Products, Ltd.
995 Saso-cho Fukuchiyama-shi,
Kyoto 620-0932, Japan
Tel: +81-773-22-1100
Fax: +81-773-23-3355
Voting Shares Owned: 30%

Americas

Takeda America Holdings, Inc.
767 Third Avenue, 8th Floor
New York, NY 10017, U.S.A,
Tel: +1-212-421-6954
Fax: +1-212-355-5243
Voting Shares Owned: 100%

Takeda Research Investment, Inc.
435 Tasso Street, Suite 300
Palo Alto, CA 94301, U.S.A.
Tel: +1-650-328-2900
Fax: +1-650-328-2922
Voting Shares Owned: 100%*

Takeda San Diego, Inc.
10410 Science Center Drive
San Diego, CA 92121, U.S.A.
Tel: +1-858-622-8528
Fax: +1-858-550-0526
Voting Shares Owned: 100%*

Takeda San Francisco, Inc.
285 East Grand Ave.
South San Francisco
CA 94080-4804, U.S.A.
Tel: +1-650-745-9332
Fax: +1-650-589-5425
Voting Shares Owned: 100%*

Takeda Pharmaceuticals International, Inc.
One Takeda Parkway
Deerfield, IL 60015, U.S.A.
Tel: +1-224-554-6500
Voting Shares Owned: 100%*

Takeda Pharmaceuticals North America, Inc.
One Takeda Parkway
Deerfield, IL 60015, U.S.A.
Tel: +1-224-554-6500
Voting Shares Owned: 100%*

Takeda Canada, Inc.
2700 Matheson Blvd., East,
Suite 300, West Tower, Box 52
Mississauga, Ontario, L4W 4V9
Canada
Tel: +1-905-206-0165
Voting Shares Owned: 100%*

Takeda Global Research & Development Center, Inc.
675 North Field Drive
Lake Forest, IL 60045, U.S.A.
Tel: +1-224-554-6500
Voting Shares Owned: 100%**

Millennium Pharmaceuticals, Inc.
40 Landsdowne Street
Cambridge, MA 02139, U.S.A.
Tel: +1-617-679-7000
Fax: +1-617-374-7788
Voting Shares Owned: 100%*

Takeda Pharmaceuticals Mexico, S.A. de C.V.
Omega Building Campos Eliseos
345 4th Floor
Colony of Chapultepec-Polanco
Mexico City, Mexico 11560
Tel: +52-55-5005-1300
Fax: +52-55-5005-1330
Voting Shares Owned: 100%

Europe

Takeda Europe Holdings B.V.
Strawinskylaan 1217
1077 XX Amsterdam
The Netherlands
Tel: +31-20-575-2830
Fax: +31-20-575-2831
Voting Shares Owned: 100%

Takeda Pharmaceuticals Europe Limited
61 Aldwych, London,
WC2B 4AE, United Kingdom
Tel: +44-20-3116-8000
Fax: +44-20-3116-8001
Voting Shares Owned: 100%***

Takeda Cambridge Limited
418 Cambridge Science Park
Cambridge, CB4 0PA
United Kingdom
Tel: +44-1223-477910
Fax: +44-1223-477911
Voting Shares Owned: 100%***

Takeda Global Research & Development Centre (Europe) Ltd.
61 Aldwych, London,
WC2B 4AE, United Kingdom
Tel: +44-20-3116-8000
Fax: +44-20-3116-8001
Voting Shares Owned: 100%***

Laboratoires Takeda
11-15, quai de Dion Bouton
92816 Puteaux Cedex, France
Tel: +33-1-4625-1616
Fax: +33-1-4697-0011
Voting Shares Owned: 100%***

IDM Pharma, S.A.S.
11-15 quai de Dion Bouton, 92816
Puteaux Cedex, France
Tel: +33-1-4625-1264
Faxl: +33-1-4625-1279
Voting Shares Owned: 100%******

Takeda UK Limited
Takeda House, Mercury Park
Wycombe Lane, Wooburn Green
High Wycombe, Buckinghamshire
HP10 0HH, United Kingdom
Tel: +44-1628-537-900
Fax: +44-1628-526-615
Voting Shares Owned: 100%***

- Holding Company, etc.
- Research
- Development
- Manufacturing
- Marketing

*	Owned by Takeda America Holdings, Inc.
**	100% subsidiary of Takeda Pharmaceuticals North America, Inc.
***	Owned by Takeda Europe Holdings B.V.
****	100% subsidiary of Takeda Pharma GmbH
*****	100% subsidiary of Takeda Cambridge Limited
******	100% subsidiary of Laboratoires Takeda

Takeda Italia Farmaceutici S.p.A.
Via Elio Vittorini,129
00144 Rome, Italy
Tel: +39-06-502601
Fax: +39-06-5011709
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Tel: +49-241-941-0
Fax: +49-241-941-2222
Voting Shares Owned: 100%***

Takeda Pharma Ges.m.b.H.
Seidengasse 33-35
A-1070, Vienna, Austria
Tel: +43-1-524-40-64
Fax: +43-1-524-40-66
Voting Shares Owned: 100%****

Takeda Pharma AG
Alpenblickstrasse 26
CH-8853 Lachen, Switzerland
Tel: +41-55-451-5200
Fax: +41-55-451-5220
Voting Shares Owned: 100%****

Takeda Farmacéutica Espãna S.A.U
Regus Business Centre
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08017 Barcelona, Spain
Tel: +34-93-228-7824
Fax: +34-93-228-7869
Voting Shares Owned: 100%***

Takeda Farmacêuticos Portugal, Unipessoal LDA
Centro de Escritoriós Liberoffice
Largo Rafael Bordalo Pinheiro, no. 16
1200-369 Lisboa, Portugal
Tel: +351-21-325-4055
Fax: +351-21-325-4056
Voting Shares Owned: 100%***

Takeda Ireland Limited
Bray Business Park, Kilruddery
Co. Wicklow, Ireland
Tel: +353-1-205-0600
Fax: +353-1-205-0601
Voting Shares Owned: 100%

Takeda Pharmaceuticals Nordics AB
Solna strandväg 78,
171 54 Solna, Sweden
Tel: +46-8-5052-1105
Fax: +46-8-5052-1326
Voting Shares Owned: 100%***

Takeda Pharmaceuticals Benelux BVBA
Av. J. Wybranlaan 40,
1070 Brussels, Belgium
Tel: +32-2-529-5932
Fax: +32-2-529-5933
Voting Shares Owned: 100%***

Takeda İlaçları Ticaret Limited Şirketi
Sun Plaza, Maslak Mh Bilim Sk.
Nr:5 Kat:13 34398 Maslak-Sisli,
Istanbul, Turkey
Tel: +90-212-366-5800
Fax: +90-212-366-5850
Voting Shares Owned: 100%***

Asia

Takeda Pharmaceuticals Asia Private Limited
2 Shenton Way, #11-01 SGX
Centre 1, Singapore 068804
Tel: +65-6521-2100
Fax: +65-6521-2271
Voting Shares Owned: 100%

Tianjin Takeda Pharmaceuticals Co., Ltd.
No.11, Xinghua Road
Tianjin Xiqing, Economic
Development Area
Tianjin, China
Tel: +86-22-2397-0011
Fax: +86-22-2397-2230
Voting Shares Owned: 75%

Takeda Pharmaceuticals Taiwan, Ltd.
7th Floor, Great China Bldg.
No. 217, Sec.3
Nanking East Road, Taipei, Taiwan
Tel: +886-2-2712-1112
Fax: +886-2-2712-1118
Voting Shares Owned: 100%

Takeda Pharmaceuticals (Philippines), Inc.
12th Floor, Sky Plaza Bldg.
6788 Ayala Avenue, Oledan Square
Makati City, Metro Manila,
Philippines
Tel: +63-2-886-6954 or 6961
Fax: +63-2-886-6941
Voting Shares Owned: 50%

Takeda (Thailand), Ltd.
10th Floor, Rajanakarn Bldg.
183 South Sathorn Road
Kwang Yannawa, Khet Sathorn
Bangkok 10120, Thailand
Tel: +66-2-676-6770
Fax: +66-2-676-6780
Voting Shares Owned: 48%

P.T. Takeda Indonesia
Plaza DM 15th Floor
Jl. Jend. Sudirman Kav. 25
Jakarta 12920, Indonesia
Tel: +62-21-526-7656
Fax: +62-21-526-7657
Voting Shares Owned: 70%

Takeda Clinical Research Singapore Private Limited
2 Shenton Way, #11-01 SGX
Centre 1, Singapore 068804
Tel: +65-6521-2100
Fax: +65-6521-2272
Voting Shares Owned: 100%

Takeda Singapore Pte Limited
10 Biopolis Road
#03-01/02 Chromos
Singapore 138670
Tel: +65-677-11300
Fax: +65-647-89576
Voting Shares Owned: 100%*****

Others

Wako Pure Chemical Industries, Ltd.
1-2, Doshomachi 3-chome
Chuo-ku, Osaka 540-8605, Japan
Tel: +81-6-6203-3741
Fax: +81-6-6203-2029
Voting Shares Owned: 70.3%

Mizusawa Industrial Chemicals, Ltd.
13-6, Nihonbashi-Muromachi 1-chome
Chuo-ku, Tokyo 103-0022, Japan
Tel: +81-3-3270-3821
Fax: +81-3-5201-7467
Voting Shares Owned: 54.2%

Financial Section

Review of Operations and Financial Condition

Takeda Pharmaceutical Company Limited and Subsidiaries
Year ended March 31, 2010 (Fiscal 2009)

Overview of Results

Whole of the pharmaceutical industry has tendency to face a number of challenges, such as stagnation in creating breakthrough novel drugs due to the difficulties of translating new innovations to products in the marketplace, and increasingly strict criteria for the approval of new drugs in advanced countries. Drastic changes in the healthcare systems are underway in many countries, by which it is anticipated that the pharmaceutical industry will be considerably affected. First of all, in the U.S., a bill of healthcare reform which aims to increase the ratio of the insured population was passed. Under the bill, pharmaceutical companies are requested to bear the burden of some portion of funds in order to finance the expansion of available health insurance by increase of the number of policyholders. In Japan, the 2010 Revision of the National Health Insurance (NHI) Drug Price Scheme introduced experimentally an epoch-making system which allows pharmaceutical companies to collect R&D costs earlier by adding some amount of price to regular revised prices of new drugs meeting certain requirements through the patent protection period, such that the creation of new drugs will be encouraged and that it is to solve so-called drug lag issue of drugs unapproved in Japan which has been approved outside of Japan. On the other hand, in this system, prices of the off-patent brand drugs will drop significantly after the patent period expires due to promoting the uptake of generics in the market. In addition, in European countries, pharmaceutical industry has been continuously facing the difficult business environment such as reduction of drug prices by regulatory authorities and increase of parallel import/export from lower drug price countries to higher drug price countries as well as measure to encourage generics use.

On the other hand, the market of consumer healthcare products is tough due to drop in demands of First-class OTC Drugs, which are allowed to sell only through pharmacists after the amendment of Pharmaceutical Affairs Law in last year, and due to shrink of demand of general medicine for cold as a result of increase of examinations by doctors in medical institutions because of epidemic of the new type flu.

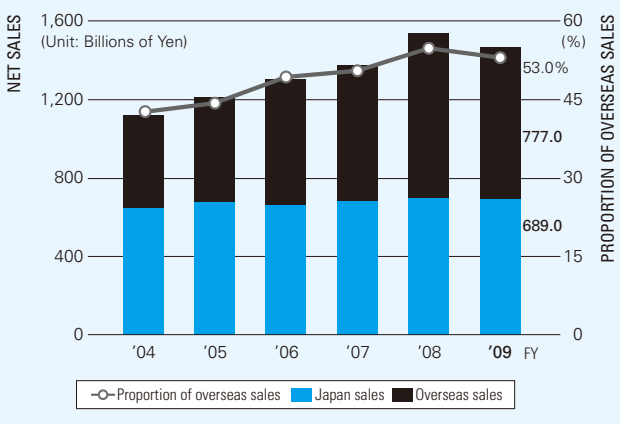
During the fiscal year 2009, Takeda (the "Company") realized a reorganization of its corporate structure by establishing the positions of Chief Scientific Officer (CSO), Executive Vice President (EVP) International Operations, and Chief Administrative Officer (CAO), which enables us to become a company with enhanced global operations. Takeda is able to make flexible, timely and right decisions by delegating the necessary authority from Takeda's President to the people filling these new key roles. Also, key management issues are discussed in the newly created Management and Operations Committee (MOC) (*), and are being executed promptly by close collaboration among the company departments and subsidiaries based on the strategies and policies decided at the MOC and under the leadership of CSO, EVP International Operations and CAO.

With this corporate structure, Takeda has been working for achievement of our main strategies, which are mainly composed of "the enhancement of Takeda's global business infrastructure," "the enhancement of Takeda's R&D pipeline," and "the acquirement and development of global human resources."

(*) The MOC is a reorganized committee of the former Executive Committee and Operations Committee where Takeda executives deliberate and decide important issues relating to strategy, management and business executions.

Net sales decreased by ¥ 72.4 billion (4.7%), from the previous fiscal year, to an amount totaling ¥1,466.0 billion. (Graph 1, Table 1)

NET SALES PROPORTION OF OVERSEAS SALES [Graph 1]



NET SALES BY REGION [Table 1]

(Unit: Billions of Yen)

	Fiscal 2009	Fiscal 2008	Fiscal 2007	% change 2009/2008	% change 2008/2007
Japan	**689.0** **47.0%**	695.2 49.5%	680.6 50.7%	(0.9)%	2.1 %
North America	**561.8** **38.3%**	631.6 33.7%	463.4 32.7%	(11.1)%	36.3 %
Europe	**186.8** **12.7%**	184.5 14.8%	203.6 14.7%	1.3 %	(9.4)%
Others	**28.4** **2.0%**	27.0 2.0%	27.2 1.9%	5.2 %	(0.8)%
Total	**1,466.0**	1,538.3	1,374.8	(4.7)%	11.9 %

Notes: 1. Lower figures refer to proportion of net sales.
2. Figures in parentheses indicate a decrease.

