

## FUNDAMENTAL CHANGE COMPANY NOTICE AND OFFER TO PURCHASE

### ARIAD Pharmaceuticals, Inc.

Any and all of its outstanding

3.625% Convertible Senior Notes due 2019

(CUSIP 04033AAA8 , ISIN US04033AAA88)

**The tender offer will expire at 5:00 p.m., New York City time, on March 22, 2017, unless extended by ARIAD Pharmaceuticals, Inc. (such date, as the same may be extended, the “Expiration Date”). Holders of the Notes (as defined below) must validly tender their Notes, and not validly withdraw their Notes, at or prior to the Expiration Date to be eligible to receive the Fundamental Change Repurchase Price (as defined below). Notes tendered may be withdrawn at any time prior to the Expiration Date.**

ARIAD Pharmaceuticals, Inc., a Delaware corporation (the “**Company**” or “**ARIAD**”), in accordance with the Indenture (as defined herein), hereby provides this Fundamental Change Company Notice and Offer to Purchase (as such notice and offer may be amended or supplemented, this “**Notice**”) to the holders (each, a “**Holder**”) of the 3.625% Convertible Senior Notes due 2019 (the “**Notes**”) of the Company. This Notice is being provided in connection with the merger (the “**Merger**”) of Kiku Merger Co., Inc. (“**Kiku**”), a Delaware corporation and an indirect wholly-owned subsidiary of Takeda Pharmaceutical Company Limited , a corporation organized under the laws of Japan (“**Parent**”) with and into the Company, pursuant to the Agreement and Plan of Merger (the “**Merger Agreement**”), dated as of January 8, 2017, by and among the Company, Parent and Kiku. The effective date of the Merger was February 16, 2017 (the “**Effective Date**”). On the Effective Date, each outstanding share of the Company’s common stock, par value \$0.001 per share, was converted into the right to receive \$24.00 (such cash, the “**Reference Property**”). The Merger constituted both a “Fundamental Change” and a “Make-Whole Fundamental Change” under the Indenture relating to the Notes.

Each Holder has, subject to certain conditions, the right to:

- in connection with the Fundamental Change, require the Company to purchase (the “**Purchase Right**”) for cash all of such Holder’s Notes, or any portion of the principal amount thereof that is equal to \$1,000 or an integral multiple of \$1,000 in excess thereof, on March 23, 2017 (as such date may be extended, the “**Fundamental Change Repurchase Date**”) at a purchase price equal to 100% of the principal amount of such Notes or such portion of the principal amount of Notes, as applicable, *plus* accrued and unpaid interest, if any, thereon up to but excluding the Fundamental Change Repurchase Date (the “**Fundamental Change Repurchase Price**”);
- in connection with the Make-Whole Fundamental Change, elect to convert its Notes into the Reference Property at a conversion rate of 108.0009 units of Reference Property (the “**Make-Whole Conversion Rate**”), corresponding to \$2,592.0216 per \$1,000 principal amount of Notes (the “**Make-Whole Conversion Right**”) in accordance with the terms of the Indenture.

The Make-Whole Conversion Rate is based on an increase of 0.4914 to the Conversion Rate (as defined below) for the Notes based on an “Effective Date” of February 16, 2017 and “Stock Price” of \$24.00 (as defined in the Indenture).

A conversion of Notes will be deemed to be “in connection with” the Make-Whole Fundamental Change if the relevant notice of conversion is received by the Conversion Agent (as defined herein) during the period from, and including February 16, 2017 until the Fundamental Change Repurchase Date in accordance with the terms of the Indenture; or

- following the Fundamental Change Repurchase Date, retain all of such Holder’s Notes, or any portion of the principal amount thereof not surrendered in connection with the Purchase Right or converted in connection with the Make-Whole Conversion Right through June 15, 2019 (the “**Maturity Date**”), maintaining the right to convert the Notes with a conversion rate of 107.5095 units of Reference Property, corresponding to \$2,580.228 per \$1,000 principal amount of Notes

(the “**Conversion Rate**”) and receive interest payments in accordance with the terms of the Indenture;

in each case, as more fully described herein.

This Notice is being made pursuant to the Indenture dated as of June 17, 2014 with respect to the Notes between the Company and Wells Fargo Bank, National Association (the “**Trustee**”) as amended, supplemented or otherwise modified from time to time, including by the First Supplemental Indenture to the Indenture, dated February 16, 2017, among the Company and the Trustee (the “**Indenture**”).

Holders may surrender, and the Company will accept, Notes for purchase until 5:00 p.m., New York City time, on the Expiration Date. The Company will deposit with the Information Agent and Tender Agent, on or prior to 11:00 a.m., New York City time, on the Fundamental Change Repurchase Date, an amount of money sufficient to purchase all of the Notes to be purchased at the Fundamental Change Repurchase Price.

**If you wish to convert your Notes, you should not surrender your Notes pursuant to the Purchase Right.**

Additional copies of this Notice may be obtained from Global Bondholder Services Corporation (the “**Information Agent and Tender Agent**”) at its address set forth below. Wells Fargo Bank, National Association in its role as Trustee, paying agent (the “**Paying Agent**”) and conversion agent (the “**Conversion Agent**”) under the Indenture is not responsible for any determinations or calculations made with respect to the Make-Whole Conversion Rate or the Conversion Rate. All such determinations or calculations have been made by the Company, and the Trustee is entitled to rely conclusively on all such determinations and calculations. Neither the Information Agent and Tender Agent, the Trustee, the Paying Agent nor the Conversion Agent makes any representation with respect to the accuracy or adequacy of the information contained in this Notice. The accuracy and adequacy of this Notice and the information contained herein are the sole responsibility of the Company.

*Trustee and Conversion Agent*

Wells Fargo Bank, National Association  
600 S. 4th Street, 6th Floor,  
N9300-060 Minneapolis, MN 55415  
Att.: Corporate Trust Services – Administrator for ARIAD Pharmaceuticals, Inc.  
(612) 667-8485

*Information Agent and Tender Agent*

Global Bondholder Services Corporation  
65 Broadway – Suite 404  
New York, New York 10006  
Attn: Corporate Actions

Banks and Brokers call: (212) 430-3774  
Toll free (866)-470-3900

By facsimile:  
(For Eligible Institutions only)  
(212) 430-3775/3779

Confirmation:  
(212) 430-3774

The date of this Notice is February 21, 2017.

## **Fundamental Change; Make-Whole Fundamental Change**

The consummation of the Merger constituted both a “Fundamental Change” and a “Make-Whole Fundamental Change,” each as defined in the Indenture.

In connection with the Fundamental Change, and as more fully described herein, each Holder has, subject to certain conditions, the right, by giving notice, to require the Company to purchase all of such Holder’s Notes, or any portion of the principal amount thereof that is equal to \$1,000 or an integral multiple of \$1,000 in excess thereof, at a price equal to 100% of the principal amount of such Notes or such portion of the principal amount of Notes, as applicable, *plus* accrued and unpaid interest to, but excluding, the Fundamental Change Repurchase Date, which equals approximately \$1,009.77 for each \$1,000 in principal amount of Notes.

As more fully described herein, the conversion rate of the Notes will be, if converted in connection with the Make-Whole Fundamental Change, 108.0009 units of Reference Property, corresponding to \$2,592.0216 per \$1,000 principal amount of Notes in accordance with the terms of the Indenture.

