

News Release

Takeda Announces its Transition to a Company with Audit and Supervisory Committee and Partial Amendment to the Articles of Incorporation

Osaka, Japan, April 28, 2016 --- Takeda Pharmaceutical Company Limited (“Company”) ([TSE: 4502](#)) today announced that the meeting of the Board of Directors held on April 28, 2016 resolved that it will propose to the 140th Ordinary General Meeting of Shareholders to be held on June 29, 2016 the partial amendment to the Articles of Incorporation to change its corporate governance system from a “Company with Board of Corporate Auditors” to a “Company with Audit and Supervisory Committee”. The change in the Officers accompanied by the transition above will be announced later when it is determined.

1. Transition of the corporate governance system to a Company with Audit and Supervisory Committee

(1) Purpose of the transition

The Company determined to become a Company with Audit and Supervisory Committee to further enhance its corporate governance, further accelerate decision-making concerning the execution of operations, and improve the decision-making structure so that it is not inferior to major global companies that are expanding their businesses globally.

(2) Timing of the transition

It is scheduled that the Company will become a Company with Audit and Supervisory Committee after obtaining approval for the necessary amendment to the Articles of Incorporation at the 140th Ordinary General Meeting of Shareholders to be held on June 29, 2016.

2. Partial Amendment to the Articles of Incorporation to become a Company with Audit and Supervisory Committee, etc.

(1) Purpose of the amendment to the Articles of Incorporation

- (i) In order to become a Company with Audit and Supervisory Committee, the Company will newly establish provisions regarding the Audit and Supervisory Committee and an Audit and Supervisory Committee Member; and delete provisions regarding the Board of Corporate Auditors and a Corporate Auditor. In addition, the Company will newly establish Article 24 of

the proposed amendments regarding delegation of authority to Directors; and delete Article 27 of the current Articles of Incorporation, which stipulates that a resolution of the Board of Directors is required for the appointment of Consultants and Advisers, in order to enable us to make decisions and execute operations flexibly.

- (ii) In order to return profit to shareholders flexibly, the Company will newly establish Article 29 of the proposed amendments, that enables us to decide the acquisition of own shares and the dividend from surplus by a resolution of the Board of Directors. The Company will also delete Articles 7 and 37 of the current Articles of Incorporation that set forth the content that overlaps with Article 29 of the proposed amendments regarding the acquisition of own shares and interim dividends, and relocate part of the provision regarding the record date of the interim dividends in Article 37 of the current Articles of Incorporation to Paragraph 2 of Article 30 of the proposed amendments.
- (iii) The Company will amend Article 14 of the current Articles of Incorporation prescribing the matters concerning a Convener and the Chairman of the general meeting of shareholders, in order to make it clear that the Chairman of the Board would, in principle, serve as the Chairman of the general meetings of shareholders.
- (iv) As the number of Internal Directors (excluding Directors who are Audit and Supervisory Committee Members) is expected to continue to remain small in the future, the Company determines not to have Executive Vice Presidents, Senior Managing Directors, and Managing Directors for the time being, and will delete the related wording in Paragraph 1 of Article 24 of the current Articles of Incorporation, and delete Paragraph 4 of the same article. In addition, the Company will amend Paragraphs 2 and 3 of the same article prescribing the matters concerning the Chairman of the Board of Directors, in order to ensure the operational flexibility of the Board of Directors.
- (v) Accompanied by the amendment to Paragraph 1 of Article 24 of the current Articles of Incorporation, the Company will also amend Article 25 of the current Articles of Incorporation that limits candidates for Representative Directors to Directors with title.
- (vi) As a result of expanding the scope of Officers who are entitled to conclude a contract for limitation of liability under the Amended Companies Act, it is proposed to change the scope of Directors who are entitled to conclude a contract for limitation of liability as prescribed in Paragraph 2, Article 26 of the current Articles of Incorporation, in order to enable non-executive Directors to fully demonstrate their expected roles, and to continue to procure talented persons.
- (vii) After deleting Article 34 of the current Articles of Incorporation, the Company will establish supplementary provisions in order to clarify that reduction of or exemption from liability of Corporate Auditors based on the provision of the same article are continuously enabled for the required period.
- (viii) As a result of the amendments above, the title of a chapter and the number of chapters and articles will be adjusted where necessary.

(2) Contents of amendment to the Articles of Incorporation

The contents of amendment are as set forth in the Attachment attached hereto.

(3) Schedule

- The scheduled date of the general meeting of shareholders to amend the Articles of Incorporation: June 29, 2016
- The scheduled effective date of amendment to the Articles of Incorporation: June 29, 2016

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(Attachment)

(Amendments are underlined.)