• Although there were positive factors such as an increase in sales of *VELCADE* (a drug for multiple myeloma treatment) by Millennium in the U.S., contributions from new products; *DEXILANT* (formerly known as *KAPIDEX*) and *ULORIC* by Takeda Pharmaceuticals North America, Inc. (TPNA), and the sales-increase effect generated by one-month difference of the attribution period of TAP and Millennium included in consolidated sales*, total net sales decreased due to the significant yen appreciation against the U.S. dollar and Euro (- ¥64.7 billion) and the expiration of the patent for *Prevacid* in the U.S. in November 2009.

* In the previous fiscal year, sales of TAP and Millennium were recorded from May. In the current year, they are recorded from April,

• Sales of international strategic products (consolidated basis) are as follows. (Table 2)

• Ethical drugs sales (consolidated basis) decreased by ¥59.4 billion (4.7 %) from the previous fiscal year, to an amount totaling ¥1,194.5 billion. (Table 3)

Operating income increased by ¥113.7 billion (37.1 %) from the previous fiscal year to an amount totaling ¥420.2 billion. (Graph 2)

• While gross profit decreased by ¥67.9 billion (5.4%) to ¥1,180.9 billion, operating income increased due to a significant decrease of the selling and general administrative expenses, mainly R&D expenses, by ¥181.6 billion (19.3%).

• R&D expenses decreased by ¥156.7 billion (34.6%) from the previous fiscal year due to the one-off in-process R&D costs (US $1,590 million) recorded as a result of the consolidation of TAP and Millennium as subsidiaries. (Graph 3)

• Selling and general administrative expenses other than R&D expenses decreased by ¥25.0 billion (5.1%) due to the appreciation of the yen

NET SALES OF INTERNATIONAL STRATEGIC PRODUCTS [Table 2]

(Unit: Billions of Yen)

	Fiscal 2009	Fiscal 2008	Fiscal 2007	% change 2009/2008	% change 2008/2007
Leuprorelin	**122.2**	126.1	124.0	(3.2)%	1.7 %
Lansoprazole	**218.1**	271.4	148.7	(19.6)%	82.5 %
Candesartan	**222.0**	230.3	223.1	(3.6)%	3.3 %
Pioglitazone	**384.7**	387.0	396.2	(0.6)%	(2.3)%

Note: Figures in parentheses indicate a decrease.

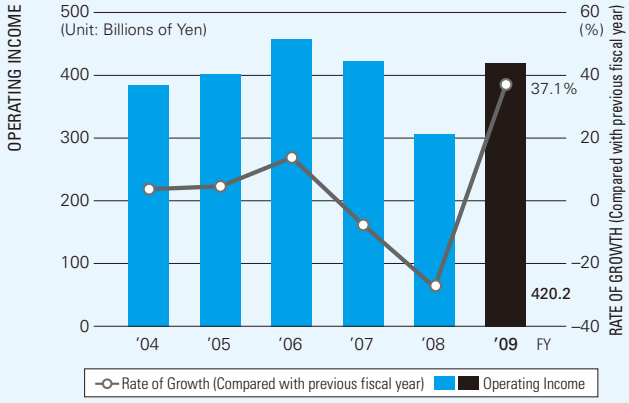
NET SALES OF IN-HOUSE ETHICAL DRUGS BY REGION [Table 3]

(Unit: Billions of Yen)

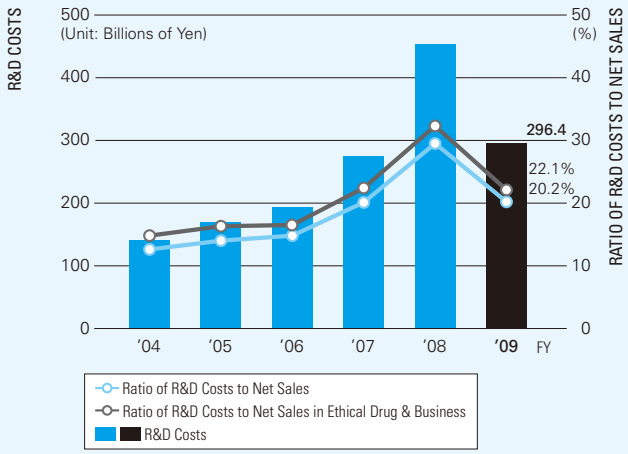
		Fiscal 2009	Fiscal 2008	Fiscal 2007	% change 2009/2006	% change 2008/2007
Japan		**427.5** **35.8%**	420.2 33.5%	399.4 37.0%	1.7 %	5.2 %
Overseas		**717.0** **60.0%**	767.3 61.2%	623.4 57.7%	(6.6)%	23.1 %
	Americas	**535.2** **44.8%**	575.4 45.9%	421.9 39.1%	(7.0)%	36.4 %
	Europe	**161.9** **13.6%**	173.0 13.8%	182.5 16.9%	(6.4)%	(5.2)%
	Asia	**19.9** **1.7%**	19.0 1.5%	19.1 1.8%	4.8 %	(0.5)%
Royalty Income/ Income from Services		**50.0** **4.2%**	66.4 5.3%	57.0 5.3%	(24.7)%	16.6 %
	Japan	**0.3** **0.0%**	1.2 0.1%	3.2 0.2%	(73.1)%	(62.8)%
	Overseas	**49.7** **4.2%**	65.2 5.2%	53.7 5.1%	(23.9)%	21.4 %
Total		**1,194.5**	1,253.9	1,079.8	(4.7)%	16.1 %
Consolidated Ethical Drugs Net Sales Proportion of Overseas Sales		**64.2%**	66.4%	62.8%		

Notes: 1. Lower figures refer to proportion of net sales.
2. Figures in parentheses indicate a decrease.

OPERATING INCOME [Graph 2]



R&D COSTS AND RATIO TO NET SALES [Graph 3]



Income before income taxes and minority interests increased by ¥17.3 billion (4.3%) from the previous fiscal year to an amount totaling ¥415.8 billion.

- Although other income decreased by ¥71.3 billion because the gain (US $709 million) from the transfer of the Lupron business was recorded in the previous fiscal year and a reduction in interest income resulting from lower interest rates, these decreases were absorbed by the increase in operating income. As a result, income before income taxes and minority interests increased.
- Equity in earnings of affiliates decreased by ¥2.1 billion (71.1%) to ¥0.8 billion.

Net income increased by ¥63.4 billion (27.0%) from the previous fiscal year to an amount totaling ¥297.7 billion. (Graph 4)

- Earnings per share (EPS) was ¥377.19, an increase of ¥87.37 (30.1%) from the previous fiscal year.
- Earnings per share excluding extraordinary income (loss) and other extraordinary factors arising from business acquisitions and similar events (see Note below), which the Company uses as one of its target management indices, decreased by ¥21.49 (4.6%) to ¥448.81.

  (Note) "Earnings per share excluding extraordinary income (loss) and other extraordinary factors arising from business acquisitions and similar events" were calculated by deducting the following incomes, losses and charges from net income.
  (1) Extraordinary income (loss) resulting from sales of non-drug businesses and idle real properties, and
  (2) Amortization of goodwill and intangible fixed assets, and in-process R&D expenses arising in connection with business acquisitions and other similar events
- Return on Equity (ROE) increased by 3.5 point from the previous fiscal year to 14.4%. (Graph 5)

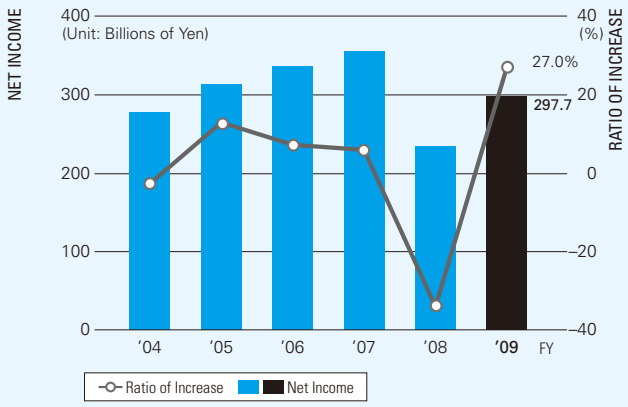
Results by Segment

1) Business Segments (Table 4 and 5)

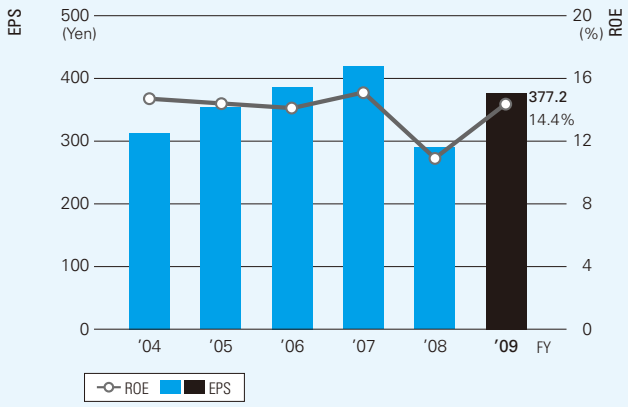
[Pharmaceuticals Segment]

The Pharmaceuticals segment posted net sales of ¥1,375.9 billion, a decrease of ¥72.6 billion (5.0%) from the previous fiscal year. However, operating income increased by ¥115.6 billion (38.9%) to ¥412.5 billion from the previous fiscal year, due to the decrease of selling, general and administrative expenses, mainly in-process R&D expenses in connection with the consolidation of TAP and Millennium as wholly-owned subsidiaries.

NET INCOME [Graph 4]



EPS AND ROE [Graph 5]



SALES BY BUSINESS SEGMENT [Table 4]

(Unit: Billions of Yen)

	Fiscal 2009	Fiscal 2008	Fiscal 2007	% change 2009/2008	% change 2008/2007
Pharmaceuticals	**1,375.9**	1,448.5	1272.1	(5.0)%	13.9 %
• Ethical drugs	**1,317.7**	1,384.1	1,210.2	(4.8)%	14.4 %
Domestic	**548.8**	549.0	529.7	(0.0)%	3.6 %
Overseas	**768.9**	835.1	680.6	(7.9)%	22.7 %
• Consumer healthcare	**58.2**	64.4	61.8	(9.5)%	4.1 %
Other	**90.1**	89.9	102.7	0.2 %	(12.5)%

Note: Figures in parentheses indicate a decrease.

OPERATING INCOME BY BUSINESS SEGMENT [Table 5]

(Unit: Billions of Yen)

	Fiscal 2009	Fiscal 2008	Fiscal 2007	% change 2009/2008	% change 2008/2007
Pharmaceuticals	**412.5** **98.2%**	296.9 96.9%	411.3 97.2%	38.9 %	(27.8)%
Other	**7.6** **1.8%**	9.5 3.1%	11.7 2.8%	(19.3)%	(19.0)%

Notes: 1. Lower figures refer to proportion of operating income.
2. Figures in parentheses indicate a decrease.

• The Ethical Drugs Business posted net sales of ¥1,317.7 billion, a decrease of ¥66.4 billion (4.8%) from the previous fiscal year.

Sales of ethical pharmaceuticals products in Japan posted net sales of ¥548.8 billion, a decrease of ¥0.2 billion from the previous fiscal year. Although sales increase from the growth of *Takepron* (a drug for peptic ulcer), *Actos* (a drug for type 2 diabetes treatment), and *Enbrel* (a drug for rheumatoid arthritis treatment) were recorded, the increase could not offset the decrease in sales of *Basen* (a drug for treatment for postprandial hyperglycemia in diabetes mellitus) and so on.

Overseas sales of the Ethical Drugs Business posted net sales of ¥768.9 billion, a decrease of ¥66.3 billion (7.9%) from the previous fiscal year due to the negative effect of the higher yen against the U.S. dollar and Euro.

In the U.S., despite sales increase from the growth of *Actos* and *VELCADE*, and the contributions from new products such as *DEXILANT* and *ULORIC*, the increases were unable to offset the sales decrease from the expiration of the patent for *Prevacid*. As a result, sales in local currency decreased. In Europe, net sales in local currency increased due to growth of *Actos*, but the yen equivalent of the net sales decreased.

• The Consumer Healthcare Business posted net sales of ¥58.2 billion, a decrease of ¥6.1 billion (9.5 %) from the previous fiscal year. This was due to the decrease in sales of *Benza* (combination cold remedy), *Nicorette* (smoking cessation product) and other products as a result of an increase in examinations by doctors in medical institutions because of the epidemic of the new type flu and the shrinking of the smoking cessation product market.

[Other Segments]
Net sales for Other Segments increased by ¥0.2 billion (0.2%) from the previous fiscal year to an amount totaling ¥90.1 billion, whereas operating income decreased by ¥1.8 billion (19.3%) to ¥7.6 billion from the previous fiscal year.

2) Geographical Segments (Table 6)
Table 6 shows the sales and operating income of each geographical segment.

Outlook for Fiscal 2010

[Net sales]
Although net sales in Japan are expected to increase from the previous fiscal year due to the contribution of new products including "*NESINA*," a drug for treatment of type 2 diabetes with its approval of production and marketing in April 2010, consolidated net sales are expected to decrease by ¥66.0 billion (4.5%) from the previous fiscal year, to an amount totaling ¥1,400.0 billion, due to a sales decrease from the expiration of the patent for *Prevacid* in the U.S. and assumptions of foreign exchange rates with a stronger Japanese yen from fiscal 2009 to fiscal 2010.

[Operating income]
Operating income will decrease from fiscal 2009 by ¥90.2 billion (21.5%), to an amount totaling ¥330.0 billion, due to the sales decrease and R&D expense increases due to the start of operations at new research facilities.

[Net income]
Net income is expected to decrease by ¥77.7 billion (26.1%) from fiscal 2009 to an amount totaling ¥220.0 billion due to a decrease of operating income.

[Assumptions used in preparing the outlook]
The foreign exchange rates are assumed to be US $1 = ¥90 and 1 Euro = ¥130.

SALES AND OPERATING INCOME OF EACH GEOGRAPHICAL SEGMENT [Table 6]

(Unit: Billions of Yen)

	Fiscal 2009	Fiscal 2008	Fiscal 2007	% change 2009/2008	% change 2008/2007
Net sales	**1,466.0**	1,538.3	1,374.8	(4.7)%	11.9 %
Japan	**794.6**	826.6	859.3	(3.9)%	(3.8)%
North America	**534.9**	571.7	357.9	(6.4)%	59.7 %
Europe	**126.4**	131.0	147.3	(3.5)%	(11.1)%
Asia	**10.1**	9.1	10.3	10.8 %	(11.7)%
Operating income	**420.2**	306.5	423.1	37.1 %	(27.6)%
Japan	**513.1**	520.4	540.1	(1.4)%	(3.6)%
North America	**173.4**	187.4	125.7	(7.4)%	49.0 %
Europe	**30.9**	31.9	32.0	(3.0)%	(0.5)%
Asia	**0.5**	1.4	1.8	(64.6)%	(25.0)%
Eliminations/ Corporate	**(297.7)**	(434.5)	(276.5)		

Note: Figures in parentheses indicate a decrease.