A conversion of Notes will be deemed to be “in connection with” the Make-Whole Fundamental Change if the relevant notice of conversion is received by the Conversion Agent (as defined herein) during the period from, and including February 16, 2017, until before 5:00 p.m., New York City time, on March 22, 2017, the day immediately prior to the Fundamental Change Repurchase Date (the “**Make-Whole Conversion Period**”).

If a Holder does not convert its Notes during the Make-Whole Conversion Period and thus does not convert its Notes “in connection with” the Make-Whole Fundamental Change, the conversion rate of the Notes will be 107.5095 units of Reference Property, corresponding to \$2,580.228 per \$1,000 principal amount of Notes in accordance with the terms of the Indenture.

## **Purchase Right**

The Company hereby offers, upon the terms and subject to the conditions set forth in this Notice, to purchase for cash any and all of its outstanding Notes. Notes accepted for payment pursuant to the Purchase Right will be accepted only in minimum principal amounts of \$1,000 or an integral multiple of \$1,000 in excess thereof. The Company will pay the Fundamental Change Repurchase Price for each \$1,000 principal amount of Notes accepted for purchase pursuant to the Purchase Right. No tenders will be valid if submitted after the Expiration Date.

## **Alternatives to the Purchase Right**

*Exercise Your Make-Whole Conversion Right.* During the Make-Whole Conversion Period, the Notes are convertible into cash at the Make-Whole Conversion Rate. The Make-Whole Conversion Rate represents the right to convert the Notes at a conversion rate of 108.0009 units of Reference Property, corresponding to \$2,592.0216 per \$1,000 principal amount of Notes in accordance with the terms of the Indenture.

The conversion rate of the Notes will revert from the Make-Whole Conversion Rate to the Conversion Rate after the Make-Whole Conversion Period.

Holder who convert their Notes, or who surrender their Notes for purchase pursuant to the Purchase Right, will, upon conversion or purchase, as applicable, cease to have any rights with respect to such Notes converted or purchased (other than as provided in this Notice), including the right to receive interest or principal thereon.

*Retain Your Notes.* If a Holder decides to retain its Notes, then such Holder will retain the right to convert its Notes and receive interest payments in accordance with the terms of the Indenture. The stated maturity of the Notes is June 15, 2019.

The market value of the Notes, as of 4:00 p.m., New York City time, on February 15, 2017, as reported on the trade reporting and compliance engine (“**TRACE**”), was greater than the Fundamental Change Repurchase Price. We cannot assure you as to your ability to sell your Notes or the price at which you would be able to sell such Notes. Holders are urged to obtain the best available information as to the market value of the Notes, to the extent available, before making a decision whether to surrender their Notes for purchase.

*Comparison of Alternatives.* See pages 8-9 for a comparison of the estimated value of: (1) the Purchase Right, if your Notes are purchased by the Company pursuant to the Purchase Right; (2) the Make-Whole Conversion Right, if you convert your Notes during the Make-Whole Conversion Period; and (3) the market value of the Notes, if you choose to retain your Notes.

You should review this Notice carefully and consult with your own financial and tax advisors. You must make your own independent decision as to whether or not to tender your Notes pursuant to the Purchase Right or to convert your Notes pursuant to the Make-Whole Conversion Right and, if so, the amount of your Notes to tender or convert. None of the Company, Parent, their respective Boards of Directors, their respective employees, advisors or representatives, the Information Agent and Tender Agent, the Trustee, the Paying Agent or the Conversion Agent is making any representation or recommendation to any Holder as to whether to exercise or refrain from exercising the Purchase Right, or to exercise or refrain from exercising the Make-Whole Conversion Right.

Notes surrendered for purchase pursuant to the Purchase Right may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date.

The Trustee has informed the Company that, as of the date of this Notice, all Notes are held through accounts with The Depository Trust Company (“DTC”) in global form. Accordingly, all Notes surrendered for purchase or conversion hereunder must be delivered through the transmittal procedures of DTC. There is not a Letter of Transmittal associated with this offer.

***No person has been authorized to give any information or to make any representations other than those contained in this Notice and, if given or made, such information or representations must not be relied upon as having been authorized. This Notice does not constitute an offer to buy or the solicitation of an offer to sell securities in any state in which such offer or solicitation is unlawful pursuant to the laws of such state after a good faith effort by the Company to comply with such state laws. The information contained in this Notice is as of the date hereof. If circumstances constituting a material change to the information in this Notice occur following the date hereof, the Company will promptly disclose such material change by means of a public announcement or a supplement to this Notice that will be distributed to the Holders of the Notes and, if required by law, will extend the Expiration Date.***

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## SUMMARY TERM SHEET

*The following are answers to some of the questions that you may have about the right of each Holder (i) to require the Company to purchase its Notes, (ii) to convert its Notes at the Make-Whole Conversion Rate during the Make-Whole Conversion Period and/or (iii) to retain its Notes, in each case, pursuant to the terms and conditions of the Indenture, the Notes and this Notice. We urge you to read carefully the remainder of this Notice because the information in this summary is not complete. We have included section references to direct you to a more complete description of the topics in this summary. Unless stated to the contrary, or unless the context otherwise requires, references to “the Company,” “we,” “our,” or “us” in this Notice are to ARIAD Pharmaceuticals, Inc. and its subsidiaries.*

### **Who is offering to purchase my Notes?**

ARIAD Pharmaceuticals, Inc., a Delaware Corporation, is offering to purchase any and all of your Notes, at your option, on the terms and conditions set forth in this Notice. As of February 16, 2017, there were approximately \$200 million aggregate principal amount of Notes outstanding. (See Section 1.1).

### **Why are you offering to purchase my Notes?**

As a result of the Merger, a Fundamental Change (as defined in the Indenture) occurred on February 16, 2017 (the Effective Date), and accordingly each Holder has the Purchase Right, pursuant to Article 19 of the Indenture. (See Section 1.3)

### **How much will you pay for my Notes and what is the form of payment?**

We will pay, in cash, a purchase price equal to 100% of the principal amount of the Notes to be purchased, together with any accrued and unpaid interest to, but excluding, the date of purchase of the Notes. The Fundamental Change Repurchase Price is based solely on the requirements of the Indenture and the Notes and is not intended to bear any relationship to the market value of the Notes or the Reference Property into which the Notes are convertible. (See Section 2.2)

### **How can I determine the market value of my Notes?**

The Notes are currently traded over-the-counter. To the extent that the Notes are traded, prices of the Notes may fluctuate widely depending on trading volume, the balance between buy and sell orders, prevailing interest rates, the Company’s and Parent’s operating results and the market for similar Notes. Holders are urged to obtain current market quotations for the Notes, to the extent such current market quotations are available, prior to making any decision with respect to the Purchase Right. (See Section 2.3)

### **When does the Purchase Right expire?**

The Purchase Right expires at 5:00 p.m., New York City time, on the Expiration Date, which is March 22, 2017. We will not extend the period that Holders have to exercise the Purchase Right unless required by applicable law. (See Section 2.1)

### **If I tender my Notes, when will I receive payment for them?**

We will accept for payment all validly surrendered Notes promptly upon expiration of the Purchase Right. We will deposit with the Information Agent and Tender Agent, on or prior to 11:00 a.m., New York City time, on the Fundamental Change Repurchase Date, which is March 23, 2017 (subject to extension to comply with applicable law), an amount of money sufficient to purchase all of the Notes to be purchased at the Fundamental Change Repurchase Price. The Information Agent and Tender Agent will then pay the money to DTC, as the sole record holder of Notes, following the later of (x) the Fundamental Change Repurchase Date and (y) the time of book-entry transfer of the accepted Notes to the account of the Information Agent and Tender Agent at DTC. (See Section 5)

### **What are the conditions to your purchase of the Notes?**

Our purchase of outstanding Notes validly tendered and not validly withdrawn is not subject to any condition other than that the purchase be lawful and the procedural requirements described in this Notice be satisfied. (See Section 2.2).

