

(4) Management Policy

Basic Management Policy

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

As part of the five-year 2006-2010 Medium-Term Plan, Takeda has been working towards the “creation of a global pharmaceutical company” with a strong medium-to long-term vision. Takeda aims to achieve this goal by focusing its collective efforts so as to enhance its inherent strengths, such as its “capability to establish and implement in-depth strategies from a long-term perspective” and its “high productivity and efficiency.” At the same time, all energies of the Group will be concentrated on the following tasks, with a view to maximizing the company’s corporate value.

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

As a “Research & Development-driven global pharmaceutical company,” Takeda will establish an organization that is able to consistently create new drugs from in-house research. In accordance with predetermined priorities, resources will be concentrated on selected strategic projects in order to improve the speed and efficiency of R&D. The Company will achieve steady growth over the medium-to long-term, mainly driven by its in-house products. Especially in fiscal 2008, Takeda will solidify its R&D infrastructure for cancer drugs, firmly establishing oncology as the second of its core therapeutic fields after lifestyle-related diseases. Moreover, our top priority is on the earliest acquisition of U.S. marketing approval for the next-generation core strategic products (applications for their respective marketing approvals were filed with FDA at the end of 2007) and the maximization of product added value.

2) Realization of independent global marketing operations

Takeda will realize its own unique and efficient marketing operations by sharing best practices in marketing activities and marketing operations structure between Japan, the Americas, Europe and Asia, while also maintaining independent operation management systems that take into account the different regulations and business practices in the respective regions. In particular, in fiscal 2008, Takeda will seek early acquisition of marketing approval of the next generation core strategic products, for which NDAs were filed with the FDA late last year, and maximization of their sales by utilizing its marketing organization formed by the restructuring of operations in the U.S.

3) Promotion of an efficient global management system

In addition to promoting corporate functions, group-wide management of R&D, production, marketing, alliances, and intellectual property will be further promoted. By focusing on both optimum business operations globally and adaptation to the unique business environment in each region, Takeda aims to establish more efficient global management system.

Takeda has the following management indicators. Earnings per share (EPS): annual growth of 7% on average (excluding extraordinary profit/loss, acquisitions and other special factors; see note below); and return on equity (ROE): to maintain the fiscal 2005 level. In order to attain these targets, Takada will actively challenge the above-mentioned tasks and various other management issues.

(Note) EPS (excluding extraordinary income/loss, acquisitions and other special factors)

Net income for the year less:

(1) Extraordinary income/loss resulting from sales of non-drug businesses and unutilized real estate, etc.,

and

(2) Amortization of goodwill, intangible fixed assets and in-process R&D expenses (lump-sum depreciation of fair appraisal value of development pipeline) incurred through M&A activities, etc.,

divided by the average number of outstanding shares during the year.