[Forward looking statements]
Takeda and TPNA brought patent infringement lawsuits against companies that had submitted ANDAs for generic *Actos* and/or *ACTOplus met*. Although until the lawsuits that are currently pending and those that would be brought against companies who may submit ANDA, if any, are resolved or concluded, the date of entry of generic *Actos* is uncertain. While preparing the fiscal 2010 financial outlook, Takeda is operating on the assumption that the entry of generic versions of *Actos* will be August 2012.

The operating results of the Company are subject to various risks at present and in the future, such as changes in the business environment and the impact of foreign exchange rate fluctuations. When we judge that our operating results will be significantly impacted by events not incorporated in this outlook, we will announce such facts promptly.

Capital Employment and Financing (Table 7)

As of March 31, 2010, total assets increased by ¥63.1 billion to ¥2,823.3 billion (Graph 6).

Total liabilities decreased by ¥47.8 billion to ¥658.5 billion.

While Takeda currently has no loans or bonds outstanding, some consolidated subsidiaries have loans. Debt at the end of fiscal 2009 was ¥2.0 billion in short-term bank loans and ¥1.3 billion in long-term loans.

As of March 31, 2010, total net assets were ¥2,164.7 billion. The shareholders' equity ratio increased from 72.9% at the previous fiscal year-end to 75.1%, and book value per share (BPS) increased by ¥139.1 to ¥2,687.1.

Cash Flows (Table 8)

Cash flow for the current year was a net inflow of ¥94.4 billion.

From the previous fiscal year, net cash inflow increased by ¥949.6 billion, mainly because we did not have cash outflow in the current year such as ¥833.5 billion for the acquisition of Millennium and ¥280.3 billion for the buyback of treasury stocks which had occurred in the previous fiscal year.

As a result, cash and cash equivalents (marketable securities and time deposits that mature or are redeemable within 3 months of the date of acquisition) as of March 31, 2010 were ¥852.5 billion.

Purchases of property, plant and equipment during fiscal 2009 amounted to ¥99.6 billion.

Employees (Graph 7)

The total number of employees of Takeda and its subsidiaries increased to 19,654 as of March 31, 2010. The number of employees in Japan and outside of Japan increased to 9,311, and to 10,343, respectively.

BALANCE SHEETS HIGHLIGHTS [Table 7]

(Unit: Billions of Yen)

	Fiscal 2009	Fiscal 2008	Fiscal 2007	% change 2009/2008	% change 2008/2007
Current assets	**1,572.9**	1,475.6	2,243.8	6.6 %	(34.2)%
Property, plant and equipment	**318.9**	258.5	236.1	23.4 %	9.5 %
Investments and other assets	**931.5**	1,026.1	369.4	(9.2)%	177.8 %
Total assets	**2,823.3**	2,760.2	2,849.3	2.3 %	(3.1)%
Liabilities	**658.5**	706.3	526.7	(6.8)%	34.1 %
Net assets	**2,164.7**	2,053.8	2,322.5	5.4 %	(11.6)%

Notes: Figures in parentheses indicate a decrease.

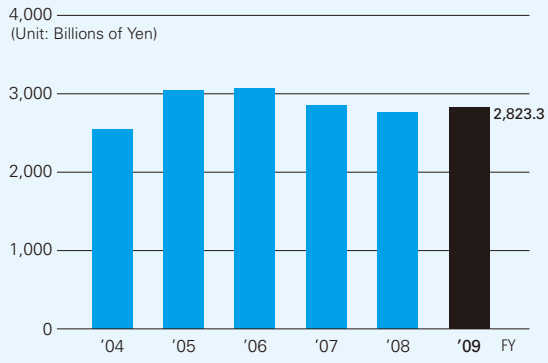
CASH FLOW HIGHLIGHTS [Table 8]

(Unit: Billions of Yen)

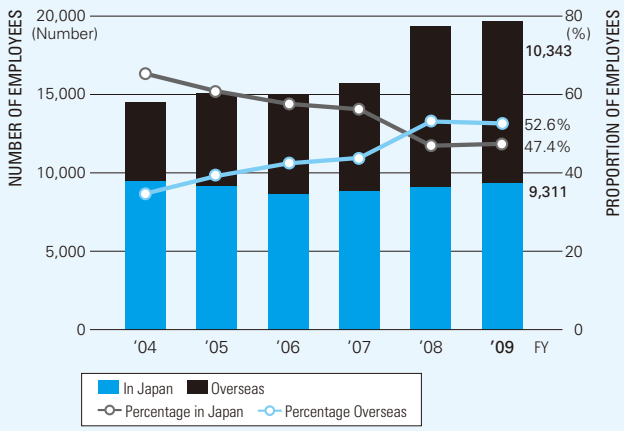
	Fiscal 2009	Fiscal 2008	Fiscal 2007
Net cash provided by operating activities	**381.1**	326.3	292.5
Net cash provided by (used in) investing activities	**(117.5)**	(767.3)	101.7
Net cash used in financing activities	**(148.0)**	(425.8)	(262.1)
Effect of exchange rate changes on cash and cash equivalents	**(21.2)**	11.7	(166.6)
Net increase in cash and cash equivalents	**94.4**	(855.2)	(34.5)
Increase in cash and cash equivalents, end of year	**94.4**	(855.2)	(34.5)

Note: Figures in parentheses indicate a decrease.

TOTAL ASSETS [Graph 6]



NUMBER OF EMPLOYEES [Graph 7]



Basic Policy for Profit Distribution and Dividends for Fiscal 2009 and 2010

1) Basic Policy for Profit Distribution

Under the "2010-2012 Mid-Range Plan," we will make strategic investments which are necessary for future growth in order to achieve sustainable growth and maximizing enterprise value of our group. With regard to profit distribution, it is our basic policy that dividend per share for fiscal Years 2010, 2011 and 2012 be maintained at the same level as for fiscal year 2009 to realize stable profit distributions.

2) Dividend for Fiscal 2009 (Graph 8)

Takeda decided to pay a year-end dividend of ¥90 per share. This, together with the ¥90 dividend at the end of second quarter already paid, achieved an annual dividend of ¥180 for the year ended March 31, 2010 (consolidated payout ratio on earnings before amortization of intangible assets associated with acquisition on Millennium is 42.0%), which is the same amount as the previous fiscal year.

3) Dividend for Fiscal 2010

For the year ending March 31, 2011, Takeda plans to pay an annual dividend of ¥180.00 per share, the same amount as fiscal 2009.

Risk Factors in Business

Takeda's business performance is exposed to various risks at present and in the future, and may experience unexpected fluctuations due to the occurrence of those risks. Below is a discussion of the main risks Takeda might face in its business activities. Takeda intends to work to prevent any such occurrence, while fully identifying these potential risks, and will ensure a precise response in the event of their occurrence.

The future events contained in these items are envisioned as of the end of fiscal 2009.

1) Risk in R&D

While Takeda strives for efficient R&D activities aimed at launching new products in each market of Japan, the United States, Europe and Asia as early as possible, marketing of ethical drugs is allowed only when they have been approved through rigorous investigations of efficacy and safety as stipulated by the competent authorities, whether they are in-house developed or licensed compounds.

If it turns out that the efficacy and safety of such compounds do not meet the required level for approval, or if reviewing authorities express concern regarding the nonconformity of such compounds, Takeda will have to give up R&D activities for such compounds at that point or will conduct additional clinical or non-clinical testing. As a result, Takeda might be exposed to risk of uncollectibility of costs incurred, experience delay in launching new products, or be forced to revise its R&D strategy.

2) Risk in intellectual property rights

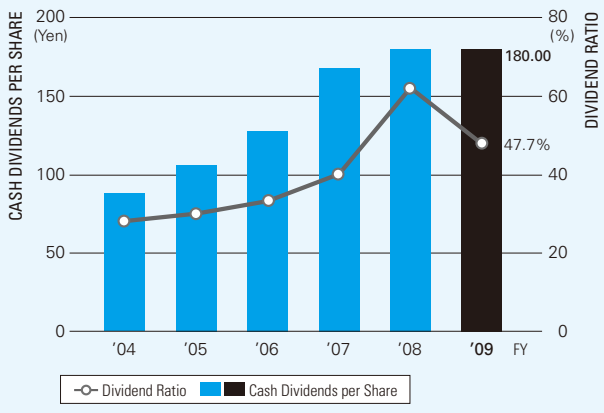
Takeda's products are protected by two or more patents covering substances, processes, formulations and uses for a certain period.

While Takeda strictly manages intellectual property rights, including patents, and always keeps careful watch for potential infringement by a third parties, expected earnings may be lost if the intellectual property rights held by Takeda are infringed by a third party. Or, if Takeda's in-house product proved to have infringed a third party's intellectual property rights, Takeda might be asked for compensation.

3) Risk of sales decrease following patent expirations

While Takeda takes active measures to extend product life cycles, including the addition of new indications and formulations, generic drugs inevitably penetrate the market following the patent expirations of most branded products. In addition, the increasing use of generic drugs and prescription-to-OTC switches also intensifies competition both in domestic and overseas markets, especially in the U.S. market. Takeda's sales of ethical drugs may drop sharply depending on such impact.

CASH DIVIDENDS PER SHARE [Graph 8]



4) Risk of side effects

Although ethical drugs are only allowed placement on the market after approval for production and marketing following rigorous investigation by the competent authorities around the world, accumulated data during the post-marketing period might expose side effects not confirmed at launch. If new side effects are identified, Takeda will be required to describe such side effects in a "precautions" section of the package insert, restrict usage of such drugs or be forced to discontinue sale of and/or recall such products.

5) Risk of price reduction due to movements to constrain drug costs

In the U.S. market, which is the world's largest, the use of low value generic drugs is promoted and the pressure for reduction of brand drug prices is increasing as a result of the strong demand by the federal and state governments and the Managed Care. In Japan, National Health Insurance (NHI) prices for drugs have been reduced every other year, and the use of generic drugs is also promoted. In the European market, drug prices have been reduced in similar situations due to measures implemented in each country to control drug costs and the expansion of parallel imports. Price reductions as a result of drug cost-curtailing efforts being made by each country can significantly influence the business performance and financial standing of the Takeda Group.

6) Influence of exchange fluctuations

The Takeda Group's overseas net sales in fiscal 2009 amounted to ¥777.0 billion, which accounted for 53.0% of total consolidated net sales. Among others, sales in North America were ¥561.8 billion, which accounted for 38.3% of total consolidated net sales.

For this reason, Takeda Group's business performance and financial standings are considerably affected by currency rates, especially fluctuations in the dollar-yen conversion rate.

Litigation, etc.

(i) Litigation

With respect to the sales of some pharmaceutical products in the U.S., civil litigations have been brought against many pharmaceutical companies, including major companies, by patients, insurance companies and state governments, etc. in which plaintiffs claimed, among others, damages due to price discrepancies between the AWP (Average Wholesale Prices) as publicized by independent industry compendia and the actual selling prices (collectively, the "AWP Suits"). Actions have been brought against TPNA in several state courts over pioglitazone (U.S. product name: *Actos*), and actions have been brought, including actions against the former TAP which was merged with TPNA on June 30, 2008, against TPNA in several federal and state courts over lansoprazole (U.S. product name: *Prevacid*). In one case Takeda is also named as a defendant.

(ii) Correction procedures pursuant to transfer pricing taxation

On June 28, 2006, the Company was given a correction notice pursuant to the transfer pricing taxation by the Osaka Regional Taxation Bureau ("ORTB"), which judged that the profits earned in the U.S. market, that had been distributed to the Company with respect to the products supply transactions for *Prevacid* between the Company and the former TAP during the period of six years, from fiscal year ended March 2000 through fiscal year ended March 2005, was under-represented in the profits distribution procedures between the Company and the former TAP. The corrected amount of income is ¥122.3 billion for the six year period, and the full amount of the additional tax in the amount of ¥57.1 billion, was paid in July 2006, but the Company has disagreed with such correction procedures and on August 25, 2006 filed an opposition notice with ORTB.

On July 8, 2008, the Company filed with the National Tax Agency a request for mutual discussion with the U.S. to eliminate the double taxation arising from this tax correction in Japan. In connection with this filing, the protest filed with ORTB was temporarily suspended.

Presently, tax authorities of Japan and the U.S. are proceeding with the mutual discussion.

The Company is diligently taking all necessary and proper measures to cope with the matters stated in Items (i) and (ii) above.

Eleven-Year Summary of Selected Financial Data

Takeda Pharmaceutical Company Limited and Subsidiaries
Years ended March 31

	2010	2009	2008	2007
Net sales	**¥1,465,965**	¥1,538,336	¥1,374,802	¥1,305,167
Operating income	**420,212**	306,468	423,123	458,500
Income before income taxes and minority interests	**415,829**	398,546	576,842	625,379
Income taxes	**115,668**	161,351	218,766	285,844
Minority interests	**2,417**	2,810	2,622	3,730
Net income	**297,744**	234,385	355,454	335,805
Capital expenditures	**114,505**	906,855	38,908	38,510
Depreciation and amortization	**114,825**	118,081	31,690	28,820
Research and development expenses	**296,392**	453,046	275,788	193,301
Per share amounts (Yen and U.S. dollars)				
Net income	**¥ 377.19**	¥ 289.82	¥ 418.97	¥ 386.00
Diluted net income	**377.14**	289.80	–	–
Cash dividends	**180.00**	180.00	168.00	128.00
Current assets	**¥1,572,874**	¥1,475,584	¥2,243,792	¥2,357,713
Property, plant and equipment (net of accumulated depreciation)	**318,949**	258,494	236,134	238,446
Investments and other assets	**931,451**	1,026,110	369,353	476,342
Total assets	**2,823,274**	2,760,188	2,849,279	3,072,501
Current liabilities	**428,477**	472,106	428,711	442,407
Long-term liabilities	**230,051**	234,242	98,035	168,978
Minority interests	–	–	–	–
Net assets	**2,164,746**	2,053,840	2,322,533	2,461,116
Number of shareholders	**236,480**	196,437	149,478	112,113
Number of employees	**19,654**	19,362	15,487	14,993

See accompanying Notes to Consolidated Financial Statements.