Current Articles of Incorporation	Proposed amendments
<p>Article 4. (Organizations)</p> <p>In addition to the general meetings of shareholders and Directors, the Company shall have the following organizations:</p> <ol style="list-style-type: none">1. Board of Directors2. <u>Corporate Auditors</u>3. <u>Board of Corporate Auditors</u>4. <u>Accounting Auditors</u>	<p>Article 4. (Organizations)</p> <p>In addition to the general meetings of shareholders and Directors, the Company shall have the following organizations:</p> <ol style="list-style-type: none">1. Board of Directors2. <u>Audit and Supervisory Committee</u> <p><To be deleted></p> <ol style="list-style-type: none">3. <u>Accounting Auditors</u>
<p>Article 5. - Article 6.</p> <p><Omission of description of the articles></p>	<p>Article 5. - Article 6.</p> <p><No change></p>
<p><u>Article 7. (Acquisition of the Company's Own Shares)</u></p> <p><u>The Company may, by resolution of the Board of Directors, acquire its own shares by market transactions and other methods, as provided in Article 165, Paragraph 2 of the Companies Act.</u></p>	<p><To be deleted></p>
<p>Article 8. – Article 13.</p> <p><Omission of description of the articles></p>	<p>Article 7. – Article 12.</p> <p><No change></p>
<p>Article 14. (Convener and Chairman)</p> <p>A general meeting of shareholders shall be convened by the Representative Director in accordance with a resolution of the Board of Directors <u>and shall be presided over by the Representative Director.</u></p> <p><New></p>	<p>Article 13. (Convener and Chairman)</p> <p>A general meeting of shareholders shall be convened by the Representative Director in accordance with a resolution of the Board of Directors.</p>
<p>(2) <u>When there is more than one Representative Director, the Representative Director who shall have been appointed by the Board of Directors in advance shall serve as the Convener and/or Chairman provided for in the preceding paragraph.</u></p>	<p>(2) <u>The Chairman of a general meeting of shareholders shall be the Chairman of the Board.</u></p> <p><To be deleted></p>
<p>(3) <u>Should an accident prevent the Representative Director who shall have been appointed as the Chairman in accordance with the preceding two</u></p>	<p>(3) <u>If the office of the Chairman of the Board is vacant, or, should an accident prevent the Chairman of the Board from being the Chairman of a general</u></p>

<p><u>paragraphs, another Director shall substitute for such Representative Director according to the order established by the Board of Directors in advance.</u></p> <p>Article <u>15.</u> – Article <u>17.</u> <Omission of description of the articles></p> <p>Chapter IV Directors and Board of Directors</p> <p>Article <u>18.</u> (Number of Directors) The Company shall have twelve (12) Directors or fewer. <New></p> <p>Article <u>19.</u> (Appointment of Directors) The Directors shall be appointed at a general meeting of shareholders.</p> <p>(2) Voting on resolutions for appointments under the terms of the preceding paragraph shall take place with the presence of shareholders who have one-third or more of the voting rights of shareholders entitled to exercise their voting rights, and a majority of the votes of the shareholders present shall be requisite for adoption of the resolution.</p> <p>(3) The appointment of Directors shall not be made by cumulative voting.</p> <p>Article <u>20.</u> (Term of Office of Directors) The term of office of Directors shall be up to the time of closing of the ordinary general meeting of shareholders concerning the last business year ending within one (1) year after their election.</p>	<p><u>meeting of shareholders, another Director nominated by the Board of Directors shall serve as the Chairman of the general meeting of shareholders.</u></p> <p>Article <u>14.</u> – Article <u>16.</u> <No change></p> <p>Chapter IV Directors and Board of Directors, <u>and Audit and Supervisory Committee</u></p> <p>Article <u>17.</u> (Number of Directors) The Company shall have twelve (12) <u>or fewer Directors (excluding Directors who are Audit and Supervisory Committee Members).</u></p> <p>(2) <u>The Company shall have four (4) or fewer Directors who are Audit and Supervisory Committee Members.</u></p> <p>Article <u>18.</u> (Appointment of Directors) The Directors shall be appointed at a general meeting of shareholders <u>that distinguishes between Directors who are Audit and Supervisory Members and other Directors.</u></p> <p>(2) <No change></p> <p>(3) <No change></p> <p>Article <u>19.</u> (Term of Office of Directors) The term of office of Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> shall be up to the time of closing of the ordinary general meeting of</p>
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<p><New></p> <p><New></p> <p><New></p>	<p>shareholders concerning the last business year ending within one (1) year after their election.</p> <p>(2) <u>The term of office of Directors who are Audit and Supervisory Committee Members shall be up to the time of closing of the ordinary general meeting of shareholders concerning the last business year ending within two (2) years after their election.</u></p> <p>(3) <u>The term of office of a Director who is an Audit and Supervisory Committee Member and was appointed to fill a vacancy due to the retirement of a Director who is an Audit and Supervisory Committee Member from office before expiration of his or her term of office shall be up to the time of expiration of the term of office of such retiring Director.</u></p> <p>(4) <u>The effect of pre-election of a substitute Director who is an Audit and Supervisory Committee Member shall continue until the opening of the ordinary general meeting of shareholders concerning the last business year ending within two (2) years after the resolution of such pre-election.</u></p>
<p>Article <u>21</u>. (Compensation, Etc. for Directors)</p> <p>The compensation, bonuses and other financial benefits given by the Company in consideration of the performance of duties (hereinafter referred to as the “Compensation, Etc.”) for Directors shall be determined by a resolution at the general meeting of shareholders.</p>	<p>Article <u>20</u>. (Compensation, Etc. for Directors)</p> <p>The compensation, bonuses, and other financial benefits given by the Company in consideration of the performance of duties (hereinafter referred to as the “Compensation, Etc.”) for Directors shall be determined by a resolution at the general meeting of shareholders <u>that distinguishes between Directors who are Audit and Supervisory Members and other Directors.</u></p>
<p>Article <u>22</u>. (Notice of Meetings of the Board of Directors)</p> <p>Notice of a meeting of the Board of Directors shall be given at least three (3) days prior to the date set for the meeting; provided, however, that such period may be shortened in the case of an emergency.</p> <p>(2) A meeting of the Board of Directors may be held</p>	<p>Article <u>21</u>. (Notice of Meetings of the Board of Directors)</p> <p><No change></p> <p>(2) A meeting of the Board of Directors may be held</p>