### **What is the Make-Whole Conversion Right with respect to my Notes?**

The Merger constituted a Make-Whole Fundamental Change. The conversion rate for Notes converted “in connection” with the Make-Whole Fundamental Change will be 108.0009 units of Reference Property, corresponding to \$2,592.0216 per \$1,000 principal amount of Notes.

A conversion of Notes will be deemed to be “in connection with” the Make-Whole Fundamental Change if the relevant notice of conversion is received by the Conversion Agent (as defined herein) during the period from, and including February 16, 2017 until before 5:00 p.m., New York City time, on the Expiration Date.

If a holder does not convert its Notes during the Make-Whole Conversion Period and thus does not convert its Notes “in connection with” the Make-Whole Fundamental Change, the conversion rate for the Notes will be 107.5095 units of Reference Property, corresponding to \$2,580.228 per \$1,000 principal amount of Notes in accordance with the terms of the Indenture.

### **If I exercise my Purchase Right or my Make-Whole Conversion Right, may I change my mind?**

While an exercise of your Purchase Right may be withdrawn at any time prior to 5:00 p.m., New York City time on the Expiration Date, an exercise of your Make-Whole Conversion Right is irrevocable. (See Section 2.3)

### **What are my rights if I retain my Notes?**

If you do not surrender your Notes pursuant to the Purchase Right and do not convert your Notes pursuant to the Make-Whole Conversion Right, you may retain your Notes pursuant to their terms through maturity, or otherwise transfer or convert such Notes pursuant to their terms. Moreover, you will retain the right to convert your Notes for cash at the applicable Conversion Rate, in accordance with the terms of the Notes. You will also retain the right to receive interest payments on the Notes pursuant to the terms of the Indenture and the Notes. The Notes will be repaid on the maturity date at the principal amount thereof, *plus* accrued but unpaid interest to but excluding the maturity date. (See Section 2.3)

### **Is the Board of Directors making any recommendation as to the Purchase Right or the Make-Whole Conversion Right?**

None of the Company, Parent, their respective Boards of Directors, their respective employees, advisors or representatives, the Information Agent and Tender Agent, the Trustee, the Paying Agent or the Conversion Agent is making any representation or recommendation to any Holder as to whether to exercise or refrain from exercising the Purchase Right or to exercise or refrain from exercising the Make-Whole Conversion Right. You must make your own independent decision as to whether or not to exercise your Purchase Right or to exercise your Make-Whole Conversion Right and, if so, the principal amount of your Notes to tender or convert. The Purchase Right, and our offer to purchase Notes as described in this Notice, is based solely on the contractual requirements of the Indenture and the Notes.

### **How do I tender my Notes for purchase?**

To tender your Notes for purchase pursuant to the Purchase Right, you must deliver the Notes to the Information Agent and Tender Agent through the transmittal procedures of DTC on or after the date of this Notice, but no later than 5:00 p.m., New York City time, on the Expiration Date.

- If your Notes are held by a broker, dealer, commercial bank, trust company or other nominee, you must contact that nominee if you decide to tender your Notes and instruct that nominee to tender the Notes on your behalf through the transmittal procedures of DTC.
- If you are a DTC participant, you should tender your Notes electronically through DTC’s Automated Tender Offer Program (“**ATOP**”), subject to the terms and procedures of that system.

You bear the risk of untimely submission of your Notes. You must allow sufficient time for completion of the necessary transmittal procedures prior to 5:00 p.m., New York City time, on the Expiration Date.

By surrendering, or instructing your nominee to surrender, your Notes through the transmittal procedures of DTC, you agree to be bound by the terms of the Purchase Right set forth in this Notice. (See Section 3.1)

**Until what time can I withdraw previously tendered Notes?**

You can withdraw Notes previously tendered for purchase at any time prior to 5:00 p.m., New York City time, on March 22, 2017, on the Expiration Date. (See Section 4)

**How do I withdraw previously tendered Notes?**

To withdraw all or a portion of previously tendered Notes, you (or your broker, dealer, commercial bank, trust company or other nominee) must comply with the withdrawal procedures of DTC in sufficient time to allow DTC to withdraw your Notes prior to 5:00 p.m., New York City time, on the Expiration Date.

You bear the risk of untimely withdrawal of previously tendered Notes. You must allow sufficient time for completion of the necessary procedures prior to 5:00 p.m., New York City time, on the Expiration Date. (See Section 4)

**If I want to convert my Notes, what should I do?**

If you want to exercise the Make-Whole Conversion Right, you must (i) cause to be completed the appropriate instruction form for exchange pursuant to DTC's book-entry exchange program, (ii) furnish any required endorsements and transfer documents, (iii) pay transfer taxes if required pursuant to the Indenture, and (iv) inform the Trustee or Conversion Agent of the conversion in accordance with customary practice of DTC. Please direct any questions or requests for assistance in connection with the mechanics for the surrender of Notes for exchange to the Conversion Agent at the address and telephone and facsimile numbers set forth on the cover of this Notice. (See Section 2.3)

**Do I need to do anything if I do not wish to tender my Notes for purchase?**

No. If you do not tender your Notes by 5:00 p.m., New York City time, on the Expiration Date, we will not purchase your Notes and your Notes will remain outstanding and continue to be subject to the existing terms of the Indenture and the Notes.

**If I choose to tender my Notes for purchase, do I have to tender all of my Notes?**

No. You may tender all of your Notes, a portion of your Notes or none of your Notes for purchase. If you wish to tender a portion of your Notes for purchase, however, you must tender Notes in an aggregate principal amount of \$1,000 or an integral multiple of \$1,000 in excess thereof. (See Section 3)

**If I choose to tender my Notes for purchase, when will interest cease to accrue on them?**

Interest on Notes tendered pursuant to the Purchase Right will cease to accrue as of the end of the day immediately preceding the Fundamental Change Repurchase Date, provided that we have not defaulted in making payment of the Fundamental Change Repurchase Price on that date. (See Section 2.4)

**Do I have to pay a commission if I tender my Notes for purchase?**

You will not be required to pay any commission to us, DTC or the Information Agent and Tender Agent in connection with exercising the Purchase Right. However, there may be commissions you need to pay to your broker in connection with your tender of the Notes for purchase.