- The U.S. dollar amounts in this report represent translations of Japanese yen, solely for readers' convenience, at the rate of ¥93=US$1, the approximate exchange rate at March 31, 2010.
- Effective April 1, 1999, all subsidiaries were consolidated and all affiliates were accounted for by the equity method.
- Effective April 1, 2006, "Minority interests" has been included in "Equity."

						Millions of yen	Thousands of U.S. dollars (Note 1)
2006	2005	2004	2003	2002	2001	2000	**2010**
¥1,212,207	¥1,122,960	¥1,086,431	¥1,046,081	¥1,005,060	¥ 963,480	¥ 923,132	**$15,763,065**
402,809	385,278	371,633	310,686	281,243	226,102	171,443	**4,518,409**
517,957	441,102	446,144	431,898	373,427	263,076	202,764	**4,471,280**
201,361	160,231	157,911	157,485	134,892	114,148	81,446	**1,243,742**
3,347	3,433	2,969	2,651	2,879	2,073	1,693	**25,990**
313,249	277,438	285,264	271,762	235,656	146,855	119,625	**3,201,548**
32,616	49,230	62,472	35,888	44,766	27,411	37,893	**1,231,237**
28,728	31,226	28,083	29,962	28,430	33,605	33,364	**1,234,677**
169,645	141,453	129,652	124,230	100,278	89,846	77,260	**3,187,011**
¥ 353.47	¥ 313.01	¥ 321.86	¥ 307.63	¥ 267.02	¥ 166.39	¥ 135.55	**$ 4.06**
–	–	–	–	–	–	–	**4.06**
106.00	88.00	77.00	65.00	60.00	50.00	32.00	**1.94**
¥2,371,970	¥1,969,915	¥1,730,147	¥1,542,198	¥1,345,094	¥1,138,951	¥ 938,236	**$16,912,624**
215,670	220,133	230,538	203,282	213,385	220,356	240,531	**3,429,559**
454,654	355,387	374,975	313,889	406,737	388,465	252,895	**10,015,602**
3,042,294	2,545,435	2,335,660	2,059,369	1,965,216	1,747,772	1,431,662	**30,357,785**
488,227	365,500	370,562	344,705	371,785	345,626	314,747	**4,607,279**
158,444	133,685	141,628	106,339	134,099	152,065	104,781	**2,473,667**
47,194	44,836	42,460	40,593	39,251	37,217	37,220	–
2,348,429	2,001,414	1,781,010	1,567,732	1,420,081	1,212,864	974,914	**23,276,839**
108,111	118,042	116,343	76,107	53,364	50,921	51,495	–
15,069	14,510	14,592	14,547	14,511	15,900	16,254	–

Consolidated Balance Sheets

Takeda Pharmaceutical Company Limited and Subsidiaries
Years ended March 31, 2010 and 2009

ASSETS	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2010
Current assets:			
Cash and cash equivalents (Note 5)	¥ 852,480	¥ 758,082	$ 9,166,452
Marketable securities (Notes 5 and 6)	13,736	699	147,699
Short-term investments (Note 5)	17,000	–	182,796
Trade notes and accounts receivable:			
Notes (Note 5)	13,857	14,896	149,000
Accounts (Note 5)	263,305	284,157	2,831,236
Due from affiliates (Note 5)	3,487	3,319	37,495
Allowance for doubtful receivables	(950)	(924)	(10,215)
Total	279,699	301,448	3,007,516
Inventories (Note 7)	137,697	131,658	1,480,613
Deferred tax assets (Note 15)	236,236	218,174	2,540,172
Other current assets	36,026	65,523	387,376
Total current assets	1,572,874	1,475,584	16,912,624
Property, plant and equipment (Note 9):			
Land	62,896	63,012	676,301
Buildings and structures	276,616	274,278	2,974,366
Machinery and equipment	269,466	280,904	2,897,484
Tools and fixtures	55,063	51,624	592,075
Leased assets	19,658	19,422	211,376
Construction in progress	74,505	17,954	801,129
Total	758,204	707,194	8,152,731
Accumulated depreciation	(439,255)	(448,700)	(4,723,172)
Net property, plant and equipment	318,949	258,494	3,429,559
Investments and other assets:			
Investment securities (Notes 5 and 6)	189,251	180,750	2,034,957
Investments in affiliates (Notes 5 and 6)	8,595	8,378	92,419
Properties for lease (Note 17)	20,208	20,906	217,290
Goodwill	256,117	284,446	2,753,946
Patents	375,966	454,137	4,042,645
Deferred tax assets (Note 15)	6,599	11,127	70,957
Other assets	74,715	66,366	803,388
Total investments and other assets	931,451	1,026,110	10,015,602
TOTAL	¥2,823,274	¥2,760,188	$30,357,785

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND NET ASSETS	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2010
Current liabilities:			
Bank loans (Note 8)	¥ 2,035	¥ 3,214	$ 21,882
Current portion of long-term debt (Note 8)	3,471	2,199	37,323
Notes and accounts payable:			
Trade notes (Note 5)	611	1,123	6,570
Trade accounts (Note 5)	69,825	64,311	750,806
Due to affiliates (Note 5)	2,383	2,692	25,624
Other	123,088	170,670	1,323,527
Total	195,907	238,796	2,106,527
Income taxes payable	48,875	70,770	525,538
Accrued expenses	164,230	137,916	1,765,914
Other current liabilities	13,959	19,211	150,095
Total current liabilities	428,477	472,106	4,607,279
Long-term liabilities:			
Long-term debt (Note 8)	15,519	17,800	166,871
Reserve for retirement benefits (Note 10)	18,580	17,535	199,785
Reserve for SMON compensation	2,618	2,779	28,151
Deferred tax liabilities (Note 15)	141,731	141,696	1,523,989
Other long-term liabilities	51,603	54,432	554,871
Total long-term liabilities	230,051	234,242	2,473,667
Contingencies (Note 18)			
Total liabilities	658,528	706,348	7,080,946
Net assets (Note 11)			
Shareholders' equity			
Common stock: authorized, 3,500,000,000 shares issued, 789,666,095 shares in 2010 issued, 789,666,095 shares in 2009	63,541	63,541	683,237
Capital surplus	49,638	49,638	533,742
Retained earnings	2,166,303	2,012,251	23,293,581
Treasury stock—at cost; 286,209 shares in 2010 302,797 shares in 2009	(980)	(1,068)	(10,538)
Total shareholders' equity	2,278,502	2,124,362	24,500,022
Valuation, translation adjustments and others			
Unrealized gain on available-for-sale securities	91,037	79,415	978,892
Deferred gains on derivatives under hedge accounting	157	215	1,688
Foreign currency translation adjustments	(248,523)	(192,627)	(2,672,290)
Total valuation, translation adjustments and others	(157,329)	(112,997)	(1,691,710)
Stock acquisition rights (Note 12)	166	86	1,785
Minority interests	43,407	42,389	466,742
Total net assets	2,164,746	2,053,840	23,276,839
TOTAL	¥2,823,274	¥2,760,188	$30,357,785

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

Takeda Pharmaceutical Company Limited and Subsidiaries
Years ended March 31, 2010, 2009 and 2008

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2009	2008	**2010**
Net sales (Notes 6 and 16)	**¥1,465,965**	¥1,538,336	¥1,374,802	**$15,763,065**
Operating costs and expenses:				
Cost of sales (Note 6)	**285,063**	289,543	278,631	**3,065,194**
Selling, general and administrative (Note 13)	**760,690**	942,325	673,048	**8,179,462**
Total operating costs and expenses	**1,045,753**	1,231,868	951,679	**11,244,656**
Operating income (Note 16)	**420,212**	306,468	423,123	**4,518,409**
Other income (expenses):				
Interest and dividend income	**6,157**	17,040	62,063	**66,204**
Interest expense	**(1,429)**	(1,621)	(333)	**(15,366)**
Equity in earnings of affiliates (Note 6)	**837**	2,898	56,711	**9,000**
Gain on sales of property, plant and equipment	**–**	16	751	**–**
Gain on sales of shares of subsidiaries and affiliates (Note 14)	**–**	–	38,645	**–**
Gain on transfer of business (Note 14)	**–**	71,330	–	**–**
Net gain on the change of the retirement benefits plan (Note 10)	**–**	–	1,031	**–**
Other—net	**(9,948)**	2,415	(5,149)	**(106,967)**
Other income (expenses)—net	**(4,383)**	92,078	153,719	**(47,129)**
Income before income taxes and minority interests	**415,829**	398,546	576,842	**4,471,280**
Income taxes (Note 15):				
Current	**129,090**	229,578	238,549	**1,388,065**
Deferred	**(13,422)**	(68,227)	(19,783)	**(144,323)**
Total income taxes	**115,668**	161,351	218,766	**1,243,742**
Income before minority interests	**300,161**	237,195	358,076	**3,227,538**
Minority interests	**2,417**	2,810	2,622	**25,990**
Net income	**¥ 297,744**	¥ 234,385	¥ 355,454	**$ 3,201,548**

	Yen			U.S. dollars (Note 1)
Amounts per share of common stock (Note 2)				
Net income	**¥ 377.19**	¥ 289.82	¥ 418.97	**$ 4.06**
Diluted net income	**377.14**	289.80	–	**4.06**
Cash dividends applicable to the year	**180.00**	180.00	168.00	**1.94**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

Takeda Pharmaceutical Company Limited and Subsidiaries
Years ended March 31, 2010, 2009 and 2008

Outstanding Number of Shares of Common Stock	Thousands		
	2010	2009	2008
Balance at beginning of year	789,363	842,861	859,377
Purchase of treasury stock	(9)	(53,512)	(16,523)
Disposal of treasury stock	26	14	7
Balance at end of year	789,380	789,363	842,861

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2009	2008	2010
Shareholders' equity				
Common stock:				
Balance at beginning of year	¥ 63,541	¥ 63,541	¥ 63,541	$ 683,237
Balance at end of year	¥ 63,541	¥ 63,541	¥ 63,541	$ 683,237
Capital surplus:				
Balance at beginning of year	¥ 49,638	¥ 49,638	¥ 49,638	$ 533,742
Disposal of treasury stock	–	(0)	0	–
Balance at end of year	¥ 49,638	¥ 49,638	¥ 49,638	$ 533,742
Retained earnings:				
Balance at beginning of year	¥2,012,251	¥2,523,641	¥2,297,438	$21,637,108
Effect of changes in accounting policies applied to foreign subsidiaries (Note 3)	–	(1,476)	–	–
Net income	297,744	234,385	355,454	3,201,548
Cash dividends paid; ¥182.00 ($1.96)—2010, ¥172.00—2009 and ¥152.00—2008 (per share)	(143,680)	(142,522)	(129,251)	(1,544,946)
Disposal of treasury stock	(12)	(7)	–	(129)
Cancellation of treasury stock	–	(601,770)	–	–
Balance at end of year	¥2,166,303	¥2,012,251	¥2,523,641	$23,293,581
Treasury stock (Note 11):				
Balance at beginning of year	¥ (1,068)	¥ (322,644)	¥ (193,932)	$ (11,484)
Purchase of treasury stock	(34)	(280,267)	(128,758)	(366)
Disposal of treasury stock	122	73	46	1,312
Cancellation of treasury stock	–	601,770	–	–
Balance at end of year	¥ (980)	¥ (1,068)	¥ (322,644)	$ (10,538)
Total shareholders' equity				
Balance at end of year	¥2,278,502	¥2,124,362	¥2,314,176	$24,500,022
Valuation, translation adjustments and others				
Unrealized gain on available-for-sale securities				
Balance at beginning of year	¥ 79,415	¥ 130,453	¥ 186,045	$ 853,925
Net change	11,622	(51,038)	(55,592)	124,967
Balance at end of year	¥ 91,037	¥ 79,415	¥ 130,453	$ 978,892
Deferred gains (losses) on derivatives under hedge accounting				
Balance at beginning of year	¥ 215	¥ (118)	¥ (398)	$ 2,312
Net change	(58)	333	280	(624)
Balance at end of year	¥ 157	¥ 215	¥ (118)	$ 1,688
Foreign currency translation adjustments				
Balance at beginning of year	¥ (192,627)	¥ (163,728)	¥ 17,913	$ (2,071,258)
Net change	(55,896)	(28,899)	(181,641)	(601,032)
Balance at end of year	¥ (248,523)	¥ (192,627)	¥ (163,728)	$ (2,672,290)
Total valuation, translation adjustments and others				
Balance at end of year	¥ (157,329)	¥ (112,997)	¥ (33,393)	$ (1,691,710)
Stock acquisition rights (Note 12)				
Balance at beginning of year	¥ 86	¥ –	¥ –	$ 925
Net change	80	86	–	860
Balance at end of year	¥ 166	¥ 86	¥ –	$ 1,785
Minority interests				
Balance at beginning of year	¥ 42,389	¥ 41,750	¥ 40,871	$ 455,796
Net change	1,018	639	879	10,946
Balance at end of year	¥ 43,407	¥ 42,389	¥ 41,750	$ 466,742
Total net assets				
Balance at end of year	¥2,164,746	¥2,053,840	¥2,322,533	$23,276,839

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Takeda Pharmaceutical Company Limited and Subsidiaries
Years ended March 31, 2010, 2009 and 2008

