

(2) Management Policy

Focusing on “Takeda-ism” which refers to integrity= fairness, honesty, perseverance) as the basis for all its business activities, Takeda is aiming at realizing its management mission of “striving toward better health for individuals and progress in medicine by developing superior pharmaceutical products.”

In the 2001-2005 Medium-term Management Plan, the Company promoted its specialization in the pharmaceutical business, marking the first step towards becoming a world-class pharmaceutical company. Now the Company has developed the “2006-2010 Medium-term Management Plan,” which targets the promotion of further improvements built on the achievements during the previous management plan, and realizing “a world-class pharmaceutical company with Japanese origin” with the prominent perspective for a medium-to-long future, while adhering to “Takeda-ism” as its core policy.

Fiscal 2006 is an important year as a start of the 2006-2010 Medium-term Management Plan. Collective efforts of the Group will be focused on comprehensive improvement of strengths such as “establishment and in-depth implementation of strategies from a long-term perspective” and “high productivity and efficiency”. We will also concentrate all energies into the following tasks to promote continuous growth and maximization of the corporate value of the Takeda Group:

(1) Enhancement of R&D pipeline centered on creation of new drugs from in-house R&D activities

As a “Research & Development-oriented global company,” Takeda will make strategic and selective investments in R&D activities, and establish an organization that is able to create new drugs constantly from in-house research. Thorough review of the R&D processes and concentrating resources to selected strategic projects will be conducted in order to improve the speed and efficiency of R&D. The Company will achieve steady growth over the medium-to-long-term period, mainly driven by its in-house products.

(2) Formulation of a tri-polar marketing function (Japan, the U.S., Europe)

Takeda will establish an efficient and unique sales promotion model by sharing the best practices of marketing activities in markets of Japan, the U.S. and Europe, and build a lean and robust organization that is able to conduct self-sustaining and appropriate operations for respective markets.

(3) Establishment of an efficient global management scheme for corporate headquarters’ functions

Functions of research, development, manufacturing, sales, alliance, and intellectual property will be further strengthened. We will also establish an organization in which these functions effectively work together to support successful business operations in the global market. Human resources, finance and accounting and other corporate functions will be controlled by the Head Office of Takeda Pharmaceutical Company for respective functions, while maintaining the principles of “self-responsibility” and “self-independency” of each group company. Under this efficient global management system led by the Head Office of Takeda Pharmaceutical Company in Japan, human resources for Japan and overseas will be secured, and well-coordinated Group management with optimum personnel planning will be realized.

[Basic Policy for Profit Distribution]

Takeda has increased its profit distribution to shareholders, aiming at 30% dividend payout ratio on a consolidated basis. And for fiscal 2005, which is the final year of the 2001-2005 Medium-

term Management Plan, the consolidated payout ratio of the Company will be 30.0%, as explained below.

In the 2006-2010 Medium-term Management Plan, aiming at continuous improvement of its corporate value, Takeda will continue strategic investment mainly in enhancement of the R&D pipeline and improvement of business infrastructure both in Japan and overseas necessary as an R&D-oriented global company. While continuing our efforts to steadily increase the dividend payout ratio, Takeda will conduct share buyback as needed for the purpose of improving capital efficiency and realizing expeditious financial strategies, based on its comprehensive judgment on fund requirements.

Our basic dividend policy is to maintain stable profit distribution for a long period of time according to the consolidated financial results, while continuing our efforts to increase the dividend payout ratio. The Company has set a goal of gradually increasing the payout ratio to achieve approximately 45% consolidated payout ratio in the last year of the medium-term plan.

Takeda has been paying dividends to shareholders twice a year (interim dividend and year-end dividend). Although the limitation on the frequency of profit distribution was eliminated in the new Corporate Law of Japan effective May 1, 2006, Takeda will not change the frequency of dividend payment for the time being.

[Principle and Policy for Investment Unit]

On September 2, 2002, from the viewpoint of encouraging participation of more investors, promoting trading of the Company's shares and expanding the diversity of investors, the Company changed the trading unit of its shares from 1,000 shares to 100 shares.