**What are the U.S. federal income tax consequences of exercising the Purchase Right?**

The receipt of cash in exchange for Notes pursuant to exercise of the Purchase Right or Make-Whole Conversion Right generally will be a taxable transaction for U.S. federal income tax purposes, resulting in taxable gain or loss to you. You should consult with your tax advisor regarding the specific tax consequences to you. For a discussion of certain U.S. federal income tax consequences applicable to beneficial owners of Notes that have their Notes purchased pursuant to the Purchase Right or Make-Whole Conversion Right, see "Certain United States Federal Income Tax Consequences." (See Section 8)

**Who is the Conversion Agent?**

Wells Fargo Bank, National Association, the Trustee under the Indenture, is also serving as the Conversion Agent in connection with the transactions contemplated by the Make-Whole Conversion Right, and may be contacted at the address and telephone number set forth on the cover of this Notice.

**Who is the Information Agent and Tender Agent?**

Global Bondholder Services Corporation is serving as Information Agent and Tender Agent in connection with the transactions contemplated by the Purchase Right.

**Whom can I talk to if I have questions about the Purchase Right?**

Questions and requests for assistance in connection with the mechanics for the tender of Notes for purchase pursuant to the Purchase Right may be directed to the Information Agent and Tender Agent at the address and telephone number set forth on the cover of this Notice.

**Whom can I talk to if I have questions about converting my Notes into Reference Property?**

Questions and requests for assistance in connection with the mechanics for the conversion of Notes may be directed to the Conversion Agent at the address and telephone number set forth on the cover of this Notice.

## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Notice and the documents incorporated herein by reference contain forward-looking information related to Parent, Kiku and the Company that involve substantial risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. These forward-looking statements generally include statements that are predictive in nature and depend upon or refer to future events or conditions, and include words such as “believes,” “plans,” “anticipates,” “projects,” “estimates,” “expects,” “intends,” “strategy,” “future,” “opportunity,” “may,” “will,” “should,” “could,” “potential,” or similar expressions. Forward-looking statements in this document include, among other things, statements about the potential benefits of the acquisition and subsequent merger, anticipated earnings accretion and growth rates, Parent’s and the Company’s plans, objectives, expectations and intentions, the financial condition, results of operations and business of Parent and the Company, the Company’s products and the Company’s pipeline assets and development. Risks and uncertainties include, among other things, risks related to the ability to realize the anticipated benefits of the acquisition and subsequent merger, including the possibility that the expected benefits from the acquisition and subsequent merger will not be realized or will not be realized within the expected time period; the risk that the businesses will not be integrated successfully; disruption from the transaction making it more difficult to maintain business and operational relationships; significant transaction costs; unknown liabilities; the risk of litigation and/or regulatory actions related to the acquisition and subsequent merger; other business effects, including the effects of industry, market, economic, political or regulatory conditions; future exchange and interest rates; changes in tax and other laws, regulations, rates and policies; future business combinations or disposals; the uncertainties inherent in research and development, including the ability to sustain and increase the rate of growth in revenues for the Company’s products despite increasing competitive, reimbursement and economic challenges; whether and when any drug applications may be filed in any jurisdictions for any indications or any additional indications for the Company’s products or for the Company’s pipeline assets; whether and when the FDA or any other applicable regulatory authorities may approve any such applications, which will depend on its assessment of the benefit-risk profile suggested by the totality of the efficacy and safety information submitted; decisions by the FDA or other regulatory authorities regarding labeling and other matters that could affect the availability or commercial potential of the Company’s products and the Company’s pipeline assets; and competitive developments. Other factors that may cause actual results to differ materially include those set forth in the reports that the Company filed from time to time with the SEC, including its annual report on Form 10-K for the fiscal year ended December 31, 2015 and quarterly and current reports on Form 10-Q and 8-K and the Solicitation/Recommendation Statement on Form 14D-9, as well as the Tender Offer Statement on Schedule TO, as amended, and other tender offer documents filed by Kiku and Parent.

Many of these factors are beyond Parent’s and the Company’s control. Unless otherwise required by applicable law, Parent and the Company disclaim any intention or obligation to update forward-looking statements contained in these documents as the result of new information or future events or developments.

## **IMPORTANT INFORMATION CONCERNING THE PURCHASE RIGHT AND MAKE-WHOLE CONVERSION RIGHT**

### **1. Information Concerning the Company.**

#### **1.1 The Company.**

ARIAD is a wholly-owned indirect subsidiary of Parent.

ARIAD was incorporated as a Delaware corporation in April 1991. ARIAD's common stock was traded on the NASDAQ Global Select Market under the symbol "ARIA." Following the Merger, ARIAD common stock has been delisted from the NASDAQ Global Select Market. ARIAD's principal executive offices are located at 125 Binney Street, Cambridge, Massachusetts 02142, and its telephone number is (617) 494-0400. ARIAD's internet address is <http://www.ARIAD.com>. The information on ARIAD's website is not a part of this Notice and is not incorporated by reference into this Notice.

ARIAD is focused on discovering, developing and commercializing precision therapies for patients with rare cancers. ARIAD is working on new medicines to advance the treatment of rare forms of chronic and acute leukemia, lung cancer and other rare cancers. ARIAD is currently commercializing or developing the following three products and product candidates:

- Iclusig® (ponatinib) is ARIAD's first approved cancer medicine, which ARIAD and its collaborators are commercializing in the United States, Europe and other territories for the treatment of certain patients with rare forms of leukemia.
- Brigatinib (previously known as AP26113) is ARIAD's next most advanced drug candidate, which ARIAD is developing for the treatment of certain patients with a form of non-small cell lung cancer.
- AP32788 is ARIAD's most recent, internally discovered drug candidate, which ARIAD is developing for the treatment of patients with non-small cell lung cancer with specific mutations in the EGFR or HER2 kinases.

ARIAD has retained worldwide rights to develop and commercialize these products and product candidates, other than under its collaboration and distribution agreements with various third parties to develop and/or commercialize Iclusig in Europe, Japan and nine other Asian countries, Latin America, the Middle East and North Africa, Canada, Australia, Israel, Turkey and selected other countries outside of the United States.

In addition, ARIAD has discovered two other drug candidates that ARIAD has out-licensed to third parties: ridaforolimus, which ARIAD has out-licensed for development of drug-eluting stents and other medical devices for cardiovascular indications; and rimiducid (AP1903), which ARIAD has out-licensed for development in novel cellular immunotherapies. All of ARIAD's product candidates were discovered internally by ARIAD's scientists based on ARIAD's expertise in computational chemistry and structure-based drug design.

#### **1.2 Parent.**

Parent is a global, research and development-driven pharmaceutical company committed to bringing better health and a brighter future to patients by translating science into life-changing medicines. Parent focuses its R&D efforts on oncology, gastroenterology and central nervous system therapeutic areas plus vaccines. Parent conducts R&D both internally and with partners to stay at the leading edge of innovation. New innovative products, especially in oncology and gastroenterology, as well as Parent's presence in emerging markets, fuel the growth of Parent. Parent has more than 30,000 employees and works with partners in health care in more than 70 countries.

Takeda's principal executive offices are located at 12-10, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-8668, Japan, and its telephone number is +81-3-3278-2111.