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2009	2008	**2010**
Operating activities:				
Income before income taxes and minority interests	**¥ 415,829**	¥ 398,546	¥ 576,842	**$ 4,471,280**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Income taxes paid	**(138,656)**	(220,365)	(263,795)	**(1,490,925)**
Depreciation and amortization	**99,755**	103,227	30,690	**1,072,634**
Loss (gain) on sales and disposals of property, plant and equipment	**1,352**	1,139	(96)	**14,538**
Equity in losses (earnings) of affiliates	**9**	(2,774)	(12,192)	**97**
Gain on sales of shares of subsidiaries and affiliates	**–**	–	(38,645)	**–**
Gain on transfer of business	**–**	(71,330)	–	**–**
In-process R&D expenses arising from business combination	**–**	159,859	–	**–**
Amortization of goodwill	**15,070**	14,854	1,000	**162,043**
Changes in assets and liabilities:				
Decrease (increase) in notes and accounts receivable	**16,695**	(30,387)	6,832	**179,516**
Increase in inventories	**(7,370)**	(10,997)	(14,510)	**(79,247)**
Increase (decrease) in notes and accounts payable	**4,823**	4,467	(1,033)	**51,860**
Other	**(26,339)**	(19,966)	7,402	**(283,215)**
Net cash provided by operating activities	**381,168**	326,273	292,495	**4,098,581**
Investing activities:				
Payments for purchases of marketable securities	**(15,850)**	(58,619)	(252,637)	**(170,430)**
Proceeds from sales and maturities of marketable securities	**6,659**	100,260	308,478	**71,602**
Increase in time deposits	**(27,000)**	(500)	(41,300)	**(290,323)**
Decrease in time deposits	**10,000**	26,800	64,900	**107,527**
Payments for purchases of property, plant and equipment	**(86,960)**	(39,464)	(32,618)	**(935,054)**
Proceeds from sales of property, plant and equipment	**753**	559	2,228	**8,097**
Payments for purchases of investment securities	**(1,196)**	(507)	(455)	**(12,860)**
Proceeds from sales of investment securities	**6,549**	472	57,503	**70,419**
Purchase of investments in subsidiaries resulting in change in scope of consolidation	**(6,882)**	(833,546)	(1,756)	**(74,000)**
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	**–**	41,384	–	**–**
Other	**(3,594)**	(4,095)	(2,594)	**(38,645)**
Net cash provided by (used in) investing activities	**(117,521)**	(767,256)	101,749	**(1,263,667)**
Financing activities:				
Net increase (decrease) in short-term bank loans	**(1,137)**	630	(787)	**(12,226)**
Repayments of long-term debt	**–**	(800)	(1,400)	**–**
Purchase of treasury stock	**(34)**	(280,268)	(128,758)	**(365)**
Dividends paid	**(143,554)**	(142,446)	(129,167)	**(1,543,591)**
Other	**(3,321)**	(2,956)	(1,970)	**(35,710)**
Net cash used in financing activities	**(148,046)**	(425,840)	(262,082)	**(1,591,892)**
Effect of exchange rate changes on cash and cash equivalents	**(21,203)**	11,665	(166,616)	**(227,989)**
Net increase (decrease) in cash and cash equivalents	**94,398**	(855,158)	(34,454)	**1,015,033**
Cash and cash equivalents at beginning of year	**758,082**	1,613,240	1,647,694	**8,151,419**
Cash and cash equivalents at end of year	**¥ 852,480**	¥ 758,082	¥1,613,240	**$ 9,166,452**

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2009	2008	**2010**
Additional cash flow information:				
Interest paid	**¥ 1,424**	¥ 1,772	¥ 142	**$ 15,312**
Assets and liabilities increased by acquisition of shares of subsidiaries				
Current assets	**¥ 1,186**	¥ 203,721	¥ 535	**$ 12,753**
Non-current assets	**9,298**	598,212	1,824	**99,978**
Goodwill	**1,480**	314,986	–	**15,914**
Current liabilities	**(1,583)**	(73,032)	(286)	**(17,022)**
Non-current liabilities	**(3,245)**	(114,195)	(311)	**(34,892)**
Acquisition price	**7,136**	929,692	1,762	**76,731**
Cash and cash equivalents	**(254)**	(96,146)	(6)	**(2,731)**
Payments for purchases of shares of subsidiaries	**¥ 6,882**	¥ 833,546	¥1,756	**$ 74,000**
Non-cash investing and financing activity				
Increase in assets and liabilities due to the corporate division of TAP				
Current assets	**¥ –**	¥ 98,718	¥ –	**$ –**
Non-current assets	**–**	169,581	–	**–**
Total assets	**¥ –**	¥ 268,299	¥ –	**$ –**
Current liabilities	**¥ –**	¥ (88,299)	¥ –	**$ –**
Non-current liabilities	**–**	(79,016)	–	**–**
Total liabilities	**¥ –**	¥(167,315)	¥ –	**$ –**

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Takeda Pharmaceutical Company Limited and Subsidiaries
Years ended March 31, 2010, 2009 and 2008

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Takeda Pharmaceutical Company Limited (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

Prior to the year ended March 31, 2009, the accounts of consolidated overseas subsidiaries had been based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective country of domicile. As discussed in Note 3, the accounts of consolidated overseas subsidiaries for the year ended March 31, 2010 and 2009 have been prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with consolidation adjustments for the specified six items as applicable.

The accompanying consolidated financial statements have been reformatted and translated into English (with some expanded descriptions) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollar are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2010, which was ¥93 to U.S.$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries (together, the "Companies"). Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for using the equity method. All significant intercompany balances, transactions and unrealized profit are eliminated in consolidation.

During the year ended March 31, 2008, the Company established two new subsidiaries and acquired one subsidiary. Further, two subsidiaries were merged with another consolidated subsidiary. In addition, the Company sold the shares of four affiliated companies.

During the year ended March 31, 2009, the Company established three new subsidiaries and acquired one subsidiary. Further, the Company liquidated two subsidiaries and sold one affiliated company. In addition, one affiliate became a subsidiary as a result of a reorganization executed in U.S. and subsequently merged with another consolidated subsidiary during the period.

During the year ended March 31, 2010, the Company established six new subsidiaries. The Company also acquired three subsidiaries and liquidated three subsidiaries.

The fiscal year of Tianjin Takeda Pharmaceuticals Co., Ltd. and Takeda Pharmaceuticals México, S.A. de C.V. ends on December 31. In preparing the consolidated financial statements, their provisional financial statements were prepared to conform to the fiscal year of the Company and were consolidated.

Use of Estimates

The preparation of the consolidated financial statements in conformity with Japanese GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of change in value. Cash equivalents include time deposits, certificates of deposit, commercial paper, mutual funds investing in bonds and bond repurchase agreements that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

Marketable and Investment Securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

i) *trading securities*, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings, ii) *held-to-maturity debt securities*, in which the Companies have the positive intent and ability to hold to maturity, are reported at amortized cost, iii) *available-for-sale securities*, which are not classified as either of the aforementioned securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, in a separate component of net assets.

The cost of securities sold is determined based on the moving-average method. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, available-for-sale securities are reduced to net realizable value by a charge to income.

Inventories

Prior to April 1, 2008, inventories of the Company and its domestic subsidiaries were stated at the lower of cost (principally on the average method) or market. As discussed in Note 3, effective April 1, 2008, the Company and its domestic subsidiaries adopted a new accounting standard for measurement of inventories and stated the inventories at the lower of average cost or net realizable value at March 31, 2009.

Inventories of consolidated foreign subsidiaries are stated at the lower of average cost or market.

Property, Plant, Equipment and Properties for Lease

Property, plant, equipment and properties for lease are stated at cost. Depreciation of property, plant, equipment and properties for lease of the Company and its domestic subsidiaries is computed primarily using the declining-balance method while the straight-line method is applied to buildings acquired by the domestic companies after April 1, 1998, and is applied principally to the property, plant and equipment of foreign subsidiaries. The range of useful lives is from 15 to 50 years for buildings and structures and from 4 to 15 years for machinery and equipment.

Property, plant and equipment capitalized under finance lease arrangements is depreciated over the lease term of the respective assets.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets of businesses acquired and is amortized using the straight-line method principally over twenty years.

Patents

Patents are amortized using the straight-line method over the estimated useful life of patent.

Impairment of Fixed Assets

In accordance with the accounting standard for impairment of fixed assets, the Companies review fixed assets for impairment whenever events or changes in circumstance indicate that the carrying amount of an asset or group of assets may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or group of assets exceeds the sum of the undiscounted future cash flows expected to be generated from the continued use and eventual disposition of the asset or group of assets. The impairment loss is measured by reference to the higher of fair value less costs to sell and value in use, measured by assessing risk-adjusted future cash flows discounted using appropriate interest rates.

Reserve for Retirement Benefits

Employees of the Company and its domestic subsidiaries are generally entitled to lump-sum severance payments and, in certain cases, annuity payments on retirement based on the rate of pay at the time of termination, length of service and certain other factors.

The Company and its domestic subsidiaries have adopted "Accounting Standard for Retirement Benefits" issued by the Business Accounting Council in Japan, and the reserve for retirement benefits for employees is provided based on the projected benefit obligation and plan assets at the balance sheet date.

Actuarial gains or losses are amortized from the year in which the actuarial gains and losses are incurred primarily by the straight-line method over a period of five years which is within the average remaining years of service of the employees.

Prior service costs are amortized primarily by the straight-line method over a period of five years which is within the average remaining years of service of the employees.

Retirement allowances for directors and corporate auditors of several consolidated subsidiaries are recorded to state the liability at the amount that would be required if all directors and corporate auditors retired at each balance sheet date. These amounts are paid subject to the approval of the shareholders in accordance with the Corporate Law.

On May 16, 2007, the Board of Directors of the Company resolved to abolish the retirement benefit plan for directors and corporate auditors. On June 26, 2008, the general meeting of shareholders of the Company resolved to make lump-sum payments of such retirement benefits for duties performed up to the date of abolition of the retirement plan (June 26, 2008) at the time of their retirement.

In the accompanying Consolidated Balance Sheets, the amounts due to directors and corporate auditors are presented as "Reserve for retirement benefits" in "Long-term liabilities."

Reserve for SMON Compensation

The Company was a co-defendant with the Japanese government and other pharmaceutical companies in legal actions in Japan. The plaintiffs claimed that a certain medicine, a product of one of the co-defendants, which was distributed by the Company, was a cause of SMON (Sub-acute Myelo Optical Neuropathy), a neurological disease affecting the plaintiffs.

Compromise settlements were made with all the plaintiffs through December 25, 1996 and the Company has recorded a provision in the accompanying consolidated financial statements for payments associated with the estimated future medical treatment over the remaining lives of the parties entitled to such treatment under the compromise settlements.

Research and Development Costs
Research and development costs are charged to income as incurred.

Foreign Currency Translation
The Company and its domestic subsidiaries have adopted "Accounting Standard for Foreign Currency Transactions" issued by the Business Accounting Council in Japan. Accordingly, all monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the balance sheet date.

Income and expense items denominated in foreign currencies are translated using the rate on the date of the transaction. Related exchange gains or losses are credited or charged to income as incurred.

The financial statements of overseas subsidiaries and affiliates are translated into Japanese yen at year-end rates for all assets and liabilities and at weighted average rates for income and expense accounts.

Differences arising from such translations are shown as "Foreign currency translation adjustments" in a separate component of net assets.

Income Taxes
Income taxes are accounted for by the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, operating loss carry forwards and foreign tax credit carry forwards.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

In accordance with the Corporate Enterprise Tax in Japan, the Company and its domestic subsidiaries pay Standard Corporate Tax, which is taxed on a pro forma basis but not on an income basis. In accordance with "Accounting Treatment of Standard Corporate Tax of Corporate Enterprise Tax in Income Statement," issued by the ASBJ on February 13, 2004, Standard Corporate Tax of Corporate Enterprise Tax is included in Selling, general and administrative expenses.

A deferred tax liability is recognized on undistributed earnings of the overseas subsidiaries and affiliates, which are not deemed to be permanently invested. In the year ended March 31, 2010 and 2009, in accordance with the Tax Law revised in 2009, the Company treated the dividends to be received from the overseas subsidiaries as non-taxable income. The effect of this change decreased the deferred tax liabilities for undistributed earnings of the overseas consolidated subsidiaries.

Derivative Financial Instruments
The Companies hedge the exposure risk arising from fluctuations in foreign currency exchange rates and interest rates. Foreign exchange forward contracts, currency options, interest rate swaps, interest rate options, interest rate futures and treasury futures are utilized by the Companies to reduce those risks. The Companies do not enter into derivatives for trading or speculative purposes.

Derivative instruments are stated at fair value, and accounted for using deferred hedge accounting. Recognition of gains or losses resulting from changes in fair values of derivative financial instruments are deferred until the related losses or gains on the hedged items are recognized if derivative financial instruments are used as hedges and meet certain hedging criteria. Foreign exchange contracts that meet the criteria are accounted for under the allocation method. The allocation method requires recognized foreign currency receivables or payables to be translated using the corresponding foreign exchange contract rates. Interest rate swaps that meet the criteria are accounted for under the special method, as regulated in the accounting standard, as if the interest rates under the interest rate swaps were originally applied to underlying borrowings.

Appropriations of Retained Earnings
Appropriations of retained earnings at each year-end are reflected in the consolidated financial statements for the following year upon shareholders' approval.

Per Share Information
Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period. The number of shares used in the computations was 789,373 thousand shares, 808,735 thousand shares and 848,403 thousand shares for the years ended March 31, 2010, 2009, and 2008, respectively.

The diluted net income per share assumes the dilution that would occur if stock acquisition rights were exercised. The number of shares used in the computations of diluted net income per common share was 789,470 thousand shares and 808,780 thousand shares for the years ended March 31, 2010, and 2009, respectively. The Company did not have securities or contingent stock agreements that could potentially dilute net income per common share in the years ended March 31, 2008.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

3. Changes in Accounting Policies

Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

On May 17, 2006, the Accounting Standards Board of Japan issued Practical Issues Task Force No.18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" ("PITF No. 18"). PITF No. 18 requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. PITF No. 18, however, as a tentative measure, allows a parent company to prepare consolidated financial statements using foreign subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, adjustments for the following six items are required in the consolidation process so that any impact on net income is accounted for in accordance with Japanese GAAP unless the impact is not material.

(a) Goodwill not subject to amortization
(b) Actuarial gains and losses of defined-benefit retirement plans recognized outside profit or loss
(c) Capitalized expenditures for research and development activities
(d) Fair value measurement of investment properties, and revaluation of property, plant and equipment and intangible assets
(e) Retrospective treatment of a change in accounting policies
(f) Accounting for net income attributable to minority interests

As a result of adopting PITF No. 18, retained earnings at April 1, 2008 were ¥1,476 million less than they would have been without the adoption. In addition, operating income for the year ended March 31, 2009 was ¥13,832 million, and income before taxes and minority interests each decreased by ¥13,835 million less than they would have been without the adoption.

Accounting Standard for Inventories

On July 5, 2006, the Accounting Standards Board of Japan issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories." Prior to April 1, 2008, the Company and its consolidated domestic subsidiaries stated inventories at the lower of market or cost determined by the average method. The accounting standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net realizable value. Replacement cost may be used in lieu of the net realizable value, if appropriate.