<p>without taking the convocation procedures with the unanimous consent of all Directors <u>and Corporate Auditors</u>.</p> <p><New></p> <p>Article 23. (Deemed Resolution of the Board of Directors)</p> <p><Omission of description of the article></p> <p><New></p> <p>Article <u>24</u>. (Directors with Title)</p> <p>The Board of Directors may, by its resolution, appoint one (1) Chairman of the Board, one (1) President & CEO <u>and several Executive Vice Presidents, Senior Managing Directors and Managing Directors</u>.</p> <p>(2) The Chairman of the Board shall preside over a meeting of the Board of Directors.</p>	<p>without taking the convocation procedures with the unanimous consent of all Directors.</p> <p><u>Article 22. (Notice of Meetings of the Audit and Supervisory Committee)</u></p> <p><u>Notice of a meeting of the Audit and Supervisory Committee shall be given at least three (3) days prior to the date set for the meeting; provided, however, that such period may be shortened in the case of an emergency.</u></p> <p><u>(2) A meeting of the Audit and Supervisory Committee may be held without taking the convocation procedures with the unanimous consent of all Audit and Supervisory Committee Members.</u></p> <p>Article 23. (Deemed Resolution of the Board of Directors)</p> <p><No change></p> <p><u>Article 24. (Delegation of a Decision on the Execution of Important Operations)</u></p> <p><u>Under Paragraph 6, Article 399-13 of the Companies Act, the Company may delegate all or some of the decisions concerning the execution of important operations (excluding matters listed in the items under Paragraph 5 of that article) to Directors by a resolution of the Board of Directors.</u></p> <p>Article <u>25</u>. <u>(Chairman of the Board and President & CEO)</u></p> <p>The Board of Directors may, by its resolution, appoint <u>from among Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> one (1) Chairman of the Board <u>and</u> one (1) President & CEO.</p> <p>(2) The Chairman of the Board shall preside over a meeting of the Board of Directors; <u>however, another Director shall preside over a meeting of the Board of Directors if the office of the Chairman of</u></p>
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<p>(3) The President & CEO shall exercise control over the affairs of the Company, <u>and shall preside over a meeting of the Board of Directors if the office of the Chairman of the Board is vacant or if an accident prevents the Chairman of the Board from doing so.</u></p> <p>(4) <u>Executive Vice Presidents, Senior Managing Directors and Managing Directors shall, assisting the President & CEO, handle the day-to-day business of the Company.</u></p> <p>Article <u>25. (Representing Directors)</u></p> <p>The Board of Directors shall, by its resolution, elect Representing Director(s) from among Directors <u>with Title.</u></p> <p>Article <u>26. (Exemption from Liability of Directors)</u></p> <p>The Company may, by a resolution of the Board of Directors, exempt Directors from their liabilities for damages set forth in Paragraph 1, Article 423 of the Companies Act to the extent permitted by law.</p> <p>(2) The Company may enter into agreements with <u>Outside</u> Directors that limit the maximum amount of the liability for damages set forth in Paragraph 1, Article 423 of the Companies Act to the amount provided by law.</p> <p>Article <u>27. (Appointment of Consultants and Advisers)</u></p> <p><u>The Company may appoint Consultants or Advisers by a resolution of the Board of Directors.</u></p> <p><u>Chapter V Corporate Auditors and Board of Corporate Auditors</u></p> <p>Article <u>28. (Number of Corporate Auditors)</u></p>	<p><u>the Board is vacant or if an accident prevents the Chairman of the Board from doing so.</u></p> <p>(3) The President & CEO shall exercise control over the affairs of the Company.</p> <p>(4) <To be deleted></p> <p>Article <u>26. (Representative Directors)</u></p> <p>The Board of Directors shall, by its resolution, elect <u>Representative</u> Director(s) from among Directors <u>(excluding Directors who are Audit and Supervisory Committee Members).</u></p> <p>Article <u>27. (Exemption from Liability of Directors)</u></p> <p><No change></p> <p>(2) The Company may enter into agreements with Directors <u>(excluding Executive Directors or the like provided for in (b), Item15, Article 2 of the Companies Act)</u> that limit the maximum amount of liability for damages set forth in Paragraph 1, Article 423 of the Companies Act to the amount provided by law.</p> <p><To be deleted></p> <p><To be deleted></p> <p><To be deleted></p>
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<p><u>The Company shall have four (4) Corporate Auditors or fewer.</u></p>	
<p><u>Article 29. (Appointment of Corporate Auditors)</u></p> <p><u>The Corporate Auditors shall be appointed at a general meeting of shareholders.</u></p> <p><u>(2) Voting on resolutions for appointments under the terms of the preceding paragraph shall take place with the presence of shareholders who have one-third or more of the voting rights of such shareholders entitled to exercise their voting rights, and a majority of the votes of the shareholders present shall be requisite for adoption of the resolution.</u></p>	<p><To be deleted></p>
<p><u>Article 30. (Term of Office of Corporate Auditors)</u></p> <p><u>The term of office of Corporate Auditors shall be up to the time of closing of the ordinary general meeting of shareholders concerning the last business year ending within four (4) years after their election.</u></p> <p><u>(2) The term of office of a Corporate Auditor who was appointed to fill a vacancy due to the retirement of a Corporate Auditor from office before expiration of his or her term of office shall be up to the time of expiration of the term of office of the retiring Corporate Auditor.</u></p>	<p><To be deleted></p>
<p><u>Article 31. (Compensation, Etc. of Corporate Auditors)</u></p> <p><u>The Compensation, Etc. for Corporate Auditors shall be determined by a resolution at a general meeting of shareholders.</u></p>	<p><To be deleted></p>
<p><u>Article 32. (Notice of Meetings of the Board of Corporate Auditors)</u></p> <p><u>Notice of a meeting of the Board of Corporate Auditors shall be given at least three (3) days prior to the date set for the meeting; provided, however, that such period may be shortened in the case of an emergency.</u></p>	<p><To be deleted></p>