### 1.3 The Merger and the Supplemental Indenture.

On January 8, 2017, the Company entered into the Merger Agreement with Parent and Kiku. Pursuant to the Merger Agreement, Merger Sub commenced a tender offer (the “**Offer**”) on January 19, 2017, to acquire all of the outstanding shares of common stock of the Company, \$0.001 par value per share (the “**Common Stock**”), at a purchase price of \$24.00 per share (the “**Offer Price**”) in cash, net of applicable withholding taxes and without interest. The Offer expired on February 15, 2017 and Merger Sub accepted for payment a majority of the outstanding shares of Common Stock on February 16, 2017. On February 16, 2017, following the acceptance for payment of the shares of Common Stock tendered in the Offer, Merger Sub merged with and into the Company, with the Company surviving the Merger as an indirect wholly-owned subsidiary of Parent.

As a result of the Merger, each share of Common Stock (other than shares of Common Stock (i) owned by Parent, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent immediately prior to the closing of the Merger, (ii) owned by the Company or any direct or indirect wholly-owned subsidiary of the Company or held in the Company’s treasury or (iii) held by a holder who is entitled to appraisal and who has properly exercised appraisal rights for such shares in accordance with Section 262 of the General Corporation Law of the State of Delaware, or as otherwise provided with respect to the Company equity awards) converted automatically into the right to receive the Offer Price in cash, net of applicable withholding taxes and without interest.

Under Section 15.06 of the Indenture, because the Merger constituted a Merger Event, the right to convert your Notes into cash, shares of Common Stock or a combination of cash and shares of Common Stock was changed to the right to convert your Notes into the cash amount that a holder of a number of shares of Common Stock equal to the Conversion Rate immediately prior to the Merger would have been entitled to receive. In accordance with Section 15.06, the Company entered into a supplemental indenture, dated as of February 16, 2017, with the Trustee, to the Indenture (the “**Supplemental Indenture**”) to effect such change.

The foregoing summary of the Supplemental Indenture is qualified by the full text of the Supplemental Indenture, which has been filed as an exhibit to the Current Report on Form 8-K filed with the Securities and Exchange Commission (“**SEC**”) on February 16, 2017 and incorporated herein by reference. (See Section 12)

## 2. Information Concerning the Notes.

The Notes were issued pursuant to the Indenture between Company and the Trustee.

We have appointed the Information Agent and Tender Agent connection with the Purchase Right. The Trustee serves as the Conversion Agent in connection with the Make-Whole Conversion Right.

### 2.1 The Company’s Obligation to Purchase the Notes.

Pursuant to the terms of the Notes and the Indenture, upon the occurrence of the Merger which constituted a Fundamental Change, we became obligated to purchase, at the Fundamental Change Repurchase Price, all Notes validly tendered for purchase by Holders pursuant to the Purchase Right. The Fundamental Change Repurchase Price for the Notes is payable in cash, and is equal to 100% of the principal amount thereof, *plus* accrued and unpaid interest to but excluding the Fundamental Change Repurchase Date. The Indenture requires that the Fundamental Change Repurchase Date be a date chosen by the Company that is not less than 20 and no more than 35 business days after the date of the Fundamental Change Company Notice. This Notice, which constitutes a “Fundamental Change Company Notice” pursuant to Article 19 of the Indenture, is first being delivered to Holders on February 16, 2017.

The Purchase Right will expire at 5:00 p.m., New York City time, on March 22, 2017. We do not intend to extend the period that holders have to exercise their Purchase Right unless required to do so by applicable law. Our purchase of outstanding Notes validly tendered and not validly withdrawn is not subject to any condition other than that the purchase be lawful and the procedural requirements described in this Notice be satisfied.

There is no financing condition in connection with the Company’s obligation to consummate the Purchase Right.

## 2.2 Purchase Price.

Pursuant to the terms of the Indenture and the Notes, the purchase price to be paid by us for the Notes pursuant to the Purchase Right is 100% of the principal amount of the Notes validly surrendered for purchase, *plus* any accrued and unpaid interest to, but excluding, March 23, 2017 which is the Fundamental Change Repurchase Date. The Fundamental Change Repurchase Price will be approximately \$1,009.77 per \$1,000 in principal amount of Notes. The Fundamental Change Repurchase Price will be paid in cash with respect to any and all Notes validly surrendered for purchase, and not validly withdrawn, prior to 5:00 p.m., New York City time, on the Expiration Date. Interest on those Notes will cease to accrue as of the end of the day immediately preceding the Fundamental Change Repurchase Date. Notes surrendered for purchase will be accepted only in principal amounts equal to \$1,000 or an integral multiple of \$1,000 in excess thereof. Delivery of the Notes by book-entry transfer to the account maintained by the Information Agent and Tender Agent with DTC is a condition to the payment of the Fundamental Change Repurchase Price to the Holder of such Notes.

**The Fundamental Change Repurchase Price is based solely on the requirements of the Indenture and the Notes and bears no relationship to the market value of the Notes or the value of the merger consideration.** In fact, the market value of the Notes as of 4:00 p.m., New York City time, on February 15, 2017, as reported on TRACE, was greater than the Fundamental Change Repurchase Price. We cannot assure you as to your ability to sell your Notes or the price at which you would be able to sell such Notes. Holders are urged to obtain the best available information as to the market value of the Notes, to the extent available before making a decision whether to surrender their Notes for purchase.

**None of the Company, Parent or either of their respective Board of Directors, employees, advisors or representatives, the Information Agent and Tender Agent, the Trustee, the Paying Agent or the Conversion Agent are making any representation or recommendation to any Holder as to whether to surrender or refrain from surrendering Notes for purchase pursuant to the Purchase Right or to exercise the Make-Whole Conversion Right. Each Holder must make its own decision as to whether to surrender Notes for purchase, exercise its Make-Whole Conversion Right or retain its Notes, based on such Holder's assessment of the market value of the Notes and other relevant factors.**

## 2.3 Make-Whole Conversion Right.

Because the Merger constituted a Make-Whole Fundamental Change under each Indenture, Holders may elect to convert their Notes, during the period from, and including, February 16, 2017 to, and including, March 22, 2017, into cash at the applicable Make-Whole Conversion Rate. The conversion rate of the Notes will revert from the Make-Whole Conversion Rate to the Conversion Rate after March 22, 2017, the day immediately prior to the Fundamental Change Repurchase Date.

Because all Notes are held of record by DTC, in order to convert Notes into cash, a Holder must (i) cause to be completed the appropriate instruction form for exchange pursuant to DTC's book-entry exchange program, (ii) furnish any required endorsements and transfer documents, (iii) pay transfer taxes if required pursuant to the Indenture, and (iv) inform the Conversion Agent of the conversion in accordance with customary practice of DTC.

**If you wish to convert your Notes, you should not surrender your Notes pursuant to the Purchase Right.**

### Examples of Your Consideration Alternatives

YOU ARE UNDER NO OBLIGATION TO EITHER (I) SURRENDER YOUR NOTES FOR PURCHASE PURSUANT TO THE PURCHASE RIGHT OR (II) CONVERT YOUR NOTES PURSUANT TO THE MAKE-WHOLE CONVERSION RIGHT DESCRIBED HEREIN. YOU MAY DECIDE TO TAKE NO ACTION AND RETAIN YOUR NOTES.

Assuming you hold a Note in the principal amount of \$1,000.00, you may choose to:

- Surrender the Note for Cash: If you exercise the Purchase Right prior to the Expiration Date, you will receive \$1,000.00 in cash *plus* accrued but unpaid interest to, but excluding, the Fundamental Change Repurchase Date. Assuming the Fundamental Change Repurchase Date is March 23, 2017 the Fundamental Change Repurchase Price will be approximately \$1,009.77 for the Notes.