As a result of the adoption of the accounting standard, operating income and income before taxes and minority interests were each ¥1,960 million less than they would have been without the adoption.

Accounting Standards for Lease Transactions as Lessee

Prior to April 1, 2008, the Company and its consolidated domestic subsidiaries accounted for finance leases which did not transfer ownership of the leased property to the lessee as operating leases with the disclosure of certain "as if capitalized" information in the notes to the consolidated financial statements.

On March 30, 2007, the Accounting Standards Board of Japan issued Statement No. 13, "Accounting Standard for Lease Transactions." The accounting standard requires that all finance lease transactions be treated as capital leases.

Effective from April 1, 2008, the Company and consolidated domestic subsidiaries adopted the accounting standard for finance leases. The effect of adopting the standard on operating income and income before taxes and minority interests has been insignificant.

4. Business Combination

Application of U.S. Business Combination Accounting Standards in the Restructuring of U.S. Business Operations

(1) Name and business of the company, main reasons, date, overview of the business combination and controlling share status
  (i) Name of the company
  TAP Pharmaceutical Products Inc. ("TAP")
  (ii) Business of the company
  Sales, marketing and development of pharmaceuticals
  (iii) Main reasons for the business combination
  TAP was divided into TAP and another company, and TAP became a wholly owned subsidiary of the Company. The aim of this restructuring was to integrate Takeda U.S. Group's development and marketing functions, which had been performed separately by U.S. subsidiaries, i.e. TAP, Takeda Pharmaceuticals North America, Inc. ("TPNA") and Takeda Global R&D Center, Inc. ("TGRD"), in order to realize efficient business operations in dealing with changes in the market needs and the state of product lines in the U.S. market.
  (iv) Date of the business combination
  April 30, 2008 (U.S. time)
  (v) Overview of the business combination
  Abbott, which was the joint partner of TAP, acquired assets of the former TAP related to leuprorelin (the U.S. product name: *Lupron Depot*), a drug for treatment of prostate cancer and endometriosis, and some other assets.

TAP, which became a wholly owned subsidiary of the Company. via the organizational restructuring including this company split, continued to own assets relating to drugs for peptic ulcer treatment lansoprazole (the U.S. product name: *Prevacid*), dexlansoprazole or TAK-390MR (the application for marketing approval filed*) and ilaprazole or IY-81149 (development in process*), a drug for hyperuricemia of patients with chronic gout febuxostat or TMX-67 (the application for marketing approval filed*), and some other assets.

TAP was equally split. Therefore, a value adjustment will become necessary to make the value of the portion acquired by Abbott equal to the portion acquired by the Company.

(*) These states are as of the split date.

(vi) Voting rights held by the Company

Before the business combination	50%
After the business combination	100%

(2) Operating results of the subjected company for the year ended March 31, 2009

Regarding the accounting of TAP for the year ended March 31, 2009, the operating results for the period from April 1 to April 30, 2008 were accounted for using the equity method as in the previous years and those for the period from May 1, 2008 to March 31, 2009 were included in the consolidation.

(3) Profit or loss related to the business transferred in the company split in the year ended March 31, 2009

Gain on transfer of business	$709,473 thousand

(4) Goodwill

No goodwill arose at the time of the business combination.

(5) Breakdown of acquired assets and liabilities as of the date of business combination

Current assets	$ 950,401 thousand
Fixed assets	$1,632,632 thousand
Total assets	$2,583,033 thousand

Current liabilities	$ 850,093 thousand
Fixed liabilities	$ 760,718 thousand
Total liabilities	$1,610,811 thousand

The purchase price has been allocated to intangible assets and in-process R&D expenses in the amount of $820,000 thousand and $540,000 thousand, respectively. The intangible asset is amortized over the estimated useful life.

Legal proceedings relating to the merger of TAP with TPNA after the split of TAP were completed on June 30, 2008. Simultaneous with the merger, TPNA transferred TAP's development function to TGRD in the form of contribution in kind to TGRD.

Application of U.S. Business Combination Accounting Standards in the Acquisition of Millennium Pharmaceuticals, Inc. by Tender Offer

(1) Name and business of the acquired company, main reasons, date, legal format of the business combination, and shareholding status after the business combination

(i) Name of the acquired company
Millennium Pharmaceuticals, Inc. ("Millennium")

(ii) Business of the acquired company
Research, development, sales and marketing of bio-pharmaceutical drugs

(iii) Main reasons for the company acquisition
Millennium is a world leading bio-pharmaceutical company, placing emphasis on research and development of drugs for cancer and inflammation and having strong R&D pipelines in those fields. The oncology field in which Millennium is particularly strong is also one of the Company's core therapeutic areas for R&D. To realize the Company's goal to become a leading global pharmaceutical company, it is necessary for the Company to establish itself as a leading company in the oncology field, which is expected to grow strongly in the future. Acquisition of Millennium will greatly contribute to this strategy. Upon successful completion of the tender offer, the Company will position Millennium as a core business unit of the Takeda Group—responsible for the global oncology product strategy and related functions—and work quickly to maximize the synergies of the acquisition.

(iv) Date of the business combination
May 8, 2008 (U.S. time)

(v) Legal format of the business combination
Share acquisition by tender offer

(vi) Shareholding status after the business combination
Wholly owned subsidiary of the Company

(2) Operating results of the acquired company for the year ended March 31, 2009
Operating results of the acquired company from May 9, 2008 to March 31, 2009 were included in the consolidated results of the Company for the year ended March 31, 2009.

(3) Acquisition cost of the acquired company

Purchase price	Cash $8,844,705 thousand
Other direct costs for the acquisition	$ 21,330 thousand
	$8,866,035 thousand

(4) Goodwill recognized and method and period of amortization
(i) Goodwill recognized at the date of the business combination: $3,003,872 thousand
(ii) Method and period of amortization
Although goodwill arising from a business combination is not amortizable under the U.S. business combination accounting standards, for the purpose of the consolidated accounting practices in Japan, the Company amortizes the goodwill in equal amounts over 20 years in accordance with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18 issued on May 17, 2006).

(5) Breakdown of acquired assets and liabilities as of the date of business combination

Current assets	$ 1,942,788 thousand
Fixed assets	$ 8,708,734 thousand
Total assets	$10,651,522 thousand

Current liabilities	$ 696,468 thousand
Fixed liabilities	$ 1,092,691 thousand
Total liabilities	$ 1,789,159 thousand

The purchase price has been allocated to intangible assets and in-process R&D expenses in the amount of $4,440,000 thousand and $1,050,000 thousand, respectively. The intangible asset is amortized over the estimated useful life.

5. Financial Instruments and Related Disclosures

Effective from the fiscal year ended March 31, 2010, the Company adopted the revised Accounting Standard, "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10 revised on March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 revised on March 10, 2008).

Information on the financial instruments for the year ended March 31, 2010 required pursuant to the revised accounting standards is as follows:

1. Qualitative information on financial instruments

(1) Policies for using financial instruments
The management of the funds of the Companies is aimed at retaining the funds for reinvestment for business operations and liquidity. The policy on cash investment of the Companies is to restrict investment choices to investments such as highly rated short-term bank deposits and bonds of highly rated issuers. It is also the Company's policy to use derivative financial instruments only for the purpose of hedging the risks described below.

(2) Details of financial instruments used and the exposures to risks
Trade notes and trade account receivables are exposed to credit risks associated with customers. Trade receivables denominated in foreign currencies generated through business operations conducted globally are exposed to the risk of fluctuations in exchange rates. Investment securities, consisting mainly of the stocks of business partners or for investment purposes, are exposed to the risk of fluctuations in stock prices. Trade accounts payable denominated in foreign currencies are generated through import of raw materials and are also exposed to the risk of fluctuations in exchange rates.

Derivative financial instruments of the Companies are forward exchange contracts for the purpose of hedging risks of fluctuations in exchange rates of actual receivables and payables denominated in foreign currencies. (See Note 2, Summary of Significant Accounting Policies—Derivative Financial Instruments for hedging instruments, hedged items and hedging policies.)

(3) Policies and processes for managing risk

(i) Credit risk management

In order to enable early evaluation and reduction of potential credit risk, the Company conducts aging controls and review outstanding balances for each customer and regularly examine the credibility of major customers in accordance with the Company's regulations for credit management.

Cash reserves of the subsidiaries are concentrated mostly with the Company and holding companies located in the United States and Europe through the group cash pooling system. These cash reserves are invested exclusively in highly rated bank deposits and bonds within the investment limit configured by taking into consideration the investment ratings and terms under these companies' policy for fund management. Therefore, these investments have limited credit risk. Cash reserves other than those being subject to the group cash pooling system are managed by each consolidated subsidiaries in accordance with the Company's cash management policy.

The Companies enter into derivative trading contracts with only highly-rated financial agencies in order to minimize counterparty risk.

The maximum credit risk in March 31, 2010 is represented by the book value of the financial instruments exposed to credit risk on the consolidated balance sheets.

(ii) Market risk management

As a general rule, transactions between the Company and overseas subsidiaries are conducted in the subsidiary's local currency and the Company manages the foreign currency risk centrally at the corporate headquarters. Accordingly, the subsidiaries do not bear the risk of fluctuations in exchange rates. Foreign currency risk is hedged by applying forward exchange contracts to expected monthly netting positions of trade receivables and payables denominated in each foreign currency for upcoming fiscal year. The netting positions are estimated when the Companies' next year's business plan is fixed.

The accounting division at the corporate headquarters trades derivatives, including the above forward exchange contracts, according to the Company's policy which establishes authority for trading and trading limits. The accounting center, which is independent of the accounting division, books these derivative trading and performs direct confirmation of transaction balances with counterparties. Certain subsidiaries manage these transactions according to the Companies' policy.

For investment securities, the Companies manage the risk of fluctuations in stock prices by continually assessing the situation by reviewing stock prices and financial positions of the issuers. If the issuer is a company with a business relationship, the Companies continually assess the continuing need for such investments by taking into consideration the business relationship position with these companies.

(4) Supplemental information on fair values

The fair value of financial instruments is based on quoted market prices. However, if there are no market prices available, then the fair value is determined by using appropriate valuation techniques. Certain assumptions are considered in the calculations of such amounts and the result of such calculations may vary when different assumptions are used.

2. Fair values of financial instruments

Book value and fair value of the financial instruments on the consolidated balance sheets at March 31, 2010 are described as follows. The table below excludes those financial instruments for which there is limitations in determining the fair value and these are separately described in section (2) below.

Millions of yen

2010	Book value on the consolidated balance sheets	Fair value	Difference
Assets			
(i) Cash and cash equivalents	¥852,480	¥852,480	¥ –
(ii) Short-term investments	17,000	17,000	–
(iii) Trade notes and accounts receivable(*1)	280,649	280,649	–
(iv) Marketable securities and investment securities	200,111	200,122	11
Liabilities			
(v) Trade notes and accounts payable(*2)	72,819	72,819	–
Derivative financial instruments			
(vi) Derivative financial instruments(*3)	315	304	(11)

	Thousands of U.S. dollars		
2010	Book value on the consolidated balance sheets	Fair value	Difference
Assets			
(i) Cash and cash equivalents	$9,166,452	$9,166,452	$ –
(ii) Short-term investments	182,796	182,796	–
(iii) Trade notes and accounts receivable(*1)	3,017,731	3,017,731	–
(iv) Marketable securities and investment securities	2,151,731	2,151,849	118
Liabilities			
(v) Trade notes and accounts payable(*2)	783,000	783,000	–
Derivative financial instruments			
(vi) Derivative financial instruments(*3)	3,387	3,269	(118)

(*1) The book values of Trade notes and accounts receivable (Notes receivable, Accounts receivable and Due from affiliates) on the consolidated balance sheets are combined into Trade notes and accounts receivable on this table.

(*2) The book values of Notes and accounts payable (Trade notes payable, Trade accounts payable and Due to affiliates) on the consolidated balance sheets are combined into Trade notes and accounts payable on this table.

(*3) Amounts of derivative financial instruments are net amounts of assets and liabilities. Negative amounts stated with parenthesis represent a net liability position of the financial instruments.

(1) Basis of determining the fair value of financial instruments and matters relating to securities and derivative financial instruments is as follows

(i) Cash and cash equivalents and (ii) Short-term investments
The carrying amount approximates fair value because of short term maturity of these instruments. Commercial paper, mutual funds investing in bonds and bond repurchase agreements included in cash equivalents are recorded at market prices or quotes provided by financial institutions as of the end of the fiscal year.

(iii) Trade notes and accounts receivable
The carrying amount approximates fair value because of short term maturity of these instruments.

(iv) Marketable securities and investment securities
The fair value of securities is based on year end quoted market prices and the fair value of bonds is stated at the quoted market price or quotes provided by financial institutions as of the end of the fiscal year.

(v) Trade notes and accounts payable
The carrying amount approximates fair value because of short term maturity of these instruments.

(vi) Derivative financial instruments
The fair value of derivative financial instruments is based on the quotes provided by financial institutions.

(2) Financial instruments for which there is limitations in determining the fair value
The following items are excluded from (iv) Marketable securities and investment securities given the limitation in determining their fair value due to the unavailability of quoted stock prices.

	Millions of yen	Thousands of U.S. dollars
	Book value on the consolidated balance sheets	Book value on the consolidated balance sheets
Non-listed securities(*)	¥11,167	$120,075
Others	303	3,258

(*) Non-listed securities included investments in affiliates of ¥8,595 million.