<p><u>(2) A meeting of the Board of Corporate Auditors may be held without taking the convocation procedures with the unanimous consent of all Corporate Auditors.</u></p> <p><u>Article 33. (Full-time Corporate Auditors)</u> <u>The Board of Corporate Auditors shall, by its resolution, elect Full-time Corporate Auditor(s).</u></p> <p><u>Article 34 (Exemption from Liability of Corporate Auditors)</u> <u>The Company may, by a resolution of the Board of Directors, exempt Corporate Auditors from their liabilities for damages set forth in Paragraph 1, Article 423 of the Companies Act to the extent permitted by law.</u></p> <p><u>(2) The Company may enter into agreements with Outside Corporate Auditors that limit the maximum amount of the liability for damages set forth in Paragraph 1, Article 423 of the Companies Act to the amount provided by law.</u></p>	<p><To be deleted></p> <p><To be deleted></p>
<p style="text-align: center;">Chapter <u>VI</u> Accounts</p> <p>Article <u>35</u>. (Business Year) <Omission of description of the article></p> <p><New></p> <p>Article <u>36</u>. (Record Date for Dividends from Surplus) The record date for year-end dividends of the Company shall be March 31 of each year. <New></p>	<p style="text-align: center;">Chapter <u>V</u> Accounts</p> <p>Article <u>28</u>. (Business Year) <No change></p> <p><u>Article 29. (Organ to decide on Matters including Dividends from Surplus)</u> <u>The Company may decide the matters listed in each item of Paragraph 1, Article 459 of the Companies Act including dividends from surplus by resolution of the Board of Directors, unless otherwise provided for in laws and regulations.</u></p> <p>Article <u>30</u>. (Record Date for Dividends from Surplus) <No change></p> <p><u>(2) The record date for interim dividends of the Company shall be September 30 of each year.</u></p>

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