The market value of the Notes, as of 4:00 p.m., New York City time, on February 15, 2017, as reported on TRACE, was greater than the Fundamental Change Repurchase Price. We cannot assure you as to your

ability to sell your Notes or the price at which you would be able to sell such Notes. Holders are urged to obtain the best available information as to the market value of the Notes, to the extent available, before making a decision whether to surrender their Notes for purchase.

- **Convert the Note at the Make-Whole Conversion Rate:** If you exercise your Make-Whole Conversion Right during the Make-Whole Conversion Period, the conversion rate will be 108.0009 units of Reference Property, corresponding to \$2,592.0216 per \$1,000 principal amount of Notes.
- **Retain the Note:** You may choose to continue holding your Note or otherwise transfer or exchange it in the ordinary course. You will retain the right to receive interest payments on the Notes pursuant to the terms of the Indenture and the Notes and the right to convert the Notes in accordance with the terms of the Indenture. The Notes mature on June 15, 2019. If a Holder does not convert its Notes during the Make-Whole Conversion Period and thus does not convert its Notes “in connection with” the Make-Whole Fundamental Change, the conversion rate of the Notes will be 107.5095 units of Reference Property, corresponding to \$2,580.228 per \$1,000 principal amount of Notes in accordance with the terms of the Indenture.

#### **2.4 Interest.**

The Notes that remain outstanding after consummation of the Purchase Right will continue to accrue interest until they mature, or until the principal of the Notes has been paid, unless the Notes are earlier repurchased or exchanged. Interest on outstanding Notes is paid on June 15 and December 15 of each year to record Holders of the Notes as of the preceding June 1 and December 1 as applicable. The Notes bear interest on the principal amount at an annual interest rate of 3.625%.

Holders who validly surrender, and do not validly withdraw, their Notes in connection with the Purchase Right will be entitled to receive accrued cash interest payable on their Notes to, but excluding, the Fundamental Change Repurchase Date, in an amount equal to the following computation multiplied by each \$1,000 of principal amount of Notes surrendered for purchase and not validly withdrawn: the current interest rate multiplied by the number of days from the last Interest Payment Date (as defined in the Indenture) to, but excluding, the Fundamental Change Repurchase Date, divided by 360. The Company estimates that the accrued interest payable on the Notes will be approximately \$9.77 per \$1,000 principal amount of Notes validly surrendered for purchase, and not validly withdrawn, based on the expected Fundamental Change Repurchase Date of March 23, 2017.

Holders converting the Notes will not receive a cash payment for accrued and unpaid interest.

#### **3. Procedures to Be Followed by Holders Electing to Surrender Notes for Purchase.**

Holders will be entitled to receive the Fundamental Change Repurchase Price for their Notes only if they validly surrender, and do not validly withdraw, their Notes for repurchase before 5:00 p.m., New York City time, on the Expiration Date. Only registered Holders are authorized to surrender their Notes for purchase. Holders may surrender some or all of their Notes; however, any Notes surrendered must have a minimum principal amount of \$1,000 or an integral multiple of \$1,000 in excess thereof. No alternative, conditional or contingent tenders will be accepted. If Holders do not validly surrender their Notes before 5:00 p.m., New York City time, on the Expiration Date, their Notes will remain outstanding and subject to the existing terms of the Notes and the Indenture.

##### **3.1 Delivery of Notes.**

The Trustee has informed the Company that, as of the date of this Notice, all Notes are held through DTC accounts in global form. Accordingly, all Notes surrendered for purchase hereunder must be delivered through ATOP. Delivery of Notes via ATOP will satisfy the Holder’s delivery requirements pursuant to the terms of the Indenture. The method of delivery of Notes, and all other required documents, including delivery and acceptance through ATOP, is at the election and risk of the person surrendering such Notes.

A Holder whose Notes are held by a broker, dealer, commercial bank, trust company or other nominee must contact such nominee if such Holder desires to surrender such Holder’s Notes and instruct such nominee to surrender the Notes for purchase on the Holder’s behalf through the transmittal procedures of DTC as set forth below prior to 5:00 p.m., New York City time, on the Expiration Date.

A Holder who is a DTC participant may elect to surrender to the Company such Holder's beneficial interest in the Notes by:

- delivering to the Information Agent and Tender Agent's account at DTC through DTC's book-entry system such Holder's beneficial interest in the Notes prior to 5:00 p.m., New York City time, on the Expiration Date; and
- electronically transmitting such Holder's acceptance through DTC's ATOP, subject to the terms and procedures of that system prior to 5:00 p.m., New York City time, on the Expiration Date.

In surrendering through ATOP, the electronic instructions sent to DTC by a broker, dealer, commercial bank, trust company or other nominee on such Holder's behalf, and transmitted by DTC to the Information Agent and Tender Agent, will acknowledge, on behalf of DTC and the Holder, receipt by the Holder of an agreement to be bound by the terms of the Purchase Right, including those set forth in Section 3.2 below.

**You bear the risk of untimely surrender of your Notes. You must allow sufficient time for completion of the necessary DTC procedures prior to 5:00 p.m., New York City time, on the Expiration Date.**

### **3.2 Agreement to be Bound by the Terms of the Purchase Right.**

By surrendering, or instructing your nominee to surrender, your Notes for purchase through the transmittal procedures of DTC, a Holder acknowledges and agrees as follows:

- such Notes shall be purchased as of the Fundamental Change Repurchase Date pursuant to the terms and conditions set forth in this Notice;
- such Holder agrees to all of the terms of this Notice and acknowledges that it provides the notice required pursuant to the Indenture with respect to the Fundamental Change;
- upon the terms and subject to the conditions set forth in this Notice, the Indenture and the Notes, and effective upon the acceptance for payment thereof, such Holder (i) irrevocably sells, assigns and transfers to the Company, all right, title and interest in and to all the Notes surrendered, (ii) waives any and all rights with respect to the Notes (including, without limitation, any existing or past defaults and their consequences), (iii) releases and discharges the Company, the Information Agent and Tender Agent, the Trustee, the Paying Agent and the Conversion Agent and their respective directors, officers, employees and affiliates from any and all claims such Holder may have now, or may have in the future arising out of, or related to, the Notes, including, without limitation, any claims that such Holder is entitled to receive additional principal or interest payments with respect to the Notes or to participate in any repurchase or defeasance of the Notes and (iv) irrevocably constitutes and appoints the Information Agent and Tender Agent as the true and lawful agent and attorney-in-fact of such Holder with respect to any such surrendered Notes (with full knowledge that the Information Agent and Tender Agent also acts as agent of the Company), with full power of substitution and resubstitution (such power of attorney being deemed to be an irrevocable power coupled with an interest) to (a) deliver certificates representing such Notes, or transfer ownership of such Notes, on the account books maintained by DTC, together, in any such case, with all accompanying evidences of transfer and authenticity, to the Company, (b) present such Notes for transfer on the relevant security register and (c) receive all benefits or otherwise exercise all rights of beneficial ownership of such Notes (except that the Information Agent and Tender Agent will have no rights to, or control over, funds from the Company, except as agent for the Company with respect to the Fundamental Change Repurchase Price), all in accordance with the terms set forth in this Notice;
- such Holder represents and warrants that such Holder (i) owns the Notes surrendered and is entitled to surrender such Notes and (ii) has full power and authority to surrender, sell, assign and transfer the Notes surrendered hereby and that when such Notes are accepted for purchase and payment by the Company, the Company will acquire good title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim or right;
- such Holder agrees, upon request from the Company, to execute and deliver any additional documents deemed by the Information Agent and Tender Agent or the Company to be necessary or desirable to complete the sale, assignment and transfer of the Notes surrendered;
- surrenders of Notes pursuant to the Purchase Right may be withdrawn through DTC in accordance with the withdrawal procedures of DTC if there is sufficient time to allow DTC to withdraw those Notes prior to

