

## 2. Management Policy

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

In May 2006, we established and announced our 2006 - 2010 Medium-term Management Plan. This five-year management plan targets realization of “a world-class pharmaceutical company with Japanese origin” with a solidified perspective for a medium-to-long-term future, while adhering to “Takeda-ism” as its core policy. To achieve this goal, we have started to tackle various key management tasks.

During the period of this medium-term plan, the collective efforts will be dedicated to comprehensive improvement of our strengths such as “establishment and in-depth implementation of strategies from a long-term perspective” and “high productivity and efficiency.” In the first year of the plan, we are also concentrating all our 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 (candidate compounds for new medicines) centered on creation of new drugs from in-house R&D activities*

As a “Research & Development-oriented global company,” we 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. Reform of R&D processes and concentration of resources to selected priority projects will be carried out in order to improve the speed and efficiency of R&D. We will achieve steady growth over the medium-to-long-term period, mainly driven by our in-house products.

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

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

(3) *Promotion of an efficient global management scheme for corporate headquarters' functions*

Functions of research, development, production, marketing, alliance, and patent (intellectual property) will be further strengthened. We will also establish an organization in which these functions work effectively together to support successful business operations in the global market. Human resources, accounting and other corporate functions will be controlled by the Head Office of Takeda Pharmaceutical Company on a function-by-function basis. Moreover, human resources that support our global business activities will be secured, and well-coordinated Group management with optimum personnel planning will be realized.

[Basic Policy for Profit Distribution]

Aiming at continuous growth of the corporate value, we will continue to make strategic investments mainly in enhancement of the R&D pipeline and improvement of the business infrastructure both in Japan and overseas that is necessary as an R&D-oriented global company. While focusing our efforts on stable increase of the dividend payout ratio, we will flexibly conduct share buyback as needed for the purpose of improving capital efficiency and realizing expeditious financial strategies, based on the overall capital requirements.

Our basic dividend policy is to maintain stable profit distribution for a long period of time according to the consolidated financial results. We have set a goal of gradually increasing the payout ratio to achieve approximately 45% consolidated payout ratio in the last year of the 2006 - 2010 Medium-term Management Plan.