(3) The redemption schedule for financial instruments and debt securities by contractual maturities at March 31, 2010

	Millions of yen			
	Due within one year	Due within one to five years	Due within five to ten years	Due after ten years
Cash and cash equivalents	¥ 852,548	¥ –	¥ –	¥ –
Short-term investments	17,000	–	–	–
Trade notes and accounts receivable	280,649	–	–	–
Marketable securities and investment securities				
Securities classified as held-to-maturity	500	–	–	1,000
Investment securities by contractual maturities				
i) public and corporate bonds	–	–	–	–
ii) other	12,268	–	–	–
Total	¥1,162,965	¥ –	¥ –	¥1,000

	Thousands of U.S. dollars			
	Due within one year	Due within one to five years	Due within five to ten years	Due after ten years
Cash and cash equivalents	$ 9,167,183	$ –	$ –	$ –
Short-term investments	182,796	–	–	–
Trade notes and accounts receivable	3,017,731	–	–	–
Marketable securities and investment securities				
Securities classified as held-to-maturity	5,376	–	–	10,753
Investment securities by contractual maturities				
i) public and corporate bonds	–	–	–	–
ii) other	131,914	–	–	–
Total	$12,505,000	$ –	$ –	$10,753

6. Marketable and Investment Securities

The costs and aggregate fair values of marketable and investment securities at March 31, 2010 and 2009 were as follows:

	Millions of yen			
2010	Cost	Unrealized gain	Unrealized loss	Fair value
Securities classified as:				
Trading	¥ –	¥ –	¥ –	¥ –
Available-for-sale:				
Equity securities	**36,124**	**148,904**	**53**	**184,975**
Debt securities	**13,636**	**–**	**–**	**13,636**
Held-to-maturity	**1,500**	**11**	**–**	**1,511**

	Millions of yen			
2009	Cost	Unrealized gain	Unrealized loss	Fair value
Securities classified as:				
Trading	¥ –	¥ –	¥ –	¥ –
Available-for-sale:				
Equity securities	37,538	130,820	378	167,980
Debt securities	3,399	–	–	3,399
Held-to-maturity	2,506	–	29	2,477

2010	Thousands of U.S. dollars			
	Cost	Unrealized gain	Unrealized loss	Fair value
Securities classified as:				
Trading	$ –	$ –	$ –	$ –
Available-for-sale:				
Equity securities	388,430	1,601,118	570	1,988,978
Debt securities	146,624	–	–	146,624
Held-to-maturity	16,129	118	–	16,247

Investments in affiliates at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Investments at cost	¥ 689	¥ 583	$ 7,408
Equity in undistributed earnings	7,906	7,795	85,011
Total	¥8,595	¥8,378	$92,419

Financial information with respect to affiliates recorded based on the equity method at March 31, 2010 and 2009 and for each of the three years ended March 31, 2010 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Current assets	¥36,353	¥36,769	$390,892
Other assets	8,157	7,724	87,710
Total	44,510	44,493	478,602
Current liabilities	17,683	18,994	190,140
Other liabilities	2,164	1,893	23,269
Net assets	¥24,663	¥23,606	$265,193

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
Net sales	¥62,591	¥79,706	¥436,885	$673,022
Net income	2,613	5,893	108,670	28,097

Sales to and purchases from affiliates were as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	2010
Sales	¥10,123	¥32,238	¥111,179	$108,849
Purchases	10,814	12,029	10,144	116,280

7. Inventories

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Finished products and merchandise	¥ 61,120	¥ 60,792	$ 657,204
Work-in-process	40,334	35,327	433,699
Raw materials and supplies	36,243	35,539	389,710
Total	¥137,697	¥131,658	$1,480,613

8. Bank Loans and Long-term Debt

Short-term bank loans at March 31, 2010 and 2009 consisted of notes to banks.

The weighted average annual interest rate of short-term bank loans at March 31, 2010 and 2009 was 1.5% and 1.4%, respectively.

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Secured loans from banks and financial institutions			
Due 2011, weighted-average interest rate 2.1% in 2010 and 2.1% in 2009	**¥ 1,250**	¥ 1,250	**$ 13,441**
Lease obligations			
Due 2011 to 2020, weighted-average interest rate 5.3% in 2010 and 5.1% in 2009	**17,740**	18,749	**190,753**
Total	**18,990**	19,999	**204,194**
Less current portion	**3,471**	2,199	**37,323**
Long-term debt, less current portion	**¥15,519**	¥17,800	**$166,871**

The annual maturities of long-term debt as of March 31, 2010 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2011	¥ 3,471	$ 37,323
2012	3,939	42,355
2013	2,062	22,172
2014	1,633	17,559
2015	1,302	14,000
After 2016	6,583	70,785
Total	¥18,990	$204,194

At March 31, 2010, assets pledged as collateral for long-term debts were as follows:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment, net of accumulated depreciation	¥4,345	$46,720

As is customary in Japan, security must be given if requested by a lending bank. Certain banks have the right to offset cash deposited with them against any debt or obligation that becomes due or, in case of default and certain other specified events, against all other debt payable. None of the lenders has ever exercised this right against the Companies' obligations.

9. Leases

1. Information on capitalized fixed assets under finance lease arrangements for the year ended March 31, 2010 was as follows:
   (1) Description of fixed assets capitalized
   (i) Tangible fixed assets, mainly buildings
   (ii) Intangible fixed assets, software

   (2) Depreciation method
   Leased assets are depreciated using the straight-line method over the term of the lease.

2. Operating leases
Future payments

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Due within one year	¥ 3,289	¥1,773	$ 35,366
Due after one year	8,277	7,916	89,000
Total	¥11,566	¥9,689	$124,366

10. Retirement Benefits

The Company and its subsidiaries have a retirement benefit scheme, which is a combination of a corporate pension fund plan, a qualified pension plan, a lump-sum severance plan, and a defined contribution pension plan.

The Company transferred part of a lump sum severance plan to a defined contribution pension plan and recorded ¥1,031 million as "other income" for the year ending March 31, 2008.

Reserve for employees' retirement benefits at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Projected benefit obligation	¥ 229,806	¥ 236,874	$ 2,471,032
Fair value of plan assets	(239,255)	(216,343)	(2,572,634)
Unrecognized actuarial gain	(15,356)	(45,593)	(165,118)
Unrecognized prior service cost	5,083	7,930	54,656
Subtotal	¥ (19,722)	¥ (17,132)	$ (212,064)
Prepaid pension costs	(37,685)	(34,020)	(405,215)
Reserve for employees' retirement benefits	¥ 17,963	¥ 16,888	$ 193,151

Some consolidated subsidiaries use the simplified method in calculating the retirement benefit obligations.

The components of net periodic retirement benefit costs were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Service cost	¥ 4,570	¥ 3,710	$ 49,140
Interest cost	4,690	4,757	50,430
Expected return on plan assets	(4,335)	(5,257)	(46,613)
Recognized actuarial loss	718	5,076	7,720
Amortization of prior service cost	(2,846)	(2,982)	(30,602)
Net periodic retirement benefit costs	2,797	5,304	30,075
Contribution paid to the defined contribution pension plan	1,421	1,150	15,280
Total	¥ 4,218	¥ 6,454	$ 45,355

Assumptions used for the years ended March 31, 2010 and 2009 are set forth as follows:

	2010	2009
Periodic allocation method for projected benefits	Straight line	Straight line
Discount rate	1.3%–2.0%	1.3%–2.3%
Expected rate of return on plan assets	1.5%–2.3%	1.5%–2.5%
Recognition period of prior service cost	5 years	5 years
Recognition period of actuarial gain/loss	5 years	5 years

Retirement allowances for directors and corporate auditors are included in reserve for retirement benefits in the consolidated balance sheets. The amounts were ¥618 million ($6,645 thousand) and ¥647 million at March 31, 2010 and 2009, respectively.

11. Net assets

Under the Japanese Corporate law and regulations (the "Corporate Law"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock.

Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

The maximum amount that a company can distribute as dividends is calculated based on its nonconsolidated financial statements in accordance with the Corporate Law.

The Corporate Law also provides for companies to purchase treasury stock and to dispose and cancel of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula.

Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

During fiscal 2008, the Company canceled 99,606 thousand shares in accordance with board resolutions. As a result, treasury shares decreased by ¥601,770 million and retained earnings also decreased by the same amount.

Cash dividends charged to retained earnings during the three years ended March 31, 2010 represent dividends paid out during the period. The accompanying consolidated financial statements do not include any provision for the year-end dividend of ¥90.00 (US$0.97) per share, aggregating ¥71,052 million ($764,000 thousand) which was approved on June 25, 2010 in respect of the year ended March 31, 2010.

12. Stock Options

During fiscal 2008 the Company has implemented a stock option plan under which stock acquisition rights were granted to directors of the Company. Stock options expenses included in selling, general and administrative expenses for the year ended March 31, 2010 and 2009 were ¥180 million ($1,935 thousand) and ¥86 million, respectively.

Stock options existing as of March 31, 2010 and 2009 were as follows:

	2010	2009
Persons granted	5 Directors	7 Directors
Number of stock (shares)	Common stock 66,900 shares	Common stock 62,400 shares
Date of grant	July 10, 2009	July 11, 2008
Required service period	–	–
Exercise period	July 11, 2012 to July 10, 2019	July 12, 2011 to July 11, 2018

In the event that certain director to whom stock acquisition rights are allocated retires due to the expiration of his/her term of office or for other good reason, such director may exercise stock acquisition rights immediately following the date of such retirement even if that is before the exercise period.

Number, movement and price of stock options were as follows:

Before vesting options

	2010	2009
Balance at beginning of year	–	62,400 shares
Granted	66,900 shares	–
Forfeited/expired before vesting	–	–
Vested	–	30,500 shares
Balance at end of year	66,900 shares	31,900 shares

After vesting options

	2010	2009
Balance at beginning of year	–	–
Vested	–	30,500 shares
Exercised	–	22,700 shares
Forfeited/expired after vesting	–	–
Balance at end of year	–	7,800 shares

Price information

	Yen		U.S. dollars
	2010	2009	2010
Exercise price	¥ 1	¥ 1	$ 0.01
Weighted average exercise price	–	3,706	–
Fair value of options at grant date	2,735	4,395	29.41

The assumptions used to measure fair value of stock options granted at July 10, 2009 were as follows:

	2010
Estimated method	Black-scholes option pricing model
Expected volatility	25.44%
Expected life	6.5 years
Expected dividend rate	4.84%
Risk-free interest rate	0.86%

13. Research and Development Expenses

Research and development expenses are charged to income as incurred. Research and development expenses for the years ended March 31, 2010, 2009 and 2008 were ¥296,392 million ($3,187,011 thousand), ¥453,046 million and ¥275,788 million, respectively.

14. Sales of Shares of Affiliates and Business Transfer

As a result of the company split of TAP Pharmaceutical Products Inc. which was executed in April 30, 2008, the Company transferred the U.S. Lupron business to Abbott Laboratories, resulting in a gain of ¥71,330 million for the year ended March 31, 2009.

During the year ended March 31, 2008, the Company sold all the shares of Wyeth K.K., Takeda-Kirin Food Corporation, House Wellness Foods Corporation and Sumitomo Chemical Takeda Agro Company, Ltd., resulting in a gain of ¥38,645 million for the year ended March 31, 2008.

15. Income Taxes

The effective income tax rates of the Companies differed from the statutory tax rates for the following reasons:

	2010	2009	2008
Statutory tax rate	40.9%	40.9%	40.9%
Expenses not deductible for tax purposes	1.1	1.2	0.9
Increase/decrease in valuation allowance	(0.6)	0.9	2.8
Equity in earnings of affiliates	(0.1)	(0.3)	(3.5)
Nontaxable dividend income	(0.2)	(0.2)	(0.1)
Tax credits primarily for research and development costs	(6.0)	(8.2)	(3.9)
In-process R&D expenses arising from business combination	–	16.4	–
Gains on transfer of businesses and other items permanently nontaxable	–	(7.3)	–
Amortization of goodwill	1.3	1.5	–
Increase/decrease in tax effects of undistributed profit of overseas subsidiaries	0.3	(4.0)	–
Different tax rates applied to overseas subsidiaries	(2.5)	(1.4)	–
Liquidation of subsidiary	(6.7)	–	–
Other—net	0.3	1.0	0.8
Effective tax rate	27.8%	40.5%	37.9%

Deferred tax assets and liabilities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Deferred tax assets:			
Reserve for bonuses	**¥ 15,001**	¥ 13,278	**$ 161,301**
Research and development costs	**117,739**	91,558	**1,266,011**
Enterprise tax	**3,585**	5,666	**38,548**
Inventories	**8,166**	19,196	**87,807**
Accrued expenses	**30,063**	42,843	**323,258**
Unrealized profit on inventories	**10,577**	8,607	**113,731**
Tax credit for research expenses	**55,577**	52,791	**597,602**
Reserve for retirement benefits	**6,150**	5,691	**66,129**
Patents	**41,687**	43,782	**448,247**
Marketing rights	**9,557**	10,242	**102,763**
Tax credit for net operating losses	**23,188**	41,939	**249,334**
Other	**51,911**	59,171	**558,183**
Total	**373,201**	394,764	**4,012,914**
Valuation allowance	**(28,503)**	(27,882)	**(306,484)**
Total deferred tax assets	**344,698**	366,882	**3,706,430**
Deferred tax liabilities:			
Prepaid pension costs	**(15,413)**	(13,914)	**(165,731)**
Undistributed earnings of foreign subsidiaries and affiliates	**(16,615)**	(15,484)	**(178,656)**
Unrealized gain on available-for-sale securities	**(46,208)**	(50,639)	**(496,860)**
Reserve for advanced depreciation of noncurrent assets	**(12,078)**	(12,656)	**(129,871)**
Tax effect of intangible assets related to business combination	**(137,062)**	(167,988)	**(1,473,785)**
Other	**(16,273)**	(18,607)	**(174,979)**
Total deferred tax liabilities	**(243,649)**	(279,288)	**(2,619,882)**
Net deferred tax assets	**¥ 101,049**	¥ 87,594	**$ 1,086,548**

16. Segment Information

The Companies have classified their businesses into two segments: "Pharmaceuticals" and "Other," based on the actual business management structure. The Pharmaceuticals segment is composed of those operations involved in the production and sales of ethical and over-the-counter pharmaceuticals and quasi-drugs. The Other segment is composed of those operations involved in the production and sales of reagents, clinical diagnostics, chemical products, etc.

Financial information summarized by business segment for the years ended March 31, 2010 and 2009 was as follows:

	Millions of yen	
	Net sales	
	2010	2009
Pharmaceuticals	**¥1,375,887**	¥1,448,474
Other	**90,078**	89,862
Consolidated	**¥1,465,965**	¥1,538,336

	Millions of yen	
	Operating income	
	2010	2009
Pharmaceuticals	**¥412,534**	¥296,931
Other	**7,638**	9,467
Eliminations/Corporate	**40**	70
Consolidated	**¥420,212**	¥306,468

	Thousands of U.S. dollars	
	Net sales	Operating income
	2010	2010
Pharmaceuticals	$14,794,484	$4,435,849
Other	968,581	82,129
Eliminations/Corporate	–	431
Consolidated	$15,763,065	$4,518,409

There were no significant inter-segment sales.