5:00 p.m., New York City time, on the Expiration Date;

- all authority conferred or agreed to be conferred pursuant to the terms of the Purchase Right hereby shall survive the death or incapacity of the undersigned and every obligation of the Holder and shall be binding upon the Holder's heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and other legal representatives;
- the delivery and surrender of the Notes is not effective, and the risk of loss of the Notes does not pass to the Information Agent and Tender Agent, until receipt by the Information Agent and Tender Agent of any and all evidences of authority and any other required documents in form satisfactory to the Company; and
- all questions as to the validity, form, eligibility (including time of receipt) and acceptance of any surrender of Notes for purchase pursuant to the procedures described in this Notice and the form and validity (including time of receipt of notices of withdrawal) of all documents will be determined by the Company, which determination shall be final and binding on all parties.

#### **4. Right of Withdrawal.**

Notes surrendered for purchase may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. In order to withdraw previously surrendered Notes, a Holder (or the holder's broker, dealer, commercial bank, trust company or other nominee) must comply with the withdrawal procedures of DTC in sufficient time to allow DTC to withdraw those Notes prior to 5:00 p.m., New York City time, on the Expiration Date.

Previously surrendered Notes that are validly withdrawn may be validly resurrendered for purchase by following the surrender procedures described in Section 3 above. Notes surrendered for purchase pursuant to the Purchase Right may not be converted pursuant to the Make-Whole Conversion Right unless such Notes are first withdrawn on or prior to the Expiration Date. We will determine all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal.

Notes surrendered for purchase cannot be converted unless they are withdrawn prior to 5:00 p.m., New York City time, on the Expiration Date.

#### **5. Payment for Surrendered Notes; Source and Amount of Funds.**

We will deposit with the Information Agent and Tender Agent, prior to 11:00 a.m., New York City time, on the Fundamental Change Repurchase Date, subject to extension to comply with applicable law, an amount of money sufficient to pay the Fundamental Change Repurchase Price of all of the Notes or portions thereof that are to be purchased. The Information Agent and Tender Agent will then, following the later of (x) the Fundamental Change Repurchase Date and (y) the time of book-entry transfer or delivery of the applicable Notes to the Information Agent and Tender Agent by the Holder thereof, distribute the money to DTC, the sole record Holder of Notes. DTC will thereafter distribute the money to its participants in accordance with its procedures.

The total amount of funds required by us to purchase all of the Notes pursuant to the Purchase Right is approximately \$201,953,472.22 (assuming all of the Notes are validly surrendered for purchase and accepted for payment). To pay for any Notes surrendered pursuant to the Purchase Right, we intend to use cash on hand and/or funds received from affiliates.

#### **6. Notes Acquired or Converted.**

Any Notes purchased by us pursuant to the Purchase Right or converted by Holders pursuant to the Make-Whole Conversion Right will be cancelled by the Trustee, pursuant to the terms of the Indenture.

#### **7. Plans or Proposals of the Company.**

Parent is conducting a detailed review of ARIAD and its assets, corporate structure, capitalization, operations, properties, policies, management and personnel, and will consider what changes would be desirable in light of the circumstances that exist following consummation of the Merger. Parent intends to review such information as part of a comprehensive review of ARIAD's business, operations, capitalization and management with a view to optimizing development of ARIAD's potential in conjunction with ARIAD's Parent's Takeda's existing businesses. We expect that all aspects of ARIAD's business will be fully integrated into Parent. However, plans may change based on

further analysis, including changes in ARIAD's business, corporate structure, charter, bylaws, capitalization, Board of Directors and management.

As a result of the closing of the Merger, ARIAD's common equity has been delisted from Nasdaq and has become eligible for termination of registration under Section 12(g)(4) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and ARIAD's obligation to file reports under Section 15(d) of the Exchange Act has been suspended.

## **8. Certain United States Federal Income Tax Consequences.**

The following summary describes certain United States federal income tax consequences of the decision of whether to exercise the Purchase Right or the Make-Whole Conversion Right and, to the limited extent indicated below, of the execution of the Supplemental Indenture.

This discussion is general in nature and does not discuss all aspects of United States federal income taxation that may be relevant to a particular beneficial owner of a Note in light of its particular circumstances, or to certain types of beneficial owners subject to special treatment under United States federal income tax laws (such as insurance companies, tax-exempt organizations, regulated investment companies, real estate investment trusts, U.S. Holders (as defined below) that have a "functional currency" other than the U.S. dollar, persons holding Notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, financial institutions, brokers, dealers in securities, commodities or currencies, traders that elect to mark-to-market their securities, United States expatriates or former long-term residents of the United States, "controlled foreign corporations," "passive foreign investment companies," corporations that accumulate earnings to avoid United States federal income tax, tax-qualified retirement plans, partnerships or partners therein). In addition, the discussion does not consider the effect of any alternative minimum taxes or foreign, state, local or other tax laws, or any United States tax considerations (e.g., estate or gift tax) other than United States federal income tax considerations that may be applicable to particular beneficial owners. Furthermore, this summary assumes that beneficial owners of the Notes beneficially own such Notes as "capital assets" within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "**Code**") (generally, property held for investment).

This summary is based on the Code and applicable U.S. Treasury regulations, rulings, administrative pronouncements and judicial decisions thereunder as of the date hereof, all of which are subject to change or differing interpretations at any time with possible retroactive effect.

For the purposes of this summary, a "U.S. Holder" is a beneficial owner of a Note that is an individual citizen or resident of the United States, a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in the United States, or otherwise subject to U.S. tax on a net income basis in respect of the Note. A "Non-U.S. Holder" is a beneficial owner of a Note that is not a U.S. Holder. This summary does not discuss all aspects of United States federal income taxation that may be relevant to particular Holders or beneficial owners in light of their particular circumstances. Holders and beneficial owners are urged to consult their tax advisors as to the particular tax consequences to them of exercising their Purchase Right or their Make-Whole Conversion Right, including the effect of any federal, state, local, foreign and other tax laws.

### **Tax Considerations for U.S. Holders**

#### *Execution of the Supplemental Indenture*

The execution of the Supplemental Indenture (as discussed in Section 1.3) did not result in a deemed exchange of the Notes for United States federal income tax purposes. As a result, such Holders should have the same adjusted tax basis and holding period in the Notes after the execution of the Supplemental Indenture that such Holders had in the Notes immediately before such execution.

#### *Exercise of the Purchase Right or Make-Whole Conversion Right*

A U.S. Holder will generally recognize capital gain or loss, on an exercise of the Purchase Right or Make-Whole Conversion Right with respect to a Note, measured by the difference between (i) the amount of cash or the received for the Note (except to the extent such cash or shares are attributable to accrued but unpaid interest, which will be treated as such) and (ii) such U.S. Holder's adjusted tax basis in the Note. Except as noted below with respect to market discount, such gain or loss will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of the conversion. Long-term capital gains of non-corporate holders are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

If a U.S. Holder purchased a Note for an amount that was less than its stated redemption price at maturity (as defined in Section 1278(a)(2) of the Code), such U.S. Holder will be treated as having purchased the Note with “market discount” unless the discount is less than a specified *de minimis* amount. Under the market discount rules, a U.S. Holder generally will be required to treat any gain realized on the sale, exchange, retirement or other disposition of a Note as ordinary income to the extent of any accrued market discount that has not previously been included in income. For this purpose, market discount will be considered to accrue ratably during the period from the date of the U.S. Holder’s acquisition of the Note to the maturity date of the Note, unless the U.S. Holder made an election to accrue market discount on a constant yield basis.

#### *U.S. Holders that Do Not Exercise Their Purchase Right or Make-Whole Conversion Right*

U.S. Holders should generally not recognize gain or loss solely as a result of not exercising either the Purchase Right or Make-Whole Conversion Right.

#### *Information Reporting and Backup Withholding*

Information reporting generally will apply to any consideration (including accrued but unpaid interest) paid pursuant to the exercise of the Purchase Right or the Make-Whole Conversion Right to U.S. Holders, other than certain exempt recipients. U.S. Holders may be subject to backup withholding on payments received with respect to the Notes unless such U.S. Holder (a) falls within certain exempt categories and demonstrates this fact when required, or (b) provides a correct U.S. taxpayer identification number, certifies that such U.S. Holder is exempt from backup withholding and otherwise complies with applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. A U.S. Holder subject to the backup withholding rules will be allowed a credit equal to the amount withheld against such U.S. Holder’s United States federal income tax liability and, if withholding results in an overpayment of tax, such U.S. Holder may be entitled to a refund, provided that the requisite information is timely furnished to the Internal Revenue Service (“IRS”).

#### **Tax Considerations for Non-U.S. Holders**

A Non-U.S. Holder will not be subject to U.S. federal income or withholding tax on the exercise of the Purchase Right or the Make-Whole Conversion Right, including in respect of accrued interest, provided that such Non-U.S. Holder (a) does not actually or constructively own 10 percent or more of the combined voting power of all classes of our stock and is not a controlled foreign corporation related to us through stock ownership, and (b) has provided a properly completed IRS Form W-8BEN-E, or other appropriate IRS Form W-8, signed under penalties of perjury, establishing its status as a Non-U.S. Holder (or satisfies certain documentary evidence requirements for establishing that it is a Non-U.S. Holder), unless, in the case of gain realized by an individual Non-U.S. Holder, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the offer and certain other conditions are satisfied. If you provide an incorrect Taxpayer Identification Number, you may be subject to penalties imposed by the IRS.

#### **9. Additional Information.**

On February 16, 2017 in connection with the completion of the Merger, the Company notified Nasdaq that trading in its shares of common stock should be suspended and the listing of such shares on Nasdaq should be removed. In addition, the Company requested that Nasdaq file with the SEC an application on Form 25 to delist and deregister the shares of the Company’s common stock under Section 12(b) of the Exchange Act. On February 16, 2017 Nasdaq informed the Company that it had filed the Form 25 with the SEC. On or about February 27, 2017, the Company intends to file with the SEC a Form 15 requesting that its reporting obligations under Section 13(a) and 15(d) of the Exchange Act be suspended, until which time the Company shall remain subject to the informational and reporting requirements of the Exchange Act.

In accordance with its obligations under the Exchange Act, the Company has filed annual, quarterly and current reports and proxy statements and other information with the SEC. These reports and other information can be inspected and copied at the Public Reference Section of the SEC located at 100 F Street, N.E., Washington, D.C., 20549. Copies of these materials can be obtained from the Public Reference Section of the SEC at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on the public reference facilities and their copy charges. These materials also may be accessed electronically by means of the SEC’s home page on the Internet at [www.sec.gov](http://www.sec.gov).

The SEC allows us to “incorporate by reference” information into this Notice, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The following documents that have been previously filed with the SEC contain important information about us and Parent and we incorporate them by reference (other than any portions of the respective filings that were furnished to, rather than filed with, the SEC under applicable SEC rules):

- The Company’s Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 29, 2016, as amended on April 29, 2016;
- The Company’s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 filed with the SEC on May 10, 2016, June 30, 2016 filed with the SEC on August 8, 2016, as amended on February 13, 2017, and September 30, 2016 filed with the SEC on November 8, 2016;
- The Schedule 14D-9 filed by the Company on January 19, 2017, as amended on January 24, 2017, January 30, 2017, February 2, 2017, February 7, 2017 and February 16, 2017;
- The Schedule TO-T filed by Parent with respect to the Company on January 19, 2017, as amended on January 24, 2017, January 30, 2017, February 2, 2017, February 7, 2017 and February 16, 2017;
- The Company’s Current Reports on Form 8-K filed with the SEC on November 18, 2016, November 30, 2016, January 10, 2017, February 6, 2017 and February 16, 2017 .

Any statement contained in any document incorporated by reference into this Notice shall be deemed to be modified or superseded to the extent that an inconsistent statement is made in this Notice. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Notice.

We will provide without charge to each person to whom this notice is delivered, upon his or her written or oral request, a copy of any or all documents referred to above which have been or may be incorporated by reference into this notice, excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You may request copies of those documents in writing or by telephone from us at the following address and telephone number:

ARIAD Pharmaceuticals, Inc.  
125 Binney Street,  
Cambridge, MA 02142  
(617) 494-0400

We also recommend you review all documents filed with (but not furnished to) the SEC by the pursuant to Sections 13, 14 and 15(d) of the Exchange Act subsequent to the date of this Notice and prior to 5:00 p.m., New York City time, on the Expiration Date.

In the event of conflicting information in these documents, the information in the latest filed documents should be considered correct.

Holders of the Notes may obtain any of the materials referred to above by requesting them in writing or by telephone from the Company at the following address:

ARIAD Pharmaceuticals, Inc.  
125 Binney Street,  
Cambridge, MA 02142  
(617) 494-0400

#### **10. No Solicitations.**

The Company has not, directly or indirectly, employed, retained or compensated any person to make solicitations or recommendations in connection with the Purchase Right.

## **11. Conflicts.**

In the event of any conflict between this Notice on the one hand and the terms of the Indenture or the Notes or any applicable laws on the other hand, the terms of the Indenture or the Notes or applicable laws, as the case may be, will control.

*None of the Company, Parent, their respective Boards of Directors, employees, advisors or representatives, the Information Agent and Tender Agent, the Trustee, the Paying Agent or the Conversion Agent are making any representation or recommendation pursuant to this Notice. Each Holder must make his or her own decision as to whether to surrender Notes for purchase, exercise the Make-Whole Conversion Right or retain the Notes, based on such Holder's assessment of the current market value of the Notes and the value of the merger consideration into which the Notes are exchangeable and other relevant factors.*

ARIAD PHARMACEUTICALS, INC.

February 21, 2017