	Millions of yen	
	Identifiable assets	
	2010	2009
Pharmaceuticals	¥1,597,352	¥1,674,656
Other	199,427	213,993
Eliminations/Corporate	1,026,495	871,539
Consolidated	¥2,823,274	¥2,760,188

	Millions of yen	
	Depreciation and amortization	
	2010	2009
Pharmaceuticals	¥107,711	¥110,123
Other	6,420	7,182
Eliminations/Corporate	694	776
Consolidated	¥114,825	¥118,081

	Millions of yen	
	Capital expenditures	
	2010	2009
Pharmaceuticals	¥ 99,117	¥898,670
Other	15,388	8,185
Consolidated	¥114,505	¥906,855

	Thousands of U.S. dollars		
	Identifiable assets	Depreciation and amortization	Capital expenditures
	2010	2010	2010
Pharmaceuticals	$17,175,828	$1,158,183	$1,065,774
Other	2,144,376	69,032	165,463
Eliminations/Corporate	11,037,581	7,462	–
Consolidated	$30,357,785	$1,234,677	$1,231,237

Corporate assets included in "Eliminations/Corporate" consisted principally of surplus operating capital (cash and marketable securities) and long-term investments (investment securities) of the Company and a holding company in the United States and other subsidiaries.

The amounts were as follows:

2010 ¥1,027,910 million ($11,052,796 thousand)
2009 ¥ 873,127 million

The geographical segments consist of "Japan," "North America," "Europe" and "Asia."

The main countries and regions included in each geographical segments are as follows:

North America: . . . . United States, Canada
Europe: . . . . . Germany, France, Italy, United Kingdom, Ireland
Asia: . . . . . Taiwan, Indonesia, China

Geographic segment data were as follows:

	Millions of yen	
	Net sales	
	2010	2009
Japan	**¥ 794,563**	¥ 826,602
North America	**534,938**	571,696
Europe	**126,428**	130,979
Asia	**10,036**	9,059
Consolidated	**¥1,465,965**	¥1,538,336

	Millions of yen	
	Operating income	
	2010	2009
Japan	**¥ 513,097**	¥ 520,394
North America	**173,416**	187,354
Europe	**30,931**	31,897
Asia	**481**	1,359
Eliminations/Corporate	**(297,713)**	(434,536)
Consolidated	**¥ 420,212**	¥ 306,468

	Millions of yen	
	Identifiable assets	
	2010	2009
Japan	**¥ 814,566**	¥ 815,708
North America	**855,658**	1,027,612
Europe	**88,822**	94,111
Asia	**14,729**	14,398
Eliminations/Corporate	**1,049,499**	808,359
Consolidated	**¥2,823,274**	¥2,760,188

	Thousands of U.S. dollars		
	Net sales	Operating income	Identifiable assets
	2010	**2010**	**2010**
Japan	**$ 8,543,688**	**$ 5,517,172**	**$ 8,758,774**
North America	**5,752,022**	**1,864,688**	**9,200,624**
Europe	**1,359,441**	**332,592**	**955,075**
Asia	**107,914**	**5,172**	**158,376**
Eliminations/Corporate	**–**	**(3,201,215)**	**11,284,936**
Consolidated	**$15,763,065**	**$ 4,518,409**	**$30,357,785**

Operating expenses included in "Eliminations/Corporate" consisted principally of research and development costs. The amounts were as follows:

2010 ¥296,392 million ($3,187,011 thousand)
2009 ¥453,046 million

Corporate assets included in "Eliminations/Corporate" consisted principally of surplus operating capital (cash and marketable securities), long-term investments (investment securities) of the Company and a holding company in the United States and other subsidiaries, and the assets concerned in research and development of the Companies. The amounts were follows:

2010 ¥1,144,435 million ($12,305,753 thousand)
2009 ¥ 936,991 million

Geographic data for net sales to customers outside Japan were as follows:

	Millions of yen			Thousands of U.S. dollars
	Net sales to customers outside Japan			Net sales to customers outside Japan
	2010	2009	2008	**2010**
North America	**¥561,787**	¥631,634	¥463,365	**$6,040,721**
Europe	**186,856**	184,504	203,632	**2,009,204**
Other	**28,401**	26,991	27,205	**305,387**
Total	**¥777,044**	¥843,129	¥694,202	**$8,355,312**

	Percentage of consolidated net sales		
	2010	2009	2008
North America	**38.3%**	41.1%	33.7%
Europe	**12.7**	12.0	14.8
Other	**2.0**	1.7	2.0
Total	**53.0%**	54.8%	50.5%

17. Investment and Rental Property

Effective from the fiscal year ended March 31, 2010, the Company adopted the "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (Accounting Standards Board of Japan ("ASBJ") Statement No. 20 issued on November 28, 2008) and the "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No. 23 issued on November 28, 2008) for the years ending on or after March 31, 2010. Pursuant to the new requirements, information about fair value of investment and rental property on the consolidated financial statements at March 31, 2010 was as follows:

1. Overview of investment and rental property

The Company and several of its domestic consolidated subsidiaries own office buildings (including land) for rent and other properties which are not utilized for business operations in Tokyo and other areas.

The net rental income from these properties amounted to ¥2,316 million ($24,903 thousand) for the year ended March 31, 2010.

The Company classifies rental income as other income and rental expenses as other expenses on the consolidated statements of income.

2. Fair value of investment and rental property

Book value of investment and rental property on the consolidated balance sheets, the amount of change in book value, and the fair value were as follows.

			Millions of yen	
	Book value on the consolidated balance sheets			Fair value
	2010	2009	Change	**2010**
Investment and rental property	**¥33,690**	¥34,614	¥(924)	**¥89,980**

			Thousands of U.S. dollars	
	Book value on the consolidated balance sheets			Fair value
	2010	2009	Change	**2010**
Investment and rental property	**$362,258**	$353,204	$9,054	**$967,527**

(1) The book value represents the net amount of acquisition cost and accumulated depreciation.
(2) The fair value of significant properties is based on an appraisal reports prepared by external real estate appraisers, and the fair value of immaterial properties is based on calculations conducted by the Company and its consolidated subsidiaries according to the Land Tax Assessment or the value for the Fixed Property Tax.
(3) In the above amounts, the book value of properties for lease reported on the consolidated balance sheets was ¥20,208 million ($217,290 thousand) and its fair value was ¥24,474 million ($263,161 thousand).
(4) The U.S. dollars amounts in this note represent translations of Japanese yen at approximately US$1=¥98 at March 31, 2009 and US$1=¥93 at March 31, 2010.

18. Contingencies

At March 31, 2010, contingent liabilities were as follows:

	Millions of yen	Thousands of U.S. dollars
Guarantees of loans	¥1,546	$16,624

19. Litigation and Other Legal Matters

(i) Litigation

With respect to the sales of some pharmaceutical products in the U.S., civil litigations have been brought against many pharmaceutical companies, including major companies, by patients, insurance companies, state governments, etc. in which plaintiffs claimed, among others, damages due to price discrepancies between the AWP (Average Wholesale Prices) as publicized by independent industry compendia and the actual selling prices (collectively, the "AWP Suits"). Actions have been brought against TPNA in several state courts over pioglitazone (U.S. product name: *Actos*), and actions have been brought, including actions against the former TAP which was merged with TPNA on June 30, 2008, against TPNA in several federal and state courts over lansoprazole (U.S. product name: *Prevacid*). In one case, Takeda is also named as a defendant.

(ii) Correction procedures pursuant to transfer pricing taxation

On June 28, 2006, the Company was given a correction notice pursuant to the transfer pricing taxation by the Osaka Regional Taxation Bureau ("ORTB"), which judged that the profits earned in the U.S. market, that had been distributed to the Company with respect to the products supply transactions for *Prevacid* between the Company and the former TAP during the period of six years, from fiscal year ended March 2000 through fiscal year ended March 2005, was under-represented in the profits distribution procedures between the Company and the former TAP. The corrected amount of income is ¥122.3 billion for the six-year period, and the full amount of the additional tax in the amount of ¥57.1 billion, was paid and charged to income in July 2006, but the Company has disagreed with such correction procedures and on August 25, 2006 filed an opposition notice with ORTB.

On July 8, 2008, the Company filed with the National Tax Agency a request for mutual discussion with the U.S. to eliminate the double taxation arising from this tax correction in Japan. In connection with this filing, the protest filed with ORTB was temporarily suspended.

Presently, tax authorities of Japan and the U.S. are proceeding with the mutual discussion.

Independent Auditors' Report

KPMG

To the Board of Directors of
Takeda Pharmaceutical Company Limited:

We have audited the accompanying consolidated balance sheets of Takeda Pharmaceutical Company Limited and its consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets and cash flows for each of the three years in the period ended March 31, 2010, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Takeda Pharmaceutical Company Limited and its consolidated subsidiaries as of March 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2010, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Osaka, Japan
June 25, 2010

As of March 31, 2010

Corporate Information

Takeda Pharmaceutical Company Limited

Founded:	June 12, 1781
Date of Incorporation:	January 29, 1925
Paid-in Capital:	¥63,541 million
Number of Shareholders:	236,480
Common Shares Issued:	789,666,095
Independent Certified Public Accountants:	KPMG AZSA & Co. Ginsen Bingomachi Bldg. 3-6-5, Kawara-machi, Chuo-ku, Osaka-shi, Osaka 541-0048, Japan
Stock Exchange Listings:	(#4502) Tokyo, Osaka, Nagoya, Fukuoka, Sapporo
Administrator of the Shareholders' Register:	Mitsubishi UFJ Trust and Banking Corporation 4-5 Marunouchi 1-chome Chiyoda-ku, Tokyo 100-8212, Japan

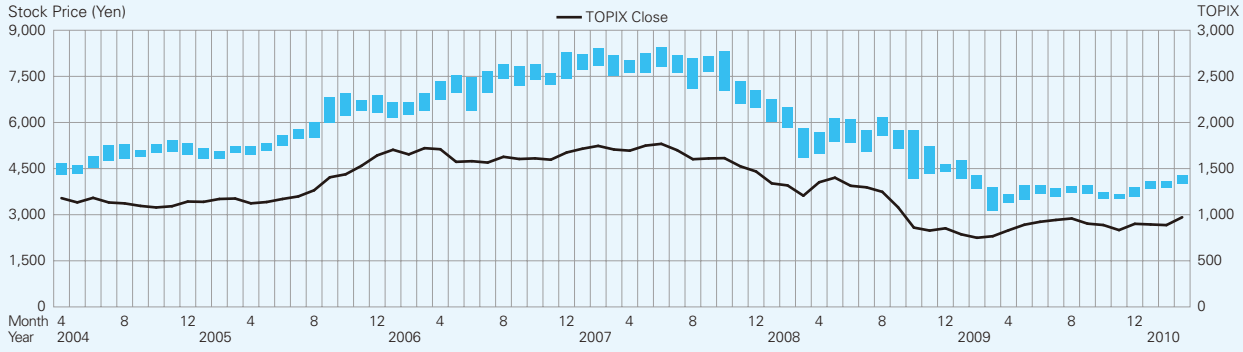
American Depositary Receipts (ADR):
Ratio (ADR:ORD): 2:1
Exchange: OTC (Over-the-Counter)
Symbol: TKPYY
CUSIP: 874060205

Depositary:
The Bank of New York Mellon
101 Barclay Street New York, NY 10286
DR Shareowner Contact:
BNY Mellon Shareowner Services
Non-U.S. Callers: 201-680-6825
U.S. Callers: (888) 269-2377
URL: http://www.adrbnymellon.com

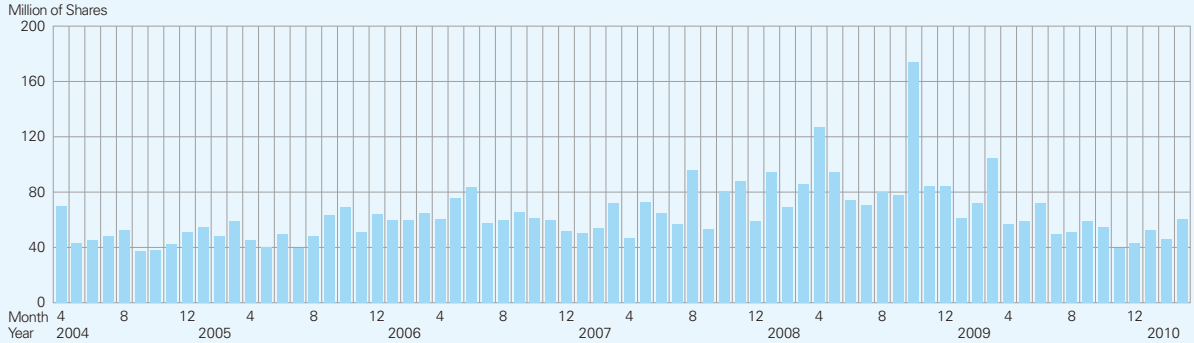
Principal Shareholders (10 largest shareholders)

Shareholders	No. of shares held (1,000)	% of shares outstanding
Nippon Life Insurance Company	56,400	7.14
Japan Trustee Services Bank, Ltd. (Trust account)	42,609	5.40
The Master Trust Bank of Japan, Ltd. (Trust account)	30,147	3.82
Takeda Science Foundation	17,912	2.27
State Street Trust & Banking Co., Ltd. 505225	11,655	1.48
JP MORGAN CHASE BANK 385147	9,250	1.17
BNP PARIBAS Securities (Japan) Limited	9,199	1.16
SSBT OD05 OMNIBUS ACCOUNT CHINA TREATY CLIENTS	8,949	1.13
NORTHERN TRUST Co. (AVFC) SUB A/C AMERICAN CLIENTS	8,755	1.11
STATE STREET BANK-WEST PENSION FUND CLIENTS-EXEMPT	8,329	1.05

Monthly Stock Price Range (Tokyo Stock Exchange)



Monthly Trading Volume



*TOPIX (Tokyo Stock Price Index) is an intellectual property that belongs to the Tokyo Stock Exchange, Inc. (TSE). All the rights to calculate, publicize, disseminate, and use the index value are reserved by the TSE.

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URL http://www.takeda.com/

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Takeda Pharmaceutical Company Limited

Strive towards Better Health for Patients Worldwide